ANNUAL REPORT
2016-17
SHINEPUKUR CERAMICS LIMITED
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 constituencies with whom we interact; namely: our employees, our customers, our business associates, our fellow citizens and our shareholders.
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## Key Data

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of Establishment (registration)</td>
<td>1997</td>
</tr>
<tr>
<td>Commercial Production</td>
<td>1999</td>
</tr>
<tr>
<td>Status</td>
<td>Public Limited Company</td>
</tr>
<tr>
<td>First Export</td>
<td>1999 (Porcelain in April &amp; Bone China in November)</td>
</tr>
<tr>
<td>Business Lines</td>
<td>Manufacturing, Marketing and Exporting of Porcelain and Bone China tableware.</td>
</tr>
<tr>
<td>Current Export Markets</td>
<td>USA, Canada, UK, Germany, France, Italy, Romania, Norway, Sweden, Denmark, Poland, Spain, Turkey, Japan, Australia, New Zealand, Brazil, India, Chile, Egypt, Russia etc.</td>
</tr>
<tr>
<td>Authorized Capital (Taka)</td>
<td>5,000 million</td>
</tr>
<tr>
<td>Paid-up Capital (Taka)</td>
<td>1,469.661 million</td>
</tr>
<tr>
<td>Number of Shareholders</td>
<td>17,438</td>
</tr>
<tr>
<td>Stock Exchange Listing</td>
<td>2008</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>Around 2,874</td>
</tr>
</tbody>
</table>
## 2016-17 Highlights

### NEW CUSTOMERS
- Blue Ribbon LLC (UAE)
- Ganges Art Gallery (Pvt.), India

### ACHIEVEMENTS
- Successfully conducted SMETA audit
- Successfully conducted BSCI audit
- Bone China Unit II is ready for commercial production
Shinepukur Ceramics Ltd. (SCL) – a BEXIMCO Company is the leading Bone China & Porcelain tableware manufacturer and exporter of Bangladesh. Shinepukur Ceramics has been a successful brand thanks to its state-of-the-art manufacturing facilities, about 2,874 highly skilled & motivated people and cutting-edge technology.

From its inception, SCL has been able to gain substantial headway against its competitors and acquire commendable market share from its competitors both in Porcelain and in Bone China. Therefore SCL’s position in the world tableware industry is very high, with its world-class product quality, which helped to attract and retain leading century-old branded companies as its blue-chip customers from USA, Canada, UK, Germany, France, Italy, Japan, Sweden, Norway, Denmark, Finland, Spain, Poland, Mexico, Brazil, Chile, UAE, Australia, New Zealand, Turkey, India, Egypt, Russia and still growing.

In domestic market also, Shinepukur Ceramics Ltd. is very well known for its premium quality tableware products. In Bangladesh, SCL is the leader in Ceramics’ Market and ranks as number 1 in terms of sales revenue and market share. It has more than 250 dealers to sell and distribute SCL product in Bangladesh Market. In the hospitality sector, all the international hotels in Bangladesh use SCL products.

The Company is ISO 9001:2008 certified and awarded National Export Trophy for record four (4) times by the Government of Bangladesh. SCL was also awarded ‘Superbrands’ (2010), ‘D&B Corporate Award’ (2011) and ‘Asia’s Most Promising Brands’ (2013).
Product Range

**PORCELAIN**

- Plain Porcelain (Classical Porcelain, normally domestic use)
- Ivory China (Creamy coloured Porcelain, Domestic/Hotel use)
- Hi-Alumina (Hotelware)
- Satin China (White Porcelain, suitable for hotel/domestic use)

**BONE CHINA**

- Real Bone China
- Fine Bone China
- Fine China

‘SHINEPUKUR’ is the name of trust and elegance that brings ...

...a classic touch in life
Corporate Directories

BOARD OF DIRECTORS
A S F Rahman
Chairman
Salman F Rahman
Vice Chairman
Iqbal Ahmed
Director
O K Chowdhury
Director
Masud Ekramullah Khan
Independent Director
Mohammad Asad Ullah, FCS
Executive Director & Company Secretary

MANAGEMENT COMMITTEE
Mohammed Humayun Kabir, FCA
Chief Executive Officer
Md. Faruque Ali
Executive Director

INDEPENDENT AUDITORS
M/S M. J. Abedin & Co.
Chartered Accountants
National Plaza (3rd Floor), 109 Bir Uttam CR Datta Road
Dhaka 1205, Bangladesh

CORPORATE GOVERNANCE COMPLIANCE CERTIFIER
Suraiya Parveen & Associates
Chartered Secretaries
House 144, 3rd Floor, Road 12, Block G
South Banasree Project Eastern Housing
Goran, Dhaka 1219, Bangladesh

LEGAL ADVISERS
M/S Huq & Co.
Barristers & Advocate
47/1 Purana Paltan
Dhaka 1000, Bangladesh

BANKER
Sonali Bank Ltd., Southeast Bank Ltd. & Bank Asia Ltd.

REGISTERED OFFICE
17 Dhanmondi R/A, Road No. 2, Dhaka 1205, Bangladesh

PLANT
Beximco Industrial Park, Sarabo, Kashimpur
Gazipur, Bangladesh
Executive Director & Heads of Department

Md. Faruque Ali
Executive Director

Muhammad Khalilur Rahman
Bone China Plant

S C Bhowmic
International Procurement

Md. Mizanur Rahman
Porcelain Plant

Tanvirul Islam
Marketing

Md. Abu Musa
Local Procurement

Syeda Nargis Sultana
HR & Admin

Md. Abdus Salam
Costing, Inventory Mgt. & Planning

Md. Abid Hossain
Merchandising

Nargis Sultana
Finance & Accounts

ANNUAL REPORT 2016-17
SHINEPUKUR CERAMICS LIMITED
Shinepukur Ceramics Ltd. was registered in Bangladesh.

Commercial production of Porcelain Tableware was started in April, 1999 with a Production capacity of 8MT per day.

Commercial production of Bone China Tableware was started in November, 1999 with a Production capacity of 3MT per day.

Launching of Shinepukur’s own brand - “SHINEPUKUR” in Bangladesh to establish strong domestic foothold.

Shinepukur received ISO 9001:2000 Certification from DNV (DET NORSKE VERITAS) of Netherlands on August 17, 2001, for design, manufacture and marketing of Ceramic Tableware.

Shinepukur started its own Design Studio and Decal Plant with a printing capacity of 120,000 sheets per month.

In U.S.A., Shinepukur has set up a showroom to promote its own brand – “SHINEPUKUR”, to have a strong footing in the vast USA market.

Shinepukur’s own Packaging Plant started its Production with capacity of 120,000 sheets per day.

Received “National Export Trophy (Gold)” for FY 2000-2001 by the Govt. of Bangladesh as recognition for highest export.

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In a major expansion move, Shinepukur signed MOU with a renowned German company to expand its Bone China unit, at worth of Tk. 80 crore.

Shinepukur was awarded ‘Superbrands’ – first and only Ceramic Tableware Manufacturer of Bangladesh to receive such an honour.

First-ever Shinepukur Signature Showroom opened in The Westin Dhaka hotel.

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Received “National Export Trophy (Gold)” for FY 2000-2001 by the Govt. of Bangladesh as recognition for highest export.

To meet huge demand, Shinepukur expanded its Porcelain Plant to a capacity of 15MT per day.

Received “National Export Trophy (Gold)” for FY 2002-2003 by the Govt. of Bangladesh as recognition for highest export.

Shinepukur was listed in the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) as a Public Limited Company.

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Shinepukur was awarded 'Superbrands' – first and only Ceramic Tableware Manufacturer of Bangladesh to receive such an honour.

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Supplied to London Olympic Games 2012 as Official Souvenir Products Provided official dinnerware to Indian Rashtrapathi Bhavan.

Launched a new Porcelain body (whiter) – later termed as ‘Satin China’.

Awarded as ‘Asia’s Most Promising Brand 2013’ in the Brand & Leadership Summit 2013 (Dubai).

Received “Aurthokantha Business Award 2013”.

Provided Bone China as official dinnerware to a number of overseas embassies of different countries (other than Bangladesh).

Successfully accomplished Recertification Audit of ISO 9001:2008 and extended for next 3 years.

Successful completion of BSCI (Business Social Compliance Initiative) Audit, conducted at SCL facility.

Signed MoU with BUET for joint technical collaboration on research and innovation.

Restarted the construction works to complete 2nd unit of Bone China plant.

Successful conducted SMETA audit on SEDEX platform.

Close to finish construction works to complete the 2nd Unit of Bone China Plant.

Launched two new Bone China body (Cheaper than real Bone China) later termed as Fine Bone China & Fine China.

Started the spray dryer project for iso-static machine.

Shinepukur has conducted re-certification audit & extend it's validation upto 2018 of ISO 9001:2008.

Magnificent Product
Blue-Chip International Customers
Strong Local Footprint

Shinepukur Signature Showroom
Dhanmondi (Dhaka)

With an endeavour to explore the most untapped demand of Local Market, Shinepukur has yet again stepped into the concept of having its own another Showroom. It is in the same premise of YELLOW, Dhanmondi. Worth to mention, during April 2012 Shinepukur launched its first-ever Signature Showroom in the Westin Dhaka, which stirred the SCL- lovers due to its unique kind of presentation.
Post Activities

PARTICIPATION AT AMBIENTE

Like every year, Shinepukur exhibited in Ambiente 2017 (February 10-14), the largest lifestyle show on earth and showcased its marvels of variety Ceramic Tableware. With extensive responses received in this particular fair from buyer communities across the globe—projects a shining future for Shinepukur.
Facility Audits & Certifications

SMETA

In August 2016 SCL (Shinepukur Ceramics Limited) has successfully conducted SMETA (Sedex Members Ethical Trade Audit) by ITS (INTERTEK). The SMETA is based on ETI code and local law as the measurement tool & includes the two modules of Health and safety and Labour standards as well as the optional pillars of Environment and Business Ethics. This audit upholds SCL to a unique standard & open up a new array of opportunity to choose SCL as most of prominent customer as their supply partner.

BSCI

The BSCI (Business Social Compliance Initiative), is an initiative of the Foreign Trade Association (FTA) that seeks a world of free trade and sustainable global supply chains. BSCI is a business-driven initiative for companies committed to improving working conditions in factories and farms worldwide. Shinepukur Ceramics Limited has been successfully conducted BSCI by ITS (INTERTEK) on August 2016. After completion successful BSCI audit it would be helpful for SCL to open to retailers, importers and brands engaged in improving working conditions in their global supply chain. BSCI also brings direct benefits to the other actors of the supply chain, including producers, stakeholders and ultimately, workers.

ISO 9001:2008

Shinepukur has been certified with ISO 9001:2008 (Upgraded in 2010 from ISO 9001:2000 version), two periodic audits in 2016 conducted by Det Norske Veritas (DNV). In fact ISO 9001:2008 is implemented by over one million companies and organizations in over 170 countries. The purpose of the standard is to assist companies in meeting statutory and regulatory requirements relating to their product while achieving excellence in their customer service and delivery. SCL has applied for ISO 9001:2015 & conducted one periodic audit in 2017. By the end of this year (2017) SCL will be got the certificate of ISO 9001:2015.
Important Engagement

National Defence College (NDC)

Footprint on Local Expo
Notice of the 20th Annual General Meeting

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

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of the Shareholders of Shinepukur Ceramics Limited will be held on Saturday, the 23rd December, 2017 at 11.00 a.m. at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur to transact the following business:

AGENDA:
1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30th June, 2017 together with reports of the Auditors and the Directors thereon.
2. To elect Director.
3. To appoint Auditors for the year ended 30th June, 2018 and to fix their remuneration.

By order of the Board,

(MOHAMMAD ASAD ULLAH, FCS)
Executive Director & Company Secretary

Dated: 22 November, 2017

NOTES:
(1) The Shareholders whose names appeared in the Share Register of the Company or in the Depository Register on the record date i.e. 15 November, 2017, 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).
(4) No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No. SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.
17.24 million Tk. ahead of the budget. The net profit after tax stood at 1,757.30 million Tk., while the net profit before tax was 1,470.997 million Tk.

### Financial Statements

**Statement of Profit and Loss**

- **Turnover:** 18.22% ahead of the budget.
- **EBITDA:** 8.22% ahead of the budget.

### Gross Profit Ratio

- **Gross Profit Ratio:** 22.67% ahead of the budget.

### Operating Ratio

- **Operating Ratio:** 3.45% lower than the budget.

### Financial Ratios

- **Current Ratio:** 1.75
- **Debt to Equity Ratio:** 1.44

### Significant Notes

- The company has received a clean audit report from the Bangladeshi Chartered Accountants for the year 2016-17.
- The company has declared a dividend of 20%.
- The company has declared a special dividend of 2%

### Shareholders' Equity

- **Total Shareholders' Equity:** 6,537.018 million Tk.
- **Common Equity:** 59.593 million Tk.
- **Equity Shareholders:** 3,191,470,997 Tk.

### Key Performance Indicators

- **Return on Assets (ROA):** 25.5%
- **Return on Equity (ROE):** 32%
- **EPS:** 7.254 Tk.

### Share Price

- **Closing Price:** 7.254 Tk.

### Dividends

- **Cash Dividend:** 2%
- **Extraordinary Dividend:** 22.05%

### Conclusion

The company has shown a strong performance in terms of profitability and financial health. The company is well poised to achieve its objectives for the upcoming fiscal year.
ISO Standard - The document mentions ISO standards, but the text is not clear enough to extract specific standards or information. The text appears to be a mix of Bengali and English, possibly discussing various standards and certifications.
Chairman’s Statements

Dear Shareholders,

I take this opportunity to welcome you on behalf of the Board of Directors to this 20th Annual General Meeting of our Company, and to lay before you a brief resume of the affairs of the company for the period from 01 July 2016 to 30 June 2017 and its future plan.

