SHINEPUKUR CERAMICS LIMITED

ANNUAL REPORT 2010

MISSION

Each of our activities must benefit and add value to the common wealth of our society. We firmly believe that, in the final analysis we are accountable to each of the constituencies with whom we interact; namely: our employees, our customers, our business associates, our fellow citizens and our shareholders.

KEY DATA

Year of Establishment (registration): 1997
Commercial Production: 1999
Status: Public Limited Company
First Export: 1999
Business Lines: Manufacturing, Marketing and Exporting of Bone China and Porcelain tableware.
Overseas Offices & Associates: USA and UK.
Current Export Markets: USA, Canada, UK, Germany, France, Italy, Sweden, Norway, Poland, Turkey, Japan, Australia, UAE, Brazil, India, Chile, Egypt, Russia etc.
Authorized Capital (Taka): 5,000 million
Paid-up Capital (Taka): 966.34 million
Number of Shareholders: Over 24,000
Stock Exchange Listing: 2008
Number of Employees: 3,000

HIGHLIGHTS: 2010

New Customers

- Villeroy & Boch (GERMANY)
- CRU International (USA)
- Bitossi Home (ITALY)
- Koleksiyon (TURKEY)
- Zeiny Center (EGYPT)
- Les Classiques (INDIA)

Achievements

- Upgraded to ISO 9001:2008
- Awarded 'Superbrands'

Financials

- Net sales increased by 13.62 % to Tk. 1,926.74 million
- Profit before Tax increased by 22.42 % to Tk. 305.07 million
- Earnings Per Share (EPS) increased by 47 % to Tk. 2.62

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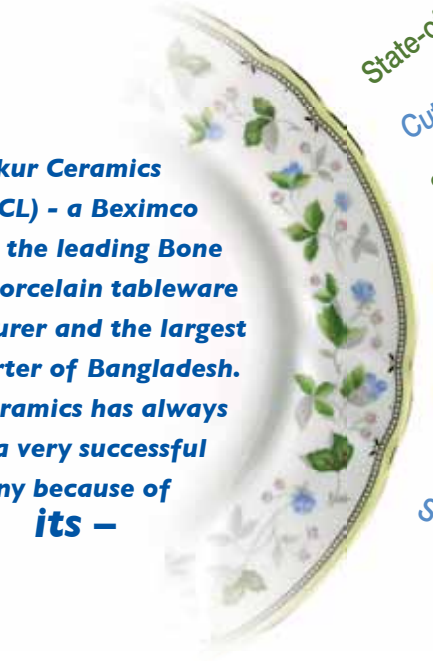
a glance on

Shinepukur Ceramics Ltd.



Shinepukur Ceramics Ltd (SCL) - a Beximco Company, is the leading Bone China & Porcelain tableware manufacturer and the largest ceramic exporter of Bangladesh. Shinepukur Ceramics has always been a very successful Company because of its –

- State-of-the-art manufacturing facility
- Cutting-edge technology
- Skilled & motivated people
- World class products
- Sturdy quality control systems
- Firm Compliance to HSE (Health, Safety & Environment)
- Blue chip overseas customers
- Strong foothold in domestic market

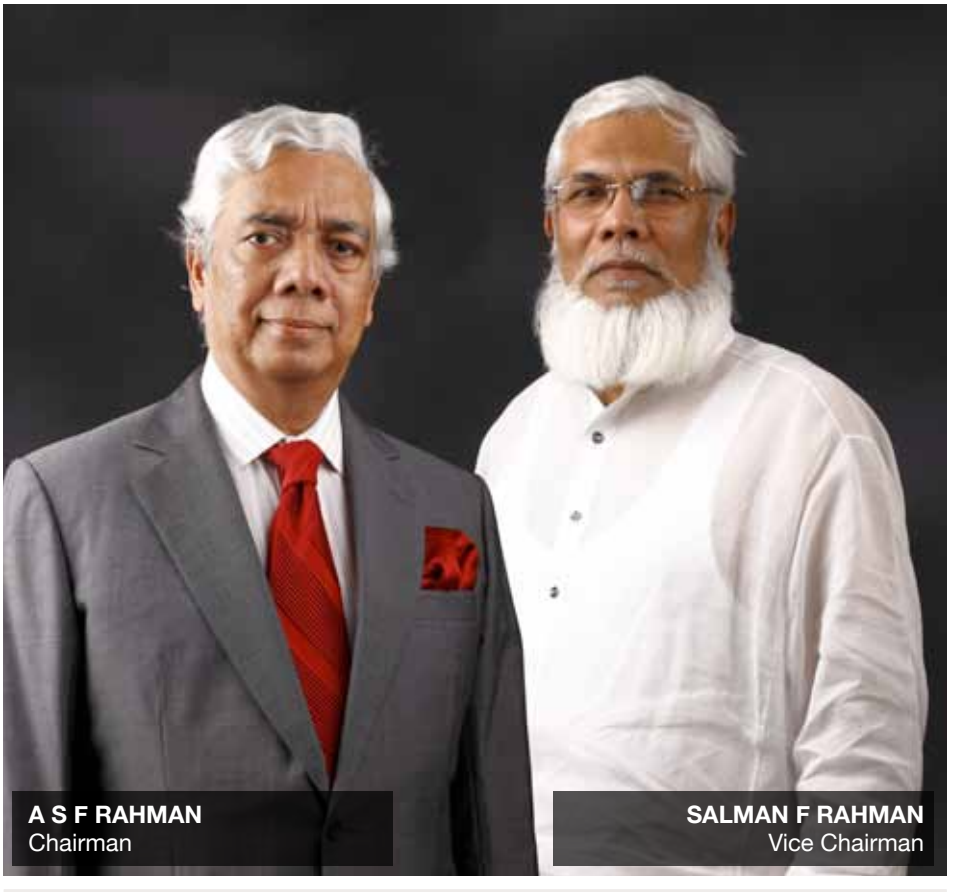
Today, Shinepukur exports to about 35 countries including USA, Canada, UK, Germany, France, Italy, Sweden, Norway, Turkey, Japan, Australia, UAE, Brazil, Chile, Egypt etc.

Shinepukur Ceramics Ltd. (SCL) was registered in Bangladesh in 1997. Commercial production of Porcelain and Bone China tableware was started in April 1999 and in November 1999, respectively. Shinepukur is located in the BEXIMCO Industrial Park, near Dhaka Export Processing Zone (DEPZ), 40km from Capital Dhaka City, where the plant is equipped with captive power generation, water supply, effluent waste water treatment and all other infrastructural facilities. Total Investment in the Company has been around US$ 35 Million. The Company has already made additional Investment of US$ 10 Million to expand its Bone China Unit.

From inception, Shinepukur achieved significant accolades, namely, (i) National Export Trophy (Gold) for record 3 times as the highest exporter in Ceramic Tableware from Bangladesh; (ii) 'Superbrands' award; (iii) ISO 9001: 2008 certification.

LANDSCAPE VIEW OF A PART OF SHINEPUKUR PLANT

Corporate



BOARD OF DIRECTORS

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

Directories

MANAGEMENT COMMITTEE

Nazmul Hassan
Managing Director

Rizvi Ul Kabir
Chief Operating Officer

Md. Faruque Ali
Sr. General Manager, Production

Md. Luthfor Rahman
General Manager, Finance

Auditors	:	M/S M. J. Abedin & Co, Chartered Accountants National Plaza (3rd Floor) 109, Bir Uttam C R Datta Road Dhaka-1205
Legal Advisers	:	M/S Huq & Co. Barristers & Advocate 47/1 Purana Paltan Dhaka 1000
Banker	:	Sonali Bank Ltd. & Southeast Bank Ltd.
Registered Office	:	17 Dhanmondi R/A, Road No. 2 Dhaka 1205, Bangladesh
Plant	:	Beximco Industrial Park Sarabo, Kashimpur, Gazipur

DOWN TO THE HISTORY LANE
CHRONOLOGY

1997 –

1997

Shinepukur Ceramics Ltd (SCL) was registered in Bangladesh.

1999

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

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

Launching of Shinepukur's own brand - "SHINEPUKUR" in Bangladesh to establish strong domestic foothold.

2000

Launching of Shinepukur's own brand "DOEL" in India, this was developed to get the share in Indian market.

2001

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

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

2010

2003

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

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

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

2005

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

2008

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

Shinepukur was listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

2009

In a major expansion move, Shinepukur signed MOU with a renowned German company to expand its Bone China unit, at worth of Tk. 75 crore.

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

2010

Shinepukur expanded its Decal Plant to the printing capacity of 180,000 sheets per month.

Received National Export Trophy (Gold) for FY 2005-2006 by the Govt. of Bangladesh as recognition for highest export.

Shinepukur was upgraded to its ISO 2008 version and was certified as ISO 9001:2008.

STATE-OF-THE-ART MANUFACTURING FACILITY

EXPERTS WORKING IN JIGGERING MACHINE

Shinepukur's Manufacturing Facility is on over 21 acres of land, located in the Beximco Industrial Park with a total covered area of 588,000 SFT and all the infrastructural facilities in place.
Precise selection of machineries and equipments is important to set-up a state-of-the-art manufacturing facility. And so, Shinepukur has been always committed and dedicated to install the most modern machineries and equipments available in the world. Such commitments are also visible in setting-up of its high-tech manufacturing units.

Porcelain Plant

Shinepukur's Porcelain plant is equipped with the most modern state-of-the-art and latest machineries from TAKASAGO, MINO, SKK of Japan and NETCSTZ, SAMA, ELMECERAM of Germany & France. Current production capacity at Porcelain plant is 15 MT (approx. 50,000 pieces) per day and approx. 18 million pieces annually.

Bone China Plant

The Bone China unit has been set-up with a technology transfer from NIKKO Japan – the master Bone China producer of the world. Shinepukur's Bone China Tableware Manufacturing Plant is the largest in the entire SAARC Region and has been acclaimed as the producer of REAL BONE CHINA, where the current production capacity is 3 MT (approx. 8,500 pieces) per day and approx. 3 million pieces annually.

