

ANNUAL 2015-16^{REPORT}

BEXIMCO SYNTHETICS 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 constituents with whom we interact; namely: our employees, our valued customers, our business associates, our fellow citizens and our Shareholders.

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OPERATIONAL & FINANCIAL HIGHLIGHTS

	2016 (30 th June)	2015	2014
Turnover	401,436	977,572	1,187,413
Gross Profit	38,709	83,821	121,113
Net Loss Before Tax	(30,348)	(67,182)	(28,336)
Net Loss After Tax	(32,438)	(69,932)	(26,561)
Earnings Per Share	(0.37)	(0.81)	(0.31)
Total Assets	3,376,774	3,329,702	3,320,817
Shareholders' Equity	2,023,444	2,055,884	2,143,767

all figures in thousand Taka except indicate otherwise.



COMPANY PROFILE

CORPORATE HEADQUARTERS

17 Dhanmondi R/A, Road No. 2
Dhaka-1205, Bangladesh
Phone : 880-2-58611891
Email : beximchq@bol-online.com
Web Site : <http://www.beximco.com>

OPERATIONAL HEADQUARTERS

Kabirpur, Savar, Dhaka-1344, Bangladesh
Email: beximsyn@bol-online.com
Website: <http://www.beximcosynthetics.com>

FACTORY

Kabirpur, Savar, Dhaka

YEAR OF ESTABLISHMENT

July 18, 1990

COMMERCIAL PRODUCTION

July 01, 1994

NATURE OF ACTIVITIES

Manufacturing & Marketing of Polyester Filament Yarn, namely Partially Oriented Yarn (POY) and Drawn Texturising Yarn (DTY).

LISTING STATUS

Public Listed Company

STOCK EXCHANGE LISTING

Dhaka & Chittagong

AUTHORIZED CAPITAL

2,000 million Taka

PAID UP CAPITAL

867.123 million Taka

NUMBER OF SHAREHOLDERS

18,224





CORPORATE DIRECTORIES



SALMAN F RAHMAN

A S F RAHMAN

Board of Directors

A S F Rahman

Chairman

Salman F Rahman

Vice-Chairman

Iqbal Ahmed

Director

O K Chowdhury

Director

Tipu Sultan Farazi

Director

Nominee of ICB (Representing Institutional Debenture Holders)

Masud Ekramullah Khan

Independent Director

Mohammad Asad Ullah, FCS

Executive Director & Company Secretary

Management Committee

O K Chowdhury

Director, Group Finance & Corporate Affairs

Syed Naved Hussain

Chief Executive Officer

Md. Rafiqul Islam, FCA

Chief Financial Officer

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

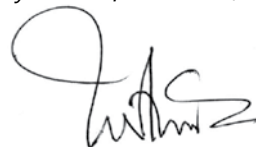
NOTICE OF THE 25TH ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of Beximco Synthetics Limited will be held on Saturday, the 19th November, 2016 at 1.30 p.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 period of 18 months ended on 30 June, 2016 together with reports of the Auditors and the Directors thereon;
2. To elect Director;
3. To approve the re-appointment of Independent Director;
4. To approve the audit fee for the period of six months from 1st January 2016 to 30th June 2016 and to appoint Auditors for the year 2016-2017 and to fix their remuneration;
5. To adopt changes in Accounting year of the Company from January-December to July-June pursuant to the provision of the Finance Act 2015;
6. To transact any other business of the Company with the permission of the Chair.

By order of the Board,



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

Dated : 18 October, 2016

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. 12 May, 2016 as announced earlier, 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.



চেয়ারম্যানের প্রতিবেদন



A S F Rahman

Chairman, Beximco Synthetics Limited

প্রিয় শেয়ারহোল্ডারগণ,

বেক্সিমকো সিনথেটিক্স লিমিটেড এর ২৫তম বার্ষিক সাধারণ সভায় পরিচালক পর্যদের পক্ষ থেকে আপনাদের সকলকে আবারো স্বাগত জানাতে পেরে এবং কোম্পানীর ১লা জানুয়ারী ২০১৫ হইতে ৩০শে জুন ২০১৬ সমাপ্ত বছরের নিরীক্ষিত আর্থিক প্রতিবেদনসহ নিরীক্ষকের প্রতিবেদন ও পরিচালকবৃন্দের প্রতিবেদন উপস্থাপন করতে পেরে আমি খুবই আনন্দিত।

আপনারা অবহিত আছেন যে, অর্থ আইন ২০১৫ এর বিধান অনুসরণকল্পে আমাদের হিসাব বছর পরিবর্তন আবশ্যিক হয়ে পড়েছে। যেহেতু জুলাই ২০১৬ সাল থেকে নতুন হিসাববর্ষ শুরু হচ্ছে, সেহেতু এবার আমরা ২০১৬ সালের জুন মাস পর্যন্ত ১৮ মাসের প্রতিবেদন আপনাদের সামনে উপস্থাপন করছি, যা অন্যান্য বারের চেয়ে ব্যতিক্রম।

কার্যক্রম

সূতার চাহিদা ও বিক্রয়মূল্য হ্রাসের কারণে কোম্পানীর ব্যবসায়িক কার্যক্রম ব্যাপকভাবে ক্ষতিগ্রস্ত হওয়ায় বিগত বছরটি ছিল আরও একটি কঠিন বছর। বিগত বছরের মত স্থানীয় বাজারে সারা বছর ধরে নির্বিচারে বিদেশী সূতা ত্রাসকৃত মূল্যে আমদানীর কারণে সুস্থ প্রতিযোগিতা ধ্বংস হওয়ায় আমরা আমাদের উৎপাদন লক্ষ্যমাত্রা ধরে রাখতে পারি নাই। ফলে, প্রতিবেদনাধীন সময়ে আমাদের উৎপাদন ও মুনাফা ব্যাপকভাবে ক্ষতিগ্রস্ত হয়। ১লা জানুয়ারী ২০১৫ হইতে ৩০ জুন ২০১৬ পর্যন্ত প্রতিবেদনাধীন সময়ে কোম্পানী ৯,৩২৬,৬১৩ কেজি POY ১১৫ ডেনিয়ার সূতা উৎপাদন করেছে। DTY Intermingled এবং Non-Intermingled মিলে মোট DTY-এর উৎপাদন ছিল ৮,৭২১,৭০০ কেজি।

বিপণন

প্রতিবেদনাধীন সময়ে সার্বিক বিপণন কার্যক্রম ছিল গত বছরের মতই খুবই প্রতিকূল। এর অন্যতম প্রধান কারণ ছিল, স্থানীয় বাজার ও তৈরী পোশাক খাতে কাপড়ের চাহিদা কমে যাওয়ায় আমাদের সূতার বিক্রয়মূল্য ব্যাপকভাবে হ্রাস পায় যা আমাদের বিক্রয় লক্ষ্য অর্জনে নেতিবাচক ভূমিকা পালন করে। অন্যদিকে, সারাবছর ধরে স্থানীয়

বাজারে হ্রাসকৃত মূল্যে বিদেশী সূতার আমদানীর ফলে প্রবল প্রতিযোগিতার কারণে আমরা আমাদের সূতার বিক্রয়মূল্য কমাতে বাধ্য হই। কিন্তু, সকল অনাকাঙ্খিত ও অনিয়ন্ত্রিত বিপণন কারণ সত্ত্বেও আমাদের বিপণন দল আমাদের পণ্যের বাজার পরিধি ধরে রাখতে সর্বদা সচেষ্ট।

মানবসম্পদ ব্যবস্থাপনা

BSL স্বল্প সংখ্যক লোক দ্বারা অর্পিত দায়িত্ব সুষ্ঠুভাবে পালনের লক্ষ্যে এবং কোম্পানীর পরিচালনার পরিবেশ সৃষ্টি করতে সক্ষম এরকম উপযুক্ত ও পেশাগতভাবে পারদর্শি জনবল নিয়োগ দিয়ে থাকে। ২০১৫-২০১৬ সালে কোম্পানী বহুমুখি কৌশলগত প্রশিক্ষণের মাধ্যমে দক্ষতার মানবসম্পদ গড়ে তোলে। সাংগঠনিক কাঠামোর সমন্বয়ে ও সুন্দর টিম ওয়ার্কের মাধ্যমে কাজের পরিবেশ আনয়নই হচ্ছে শিল্পের অন্তর্নিহিত লক্ষ্য। আর এ লক্ষ্যেই কোম্পানী আর্থিক, বিপণন, উৎপাদন এবং ক্রয় ইত্যাদি খাতে প্রশিক্ষণের মাধ্যমে জনবলের ব্যবহারিক দক্ষতা গড়ে তোলার ব্যাপারে ছিল সচেষ্ট।

উপসংহার

পরিশেষে আমাদের পণ্যের উপর আস্থার জন্য আমি আমার নিজের ও পরিচালনা পর্যদের পক্ষ থেকে সম্মানিত ক্রেতা সাধারণকে আন্তরিক ধন্যবাদ জানাচ্ছি। সেই সাথে আমাদের কর্মকর্তা ও কর্মচারীদেরকে তাদের অক্লান্ত প্রচেষ্টার জন্য, সরবরাহকারীদেরকে তাদের সমর্থনের জন্য, ব্যাংক, সরকারী সংস্থা ও অন্যান্য আর্থিক প্রতিষ্ঠানসমূহকে তাদের সহযোগিতার জন্য এবং সর্বোপরি সম্মানিত শেয়ারহোল্ডারদেরকে কোম্পানীর মঙ্গলে তাদের ক্রমাগত উৎসাহ প্রদানের জন্য আন্তরিক প্রশংসা ও সাধুবাদ জানাই।

আমি আশা করি আপনাদের সকলের অকুণ্ঠ সমর্থন ও সহযোগিতা নিয়ে আগামী বছরগুলিতেও আমরা আমাদের সকল সমস্যা কাটিয়ে উঠতে সক্ষম হব।

X. S. F. Rahman

এ এস এফ রহমান
চেয়ারম্যান

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is a great pleasure for me once again to welcome you all to this 25th Annual General Meeting of Beximco Synthetics Limited and to present before you the Audited Financial Statements and the Auditors' and Directors' Report thereon of the Company for the period from 01 January 2015 to 30 June 2016.

In line with the new regulatory provision of the Finance Act 2015 and as announced by the Company in May 2016, Beximco Synthetics Ltd. is required to change its accounting year from January-December to July-June. Unlike other years, we are therefore reporting for a period of 18 months ending on June 30, 2016 to accommodate first time adoption of this change.