Comparative period are not same due to change in financial year from calendar to fiscal year effective from 01 July 2016.

Until 2015, financial year of Shinepukur Ceramics Limited (SCL) was calendar year (January-December) basis. The financial year has been changed to fiscal year (July-June) basis effective from 01 July 2016. This was done pursuant to the Directive issued by the Bangladesh Securities and Exchange Commission (No.SEC/SRMIC/2011/1240/445) dated 27 April 2016 and in compliance with the provision of the Finance Act 2015. To conform to the said directive and the finance Act, SCL prepared its financial statements for 6 months’ from January to June 2016 and got the same audited and presented before you along with the audited financial statements of 2016 at the 19th AGM. Consequently, comparative cash flows, statement of profit/ loss, statement of other comprehensive income and notes thereto are not of ‘12 months’ period. Comparative figures of these statements and notes thereto are presented for six months (ending June 2016), for 12 months (ending December 2016) as well as for 18 months (from January 2015 to June 2016).

Revenue, profitability, generated cash utilization & outstanding loan position

During the year 01 July 2016 to 30 June 2017 (12 months) the company earned export sales of Tk. 896.612 million against Tk. 1,340.660 million in previous 18 months (from January 2015 to June 2016), which indicates a growth of 0.32% only. Weaker economic growth in advanced countries caused lower demand and lesser unit price for table wears. Appreciation of Taka against Euro & Turkish Lira also generated lesser Revenue in Taka. However, the company earned Tk. 541.254 million from domestic sales during the year, 13.89% higher than that of previous 18 months. Also, the company earned other income Tk. 17.254 million (from import duty drawback against export, scrap sales and miscellaneous) during the year. Therefore, overall revenue including other income earned during the year was Tk. 1,455.120 million, 4.90% higher than previous 18 months ending on 30 June 2016 when overall revenue earning was Tk. 2,080.557 million.

Gross profit ratio for the year increased to 22.67% compared to 22.08% of previous 18 months. Similarly, EBITDA during the year went up to 22.05% on overall revenue earnings from 18.73% of previous 18 months. During the year under review (12 months) export domestic sales ratio is 62.38. The said ratio in previous 18 months was 65.35. The decline in export sales both in price & pieces resulted meager growth in GP. However, the company could save by lessening finance cost through efficient working capital management (negotiating lower interest rate, reducing accounts receivable period and improving the payment terms). For the 12 months’ ending 30 June 2017, total finance cost was Tk. 200.109 million compared to Tk. 367.018 million for the previous 18 months’ ending on June 2016. Finance cost savings was 18.22% compared to previous 18 months. However, after recognizing the fair value (revaluation) gain of investment in shares on June 2017, the total comprehensive income of the company stood Tk. 40.194 million for the year ending on that date against total comprehensive loss of Tk. 59.693 million for previous 18 months ending on June 2016. Earnings for the year ending June 2017 stood at Tk. 0.06 per share against negative Taka 0.22 per share during the period of previous 18 months ending June 2016.

During the year net cash generated from the operating activities was Tk. 112.205 million, of which Tk. 21.250 million was utilized in Investing in property, plant, equipment & other capital works and Tk. 86.991 million was utilized for repayment of loans.

SCL’s Loan outstanding stood at Taka 1384.006 million as on 30 June 2017, which was Taka 1470.997 million as on 30 June 2016. As a result, outstanding loan to equity ratio improved to 24.92% on 30 June 2017 against 26.27% on 30 June 2016.

Bone China Unit

The company took the project to expand the Bone China production capacity (Bone China Unit-II) in the year 2008. The project was held up for 5 years, mainly for financial constraints. Despite financial hardships, the company restarted the expansion works from the second half of 2014. As reported last year, the physical part of the project and erection of kiln and installation works of casting machinery and related electrical fitting was completed. We are pleased to report that during the year all three Jiggering machines have also been installed and thereby, Bone China unit - II is now set to start for commercial production. However, the delay in the erection of the machinery for over 5 years, and also, due to non availability of some original electronic parts & spares of the Jiggering machines, has diminished the high hopes, to a great extent, for operating the machines in full scales. Meanwhile, global demand for Bone China table wares has significantly come down, primarily because of slower economic growth in the advanced countries and comparative higher price of Bone China products. Under such circumstances, production capacity of Bone China Unit - II may remain unutilized in the coming months.

Marketing and Sales

SCL continues to participate in trade fairs both home & abroad. In 2016-17 SCL participated Messe Frankfurkt, Germany, BRICS Fair...
at Delhi (organized on the eve of BRICS conference), Bangladesh Expo at Bangkok, Thailand and Bangladesh Trade & Investment Show at Phnom Penh, Cambodia and at two local exhibitions. The exclusive showroom & sales center at Westine Dhaka is functioning to cater the needs of the high end local & foreign visiting customers. Our efforts to increase the share of domestic market by increasing sales to hospitality (hotel & restaurant) sectors and expanding distribution channel through retail dealers, both in Dhaka and outside Dhaka, are continuing.

Significant Accreditations
To keep the consistency in export sales performance, especially being a table ware manufacturer for the world’s top brands, we have to ensure all the required tough compliance in-place in this regard. Although it is truly a difficult proposition, Shinepukur has been quite successful in excelling in its quality performance in every endeavor, crossing one benchmark to the other. Shinepukur successfully passed the SMETA (Sedex Members’ Ethical Trade Audit - fourth times), Business Social Compliance Initiatives (BSCI) Audit (third times) and completed twice the thorough review of 6 months’ periodic ISO audits from DNV (Det Norske Veritas) in 2016-17.

Contribution to National Exchequer and rates of Tax & VAT
We are pleased to report that SCL paid over Taka 162.713 million in the form of VAT & Income tax during the year (12 months) which was Taka 157.026 million in previous 18 months. VAT is payable @ 15% on Local sales & on Import of raw materials. Income tax was deducted on export proceeds @0.7% and on raw materials at import stage @ 5%. The business income is assessed @ 25%.

Human Resources
SCL offers opportunities for both professional & personal development to its employees. It practices a work environment of trust, cooperation & collaboration. We do so to develop the skills & enthusiasm of our employees to achieve the company goals on a sustainable basis. SCL's Human Resources Strength at the end of June 2017 stood 2,874 Nos. against 2,379 Nos. at the end of June 2016.

Social Commitment
In Shinepukur Ceramics, 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. The MOU signed with BUET in January 2015 to support three researchers for three years & to allow the use of our QC laboratory equipments for advancement of Industry research & higher studies on Ceramic Table wares is continuing.

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: 25 October 2017
Corporate Governance

The maintenance of effective Corporate Governance remains a key priority to the Board of Shinepukur Ceramics Ltd. Recognizing the importance of it, the board and other senior management remained committed to high standards of Corporate Governance. To exercise about clarity of director’s responsibilities towards the shareholders, Corporate Governance must be dynamic and focus 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 a Chief Executive Officer (CEO) under whom there are Executive Director (ED) and Managers for various departments and according to hierarchy, various senior & mid level management staffs. The Chief Executive Officer, ED and Managers meet at regular interval represented also by Administration, Finance, Marketing & Production heads.

Financial Reporting – 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 expenditure.

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, Financial Statements. Other areas are also given emphasis by reviewing on quarterly basis. These include information strategy, environmental and insurance matters.

Statement of Director’s 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 / period to that date. In preparing those financial statements the directors are required:

• to select suitable accounting policies and the apply them in a consistent manner;
• to make reasonable and prudent judgments and estimates where necessary;
• to state whether all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the notes to the financial statements;
• to 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;

• to ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with disclosure requirements to the Companies Act 1994 and the Securities and Exchange Rules 1987; and

• to prepare the financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business

**Board Committees**

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 responsible to the 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 / period ended 30 June 2016 stood at five directors. All directors are equally accountable at law to the shareholders for the proper conduct of the business.

The Company’s Board currently comprises the Chairman, Vice-Chairman and three Directors. The name of the Directors appears on page 6.

Appraisal Review Board – Appraisal review board annually appraises the performances of every level of employees as per established policy. It determines the annual increment, promotion and parameter of remuneration for all level of executives.

**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 and supervision. They have the right to ask questions of and request of 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 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 share certificate/dividend warrants
- Notification of change of address

**Transfer of shares**

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.
Working Results

The Directors are pleased to report that the working results of the Company for 12 months from July 01, 2016 to June 30, 2017 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>For 12 Months Ended 30 Jun’17</th>
<th>For 18 Months Ended 30 Jun’16</th>
<th>For 6 Months Ended 30 Jun’16</th>
<th>For the Year Ended 31 Dec’15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit / (Loss) before tax</td>
<td>22.553</td>
<td>(60.745)</td>
<td>(78.686)</td>
<td>17.941</td>
</tr>
<tr>
<td>Less: Income tax (Expenses)/ Income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. For the period under review</td>
<td>14.261</td>
<td>28.184</td>
<td>40.099</td>
<td>(11.915)</td>
</tr>
<tr>
<td>ii. Short provision for earlier years</td>
<td></td>
<td>15.600</td>
<td>15.600</td>
<td>-</td>
</tr>
<tr>
<td>iii. Deferred tax (Income)/Expenses</td>
<td>(8.941)</td>
<td>(59.221)</td>
<td>(59.550)</td>
<td>0.329</td>
</tr>
<tr>
<td>Net profit / (Loss) after tax</td>
<td>8.292</td>
<td>(32.561)</td>
<td>(38.587)</td>
<td>6.026</td>
</tr>
<tr>
<td>Prior year's adjustment-Depreciation</td>
<td></td>
<td>(76.147)</td>
<td>(76.147)</td>
<td>-</td>
</tr>
<tr>
<td>Add: Balance brought forward from previous year</td>
<td>(194.475)</td>
<td>(85.767)</td>
<td>(79.742)</td>
<td>(85.767)</td>
</tr>
</tbody>
</table>

Balance carried forward: (186.183) (194.475) (194.475) (79.742)

EPS and NAV per share

The company has earned net profit after tax 8.892 million during the 12 months’ period ended on June 30, 2017 where as during the 18 months period ended on June 30, 2016, the company incurred loss of taka 32.561 million. EPS comes to Tk. 0.06 per share for the 12 months’ period ended on June 30, 2017. EPS for the 18 months period ended on June 30, 2016 was negative take 0.22 per share. During the year, EPS turned to positive due to: i) increase in export and local sales and ii) savings from lesser finance cost.

NAV increased to Taka 28.37/per share as on June 30, 2017 from Taka 28.09/per share as on 30th June 2016 due to positive EPS and recognition of fair value gain on investment in shares.

Dividend

The Directors recommended no dividend for the period as the Company earned meager profit and there is no available retained earning for declaring dividend.

Business Outlook- a general overview

<table>
<thead>
<tr>
<th></th>
<th>2016-’17</th>
<th>2015-’16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh Export in US$ (source: EPB)</td>
<td>39.14</td>
<td>37.69</td>
</tr>
<tr>
<td>Shinepukur Export in US$</td>
<td>11.58</td>
<td>10.11</td>
</tr>
<tr>
<td>Shinepukur Share to total BD Export</td>
<td>29.59%</td>
<td>26.82%</td>
</tr>
</tbody>
</table>

The directors are pleased to report that our company continued to be the leader in Tableware export from Bangladesh. During the year we have consolidated our position by increasing our share of export to total Bangladesh export to almost 30%. Traditionally, the tableware industry is labour-intensive. Industries in developed countries experienced difficulties to remain competitive and began to search for alternative manufacturing destinations. Based on un-interrupted gas supply and low labour cost, Ceramic Tableware Industries was started flourishing in Bangladesh focusing towards export markets to supply to top-brands across the globe since 1990's. This situation has now changed; gas pressure has become erratic; Supply of gas in future has become uncertain. During the year 2016-17, unit Price of gas has been increased twice, effective in March & June respectively. A comparative picture of tariffs, shows that gas has become costlier, more than double for power generation & over 32% for Klin and Electricity has become costlier over 37% since 2013. It is apprehended that this trend of increase in gas and electricity cost will continue in coming years as well.
Increased Gas price & labour costs have eroded the comparative advantages of Bangladesh for producing Ceramic Table wares to a great extent. Negative impact of economic slowdown in advanced economies and GSP withdrawal by USA has further impeded the growth in export of Ceramics products from Bangladesh. Appreciation of Bangladesh Taka compared to EURO, US$, Turkish LIRA and comparative devaluation of currencies of competing countries like China, India, Thailand etc. has made the “Bangladesh made table wares” costlier. These negative phenomenon already caused ‘down trend’ in export of Ceramic products from Bangladesh.

In 2013-'14 Bangladesh total Export in Ceramic Product was US$ 47.58 million, which was decreased to US$ 37.69 million in 2015-16 (20.79% decrease over 2013-14). Although this down trend has been stopped in 2016-17 but the export value and particularly unit price has not been regained to 2013-14 level yet. Shinepukur’s highest export performance so far was 14.82 million in 2014-15 when it’s share to total Bangladesh export was 34.53%. In 2016-17 Shinepukur’s export & it’s share to total Bangladesh export has increased over the same of 2015-16 but we are yet to regain back our 2014-15 position due to those tougher realities (appreciation of taka, loosing unit price & erosion of cost advantageous position over competitors).