New Plant of Bone China

To meet the ever-increasing demand of Bone China in the world market, Shinepukur Ceramics Ltd. is currently building its second unit of Bone China plant. This new factory is being equipped with fully automated forming machineries, special Uni-roller machineries and Ram Press. Moreover in this new plant, the glazing operation will be done by German SAMA special two-chamber Spray Glazing machine. Glost-firing will be done by fully Muffle Firing Glost-Kiln (designed by Takasago of Japan). Decoration will be done by German Riedhammer 'In- Glaze and On-Glaze' kiln set-up. With the addition of this new plant, Company's total Bone China capacity will be raised to a total of 7.5 MT per day.

FRONT VIEW OF NEW PLANT OF BONE CHINA (UNIT - II)

Decal Plant and Design Studio

Shinepukur's in-house Decal Plant started its decal production in August, 2001. Total printing capacity was about 120,000 sheets per month, starting from single color up to 8 colors with Gold/Platinum, both On-glaze (840 degrees Celsius) and In-glaze (1220 degrees Celsius).

To comply with California State Prop 65 and USFDA regulation, Shinepukur uses decal colours that are completely free from Lead & Cadmium.

From March 2010, the printing capacity of Shinepukur's Decal plant has been increased to 180,000 sheets per month, and now Shinepukur develops decals even up to 22 colors with Gold/ Platinum. With the recent addition of an automated image-setter, faster and finer works are also being ensured. The machineries of the Decal plant were sourced from Germany.

Mould Unit

The heart of Ceramic production is to create the desired Production-Mould, where Shinepukur has been delivering a class of its kind. The experienced, qualified and best-in-the-region Shinepukur's in-house modelers are capable to develop any new shape of Bone China and/or Porcelain within 4-6 weeks as per buyers' demands - ranging from 5 pieces Place Settings to 20 pieces Dinner Sets and from 95 pieces Full Service Sets to variety of gift items. The reason behind choosing Shinepukur by the blue-chip overseas customers is significantly caused by the creativity of its modelers in shape designing and developments.

CUTTING-EDGE TECHNOLOGY

For the upper echelons of the Global Tabletop industry, Shinepukur produces World Class tablewares, using the top quality raw-materials and ingredients, sourced from highly reputed Manufactures from all corners of the globe. These are meticulously crafted and transformed into exquisite tabletop, mirroring a unique blend of eye catching shapes, enviable durability, all of it with a Lead and Cadmium free glaze. These are augmented by a highly calibrated test protocol for Metal Release, Thermal Shock Tolerance, Detergent, Acid and Chipping Resistance, Verification Levels, Dishwasher Efficacy, all conducted by specialists at the Shinepukur's most modern in-house Lab.

From Dinner to Tea-plates, from Soup Tureens to Soup Spoons, from Retail tabletop to Industrial, Hotel-ware and in-Flight items, Shinepukur offers a multifaceted choice of refined product lines, catering to the omni-changing market trends for novel shapes and patterns, introducing new standards and raising the Quality bar of the top-end of this industry.

QUALITY PEOPLE BEHIND QUALITY PRODUCTS

Shinepukur's core strengths lie with its people.

The industry-best Technical personnel in all of its operation - SCL positions itself to achieve growth while helping meet long-term demand for quality products.

WORLD CLASS PRODUCTS

According to Body composition, Shinepukur produces two types of Products, one is Porcelain and another one is Bone China. Porcelain has three variations namely Plain Porcelain, Ivory China and High Alumina Porcelain.
At present, Shinepukur offers 245 shapes out of which 85 shapes are in Bone China and 160 shapes are in Porcelain. Shinepukur has 1600 designs out of which 756 decorations are in Bone China and 844 decorations are in Porcelain, which have been developed in its own Design Studio and Decal Plant.

Bone China products: Shinepukur was the first Company in Bangladesh to introduce Bone China technology and products. Both home and abroad, the brand 'SHINEPUKUR' has become a synonym of premium quality ceramics, specially thanks to its top-quality Bone China products. Shinepukur's Bone China contains more than 52% Bone Ash and as acclaimed as 'REAL BONE CHINA'. With the smoothest surface and most White Body, this Bone China is of enviable translucency and thinner but stronger body structure. It has a Crushing Strength of 1400 kg/cm^2 and it is 40% stronger than Porcelain.

Porcelain products: Shinepukur offers the following 3 types of Porcelain tableware products –

- Plain Porcelain,
- Ivory China (contains 28% Alumina which is 10% stronger than Plain Porcelain) and
- High Alumina Porcelain (contains 38% Alumina which is 60% stronger than Plain Porcelain)

Shinepukur's Porcelain has the finest features and bright white body, made from highest-quality raw materials. It is comparable in quality to the best Porcelain, manufactured by the world-renowned companies. Crushing strength of Porcelain, Ivory China, and High Alumina is 1000Kg/cm^2, 1100 Kg/cm^2 and 1600 Kg/cm^2, respectively.

WHITENESS TESTING AT IN-HOUSE QC LABORATORY

STURDY QC AND QA

The essence of International Business is to make sure that the Customer gets the desired quality, where Shinepukur is dedicated and committed to ensure quality through 4 M's (Man, Machine, Method and Materials).

To ensure this quality, Shinepukur deploys double-checking method –

(i) testing of materials (raw materials, in-process goods and fired materials) in its high-tech laboratory and

(ii) assuring quality at every steps of production-line through QA.

QC Laboratory:

Shinepukur Ceramics Ltd. is equipped with the top-of-the-Line Testing and Quality Control Laboratory facilities, operated by highly qualified and experienced Technicians. A range of 36 types of Tests are carried out in this Lab. Few are mentioned below:

- Body & Glaze Thermal Expansion Test
- Microwave Oven and Dishwasher Test
- Test of resistance to Acids and Detergents
- Hot Water Test
- Whiteness Test
- Heavy Metal Release Test (compliance to be free of Lead & Cadmium as per USFDA & California State Prop 65)
- Chipping & Crazing Test
- Hardness Test (Modulus Rupture Test)

Quality Assurance:

The production process of Ceramic Tableware calls for on-line and dynamic quality checking, ensuring at every section. Shinepukur adopts typical method of Quality Assurance by engaging a dedicated and cautious own QA inspectors at every production section that helps to identify each single deviation from desired quality-level.

FULL-TIME DOCTOR AT SERVICE

FIRM COMPLIANCE TO HSE

Shinepukur Ceramics Ltd. is committed to the society and environment. It shows a great responsibility towards its people and their health & safety. Few things that uphold Shinepukur's such commitments:

Shinepukur is a Health-Certified Company and meets the requirements of USFDA and California State Prop 65.

- Shinepukur is the most ENVIRONMENT-friendly and non-toxic Ceramic Tableware Manufacturing Plant. It uses LEAD and CADMIUM free decals and glaze in its production, whereby ensuring its products to be totally harmless for human-health and Environment.
- Regular Environment Protection Practices have been set-up in line with EIA Reports and World Bank guidelines for internationally accepted standards, with special focus on waste disposal process.
- By ensuring a full-time Doctor in its in-house well-equipped Medical Centre, Shinepukur takes the best care of its employees, regularly and in need.
- Entire operation of Shinepukur is CHILD LABOUR free. Moreover, Shinepukur gives highest emphasis on creating opportunities and facilities for Female employees.
- Routine mock-drill on Fire fighting also has been organized within Shinepukur premises, thereby making all of its employees aware about what to do in Fire-sensitive situation.
- Through regular training on Health, Safety and Environment, the Company remains committed to serve for humanity.

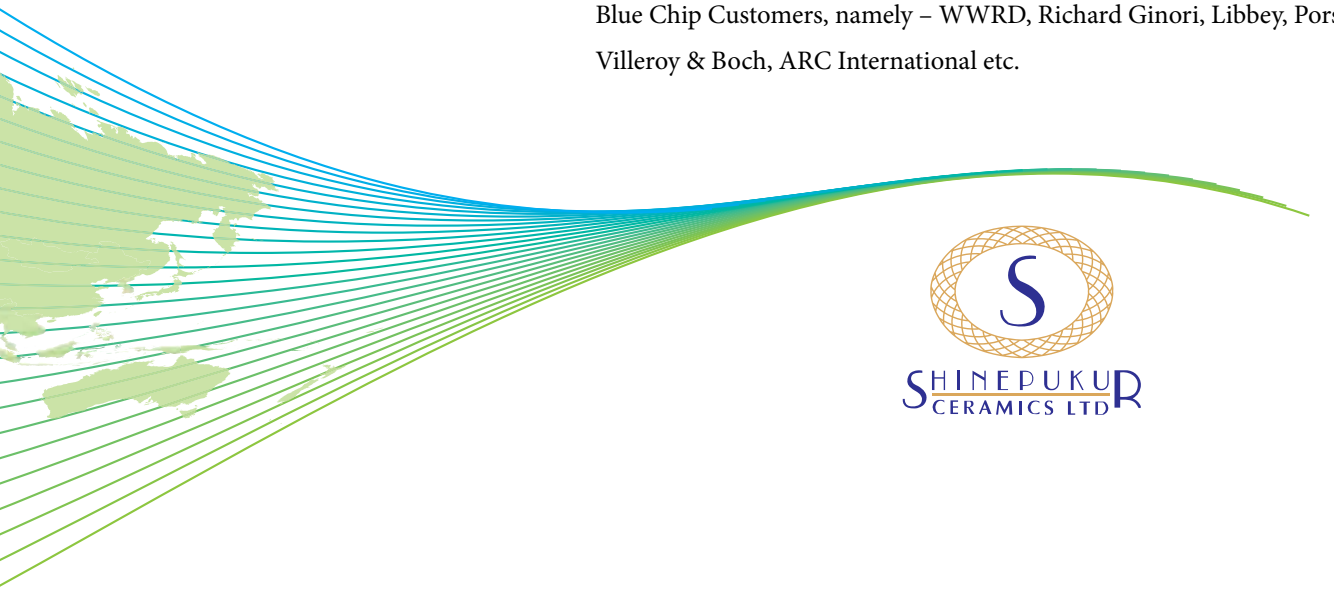
Shinepukur could easily bring on-board world renowned brands:

BLUE-CHIP OVERSEAS CUSTOMERS

Shinepukur Ceramics Ltd. (SCL) has emerged as an Export-oriented Company and almost 80% of its products are being exported and rest 20% is being consumed in the domestic market.