Operations

During the period once again was a difficult year for your Company as smooth business operation was hampered badly due to decrease of demand and sales price of the yarn. Like previous years, due to indiscriminate import of foreign yarn at a dumping price in the local market throughout the



year, destroyed healthy competition. Under this adverse scenario, we could not maintain our targeted production as a result profitability and turnover of our company were badly affected during the year under review. During the period from 01 January 2015 to 30 June 2016, the Company has produced 9,326,613 kgs of POY 115 denier filament yarn and 8,721,700 kgs of DTY both in Intermingle and Non-Intermingle form. Gross turnover was Tk. 1,379.009 million.

Marketing

During the period under review the overall marketing performance was very much vulnerable like previous years. Drastic fall of yarn price due to tremendous decrease of demand of finished fabrics from both local market & RMG sector that ultimately played a negative role in our targeted sales achievement. Like previous year, severe entrance of foreign yarn at a dumping price in the local market throughout the year, forcing the price downward and the competition to intensify. But despite of having all those unpredictable & uncontrollable market factors, our marketing team is always concentrating on keeping the market share intact.

Human Resource Management

To create an environment in which fewer people can do more, BSL is deploying qualified people and professionals and reviewing assignments to ensure the skills of the manpower chosen to execute match the task entrusted to them. In the year 2015-16, the company formulated and put into effect more comprehensive people development and training strategies. The driving force was and continues to be the goal of developing the best team in the industry and harmonizing organizational systems. With this end in view, BSL made considerable efforts in broadening employees perspectives to the level of best business practices providing several training programs in various fields of finance, marketing, production and procurement.

Conclusion

Finally, on behalf of the Board of Directors and on my own behalf, I would like to express my deepest appreciation to all our valued customers for their confidence in our products, to the employees for their tireless efforts, to the suppliers for their support, to the Banks, Govt. agencies and Financial Institutions for their co-operation and above all, to our most honoured shareholders for demonstrating their continued interest in the well-being of the Company.

I hope, we will be able to overcome all problems with continuous support and co-operation from all of you in the years to come.

A. S. F. Rahman

A S F Rahman
Chairman



DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

The Board of Directors of Beximco Synthetics Limited are pleased to present the Directors' Report and Audited Financial Statements of the Company for the period from 01 January 2015 to 30 June 2016 together with the auditor's report thereon. Please be informed that the Financial Statements have been prepared for 18 (eighteen) months (from 1st January 2015 to 30th June 2016) as per a directive of Bangladesh Securities & Exchange Commission (BSEC) to facilitate the adoption of reporting period of July to June in place of existing reporting period of calendar year (January to December) in compliance of a requirement of the National Board of Revenue (NBR) to follow uniform financial year.

1. PRINCIPAL ACTIVITY

The principal activity of the company was production & sales of high quality Polyester Filament Yarn namely, Partially Oriented Yarn (POY) and Drawn Texturising Yarn (DTY).

2. FINANCIAL RESULTS AND APPROPRIATIONS

The financial results and recommended appropriations are stated below:

Taka in Thousand

Particulars	2016 (6 months)	2015 (12 months)	2014 (12 months)
Net Loss after Tax	(32,439)	(69,932)	(29,786)
Profit/(Loss) Brought Forward	(140,576)	(70,644)	(40,858)
Loss Carried Forward	(173,015)	(140,576)	(70,644)

3. CHANGE IN ACCOUNTING YEAR

As mentioned, the Finance Act 2015 passed by the Bangladesh parliament requires companies, excluding banks, insurance and NBFIs to follow July-June as their financial year. This change in the reporting period is effective from July 1, 2016. Consequent to the provision of the Finance Act, we need to adopt an accounting year that will commence from July 1 and conclude on June 30. To comply with the regulation, we propose that effective from July 1, 2016 our accounting year will be a 12-month period starting from July 1 and ending June 30 instead of January 1 to December 31.

4. DIVIDEND

No dividend is possible based on the Company's accounts for the period.

5. ANALYSIS OF OPERATING PERFORMANCE

5.1 Business Outlook- a general overview

The economy expanded more than 7 percent last fiscal year, after nearly a decade of registering 6 percent growth. In 2015-2016, GDP grew 7.11 percent, according to Bangladesh Bureau of Statistics. The industrial sector growth was 11.09 percent against 9.67 percent in fiscal 2104-2015. The World Bank, in the latest edition of its Bangladesh Development Update released in September, said industrial activity suffered due to supply disruptions and weaker consumer confidence than fiscal 2014-2015.

Private investment remained stagnant owing to investor caution, infrastructure and skill shortages, and a weak business environment. Domestic political calm is seen to build confidence in consumers and investors and so support growth momentum.

Garment manufacturers seem to be warming to Bangladesh again after the deadly Rana Plaza factory collapse in 2013. But there are still ethical concerns. For starters, part of what makes the country so attractive as a place to manufacture is that wages there are incredibly low, and too many of the factories are still unsafe. Workers often face abuse if they complain. Experts also say the country needs to diversify its exports, and should start moving up the value chain into higher-end products such as electronics if it really wants to develop.

5.2 Production and Sales

During the period from 01 January 2015 to 30 June 2016, the Company has produced 9,326,613 kgs of POY 115 denier filament yarn and 8,721,700 kgs of DTY both in Intermingle and Non-Intermingle form. Gross turnover was Tk. 1,379.009 million.

5.3 Profitability

During the period under report, the smooth business operation was hampered badly. The major reason behind that was the drastic fall of yarn price due to tremendous decrease of demand of finished fabrics from both local market & RMG sector that ultimately played a negative role in our targeted sales achievement. On the other hand, due to severe entrance of foreign yarn at a dumping price in the local market throughout the period, forcing the price downward and the

competition to intensify. As a result profitability and turnover of our company were badly affected and the Company has incurred losses.

6. DIRECTOR - RETIREMENT AND RE-ELECTION

Mr. A S F Rahman, Director of the Company retires by rotation as per Articles 124 and 125 of the Articles of Association of the Company and being eligible offer himself for re-election.

7. RE-APPOINTMENT OF INDEPENDENT DIRECTOR

As per the Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission dated 7th August, 2012, Mr. Masud Ekramullah Khan was appointed as an Independent Director of the Company on 20.12.2012 for a period of 3 years upto 19.12.2015. After completion of three years tenure the Board has re-appointed him as an Independent Director of the Company on 20.12.2015 for a further period of 3 years upto 19.12.2018, subject to the approval by the Shareholders in the Annual General Meeting.

8. AUDITORS

The existing Auditors, M/S M.J. Abedin & Co., Chartered Accountants, National Plaza, 109, Bir Uttam C.R. Datta Road, Dhaka-1205 who were appointed as Auditors of the Company in the 25th Annual General Meeting of the Company has carried out the audit for the year ended 31 December 2015.

Due to the special requirement, as mentioned earlier, to prepare the 18 month audited accounts for approval in the AGM, M.J. Abedin & Co., Chartered Accountants, National Plaza, 109, Bir Uttam C.R. Datta Road, Dhaka-1205 was appointed to carry out audit for the period 1 January 2016 to 30 June 2016 at an agreed fee of Tk. 225,000.

M/S M.J. Abedin & Co., Chartered Accountants, the Auditors of the Company retire at this meeting and have expressed their willingness to continue in office for the year 2016-2017.

9. BOARD MEETINGS AND ATTENDANCE

During the period, 9 Board Meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Meeting Attended
Mr. A S F Rahman	9
Mr. Salman F Rahman	9
Mr. Iqbal Ahmed	9
Mr. O K Chowdhury	9
Mr. Tipu Sultan Farazi	9
Mr. Masud Ekramullah Khan	9

10. BOARD AUDIT COMMITTEE

The Board constituted the Audit Committee comprises

the following members as per provision of Corporate Governance Guidelines issued by BSEC dated 07.08.2012.

Mr. Masud Ekramullah Khan	Chairman
Mr. Iqbal Ahmed	Member
Mr. O. K. Chowdhury, FCA	Member
Mr. Mohammad Asad Ullah, FCS	Secretary

11. CORPORATE AND FINANCIAL REPORTS

Directors are pleased to report that:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate Accounting Policies have been consistently applied in the preparation of financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in the preparation of financial statements.
- Internal Control System is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

12. CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Chief Executive Officer and Chief Financial Officer have certified to the Board that –

- They have reviewed the Financial Statements of the Company for the period from 01 January 2015 to 30 June 2016 and to the best of their knowledge and belief:
 - 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;
- There are, to the best of knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

13. KEY OPERATING AND FINANCIAL DATA

The summarized key operating and financial data for 2015-2016 and immediately preceding four years are presented below:

	2016 (June)	2015	2014	2013	2012	2011
Results of Operations						
Revenue (Turnover) Net	401,436	977,572	1,187,413	1,337,836	1,426,752	1,545,017
Gross Profit	38,709	83,822	121,113	134,148	265,334	244,861
Operating Profit	26,968	64,382	100,135	113,813	244,915	225,273
Net Profit/(Loss) Before Tax	(30,348)	(67,182)	(28,336)	(27,909)	100,396	133,058
Net Profit/(Loss) After Tax	(32,438)	(69,932)	(29,786)	(35,086)	83,166	108,176
Basic Earning per Share (Tk.)	(0.37)	(0.81)	(0.34)	(0.40)	0.96	1.58
Dividend	-	-	-	-	10.00%	15.00%
Financial Position						
Total Assets	3,376,774	3,329,702	3,313,423	3,318,658	3,336,809	3,082,709
Fixed Assets-Gross	2,401,578	2,400,869	2,385,560	2,376,705	2,363,245	2,339,500
Fixed Assets-Net	1,356,883	1,373,821	1,392,946	1,418,579	1,435,969	1,446,152
Gross Working Capital	2,014,783	1,950,774	1,915,369	1,890,964	1,894,248	1,631,449
Net Working Capital	996,544	1,039,658	1,145,233	770,154	791,793	739,050
Authorized Capital	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Paid up Capital	867,123	867,123	867,123	867,123	788,294	685,473
Reserve & Surplus	1,156,321	1,188,760	1,258,691	1,303,205	1,417,120	1,438,013
Shareholders' Equity	2,023,444	2,055,883	2,125,815	2,155,601	2,205,414	2,123,487
Key Financial Ratios, Figures and Market Data						
Current Ratio	1.98	2.14	2.49	1.69	1.72	1.83
Return on Paid-up Capital	(3.74%)	(8.06%)	(3.44%)	(4.05%)	10.55%	15.78%
Return on Investment	-	(3.40%)	(1.40%)	(1.62%)	3.77%	5.09%
Net Asset Value Per Share (Tk.)	23.34	23.71	24.52	25.03	27.96	30.98
Pay-out Ratio	-	-	-	-	94.78%	95.06%
Market Price of Share (at DSE)(Tk.)	6.30	7.90	12.50	16.70	24.30	368.25
Market Price of Share (at CSE)(Tk.)	6.30	7.90	12.50	16.70	24.30	369.00
Price Earning Ratio (DSE price)(Times)	(17.02)	(9.75)	(36.76)	41.75)	25.31	233.07
Price Earning Ratio (CSE price)(Times)	(17.02)	(9.75)	(36.76)	(41.75)	25.31	233.54
Others						
Number of Shares	86,712,359	86,712,359	86,712,359	86,712,359	78,829,418	68,547,320
Number of Shareholders	18,224	19,051	21,832	23,190	20,690	16,629