Export Sales

<table>
<thead>
<tr>
<th></th>
<th>For 12 months ended 30 Jun’17</th>
<th>For 18 Months ended 30 Jun’16</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCL Export Sales</td>
<td>896.612</td>
<td>1,340.660</td>
</tr>
<tr>
<td>% of Export Sales over SCL total sales</td>
<td>62%</td>
<td>65%</td>
</tr>
<tr>
<td>% increase or Decrease in 2017 over previous period</td>
<td>0.32%</td>
<td>-27.66%</td>
</tr>
</tbody>
</table>

Although SCL Export Sales has increased by 0.32% to Taka 896.612 million during the 12 months period ending on 30th June 2017, contribution of export sales to total revenue has decreased to 62% due to the reasons explained above. Despite the stiff competition in export market, we could retain our existing customers and added a few new customers also. This we achieved by improving the product quality involving cross-quality check on every production stages and improving the products & packaging in-line with up-to-date international standards. The most challenging part, to achieve reliability from the buyers’ fraternity, has been to establish Shinepukur Ceramics Ltd. as the most compliant facility. Shinepukur has been proven quite successful in this field after series of Social Accountability audits from Sedex, BSCI and buyers. These relentless & on-going endeavors will significantly & positively contribute in retaining customers. Export sales will continue to remain as the key driver to SCL’s total revenue earnings. We are therefore focusing on buyers demand for developing new shapes, designs and new products ranges within shortest possible time and searching new markets and seizing inquiries from potential brands by faster response & close follow up. We are confident that, SCL will continue to be the leader in exporting table wares from Bangladesh, in the coming years as well.

Domestic Sales

<table>
<thead>
<tr>
<th></th>
<th>For 12 months ended 30 Jun’17</th>
<th>For 18 Months ended 30 Jun’16</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCL Domestic Sales</td>
<td>541.254</td>
<td>712.840</td>
</tr>
<tr>
<td>% of Domestic Sales over SCL total sales</td>
<td>38%</td>
<td>35%</td>
</tr>
<tr>
<td>% increase or Decrease in 2017 over previous 18 months</td>
<td>13.89%</td>
<td>7.50%</td>
</tr>
</tbody>
</table>

Increased product cost, resulting from higher Gas & Electricity price and wages, is reducing margin and is forcing us to increase the product price, making the products costlier and lowering the demand. Even under this challenging situation, SCL could earn Tk. 541.254 million from domestic sales during the year, almost 13.89% higher than that of previous 18 months. This higher domestic sales has been achieved by focusing to hospitality (hotel) & other institutional sales. In the wake of declining trend in export, domestic sales will be important contributor in SCL revenue basket in the coming years.
Directors

Retirement and Re-election

Mr. A. S. F. Rahman, Director of the Company retires by rotation as per Articles 127 and 128 of the Articles of Association of the Company and being eligible offers himself for re-election.

Board Audit Committee

The Company had an Audit Committee, which constituted in terms of the provisions of Corporate Governance Guidelines dated 07-08-2012 issued by BSEC which is as follows:

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Masud Ekramullah Khan</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mr. Iqbal Ahmed</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. O K Chowdhury, FCA</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. Mohammad Asad Ullah, FCS</td>
<td>Secretary</td>
</tr>
</tbody>
</table>

The detail of the activities of the audit committee has been provided in “Audit Committee Report”.

Auditors

The Directors hereby report that the existing Auditors M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), 109, Bir Uttam C R Datta Road, Dhaka-1205 who was appointed as Auditors of the Company in Nineteenth Annual General Meeting carried out the audit for the period 01 July, 2016 to 30 June, 2017 at a fee of Tk. 6,90,000.00 including VAT.

M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), 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 2017-2018.

Board Meetings and Attendance

During the year 6 (Six) Board Meetings were held. The attendance record of the Directors is as follows:

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>Meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. A S F Rahman</td>
<td>6</td>
</tr>
<tr>
<td>Mr. Salman F Rahman</td>
<td>6</td>
</tr>
<tr>
<td>Mr. Iqbal Ahmed</td>
<td>6</td>
</tr>
<tr>
<td>Mr. O K Chowdhury</td>
<td>6</td>
</tr>
<tr>
<td>Mr. Masud Ekramullah Khan</td>
<td>6</td>
</tr>
</tbody>
</table>

Corporate and Financial Reports

The Directors are pleased to confirm that:

(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 judgment.

(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) There is 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 / period.

(h) The summarized key operating and financial data of last five preceding years is annexed as “Comparative Statistics” in the Annual Report.

(i) The related party transaction have been disclosed in preparation of the financial statement (Note 33.00)

(j) The Pattern of shareholding is as followings:
The Pattern of Shareholding

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares held</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Parent/Subsidiary/Associate Companies and other related parties: Bangladesh Export Import Co. Ltd. As on 31-12-2013</td>
<td>73,483,009</td>
</tr>
<tr>
<td>ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:</td>
<td></td>
</tr>
<tr>
<td>Mr. A S F Rahman, Chairman</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Salman F Rahman, Vice-Chairman</td>
<td>1</td>
</tr>
<tr>
<td>Mr. O K Chowdhury, Director</td>
<td>1</td>
</tr>
<tr>
<td>Chief Executive Officer, Spouse and minor children</td>
<td>Nil</td>
</tr>
<tr>
<td>Company Secretary, Spouse and minor children</td>
<td>Nil</td>
</tr>
<tr>
<td>Chief Financial Officer, Spouse and minor children</td>
<td>Nil</td>
</tr>
<tr>
<td>Head of Internal Audit, Spouse and minor children</td>
<td>Nil</td>
</tr>
<tr>
<td>iii) Executives:</td>
<td>Nil</td>
</tr>
<tr>
<td>iv) Shareholders holding ten percent (10%) or more voting interest in the company Bangladesh Export Import Co. Ltd (Mentioned in SL. No. (i) above.)</td>
<td>73,483,009</td>
</tr>
</tbody>
</table>

Key Operating and Financial Data

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid Up Capital in Taka '000</td>
<td>1,469,661</td>
<td>1,469,661</td>
<td>1,469,661</td>
<td>1,469,661</td>
<td>1,277,966</td>
<td>1,111,275</td>
</tr>
<tr>
<td>Revenue in Taka '000</td>
<td>1,437,867</td>
<td>2,053,500</td>
<td>1,677,658</td>
<td>1,692,445</td>
<td>1,942,351</td>
<td>1,901,129</td>
</tr>
<tr>
<td>Gross Profit in Taka '000</td>
<td>326,026</td>
<td>453,346</td>
<td>424,214</td>
<td>451,340</td>
<td>674,038</td>
<td>653,104</td>
</tr>
<tr>
<td>Profit / (Loss) Before Income Tax in Taka '000</td>
<td>22,553</td>
<td>(60,745)</td>
<td>21,798</td>
<td>(46,912)</td>
<td>175,134</td>
<td>214,966</td>
</tr>
<tr>
<td>Net Profit / (Loss) after Income Tax in Taka '000</td>
<td>8,293</td>
<td>(32,561)</td>
<td>21,798</td>
<td>(32,561)</td>
<td>90,285</td>
<td>168,768</td>
</tr>
<tr>
<td>Tangible Assets (Gross) in Taka '000</td>
<td>5,984,548</td>
<td>5,980,714</td>
<td>5,967,244</td>
<td>5,939,973</td>
<td>5,920,505</td>
<td>5,905,581</td>
</tr>
<tr>
<td>Cumulative Surplus in Taka '000</td>
<td>(186,183)</td>
<td>(194,476)</td>
<td>(85,768)</td>
<td>(83,432)</td>
<td>358,761</td>
<td>435,167</td>
</tr>
<tr>
<td>Dividend</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15% (B)</td>
<td>15% (B)</td>
</tr>
<tr>
<td>Return on Paid up Capital</td>
<td>0.56%</td>
<td>(2.22)%</td>
<td>(0.16)%</td>
<td>(3.92)%</td>
<td>7.06%</td>
<td>15.19%</td>
</tr>
<tr>
<td>Shareholders' Equity</td>
<td>4,169,050</td>
<td>4,128,856</td>
<td>4,264,595</td>
<td>4,487,867</td>
<td>4,544,462</td>
<td>4,499,760</td>
</tr>
<tr>
<td>Earnings per Share (Taka)</td>
<td>0.06</td>
<td>(0.22)</td>
<td>(0.02)</td>
<td>(0.39)</td>
<td>0.71</td>
<td>1.52</td>
</tr>
<tr>
<td>Shareholders' Equity Per Share (Taka)</td>
<td>28.37</td>
<td>28.09</td>
<td>28.95</td>
<td>29.02</td>
<td>36</td>
<td>40</td>
</tr>
<tr>
<td>Number of Shareholders</td>
<td>17,438</td>
<td>23,085</td>
<td>30,828</td>
<td>30,822</td>
<td>27,040</td>
<td>28,730</td>
</tr>
</tbody>
</table>

Corporate Governance Compliance Status Report

In accordance with the requirement of the Securities and Exchange Commission, "Corporate Governance Compliance Status Report" is annexed.

Acknowledgement

The Board of Directors have taken this opportunity to express our 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.

On behalf of the Board of Directors,

A S F Rahman
Chairman

Dated: 25 October 2017
Dhaka
We have reviewed accompanying Financial Statements of Shinepukur Ceramics Limited which comprise the Statement of Financial Position as at 30 June, 2017, Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the period ended 01 July, 2016 to 30 June, 2017 and a summary of significant accounting policies and other explanatory notes.

These financial statements have been prepared and presented fairly in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Financial Institutions Act 1993, the rules and regulations issued by the Companies Act 1994 and other applicable laws and regulations.

The Company has taken proper and sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The internal control and compliance department of the company conducts periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed.

Based on the internal control system of the company and our review of these financial statements, we certify that to the best of our knowledge and belief:

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) these statements together present a true and fair view of the company’s affairs and are in accordance with existing accounting standards and applicable laws;

iii) no transactions entered into by the company during the year / period which are fraudulent, illegal or violation of the company’s code of conduct;

iv) proper books of accounts as required by law have been kept by the company;

v) the expenditure incurred was for the purposes of the company’s business;

vi) adequate provisions have been made for the preparation of financial statements.

Mohammed Humayun Kabir, FCA
Chief Executive Officer

Nargis Sultana
Head of Finance & Accounts

Dated: 25 October 2017
## Corporate Governance Compliance Status Report

**Annexure-I**

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission’s Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under condition no. 7.00)

<table>
<thead>
<tr>
<th>Condition No.</th>
<th>Title</th>
<th>Compliance Status (&quot;√&quot; in appropriate column)</th>
<th>Remarks (If any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2 (i)</td>
<td>Number of Independent Directors [at least 1/5]</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii)</td>
<td>Independent Director (ID) means a director:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (a)</td>
<td>Holding no share or holding less than 1% shares</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (b)</td>
<td>Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (c)</td>
<td>Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (d)</td>
<td>Not being member/director/officer of any stock exchange</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (e)</td>
<td>Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (f)</td>
<td>Not being partner/executive at present or during the preceding 3 years of the company’s statutory audit firm</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (g)</td>
<td>Not being an ID in more than 3 listed companies</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (h)</td>
<td>Not convicted as defaulter in any loan of a bank or NBFI</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (i)</td>
<td>Not convicted for a criminal offence</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (j)</td>
<td>To be appointed by BOD and approved in the AGM</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (k)</td>
<td>The post cannot remain vacant for more than 90 days</td>
<td>–</td>
<td>– N/A</td>
</tr>
<tr>
<td>1.2 (ii) (l)</td>
<td>Laying down of code of conduct of Board members and recording of annual compliance of the code</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.2 (ii) (m)</td>
<td>Tenure of ID : 3 years, may be extended for one term</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.3 (i)</td>
<td>Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.3 (ii)</td>
<td>Being a Business Leader / Corporate Leader / Bureaucrat / University Teacher (Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.3 (iii)</td>
<td>Prior approval of the Commission in special cases</td>
<td>–</td>
<td>– N/A</td>
</tr>
<tr>
<td>1.4</td>
<td>Appointment of Chairman and CEO, defining their roles</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (i)</td>
<td>The Director’s Report to Shareholders shall include</td>
<td></td>
<td>Company operates in a single product segment - Ceramics. However, in relevant cases market segment performance has been analyzed.</td>
</tr>
<tr>
<td>1.5 (ii)</td>
<td>Industry outlook and possible future developments</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (iii)</td>
<td>Segment-wise or product-wise performance</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (iv)</td>
<td>Risks and concerns</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (v)</td>
<td>Discussion on COGS, Gross Profit and Net Profit Margins</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (vi)</td>
<td>Discussion on continuity of Extra-Ordinary gain or loss</td>
<td>–</td>
<td>– N/A</td>
</tr>
<tr>
<td>1.5 (vii)</td>
<td>Basis for and a statement of related party transactions</td>
<td>–</td>
<td>– N/A</td>
</tr>
<tr>
<td>1.5 (viii)</td>
<td>Utilization of proceeds from issuing instruments</td>
<td>–</td>
<td>– N/A</td>
</tr>
<tr>
<td>1.5 (ix)</td>
<td>Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc</td>
<td>–</td>
<td>– N/A</td>
</tr>
<tr>
<td>1.5 (x)</td>
<td>Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements</td>
<td>–</td>
<td>– N/A</td>
</tr>
<tr>
<td>Condition No.</td>
<td>Title</td>
<td>Compliance Status (“√” in appropriate column)</td>
<td>Remarks (If any)</td>
</tr>
<tr>
<td>---------------</td>
<td>----------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1.5 (x)</td>
<td>Remuneration to directors including IDs</td>
<td>√</td>
<td>No remuneration has been paid to any Director during the period under review except Independent Director</td>
</tr>
<tr>
<td>1.5 (xi)</td>
<td>Fair presentation in financial statements</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xii)</td>
<td>Maintaining proper books of accounts</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xiii)</td>
<td>Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xiv)</td>
<td>Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xv)</td>
<td>Soundness and monitoring of internal control system</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xvi)</td>
<td>Statement regarding ability to continue as going concern</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xvii)</td>
<td>Significant deviations from last year’s operating results</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>1.5 (xviii)</td>
<td>Summary of key operating/financial data of last 5 years</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xix)</td>
<td>Reason for non declaration of Dividend</td>
<td>√</td>
<td>No dividend is possible based on the Company’s accounts for the year ended on 30.06.2017</td>
</tr>
<tr>
<td>1.5 (xx)</td>
<td>Number of Board meetings and attendance of directors</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xxi)</td>
<td>Pattern of shareholding (along with name wise details) by-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5 (xxi) (a)</td>
<td>Parent/Subsidiary/Associate Companies &amp; related parties</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xxi) (b)</td>
<td>Directors, CEO, CS, CFO, HOIA, their spouses &amp; children</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xxi) (c)</td>
<td>Executives (Top 5 salaried employees other than above)</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xxi) (d)</td>
<td>Shareholders holding 10% or more voting interest</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xxii)</td>
<td>In case of the appointment/re-appointment of a director,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5 (xxii) (a)</td>
<td>A brief resume of the director</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xxii) (b)</td>
<td>Nature of his/her expertise in specific functional areas</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.5 (xxii) (c)</td>
<td>Names of companies in which he/she holds directorship and the membership of committees of the board</td>
<td>√</td>
<td></td>
</tr>
</tbody>
</table>