In last 12 years of its operation, Shinepukur achieved trust and reliability from its overseas customers, which in a way also helped to expand and retain its ever-growing market. Shinepukur is exporting its products to the most developed countries in the world, like USA, UK, Italy, Germany, France, Spain, Norway, Sweden, Turkey, Poland, Australia, New Zealand, Canada, Mexico, Brazil, Russian Federation, Chile and GCC countries.

From the very beginning, Shinepukur has been able to achieve the trust of its Blue Chip Customers, namely – WWRD, Richard Ginori, Libbey, Porsgrund, Villeroy & Boch, ARC International etc.



SHINEPUKUR CERAMICS LTD

A CUSTOMER WATCHING SHINEPUKUR PRODUCTS IN A ROAD-SIDE SHOP

STRONG FOOT-HOLD IN DOMESTIC MARKET

In Bangladesh, Shinepukur is the leader in ceramics market in terms of sales revenue and market share. The key success factors behind achieving this position are –

- Shinepukur is very well known for its premium quality – be it Bone China or in Porcelain
- Working with the World's top-ranked customers, side-by-side Shinepukur also could develop and deliver world-class shapes and designs for its domestic market
- The Company has been maintaining more than 100 dealers to promote, sell and distribute Shinepukur products across the country
- In the hospitality sector e.g. international hotels and top institutions in Bangladesh, Shinepukur products have become a priority choice.

A ROAD-SIDE SHOP

CHAIRMAN (BEXIMCO GROUP) RECEIVING NATIONAL EXPORT TROPHY (GOLD)

2005-2006
National Export Trophy (Gold)

2002-2003
National Export Trophy (Gold)

2000-2001
National Export Trophy (Gold)

ISO 9001 : 2008
Certified Company

AWARDED
Superbrands
BANGLADESH
2009/2011

SHINEPUKUR'S COO RECEIVING "SUPERBRANDS AWARD"

KEY MILESTONE ACHIEVEMENTS

Largest Ceramic Tableware Exporter of Bangladesh: Since commencement of its export in 1999, Shinepukur has emerged as the largest Ceramics Tableware Exporter of Bangladesh, which contributes average 60% of the total national ceramic tableware export.

National Export Trophy (Gold): In recognition of its excellence and highest annual export of Ceramic Tableware, Shinepukur Ceramics Ltd. has been awarded National Export Trophy (Gold) for record three times, i.e. for the FY 2005-2006, 2002-2003, and 2000-2001 by the Govt. of Bangladesh. The Govt. of Bangladesh gave away Export Trophy, only for aforementioned three times since the commencement of Shinepukur's export in 1999.

Superbrands: SCL also has been awarded 'Superbrands' in 2010 – first and only Ceramic Tableware Manufacturer of Bangladesh to receive such an honour.

ISO Certification: The Company was certified ISO 9001:2000 in August 2001, and in 2010 this certification has been upgraded as ISO 9001: 2008.

EXPORT CONTAINER GETS LOADED WITH SHINEPUKUR'S GOODS

NOTICE OF THE 14TH ANNUAL GENERAL MEETING

Notice is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the Shareholders of Shinepukur Ceramics Limited will be held on Saturday, the 2nd July, 2011 at 11.00 a.m. at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur to transact the following business:

Agenda:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December, 2010 together with reports of the Auditors and the Directors thereon.
2. To elect Director.
3. To declare 15% Stock Dividend.
4. To appoint Auditors for the year 2011 and to fix their remuneration.
5. To transact any other business of the Company with the permission of the Chair.

By order of the Board

Dhaka. May 08, 2011

MD. ASAD ULLAH, FCS
Executive Director-Corporate Affairs &
Company Secretary

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. 11th May, 2011, will be entitled to attend at the Annual General Meeting and to receive the dividend.

(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

> ... এ বছর পন্যের আভ্যন্তরিন বিক্রয় ১৮.৪৬% এবং রপ্তানী বিক্রয় ১৩.০৫% বৃদ্ধি পেয়ে সার্বিক বৃদ্ধি পেয়েছে ১৩.৬২%।

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আমি কোম্পানীর চতুর্দশ বার্ষিক সাধারন সভায় পরিচালক পর্ষদের পক্ষ থেকে আপনাদের সকলকে স্বাগত জানাচ্ছি। আমি কোম্পানীর ২০১০ সালের সার্বিক কার্যক্রমের বিবরণ এবং ভবিষ্যৎ পরিকল্পনা আপনাদের সামনে উপস্থাপন করছি।

কার্যক্রম

এ বছর কোম্পানীর নীট বিক্রয়ের পরিমাণ দাড়িয়েছে ১,৯২৬.৭৪ মিলিয়ন টাকা যা ২০০৯ সালে ছিল ১,৬৯৫.৭১ মিলিয়ন টাকা। আমি আনন্দের সাথে জানাচ্ছি যে, আমাদের মূল ব্যবসা বোন চায়না এবং পোরসিলিন পন্যের বিক্রয়ের প্রবৃদ্ধি ২০১০ সালেও অব্যাহত রয়েছে। এ বছর পন্যের আভ্যন্তরিন বিক্রয় ১৮.৪৬% এবং রপ্তানী বিক্রয় ১৩.০৫% বৃদ্ধি পেয়ে সার্বিক বৃদ্ধি পেয়েছে ১৩.৬২%।

আপনাদের কোম্পানী এ বছর কর পূর্ব মূনাফা করেছে ৩০৫.০৭ মিলিয়ন টাকা যা ২০০৯ সালে ছিল ২৪৯.১৯ মিলিয়ন টাকা। আপনারা জানেন যে, আমাদের অধিকাংশ কাঁচামাল ইউরোপীয় দেশসমূহ থেকে আমদানি করা হয়। ২০০৯ সালের প্রথম থেকে ২০১০ সালের শেষভাগ পর্যন্ত ইউরোর বিপরীতে টাকার কয়েক দফা অবমূল্যায়নের দরুন কাঁচামালের দাম বেড়ে গিয়েছিল কিন্তু খরচ নিয়ন্ত্রণের ব্যাপারে আমাদের দৃঢ় পদক্ষেপের কারণে আমরা সাফল্যের সঙ্গে অবমূল্যায়নের বিরূপ প্রভাব কাটিয়ে উঠতে সক্ষম হয়েছি। গত বছরের তুলনায় আমাদের মোট লাভ ১৭.৮৬% বৃদ্ধি পেয়েছে এবং কর পূর্ব লাভ ২২.৪২% বৃদ্ধি পেয়েছে যা যেকোন মানদন্ডে একটি প্রশংসনীয় অর্জন।

সম্প্রসারণ কর্মসূচী

দৈনিক ৪.৫ মেঃ টন উৎপাদন ক্ষমতাসম্পন্ন বোন চায়না সম্প্রসারণ ইউনিট আগামী সেপ্টেম্বর ২০১১ নাগাদ পরীক্ষামূলক উৎপাদন শুরু করতে পারবে বলে আশা করছি। ইহার ফলে বোন চায়নার উৎপাদন ক্ষমতা বর্তমান উৎপাদন ক্ষমতার ১৫০% বেশী হবে। আমরা বর্ধিত উৎপাদন ও সরবরাহের ব্যাপারে ইতিমধ্যে আন্তর্জাতিক ক্রেতাদের পক্ষ থেকে অনুকুল সাড়া পেয়েছি। তবে আমাদের নীতি অনুযায়ী যেকোন চূড়ান্ত চুক্তি স্বাক্ষরের পূর্বে সবকিছু যাচাই বাছাইয়ের অপেক্ষায় আছে। সম্প্রসারণ প্রকল্প বাস্তবায়িত হলে রপ্তানী বিক্রি ১,১৫০.০০ মিলিয়ন টাকা বেশী হবে বলে প্রত্যাশা করা হচ্ছে।

সামাজিক প্রতিশ্রুতি

শাইনপুকুর সিরামিকস্ লিমিটেড এ আমাদের কর্মকান্ড সমাজের প্রতি দায়িত্ববোধ দৃষ্টিকোন থেকে আমরা পরিচালনা করছি বলে বিশ্বাস করি। সেজন্য

আমাদের সকল কার্যক্রম প্রধানতঃ সমাজের মঙ্গলের দিকে লক্ষ্য রেখেই সম্পাদিত হয়ে থাকে। সামাজিক অঙ্গিকারের অংশ হিসাবে কোম্পানী সামাজিক গুরুত্ব সম্পন্ন অনুষ্ঠানাদি উপলক্ষে ক্রোড়পত্র প্রকাশনায় সহযোগিতা করে থাকে। বিভিন্ন প্রতিষ্ঠান ও পেশাদারিত্ব প্রতিষ্ঠানের আর্থ-সামাজিক ও সাংস্কৃতিক উন্নয়ন কার্যক্রমে আমরা একান্ত সহযোগিতা ও সমর্থন-যুগীয়ে থাকি।