all figures in thousand Taka except indicate otherwise

14. THE PATTERN OF SHAREHOLDING

Name wise details	No. of Shares held
i) Parent/Subsidiary/Associate Companies and other related parties:	
Beximco Holdings Ltd.	1,532,686
New Dacca Industries Limited	1,375,067
Shinepukur Ceramics Limited	65,716
ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:	
Mr. A S F Rahman, Chairman	14,518,467
Mr. Salman F Rahman, Vice-Chairman	13,441,800
Chief Executive Officer, spouse and minor children	Nil
Company Secretary, spouse and minor children	Nil
Chief Financial Officer, spouse and minor children	Nil
Head of Internal Audit, spouse and minor children	Nil
iii) Executives:	Nil
iv) Shareholders holding ten percent (10%) or more voting interest in the company	
Mr. A S F Rahman, Chairman (mentioned in Sl. No. (ii) above	14,518,467
Mr. Salman F Rahman, Vice-Chairman (mentioned in Sl. No. (ii) above	13,441,800

15. CORPORATE GOVERNANCE COMPLIANCE REPORT

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

16. CONCLUSION

The Directors wish to express their sincere appreciation to the valued shareholders for their support and to the employees of the Company for their effort. We are also thankful to our customers, suppliers, bankers, government authorities and all concerned agencies for their continued support.

Thank you all.

On behalf of the Board



A S F Rahman
Chairman

06 October, 2016
Dhaka.



CORPORATE GOVERNANCE COMPLIANCE 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)

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	Board of Directors:			
1.1	Board's Size [number of Board members to be 5 – 20]	√		
1.2	Independent Directors			
1.2 (i)	Number of Independent Directors [at least 1/5]	√		
1.2 (ii)	Independent Director (ID) means a director:			
1.2 (ii) (a)	Holding no share or holding less than 1% shares	√		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	√		
1.2 (ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	√		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	√		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	√		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	√		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	√		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBFIs	√		
1.2 (ii) (i)	Not convicted for a criminal offence	√		
1.2 (iii)	To be appointed by BOD and approved in the AGM	√		
1.2 (iv)	The post cannot remain vacant for more than 90 days	--	--	N/A
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	√		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term	√		
1.3	Qualification of Independent Director			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher(Economics/Business/ Law)/CA/CMA/CS having 12 years of management/ professional experience	√		
1.3 (iii)	Prior approval of the Commission in special cases	--	--	N/A
1.4	Appointment of Chairman and CEO, defining their roles	√		
1.5	The Director's Report to Shareholders shall include			
1.5 (i)	Industry outlook and possible future developments	√		
1.5 (ii)	Segment-wise or product-wise performance	√		Company operates in a single product segment-Polyester Yarn. However in relevant cases market segment performance has been analyzed
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	√		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss	--		N/A
1.5 (vi)	Basis for and a statement of related party transactions	--		N/A
1.5 (vii)	Utilization of proceeds from issuing instruments	--		N/A
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc	--	--	N/A
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements	√		
1.5 (x)	Remuneration to directors including ID	√		No remuneration has been paid to any Director during 2015-2016 except Independent Director
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	√		No dividend is possible based on the Company's accounts for the period of 18 months ended 30.06.2016
1.5 (xx)	Number of Board meetings and attendance of directors	√		
1.5 (xxi)	Pattern of shareholding (along with name wise details) by-			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
1.5 (xxii)	In case of the appointment/re-appointment of a director,			
1.5 (xxii)(a)	A brief resume of the director	√		
1.5 (xxii)(b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii)(c)	Names of companies in which he/she holds directorship and the membership of committees of the board	√		
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 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
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	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
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	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	-	-	N/A
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests	--	--	N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system	--	--	N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws	--	--	N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately	--	--	N/A
3.4.2	Reporting to BSEC	--	--	N/A
3.5	Reporting to the Shareholders and General Investors	√		
4	External / Statutory Auditors			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Committee	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
4.00 (ix)	Non-engagement in Audit/Certification Services on Compliance of Corporate Governance as required under clause (i) of condition No. 7	√		
5	Subsidiary Company			
5 (i)	Composition of BOD to be similar to holding company	--	--	N/A
5 (ii)	One ID to be in both holding and subsidiary company	--	--	N/A
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company	--	--	N/A
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed	--	--	N/A
5 (v)	Audit Committee of holding company to review financial statements / investments of subsidiary company	--	--	N/A
6	Duties of CEO and CFO:			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
7	Reporting and Compliance of Corporate Governance:			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	√		

S. Abdur Rashid FCS

BCom (Hons), MBS (Fin & Banking), MBA (Fin), PGD-HRM, AIM

Chartered Secretary in Practice

Certificate of Practice No.: 003

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(Chartered Secretaries)

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Certificate on Compliance of Corporate Governance Guidelines

[Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

We have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **Beximco Synthetics Limited** ("the Company") for the period of 18 months ended 30 June 2016. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

We have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the Company, I hereby certify that all the conditions of the Corporate Governance Guidelines have been complied with by the Company.



S. Abdur Rashid, FCS



Dhaka, 24 October 2016



REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE

FOR THE PERIOD OF 18 MONTHS FROM 1 JANUARY 2015 TO 30TH JUNE 2016



Dear Shareholders,

I am pleased to present the Report of the Audit Committee for the period of 18 months from 1 January 2015 to 30 June 2016.

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 2015.

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 analysis 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 and, 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:

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor Internal Control and Risk Management process.
- Oversee hiring and performance of external Auditors.
- Review along with the management, the annual financial statements before submission to the Board for approval.
- Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.

- Review the adequacy of internal audit function.
- Review statement of significant related party transactions submitted by the management.
- 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 period of 18 months from 1 January 2015 to 30 June 2016, 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 DURING 18 MONTHS ENDED ON 30TH JUNE 2016

In terms of reference, the Committee in its meeting held on April 17, 2016 reviewed the Annual Financial Statements for the year 2015. 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 Committee after reviewed decided to forward the audited accounts to the Board for their approval.

However, as you are aware, as per provisions of Finance Act 2015, other than Bank, Insurance and Non-Banking Financial Institutions are required to maintain July-June as their financial year. Pursuant to this, Bangladesh Securities and Exchange Commission (BSEC) subsequently issued guidelines for Companies for first time adoption of the change in the Financial Year. To comply with the BSEC Guidelines, the Company is required to prepare and publish audited accounts covering 18 months period i.e. January 1, 2015 to June 30, 2016. Accordingly the accounts for the period January-June 2016 were subsequently audited and combined 18 months audited accounts along with the report of the Auditors were prepared and submitted to the audit Committee for review.

The Audit Committee in its meeting held on September 28, 2016 reviewed the Financial Statements and the report of the Auditor for the 18 months period ending on June 30, 2016. The Audit Committee also had detailed discussion with the members of the accounts and finance department on various 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 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.

The Audit Committee met four times during the year 2015. All the Members were present in all meetings of the Committee.

The Committee held its first meeting of 2015 on April 21, to review the Audited Financial Statements of the Company for the year ended December 31, 2014. Detail discussions on the financial statements were held with the representatives of the Management of the Company. No material audit observation that warrants for Board's attention was noted. The Committee, therefore, recommended for onward submission of the Audited Financial Statements to the Board for its approval.

The second meeting of the Committee was held on May 11, 2015 prior to release of the un-audited First Quarter Financial Statements of the Company for the quarter ended on March 31, 2015. 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 2015 was held on July 13, 2015 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 June 30, 2015.

The fourth meeting of the Committee was held on October 19, 2015 to release of the un-audited third quarter financial statements of the Company for the quarter ended September 30, 2015. 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.

The Chief Executive Officers of concerned Divisions, Chief Financial Officer, Internal Auditors of the Company and representatives of the External Auditors had attended all the meetings upon invitation by the Audit Committee. From time to time, other senior Members of Management have also been invited by the Audit Committee to attend in the above Audit Committee meetings. The Audit Committee met with the External Auditors and separately, with the internal Auditors on an annual basis.

The Audit Committee also reviewed, approved and monitored the procedures and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the Company and did not find any material deviation, discrepancies or any adverse findings/ observation in the areas of reporting.

EXTERNAL AUDITORS

The Audit Committee conducted a formal evaluation of the effectiveness of the external audit process. The Committee has considered the tenure, quality and fees of the auditors, considered and made recommendations to the Board on the appointment and remuneration of external Auditors, M/s. M.J. Abedin & Company, Chartered Accountants for the year 2016-17, subject to the approval of shareholders in the 25th AGM of the Company, who had carried out the audit of the Company for period of 18 months from 1 January 2015 to 30 June 2016.



(MASUD EKRAMULLAH KHAN)

Chairman
Audit Committee

28 September, 2016

CORPORATE GOVERNANCE

The maintenance of effective Corporate Governance remains a key priority to the Board of Beximco Synthetics 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 Director under whom there are CEO, CFO, Senior General Managers and according to hierarchy, various senior & mid level management staffs. The Director, CEO, CFO, Senior General Manager and the Senior 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 to the 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 judgements 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 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 period ended 30 June 2016 stood at six 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, one Independent Director and other three directors. The name of the Directors appears on page 4.

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.

Audit Committee

The Board of Directors of Beximco Synthetics Limited has constituted the Audit Committee in terms of the conditions of Bangladesh Securities and Exchange Commission's (BSEC) guidelines which is appended with the Compliance Report and also enclosed with the Director's report. The Committee comprise of Mr. Masud Ekramullah Khan, Mr. O.K. Chowdhury FCA and Mr. Iqbal Ahmed, of whom Mr. Masud Ekramullah Khan is an Independent Director and also the Chairman of the Committee. Mr. Md. Asad Ullah FCS is the secretary of the committee. The Audit Committee appointed by the main Board and all the members are non-executive Directors. All members of the Audit Committee are financially literate are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The details of the Audit Committee has been provided in "Report on the Activities of the Audit Committee" on page 18.

