33rd Annual General Meeting

Annual Report 2017-18



সিভিও পেট্রোক্যামিকেল রিফাইনারী লিমিটেড

CVO Petrochemical Refinery Limited

(A PUBLIC LIMITED COMPANY)

Letter of Transmittal

Date: December 05, 2018

The Shareholders of CVO Petrochemical Refinery Limited
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Annual Report for the year ended on June 30, 2018

Dear Sir(s)/Madam(s),
We are pleased to enclose herewith a copy of the Annual Report containing Directors' Report and Auditors' Report together with the Audited Financial Statements including Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on June 30, 2018 along with notes thereon for your kind information and record.

Yours sincerely,

Mowin Hossain
Company Secretary

Notice of the 33rd Annual General Meeting

Notice is hereby given that the 33rd Annual General Meeting of the Shareholders of CVO Petrochemical Refinery Limited will be held on Thursday, December 20, 2018 at 11.00 a.m. at the Corporate Office premises of the Company at 37, Katalgonj, Panchlaish, Chittagong to transact the following business.

Agenda:

01. To receive, consider and adopt the report of the Directors and the audited financial statements of the Company for the year ended on June 30, 2018 together with Auditors' Report thereon.
02. To approve the declaration of 02% cash dividend (Per share of Tk. 10 each) only to the ordinary shareholders except the Sponsors & Directors for the year ended on June 30, 2018 as recommended by the Board of Directors.
03. To elect/re-elect Directors by rotation in terms of Articles of Association of the Company.
04. To appoint Statutory Auditors for the financial year 2018-19 and to fix their remuneration.
05. To appoint Compliance Auditors for the financial year 2018-19 and to fix their remuneration.
06. To transact any other business with permission of the Chair.

By order of the Board

Mowin Hossain
Company Secretary

Dated: December 05, 2018
Chittagong

Notes:

01. Record Date: November 22, 2018
The shareholders whose names will appear in the Share Register of the Company or in the Depository Register of CDBL on the record date will be eligible to attend the 33rd AGM and entitled to get the dividend.

02. Proxy:
A Shareholder unable to attend the AGM may appoint a Proxy to attend and vote in his/her stead. In order to be effective, the Proxy Form duly filled, signed and stamped with Revenue stamp of Tk. 10.00 must be submitted at the Company's Corporate Office not later than 72 (seventy-two) hours before the AGM.

03. Attendance:
Admission to the meeting will be strictly checked and verified with the attendance slip attached with the Annual Report as well as verification of signature of Members/Proxy.

04. Shareholders are requested to update their respective BO account well in time with 12 Digit e-TIN, Bank Account, Mailing/Postal Address and Contact Number through their respective Depository Participants. Advance Income Tax (AIT) @ 15% (instead of 10%) will be deducted from eligible cash dividend, if anyone fails to update his/her BO account with the 12 Digit e-TIN before/on the record date.

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2018/094

BAPLC

Date of issue :March 4, 2018

Renewed Certificate

This is to certify that

CVO PETROCHEMICAL REFINERY LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies *and is entitled to all the rights and privileges appertaining thereto.*

This certificate remains current until 31st December **2018.**

BAPLC

Secretary-General
(Acting)

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Chapter: 01

Corporate Profile

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1.01 Company Profile

Company Name	:	CVO Petrochemical Refinery Limited
Corporate Head Office	:	37 Katalgonj, Panchlaish, Chittagong, Bangladesh. Phone: +88 031-650525-6, 650533, 2557201-2, Fax: +88 031-650134, 2557203
Web Site	:	www.cvopetro.com
Dhaka Office	:	"Anima Vista" Flat # A-3 (3rd Floor), 30, Topkhana Road, Paltan, Dhaka- 1000, Bangladesh. Phone: +88 02-9551968, Fax: +88 02-9560374
Factory	:	153 & 154, Nasirabad Industrial Area, Baizid Bostami Road, Chittagong, Bangladesh. Phone: +88 031-682237, 683089
Year of Incorporation	:	09 December 1984
Listing Status	:	Public Limited Company
Stock Exchange Listing	:	Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.
DSE Listing Year	:	1990
CSE Listing Year	:	1996
Trade Code	:	CVOPRL
Authorized Capital	:	1,500,000,000.00 Taka
Paid Up Capital	:	252,450,000.00 Taka
Number of Shares	:	25,245,000 Shares
Business Line	:	Condensate Fractionation Plant to produce Petroleum Products viz. Motor Spirit (MS), High Speed Diesel (HSD) and Mineral Turpentine (MTT) and Supply to Bangladesh Petroleum Corporation (BPC).
Auditor	:	K.M. Hasan & Co., Chartered Accountants Home Town Apartment (8th & 9th Floor), 87, New Eskaton Road, Dhaka-1000.
Legal Advisor	:	Syed Ishtiaq Ahmed & Associates Law Consultants & Practitioners, Concord Ovilash, (1st Floor), House No # 62, Road No # 11A, Dhanmondi, Dhaka.
Bankers	:	• Sonali Bank Limited, Panchlaish Branch, Chittagong. • AB Bank Limited, Chawkbazar Branch, Chittagong. • Dutch Bangla Bank Limited, Muradpur Branch, Chittagong. • Exim Bank Limited, Jubilee Road Branch, Chittagong. • Exim Bank Limited, CDA Avenue Branch, Chittagong. • Prime Bank Limited, Muradpur Branch, Chittagong. • NCC Bank Limited, Agrabad Branch, Chittagong. • Islami Bank Bangladesh Limited, Muradpur Branch, Chittagong. • Jamuna Bank Limited, Khatungonj Branch, Chittagong.

1.02 Company History & Growth

CVO Petrochemical Refinery Limited (CVOPRL) is one of the key private petrochemical refinery company which is producing import substitute fuel products for the country. This is the only public limited company among the other 14 (fourteen) private condensate fractionation plants in Bangladesh. It has started commercial operation from April 02, 2014. The company is potential because the raw materials (Condensate) used by the Company are procured locally from various Gas fields of Bangladesh Oil, Gas & Mineral Corporation (Petrobangla) and also the finished products are sold to Bangladesh Petroleum Corporation (Govt. petroleum marketing company). The main product of the Company is MS (Motor Spirit), HSD (High Speed Diesel), MTT (Mineral Turpentine).

Previously CVO Petrochemical Refinery Limited (CVOPRL) was known as Chittagong Vegetable Oil Industries Limited which was established as a Private Limited Company as per Registration No. C- 13342/919, dated: December 09, 1984 and later on it was converted into a Public Limited Company on February 03, 1988 under the leadership of Alhaj Md. Younus, BA, FM with his sons and daughters as Sponsors and Directors. The company was listed under Dhaka Stock Exchange (DSE) in 1990 and first trading date was October 25, 1990. Thereafter the Company was listed under Chittagong Stock Exchange (CSE) in 1996 and first trading date was September 15, 1996. The company started commercial operation by producing and marketing "Phulcopy" brand soybean oil which gained much popularity amongst the edible oil consumers. After running the edible oil factory smoothly for several years, the Company has given satisfactory dividend to the investors and then a setback occurred in the edible oil industry as a result of a hike in the price of raw materials in the international market. To overcome the situation Mr. Shamsul Alam Shamim, the worthy son of Alhaj Md. Younus became the new Chairman after demise of the founder Chairman. As the Chittagong Vegetable Oil Industries Limited was facing continuous trading loss the dynamic leader and honorable Chairman of the Company Mr. Shamsul Alam Shamim thought seriously about the greater interest of the shareholders who were holding up their investments in the Company despite not getting any dividend for long time. Since the Sponsors acquired wide experience in Fuel and Lubricant business through their running of Filling Station about 70 (seventy) years, the present Chairman Mr. Shamsul Alam Shamim conceived an idea of diversification of the existing edible oil plant to petrochemical refinery plant by using their expertise in petroleum business. Thereafter the management of the Company thought it viable to demolish the edible oil factory and set up a petrochemical refinery plant, a highly profitable business for the greater interest of the shareholders.