### 2 CFO, HEAD OF INTERNAL AUDIT AND CS:

#### 2.1 Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties

#### 2.2 Attendance of CFO and CS in the meetings of the Board

### 3 AUDIT COMMITTEE:

#### 3.1 Constitution of the Audit Committee

- **3.1 (i)** Audit Committee to be composed of at least 3 members
- **3.1 (ii)** Audit Committee members to be appointed by BOD and at least one Independent Director to be included
- **3.1 (iii)** Audit Committee members to be “financially literate” and at least one to have accounting/financial experience
- **3.1 (iv)** Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month
- **3.1 (v)** The CS to act as the secretary of the Audit Committee
- **3.1 (vi)** No quorum in Audit Committee meeting without one ID

#### 3.2 Chairman of the Audit Committee

- **3.2 (i)** Chairman to be an ID, selected by the BOD
- **3.2 (ii)** Chairman of audit committee to remain present in AGM

#### 3.3 Role of Audit Committee

- **3.3 (i)** Oversee the financial reporting process
<table>
<thead>
<tr>
<th>Condition No.</th>
<th>Title</th>
<th>Compliance Status (&quot;√&quot; in appropriate column)</th>
<th>Remarks (If any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3 (i)</td>
<td>Monitor choice of accounting policies and principles</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.3 (iii)</td>
<td>Monitor Internal Control Risk management process</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.3 (iv)</td>
<td>Oversee hiring and performance of external auditors</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.3 (v)</td>
<td>Review the annual financial statements</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.3 (vi)</td>
<td>Review the quarterly and half yearly financial statements</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.3 (vii)</td>
<td>Review the adequacy of internal audit function</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.3 (viii)</td>
<td>Review statement of significant related party transactions</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.3 (ix)</td>
<td>Review Letters issued by statutory auditors</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.3 (x)</td>
<td>Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue</td>
<td>-</td>
<td>N/A</td>
</tr>
<tr>
<td>3.4</td>
<td>Reporting of the Audit Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1</td>
<td>Reporting to the Board of Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1 (i)</td>
<td>Reporting on the activities of Audit Committee</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.4.1 (ii)</td>
<td>Reporting on conflicts of interests</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>3.4.1 (ii)</td>
<td>Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>3.4.1 (ii)</td>
<td>Reporting on suspected infringement of laws</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>3.4.1 (ii)</td>
<td>Reporting on any other matter to disclose immediately</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>3.4.2</td>
<td>Reporting to BSEC</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>3.5</td>
<td>Reporting to the Shareholders and General Investors</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>EXTERNAL / STATUTORY AUDITORS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.00 (i)</td>
<td>Non-engagement in appraisal/valuation/fairness opinions</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4.00 (ii)</td>
<td>Non-engagement in designing &amp; implementation of FIS</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4.00 (iii)</td>
<td>Non-engagement in Book Keeping or accounting</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4.00 (iv)</td>
<td>Non-engagement in Broker-Dealer services</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4.00 (v)</td>
<td>Non-engagement in Actuarial services</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4.00 (vi)</td>
<td>Non-engagement in Internal Audit services</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4.00 (vii)</td>
<td>Non-engagement in services determined by Audit Com.</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4.00 (viii)</td>
<td>Posessing no share by any partner or employee of the external audit firm during the tenure of assignment</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4.00 (ix)</td>
<td>Non-engagement in Audit/Certification Services on Compliance of Corporate Governance as required under clause (i) of condition No. 7</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>SUBSIDIARY COMPANY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 (i)</td>
<td>Composition of BOD to be similar to holding company</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>5 (ii)</td>
<td>One ID to be in both holding and subsidiary company</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>5 (iii)</td>
<td>Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>5 (iv)</td>
<td>Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>5 (v)</td>
<td>Audit Committee of holding company to review financial statements / investments of subsidiary company</td>
<td>–</td>
<td>N/A</td>
</tr>
<tr>
<td>6</td>
<td>DUTIES OF CEO AND CFO:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 (i) (a)</td>
<td>To certify that they’ve reviewed FSs which contain no untrue or misleading statement or omit no material fact</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>6 (i) (b)</td>
<td>To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>6 (ii)</td>
<td>To certify that no transaction is fraudulent, illegal or violation of company’s code of conduct</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 (i)</td>
<td>Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>7 (ii)</td>
<td>To state, in accordance with annexure, in directors’ report whether the conditions has been complied with</td>
<td>√</td>
<td></td>
</tr>
</tbody>
</table>
Report on the Activities of the Audit Committee
for the year ended on 30 June 2017

Dear Shareholders,

I am pleased to present the Report of the Audit Committee for the year ended on 30 June 2017.

The Audit Committee Report presented under condition No. 3.5 of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Guidelines provides an insight on the functions of the Audit Committee during the aforesaid period.

Composition:

As mentioned in the Compliance Statement, the Board has formed an Audit Committee in terms of the conditions of BSEC Guidelines which is appended with the Compliance Report and also enclosed with the Directors’ Report. The Committee is comprised of Mr. Masud Ekramullah Khan, Mr. Iqbal Ahmed and Mr. O. K. Chowdhury, FCA, of whom Mr. Masud Ekramullah Khan is an Independent Director and also the Chairman of the Committee. Mr. Mohammad Asad Ullah, FCS, Company Secretary, performs as Secretary to the Audit Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors.

As required, all Members of the Audit Committee are ‘financially literate’ and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as Members of the Audit Committee.

The Role of Audit Committee:

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review when appropriate, make recommendations to the main Board on business risk, internal controls and compliance. The committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control system are in place to identify and contain business risk and that the Company’s business is conducted in a proper and economically sound manner. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors. The duties of the Audit Committee are clearly set forth in writing.

The role of the Audit Committee includes the following:

• Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.
• To review whether all the applicable Rules, Regulations, Guidelines, Notifications, Directives, etc. framed/issued by the regulatory authorities have been complied with.
• Other matters as per Terms Of Reference (TOR) of the Audit Committee and also as directed by the Board, from time to time.

Authority:

In terms of Corporate Governance Guidelines, the Audit Committee is authorized by the Board to review any activity within the business as per its Terms Of Reference (TOR). It is authorized to seek any information it requires from, and requires the attendance at any of its meeting of any Director or Member of Management, and all employees are expected to co-operate with any request made by the Committee.

The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The TOR of the Audit Committee may be amended from time to time as required for the business in line with BSEC Notifications subject to approval by the Board of the Company.

Reporting of the Audit Committee:

Reporting to the Board of Directors: The Audit Committee reports on its activities to the Board of Directors. The Audit Committee immediately reports to the Board of Directors on the following findings, if any:

• Report on conflicts of interests;
• Suspected or presumed fraud or irregularity or material defect in the internal control system;
• Suspected infringement of laws, including securities related laws, rules and regulations;
• Any other matter that it deems necessary.

In compliance with condition No.6 of the Corporate Governance Guidelines of BSEC Notification dated August 7, 2012, the Chief Executive Officer(CEO) and Chief Financial Officer (CFO) have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the year ended on 30 June, 2017 and state that:

• These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
• These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards and applicable laws, and
• To the best of their knowledge and belief, the Company has not entered into any transaction during the year which are fraudulent, illegal or in violation of the Company’s codes of conduct.

This certificate has been reviewed by the Audit Committee before submitting to the Board.
Reporting to the Shareholders and General Investors:

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1(ii) of the BSEC’s Corporate Governance Notification mentioned above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the Company.

Main Activities and recommendations of the Audit Committee for the year ended on 30th June 2017:

In terms of reference, the Committee in its first meeting held on September 28, 2016 reviewed the Annual Financial Statements for the period of 18 months ended on 30 June 2016. During the meeting the Chief Financial Officer presented the draft annual accounts along with the independent auditors’ report to the Committee and briefed the committee regarding the financial performance of the Company.

The Audit Committee in its aforesaid meeting also had detailed discussion with the members of the accounts and finance department on various financial aspects of the financial statements and accounts. The Committee in detail looked into the compliance of the disclosure requirements set by the BSEC for the special reporting covering longer than usual accounting period. The Committee also reviewed the financial reporting process, discussed the adequacy of the internal control processes in place to prevent errors and fraudulent activities and thoroughly scrutinized the related party transactions carried out during the year. The committee was fully satisfied that the related party transactions were made on an arm length basis as part of normal course of business and the transactions have been adequately disclosed in the financial statements. The Independent Auditors’ report also did not contain any material audit observation that warranted the Boards’ attention. The Committee being satisfied, authorized for onward submission of the Audited Financial Statements to the Board for approval.

In addition to the above, the Audit Committee met three times during the year ended on 30 June 2017. All the Members were present in all meetings of the Committee.

The second meeting of the Committee was held on November 13, 2016, prior to release of the un-audited First Quarter Financial Statements of the Company for the quarter ended on September 30, 2016. The Committee reviewed the financial progress during the first quarter and examined in detail and recommended the same for approval by the Board to release to the Shareholders of the Company.

The third meeting of the Committee was held on January 23, 2017 to review the un-audited half-yearly financial Statements of the Company. The Committee being satisfied recommended for issue of the financial statements for the half-year ended on December 31, 2016.

The fourth meeting of the Committee was held on April 24, 2017 to release the un-audited third quarter financial statements of the Company for the quarter ended on March 31, 2017. The detailed review of the financial statements was made by the Committee and recommended to the Board for approval of the financial statements for release to the Shareholders of the Company.

On behalf of the Audit Committee,

Masud Ekramullah Khan
Chairman
Dated: 25 October 2017
Certification on compliance of conditions of Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission to the shareholders of Shinepukur Ceramics Limited.

We have studied the Statement of Compliance of the Corporate Governance Guidelines issued by Bangladesh Securities & Exchange Commission dated 7 August 2012 through Notification # SEC/CMRRCD/2006-158/134/Admin/44, of Shinepukur Ceramics Limited for the year ended 30th June 2017, as has been produced before us for our examination by the Company.

The compliance of conditions of Corporate Governance Guidelines is the accountability of the Company’s management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for confirming compliance of the conditions of Corporate Governance Guidelines. It is a scrutiny and verification only and not an expression of an opinion on the financial statements of the Company.

In our view and to the best of our information and according to the explanations delivered to us, subject to the remarks and observations as reported under 2.1 of condition # 7 in the attached Compliance Statements, the Company has complied with the conditions of the Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Dhaka, 26 November 2017

Suraiya Parveen, FCS
Suraiya Parveen & Associates
(Chartered Secretaries)
AUDITORS’ REPORT

AND AUDITED FINANCIAL STATEMENTS

OF

SHINEPUKUR CERAMICS LIMITED

AS AT AND FOR THE YEAR ENDED 30 JUNE 2017
INDEPENDENT AUDITORS’ REPORT

To The Shareholders of
SHINEPUKUR CERAMICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Shinepukur Ceramics Limited, which comprise the Statement of Financial Position as at 30 June 2017, the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year from 01 July 2016 to 30 June 2017 then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness 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 give a true and fair view of the financial position of the company as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1994 and the Securities and Exchange Rules 1987, we report that:

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

(b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;

(c) the Statement of Financial Position (Balance Sheet) and the Statement of Profit or Loss and Other Comprehensive Income (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.