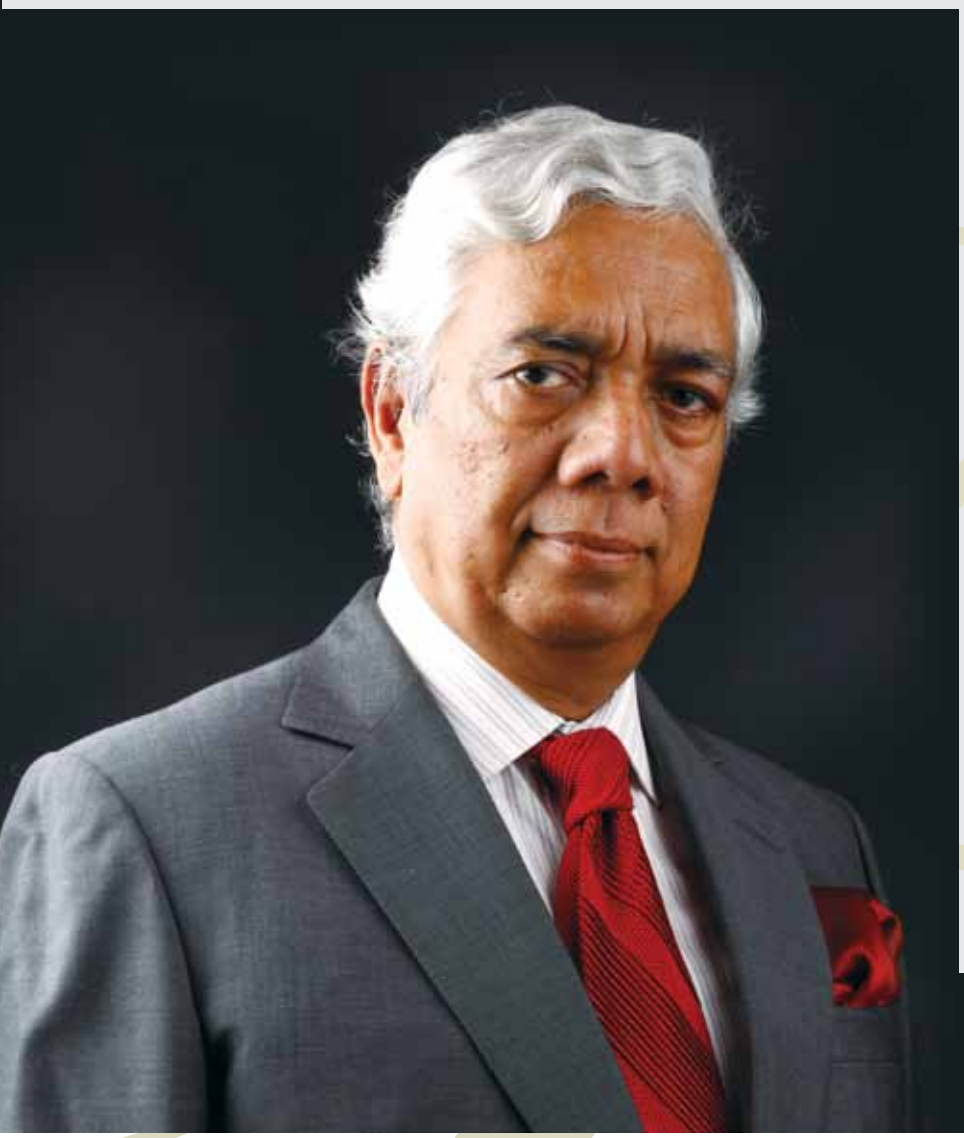
কৃতজ্ঞতা স্বীকার

আমি আমাদের সন্মানিত ক্রেতা, বিক্রেতা, ব্যাংকার , সরকারী সংস্থাসমূহ, বিধিবদ্ধ প্রতিষ্ঠান এবং আমাদের ব্যবসা পরিচালনার সাথে যারা জড়িত তাদের সকলকে আন্তরিক ধন্যবাদ জ্ঞাপন করছি। আমি কোম্পানীর শেয়ারহোল্ডারদের প্রতি কৃতজ্ঞ, যাদের সার্বক্ষনিক মূল্যবান সহযোগিতা এবং সমর্থন কোম্পানীকে আজকের এই অবস্থানে এনেছে। আমরা যে সাফল্য অর্জন করেছি তা সকলের সম্মিলিত প্রচেষ্টারই ফল।

আমি আবারো আমাদের সকল শুভাকাঙ্খীকে আন্তরিক ধন্যবাদ জানাই এবং ভবিষ্যতে তাদের অব্যাহত সমর্থন ও সহযোগিতা আশা করি।

এ এস এফ রহমান
চেয়ারম্যান

তারিখ ঃ ২৮ এপ্রিল ২০১১



Chairman's Statement

> ... During the year local sale of the products increased by 18.46% and export sales by 13.05%. The overall sales increased by 13.62%

Dear Shareholders

I take this opportunity to welcome you on behalf of the Board of Directors to this 14th Annual General Meeting of your Company, and to lay before you a brief resume of the affairs of the company for the year 2010 and its future plan.

During the year the company attained net sales of Tk. 1,926.74 million as against Tk. 1,695.71 million of 2009. I am pleased to inform you that sales of Bone China and Porcelain Products, our core business, continued to grow in 2010 as well. During the year local sale of the products increased by 18.46% and export sales by 13.05%. The overall sales increased by 13.62%

Your company earned a pre-tax profit of Tk.305.07 million as against Tk. 249.18 million of 2009. As you know, most of our raw materials are imported from European countries. In the early of 2009 to end 2010 after several devaluation of taka against euro, these materials have become costlier. But due to our committed drive for containment of cost, we have succeeded in neutralizing the adverse effect of devaluation. Our gross profit increased by 17.86% and pre-tax profit by 22.42% over last year in absolute terms. This by any standard is an appreciable achievement.

Expansion Program

Our Bone China expansion unit having a capacity of 4.5Metric Tons per day is expected to be ready for trial production by end of September 2011. This will increase the Bone China production capacity by 150%. We are already getting very positive feed back from our international buyers for increased supply commitments. However, our policy is to wait and see before signing any final contract. The expansion can provide additional sales of Taka 1,150.00 millions approximately.

Social Commitment

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

Acknowledgement

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

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

A S F Rahman
Chairman

Dated: 28 April, 2011

Corporate Governance

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

INTERNAL FINANCIAL CONTROL

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

Management Structure - The Company is operating through a well defined management structure headed by a Managing Director (MD) under whom there are Chief Operating Officer (COO) and General Managers (GMs) for various departments and according to hierarchy, various senior & mid level management staffs. The Managing Director and the COO, GMs 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 that date. In preparing those financial statements the directors are required:

- to select suitable accounting policies and the apply them in a consistent manner;
- to make reasonable and prudent 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 the shareholders for the Company's financial and operational performance. Responsibility for the development and implementation of Company policy and strategy, day-to-day operational issues is delegated by the board to the management of the Company.

Board Structure and Procedure – The membership of the board during the year ended 31 December 2010 stood at three directors. All directors are equally accountable at law to the shareholders for the proper conduct of the business.

The Company's Board currently comprises the Chairman, Vice-Chairman and Managing Director 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.

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.

Directors' Report

to the shareholders
For the year ended 31 December 2010

Dear Shareholders

The Directors have pleasure in submitting hereunder their report together with the Audited Accounts for the year ended on 31st December 2010 and Auditors' Report thereon:

WORKING RESULTS

The Directors are pleased to report that the working results of the Company for the year 2010 are as follows:

	Taka in million	
	For the year 2010	For the year 2009
Net profit before tax	305.07	249.18
Less: Provision for income tax	51.83	76.81
Net profit after tax	253.24	172.37
Add: Balance brought forward from previous year	158.11	111.78
Profit available for appropriation	411.35	284.15
APPROPRIATION RECOMMENDED		
Stock Dividend (Bonus Share) at 15%	144.95	126.04
Balance carried forward	266.40	158.11
	411.35	**284.15**

DIVIDEND

The Directors have recommended a stock dividend (Bonus share) @ 15% per share of Tk. 10 each, subject to approval of the shareholders in the AGM.

DIRECTOR

Mr. A S F Rahman, Director, retires by rotation as per Articles 123 & 124 of the Articles of Association of the Company and being eligible offer himself for re-election.

BOARD MEETING AND ATTENDANCE

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

Name of Directors	Meetings attended
Mr. A S F Rahman	6
Mr. Salman F Rahman	6
Mr. Nazmul Hassan	6

BOARD AUDIT COMMITTEE

The Company has an Audit Committee, which met four times in 2010 to consider its Annual Financial Statements for the year ended 31st December 2009, 1st quarter ended 31st March 2010, half year ended on 30th June 2010 and 3rd quarter ended on 30th September 2010.

CORPORATE AND FINANCIAL REPORTING

The Directors are pleased to confirm that:

(a) The financial statements together with the notes thereon have drawn up conformity with the Companies Act 1994 and Securities and Exchanges Rules 1987. These statements presents fairly the Company's statement of affairs, the result of its operation, cash flow and statement of changes in equity.

(b) Proper books of accounts of the company have been maintained.

(c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and judgement.

(d) The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.

(e) Internal Control System is sound in design and has been effectively implemented and monitored.

(f) There is no significant doubts about the ability of the Company to continue as a going concern.

(g) There is no significant deviations in operating result compared to last year.

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

(i) The Pattern of shareholding is as followings:

	Name	Shares held
(i)	Parent/Subsidiary/Associated Companies and other related Parties:	
	Bangladesh Export Import Co. Ltd.	
	As on 31-12-2010	48,316,273
(ii)	Directors, Chief Executive Officer	Nil
	Company Secretary, Chief Financial Officer, Head of Internal Audit and Their spouse and Minor children:	
	Mr. A S F Rahman, Managing Director	2
	Mr. Salman F Rahman, Director	1
	Mr. Nazmul Hassan, Director	1
	Mr. O K Chowdhury, Shareholder	1
	Mr. Ahmed Shahryar Rahman, Shareholder	1
	Mr. Ahmed Shayan F Rahman, Shareholder	1
	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 10% or more Voting interest in the company:	
	Bangladesh Export Import Co. Ltd.	
	(Mentioned in Sl. No. (i) above)	48,316,273

CORPORATES GOVERNANCE COMPLIANCE STATUS REPORT

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

AUDITORS

The Directors hereby report that the existing Auditors M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), 109, Bir Uttam C R Datta Road, Dhaka-1205 who appointed as Auditors of the Company in Thirteenth Annual General Meeting carried out the audit for the year ended on 31 December, 2010.

M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), Bir Uttam C R Datta Road, Dhaka-1205 the Auditors of the Company retire at this meeting and have expressed their willingness to continue in the office for the year 2011.

On behalf of the Board of Directors.