1.03 Company's Milestone

As per conception for diversification of the business the Company proceeded to perform required formalities in this respect. To this end Chittagong Vegetable Oil Industries Limited has been converted into CVO Petrochemical Refinery Limited as per special Resolution passed in Extraordinary General Meeting (EGM) of the general shareholders on 06.05.2010 with existing directors, sponsors and shareholders and assets and liabilities of the Company. This was also approved by the Registrar of the Joint Stock Companies and Firms vide issue No. 937, dated: 29.07.2010. Energy and Mineral Resources Division of the Govt. of Bangladesh permitted to set up the condensate fractionation plant (Refinery Plant) on 03.10.2011 in the name of "CVO Petrochemical Refinery Limited" by using Natural Gas Condensate (NGS). Accordingly, a Pilot Plant was set up side by side carrying on the formalities of converting the existing edible oil plant to a composite refinery plant. This Pilot Plant was set up to examine the effectiveness and viability of the new project. The trial operation of the Pilot Plant started from April 2010. The

Pilot Plant being successful in every aspect the Board of Directors decided to start construction of the main project.

After successful installation of the machinery and obtaining necessary permission from different Govt. and Semi Govt. organizations CVO Petrochemical Refinery Limited started its commercial production from April 02, 2014 and the Regulatory Authorities Bangladesh Securities and Exchange Commission (BSEC) changed the business category of the Company from Food Sector to Fuel & Power Sector. National Board of Revenue of the Govt. of Bangladesh accorded Tax Holiday in favor of the Company for 5 (five) years from 02.04.2014 to 01.04.2019. The Energy and Mineral Resources Division of the Ministry of Power, Energy and Mineral Resources of the Govt. of Bangladesh presently allotted 275 barrels of Condensate per day by Sylhet Gas Fields Limited (SGFL) & Bangladesh Gas Fields Company Limited (BGFCL) up to 31st December 2018 which will be renewable for the next period. Ministry will finalize the allotment of all condensate fractionation plants very soon.

The production capacity of the fractionation plant is 50,000 M.T per year i.e. 150 M.T per day can be produced. Actual production capacity utilized during the financial year 2016-17 was 739 M.T (1.48%) and for this financial year 2017-18 it was 10,768 M.T (21.54%). The Company could not utilize its full production capacity during the financial year 2016-17 due to suspension of supply of raw materials (Condensate) from 17.07.2016 to 18.06.2017 by the Sylhet Gas Fields Limited and for the financial year 2017-18 due to insufficient supply of raw materials (Condensate) by the SGFL & BGFCL.

1.04 Company's Mission

- Sustain Leadership in energy conservation, efficiency, productivity and innovation.
- Capitalize on emerging opportunities in the domestic market.
- Maintain global standards in health, safety and environmental norms with a strong commitment towards community welfare.
- Continuing focus on employee welfare and employee relations.
- Imbibe highest standards of business ethics and values.
- Our primary responsibility is to develop and add value to the national resource.
- Our objective is to contribute to the well-being of the people and the nation.

1.05 Company's Vision & Objective

To be the best market leader of Refining and Petrochemicals Company in Bangladesh, with a strong emphasis on Productivity, Customer Satisfaction, Safety, Health and Environment Management, Corporate Social Responsibility and Care for Employees & Shareholders.

1.06 Board of Directors

- Shamsul Alam Shamim - Chairman
- A.H.M. Habib Ullah - Managing Director
- Md. Amin - Director
- Md. Emranul Hoq - Director
- Mohammad Mohsin Saky - Director

1.07 Independent Director

- Morshedul Alam Quaderi

1.08 Executive Director & Chief Auditor

- Ahmadul Haq Hasan

1.09 Chief Technical Advisor

- Engineer A.F.M. Ishaque
  Ex. Managing Director, Eastern Refinery Limited
  Ex. Director, Bangladesh Petroleum Corporation
  Ex. Director, Padma Oil Company Limited
  Ex. Director, Meghna Petroleum Limited

1.10 Operational Management Team

- Nizam Uddin Mahmood Hossain - Deputy Managing Director & Acting CFO
- Mowin Hossain - Company Secretary
- Md. Abdus Samad - DGM (Shares)
- Md. Idrish Meah Talukder - Sr. AGM (Process & Operation)
- Mohammad Abu Taleb - AGM (Tax, Legal & Corporate Affairs)
- Mohammed Faruk - Manager (Finance & Accounts)
- Mohammed Saiful Islam - Manager (Lab & QC)
- Md. Sirajul Islam - Manager (Public Relation)
- Md. Iqbal Hossain Chowdhury - Manager (Factory Admin)

Chapter: 02

Directors' Report

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Report of the Board of Directors to the Shareholders

Bismillahir Rahmanir Rahim

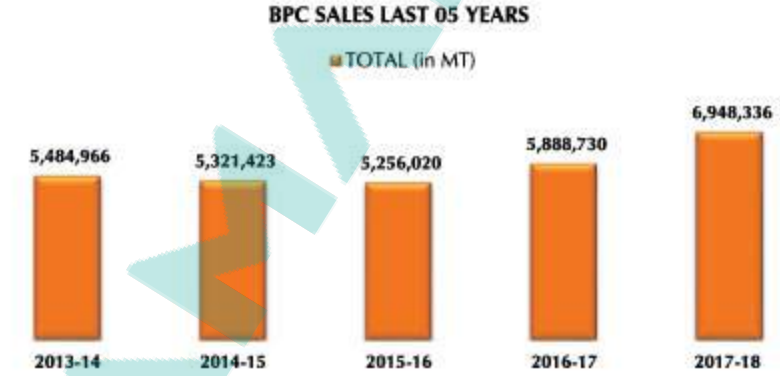
Dear Valued Shareholders,
Assalamualaikum Warahmatullahi Wabarakatuh,

I, on behalf of the Board of Directors of CVO Petrochemical Refinery Limited I would like to very warm welcome you all to the 33rd Annual General Meeting (AGM) of the Company. At the same time, I would also like to express my heartfelt thanks and gratitude to all of you for your continuous support and trust reposed on us. I take this occasion to share with you the pleasure of success as well as highlight the business performance of the Company.

It is an honor for the Board of Directors to present the Directors' Report together with the Audited Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year ended on June 30, 2018.