25 October 2017
Dhaka

M.J. ABEDIN & CO.
Chartered Accountants
# STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30-Jun-17</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td>5,550,312,459</td>
</tr>
<tr>
<td>Property, Plant and Equipment - Carrying Value</td>
<td>3,964,175,891</td>
</tr>
<tr>
<td>Investment in Shares</td>
<td>83,852,779</td>
</tr>
<tr>
<td>Capital Work in Progress</td>
<td>1,502,283,789</td>
</tr>
<tr>
<td>Current Assets</td>
<td>920,773,253</td>
</tr>
<tr>
<td>Inventories</td>
<td>633,926,786</td>
</tr>
<tr>
<td>Accounts &amp; Other Receivables</td>
<td>165,802,590</td>
</tr>
<tr>
<td>Advances, Deposits &amp; Prepayments</td>
<td>102,377,730</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>18,666,147</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>6,471,085,712</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>4,169,049,827</td>
</tr>
<tr>
<td>Issued Share Capital</td>
<td>1,469,660,550</td>
</tr>
<tr>
<td>Revaluation Surplus on Property, Plant and Equipment</td>
<td>2,966,690,015</td>
</tr>
<tr>
<td>Fair Value Loss on Investment in Shares</td>
<td>(81,117,825)</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>(186,182,913)</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>672,156,347</td>
</tr>
<tr>
<td>Long Term Loans - Net-off Current Maturity(Secured)</td>
<td>472,362,750</td>
</tr>
<tr>
<td>Gratuity Payable</td>
<td>109,631,647</td>
</tr>
<tr>
<td>Deferred Tax Liability</td>
<td>90,161,950</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>1,629,879,538</td>
</tr>
<tr>
<td>Short Term Loans from Banks (Secured)</td>
<td>696,011,070</td>
</tr>
<tr>
<td>Long Term Loans-Current Maturity (Secured)</td>
<td>215,632,213</td>
</tr>
<tr>
<td>Creditors, Accruals and Other Payables</td>
<td>718,236,255</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td>6,471,085,712</td>
</tr>
</tbody>
</table>

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

Approved and authorized for issue by the board of directors on 25 October 2017 and signed for and on behalf of the Board:

A S F Rahman
Vice-Chairman

Salman F. Rahman
Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

M. J. ABEDIN & CO.
Chartered Accountants

Dated, Dhaka
25 October 2017
### STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01.07.2016 - 30.06.2017</td>
</tr>
<tr>
<td></td>
<td>12 Months</td>
</tr>
<tr>
<td>Revenue</td>
<td>19.00</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>20.00</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>326,025,664</td>
</tr>
<tr>
<td>Other Income</td>
<td>21.00</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(119,489,788)</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>22.00</td>
</tr>
<tr>
<td>Selling &amp; Distribution Expenses</td>
<td>23.00</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>223,790,163</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>24.00</td>
</tr>
<tr>
<td>Profit/(Loss) before contribution to WPPF</td>
<td>23,681,011</td>
</tr>
<tr>
<td>Contribution to Workers' Profit Participation</td>
<td>(1,127,667)</td>
</tr>
<tr>
<td>Net Profit/(Loss) Before Tax</td>
<td>22,553,344</td>
</tr>
<tr>
<td>Income Tax Income/(Expense)</td>
<td>25.00</td>
</tr>
<tr>
<td>Net Profit /(Loss) After Tax for the year</td>
<td>8,292,758</td>
</tr>
<tr>
<td>Earning Per Share</td>
<td>26.00</td>
</tr>
</tbody>
</table>

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

Approved and authorized for issue by the board of directors on 25 October 2017 and signed for and on behalf of the Board:

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

M. J. Abedin & Co.
Chartered Accountants

Dated, Dhaka
25 October 2017
STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01.07.2016 - 30.06.2017</td>
</tr>
<tr>
<td></td>
<td>12 Months</td>
</tr>
<tr>
<td>Net Profit / (Loss) After Tax for the year</td>
<td>8,292,758</td>
</tr>
<tr>
<td>Fair Value Gain / (Loss) on Investment in Shares</td>
<td>31,901,528</td>
</tr>
<tr>
<td>Total Comprehensive Income / (Loss) for the year</td>
<td>40,194,286</td>
</tr>
</tbody>
</table>

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

Approved and authorized for issue by the board of directors on 25 October 2017 and signed for and on behalf of the Board:

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

Dated, Dhaka
25 October 2017

M. J. ABEDIN & CO.
Chartered Accountants
STATEMENT OF CASH FLOWS
for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.07.2016 - 30.06.2017</td>
</tr>
<tr>
<td>12 Months</td>
</tr>
</tbody>
</table>

### Cash Flows From Operating Activities:
- **Collections from turnover and other income**: 1,384,268,617
  - 01.07.2016 - 30.06.2017
  - 2,143,294,618
  - 30.06.2016
  - 659,867,736
  - 30.06.2016
  - 1,483,426,882
- **Payments for costs, expenses & others**: (1,039,933,257)
  - (01.07.2016 - 30.06.2017)
  - (1,446,828,107)
  - (01.01.2016 - 30.06.2016)
  - (365,153,492)
  - (31.12.2015 - 30.06.2016)
- **Interest Paid**: (195,696,698)
  - (01.07.2016 - 30.06.2017)
  - (356,352,732)
  - (01.01.2016 - 30.06.2016)
  - (137,288,710)
- **Income-Tax paid and /or deducted at sources**: (36,434,046)
  - (01.07.2016 - 30.06.2017)
  - (51,245,019)
  - (01.01.2016 - 30.06.2016)
  - (6,968,665)
- **Net cash generated from operating activities**: 112,204,616
  - (12 Months)
  - 288,868,760
  - (18 Months)
  - 150,456,869
  - (6 Months)
  - 138,411,891

### Cash Flows From Investing Activities:
- **Property, Plant and Equipment acquired**: (3,833,835)
  - (01.07.2016 - 30.06.2017)
  - (14,561,017)
  - (01.01.2016 - 30.06.2016)
  - (2,769,622)
  - (31.12.2015 - 30.06.2016)
  - (11,791,395)
- **Disposal of Vehicles**: -
  - (01.07.2016 - 30.06.2017)
  - 690,000
  - (01.01.2016 - 30.06.2016)
  - (18,198,657)
  - (30.06.2016)
  - (104,953,769)
- **Addition of Capital Work in Progress**: (17,416,171)
  - (01.07.2016 - 30.06.2017)
  - (123,152,426)
  - (01.01.2016 - 30.06.2016)
  - (18,198,657)
  - (31.12.2015 - 30.06.2016)
  - (104,953,769)
- **Net cash used in investing activities**: (21,250,006)
  - (12 Months)
  - (137,023,443)
  - (18 Months)
  - (20,968,279)
  - (6 Months)
  - (116,055,164)

### Cash Flows From Financing Activities:
- **Decrease in Loan**: (86,990,557)
  - (01.07.2016 - 30.06.2017)
  - (153,952,305)
  - (01.01.2016 - 30.06.2016)
  - (128,870,350)
  - (31.12.2015 - 30.06.2016)
  - (25,081,955)
- **Gratuity Payment**: (1,593,129)
  - (01.07.2016 - 30.06.2017)
  - (3,228,875)
  - (01.01.2016 - 30.06.2016)
  - (328,000)
  - (30.06.2016)
  - (2,900,875)
- **Net cash used in financing activities**: (88,583,686)
  - (12 Months)
  - (157,181,180)
  - (18 Months)
  - (129,198,350)
  - (6 Months)
  - (27,982,830)

### Increase/(Decrease) in Cash and Cash Equivalents
- **Increase/(Decrease) in Cash and Cash Equivalents**: 2,370,924
  - (01.07.2016 - 30.06.2017)
  - (5,335,863)
  - (01.01.2016 - 30.06.2016)
  - 290,240
  - (31.12.2015 - 30.06.2016)
  - (5,626,103)

### Cash and Cash Equivalents at the beginning of the year
- **Cash and Cash Equivalents at the beginning of the year**: 16,295,223
  - (01.07.2016 - 30.06.2017)
  - 21,631,087
  - (01.01.2016 - 30.06.2016)
  - 16,004,983
  - (31.12.2015 - 30.06.2016)
  - 21,631,087

### Cash and Cash Equivalents at the end of the year
- **Cash and Cash Equivalents at the end of the year**: 18,666,147
  - (01.07.2016 - 30.06.2017)
  - 16,295,223
  - (01.01.2016 - 30.06.2016)
  - 16,295,223
  - (31.12.2015 - 30.06.2016)
  - 16,004,983

### Net Operating Cash Flows Per Share
- **Net Operating Cash Flows Per Share**: 0.76
  - (01.07.2016 - 30.06.2017)
  - 1.96
  - (01.01.2016 - 30.06.2016)
  - 1.02
  - (31.12.2015 - 30.06.2016)
  - 0.94

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

Approved and authorized for issue by the board of directors on 25 October 2017 and signed for and on behalf of the Board:

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

M. J. ABEDIN & CO.
Chartered Accountants

Dated, Dhaka
25 October 2017
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2017

1. The background and activities of the Company

1.1 Status of the Company
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 launched 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 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.

1.2 Principal Activities
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. Bases of Financial Statements – Preparation and Presentation

2.1 Measurement Bases
The financial statements have been prepared on the Historical Cost basis, except lands, buildings and plant & machinery re-stated at current cost and investment in shares of listed companies are carried at fair value based on the period end quoted price of Dhaka Stock Exchange Limited.

2.2 Reporting Framework and Compliance thereof
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 and 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).

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

The Financial Statements Comprises:
(a) a statement of financial position as at 30 June 2017;
(b) a statement of profit or loss and other comprehensive income for the year from 01 July 2016 to 30 June 2017;
(c) a statement of changes in equity for the year from 01 July 2016 to 30 June 2017;
(d) a statement of cash flows for the year from 01 July 2016 to 30 June 2017; and
(e) notes, comprising a summary of significant accounting policies and other explanatory information.

2.4 Authorization for Issue
The financial statements have been authorized for issue by the Board of Directors on 25 October 2017.

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

2.6 Reporting Period and Comparative Information
The financial Statements have been prepared for 12(Twelve) months (from 1st July 2016 to 30th June 2017) as per a directive of Bangladesh Securities & Exchange Commission (BSEC) to facilitate the adoption of reporting period of July to June in compliance to the requirement of the National Board Of Revenue (NBR) to follow uniform financial year.

Therefore, the financial statements for the year of (01.07.2016 to 30.06.2017) are not entirely comparable with the comparative of 18 months (01.01.2015 to 30.06.2016).

Figures for earlier periods have been re-arranged wherever considered necessary to ensure better comparability with the current year.
2.7 **Use of Estimates and Judgments**

The preparation of financial statements in conformity with BFRSs / BASs 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, and disclosure requirements for contingent assets and liabilities during the period 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. BAS 8: Accounting Policies, Changes in Accounting Estimates and Errors prescribes that the effects of the revision of accounting estimates has to be recognized in the period in which the estimates are revised.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation, accrued expenses and other payables.

3. **Significant Accounting Policies**

3.1 **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 export sales and domestic sales.

Export sales are considered as revenue at FOB value. Usually export sales are transacted in FOB basis. Where export sales are carried out other than at FOB price, additional costs are added to FOB price, accordingly those added costs (Ocean Freight, Commission Payable, Cost of Insurance etc.) if any, are net off to arrive at FOB value of the said export sales in order to be uniformed in revenue recognition.

3.2.0 **Property, Plant and Equipment**

3.2.1 **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.

3.2.2 **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.

3.2.3 **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 maintenances 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 statement of profit or loss and other comprehensive income as expenses if incurred. All up-gradation/ enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.2.4 **Software**

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

3.2.5 **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 statement of profit or loss and other comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.
3.2.6 Depreciation on Fixed 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:

- Building and Other Construction: 0.5% to 5%
- Plant and Machinery: 1.5% to 7.5%
- Furniture & Fixture: 20%
- Transport & Vehicle: 20%
- Office Equipment: 20%

3.3 Leased Assets

In compliance with the BAS: 17 Leases, costs 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.

3.4 Financial Instruments

Non-derivative financial instruments comprise investment in shares, accounts and other receivables, cash and cash equivalents, borrowings and other payables.

3.4.1 Financial Assets

(a) Investment in Shares

Investment in Shares of listed companies are carried in the statement of financial position at fair value based on DSE quoted price at the period end and the gain / loss thereon were accounted for through other comprehensive income considering it as “Available – for - Sale” financial assets.

(b) Accounts Receivable

Accounts receivable are created at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, provision experience and general economic conditions. When an accounts receivable is determined to be uncollectible it is written off, firstly against any provision available and then to the statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of profit or loss and other comprehensive income.

(c) 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.

(d) Cash and Cash Equivalents

Cash and Cash equivalents are carried in the statement of financial position 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.

3.4.2 Financial Liability

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.5 Impairment

(a) Financial Assets

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc.
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2017

(b) Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.6 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.

3.7 Provisions

A provision is recognized in the statement of financial position when the company has legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation.

3.8 Income Tax Expenses

Current Tax

Applicable Income Tax Rate is 25% on taxable income. However, Tax deducted at source (TDS) as per Section 53BBB under Income Tax Ordinance, 1984 is minimum tax u/s 82(C).

Deferred Tax

Deferred tax is recognized in compliance with BAS 12: Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate income taxes levied by the same tax authority on the same taxable entity.

3.9 Interest Income

Interest Income is recognized on accrual basis.

3.10 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 period 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.

3.11 Employee Benefits

The company maintains both contribution plan and defined benefit plan for its eligible permanent employees.

The company’s employee benefits include the following:

(a) Defined Contribution Plan (Provident Fund)

The company contributes to a registered provident fund scheme (defined contribution plan) for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2017

(b) Defined Benefits Plan (Gratuity)
Employees are entitled to gratuity benefit after completion of minimum five years of services in the company. The gratuity is calculated on the latest applicable basic pay and is payable at the rate of one month basic pay for every completed year of service.

(c) Short-term Employee Benefits
Short-term employee benefits include salary, bonuses, leave encashment etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

(d) Contribution to Workers’ Participation/Welfare Funds
This represents 5% of net profit before tax contributed by the Company as per provisions of Bangladesh Labor Act 2013 (amendment) and is payable to workers as defined in the said law.

(e) Group Insurance Scheme
Employees of the company are covered under group life insurance scheme.