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.

Corporate Governance Compliance Report

In accordance with the requirement of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 Corporate Governance Compliance and Status Report is attached in Annexure-I on page 12 to 16.



24TH ANNUAL GENERAL MEETING



The 24th Annual General Meeting of Shareholders of Beximco Synthetics Ltd. was held on 13 June, 2015 at 1.30 pm at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur. A good number of shareholders attended the meeting. In absence of Mr. A S F Rahman, Chairman of the Board of Directors of the Company, Mr. Iqbal Ahmed, Director of the Company presided over the meeting. Verses from Holy Quran along with its translation in Bengali were recited at the very outset of the meeting.

The Chairman welcomed the Shareholders in the AGM. With the permission of the Chair meeting started and the Shareholders expressed their valued opinion on the Audited Financial Statements of the Company for the year ended 31 December 2014 and also on other affairs.

Mr. Iqbal Ahmed, Chairman of the meeting replied to the queries and explained various comments of distinguished Shareholders. He also gave the hints of future activities of the Company.

After electing directors, approving the Audited Financial Statements, appointing Auditors and fixing their remuneration by the Shareholders, the meeting ended with a vote of thanks to and from the chair.



FINANCIALS



INDEPENDENT AUDITORS' REPORT

To the Shareholders of **BEXIMCO SYNTHETICS LIMITED**

We have audited the accompanying financial statements of Beximco Synthetics Limited, which comprise the Statement of Financial Position as at 30 June 2016, the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the period from 01 January 2015 to 30 June 2016 (18 months) then ended, and a summary of significant accounting policies and other relevant explanatory notes.

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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 procedure 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 2016, and of its financial performance and its cash flows for the period 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.

Other matter

Financial Statements of the Company for the year ended 31 December 2015 and period ended 30 June 2016 have separately been audited by us. Now the Company is required to follow accounting year as July to June as per Finance Act 2015. For this purpose, separately audited financial statements have been compiled as per directives of Bangladesh Securities and Exchange Commission.

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 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.

Dhaka
6 October, 2016


M.J. Abedin & Co
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		Amount in Taka		
	Notes	30 Jun 2016	31 Dec 2015	31 Dec 2014
ASSETS				
Non-Current Assets		1,361,990,823	1,378,928,139	1,398,054,018
Property, Plant and Equipment - Carrying Value	5	1,356,883,525	1,373,820,841	1,392,946,720
Long Term Security Deposits	6	5,107,298	5,107,298	5,107,298
Current Assets		2,014,783,906	1,950,774,296	1,915,369,462
Inventories	7	999,960,083	944,958,862	959,646,178
Accounts & Other Receivables	8	999,394,777	996,988,194	939,431,098
Advances, Deposits & Prepayments	9	8,306,329	7,384,598	11,860,725
Cash and Cash Equivalents	10	7,122,717	1,442,642	4,431,461
Total Assets		3,376,774,729	3,329,702,435	3,313,423,480
EQUITY AND LIABILITIES				
Shareholders' Equity		2,023,444,778	2,055,883,552	2,125,815,411
Issued Share Capital	11	867,123,598	867,123,598	867,123,598
Revaluation Surplus	12	1,329,335,883	1,329,335,883	1,329,335,883
Retained Earnings		(173,014,703)	(140,575,929)	(70,644,070)
Non-Current Liabilities		335,090,713	362,702,261	417,471,406
Long Term Borrowing-Net off Current Maturity	13	297,514,530	324,807,408	379,393,163
Obligation under Finance Lease		27,519,974	27,519,974	27,519,974
Deferred Tax Liability	14	10,056,209	10,374,879	10,558,269
Current Liabilities		1,018,239,238	911,116,622	770,136,664
Debentures-Current Maturity (Secured)	15	40,160,096	40,160,096	40,160,096
Interest Free Block Account-Current Maturity	16	42,401,457	42,401,457	42,401,457
Short Term Loan from Banks (Secured)	17	517,941,344	467,941,344	467,941,344
Long Term Borrowing-Current Maturity	18	109,171,511	81,878,633	27,292,878
Accounts & Other Payables	19	96,933,344	92,176,460	70,029,332
Accrued Expenses	20	211,631,486	186,558,633	122,311,558
Total Equity and Liabilities		3,376,774,729	3,329,702,435	3,313,423,480

The notes are an integral part of the Financial Statements.

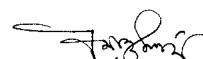
Approved and authorized for issue by the board of directors on 06 October 2016 and signed for and on behalf of the Board:



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Md. Rafiqul Islam FCA
Chief Financial Officer

Per our report of even date.



M.J. Abedin & Co.
Chartered Accountants

Dhaka
6 October, 2016

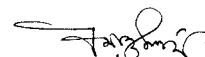
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period of 18 months ended 30 June 2016

		Amount in Taka			
	Notes	Jan 2015 - June 2016 (18 months)	Jan - June 2016 (6 months)	Jan - Dec 2015 (12 months)	Jan - Dec 2014 (12 months)
Revenue	21	1,379,008,993	401,436,672	977,572,321	1,187,413,298
Cost of Revenue	22	(1,256,478,028)	(362,727,451)	(893,750,577)	(1,066,299,550)
Gross Profit		122,530,965	38,709,221	83,821,744	121,113,749
Operating Expenses		(31,179,764)	(11,740,507)	(19,439,257)	(20,978,142)
Administrative Expenses	23	(23,906,232)	(9,313,917)	(14,592,315)	(15,290,059)
Selling Expenses	24	(7,273,532)	(2,426,590)	(4,846,942)	(5,688,083)
Profit from Operations		91,351,201	26,968,714	64,382,487	100,135,607
Finance Cost	25	(188,882,556)	(57,317,538)	(131,565,018)	(128,471,845)
Loss before contribution to WPPF		(97,531,355)	(30,348,824)	(67,182,532)	(28,336,239)
Contribution to Workers' Profit Participation/Welfare Funds	26	-	-	-	-
Net Loss before Tax		(97,531,355)	(30,348,824)	(67,182,532)	(28,336,239)
Income Tax Expense	27	(4,839,277)	(2,089,950)	(2,749,327)	(1,449,695)
Loss After Tax for the year		(102,370,632)	(32,438,774)	(69,931,859)	(29,785,933)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Loss for the year		(102,370,632)	(32,438,774)	(69,931,859)	(29,785,933)
Earning Per Share (EPS)	28	(1.18)	(0.37)	(0.81)	(0.34)
Number of Shares used to compute Earning Per Share		86,712,359	86,712,359	86,712,359	86,712,359

The notes are an integral part of the Financial Statements.

Approved and authorized for issue by the board of directors on 06 October 2016 and signed for and on behalf of the Board:

**A S F Rahman**
Chairman**Salman F Rahman**
Vice Chairman**Md. Rafiqul Islam FCA**
Chief Financial Officer

Per our report of even date.

**M.J. Abedin & Co.**
Chartered AccountantsDhaka
6 October, 2016

STATEMENT OF CHANGES IN EQUITY

For the period of 18 months ended 30 June 2016

Particulars	Amount in Taka			
	Share Capital	Revaluation Surplus	Retained Earnings	Total Equity
Balance as on 01-01-2014	867,123,598	1,329,335,883	(26,130,901)	2,170,328,580
Prior year adjustment (Deferred tax effect upto 2013)	-	-	(14,727,236)	(14,727,236)
Restated Balance as on 01-01-2014	867,123,598	1,329,335,883	(40,858,137)	2,155,601,344
Total Comprehensive Loss for the year 2014:				
Loss for the year	-	-	(29,785,933)	(29,785,933)
Other Comprehensive Income	-	-	-	-
Restated Balance as on 31-12-2014	867,123,598	1,329,335,883	(70,644,070)	2,125,815,411
Balance as on 01-01-2015	867,123,598	1,329,335,883	(70,644,070)	2,125,815,411
Total Comprehensive Loss for the year 2015:				
Loss for the year	-	-	(69,931,859)	(69,931,859)
Other Comprehensive Income	-	-	-	-
Balance on 31-12-2015	867,123,598	1,329,335,883	(140,575,929)	2,055,883,552
Balance as on 01-01-2016	867,123,598	1,329,335,883	(140,575,929)	2,055,883,552
Total Comprehensive Loss for the half year ended 30-06-2016:				
Loss for the period	-	-	(32,438,774)	(32,438,774)
Other Comprehensive Income	-	-	-	-
Transaction with Share Holders:	-	-	-	-
Balance on 30-06-2016	867,123,598	1,329,335,883	(173,014,703)	2,023,444,778
Total number of shares				86,712,359
Net Assets Value Per Share			Tk.	23.34

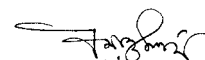
Approved and authorized for issue by the board of directors on 06 October 2016 and signed for and on behalf of the Board:



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Md. Islam FCA
Chief Financial Officer

Per our report of even date.



M.J. Abedin & Co.
Chartered Accountants

Dhaka
6 October, 2016

STATEMENT OF CASH FLOWS

For the period of 18 months ended 30 June 2016

	Amount in Taka			
	Jan 2015 - June 2016 (18 months)	Jan - June 2016 (6 months)	Jan - Dec 2015 (12 months)	Jan - Dec 2014 (12 months)
Cash Flows From Operating Activities :				
Collections from Revenue- net	1,319,045,315	399,030,091	920,015,224	1,168,036,400
Cash Paid to Suppliers & Employees	(1,234,892,694)	(403,637,316)	(831,255,378)	(1,054,329,524)
Cash Generated from Operations	84,152,622	(4,607,225)	88,759,847	113,706,876
Interest Paid	(113,466,876)	(38,411,836)	(75,055,040)	(68,288,520)
Income tax paid	(1,976,274)	(591,069)	(1,385,205)	(1,651,365)
Net Cash (Used in)/Generated from Operating Activities	(31,290,528)	(43,610,130)	12,319,602	43,766,991
Cash Flows From Investing Activities :				
Acquisition of tangible fixed assets	(16,018,216)	(709,795)	(15,308,421)	(8,855,777)
Net Cash Used In Investing Activities	(16,018,216)	(709,795)	(15,308,421)	(8,855,777)
Cash Flows From Financing Activities :				
Short Term Loan Received	50,000,000	50,000,000	-	-
Payment of debentures	-	-	-	(3,412,249)
Payment of lease obligations	-	-	-	(30,000,000)
Net Cash Used In Financing Activities	50,000,000	50,000,000	-	(33,412,249)
Increase/(Decrease)/ in Cash & Cash Equivalents	2,691,256	5,680,075	(2,988,819)	1,498,966
Cash & Cash Equivalents at the beginning of the period	4,431,461	1,442,642	4,431,461	2,932,494
Cash & Cash Equivalents at End of the period	7,122,717	7,122,717	1,442,642	4,431,461
Net Operating Cash Flow Per Share	(0.36)	(0.50)	0.14	0.50
Number of Shares used to compute Net Operating Cash Flow Per Share	86,712,359	86,712,359	86,712,359	86,712,359

The notes are an integral part of the Financial Statements.