A S F Rahman
Chairman
Dated: 28 April 2011

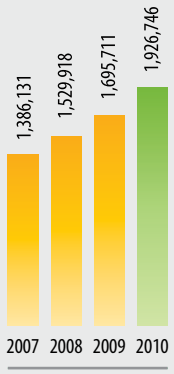
Corporate Governance Compliance Status Report

Status of Compliance with the conditions imposed by the SEC's Notification No.
SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February, 2006 issued under Section 2CC of the Securities and Exchange Ordinance, 1969:
(Report under Condition No. 5.00)

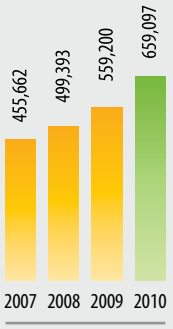
Condition	Title	Compliance Status		Explanation for non-compliance with the condition
		Complied	non-Complied	
1.1	Board Size	√		
1.2	Independent Director	√		
1.3	Chairman & Chief Executive	√		
1.4(a)	Directors Report on Financial Statements	√		
1.4(b)	Books of Accounts	√		
1.4(c)	Accounting Policies	√		
1.4(d)	IAS applicable in Bangladesh	√		
1.4(e)	System of Internal Control	√		
1.4(f)	Going Concern	√		
1.4(g)	Deviation in Operating Results	√		
1.4(h)	Key Operating & Financial Data	√		
1.4(i)	Declaration of Dividend	√		
1.4(j)	No. of Board Meetings	√		
1.4(k)	Pattern of Shareholdings	√		
2.1	CFO,HIA & Company Secretary Appointment	√		
2.2	Board Meeting Attendance	√		
3.00	Audit Committee	√		
4.00	External/ Statutory Auditors	√		
5.00	Reporting the Compliance in the Directors' report	√		

Comparative Statistics

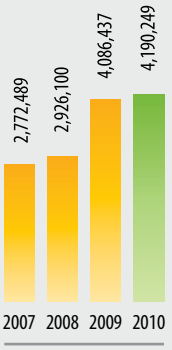
Particulars	2010	2009	2008	Taka In '000 2007
Paid Up Capital	966,326	840,283	700,236	660,600
Revenue	1,926,746	1,695,711	1,529,918	1,386,131
Gross Profit	659,097	559,200	499,393	455,662
Profit Before Income Tax	305,074	249,187	210,397	172,863
Net Profit after Income Tax	253,247	172,372	179,916	130,231
Tangible Assets (Gross)	4,190,249	4,086,437	2,926,100	2,772,489
Cumulative Surplus	411,348	284,143	321,842	181,563
Dividend-Both Cash and Stock	15% (B)	15% (B)	10% (C) & 20% (B)	15% (C) & 6% (B)
Return on Paid up Capital	26%	21%	26%	20%
Shareholders Equity	2,731,959	2,478,711	2,376,363	1,034,629
Earning per Share (Taka)	2.62	2.05	2.57	1.97
Shareholders Equity Per Share (Taka)	28	29	34	16
Number of Shareholders	24,172	27,803	2,204	7



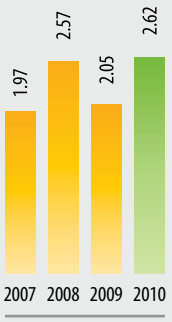
Revenue
Taka in '000



Gross Profit
Taka in '000



Tangible Assets (gross)
Taka in '000



Earning per Share
Figure in Taka

FINANCIALS

Auditors' Report

To The Shareholders of SHINEPUKUR CERAMICS LIMITED

Introduction

We have audited the accompanying financial statements of Shinepukur Ceramics Limited which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other 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 International Financial Reporting Standards (IFRSs), Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 International Standards on Auditing (ISA) and Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also indicates 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 prepared in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as at 31 December 2010, and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

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

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

(c) the statement of financial position (balance sheet) and statement of 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.

Dated, Dhaka
28 April 2011

M. J. ABEDIN & CO
Chartered Accountants

Statement of Financial Position

as at 31 December 2010

	Notes	Amount in Taka	
		31-Dec-10	31-Dec-09
ASSETS			
Non-Current Assets		**3,489,126,921**	**3,324,211,447**
Property, Plant and Equipment	4	2,886,465,234	2,889,104,937
Investment in Shares	5	262,285,884	262,285,884
Capital Work in Progress		340,375,803	172,820,626
Current Assets		**1,636,600,076**	**1,320,809,490**
Inventories	6	845,195,056	858,674,654
Accounts & Other Receivables	7	477,473,540	361,541,096
Advances, Deposits & Prepayments	8	278,773,841	82,182,270
Cash and Cash Equivalents	9	35,157,639	18,411,470
Total Assets		**5,125,726,997**	**4,645,020,937**
EQUITY AND LIABILITIES			
Shareholders' Equity		**2,731,958,854**	**2,478,711,483**
Issued Share Capital	10	966,325,680	840,283,200
Revaluation Surplus	11	1,354,284,953	1,354,284,953
Retained Earnings		411,348,221	284,143,330
Non-Current Liabilities		**928,724,372**	**662,533,629**
Long Term Loan (Secured) (Net-off Current Matuirity)	12	429,143,129	477,058,072
Long Term Loan (Unsecured)	13	485,689,185	172,820,626
Deferred Tax Liability	14	13,892,058	12,654,931
Current Liabilities		**1,465,043,771**	**1,503,775,825**
Short Term Loan from Banks (Secured)	15	955,808,744	917,603,854
Long Term Loan (Secured) (Current Matuirity)	16	243,718,941	386,928,629
Creditors, Accruals and Other Payables	17	166,416,040	101,895,079
Income Tax Payable	18	99,100,046	97,348,263
Total Equity and Liabilities		**5,125,726,997**	**4,645,020,937**
Net Asset Value Per Share		**28.27**	**29.50**

The accompanying notes form an integral part of this financial statement.

Approved and authorized for issue by the board of directors on 28 April 2011 and signed for and on behalf of the board:

Salman F. Rahman
Vice-Chairman

Nazmul Hassan
Managing Director

Md. Luthfor Rahman
General Manager

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011

M. J. ABEDIN & CO
Chartered Accountants

Statement of Comprehensive Income

for the year ended 31 December 2010

	Notes	Amount in Taka	
		2010	**2009**
Revenue	19	1,926,745,719	1,695,710,571
Cost of Goods Sold	20	(1,267,648,737)	(1,136,510,173)
Gross Profit		**659,096,982**	**559,200,398**
Operating Expenses		**(88,993,320)**	**(87,971,260)**
Administrative Expenses	21	(38,611,923)	(38,302,865)
Selling Expenses	22	(50,381,397)	(49,668,395)
Profit from Operations		**570,103,662**	**471,229,138**
Finance Cost	23	(249,775,873)	(209,583,156)
Profit before contribution to WPPF		320,327,789	261,645,982
Contribution to Workers' Profit Participation/Welfare Funds		(15,253,704)	(12,459,333)
Net Profit before Tax		**305,074,085**	**249,186,649**
Income Tax Expense	24	(51,826,714)	(76,814,715)
Net Profit After Tax for the year		**253,247,371**	**172,371,934**
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		**253,247,371**	**172,371,934**
Earning per share (Adjusted EPS of 2009) Tk.	25	**2.62**	**1.78**

The accompanying notes form an integral part of this financial statement.

Approved and authorized for issue by the board of directors on 28 April 2011 and signed for and on behalf of the board:

Salman F. Rahman
Vice-Chairman

Nazmul Hassan
Managing Director

Md. Luthfor Rahman
General Manager

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011

M. J. ABEDIN & CO
Chartered Accountants

Statement of Changes In Equity

for the year ended 31 December 2010

Amount in Taka

	Share Capital	Revaluation Surplus	Retained Earnings	Total Equity
Balance as on 31 December 2009	**840,283,200**	**1,354,284,953**	**284,143,330**	**2,478,711,483**
Total Comprehensive Income for 2010:				
Profit for the year	-	-	253,247,371	253,247,371
Other Comprehensive Income			-	-
Transaction with Shareholders:				
Issue of Bonus Shares for the prior period (2009)	126,042,480	-	(126,042,480)	-
Total Balance as on 31 December 2010	**966,325,680**	**1,354,284,953**	**411,348,221**	**2,731,958,854**

The accompanying notes form an integral part of this financial statement.

Approved and authorized for issue by the board of directors on 28 April 2011 and signed for and on behalf of the board:

Salman F. Rahman
Vice-Chairman

Nazmul Hassan
Managing Director

Md. Luthfor Rahman
General Manager

As per our separate report of even date annexed.

M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
28 April 2011

Statement of Cash Flows

for the year ended 31 December 2010

	Amount in Taka	
	2010	**2009**
Cash Flows From Operating Activities:		
Collections from turnover and other income	1,810,813,275	1,582,158,075
Payments for costs, expenses & others	(1,417,186,680)	(1,142,884,344)
Interest Paid	(197,793,786)	(200,313,511)
Income-Tax paid and / or deducted at sources	(66,573,115)	(37,495,700)
Net cash Generated from operating activities	**129,259,694**	**201,464,520**
Cash Flows From Investing Activities:		
Property, Plant and Equipment acquired	(62,727,624)	(12,406,099)
Disposal of Asset	500,000	-
Capital Work in Progress	(167,555,177)	(172,820,626)
Net cash used in investing activities	**(229,782,801)**	**(185,226,725)**
Cash Flows From Financing Activities:		
Long Term Loan increased	79,064,386	13,885,549
Short Term Loan increased	38,204,890	51,459,749
Dividend Paid	-	(70,023,600)
Net cash Generated from financing activities	**117,269,276**	**(4,678,302)**
Increase/(Decrease) in Cash and Cash Equivalents	**16,746,169**	**11,559,493**
Cash and Cash Equivalents at the beginning of the period	18,411,470	6,851,977
Cash and Cash Equivalents at the end of the period	**35,157,639**	**18,411,470**
Net Operating Cash Flow Per Share	**1.33**	**2.40**

The accompanying notes form an integral part of this financial statement.

Approved and authorized for issue by the board of directors on 28 April 2011 and signed for and on behalf of the board:

Salman F. Rahman
Vice-Chairman

Nazmul Hassan
Managing Director

Md. Luthfor Rahman
General Manager

As per our separate report of even date annexed.

M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
28 April 2011

Notes to the Financial Statements

as at and for the year ended 31 December 2010

1. The background and activities of the Company

1.1 Status of the Company

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

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

1.2 Principal Activities

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

2. Bases of Financial Statement – Its Preparation and Presentation

2.1 Measurement Bases

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

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 the end of the year 2010;
(b) a statement of comprehensive income for the year 2010;
(c) a statement of changes in equity for the year 2010;
(d) a statement of cash flows for the year 2010; and
(e) notes, comprising a summary of significant accounting policies and other explanatory information.