3.12 Proposed Dividend
The amount of proposed dividend is not accounted for but disclosed in the notes to the accounts in accordance with the requirements of the International Accounting Standard (IAS) 1: Presentation of Financial Statements. Also the proposed dividend is not considered as liability in accordance with the requirement of International Accounting Standard (IAS) 10: Events After the Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the board of Directors.

3.13 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 (Numerator)
This represents earnings for the year 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 (Denominator)
Current Year
The total number of shares has been considered as the Weighted Average number of Shares outstanding during the year.

Earlier Periods
The total number of shares has been considered as the Weighted Average Number of Shares outstanding during the year earlier periods.

The basis of computation of number of shares as stated above is in line with the provisions of BAS 33: “Earnings Per Share”.

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.

3.14 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.

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

3.16 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.

3.17 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.

4.00 Property, Plant and Equipment-Carrying Value : Tk. 3,964,175,891

<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 Equipment</th>
<th>Furniture &amp; Fixtures</th>
<th>Transport &amp; Vehicle</th>
<th>Total</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 2015</td>
<td>1,697,029,503</td>
<td>1,382,863,326</td>
<td>2,789,625,025</td>
<td>57,130,698</td>
<td>29,586,940</td>
<td>21,709,479</td>
<td>5,977,944,971</td>
</tr>
<tr>
<td>Addition during the period</td>
<td>-</td>
<td>-</td>
<td>2,738,405</td>
<td>31,217</td>
<td>-</td>
<td>-</td>
<td>2,769,622</td>
</tr>
<tr>
<td>At 30 June 2016</td>
<td>1,697,029,503</td>
<td>1,382,863,326</td>
<td>2,792,363,430</td>
<td>57,161,915</td>
<td>29,586,940</td>
<td>21,709,479</td>
<td>5,980,714,593</td>
</tr>
<tr>
<td>Addition during the year</td>
<td>-</td>
<td>-</td>
<td>2,014,030</td>
<td>988,050</td>
<td>831,755</td>
<td>-</td>
<td>3,833,835</td>
</tr>
<tr>
<td>At 30 June 2017</td>
<td>1,697,029,503</td>
<td>1,382,863,326</td>
<td>2,794,377,460</td>
<td>58,149,965</td>
<td>30,418,695</td>
<td>21,709,479</td>
<td>5,984,548,428</td>
</tr>
<tr>
<td>Depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2015</td>
<td>-</td>
<td>306,785,266</td>
<td>1,394,376,820</td>
<td>50,671,046</td>
<td>25,132,978</td>
<td>17,695,595</td>
<td>1,794,661,705</td>
</tr>
<tr>
<td>Prior year Depreciation</td>
<td>-</td>
<td>22,241,812</td>
<td>53,565,608</td>
<td>(70,393)</td>
<td>29,429</td>
<td>380,361</td>
<td>76,146,816</td>
</tr>
<tr>
<td>Depreciation for the period</td>
<td>-</td>
<td>13,753,709</td>
<td>36,139,116</td>
<td>656,126</td>
<td>442,453</td>
<td>363,352</td>
<td>51,354,756</td>
</tr>
<tr>
<td>At 30 June 2016</td>
<td>-</td>
<td>342,780,787</td>
<td>1,484,081,544</td>
<td>51,256,779</td>
<td>25,604,859</td>
<td>18,439,308</td>
<td>1,922,163,277</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>-</td>
<td>26,377,296</td>
<td>68,836,525</td>
<td>1,378,637</td>
<td>962,767</td>
<td>654,034</td>
<td>98,209,260</td>
</tr>
<tr>
<td>At 30 June 2017</td>
<td>-</td>
<td>369,158,083</td>
<td>1,552,918,070</td>
<td>52,635,416</td>
<td>26,567,626</td>
<td>19,093,342</td>
<td>2,020,372,537</td>
</tr>
<tr>
<td>Carrying Amount:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 30 June 2017</td>
<td>1,697,029,503</td>
<td>1,013,705,243</td>
<td>1,241,459,390</td>
<td>5,514,549</td>
<td>3,851,069</td>
<td>2,616,137</td>
<td>3,964,175,891</td>
</tr>
<tr>
<td>As at 30 June 2016</td>
<td>1,697,029,503</td>
<td>1,040,082,539</td>
<td>1,308,281,885</td>
<td>5,905,136</td>
<td>3,982,081</td>
<td>3,270,171</td>
<td>4,058,551,315</td>
</tr>
<tr>
<td>As at 31 December 2015</td>
<td>1,697,029,503</td>
<td>1,076,078,060</td>
<td>1,395,248,204</td>
<td>6,459,652</td>
<td>4,453,963</td>
<td>4,013,884</td>
<td>4,183,283,265</td>
</tr>
</tbody>
</table>

Disclosure on Revaluation:
(a) The break-up of total revaluation surplus as included in the carrying amount is stated below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Land &amp; Land Development</th>
<th>Building &amp; Other Construction</th>
<th>Plant &amp; Machinery</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus on Revaluation in 2004</td>
<td>192,466,272</td>
<td>-</td>
<td>-</td>
<td>192,466,272</td>
</tr>
<tr>
<td>Surplus on Revaluation in 2008</td>
<td>376,892,108</td>
<td>351,072,849</td>
<td>433,853,724</td>
<td>1,161,818,681</td>
</tr>
<tr>
<td>Surplus on Revaluation in 2011</td>
<td>953,362,500</td>
<td>547,975,861</td>
<td>111,066,701</td>
<td>1,612,405,062</td>
</tr>
<tr>
<td>Total Surplus on Revaluation</td>
<td>1,522,720,880</td>
<td>899,048,710</td>
<td>544,920,425</td>
<td>2,966,690,015</td>
</tr>
</tbody>
</table>

(b) M/S G.K. Adjusters Ltd. (Insurance Surveyors, Loss Adjusters, Controllers, Consultants and Valuers) of Chand Mansion (5th floor), 66, Dilkusha Commercial Area, was involved to carry out the revaluation of 2004.
(c) SF Ahmed & Co, Chartered Accountants, House 25, Road 13A, Block - D, Banani, Dhaka - 1213 and valuers have revalued the lands, buildings and plant & machinery of the Company as of 31 December 2008, following "current cost method". Such revaluation resulted in a revaluation surplus aggregating Tk. 1,161,818,681.
(d) Ata Khan & Co, Chartered Accountants, 67 Motijheel Commercial Area, Dhaka - 1000 and valuers have revalued the lands, buildings and plant & machinery of the Company as of 31 December 2011, following “current cost method”. Such revaluation resulted in a revaluation surplus aggregating Tk. 1,612,405,062.

<table>
<thead>
<tr>
<th>Amount in Taka</th>
<th>As at 30-Jun-17</th>
<th>As at 30-Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.00 Investment in Shares : Tk. 83,852,779</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The basis of valuation is stated in Note 3.4.1 (a). This consists of Investment in Shares of listed Companies as follows :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) In 65,716 (30.06.2016: 65,716) Shares of Beximco Synthetics Ltd. (Face value Tk. 10.00),(Listed company, Market value Tk. 9.60 per share on 30 June 2017) 630,874 414,011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) In 2,469,493 (30.06.2016: 2,147,385) Shares of Bangladesh Export Import Co. Ltd. (Face value Tk. 10.00 ),(Listed company, Market value Tk. 33.70 per share on 30 June 2017) 83,221,906 51,537,240</td>
<td></td>
<td></td>
</tr>
<tr>
<td>83,852,779 51,951,251</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This is arrived at as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>30.06.2017</strong></td>
<td><strong>30.06.2016</strong></td>
<td></td>
</tr>
<tr>
<td>Opening Balance</td>
<td>414,011 51,537,240 51,951,251</td>
<td>519,156 62,274,159 62,793,316</td>
</tr>
<tr>
<td>Adjustment for Sales during the year</td>
<td>- - -</td>
<td>- - -</td>
</tr>
<tr>
<td>Less: Quoted Price on year end</td>
<td>630,874 83,221,906 83,852,779</td>
<td>414,011 51,537,240 51,951,251</td>
</tr>
<tr>
<td><strong>Fair Value Gain/(Loss) on Investment in Shares</strong></td>
<td>**216,863 ** 31,684,666 31,901,528</td>
<td>**(105,146) ** (10,736,919) (10,842,065)</td>
</tr>
<tr>
<td><strong>6.00 Capital Work in Progress : Tk. 1,502,283,789</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This represents as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Balance</td>
<td>1,484,867,618 1,466,668,961</td>
<td></td>
</tr>
<tr>
<td>Add: Addition during the year</td>
<td>17,416,171 18,198,657</td>
<td></td>
</tr>
<tr>
<td>Less: Transferred to PPE during the year</td>
<td>1,502,283,789 1,484,867,618</td>
<td></td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td><strong>1,502,283,789</strong></td>
<td><strong>1,484,867,618</strong></td>
</tr>
<tr>
<td><strong>7.00 Inventories : Tk. 633,926,786</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This represents as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw Material &amp; Chemical</td>
<td>122,874,451 165,512,833</td>
<td></td>
</tr>
<tr>
<td>Finished Goods</td>
<td>221,367,465 233,750,502</td>
<td></td>
</tr>
<tr>
<td>Work-In- Process</td>
<td>184,467,706 164,203,130</td>
<td></td>
</tr>
<tr>
<td>Stores &amp; Spares</td>
<td>102,445,306 1,808,860</td>
<td></td>
</tr>
<tr>
<td>Packing Material</td>
<td>2,771,858 47,048,965</td>
<td></td>
</tr>
<tr>
<td><strong>633,926,786</strong></td>
<td><strong>612,324,290</strong></td>
<td></td>
</tr>
</tbody>
</table>
### 9.00 Advances, Deposits & Prepayments: Tk. 102,377,730

This is considered good and consists of as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>30-Jun-17</th>
<th>30-Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances (Note - 9.01)</td>
<td>84,402,810</td>
<td>140,065,433</td>
</tr>
<tr>
<td>Deposits (Note - 9.02)</td>
<td>17,974,920</td>
<td>25,411,916</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102,377,730</strong></td>
<td><strong>165,477,349</strong></td>
</tr>
</tbody>
</table>

### 9.01 Advances: Tk. 84,402,810

This represents as follows:

- Suppliers: 2,625,617
- L/C-Margin & Others: 30,887,240
- Advance Income Tax (Note - 9.01.01): 26,350,242
- Employees (other than officers): 10,447,526
- Advance against Expenses: 4,492,685
- Trade Fair: 9,599,500

**Total:** 84,402,810

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.

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

#### 9.01.01 Advance Income Tax: Tk. 26,350,242

This has been arrived at:

- **Opening Balance:** 15,939,833
- **Add:** Paid/Deducted during the year under review: 26,350,242
- **Less:** Adjustments for the AY 2016-17: (15,939,833)

**Closing Balance:** 26,350,242

### 9.02 Deposits: Tk. 17,974,920

This represents as follows:

- VAT Deposit: 90,807
- Security Deposit: 11,408,261
- Lease Deposit: 3,700,134
- Bank Guarantee Margin: 2,755,718
- Earnest Money Deposit: 20,000

**Total:** 17,974,920

### 10.00 Cash and Cash Equivalents: Tk. 18,666,147

This consists of:

<table>
<thead>
<tr>
<th>Description</th>
<th>30-Jun-17</th>
<th>30-Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand:</td>
<td>364,960</td>
<td>142,897</td>
</tr>
<tr>
<td>At banks:</td>
<td>18,301,187</td>
<td>16,152,326</td>
</tr>
<tr>
<td>(i) Current Account</td>
<td>15,013,121</td>
<td>10,480,768</td>
</tr>
<tr>
<td>(ii) STD Account</td>
<td>2,074,695</td>
<td>4,456,687</td>
</tr>
<tr>
<td>(iii) FDR Account</td>
<td>1,213,371</td>
<td>1,214,871</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,666,147</strong></td>
<td><strong>16,295,223</strong></td>
</tr>
</tbody>
</table>
11.00 Issued Share Capital : Tk. 1,469,660,550

This represents:

(a) Authorised:

500,000,000 Ordinary Shares of Tk.10/- each

(b) Issued, subscribed and paid-up:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>66,060,000 Ordinary Shares of Tk.10/- each fully paid-up in cash</td>
<td>660,600,000</td>
</tr>
<tr>
<td>61,736,571 Ordinary Shares of Tk.10/- each fully paid-up bonus shares</td>
<td>617,365,700</td>
</tr>
<tr>
<td>19,169,485 Ordinary Shares of Tk.10/- each fully paid-up bonus shares</td>
<td>191,694,850</td>
</tr>
<tr>
<td>Total 146,966,055 shares of Tk. 10/- each fully paid-up</td>
<td>1,469,660,550</td>
</tr>
</tbody>
</table>

(c) Statement of Share Position:

<table>
<thead>
<tr>
<th>Name of the Shareholders</th>
<th>30-Jun-17</th>
<th>30-Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh Export Import Co.Ltd.</td>
<td>73,483,009</td>
<td>73,483,009</td>
</tr>
<tr>
<td>Sponsors &amp; Directors</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Institutions</td>
<td>24,215,135</td>
<td>25,237,684</td>
</tr>
<tr>
<td>General Public</td>
<td>49,267,907</td>
<td>48,245,358</td>
</tr>
<tr>
<td></td>
<td>146,966,055</td>
<td>146,966,055</td>
</tr>
</tbody>
</table>

(d) Distribution Schedule:

<table>
<thead>
<tr>
<th>Share holdings</th>
<th>30-Jun-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Shareholders</td>
<td>No. of Shares</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Less than 500 shares</td>
<td>9,841</td>
</tr>
<tr>
<td>500 to 5,000 shares</td>
<td>6,121</td>
</tr>
<tr>
<td>5001 to 10,000 shares</td>
<td>685</td>
</tr>
<tr>
<td>10,001 to 20,000 shares</td>
<td>397</td>
</tr>
<tr>
<td>20,001 to 30,000 shares</td>
<td>130</td>
</tr>
<tr>
<td>30,001 to 40,000 shares</td>
<td>75</td>
</tr>
<tr>
<td>40,001 to 50,000 shares</td>
<td>49</td>
</tr>
<tr>
<td>50,001 to 100,000 shares</td>
<td>73</td>
</tr>
<tr>
<td>100,001 to 1,000,000 shares</td>
<td>60</td>
</tr>
<tr>
<td>Over 1,000,000 shares</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>17,438</td>
</tr>
</tbody>
</table>

(e) Market Price:

The shares of the Company are listed with in the Dhaka and Chittagong Stock Exchanges and quoted at Tk. 16.70 (in 30 June 2016: Tk. 8.80) per share in the Dhaka Stock Exchange and Tk. 16.70 (in 30 June 2016: Tk. 8.80) per share in the Chittagong Stock Exchange on 29 June 2017.