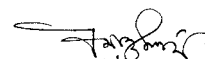
Approved and authorized for issue by the board of directors on 06 October 2016 and signed for and on behalf of the Board:



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Md. Rafiqul Islam FCA
Chief Financial Officer

Per our report of even date.



M.J. Abedin & Co.
Chartered Accountants

Dhaka
6 October, 2016

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

1. THE BACKGROUND AND ACTIVITIES OF THE COMPANY

1.1. *Status of the Company*

Beximco Synthetics Limited (the Company) is a Public Limited Company incorporated in Bangladesh in 1990 under the Companies Act, 1913. It launched its manufacturing operation in 1994. The company became a listed company in 1993. The shares of the Company are traded in Dhaka and Chittagong Stock Exchanges of Bangladesh and the debentures of the company were listed with Dhaka Stock Exchange of Bangladesh.

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 Kabirpur, Savar, Dhaka.

1.2. *Principal Activities*

The company operates in a single industry segment. It is engaged in manufacturing and marketing of Polyester Filament Yarn namely, Partially Oriented Yarn (POY) and Drawn Texturized Yarn (DTY) which it sells in the local market.

2. BASES OF FINANCIAL STATEMENTS-ITS PREPARATION AND PRESENTATION

2.1. *Measurement Bases*

The financial statements have been prepared on the Historical Cost basis, as modified to include the revaluation of land, building and plant & machinery which are stated at revalued amount.

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

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

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 2016;
- (b) a statement of profit or loss and other comprehensive income for the 18 months from 01 January 2015 to 30 June 2016;
- (c) a statement of changes in equity for the period from 01 January 2015 to 30 June 2016;
- (d) a statement of cash flows for the 18 months from 01 January 2015 to 30 June 2016; 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 October 6, 2016.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

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 18(Eighteen) months (from 1st January 2015 to 30th June 2016) as per a directive of Bangladesh Securities & Exchange Commission (BSEC) to facilitate the adoption of reporting period of July to June in place of existing reporting period of calendar year (January to December) in compliance of a requirement of the National Board Of Revenue (NBR) to follow uniform financial year.

Therefore, the financial statements for the period of 18 months (01.01.2015 to 30.06.2016) is not entirely comparable with the comparative of 12 months (01.01.2014 to 31.12.2014).

2.7. *Use of Estimates and Judgments*

The preparation of financial statements in conformity with the Bangladesh Accounting Standards 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 and at the date of the financial statements.

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

In particulars, 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

The accounting principles and policies in respect of material items of financial statements set out below have been applied consistently to all periods presented in these financial statements.

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 domestic sales.

3.2 *Property, Plant and Equipment*

3.2.1 *Recognition and Measurement*

Property, plant and equipment are capitalized at cost of acquisition except land, building and plant & machineries being revalued 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.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

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 maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the 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 are generally charged off as revenue expenditure. Purchased 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 to amortize the cost/revalued amount of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Depreciation is provided on fixed assets except land for the period in use of the assets. Depreciation is provided at the following rates on straight line basis over the periods appropriate to the estimated useful lives of the different types of assets:

Factory Building and Other Construction	2.50-5%
Plant and Machinery	2.50-7.5%
Factory Equipment	10%
Furniture & Fixtures and Office Equipment	20%
Motor Vehicle	20%

3.3 Leased Assets

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

Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability.

3.4 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.4.1 Financial Assets

Financial assets of the company include cash equivalents, accounts receivable and other receivables.

The company initially recognizes receivables on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

3.4.1 (a) Accounts Receivables

Accounts Receivables are recognized at cost which is the fair value of the consideration given for them.

3.4.1 (b) Advances, Deposits and prepayments

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

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to the statement of profit or loss and other comprehensive income.

3.4.1 (c) Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost and includes 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 expire.

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 that 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.

(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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

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 Expense*

Current Tax

Minimum Tax has been provided under Income Tax Ordinance, 1984 as there is a net loss during the period.

Deferred Tax

The Company's policy of recognition of deferred tax assets/liabilities is based on temporary differences (Taxable or deductible) between the carrying amount (Book Value) of assets and liabilities for financial reporting purposes and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per share (EPS).

3.9. *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.

3.10. *Employee Benefits*

The Company maintains Contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the deed.

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

The cost of employee benefits is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

(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 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.

(b) Contribution to Workers' Profit Participation/ Welfare Funds

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labour Law (Amendment) Bill 2013 and is payable to workers as defined in the said scheme.

(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) Group Insurance Scheme

Employees of the company are covered under group life insurance scheme.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

3.11 Proposed Dividend

No dividend has been proposed for the period.

3.12 Earning Per Share (EPS)

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 period.

Basic Earnings (Numerator)

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

Weighted Average Number of Ordinary Shares Outstanding during the period (Denominator)

Current Period 30 June 2016

The total number of shares has been considered as the Weighted Average number of Shares outstanding during the period.

Earlier Year (2014)

The total number of shares has been considered as the Weighted Average Number of Shares outstanding during the year 2014.

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 period, as there was no scope for dilution during the period under review.

3.13 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 in compliance with the provisions of BAS 21: *The Effects of Changes in Foreign Exchange Rates*.

3.14 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 generating from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules 1987 and as the benchmark treatment of BAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.15 Related Party Disclosures

The company did not carry out any transaction with related parties during the period under review.

Therefore, disclosure of information as required by BAS 24: Related Party Disclosures is not applicable.

3.16 Segmental Reporting

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

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

3.17. 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 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, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation 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 purchases such as import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relates to procurement of raw materials, machineries and equipment from abroad.

(b) Interest rate risk

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

4. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period that provide additional information about the company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

5. PROPERTY, PLANT AND EQUIPMENT: TK. 1,356,883,525

The relevant information in respect of Property, Plant and Equipment as required by the laws, rules and the accounting standards is setout below:

As on December 31, 2014

Particulars	Amount in Taka						
	Land & Land Development	Factory Building & Other Construction	Plant & Machinery	Factory Equipment	Furniture & Office Equipment	Motor Vehicle	Total
Cost/Revaluation							
At 01 January 2014	573,599,805	462,262,008	1,280,447,284	35,298,277	20,728,536	4,369,033	2,376,704,943
Addition in 2014	5,496,430	320,645	-	2,731,512	307,190	-	8,855,777
At 31 December 2014	579,096,235	462,582,653	1,280,447,284	38,029,789	21,035,726	4,369,033	2,385,560,720
Depreciation							
At 01 January 2014	-	142,871,899	765,268,090	25,481,352	20,135,619	4,369,033	958,125,993
For 2014	-	11,560,558	20,419,866	2,041,087	466,495	-	34,488,007
At 31 December 2014	-	154,432,457	785,687,956	27,522,439	20,602,114	4,369,033	992,614,000
Carrying Amount							
At 31 December 2014	579,096,235	308,150,196	494,759,328	10,507,350	433,612	-	1,392,946,720

As on December 31, 2015

Cost/Revaluation							
At 01 January 2015	579,096,235	462,582,653	1,280,447,284	38,029,789	21,035,726	4,369,033	2,385,560,720
Addition in 2015	4,562,200	3,298,489	-	7,217,132	230,600	-	15,308,421
At 31 December 2015	583,658,435	465,881,142	1,280,447,284	45,246,921	21,266,326	4,369,033	2,400,869,141
Depreciation							
At 01 January 2015	-	154,432,457	785,687,956	27,522,439	20,602,114	4,369,033	992,614,000
For 2015	-	11,605,797	20,119,769	2,538,520	170,215	-	34,434,301
At 31 December 2015	-	166,038,254	805,807,725	30,060,959	20,772,329	4,369,033	1,027,048,300
Carrying Amount							
At 31 December 2015	583,658,435	299,842,888	474,639,559	15,185,962	493,997	-	1,373,820,841

As on June 30, 2016

Cost/Revaluation							
At 01 January, 2016	583,658,435	465,881,142	1,280,447,284	45,246,921	21,266,326	4,369,033	2,400,869,141
Addition for the half year 2016	-	395,095	-	150,000	164,700	-	709,795
At 30 June, 2016	583,658,435	466,276,237	1,280,447,284	45,396,921	21,431,026	4,369,033	2,401,578,936
Depreciation							
At 01 January, 2016	-	166,038,254	805,807,725	30,060,959	20,772,329	4,369,033	1,027,048,300
For the half year 2016	-	5,828,453	10,141,464	1,457,188	220,006	-	17,647,111
At 30 June, 2016	-	171,866,707	815,949,189	31,518,147	20,992,335	4,369,033	1,044,695,411
Carrying Amount							
At 30 June, 2016	583,658,435	294,409,530	464,498,095	13,878,774	438,691	-	1,356,883,525

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

A. DISCLOSURE ON REVALUATION IN THE YEAR 2004

In compliance with the requirements of Bangladesh Accounting Standard (BAS) - 16 "Property, Plant and Equipment, following information have been disclosed on revaluation of land:

- (a) The effective date of revaluation is 27.12.2004
- (b) An independent professional valuer, M/S G. K. Adjusters Ltd. (Insurance Surveyors, Loss Adjusters, Controllers and Valuers) of Chand Mansion (5th floor), 66, Dilkusha Commercial Area, was involved to carry out the said revaluation.
- (c) The revaluation surplus was Tk. 173,718,295.

B. DISCLOSURE ON REVALUATION IN THE YEAR 2008

In compliance with the requirements of Bangladesh Accounting Standard (BAS) - 16 "Property, Plant and Equipment, following information have been disclosed on revaluation of land, building and plant & machinery:

- (a) The effective date of revaluation is 31.12.2008
- (b) An independent professional valuer, M/S S. F. Ahmed & Co., Chartered Accountants, House-25, Road-13A, Block-D, Banani, Dhaka-1213, Bangladesh have revalued the land, building and plant & machinery of the Company as of 31 December 2008.
- (c) The revaluation surplus was Tk. 1,155,617,588.