Notes to the Financial Statements

as at and for the year ended 31 December 2010

2.4 Compliance of International Financial Reporting Standards/Bangladesh Financial Reporting Standards (IFRSs/BFRSs)

Name of the Accounting Standards	Ref. No.	Status of Application
First-time adoption of Bangladesh Financial Reporting Standards	IFRS/BFRS-1	Not Applicable
Share-based Payment	IFRS/BFRS-2	Not Applicable
Business Combinations	IFRS/BFRS-3	Not Applicable
Insurance Contracts	IFRS/BFRS-4	Not Applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS/BFRS-5	Not Applicable
Exploration for and Evaluation of Mineral Resources	IFRS/BFRS-6	Not Applicable
Financial Instruments: Disclosures	IFRS/BFRS-7	Applicable
Operating Segments	IFRS/BFRS-8	Not Applicable
Presentation of Financial Statement	IAS/BAS-1	Applicable
Inventories	IAS/BAS-2	Applicable
Statement Cash Flows	IAS/BAS-7	Applicable
Accounting Policies, Changes in Accounting Estimates and Errors	IAS/BAS-8	Applicable
Events after the Reporting Period	IAS/BAS-10	Applicable
Construction Contracts	IAS/BAS-11	Not Applicable
Income Taxes	IAS/BAS-12	Applicable
Property, Plant and Equipment	IAS/BAS-16	Applicable
Leases	IAS/BAS-17	Applicable
Revenue	IAS/BAS-18	Applicable
Employee Benefits	IAS/BAS-19	Applicable
Accounting for Government Grants and Disclosure of Government Assistance	IAS/BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS/BAS-21	Applicable
Borrowing Costs	IAS/BAS-23	Applicable
Related Party Disclosure	IAS/BAS-24	Applicable
Accounting and Reporting by Retirement Benefit Plans	IAS/BAS-26	Not Applicable
Consolidated and Separate Financial Statement	IAS/BAS-27	Not Applicable
Investments in Associates	IAS/BAS-28	Not Applicable
Interests in Joint Ventures	IAS/BAS-31	Not Applicable
Financial Instruments: Presentation	IAS/BAS-32	Applicable
Earnings per Share	IAS/BAS-33	Applicable
Interim Financial Reporting	IAS/BAS-34	Not Applicable
Impairments of Assets	IAS/BAS-36	Applicable
Provisions, Contingent Liabilities and Contingent Assets	IAS/BAS-37	Applicable
Intangible Assets	IAS/BAS-38	Not Applicable
Financial Instruments: Recognition and Measurement	IAS/BAS-39	Applicable
Investment Property	IAS/BAS-40	Not Applicable
Agriculture	IAS/BAS-41	Not Applicable

2.5 Reporting Period

The financial statements cover one calendar year from 1st January 2010 to 31st December 2010.

2.6 Authorisation for Issue

The financial statements have been authorized for issue by the Board of Directors on 28 April, 2011.

2.7 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 have been rounded off to the nearest Taka except where indicated otherwise.

2.8 Comparative Information

Comparative information has been disclosed in respect of the year 2009 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2009 have been re-arranged wherever considered necessary to ensure better comparability with the current year.

2.9 Use of Estimates and Judgments

The preparation of financial statement in conformity with BFRSs / BASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosure requirements for contingent assets and liabilities during 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.

3. Significant Accounting Policies

3.1 Revenue Recognition

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

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

3.2.1 Property, Plant and Equipment

3.2.1 Recognition and Measurement

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

3.2.2 Pre-Operating Expenses and Borrowing Costs

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

3.2.3 Subsequent Expenditure

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

3.2.4 Software

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

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 income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

3.2.6 Depreciation on Fixed Assets

Depreciation is provided on all fixed assets except Land & Land Development at the following rates on reducing balance basis over the periods appropriate to the estimated useful lives of the different types of assets:

Building and Other Construction	2.5% to 5%
Plant and Machinery	5% to 7.5%
Furniture & Fixture	20%
Transport & Vehicle	20%
Office Equipment	20%

3.3 Leased Assets

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

3.4 Financial Instruments

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

3.4.1 Financial assets

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

The company initially recognizes receivable 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 risk and rewards of ownership of the financial assets are transferred.

3.4.1 (a) Accounts Receivable

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

(b) Advances and Deposits

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

Deposits are measured at payment value.

(c) Cash and Cash Equivalents

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

(d) Investment in Shares

Investment in shares of listed company is valued at lower of cost and stock exchange quoted value of year end.

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 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 the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation.

3.8 Income Tax Expenses

Current Tax

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

Provision for taxation for the year ended 31 December 2010 has been made on the basis of the provisions of the Income Tax ordinance 1984 and the Finance Act 2010. Currently the tax rate applicable for listed companies is 27.50 % and there is a 50% exemption of income tax on profit relating to export sales.

Deferred Tax

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

The tax base of assets is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity (the company / SCL) when it recovers the carrying amount of the assets. The tax base of liabilities is their carrying amount, less any amount that will be deductible for tax purposes in respect of the liabilities in future periods. In 2010, deferred tax liability is arrived at by applying the corporate tax rate applicable for listed companies (27.50%) on the temporary taxable differences. Exemption of 50 % income tax on profit relating to export is considered for deferred tax purposes.

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

The deferred tax asset / income or liability / expense do not create a legal obligation to, or recoverability from, the income tax authority.

3.9 Interest Income

Interest Income is recognized on accrual basis

3.10 Borrowing Costs

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

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

3.11 Employee Benefits

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

The company's employee benefits include the following:

(a) Defined Contribution Plan (Provident Fund)

The company contributes to a registered provident fund scheme (defined contribution plan) for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrecoverable 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) Defined Benefits Plan (Gratuity)

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

(c) Short-term Employee Benefits

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

(d) Contribution to Workers' Participation/Welfare Funds

This represents 5% of net profit before tax contributed by the Company as per provisions of Bangladesh Labor Law, 2006 and is payable to workers as defined in the said law.

(e) Group Insurance Scheme

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

3.12 Proposed Dividend

The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts along with dividend per share in accordance with the requirements of the Para 125 of Bangladesh Accounting Standard (BAS) 1 (Revised 2008): Presentation of Financial Statements. Also, the proposed dividend has not been considered as "Liability" in accordance with the requirements of the Para 12 & 13 of Bangladesh Accounting Standard (BAS) 10: Events After the Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board of Directors.

3.13 Earnings per Share

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

Basic Earnings (Numerator)

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

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

Current Year (2010)

The Bonus Shares issued during the year 2010 were treated as if they always had been in issue. Hence, in computing the basic EPS of 2010, the total number of shares including the said bonus shares has been considered as the Weighted Average number of Shares outstanding during the year 2010.

Earlier Year (2009)

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2009), and accordingly, in calculating the adjusted EPS of 2009, the total number of shares including the subsequent bonus issue in 2010 has been considered as the Weighted Average Number of Shares outstanding during the year 2009.

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

Diluted Earnings per Share

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

3.14 Foreign Currency Transactions

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

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

3.15 Segmental Reporting

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

3.16 Statement of Cash Flows

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

3.17 Events after the Reporting Period

In compliance with the requirements of BAS 10: Events after the Reporting Period, post financial position events that provide additional information about the company's position at the statement of financial position date are reflected in the financial statements and events after the statement of financial position date that are not adjusting events are disclosed in the notes when material.

Notes to the Financial Statements

as at and for the year ended 31 December 2010

4. Property, Plant and Equipment : Tk. 2,886,465,234

	Land & Land Development	Building & Other Construction	Plant & Machinery	Office Equipment	Furniture & Fixture	Transport & Vehicle	Total Taka
Cost or Valuation							
At 31 December 2009	732,637,500	826,301,881	2,441,583,411	48,056,956	21,714,511	16,142,544	4,086,436,803
Exchange Loss/(Gain)	-	-	42,679,542	-	-	-	42,679,542
Addition during the Year	-	68,918	45,601,567	2,301,710	866,429	13,889,000	62,727,624
Disposal of Assets	-	-	(1,594,556)	-	-	-	(1,594,556)
as at 31 December 2010	**732,637,500**	**826,370,799**	**2,528,269,964**	**50,358,666**	**22,580,940**	**30,031,544**	**4,190,249,413**
Depreciation							
At 31 December 2009	-	179,491,240	952,539,235	37,578,065	18,379,305	9,344,021	1,197,331,866
Accumulated Dep. on Disposed Assets	-	-	(230,214)	-	-	-	(230,214)
Depreciation for the period	-	16,617,712	82,530,863	2,556,120	840,327	4,137,505	106,682,527
as at 31 December 2010	**-**	**196,108,952**	**1,034,839,884**	**40,134,185**	**19,219,632**	**13,481,526**	**1,303,784,179**
Carrying Amount 31 December 2010	**732,637,500**	**630,261,847**	**1,493,430,080**	**10,224,481**	**3,361,308**	**16,550,018**	**2,886,465,234**
Carrying Amount as at 31 December 2009	732,637,500	646,810,641	1,489,044,176	10,478,891	3,335,206	6,798,523	2,889,104,937

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

	Land & Land Development	Building & Other Construction	Plant & Machinery	Total
Surplus on Revaluation in 2004	192,466,272	-	-	192,466,272
Surplus on Revaluation in 2008	376,892,108	351,072,849	433,853,724	1,161,818,681
Total Surplus on Revaluation	**569,358,380**	**351,072,849**	**433,853,724**	**1,354,284,953**

(b) Disclosure on Revaluation of Land under Bangladesh Accounting Standard (BAS) 16 - 'Property, Plant and Equipment'

(i) Independent professional valuer , M/S G.K.Adjusters Ltd.(Insurance Surveyors, Loss Adjusters, Controllers, Consultants and Valuers) of Chand Mansion (5th floor) ,66,Dilkusha Commercial Area, was involved to carry out the said revaluation.

(ii) SF Ahmed & Co, Chartered Accountants and valuers have revalued the lands, buildings and plant & machinery of the Company as of 31 December 2008, following "current cost method". Such revaluation resulted in a revaluation surplus aggregating Tk. 1,161,818,681.