(f) Option on unissued shares:

There is no option regarding authorized capital not yet issued but can be used to increase the issued, subscribed and paid up capital through the issuance of new shares.

(g) Voting Rights:

The rights and privileges of the shares are stated in the Bye-laws (Articles of Association) of the Company.
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2017

12.00 Revaluation Surplus on Property, Plant and Equipment : Tk. 2,966,690,015
This is as per last accounts. Details are stated in Note -4.

13.00 Long Term Loans- Net-Off Current Maturity (Secured) : Tk. 472,362,750
This represents loans from:
- Bank Asia Ltd. - Term Loan: 242,380,869
- Southeast Bank Ltd. - Term Loan: 37,343,934
- Phoenix Finance & Investment Ltd.- Term Loan: 229,981,881

Nature of Security:
(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:
- Bank Asia Ltd. - Term Loan: In 20 (Twenty) equal Quarterly installments commencing from 30 March 2017 as per revised sanction.
- Phoenix Finance & Investment: In 96 (Ninety six) equal monthly installments commencing from 25 July 2015 as per revised sanction.

Rate of interest:
- Bank Asia Ltd. - Term Loan: 12% p.a. or the lending rate applicable from time to time based on Bank rate / policy.
- Phoenix Finance & Investment: 17 % p.a. or the lending rate applicable from time to time based on Bank rate / policy.

14.00 Gratuity Payable : Tk. 109,631,647
This is arrived at as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>101,599,302</td>
</tr>
<tr>
<td>Add: Addition during the year</td>
<td>9,625,474</td>
</tr>
<tr>
<td>Total</td>
<td>111,224,776</td>
</tr>
<tr>
<td>Less: Payment during the year</td>
<td>(1,593,129)</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>109,631,647</td>
</tr>
</tbody>
</table>

15.00 Deferred Tax Liability : Tk. 90,161,950
Deferred Tax Liability is arrived at as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Deferred Tax Liabilities</td>
<td>99,102,928</td>
</tr>
<tr>
<td>Deferred Tax Expense /(Income): (Note-25 (b))</td>
<td>(8,940,978)</td>
</tr>
<tr>
<td>Closing Deferred Tax Liabilities</td>
<td>90,161,950</td>
</tr>
</tbody>
</table>

16.00 Short Term Loans From Banks (Secured) : Tk. 696,011,070
This is secured and consists of as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonali Bank Ltd. - CC (H)</td>
<td>568,798,083</td>
</tr>
<tr>
<td>Sonali Bank Ltd. - LTR</td>
<td>127,212,987</td>
</tr>
<tr>
<td>Southeast Bank Ltd. - LTR</td>
<td>72,562,456</td>
</tr>
<tr>
<td>Sonali Bank Ltd. - EDF</td>
<td>39,557,890</td>
</tr>
<tr>
<td>Total</td>
<td>696,011,070</td>
</tr>
</tbody>
</table>
17.00 Long Term Loans - Current Maturity (Secured) : Tk. 215,632,213

This consists of as follows:

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>30-Jun-17</th>
<th>30-Jun-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonali Bank Ltd.-Project Loan</td>
<td>-</td>
<td>20,236,264</td>
</tr>
<tr>
<td>Bank Asia Ltd.-Term Loan</td>
<td>81,242,926</td>
<td>34,999,722</td>
</tr>
<tr>
<td>Southeast Bank Ltd.-Term Loan</td>
<td>35,535,640</td>
<td>29,141,304</td>
</tr>
<tr>
<td>Phoenix Finance &amp; Investment Ltd.-Term Loan</td>
<td>98,853,647</td>
<td>49,880,848</td>
</tr>
</tbody>
</table>

**Terms of Repayment :**

**Southeast Bank Ltd. - Term Loan :**
In 21 (Twenty one) equal monthly installments commencing from 30 September 2016 as per revised sanction.

**Sonali Bank Ltd. - Project Loan :**
In 41 (Forty-one) equal quarterly installments commencing from 31 March 2005.

**Rate of interest :**

**Southeast Bank Ltd. - Term Loan :**
9.75 % p.a. or the lending rate applicable from time to time based on Bank rate / policy.

**Sonali Bank Ltd. - Project Loan :**
13% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

18.00 Creditors, Accruals and Other Payables : Tk. 718,236,255

This consists of as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas &amp; Electricity</td>
<td>127,528,037</td>
</tr>
<tr>
<td>Creditors for Goods</td>
<td>308,659,213</td>
</tr>
<tr>
<td>Other Payables</td>
<td>140,228,276</td>
</tr>
<tr>
<td>Income Tax Payable (Note - 18.01)</td>
<td>49,838,174</td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>34,173,533</td>
</tr>
<tr>
<td>Employees’ Provident Fund</td>
<td>33,980,612</td>
</tr>
<tr>
<td>Interest due</td>
<td>12,447,958</td>
</tr>
<tr>
<td>Security Deposit</td>
<td>4,190,000</td>
</tr>
<tr>
<td>WPPF Payable</td>
<td>3,114,623</td>
</tr>
<tr>
<td>Tax Deducted at source (Employee Tax)</td>
<td>2,793,824</td>
</tr>
<tr>
<td>Group Insurance Payable</td>
<td>592,005</td>
</tr>
<tr>
<td>Audit Fee (Including VAT @15%)</td>
<td>690,000</td>
</tr>
</tbody>
</table>

**Total**                                    | 718,236,255    |

**Income Tax Payable : Tk. 49,838,174**

This is arrived at as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>52,660,246</td>
</tr>
<tr>
<td>Add: Tax provided for the year (Note - 25 (a))</td>
<td>23,201,564</td>
</tr>
</tbody>
</table>

**Total**                                    | 75,861,810     |

Less: Adjustments of AIT for AY 2016-17

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>(15,939,833)</td>
<td></td>
</tr>
<tr>
<td>Less: Tax paid for the AY 2011-12 to 2015-16</td>
<td>(10,083,803)</td>
</tr>
</tbody>
</table>

**Closing Balance**                          | 49,838,174     |

**Total**                                    | 52,660,246     |
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Accounting Year/Period Ended</th>
<th>Net Profit/(Loss) Before Tax</th>
<th>Tax Provision</th>
<th>% of Provision on Net Profit/(Loss)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2011</td>
<td>214,965,537</td>
<td>58,442,423</td>
<td>27.19%</td>
<td>-</td>
</tr>
<tr>
<td>31.12.2012</td>
<td>175,133,762</td>
<td>58,667,708</td>
<td>33.50%</td>
<td>-</td>
</tr>
<tr>
<td>31.12.2013</td>
<td>(29,072,368)</td>
<td>8,522,836</td>
<td>∞ (Infinity)</td>
<td>Appeal pending before Tribunal</td>
</tr>
<tr>
<td>31.12.2014</td>
<td>21,797,848</td>
<td>5,100,853</td>
<td>23.40%</td>
<td>-</td>
</tr>
<tr>
<td>31.12.2015</td>
<td>(78,686,189)</td>
<td>3,849,768</td>
<td>∞ (Infinity)</td>
<td>Appeal pending before Commissioner</td>
</tr>
<tr>
<td>30.06.2016</td>
<td>(897,064)</td>
<td>15,436,369</td>
<td>∞ (Infinity)</td>
<td>-</td>
</tr>
<tr>
<td>30.06.2017</td>
<td>22,553,344</td>
<td>23,201,564</td>
<td>102.87%</td>
<td>Provision</td>
</tr>
</tbody>
</table>

Status of Tax: Assessment & Provisions made there against are as follows:

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Revenue</th>
<th>Amount in Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01.07.2016 - 30.06.2017</td>
<td>01.01.2015 - 30.06.2016</td>
</tr>
<tr>
<td>19.00 Revenue: Tk. 1,437,866,858</td>
<td>541,254,450</td>
<td>712,839,735</td>
</tr>
<tr>
<td>20.00 Cost of Goods Sold: Tk. 1,111,841,194</td>
<td>1,099,458,157</td>
<td>1,596,791,172</td>
</tr>
</tbody>
</table>

19.00 Revenue: Tk. 1,437,866,858
This is made up as follows:
A. Local Sales
B. Export Sales

20.00 Cost of Goods Sold: Tk. 1,111,841,194
This is arrived at as follows:

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.01 Raw Material Issued: Tk. 404,903,850</td>
<td>1,111,841,194</td>
</tr>
</tbody>
</table>

The provided information includes financial data and analysis of financial statements for the year ended 30 June 2017, detailing revenue, cost of goods sold, and tax provisions.
### 20.02 Manufacturing Overhead: Tk. 714,818,883

This consists of as follows:

<table>
<thead>
<tr>
<th></th>
<th>01.07.2016 - 30.06.2017</th>
<th>01.01.2015 - 30.06.2016</th>
<th>01.01.2016 - 30.06.2016</th>
<th>01.01.2015 - 31.12.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>90,201,925</td>
<td>73,842,690</td>
<td>46,241,730</td>
<td>27,600,960</td>
</tr>
<tr>
<td>Salaries, Wages, etc</td>
<td>293,307,318</td>
<td>441,553,876</td>
<td>132,712,176</td>
<td>308,841,700</td>
</tr>
<tr>
<td>Gratuity</td>
<td>7,832,271</td>
<td>9,986,602</td>
<td>552,399</td>
<td>9,434,203</td>
</tr>
<tr>
<td>Power &amp; Fuel</td>
<td>102,835,240</td>
<td>130,198,479</td>
<td>54,673,391</td>
<td>75,525,088</td>
</tr>
<tr>
<td>Packing Materials</td>
<td>121,225,441</td>
<td>111,503,098</td>
<td>33,462,155</td>
<td>78,040,943</td>
</tr>
<tr>
<td>Consumerable Store &amp; Spares</td>
<td>41,851,517</td>
<td>60,199,510</td>
<td>19,445,858</td>
<td>40,753,925</td>
</tr>
<tr>
<td>Transport Expenses</td>
<td>33,663,363</td>
<td>50,282,280</td>
<td>17,432,218</td>
<td>32,850,062</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>8,887,910</td>
<td>9,339,066</td>
<td>3,076,282</td>
<td>6,262,784</td>
</tr>
<tr>
<td>Welfare Expenses</td>
<td>6,561,959</td>
<td>20,030,334</td>
<td>6,773,593</td>
<td>13,256,741</td>
</tr>
<tr>
<td>Insurance Expenses</td>
<td>3,259,568</td>
<td>994,974</td>
<td>398,374</td>
<td>596,600</td>
</tr>
<tr>
<td>Communication Expenses</td>
<td>794,643</td>
<td>994,974</td>
<td>398,374</td>
<td>596,600</td>
</tr>
<tr>
<td>Occupancy Expenses</td>
<td>49,650</td>
<td>622,191</td>
<td>303,350</td>
<td>318,841</td>
</tr>
<tr>
<td>Travelling &amp; Conveyance Expenses</td>
<td>1,170,839</td>
<td>2,706,384</td>
<td>504,828</td>
<td>2,201,556</td>
</tr>
<tr>
<td>Handling &amp; Carrying Expenses</td>
<td>1,023,540</td>
<td>215,274</td>
<td>92,173</td>
<td>123,101</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>2,155,699</td>
<td>12,586,357</td>
<td>2,697,481</td>
<td>9,888,876</td>
</tr>
<tr>
<td>Lease Rental</td>
<td>-</td>
<td>49,993</td>
<td>-</td>
<td>49,993</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>714,818,883</strong></td>
<td><strong>928,367,134</strong></td>
<td><strong>320,185,398</strong></td>
<td><strong>608,181,736</strong></td>
</tr>
</tbody>
</table>

### 21.00 Other Income: Tk. 17,254,287

This consists of as follows:

<table>
<thead>
<tr>
<th></th>
<th>01.07.2016 - 30.06.2017</th>
<th>01.01.2015 - 30.06.2016</th>
<th>01.01.2016 - 30.06.2016</th>
<th>01.01.2015 - 31.12.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duty Drawback</td>
<td>14,695,442</td>
<td>18,872,656</td>
<td>5,376,056</td>
<td>13,496,600</td>
</tr>
<tr>
<td>Misc. Income</td>
<td>299,693</td>
<td>1,436,496</td>
<td>1,436,496</td>
<td>-</td>
</tr>
<tr>
<td>Profit on Sale of Fixed Assets</td>
<td>-</td>
<td>186,484</td>
<td>-</td>
<td>186,484</td>
</tr>
<tr>
<td>Sale of Scrap</td>
<td>2,259,152</td>
<td>5,852,943</td>
<td>5,852,943</td>
<td>-</td>
</tr>
<tr>
<td>Interest Receipts</td>
<td>-</td>
<td>709,515</td>
<td>193,306</td>
<td>516,209</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,254,287</strong></td>
<td><strong>27,058,094</strong></td>
<td><strong>12,858,801</strong></td>
<td><strong>14,199,293</strong></td>
</tr>
</tbody>
</table>