6. LONG-TERM SECURITY DEPOSITS : TK. 5,107,298

This represents the amount deposited with utility providers in respect of :

	Amount in Taka		
	30 June 2016	31 Dec 2015	31 Dec 2014
Bangladesh Telegraph & Telephone Board for Telephone	864,000	864,000	864,000
Titas Gas Transmission & Distribution Co. Ltd. for Gas Connection	4,243,298	4,243,298	4,243,298
	5,107,298	5,107,298	5,107,298

7. INVENTORIES : TK. 999,960,083

This consists of :

(a) Raw Material :

Chips	139,342,822	158,054,406	195,361,192
Others	6,474,261	6,625,699	9,622,900
	145,817,083	164,680,104	204,984,092

(b) Work-in-Process**(c) Finished Goods****(d) Packing Material****(e) Stores & Spares****(f) Stock-in- Transit**

5,657,194	6,291,230	5,681,150
571,670,444	506,193,739	500,066,257
241,215	133,764	651,018
229,985,241	228,961,553	226,388,266
46,588,906	38,698,472	21,875,395
999,960,083	944,958,862	959,646,178

8. ACCOUNTS & OTHER RECEIVABLES : TK. 999,394,777

This is unsecured but considered good, and is falling due within one year.

No amount was due by the directors (including Managing Director), Managing Agent, Managers and other officers of the company and any of them severally or jointly with any other person.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

Amount in Taka			
	30 June 2016	31 Dec 2015	31 Dec 2014
9. ADVANCES, DEPOSITS & PREPAYMENTS : TK. 8,306,329			
This consists of :			
Advances :			
Duty, taxes & clearing charges	1,238,226	295,256	1,447,699
Advance Income Tax	1,976,274	1,385,205	1,412,256
Advance VAT	712,066	926,907	608,080
Suppliers	1,115,718	973,627	3,589,118
Mill Expenses	211,723	156,647	552,221
	5,254,007	3,737,642	7,609,373
Deposits	1,692,605	1,692,605	1,692,605
Prepayments	1,359,717	1,954,351	2,558,747
	8,306,329	7,384,598	11,860,725

This is unsecured but considered good.

No amount was due by the directors (including Managing Director), Managing Agent, Managers and other officers of the company and any of them severally or jointly with any other person.

No amount was due by any associated undertaking.

10 CASH AND CASH EQUIVALENTS : TK. 7,122,717

This consists of :

(a) Cash in Hand	38,576	41,599	898,308
(b) Cash at Banks :			
(i) In Current Accounts	69,845	265,895	1,299,912
(ii) In STD Accounts	7,014,296	1,135,147	2,233,241
	7,084,141	1,401,042	3,533,153
	7,122,717	1,442,642	4,431,461

11. ISSUED SHARE CAPITAL : TK. 867,123,598**(a) Authorized :**

200,000,000 ordinary shares of Tk. 10/- each	2,000,000,000	2,000,000,000	2,000,000,000
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(b) Issued, Subscribed and paid-up :

29,900,000 Ordinary Shares of Tk. 10/- each fully paid up in cash	299,000,000	299,000,000	299,000,000
100,000 Ordinary Shares of Tk. 10/- each issued in consideration of value of land acquired (issued in 1993)	1,000,000	1,000,000	1,000,000
56,712,359.80 Bonus shares of Tk. 10 each	567,123,598	567,123,598	567,123,598
	867,123,598	867,123,598	867,123,598

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

(c) Compositions of share holdings:

	30 June 2016		31 December 2015		31 December 2014	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
A. Sponsors:						
1. A S F Rahman	14,518,467	16.74	14,518,467	16.74	14,518,467	16.74
2. Salman F Rahman	13,441,800	15.50	13,441,800	15.50	13,441,800	15.50
B. Associates	2,973,469	3.43	2,973,469	3.43	2,973,469	3.43
	30,933,736	35.67	30,933,736	35.67	30,933,736	35.67
C. Governments	-	-	-	-	-	-
D. Foreign Investors	13,607	0.02	13,607	0.02	13,607	0.02
E. Institutions	11,418,180	13.17	11,573,826	13.35	11,916,058	13.74
F. General Public	44,346,836	51.14	44,191,190	50.96	43,848,958	50.57
	86,712,359	100.00	86,712,359	100.00	86,712,359	100.00

(d) Distribution Schedule -Disclosures Under the Listing Regulations of the Stock Exchange :

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below as a requirement of the "Listing Regulations of the Dhaka and Chittagong Stock Exchanges":

Share holdings Range in number of shares	Number of Holders			% of Total Holders			Number of Shares			% of Share Capital		
	30 June 2016	31 Dec 2015	31 Dec 2014	30 June 2016	31 Dec 2015	31 Dec 2014	30 June 2016	31 Dec 2015	31 Dec 2014	30 June 2016	31 Dec 2015	31 Dec 2014
1 to 499	9,791	10,342	12,559	53.73%	54.29%	57.53%	1,342,673	1,421,864	1,701,344	1.55%	1.64%	1.96%
500 to 5,000	6,741	7,037	7,626	36.99%	36.94%	34.93%	10,874,072	11,363,497	12,340,606	12.54%	13.10%	14.23%
5,001 to 10,000	846	866	885	4.64%	4.55%	4.05%	6,358,355	6,480,012	6,616,873	7.33%	7.47%	7.63%
10,001 to 20,000	463	430	410	2.54%	2.26%	1.88%	6,506,965	5,996,730	5,740,199	7.50%	6.92%	6.62%
20,001 to 30,000	139	143	137	0.76%	0.75%	0.63%	3,498,273	3,545,294	3,417,598	4.03%	4.09%	3.94%
30,001 to 40,000	70	60	53	0.38%	0.31%	0.24%	2,447,113	2,076,675	1,885,446	2.82%	2.39%	2.17%
40,001 to 50,000	40	41	39	0.22%	0.22%	0.18%	1,843,106	1,868,345	1,768,700	2.13%	2.15%	2.04%
50,001 to 100,000	86	86	79	0.47%	0.45%	0.36%	6,086,744	6,108,675	5,511,857	7.02%	7.04%	6.36%
100,001 to 1,000,000	40	38	36	0.22%	0.20%	0.16%	7,879,929	7,976,138	7,854,607	9.09%	9.20%	9.06%
Over 1,000,000	8	8	8	0.04%	0.04%	0.04%	39,875,129	39,875,129	39,875,129	45.99%	45.99%	45.99%
	18,224	19,051	21,832	100.00%	100.00%	100.00%	86,712,359	86,712,359	86,712,359	100.00%	100.00%	100.00%

(e) Market Price:

The shares of the Company are listed with in the Dhaka and Chittagong Stock Exchanges and quoted at Tk. 6.30 (in 2014: Tk. 12.50) per share in the Dhaka Stock Exchange and Tk. 6.30 (in 2014: Tk. 12.50) per share in the Chittagong Stock Exchange on 30 June 2016.

(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.

12. REVALUATION SURPLUS : TK. 1,329,335,883

This represents the surplus on land revalued in the year 2004 Tk. 173,718,295 and surplus on land, factory building and plant & machinery revalued Tk. 1,155,617,588 in the year 2008.

13. LONG TERM BORROWINGS-NET OFF CURRENT MATURITY : TK. 297,514,530

This represents loan from Phoenix Finance & Investments Ltd. Which is arrived as follows:

Opening Balance	324,807,408	379,393,163	406,686,041
Less: Transfer to Current Maturity (Note-18)	27,292,878	54,585,755	27,292,878
	297,514,530	324,807,408	379,393,163

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

	Amount in Taka			
	30 June 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
14. DEFERRED TAX LIABILITY : TK. 10,056,209				
(a) Deferred Tax Assets are arrived at as follows:				
Book Value of Depreciable Fixed Assets	112,381,900	118,570,470	120,761,052	130,392,271
Less: Tax Base	45,340,505	49,404,612	50,372,592	58,930,697
Taxable Temporary Difference	67,041,395	69,165,858	70,388,460	71,461,574
Effective Tax Rate	15%	15%	15%	15%
Deferred Tax (Assets)/Liability	10,056,209	10,374,879	10,558,269	10,719,236
(b) Deferred Tax (Income)/Expense is arrived at as follows:				
Closing Deferred Tax (Assets)/Liabilities	10,056,209	10,374,879	10,558,269	10,719,236
Opening Deferred Tax (Assets)/Liabilities	10,374,879	10,558,269	10,719,236	-
Prior year adjustment	-	-	-	4,008,000
Deferred Tax (Income)/Expense	(318,670)	(183,390)	(160,967)	14,727,236

Deferred Tax Expenses upto 2013 Tk. 14,727,236

This has been adjusted with closing balance of retained earnings of 31.12.2013 in the statement of changes in equity in compliance with the provisions of Bangladesh Accounting Standard (BAS)-8 "Net Profit and Loss for the period, Fundamental Error and Changes in Accounting Policies."

Deferred tax Income of 2014 Tk. 160,967

This represents the decrease in deferred tax liability in 2014 in comparison with 2013.

Deferred tax Income of 2015 Tk. 183,390

This represents the decrease in deferred tax liability in 2015 in comparison with 2014.

Deferred tax Income of 2016 Tk. 318,670

This represents the decrease in deferred tax liability as on 30.06.2016 in comparison with as on 31.12.2015.

15. DEBENTURE-CURRENT MATURITY (SECURED) TK. 40,160,096

The debentures are secured by first pari-passu charge by way of an equitable mortgage on the fixed assets of the company i.e. the debenture holders will rank senior along with Sonali Bank to other creditors on the assets of the company on liquidation/winding up.

16. INTEREST FREE BLOCK ACCOUNT-CURRENT MATURITY TK. 42,401,457

This is payable as per decision of the Trustee to the Institutional Debentures Holders in a meeting held on 10.07.2005.

	Amount in Taka		
	30 June 2016	31 Dec 2015	31 Dec 2014
17. SHORT TERM LOANS FROM BANKS (SECURED) : TK. 517,941,344			
Sonali Bank Limited	500,000,000	450,000,000	450,000,000
IPDC of Bangladesh Ltd.	17,941,344	17,941,344	17,941,344
	517,941,344	467,941,344	467,941,344

Cash Credit (Hypothecation) account is secured against hypothecation of inventories and accounts receivable to the bank and collateralised by pari-passu charge on Company's fixed assets.