2.01 Petroleum Product Market in Bangladesh

The petroleum product market has been growing very rapidly in recent years driven by strong demand from industrial sector, agro division and increase of automobile for vehicular transport. This is evident from the under mentioned graph showing the rise of year wise sales of petroleum products of BPC from the last 05 (five) years:



This growth in economy has led to increase in vehicle for personal as well as commercial use. The fast-growing industrial sector which includes the power, energy, agro, manufacturing & processing sector is accelerating the demand for Petroleum Products.

2.02 Industrial Outlook & Possible Future Developments

CVO Petrochemical Refinery Limited is the only public limited company among the other 14 (fourteen) private condensate fractionation plants in Bangladesh. The company is potential because the raw materials (Condensate) used by the Company are procured locally from various Gas fields of Bangladesh Oil, Gas & Mineral Corporation (Petrobangla) and also the

finished products are sold to Bangladesh Petroleum Corporation (BPC) through Padma Oil Company Limited, Meghna Petroleum Limited and Jamuna Oil Company Limited. Company is producing Motor Spirit (MS), High Speed Diesel (HSD) and Mineral Turpentine (MTT).

As per agreement, CVO Petrochemical Refinery Limited (CVOPRL) is procuring raw materials from Sylhet Gas Fields Limited (SGFL) & Bangladesh Gas Fields Company Limited (BGFCL) who are the only Condensate supplier. They have enough stock of Condensate and Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) is looking for new wells. As per report of BAPEX there will be no scarcity of Condensate for the next 15 to 20 years.

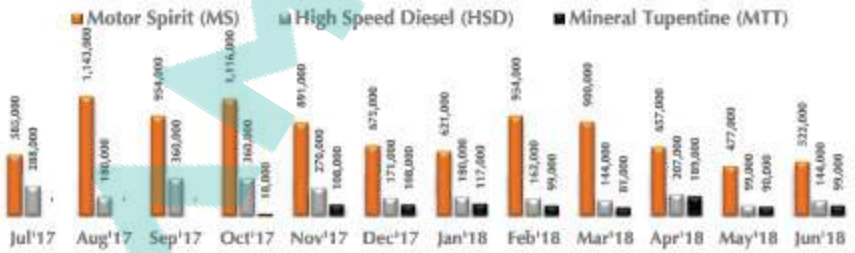
2.03 Product wise Performance

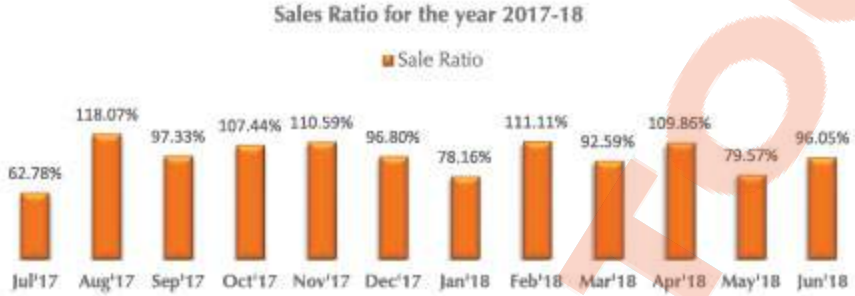
Supply of Condensate from Petrobangla, Sales of finished products to BPC and Sales Ratio during the financial year 2017-18 of CVOPRL has been shown in the under mentioned graph:

Condensate Supplied from Petrobangla (in liter)



Sales to BPC for the Year 2017-18 (in liter)





In Bangladesh, annual domestic demand of petroleum products is around 70 (seventy) Lac MT (apprx.). Out of this demand, Eastern Refinery Limited the only state-owned Refinery in Bangladesh is producing only 15 (fifteen) Lac MT (apprx.) per year and other government & private condensate fractionation plants are producing approximately 05 (five) Lac MT of Petro Products. Remaining gap has been filled up through import by BPC. In this regards government is spending a huge amount of foreign currency for import of Petro Products.

CVO Petrochemical Refinery Limited is that kind of Company which is producing petroleum products as import substitute for local consumption and the Company is saving a huge amount of foreign currency and contributing a lot to national exchequer.

2.04 Risks & Concerns

Details are discussed in **Note No. 4.0** of Financial Statements.

2.05 Business Performance

As per the last order of Energy and Mineral Resources Division (EMRD), our Company has been allotted for the time being 275 barrels of Condensate per day by Sylhet Gas Fields Limited (SGFL) & Bangladesh Gas Fields Company Limited (BGFCL) up to 31st December 2018 which will be renewable for the next period. Ministry will finalize the allotment of all condensate fractionation plants very soon.

Agreement has been signed between Bangladesh Petroleum Corporation (BPC) and CVO Petrochemical Refinery Limited on October 10, 2017 for the next 03 (three) years from the date of signing for sale of finished products to BPC through the marketing company (Meghna Petroleum Limited, Padma & Jamuna Oil Company Limited).

The Board of Directors expressed disappointment to observe that the financial position of the Company shows unsatisfactory result during the financial year 2017-18 due to insufficient supply of raw materials (Condensate) by the SGFL & BGFCL, the Company has utilized only 21.54% of its total production capacity. In view of the above prospective trading agreement the Board of Directors expects a bright business activity of the Company for the coming years.

It is also mentionable that the Company has been awarded Tax Holiday for 05 (five) years from April 02, 2014 to April 01, 2019.

2.06 Discussion on Cost of Goods Sold, Gross Profit Margin & Net Profit Margin

Particulars	2017-18 (Tk.)	2016-17 (Tk.)	Growth %
Cost of Goods Sold	610,903,592	95,701,501	538.34%
Gross Profit	49,890,099	(40,080,228)	224.48%
Net Profit	6,550,769	(84,704,276)	107.73%

2.06.01 Cost of Goods Sold (COGS)

Cost of Goods Sold is the expense of a Company incurred in order to manufacture and sell a product. It includes the purchase price of the raw materials as well as the expenses of turning it into a finished product. COGS vary directly with sales and production; the more finished goods we produce, the more stock or components we need to buy.

During the financial year 2017-18 Cost of Goods Sold has been increased by 538.34% compared to the financial year 2016-17 due to re-started the supply of raw materials (Condensate) by the Sylhet Gas Fields Limited from 19.06.2017.

2.06.02 Gross Profit Margin Ratio

Gross Profit is the difference between Net Turnover and the Cost of Goods Sold.

Gross Profit = Net Turnover - Cost of Goods Sold.

The gross profit margin is one of indicator of the financial health of a business. Larger gross profit margins are better for business, the higher the percentage, the more the business retains of each Taka of sales for other expenses and net profit.

Gross Profit Margin % = (Gross Profit / Net Turnover) X 100

During the financial year 2017-18, Gross Profit Margin has been increased by 224.48% compared to the financial year 2016-17 due to re-started the supply of raw materials (Condensate) by the Sylhet Gas Fields Limited from 19.06.2017.

2.06.03 Net Profit Margin Ratio

Net profit is calculated by subtracting expenses, including tax and WPPF from the gross profit, showing what the business has earned (or lost) in a given period of time.