### 22.00 Administrative Expenses: Tk. 57,711,599

This consists of as follows:

<table>
<thead>
<tr>
<th></th>
<th>01.07.2016 - 30.06.2017</th>
<th>01.01.2015 - 30.06.2016</th>
<th>01.01.2016 - 30.06.2016</th>
<th>01.01.2015 - 31.12.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>8,007,338</td>
<td>9,639,888</td>
<td>5,113,026</td>
<td>4,526,862</td>
</tr>
<tr>
<td>Salaries &amp; Allowances</td>
<td>25,472,924</td>
<td>38,447,888</td>
<td>14,693,176</td>
<td>23,754,712</td>
</tr>
<tr>
<td>Gratuity</td>
<td>1,126,986</td>
<td>1,287,455</td>
<td>71,215</td>
<td>1,216,240</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>12,471,396</td>
<td>21,935,947</td>
<td>11,871,022</td>
<td>10,064,925</td>
</tr>
<tr>
<td>Transport Expenses</td>
<td>4,040,805</td>
<td>8,910,088</td>
<td>2,998,994</td>
<td>5,911,094</td>
</tr>
<tr>
<td>Legal, Professional &amp; Others Fees &amp; AGM Expenses</td>
<td>977,884</td>
<td>2,248,654</td>
<td>317,350</td>
<td>1,931,304</td>
</tr>
<tr>
<td>Communication Expenses</td>
<td>400,121</td>
<td>686,273</td>
<td>254,383</td>
<td>431,890</td>
</tr>
<tr>
<td>Occupancy Expenses</td>
<td>1,646,563</td>
<td>2,652,824</td>
<td>1,046,984</td>
<td>1,605,840</td>
</tr>
<tr>
<td>Travelling &amp; Conveyance Expenses</td>
<td>2,107,122</td>
<td>4,077,424</td>
<td>2,571,379</td>
<td>1,506,045</td>
</tr>
<tr>
<td>Utilities Expenses</td>
<td>683,570</td>
<td>905,664</td>
<td>365,675</td>
<td>539,989</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>29,500</td>
<td>87,380</td>
<td>1,880</td>
<td>85,500</td>
</tr>
<tr>
<td>Audit Fee (Including VAT @15%)</td>
<td>690,000</td>
<td>1,035,000</td>
<td>345,000</td>
<td>690,000</td>
</tr>
<tr>
<td>General Expenses</td>
<td>45,540</td>
<td>42,515</td>
<td>12,565</td>
<td>29,950</td>
</tr>
<tr>
<td>Handling &amp; Carrying Expenses</td>
<td>9,850</td>
<td>1,650</td>
<td>550</td>
<td>1,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57,711,599</strong></td>
<td><strong>91,958,650</strong></td>
<td><strong>39,663,199</strong></td>
<td><strong>52,295,451</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Amount in Taka</th>
<th>01.07.2016 - 30.06.2017</th>
<th>01.01.2015 - 30.06.2016</th>
<th>01.01.2016 - 30.06.2016</th>
<th>01.01.2015 - 31.12.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.00 Selling &amp; Distribution Expenses : Tk. 61,778,189</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This consists of as follows :</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotional Expenses</td>
<td>18,932,437</td>
<td>18,521,333</td>
<td>5,505,861</td>
<td>13,015,472</td>
</tr>
<tr>
<td>Salaries &amp; Allowances</td>
<td>22,220,008</td>
<td>33,780,669</td>
<td>10,938,451</td>
<td>22,842,218</td>
</tr>
<tr>
<td>Gratuity</td>
<td>664,217</td>
<td>1,136,422</td>
<td>62,860</td>
<td>1,073,562</td>
</tr>
<tr>
<td>Advertising &amp; Publicity</td>
<td>475,968</td>
<td>338,880</td>
<td>135,240</td>
<td>203,640</td>
</tr>
<tr>
<td>Occupancy Expenses</td>
<td>8,094,549</td>
<td>10,766,985</td>
<td>3,436,477</td>
<td>7,330,508</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>5,036,870</td>
<td>6,762,319</td>
<td>2,165,412</td>
<td>4,596,907</td>
</tr>
<tr>
<td>Transport Expenses</td>
<td>1,881,056</td>
<td>2,935,394</td>
<td>875,816</td>
<td>2,059,578</td>
</tr>
<tr>
<td>Travelling &amp; Conveyance Expenses</td>
<td>990,499</td>
<td>1,777,976</td>
<td>676,004</td>
<td>1,101,972</td>
</tr>
<tr>
<td>Communication Expenses</td>
<td>801,987</td>
<td>1,239,001</td>
<td>481,434</td>
<td>757,567</td>
</tr>
<tr>
<td>Utilities Expenses</td>
<td>677,144</td>
<td>1,027,150</td>
<td>365,683</td>
<td>661,467</td>
</tr>
<tr>
<td>Show Room Expenses</td>
<td>427,195</td>
<td>852,408</td>
<td>256,644</td>
<td>597,764</td>
</tr>
<tr>
<td>Handling &amp; Carrying Expenses</td>
<td>44,310</td>
<td>939,101</td>
<td>292,585</td>
<td>646,516</td>
</tr>
<tr>
<td>Legal &amp; Professional Fees</td>
<td>367,134</td>
<td>511,045</td>
<td>302,636</td>
<td>208,409</td>
</tr>
<tr>
<td>Product Research</td>
<td>1,164,815</td>
<td>186,684</td>
<td>98,750</td>
<td>87,934</td>
</tr>
<tr>
<td>Lease Rental</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>499,930</td>
</tr>
<tr>
<td>Total</td>
<td>61,778,189</td>
<td>81,275,297</td>
<td>25,593,853</td>
<td>55,681,444</td>
</tr>
</tbody>
</table>

24.00 Finance Cost : Tk. 200,109,152
This consists of as follows :
- Interest on Loan from Banks & Others: 195,696,698
- Bank Commission & Charges: 4,412,454

Total (a+b) 200,109,152

25.00 Income Tax Expenses/(Income): Tk. 14,260,586
This represents:
(a) Current Tax:
- Tax for the year under review: 23,201,564
- Short Provision of Income tax for earlier periods: -15,600,824
- Current Tax: 23,201,564
(b) Deferred Tax (Income) / Expenses
- (8,940,978)
- Total (a+b) 14,260,586

26.00 Earning Per Share (EPS):
(a) Earning Attributable to the Ordinary Shareholders
- (Net Profit/(Loss) After Tax: 8,292,758
(b) Weighted Average Number of Ordinary Shares outstanding during the year (Note 3.13):
- 146,966,055
(c) EPS (a/b) 0.06

27.00 Payments / Perquisites to Directors and Officers
(a) Directors
- During the year no amount of money was expended by the company for compensating any member of the board for special services rendered.
- During the year no board meeting attendance fee was paid to the directors of the company except the Independent Director of Tk. 100,000.
(b) No remuneration was paid to CEO during the year.
NOTES TO THE FINANCIAL STATEMENTS
As at and for the year ended 30 June 2017

(c) Officers:
Managerial Remuneration 59,209,728 77,741,051 23,016,749 54,724,302
Bonus 8,211,034 11,196,623 3,636,125 7,560,498

Perquisites:
Housing 20,501,748 24,582,247 8,357,300 16,224,947
Transport 4,006,572 5,653,555 1,792,635 3,860,920

91,929,082 119,173,476 36,802,809 82,370,667

28.00 Production Capacity, Actual Production and reason of Excess/Short Fall:

<table>
<thead>
<tr>
<th></th>
<th>From 01 July 2016 to 30 June 2017 (12 Months)</th>
<th>From 01 January 2016 to 30 June 2016 (6 Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porcelain</td>
<td>14,400,000</td>
<td>13,236,308</td>
</tr>
<tr>
<td>Bone China</td>
<td>3,240,000</td>
<td>2,720,281</td>
</tr>
</tbody>
</table>

Reason for Shortfall: Production as per market demand.

29.00 Capital Expenditure Commitment
There was capital expenditure contracted but not incurred or provided for as on 30 June 2017.
There was no material capital expenditure authorised by the board but not contracted for as on 30 June 2017.

30.00 Contingent Liabilities
There was no sums for which the company is contingently liable as on 30 June 2017.

31.00 Claims not Acknowledged
There was no claim against the company not acknowledged as debt as on 30 June 2017.

32.00 Credit Facilities not Availed
There was no credit facilities available to the company but not availed of as on 30 June 2017 under any contract, other than trade credit available in the ordinary course of business.

33.00 Related Party Disclosure

<table>
<thead>
<tr>
<th>Name of Related Party</th>
<th>Nature of Transactions</th>
<th>Value of Transactions During the year</th>
<th>Balance at the year ended 30 June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh Export Import Co. Ltd.</td>
<td>Investment in Shares</td>
<td>-</td>
<td>83,221,906</td>
</tr>
<tr>
<td>Beximco Synthetics Ltd.</td>
<td>Investment in Shares</td>
<td>-</td>
<td>630,874</td>
</tr>
</tbody>
</table>

34.00 Financial Risk Management
The company management has overall responsibility for the establishment and oversight of the company’s risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company’s activities. The company has exposure to the following risks from its use of financial instruments.
Credit risk
Liquidity risk
Market risk
Credit risk
Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company’s receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company’s approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company’s reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the company may get support from the related company in the form of short term financing.

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

(a) Currency Risk
The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw material, machineries and equipment. Majority of the company’s foreign currency transactions are denominated in USD and EURO and relate to procurement of raw materials, machineries and equipment from abroad.

<table>
<thead>
<tr>
<th>Foreign Currency Denominated Assets</th>
<th>30-June-17</th>
<th>30-June-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Debtors- Foreign</td>
<td>Foreign Currency</td>
<td>Equivalent Local Currency (Tk.)</td>
</tr>
<tr>
<td>US$ 1,147,219</td>
<td>92,454,346</td>
<td>276,309</td>
</tr>
<tr>
<td>EURO 75,112</td>
<td>6,914,660</td>
<td>39,385</td>
</tr>
<tr>
<td>GBP -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Equivalent US$</td>
<td>1,233,020</td>
<td>99,369,007</td>
</tr>
</tbody>
</table>

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

35.00 Payments Made in Foreign Currency:

<table>
<thead>
<tr>
<th></th>
<th>01.07.2016-30.06.2017</th>
<th>01.01.2016-30.06.2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 Months</td>
<td>6 Months</td>
</tr>
<tr>
<td></td>
<td>Amount in Foreign Currency</td>
<td>Equivalent in Tk.</td>
</tr>
<tr>
<td>Import of Machinery, Equipments &amp; Spares:</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Import of Raw &amp; Packing Material:</td>
<td>US$ 3,575,634</td>
<td>285,974,409</td>
</tr>
<tr>
<td></td>
<td>Euro 417,915</td>
<td>36,205,998</td>
</tr>
<tr>
<td></td>
<td>JPY 43,864,550</td>
<td>35,457,267</td>
</tr>
<tr>
<td></td>
<td>GBP 214,478</td>
<td>21,427,364</td>
</tr>
</tbody>
</table>

No other expenses including royalty, technical expert and professional advisory fee, interest, etc. was incurred or paid in foreign currencies except as stated above.
36.00 Foreign Exchange Earned / Received against Collection from Export Sales:

<table>
<thead>
<tr>
<th></th>
<th>01.07.2016-30.06.2017</th>
<th>01.01.2016-30.06.2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount in Foreign Currency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US$ 9,488,354</td>
<td>764,666,469</td>
<td>US$ 5,482,026</td>
</tr>
<tr>
<td>Euro 625,210</td>
<td>57,555,541</td>
<td>Euro 13,683</td>
</tr>
<tr>
<td>GBP 2,284</td>
<td>-</td>
<td>GBP 2,284</td>
</tr>
</tbody>
</table>

37.00 Particulars of Disposal of Property, Plant and Equipment

The following assets were disposed off during the earlier periods:

<table>
<thead>
<tr>
<th>Particulars of Assets</th>
<th>Cost</th>
<th>Accumulated Depreciation</th>
<th>Written Down Value</th>
<th>Sales Price</th>
<th>Profit</th>
<th>Mode of Disposal</th>
<th>Name of Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport &amp; Vehicle</td>
<td>1,090,000</td>
<td>586,484</td>
<td>503,516</td>
<td>690,000</td>
<td>186,484</td>
<td>Negotiation</td>
<td>Various Individuals</td>
</tr>
</tbody>
</table>

38.00 Events After The Reporting Period

No circumstance have arisen since this statement of financial position date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

A S F Rahman
Chairman

Salman F. Rahman
Vice-Chairman

Mohammed Humayun Kabir FCA
Chief Executive

Nargis Sultana
Head of Finance & Accounts

Dated, Dhaka
25 October 2017
Shinepukur Ceramics

Signature Showroom at The Westin Dhaka & YELLOW Dhanmondi

The Westin Dhaka
Main Gulshan Avenue, Plot 01, Road 45, Gulshan 2, Dhaka 1212, Bangladesh
Tel: (+880 2) 58815093 • Cell: (+88) 01199804018

YELLOW Dhanmondi
House 17, Road 02, Dhanmondi, Dhaka 1205, Bangladesh
Tel: (+880 2) 9670616 • Cell: (+88) 01777744342
www.shinepukur.com