(c) Assets include Leased Assets of Tk. 7,750,000 at cost and Tk. 2,297,037 at written down value.

	Amount in Taka	
	as at 31-Dec-10	**as at 31-Dec-09**

5. Investment in Shares : Tk. 262,285,884

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

(a) In 4,518 Shares of Beximco Synthetics Ltd. (Average cost price per share is Tk.262.43 against face value of Tk.100.00)[Market value as on 30.12.10 Tk. 514.75]	1,185,680	1,185,680
(b) In 9,448,840 Shares of Bextex Ltd. (Average cost price per share is Tk.27.63 against face value of Tk.10.00)[Market value as on 30.12.10 Tk. 76.30]	261,100,204	261,100,204
	262,285,884	**262,285,884**

Notes to the Financial Statements

as at and for the year ended 31 December 2010

	Amount in Taka	
	as at 31-Dec-10	as at 31-Dec-09

6. Inventories : Tk. 845,195,056

This represents as follows:

Raw Material & Chemical	324,497,027	327,976,606
Finished Goods	200,152,708	215,961,579
Work-In- Process	174,729,359	176,073,235
Stores & Spares	96,431,802	93,355,438
Packing Material	49,384,160	45,307,796
	845,195,056	**858,674,654**

7. Accounts & Other Receivables : Tk. 477,473,540

This is considered good and is falling due within one year.

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

No amount was due by any associated undertaking.

8. Advances, Deposits and Prepayments: Tk. 278,773,841

This is considered good and consists of as follows:

Advances and Prepayments	260,598,180	62,942,145
Deposits	18,175,661	19,240,125
	278,773,841	**82,182,270**

The break-up of advances and prepayments are as follows:

L/C-Margin	53,226,809	24,986,224
Suppliers	12,130,461	11,579,936
Income Tax (Note -8.1)	29,071,279	11,335,968
Trade Fair	4,158,156	6,977,155
Employees (other than officers)	448,798	144,198
Advance against Construction	145,313,382	-
Marketing Expenses	8,714,661	4,934,742
L/C-Insurance	2,300,146	1,530,511
L/C- Commission	3,506,768	697,923
Advance Travel	827,720	442,988
Show Room	900,000	312,500
	260,598,180	**62,942,145**

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

No amount was due by any associated undertaking.

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

The break -up of deposits is as follows:

Bank Guarantee Margin	2,755,718	2,755,718
Security Deposit	10,519,402	10,247,402
Lease Deposit	3,518,794	3,700,134
VAT Deposit	1,381,747	2,536,871
	18,175,661	**19,240,125**

Notes to the Financial Statements

as at and for the year ended 31 December 2010

		Amount in Taka	
		as at 31-Dec-10	as at 31-Dec-09
8.1	**Advance Income Tax Paid : Tk. 29,071,279**		
	This has been arrived at :		
	Opening Balance	11,335,968	12,874,835
	Paid / Deducted during the year under review	17,735,311	11,335,968
		29,071,279	**24,210,803**
	Adjustment made during the year under review	-	(12,874,835)
		29,071,279	**11,335,968**

9. Cash and Cash Equivalents : Tk. 35,157,639

	This consists of :		
(a)	In Hand	**9,177,954**	**3,888,119**
(b)	At Banks in :	**25,979,685**	**14,523,351**
	(i) Current Deposit	20,418,739	10,852,085
	(ii) STD	5,052,954	3,163,274
	(iii) FDR	507,992	507,992
		35,157,639	**18,411,470**

10. Share Capital : Tk. 966,325,680

	This represents :		
(a)	Authorised :		
	500,000,000 Ordinary Shares of Tk.10/-each	5,000,000,000	5,000,000,000
(b)	**Issued, subscribed and paid -up:**		
	66,060,000 Ordinary Shares of Tk.10/-each fully paid-up in cash	660,600,000	660,600,000
	17,968,320 Ordinary Shares of Tk.10/-each fully paid-up bonus shares	179,683,200	179,683,200
	12,604,248 Ordinary Shares of Tk.10/-each fully paid-up bonus shares	126,042,480	-
	96,632,568	**966,325,680**	**840,283,200**

(c) Statement of Share Position

Name of the Shareholders	31-Dec-10		31-Dec-09	
	No. of Shares	Holding %	No. of Shares	Holding %
Bangladesh Export Import Co.Ltd	48,316,273	50.00	42,014,151	50.00
Directors & Associates	7	-	7	-
ICB including ICB investors Account	2,514,270	2.60	2,183,160	2.60
General Public and Institutions	45,802,018	47.40	39,831,002	47.40
	96,632,568	**100.00**	**84,028,320**	**100.00**

(d) Distribution Schedule:

Share holdings	No. of Shareholders	No.of Shares	Holding %
Less than 500 shares	15,847	1,941,826	2.01
500 to 5,000 shares	7,360	10,133,587	10.49
5001 to 10,000 shares	476	3,620,211	3.75
10,001 to 20,000 shares	234	3,444,984	3.57
20,001 to 30,000 shares	81	2,052,205	2.12
30,001 to 40,000 shares	43	1,509,917	1.56
40,001 to 50,000 shares	22	1,015,947	1.05
50,001 to 100,000 shares	56	4,104,659	4.25
100,001 to 1,000,000 shares	47	10,723,035	11.10
Over 1,000,000 shares	6	58,086,197	60.11
	24,172	**96,632,568**	**100**

11. Revaluation Surplus : Tk. 1,354,284,953

The details of revaluation has been stated in notes on Property, Plant & Equipment (Note -4).

12. Long Term Loan (Secured) (Net-off Current Maturity) : Tk. 429,143,129

		Amount in Taka	
		as at 31-Dec-10	**as at 31-Dec-09**
This represents loans from :			
Foreign Currency Loan :		**-**	**109,598,400**
Marubeni Corporation	(in 2009 J.Yen 144,000,000)	-	109,598,400
Local Currency Loans :		**429,143,129**	**367,459,672**
Sonali Bank Ltd. - PAD Blocked Loan		131,404,703	156,089,248
Sonali Bank Ltd. - Project Loan		157,432,561	186,495,071
Sonali Bank Ltd. - CC Blocked Loan		15,941,240	23,910,632
First Lease International Ltd.		-	964,721
Southeast Bank Ltd. - Term Loan		124,364,625	-
		429,143,129	**477,058,072**

Loan from Marubeni Corporation is arrived at after Crediting Tk. 42,679,542 (in 2009 debit Tk.13,887,674) being increase in liability on conversion of the loan balance in foreign currency as on 31.12.2010 at the exchange rates ruling on the date of statement of Financial Position.

Nature of Security :

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

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

Terms of Repayment :

Marubeni Corporation :
In 14 (Fourteen) half-yearly installments commencing from December, 2004.

IPDC :
In 12 (Twelve) equal half-yearly installments commencing from October,1999.

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

Sonali Bank PAD Blocked Loan :
In 64 (Sixty-four) equal monthly installments commencing from 31 March 2010, as per revised sanction.

Sonali Bank CC Blocked Loan :
In 108 (One hundred eight) equal monthly installments commencing from 31 January 2005.

Rate of Interest :
Marubeni Corporation :
Japanese long term prime rate(LTPR) +3.0% p.a.

Sonali Bank Project Loan :
12.50% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

Sonali Bank PAD Block Loan :
14% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

Sonali Bank CC Blocked Loan :
Interest Free

Notes to the Financial Statements

as at and for the year ended 31 December 2010

13. Long Term Loan (Unsecured) : Tk. 485,689,185

This is due to Bangladesh Export Import Company Limited, an associated undertaking.

This Loan is Unsecured and bears interest @ 14% p.a. which is repayable as mutually agreed upon.

	Amount in Taka	
	as at 31-Dec-10	**as at 31-Dec-09**

14. Deferred Tax Liability : Tk. 13,892,058

This is arrived at as follows:

Opening Balance	12,654,931	11,029,742
Provided during the year (Note - 24)	1,237,127	1,625,189
	13,892,058	**12,654,931**

15. Short Term Loan From Banks (Secured) : Tk. 955,808,744

This consists of as follows:

Sonali Bank Ltd. - CC (H)	541,401,159	528,869,521
Bank Asia Ltd. Over Draft	257,160,938	252,774,184
Sonali Bank Ltd. - LTR	97,317,506	81,139,551
Southeast Bank Ltd. - LTR	59,929,141	54,820,598
	955,808,744	**917,603,854**

16. Long Term Loan (Secured) (Current Maturity) : Tk. 243,718,941

This consists of as follows:

Foreign Currency Loans :	**163,565,395**	**328,795,200**
Marubeni Corporation (J.Yen 185,764,219) (in 2009 J.Yen 432,000,000)	163,565,395	328,795,200
Local Currency Loans :	**80,153,546**	**58,133,429**
Sonali Bank Ltd. - PAD Blocked	24,290,734	23,301,692
Sonali Bank Ltd. - Project	25,913,181	23,463,853
Sonali Bank Ltd. - CC Blocked	7,905,658	9,359,370
First Lease International Ltd.	1,224,407	2,008,514
Southeast Bank Ltd. - Term Loan	20,819,566	-
	243,718,941	**386,928,629**

17. Creditors, Accruals and Other Payables: TK. 166,416,040

This consists of as follows:

L/C & Others	-	4,325,400
Creditors for Goods	8,239,003	6,274,374
Security Deposit	3,145,000	4,665,000
Outstanding Export Commission	3,847,097	3,110,797
Employees' Provident Fund	4,001,866	3,548,589
Workers' Profit Participation Fund	38,232,894	22,979,190
Tax deducted at source	450,805	707,881
Bank Interest due	53,305,191	8,495,404
Salary & Wages	21,565,678	19,088,921
Gas & Electricity	33,319,506	28,440,523
Audit Fees	300,000	250,000
Provision of Legal Fees	9,000	9,000
	166,416,040	**101,895,079**

Notes to the Financial Statements

as at and for the year ended 31 December 2010

18. Income Tax Payable : Tk. 99,100,046

	Amount in Taka	
	as at 31-Dec-10	as at 31-Dec-09
This is arrived at as follows :		
Opening Balance	97,348,263	61,193,304
Add: Tax provided in the period (Note - 24)	50,589,587	75,189,526
	147,937,850	**136,382,830**
Less: Adjustments (Note-8.1)	-	(12,874,835)
Less: Tax paid	(48,837,804)	(26,159,732)
	99,100,046	**97,348,263**