Net Profit = Gross Profit - Expenses with Tax & WPPF

Net Profit of the Company during the financial year 2017-18 has been increased by 107.73% compared to the financial year 2016-17 due to re-started the supply of raw materials (Condensate) by the Sylhet Gas Fields Limited from 19.06.2017.

2.07 Extra-Ordinary Gain/Loss

There was no extra-ordinary gain/loss occurred during the reporting year.

2.08 Related Party Transactions

The related party's transaction is given below during this financial year:

Related Party Name	Opening Balance	Received/Adj. during the year	Payment/Adj. during the year	Closing Balance	Nature of Transaction
M/S. Alhaj Md. Younus & Co.	101,794,061	-	(63,587,520)	38,206,541	Short term loan
M/S. Alhaj Md. Younus & Co.	574,331	7,672,443	(7,964,918)	281,856	Day to day transaction
Mr. Shamsul Alam Shamim, Chairman of the Board of Directors	65,392,656	144,607,344	(20,000,000)	190,000,000	Temporary loan
Mr. Shamsul Alam Shamim, Chairman of the Board of Directors	80,000	150,000	(80,000)	150,000	Office Rent/Security money of Dhaka Office

2.09 Internal Control System

The internal audit team monitors & evaluates the efficacy & adequacy of internal control systems in the company on regular basis. Based on the report of the internal audit team the management undertakes necessary action in their respective functions.

2.10 Directors' Remuneration

The details of the remuneration paid to the Directors during the financial year 2017-18 are given in **Note No. 21.1** of Financial Statements.

2.11 Protection of Minority Shareholders Interest

The Board of Directors of the Company always gives the highest level of priority to protect the interest of the minority shareholders. Considering the greater interest of the minority shareholders, the Board proposed the decision and the shareholders approved the proposal by their voting power. They reserve the right to give their vote, dividend, collect information and review of any kind of changes in Memorandum and Articles.

2.12 Significant Variance between Quarterly & Annual Financial Statements

Particulars	1st Quarter	2nd Quarter	3rd Quarter	Annual
Net Revenue	179,606,327	189,153,058	169,769,863	660,793,691
Gross Profit	12,332,120	11,739,102	19,053,535	49,890,099
Net Profit/(Loss)	(1,668,574)	(2,574,181)	6,874,568	6,550,769
Gross Profit Ratio	6.87%	6.21%	11.22%	7.55%
Net Profit Ratio	-0.93%	-1.36%	4.05%	0.99%
EPS	(0.07)	(0.10)	0.27	0.26
NAV Per Share	14.49	14.10	14.32	14.58
NOCFPS	(4.53)	(1.24)	(2.73)	(1.58)

2.13 Corporate & Financial Reporting Frame Work

The Board of Directors comply with the Bangladesh Securities & Exchange Commission's notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018 and confirm compliance with the financial reporting frame work for the following:

i) The financial statements prepared by the management of CVO Petrochemical Refinery Limited present fairly its state of affairs, the result of operations, cash flows & changes in equity.
ii) Company have been maintaining proper books of accounts.
iii) Appropriate accounting policies have been consistently applied in preparation of the financial statements.
iv) International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been applied in preparation of financial statements and disclosures have been given properly.
v) There is no significant doubt upon the issue of the company's ability to continue as a going concern.

2.14 Going Concern

The Directors are of the opinion that the Company is a going concern and there is no significant doubt upon the Company's ability to continue as a going concern. Accordingly, Financial Statements of the Company have been prepared on a going concern basis.

2.15 Significant Deviation in Operating Results Compare to Previous Year

Details are discussed in **Note No. 19.2** of Financial Statements.

2.16 Dividend

The Board of Directors is continuously making efforts to uphold and protect the interest of the valued shareholders. Keeping this in mind the Board of Directors decided to recommend 02% cash dividend (Per share of Tk. 10 each) only to the ordinary shareholders except the Sponsors and Directors for the financial year 2017-18 subject to approval by the shareholders in the 33rd AGM.

2.17 Rotation of Directors

The Board of Directors of the Company now consists of 06 (six) members including 01 (one) Independent Director. As per Article 119 of the Articles of Association of the Company one-third (1/3) of the number of directors retire by rotation from the Board every year in AGM.

Accordingly, the 02 (two) retiring directors from the Board this year in 33rd Annual General Meeting are Mr. Md. Amin & Mr. Md. Emranul Hoq who have been longest in office since their last election and being eligible offer themselves for re-election. Their short resume is stated in **Annexure-D**.

2.18 Management Discussion & Analysis

Details are discussed in **Annexure-E**.

2.19 Key Operating and Financial Data of Last 05 (five) years

Particulars	Financial Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Authorized Capital	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Paid up Capital	252,450,000	247,500,000	247,500,000	198,000,000	198,000,000
Net Turnover	660,793,691	55,621,273	1,262,371,356	566,432,003	109,794,674
Gross Profit/(Loss)	49,890,099	(40,080,227)	221,233,687	172,115,203	(17,103,021)
Operating Profit/(Loss)	18,086,989	(70,226,356)	189,606,953	153,284,135	(63,810,863)
Profit Before Tax	20,886,581	(68,211,722)	195,780,167	182,388,391	(65,952,230)
Net Profit/(Loss) after Tax	6,550,769	(84,704,276)	183,154,279	181,523,132	(65,952,230)
Non-Current Assets	471,862,346	499,553,402	535,126,946	554,058,016	599,887,569
Current Assets	173,456,749	62,573,551	158,269,636	270,889,612	83,433,479
Current Liabilities	247,843,396	183,164,068	183,430,612	463,876,613	498,823,165
Shareholders' Equity	368,141,901	360,649,159	507,470,661	361,071,015	184,497,883
Dividend	02% Cash	02% Stock	25% Cash	25% Stock & 15% Cash	05% Cash
EPS	0.26	(3.42)	7.40	9.17	(3.33)
Net Asset Value Per Share	14.58	14.57	20.50	18.24	9.32
Net Operating Cash Flows Per Share	(1.58)	(0.64)	9.92	7.26	(5.18)
Number of Shares	25,245,000	24,750,000	24,750,000	19,800,000	19,800,000
Market Price Per Share (At end of the year):					
DSE	207.40	263.90	256.80	338.40	663.90
CSE	206.10	264.80	256.90	340.00	663.30
Position of Share Holdings:					
Sponsors'/Directors'	50%	50%	50%	50%	50%
General public, Institutions & NRB	50%	50%	50%	50%	50%

2.20 Board Meeting & Attendance

Name of Directors	Position	No. of Board Meeting	
		Held	Present
Mr. Shamsul Alam Shamim	Chairman	09	09
Mr. A.H.M. Habib Ullah	MD & CEO		08
Mr. Md. Amin	Director		09
Mr. Md. Emranul Hoq	Director		09
Mr. Mohammad Mohsin Saky	Director		09
Mr. Morshedul Alam Quaderi	Independent Director		09

2.21 Shareholders Pattern

The Shareholders pattern of the Company at the year ended on June 30, 2018 is shown as follows:

Name of the Shareholders	Status	Share Held	% of Shareholding
A) Sponsors & Directors			
Mr. Shamsul Alam Shamim	Chairman	2,335,163	9.25
Mr. A.H.M. Habib Ullah	MD & CEO	1,767,151	7.00
Mr. Md. Amin	Director	1,199,136	4.75
Mr. Md. Emranul Hoq	Director	1,199,136	4.75
Mr. Mohammad Mohsin Saky	Director	1,199,137	4.75
Mr. Md. Mansur Alam	Sponsor	1,199,136	4.75
Mr. Md. Ali Mortuza	Sponsor	1,199,136	4.75
Mr. Md. Nure Habib Noman	Sponsor	1,199,138	4.75
Mrs. Jubeda Khanam Safi	Sponsor	536,456	2.12
Mrs. Joynab Rifat	Sponsor	536,456	2.12
Mrs. Fazilatun Nahar	Sponsor	252,450	1.00
Mr. Morshedul Alam Quaderi	Independent Director	-	-
	Total Sponsors & Directors (A)	**12,622,495**	**50.00**
B) Others			
General Public		7,164,067	28.38
Institutions		5,293,191	20.97
Foreign (NRB)		165,247	0.65
	Total Others (B)	**12,622,505**	**50.00**
	Total Shareholdings (A+B)	**25,245,000**	**100.00**

Name of the Shareholders	Status	Share Held	% of Shareholding
i) Parent/Subsidiary/Associated Companies & Other Related Parties			
NOT APPLICABLE			
ii) Sponsors & Directors	**Details are mentioned at above table**	**12,622,495**	**50.00**
iii) Chief Financial Officer, Head of Internal Audit & Company Secretary			
Mr. Nizam Uddin Mahmood Hossain	DMD & Acting CFO	0	0
Mr. Ahmadul Haq Hasan	ED & Chief Auditor	0	0
Mr. Mowin Hossain	Company Secretary	0	0
iv) Executives (Top Five Employees other than CFO, HIA & CS)			
Mr. Md. Abdus Samad	DGM - Shares	0	0
Mr. Md. Idrish Meah Talukder	Sr. AGM - O&P	0	0
Mr. Mohammad Abu Taleb	AGM - Tax & Legal & Corporate Affairs	0	0
Mr. Mohammed Faruk	Manager - F&A	0	0
Mr. Mohammed Saiful Islam	Manager - Lab & QC	0	0
v) Shareholders holding 10% or more			
NOT APPLICABLE			

2.22 Audit Committee

The Audit Committee has been constituted by the Board of Directors of the Company with the following members:

Mr. Morshedul Alam Quaderi, Independent Director	- Chairman
Mr. A.H.M. Habib Ullah, Managing Director	- Member
Mr. Md. Emranul Hoq, Director	- Member
Mr. Mowin Hossain, Company Secretary	- Member Secretary

The detail roles & responsibilities, activities carried out and number of meeting of the Audit Committee have been provided in the Report of Audit Committee enclosed in **Annexure-G**.

2.23 Nomination & Remuneration Committee (NRC)

The Board of Directors have decided that the NRC will be formed as per latest Corporate Governance Guidelines issued by the BSEC within 31st December 2018.

2.24 Appointment of Statutory Auditors

The existing Statutory Auditors of the Company **M/S. K.M. Hasan & Co., Chartered Accountants** shall retire at 33rd AGM on completion of consecutive period of 03 (three) years. They are not however eligible for reappointment as per condition no. 2(2) of BSEC's notification No. BSEC/CMRRCD/2006-158/208/Admin/81, dated: 20 June 2018. In this regard, **M/S. M.M. Rahman & Co., Chartered Accountants** has expressed their interest for rendering service as Statutory Auditors for the financial year 2018-19. Being eligible the Board of Directors of the Company recommended their appointment for the financial year 2018-19 subject to approval by the shareholders in the 33rd AGM.

2.25 Appointment of Compliance Auditors

On the expression of interest to be appointed as Compliance Auditors to certify on the compliance of Corporate Governance as issued by the BSEC, the Board of Directors of the Company recommended the appointment of **M/S. Ahmad & Akhtar, Chartered Accountants** for the financial year 2018-19 subject to approval by the shareholders in the 33rd AGM.

2.26 Status of Compliance

The directors hereby report that the conditions imposed by the BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 have been duly complied with as per status of Compliance set forth in **Annexure-C**.

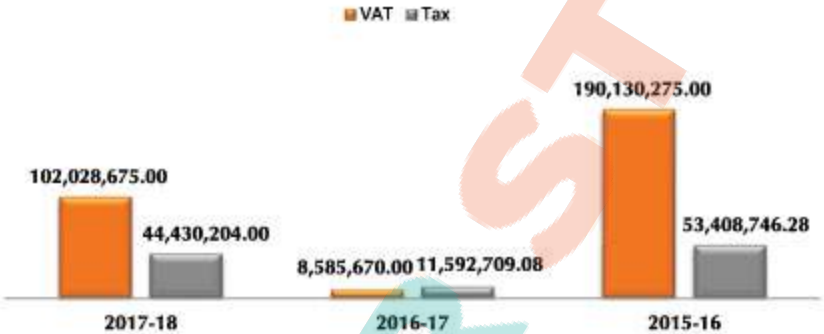
2.27 Website

The company maintains an official website namely www.cvopetro.com which is linked with the websites of the stock exchanges and the Company keeps its website functional from the date of listing. All detailed disclosures of the Company are available on its website in pursuant to the listing regulations of the concerned stock exchanges.

2.28 Contribution to National Exchequer

The Company is regularly paying VAT and Tax on time. The deposit of VAT and Tax to National Exchequer for the last 03 (three) years are shown below:

Particulars	Financial Year		
	2017-18	2016-17	2015-16
VAT	Tk. 102,028,675.00	Tk. 8,585,670.00	Tk. 190,130,275.00
Tax	Tk. 44,430,204.00	Tk. 11,592,709.08	Tk. 53,408,746.28



The Company could not make remarkable contribution to national exchequer during the financial year 2016-17 for closure of production from 21.07.2016 to 20.06.2017 due to suspension of supply of Condensate by the Sylhet Gas Fields Limited. Contribution to national exchequer has been increased during the financial year 2017-18 as the Company resumed its production on 21.06.2017 since the Sylhet Gas Fields Limited re-started the supply of Condensate from 19.06.2017.