18. LONG TERM BORROWINGS-CURRENT MATURITY : TK. 109,171,511

Opening Balance	81,878,633	27,292,878	-
Add: Transfer from long term portion (Note-13)	27,292,878	54,585,755	27,292,878
	109,171,511	81,878,633	27,292,878

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

		Amount in Taka		
		30 June 2016	31 Dec 2015	31 Dec 2014
19.	ACCOUNTS & OTHER PAYABLES : TK. 96,933,344			
	Goods Supplied	12,636,130	16,487,635	21,391,962
	Gas and Services	61,489,682	58,147,150	28,481,965
	Insurance	4,442,725	5,648,914	6,324,276
	Advance Against Sales	6,279,371	809,568	1,892,105
	Others	12,085,436	11,083,193	11,939,024
		96,933,344	92,176,460	70,029,332
20	ACCRUED EXPENSES : TK. 211,631,486			
	Accruals	46,205,910	42,397,378	34,931,608
	Provision for Taxation	41,343,785	38,935,165	37,414,704
	Workers' Participation / Welfare Funds	18,275,724	18,325,724	19,574,858
	Interest Payable -Cash Credit	11,985,664	17,826,159	23,180,690
	Interest Payable -Finance Lease	4,191,251	4,191,251	4,191,251
	Interest Payable -Term Loan(Phoenix)	86,610,705	61,864,509	-
	Interest Payable -Short Term Loan(IPDC)	3,018,447	3,018,447	3,018,447
		211,631,486	186,558,633	122,311,558
		Amount in Taka		
		Jan 2015 - Jun-2016 (18 months)	Jan - June 2016 (6 months)	Jan - Dec 2015 (12 months)
21.	REVENUE (NET) : TK. 1,379,008,993			
	Sales of DTY (2,943,228 kgs.)(in 2015: 5,687,329 kgs)	1,359,712,397	399,929,449	959,782,948
	Less : Sales Commission	23,353,470	7,237,476	16,115,994
		1,336,358,927	392,691,973	943,666,955
	Sales of Wastage	42,650,065	8,744,699	33,905,366
		1,379,008,993	401,436,672	977,572,321
22.	COST OF REVENUE : TK. 1,256,478,028			
	Raw Material Consumed (Note -22.1)	944,057,903	291,257,972	652,799,931
	Packing Material Consumed (Note-22.2)	48,295,030	15,902,321	32,392,709
	Manufacturing Overhead (Note -22.3)	283,623,913	102,762,715	180,861,198
	Depreciation	52,081,412	17,647,111	34,434,301
	Manufacturing Costs for the year	1,328,058,259	427,570,120	900,488,139
	Opening WIP	5,681,150	6,291,230	5,681,150
	Manufacturing Costs to date	1,333,739,409	433,861,350	906,169,289
	Closing WIP	5,657,194	5,657,194	6,291,230
	Cost of Goods manufactured	1,328,082,215	428,204,156	899,878,059
	Opening Finished Goods	500,066,257	506,193,739	500,066,257
	Cost of Goods available for revenue	1,828,148,472	934,397,895	1,399,944,316
	Closing Finished Goods	571,670,444	571,670,444	506,193,739
	Cost of Revenue	1,256,478,028	362,727,451	893,750,577
				1,066,299,550

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

(a) Item wise quantity and value of Finished Goods Stock are as follows :

Item	30 June 2016		31 December 2015		31 December 2014	
	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka
Opening Stock						
POY	68,490	9,748,040	65,566	9,507,103	134,770	21,630,173
DTY	1,922,897	496,445,698	1,916,515	490,559,154	2,116,984	426,302,005
	1,991,387	506,193,739	1,982,081	500,066,257	2,251,754	447,932,178
Closing Stock						
POY	94,109	9,602,942	68,490	9,748,040	65,566	9,507,103
DTY	2,007,660	562,067,502	1,922,897	496,445,698	1,916,515	490,559,154
	2,101,770	571,670,444	1,991,388	506,193,739	1,982,082	500,066,257

(b) Item wise quantity and value of Work-In-Process are as follows :

Item	30 June 2016		31 December 2015		31 December 2014	
	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka
Opening Stock						
POY	5,000	786,543	5,000	748,350	5,000	748,350
DTY	35,900	5,504,687	32,000	4,932,800	38,027	5,861,862
	40,900	6,291,230	37,000	5,681,150	43,027	6,610,212
Closing Stock						
POY	5,000	787,654	5,000	786,543	5,000	748,350
DTY	31,800	4,869,540	35,900	5,504,687	32,000	4,932,800
	36,800	5,657,194	40,900	6,291,230	37,000	5,681,150

Amount in Taka

Jan 2015 - Jun-2016 (18 months)	Jan - June 2016 (6 months)	Jan - Dec 2015 (12 months)	Jan - Dec 2014 (12 months)
Opening Stock	204,984,092	164,680,104	204,984,092
Purchases	884,890,894	272,394,951	612,495,943
	1,089,874,986	437,075,055	817,480,035
Closing Stock	145,817,083	145,817,083	164,680,104
	944,057,903	291,257,972	652,799,931
			873,957,577

22.1. RAW MATERIAL CONSUMED : TK. 944,057,903

Opening Stock	204,984,092	164,680,104	204,984,092	223,578,174
Purchases	884,890,894	272,394,951	612,495,943	855,363,495
	1,089,874,986	437,075,055	817,480,035	1,078,941,669
Closing Stock	145,817,083	145,817,083	164,680,104	204,984,092
	944,057,903	291,257,972	652,799,931	873,957,577

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

(a) Item wise quantity and value of Raw Materials Stock are as follows :

Item	30 June 2016		31 December 2015		31 December 2014	
	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka
Opening Stock						
Chips (tons)	1,667	158,054,406	1,647	195,361,192	1,664	213,359,443
Spin Finish (kgs.)	1,000	266,084	18,200	5,215,025	18,600	5,688,570
Conning Oil (kgs.)	27,080	3,279,958	11,881	1,816,978	19,161	3,239,149
Antiseptics (kgs.)	50	41,109	150	124,791	100	90,097
Paper Tube-POY-Imported (Nos.)	35,868	3,038,547	26,302	2,466,107	13,008	1,200,915
		164,680,104		204,984,092		223,578,174
Closing Stock						
Chips (tons)	1,615	139,342,822	1,667	158,054,406	1,647	195,361,192
Spin Finish (kgs.)	17,200	4,337,928	1,000	266,084	18,200	5,215,025
Conning Oil (kgs.)	-	-	27,080	3,279,958	11,881	1,816,978
Antiseptics (kgs.)	190	177,899	50	41,109	150	124,791
Paper Tube-POY-Imported (Nos.)	23,118	1,958,435	35,868	3,038,547	26,302	2,466,107
		145,817,083		164,680,104		204,984,092

(b) Item wise quantity and value of Raw Materials Imported/Purchased are as follows :

Item	Jan 2015-Jun 2016		Jan -Jun 2016		Jan -Dec 2015	
	(18 Months) Qnt. in Kgs.	Value in Taka	(6 Months) Qnt. in Kgs.	Value in Taka	(12 Months) Qnt. in Kgs.	Value in Taka
Chips (tons)	9,389	810,625,249	3,043	248,279,839	6,346	562,345,410
Spin Finish (kgs.)	54,400	13,600,273	35,200	8,863,740	19,200	4,736,533
Conning Oil (kgs.)	161,290	18,831,894	32,150	3,568,258	129,140	15,263,636
Antiseptics (kgs.)	360	324,193	210	202,332	150	121,861
Paper Tube-POY-Imported (Nos.)	52,938	4,246,686	-	-	52,938	4,246,686
Paper Tube-DTY (Nos.)	5,030,643	37,262,599	1,701,413	11,480,782	3,329,230	25,781,817
		884,890,894		272,394,951		612,495,943

(c) Item wise quantity and value of Raw Material consumed are as follows :

Item	Jan 2015-Jun 2016		Jan -Jun 2016		Jan -Dec 2015	
	(18 Months) Qnt. in Kgs.	Value in Taka	(6 Months) Qnt. in Kgs.	Value in Taka	(12 Months) Qnt. in Kgs.	Value in Taka
Chips (tons)	9,421	866,643,619	3,095	266,991,423	6,326	599,652,196
Spin Finish (kgs.)	55,400	14,477,370	19,000	4,791,897	36,400	9,685,473
Conning Oil (kgs.)	173,171	20,648,872	59,230	6,848,217	113,941	13,800,655
Antiseptics (kgs.)	320	271,085	70	65,542	250	205,543
Paper Tube-POY-Imported (Nos.)	56,122	4,754,359	12,750	1,080,113	43,372	3,674,246
Paper Tube-DTY (Nos.)	5,030,643	37,262,599	1,701,413	11,480,782	3,329,230	25,781,818
		944,057,903		291,257,972		652,799,931

Raw material consumed are fully imported except DTY Paper Tube.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

22.2. PACKING MATERIAL CONSUMED : TK. 48,295,030

	Amount in Taka			
	18 months ended 01 Jan'15 to 30 June'16	Half year ended 30 June 2016	For the year ended 31 Dec 2015	For the year ended 31 Dec 2014
Opening Stock	651,018	133,764	651,018	1,255,381
Purchases	47,885,227	16, 009,772	31,875,455	33,572,950
	48,536,245	16,143,536	32,526,473	34,828,331
Closing Stock	241,215	241,215	133,764	651,018
	48,295,030	15,902,321	32,392,709	34,177,313

(a) Item wise quantity and value of Packing Material Stock are as follows :

	30 June 2016		31 December 2015		31 December 2014	
Item	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka
Opening Stock						
Cartons (Set)	662	88,613	4,285	544,606	6,863	971,949
HDPE Bag (Nos.)	27,405	24,922	57,908	55,783	187,808	179,369
Louis tape (Rolls)	131	6,417	90	4,194	563	20,980
P.P. Band and clip (Kgs.)	7	1,014	7	1,014	7	1,014
Adhesive Sticker (Nos.)	38,528	6,712	217,069	39,039	321,869	64,828
Packing Slip(Nos.)	7,230	6,086	7,580	6,381	20,480	17,241
		133,764		651,018		1,255,381
Closing Stock						
Cartons (Set)	1,212	159,995	662	88,613	4,285	544,606
HDPE Bag (Nos.)	-	-	27,405	24,922	57,908	55,783
Louis tape (Rolls)	73	3,558	131	6,417	90	4,194
P.P. Band and clip (Kgs.)	7	1,014	7	1,014	7	1,014
Adhesive Sticker (Nos.)	381,076	70,562	38,528	6,712	217,069	39,039
Packing Slip(Nos.)	7,230	6,086	7,230	6,086	7,580	6,381
		241,215		133,764		651,018