19. Revenue (Turnover) From Net Sale : Tk. 1,926,745,719

	Amount in Taka For the Year	
	2010	2009
This is made up as follows :		
A. Local Gross Sales	423,347,985	358,818,015
Value Added Tax	(55,219,299)	(46,802,347)
Commission	(28,594,649)	(25,414,509)
Net Local Sales	**339,534,037**	**286,601,159**
B. Export Sales Less : Freight, C&F and Others Charges	**1,567,749,633**	**1,386,693,669**
C. Duty Drawback	**19,462,049**	**22,415,743**
Net Sales (A+B+C)	**1,926,745,719**	**1,695,710,571**

20. Cost of Goods Sold : Tk. 1,267,648,737

This is arrived at as follows:		
Opening WIP	176,073,235	159,342,294
Raw Material Issued ***(Note- 20.1)***	714,454,162	662,688,445
Material available for consumption	**890,527,397**	**822,030,739**
Closing WIP	(174,729,359)	(176,073,235)
Consumption	**715,798,038**	**645,957,504**
Manufacturing Overhead ***(Note-20.2)***	538,072,719	493,759,589
Cost of Production	**1,253,870,757**	**1,139,717,093**
Opening Finished Goods	215,961,579	213,823,346
Cost of Goods Available for Sale	**1,469,832,336**	**1,353,540,439**
Closing Finished Goods	(200,152,708)	(215,961,579)
Cost of Free Distribution of Sample	(2,030,891)	(1,068,687)
	1,267,648,737	**1,136,510,173**

20.1. Raw Material Issued :Tk. 714,454,162

This is arrived at as follows:		
Opening Stock of Raw Material	327,976,606	324,729,313
Purchase of Raw Material	710,974,583	665,935,738
	1,038,951,189	**990,665,051**
Closing Stock of Raw Material	(324,497,027)	(327,976,606)
	714,454,162	**662,688,445**

Notes to the Financial Statements

as at and for the year ended 31 December 2010

20.2. Manufacturing Overhead : TK. 538,072,719

	Amount in Taka For the Year 2010	2009
This consists of as follows :		
Depreciation	95,825,033	96,122,579
Salaries ,Wages,etc	208,314,062	168,269,571
Power & Fuel	78,801,831	71,372,921
Packing Materials	61,808,031	58,476,899
Consumable Store & Spares	58,246,939	60,320,843
Transport Expenses	12,835,467	16,255,136
Office Expenses	5,331,807	5,438,144
Welfare Expenses	6,267,219	7,347,148
Insurance Expenses	3,283,001	3,296,113
Communication Expenses	511,197	488,883
Occupancy Expenses	236,177	229,403
Travelling & Conveyance	1,403,080	1,228,977
Handling & Carrying Expenses	826,356	617,857
Repairs & Maintenance	3,948,371	3,887,254
Legal & Prof. Expenses	434,148	407,861
	538,072,719	**493,759,589**

21. Administrative Expenses : TK. 38,611,923

This consists of as follows :		
Depreciation	10,857,494	7,109,318
Salaries & Allowances	11,991,809	7,743,628
Welfare Expenses	2,165,280	4,065,837
Office Expenses	3,031,368	4,015,908
Transport Expenses	2,420,164	2,788,224
Legal Fees, Prof. & Others Fees	771,410	2,054,188
AGM Expenses	1,202,513	3,421,558
Communication Expenses	591,860	542,187
Occupancy Expenses	1,280,100	1,775,397
Travelling & Conveyance Expenses	2,442,559	3,915,632
Utilities Expenses	542,109	443,243
Repairs & Maintenance	91,600	102,260
Audit Fees	300,000	250,000
General Expenses	59,315	75,485
Loss on Disposal of Fixed Assets	864,342	-
	38,611,923	**38,302,865**

Notes to the Financial Statements

as at and for the year ended 31 December 2010

22. Selling & Distribution Expenses : TK. 50,381,397

	Amount in Taka For the Year 2010	2009
This consists of as follows :		
Promotional Expenses	19,382,522	20,091,729
Salaries & Allowances	14,148,676	11,114,584
Advertising & Publicity	1,278,953	795,033
Occupancy Expenses	3,582,140	3,503,840
Office Expenses	5,307,042	5,418,299
Transport Expenses	1,413,937	1,405,669
Travelling & Conveyance Expenses	1,463,508	3,253,603
Welfare Expenses	1,309,553	1,629,715
Communication Expenses	799,969	549,273
Utilities Expenses	628,591	501,816
Show Room Expenses	320,284	291,192
Handling & Carrying Expenses	244,296	226,613
Repairs & Maintenance	61,750	94,024
Legal & Professional Fees	380,167	601,355
General Expenses	17,890	12,870
Product Research	42,119	178,780
	50,381,397	**49,668,395**

23. Finance Cost : Tk. 249,775,873

This consists of as follows :		
Interest on Loan from Banks & Others	196,743,033	201,203,299
Interest on Long Term Loan from a Related Party	46,095,687	1,357,830
Other Income (Bank Interest)	(235,147)	(88,960)
Bank Commission & Charges	7,172,300	7,110,987
	249,775,873	**209,583,156**

24. Income Tax Expenses : TK. 51,826,714

This represents:		
(a) Current Tax		
Tax for the year under review	50,589,587	41,217,204
Short/(Excess) Provision of Earlier Year	-	33,972,322
For the Year 2008	-	30,625,356
For the Year 2007	-	3,346,966
Current Tax	50,589,587	75,189,526
(b) Deferred Tax	1,237,127	1,625,189
	51,826,714	**76,814,715**

25. Earning Per Share (EPS):

(a) Earning Attributable to the Ordinary Shareholders (Net Profit After Tax)	253,247,371	172,371,934
(b) Weighted Average number of Ordinary Shares outstanding during the year (Note 3.13)	96,632,568	96,632,568
(c) EPS (Adjusted EPS of 2009) (a/b)	**2.62**	**1.78**

Notes to the Financial Statements

as at and for the year ended 31 December 2010

26. Payments / Perquisites to Directors and Officers

(a) Directors

No amount of money was expended by the company for compensating any member of the board for special services rendered.

No board meeting attendance fee was paid to the directors of the company.

	Amount in Taka For the Year	
	2010	2009
(b) Officers		
Managerial Remuneration	33,531,778	29,422,054
Bonus	5,309,198	4,659,335
Perquisites		
Housing	14,219,187	12,093,558
Medical	2,271,334	1,975,073
Transport	757,338	658,555
	56,088,835	**48,808,575**

27. Production Capacity and Actual Production in the Year 2010

	Production Capacity (in pieces)	Actual Production (in pieces)	Shortfall
Porcelain	21,600,000	14,812,755	(6,787,245)
Bone China	3,600,000	2,979,758	(620,242)

Reason for shortfall : Production as per market demand.

28. Capital Expenditure Commitment

There was no capital expenditure contracted but not incurred or provided for as on 31 December 2010.

There was no material capital expenditure authorised by the board but not contracted for as on 31 December 2010.

29. Contingent Liabilities

There was no sums for which the company is contingently liable as on 31 December 2010.

30. Claims not Acknowledged

There was no claim against the company not acknowledged as debt as on 31 December 2010.

31. Credit Facilities not Availed

There was no credit facilities available to the company but not availed of as on 31 December 2010. under any contract, other than trade credit available in the ordinary course of business.

32. Commission, Brokerage or Discount Against Sales

Selling commission of Tk. 28,594,649 was incurred and paid during the year 2010.

No other commission,brokerage or discount was incurred or paid by the company against sales during the year 2010.

Notes to the Financial Statements

as at and for the year ended 31 December 2010

33. Related Party Disclosure

Name of Related Party	Nature of Transactions	Value of Transactions During the year	Balance at the year end
Bextex Ltd.	Investment in Shares	-	261,100,204
Beximco Synthetics Ltd.	Investment in Shares	-	1,185,680
Bangladesh Export Import Co. Ltd.	Long Term Loan	312,868,559	485,689,185
Bangladesh Export Import Co. Ltd.	Interest Expenses	46,095,687	-

34. Financial Risk Management

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

Credit risk
Liquidity risk
Market risk

Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, 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 revenues and purchases such as revenue from foreign customers and import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and EURO and relate to procurement of raw materials, machineries and equipment from abroad.

(b) Interest Rate Risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There is foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

35. Events after the Reporting Period

On 28 April 2011 the board of directors recommended 15% stock dividend which is subject to the shareholder's approval at the forthcoming annual general meeting.

Salman F. Rahman
Vice-Chairman

Nazmul Hassan
Managing Director

Md. Luthfor Rahman
General Manager

Dated, Dhaka
28 April 2011

SHINEPUKUR CERAMICS LIMITED

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

PROXY FORM

I/We ... ... of ... ... being a member of Shinepukur Ceramics Limited hereby appoint Mr./Mrs./Miss ... ...
of ... ... as my Proxy to attend and vote for me on my behalf at the 14th Annual General Meeting of the Company to be held on Saturday the 2nd July, 2011 at 11:00 am at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur and at any adjournment thereof.

As witness my hand this ... ... day of July, 2011. Signed by the said in presence of... ... ...
... ...

....
(Signature of the Proxy)
Date ....

Revenue
Stamp
Tk. 10.00

....
(Signature of witness)

....
Signature of the Shareholder(s)
Register BO ID/Folio No. ....
Dated ....

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

Signature verified

....
Authorized Signatory

SHINEPUKUR CERAMICS LIMITED

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

SHAREHOLDERS' ATTENDANCE SLIP

I hereby record my attendance at the 14th Annual General Meeting being held on Saturday the 2nd July, 2011 at 11:00 am at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur.

Name of Member/Proxy ... ...

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

....
Signature of Shareholder(s)

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

CORPORATE OFFICE
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PLANT
BEXIMCO Industrial Park
Sarabo, Kashimpur, Gazipur, Bangladesh.
Phone : 88 02 7789756-8 Fax : 88 02 7789821 E-mail : sclfit@sclbd.net

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