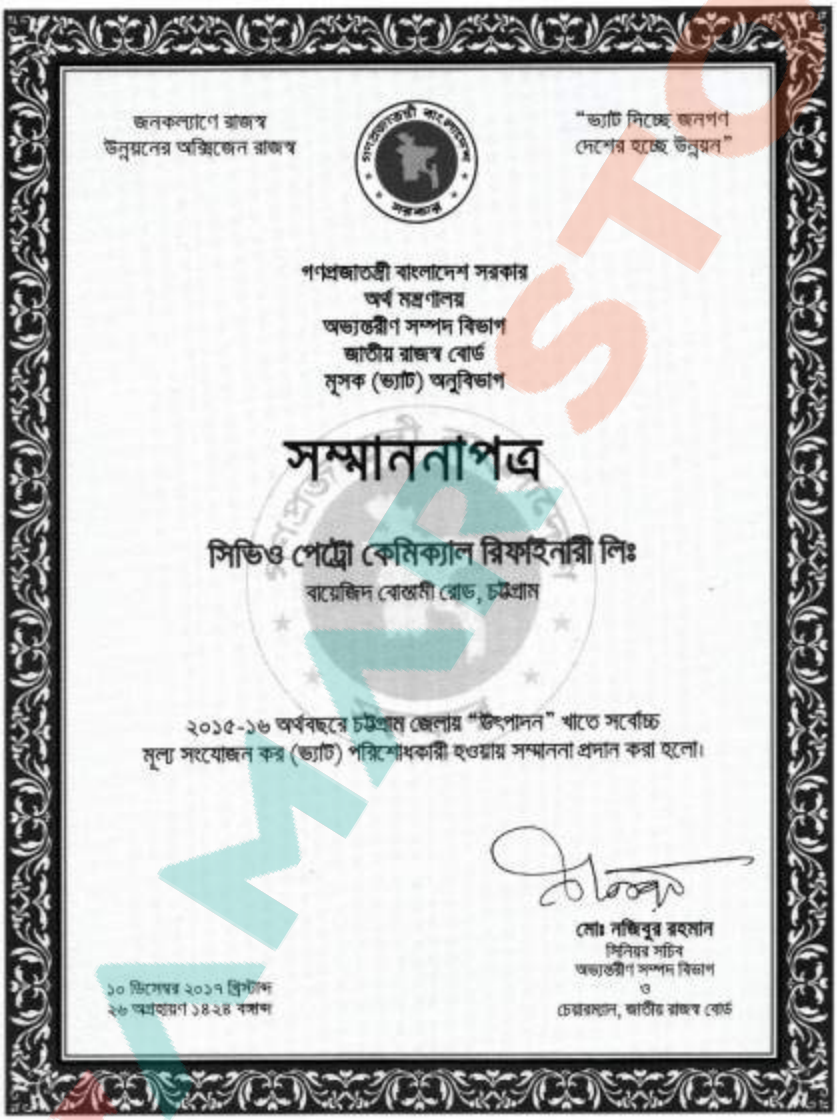
2.29 Appreciation

The Board of Directors of the Company express their deepest gratitude to the respected shareholders and all stakeholders of the Company for continuing their support which has paved the way for success of the Company. The Board is grateful to the Government of Bangladesh, Ministry of Power, Energy & Mineral Resources, Board of Investment (BOI), National Board of Revenue (NBR), Bangladesh Oil, Gas & Mineral Corporation (Petrobangla), Sylhet Gas Fields Limited (SGFL), Bangladesh Gas Fields Company Limited (BGFCL), Bangladesh Petroleum Corporation (BPC), Padma Oil Company Limited (POCL), Meghna Petroleum Limited (MPL), Jamuna Oil Company Limited (JOCL), Department of Environment (DOE), Department of Explosive, Bangladesh Fire Service & Civil Defense, Department of Inspection for Factories and Establishments (DIFE), Bangladesh University of Engineering & Technology (BUET), Eastern Refinery Limited (ERL), Bangladesh Energy Regulatory Commission (BERC), Bangladesh Standard and Testing Institute (BSTI), Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), Central Depository Bangladesh Limited (CDBL), The Registrar of Joint Stock Companies & Firms (RJSC), our bankers, auditors and legal advisors and many more.

On behalf of The Board of Directors

Shamsul Alam Shamim
Chairman

Achievement: 1



জনকল্যাণে রাজস্ব
উন্নয়নের অক্সিজেন রাজস্ব

"ভ্যাট দিচ্ছে জনগণ
দেশের হচ্ছে উন্নয়ন"

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
অর্থ মন্ত্রণালয়
অভ্যন্তরীণ সম্পদ বিভাগ
জাতীয় রাজস্ব বোর্ড
মূসক (ভ্যাট) অনুবিভাগ

সম্মাননাপত্র

সিভিও পেট্রো কেমিক্যাল রিফাইনারী লিঃ

বায়েজিদ বোস্তামী রোড, চট্টগ্রাম

২০১৫-১৬ অর্থবছরে চট্টগ্রাম জেলায় "উৎপাদন" খাতে সর্বোচ্চ
মূল্য সংযোজন কর (ভ্যাট) পরিশোধকারী হওয়ায় সম্মাননা প্রদান করা হলো।

মোঃ নজিবুর রহমান
সিনিয়র সচিব
অভ্যন্তরীণ সম্পদ বিভাগ
ও
চেয়ারম্যান, জাতীয় রাজস্ব বোর্ড

১০ ডিসেম্বর ২০১৭ খ্রিস্টাব্দ
২৬ অগ্রহায়ণ ১৪২৪ বঙ্গাব্দ

CVOPRL has been selected from the Ministry of Finance of the Government of Bangladesh and awarded certificate for paying highest VAT for the financial year 2015-16 in the production sector of Chittagong District.

Government of the People's Republic of Bangladesh

Bangladesh Energy Regulatory Commission

DHAKA, BANGLADESH

Bangladesh Energy Regulatory Commission is pleased to issue this ***Provisional Licence for Storage of*** **Condensate: 15,000 (Fifteen Thousand) M.T and** ***Storage & Marketing of*** **High Speed Diesel (HSD): 2,380 (Two Thousand Three Hundred Eighty) M.T, Motor Spirit (MS): 9,800 (Nine Thousand Eight Hundred) M.T & Mineral Turpentine (MTT): 1,820 (One Thousand Eight Hundred Twenty) M.T** ***per annum*** *as per sections 27 & 28 of the Bangladesh Energy Regulatory Commission Act, 2003 & Regulations 15(9) and 15(10) of the Bangladesh Energy Regulatory Commission Licence Regulations, 2006 (Amended on 2016) at* BS Dag No.: 1189, 1174 & 1187, Khatian No.: 337 & 275, Plot No.: Industrial Plot No.- 154 & 153(A), Baizid Bostami Industrial Area, Mouza: Jalalabad, P.S.: Hathajari, Dist.: Chittagong *in favour of*

CVO Petrochemical Refinery Limited.

153 & 154, Nasirabad I/A, Baizid Bostami Road, Chittagong.

Under the terms and conditions incorporated in the Licence Reference Number:
BERC/Petroleum/P/LPP/CVO/LPP-210..628.....dated: 11 October, 2018.
This Provisional Licence will remain valid from ***11 October, 2018*** *to* ***10 October, 2019.***

Licence No. LPP-210
Dated: 11 October, 2018

Md. Rezanur Rahman
Secretary

Annexure-A
[As per condition No. 1(5)(xxvi)]

CVO Petrochemical Refinery Limited
Declaration by CEO and CFO

Date: October 25, 2018

The Board of Directors
CVO Petrochemical Refinery Limited
37 Katalgonj, Panchlaish, Chittagong.

Subject: Declaration on Financial Statements for the year ended on June 30, 2018.