(b) Item wise quantity and value of Packing Material Purchased are as follows :

	Jan 2015-Jun 2016		Jan -Jun 2016		Jan -Dec 2015	
	(18 Months)		(6 Months)		(12 Months)	
Item	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka
Cartons (Set)	316,728	42,226,008	107,075	14,133,713	209,653	28,092,295
HDPE Bag (Nos.)	4,022,795	3,642,919	1,310,657	1,179,591	2,712,138	2,463,328
Louis tape (Rolls)	24,855	1,215,675	8,240	401,540	16,615	814,135
Adhesive Sticker (Nos.)	4,500,496	800,625	1,590,512	294,928	2,909,984	505,697
		47,885,227		16,009,772		31,875,455

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

(c) Item wise quantity and value of Packing Material Consumed are as follows :

Item	Jan 2015-Jun 2016 (18 Months)		Jan -Jun 2016 (6 Months)		Jan -Dec 2015 (12 Months)	
	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka	Qnt. in Kgs.	Value in Taka
Cartons (Set)	319,801	42,610,617	106,525	14,062,329	213,276	28,548,288
HDPE Bag (Nos.)	4,080,703	3,698,702	1,338,062	1,204,514	2,742,641	2,494,188
Louis tape (Rolls)	24,872	1,216,312	8,298	404,400	16,574	811,912
Adhesive Sticker (Nos.)	4,336,489	769,103	1,247,964	231,078	3,088,525	538,025
Packing Slip(Nos.)	350	295	-	-	350	295
		48,295,030		15,902,321		32,392,709

Packing material consumed are fully local purchased.

Amount in Taka

Jan 2015 - Jun-2016 (18 months)	Jan - June 2016 (6 months)	Jan - Dec 2015 (12 months)	Jan - Dec 2014 (12 months)
---------------------------------------	----------------------------------	----------------------------------	----------------------------------

22.3. MANUFACTURING OVERHEAD: TK. 283,623,913

Salary and wages	85,150,270	28,764,359	56,385,911	53,529,189
Power & Gas	94,794,433	41,181,174	53,613,259	45,375,078
Indirect Material (Stores & Spares)	86,068,801	29,276,116	56,792,685	60,750,189
Insurance	3,599,148	1,301,778	2,297,370	2,265,283
Other Manufacturing Overhead	14,011,263	2,239,288	11,771,975	12,961,932
	283,623,913	102,762,715	180,861,198	174,881,669

(a) Salary and Wages includes Provident Fund contribution.

(b) The value of imported stores and spares consumed is 70% of total stores and spares consumed.

(c) Other manufacturing overhead does not include any item exceeding 1% of total revenue.

23. ADMINISTRATIVE EXPENSES: TK. 23,906,232

Salary	12,360,051	4,364,364	7,995,687	8,344,423
Repairs & Maintenance	263,086	45,892	217,194	-
Entertainment	785,535	285,198	500,337	609,496
Stationery Items	331,022	70,963	260,059	232,576
Books, News Papers & Periodicals	58,154	14,374	43,780	17,712
Medical Expenses	523,997	293,690	230,307	697,562
Renewals, Rates & Registrations	1,998,516	1,880,016	118,500	204,475
Subscription & Membership Fees	1,297,279	472,110	825,169	305,048
Travelling and Conveyance	181,508	95,150	86,358	398,205
Telephone, Telex, Fax	229,252	84,855	144,397	245,103
Vehicles Fuel & Maintenance Cost	2,372,371	580,911	1,791,460	1,555,402
Bank Charges & Commission	244,101	57,775	186,326	179,102
Utilities-Electricity, Water & Gas	24,187	8,427	15,760	84,300
Audit Fee	675,000	225,000	450,000	400,000
Independent Directors Fees	180,000	50,000	130,000	130,000
Group Insurance Premium	348,395	112,000	236,395	521,396
A G M Expenses	1,506,662	600,000	906,662	1,016,378
Security Guard Hire Expenses (CC)	201,582	70,672	130,910	111,148
Other Administrative Overhead	325,535	2,520	323,015	237,732
	23,906,232	9,313,917	14,592,315	15,290,059

(a) Salary includes Provident Fund contribution.

(b) The audit fee represents the fees for auditing the accounts of the Company. No other fee was paid to the auditor for any other services.

(b) Remuneration was paid to Independent Director for attending board, Audit Committee and other meetings.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

		Amount in Taka			
		Jan 2015 - Jun-2016 (18 months)	Jan - June 2016 (6 months)	Jan - Dec 2015 (12 months)	Jan - Dec 2014 (12 months)
24.	SELLING EXPENSES : TK. 7,273,532				
	Transport	7,006,450	2,344,400	4,662,050	5,039,102
	Market Research	267,082	82,190	184,892	648,981
		7,273,532	2,426,590	4,846,942	5,688,083
25.	FINANCE COST : TK. 188,882,556				
	Interest on Cash Credit	102,271,851	32,571,342	69,700,509	72,372,636
	Interest on Long Term Loan	86,610,705	24,746,196	61,864,509	56,099,209
		188,882,556	57,317,538	131,565,018	128,471,845
26.	CONTRIBUTION TO WORKERS' PROFIT PARTICIPATION / WELFARE FUNDS :				
	No contribution is provided as per provisions of the Bangladesh Labour Law, 2006 as there is net loss for the period.				
27.	INCOME TAX EXPENSES : TK. 4,839,277				
	This represents current tax expense & consist of:				
	(i) Current Tax				
	Tax for the year	5,341,337	2,408,620	2,932,717	3,562,240
	Prior Year Adjustment	-	-	-	(1,951,578)
		5,341,337	2,408,620	2,932,717	1,610,662
	(ii) Deferred Tax Income Note 14(b)	(502,060)	(318,670)	(183,390)	(160,967)
		4,839,277	2,089,950	2,749,327	1,449,695
28.	EARNINGS PER SHARE (EPS)				
	The relevant accounting policies have been stated in Note 3.12				
	(a) Net loss after tax (Numerator)	(102,370,632)	(32,438,774)	(69,931,859)	(29,785,933)
	(b) Weighted average number of shares in issue (Denominator)	86,712,359	86,712,359	86,712,359	86,712,359
	(c) Earning Per Share (EPS)	(1.18)	(0.37)	(0.81)	(0.34)
29.	CONTINGENT LIABILITIES				
	There was no contingent liability as on 30 June, 2016.				
30.	CAPITAL EXPENDITURE COMMITMENT				
	(a) There was no capital expenditure commitment but not incurred or provided at 30 June 2016.				
	(b) There was no material capital expenditure authorized by the Board but not contracted for at 30 June 2016.				
31.	UN-AVAILED CREDIT FACILITY				
	There was no credit facility available to the Company under any contract, but not availed of as on 30 June 2016 other than trade credit available in the ordinary course of business.				
32.	FOREIGN EXCHANGE EARNED				
	No foreign exchange was earned against sales. No other foreign exchange was earned or received by the Company during the period.				

NOTES TO THE FINANCIAL STATEMENTS

As at and for the period of 18 months ended 30 June 2016

33. PAYMENTS IN FOREIGN CURRENCY

The Company remitted foreign currency in respect of the following:

(a) Payment against imported Raw Material & Spares

2016 (June)		2015		2014	
Currency		Currency		Currency	
In US\$	In Taka	In US\$	In Taka	In US\$	In Taka
2,881,890	225,770,703	6,672,866	524,141,969	9,228,502	723,281,421

(b) No other expenses including royalty, technical expert and professional advisory fees, etc. was incurred or paid by the Company in foreign currency, during the period.

34. COMMISSION, BROKERAGE OR DISCOUNT AGAINST SALES

(a) Distribution commission of Tk. 23,353,470 (in 2014 : Tk. 22,317,623) was incurred and paid during the period to the distributors of the Company.

(b) No other commission, brokerage or discount was incurred or paid by the Company against sales during the period.

35. PRODUCTION CAPACITY, ACTUAL PRODUCTION AND REASON OF SHORTFALL

	2016 (June)	2015	2014
(a) POY 115/230 Denier (Qty. in tons)			
Installed capacity	8,400	8,400	8,400
Actual Production	3,062	6,264	6,819
(b) DTY 75 (NI) Equivalent Denier (Qty. in tons)			
Installed capacity	8,336	8,336	8,336
Actual Production	3,028	5,694	6,332

36. PAYMENT/ PERQUISITES TO DIRECTORS/OFFICERS

(a) The aggregate amounts paid/provided during the year in respect of Officers of the Company as defined in the Security and and Exchange Rules, 1987 are disclosed below :

	Amount in Taka		
	2016 June (6 months)	2015 (12 months)	2014 (12 months)
Basic Salary	2,241,240	4,609,232	4,210,752
House Rent Allowance	1,120,620	2,304,616	2,105,376
Conveyance & Other Allowances	438,870	1,834,068	1,568,290
Provident Fund Contribution	224,124	460,923	421,075
	4,024,854	9,208,839	8,305,493

(b) No compensation was allowed by the Company to the Managing Director of the Company.


(c) No amount of money was spent by the Company for compensating any member of the Board for special services rendered.

37. POST CLOSING EVENTS

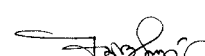
No circumstances have arisen since the balance sheet date which would require adjustments to, or disclosure in, the financial statements or notes thereto.



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Md. Rafiqul Islam FCA
Chief Financial Officer



COMPANY PROFILE

CORPORATE HEADQUARTERS

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INDEPENDENT AUDITORS

M/S M. J. Abedin & Co.
Chartered Accountants
National Plaza (3rd Floor)
109, Bir Uttam C.R. Datta Road, Dhaka-1205

DAY, DATE & TIME OF AGM

Saturday, 19 November, 2016 at 1.30 p.m.

COMPLIANCE AUDITORS

SA Rashid & Associates
Chartered Secretaries
Noakhali Tower, (10th Floor, 11-F)
55/B, Purana Paltan, Dhaka-1000

LEGAL ADVISERS

M/S Huq & Co.
Barristers & Advocates
47/1 Purana Paltan, Dhaka-1000

BANKERS

Sonali Bank Limited
IFIC Bank Limited.



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