Dear Sirs,
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of CVO Petrochemical Refinery Limited for the year ended on June 30, 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

(i) We have reviewed the financial statements for the year ended on June 30, 2018 and that to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
(b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

A.H.M. Habib Ullah
Chief Executive Officer

Nizam Uddin Mahmood Hossain
Acting Chief Financial Officer

Annexure-B

[Certificate as per condition No. 1(5)(xxvii)]

Compliance Certificate

শফিক মিজান রহমান এন্ড আগষ্টিন
SHAFIQ MIZAN RAHMAN & AUGUSTINE
CHARTERED ACCOUNTANTS

PARTNERS :

MD. ABDUR RAHMAN, FCA
ABM HUSSAIN AHMED, FCA
A.K.M. MIZANUR RAHMAN, FCA
AUGUSTINE DIPAK KARMAKAR, FCA

107/21, JAMAPATH GARDEN, FLAT NO. 3A (2ND FLOOR)
GREEN ROAD, DHAKA-1205
TEL. : 9134631, 9134634
CELL. : 01711 521270, 01552 375810, 01728 094818
01755 760735, 01717 094797
FAX : 880-2-8364341, 880-02-9650030
E-MAIL : mzanrahman@yahoo.com, shafiq@yahoo.com
a.rahman22@gmail.com, ahmed.hussain78@gmail.com

Ref :

Date :

Report to the Shareholders of CVO Petrochemical Refinery Limited on compliance on the Corporate Governance Code.

We have examined the compliances status to the Corporate Governance Code by **CVO Petrochemical Refinery Limited** for the year ended on 30 June 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/ADMIN/80 dated 03 June 2018 of the Bangladesh Securities & Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except those mentioned in the statement of compliance status;

(b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

(c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and

(d) The Governance of the company is satisfactory.

For **SHAFIQ MIZAN RAHMAN & AUGUSTINE**
CHARTERED ACCOUNTANTS

Augustine Dipak Karmakar, FCA
Senior Partner

Place : Dhaka
Dated: 10 November 2018

Annexure-C

[As per condition No. 1(5)(xxvii)]

Corporate Governance Compliance Status Report

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.	**Board of Directors: -**			
1(1)	**Size of the Board of Directors** The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
1(2)	**Independent Directors** All companies shall have effective representation of independent directors on their Board, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following: -			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		
1(2)(b)	For the purpose of this clause "independent director" means a director-			
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	who is not an independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	√		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her competition of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the condition No. 18 of Companies Act, 1994.	√		
1(3)	**Qualification of Independent Director: -**			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			N/A

1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	√		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	√		
1(3 (b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-**			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer of the Company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in a minute.			N/A
1(5)	**The Directors' Report to Shareholders** The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product -wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, right issues and/or any other instruments;			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Right Share Offer, Direct Listing, etc.;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		Point No. 2.12 of Directors' Report
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		

1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		Note No. 19.2 of Financial Statements
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			N/A
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);			N/A
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: -			
1(5)(xxiv)(a)	a brief resume of the director;	√		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	√		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;			N/A
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	compare each financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with jurisdiction thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per **Annexure-A**; and	√		
1(5)(xxvii	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per **Annexure-B** and **Annexure-C.**	√		
1(6)	**Meetings of the Board of Directors** The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	**Code of Conduct for the Chairperson, other Board members and Chief Executive Officer**			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination		√	To be

	and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;			complied with
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading, relationship with environment, employees, customers and suppliers; and independency.		√	To be complied with
2.	**Governance of Board of Directors of Subsidiary Company: -**			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
3.	**Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):-**			
3(1)	**Appointment**			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	**Requirement to attend Board of Directors' Meetings** The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
3(3)	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4.	**Board of Directors' Committee: -** For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.		√	To be complied with
5.	**Audit Committee: -**			
5(1)	**Responsibility to the Board of Directors**			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	**Constitution of the Audit Committee**			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member	√		

	shall have accounting or related financial management background and 10 (ten) yearsof such experience;			
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	**Chairperson of the Audit Committee**			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			N/A
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	√		
5(4)	**Meeting of the Audit Committee**			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	Partly Complied		Note (Annexure-G)
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	**Role of Audit Committee** The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	monitor choice of accounting policies and principles;	√		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	oversee hiring and performance of external auditors;	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;		√	To be complied with
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.			N/A
5(6)	**Reporting of the Audit Committee**			

5(6)(a)	**Reporting to the Board of Directors**			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;			N/A
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5(6)(b)	**Reporting to the Authorities** If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
5(7)	**Reporting to the Shareholders and General Investors** Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6.	**Nomination and Remuneration Committee (NRC):-**			
6(1)	**Responsibility to the Board of Directors**			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;		√	To be complied with
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;		√	To be complied with
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).		√	To be complied with
6(2)	**Constitution of the NRC**			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;		√	To be complied with
6(2)(b)	All members of the Committee shall be non-executive directors;		√	To be complied with
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;		√	To be complied with
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;		√	To be complied with
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;		√	To be complied with
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;		√	To be complied with
6(2)(g)	The company secretary shall act as the secretary of the Committee;		√	To be complied with
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;		√	To be complied with
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.		√	To be complied with
6(3)	**Chairperson of the NRC**			
6(3)(a)	The Board shall elect 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;		√	To be complied

				with
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;		√	To be complied with
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.		√	To be complied with
6(4)	**Meeting of the NRC**			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;		√	To be complied with
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;		√	To be complied with
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);		√	To be complied with
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.		√	To be complied with
6(5)	**Role of the NRC**			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;		√	To be complied with
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;		√	To be complied with
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and		√	To be complied with
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;		√	To be complied with
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;		√	To be complied with
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;		√	To be complied with
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;		√	To be complied with
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and		√	To be complied with
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;		√	To be complied with
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.		√	To be complied with
7.	**External or Statutory Auditors: -**			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: -			
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	broker-dealer services;	√		

7(1)(v)	actuarial services;	√		
7(1)(vi)	internal audit services or special audit services;	√		
7(1)(vii)	any service that the Audit Committee determines;	√		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company.	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8.	**Maintaining a website by the Company: -**			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9.	**Reporting and Compliance of Corporate Governance: -**			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the **Annexure-C** attached, in the directors' report whether the company has complied with these conditions or not.	√		

Annexure-D

Brief Resume of Re-Appointed Directors

Mr. Md. Amin

Mr. Md. Amin is one of the Founder/Sponsor Director of CVO Petrochemical Refinery Limited. He is younger brother of the present Chairman, Managing Director & the 5th son of late Alhaj Mowlana Mohammed Younus & Late Mrs. Salema Begum. He was born on 23rd January 1963. He obtained his graduation from the University of Chittagong, Bangladesh. He has wide experience for about 20 (twenty) years in the Oil sector. For business purpose he visited India, UAE, KSA etc. Mr. Amin is engaged as partner of M/s. Alhaj Md. Younus & Co. He is also engaged in various social activities like life time member of Katalgonj Boro Masjid and Nasirabad Housing Society.

Mr. Md. Emranul Hoq

Mr. Md. Emranul Hoq is one of the Founder/Sponsor Director of CVO Petrochemical Refinery Limited. He is younger brother of the present Chairman, Managing Director & the 8th son of Late Mr. Alhaj Mowlana Mohammed Younus & Late Mrs. Salema Begum. He was born on 1st January 1969. He is a member of the Audit Committee of the Company. Mr. Emran Completed his M.Com (Management) from Govt. College of Commerce, Chittagong under National University, Bangladesh. He has wide experience for about 20 (twenty) years in the Oil sector. For business purpose he visited India, Thailand, KSA etc. Mr. Emran is engaged as partner of M/s. Alhaj Md. Younus & Co. He is also engaged in various social activities like Executive Member of National Anti-Tuberculosis Association of Bangladesh (NATAB), Chittagong. President of Katalgonj Samaj Kallyan Parisad, life time & Executive Member of Katalgonj Boro Masjid and President of Voice of America Fan Club, Chittagong District.

Annexure-E

Management Discussion & Analysis

Overview 2017-18

The management observed that the financial position of the Company shows unsatisfactory result during the financial year 2017-18 due to insufficient supply of raw materials (Condensate) by the SGFL & BGFCL, the Company has utilized only 21.54% of its total production capacity.

The Board of Directors and management expects a bright business activity of the Company for the coming years.

Accounting Policies & Estimation for Preparation of Financial Statements

The management ensured that, specific accounting policies and estimation within the framework of **"International Accounting Standards (IAS)"** and **"International Financial Reporting Standards (IFRS)"** have been applied in preparation and presentation of financial statements which is consistently applied throughout the period and were also consistent in earlier periods.

Changes in Accounting Policies & Estimation

There was no changes occurred in accounting policies and estimation during the reporting year.

Comparative Analysis of Operational and Financial Performance of Last 05 (five) Years

Particulars	Financial Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Net Turnover	660,793,691	55,621,273	1,262,371,356	566,432,003	109,794,674
Gross Profit/(Loss)	49,890,099	(40,080,227)	221,233,687	172,115,203	(17,103,021)
Operating Profit/(Loss)	18,086,989	(70,226,356)	189,606,953	153,284,135	(63,810,863)
Profit Before Tax	20,886,581	(68,211,722)	195,780,167	182,388,391	(65,952,230)
Net Profit/(Loss) after Tax	6,550,769	(84,704,276)	183,154,279	181,523,132	(65,952,230)
Non-Current Assets	471,862,346	499,553,402	535,126,946	554,058,016	599,887,569
Current Assets	173,456,749	62,573,551	158,269,636	270,889,612	83,433,479
Current Liabilities	247,843,396	183,164,068	183,430,612	463,876,613	498,823,165
Shareholders' Equity	368,141,901	360,649,159	507,470,661	361,071,015	184,497,883
EPS	0.26	(3.42)	7.40	9.17	(3.33)
Net Asset Value Per Share	14.58	14.57	20.50	18.24	9.32
Net Operating Cash Flow Per Share	(1.58)	(0.64)	9.92	7.26	(5.18)

Comparative Financial Performance of CVOPRL with the Peer Industry Scenario

CVOPRL is the only public limited company among the other 14 (fourteen) private condensate fractionation plants in Bangladesh. Because of being a private limited company, other companies have no scope to disclose their financial & others information. As a result, we are unable to present the comparative financial performance of CVOPRL with the peer industry scenario.

Financial & Economic Scenario

The petroleum product market has been growing very rapidly in recent years driven by strong demand from industrial sector, agro division and increase of automobile for vehicular transport. This growth in economy has led to increase in vehicle for personal as well as commercial use. The fast-growing industrial sector which includes the power, energy, agro, manufacturing & processing sector is accelerating the demand for Petroleum Products.

In Bangladesh, annual domestic demand of petroleum products is around 70 (seventy) Lac MT (apprx.). Out of this demand, Eastern Refinery Limited the only state-owned Refinery in Bangladesh is producing only 15 (fifteen) Lac MT (apprx.) per year and other government & private condensate fractionation plants are producing approximately 05 (five) Lac MT of Petro Products. Remaining gap has been filled up through import by BPC. In this regard, government is spending a huge amount of foreign currency for import of Petro Products.

CVO Petrochemical Refinery Limited is that kind of Company which is producing petroleum products as import substitute for local consumption and the Company is saving a huge amount of foreign currency and contributing a lot to national exchequer.

Risks & Concerns:

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analysis the risks faced by the Company, to set appropriate risk limits and control, and to monitor risk and adherence to limits. The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This information presents the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

Future Plan for Company's Operation, Performance & Financial Position

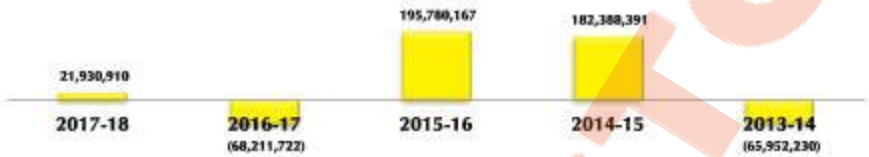
The Board of Directors and management of the company are trying hard to increase the allotment of raw materials (Condensate) so that the Company can utilize its maximum production capacity & increase overall earnings. Therefore, the Board of Directors & management of the Company are looking forward to keep its progress in Financial & Operational function. Overall industry is projected to grow in a steady way in next couple of years and our company will be in expected position and to be one of the key player in the petrochemical sector.

A.H.M. Habib Ullah
Managing Director & CEO

Annexure-F

Key Financial Highlights

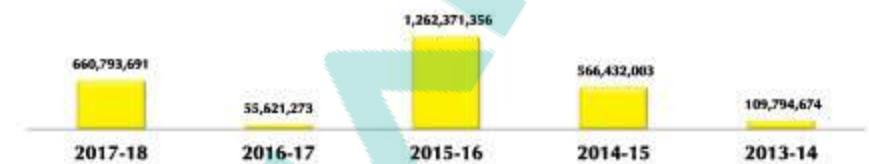
Net Profit/(Loss) before Tax



Earnings Per Share



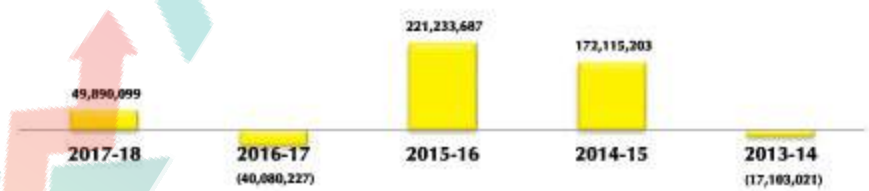
Net Turnover



Net Asset Value Per Share



Gross Profit/(Loss)



Annexure-G

Audit Committee Report to the Board of Directors

The Audit Committee of CVO Petrochemical Refinery Limited is composed of 03 (three) Directors of whom 01 (one) is Independent Director and 02 (two) are Directors of the Company. The Independent Director is Chairman of the Audit Committee. The Company Secretary acts as Secretary of the Audit Committee. As a sub-committee of the Board of Directors, the Audit Committee is responsible to the Board. They assist the Board of Directors in ensuring that the financial statements of the Company reflect true and fair view of the state of affairs of the Company and that a good monitoring system is maintained within the business.

The Audit Committee consists of the following persons:

Mr. Morshedul Alam Quaderi, Independent Director	- Chairman
Mr. A.H.M. Habib Ullah, Managing Director	- Member
Mr. Md. Emranul Hoq, Director	- Member
Mr. Mowin Hossain, Company Secretary	- Member Secretary

The scope of Audit Committee was defined as under:

a. Review and recommend to the Board to approve the quarterly, half-yearly and annual financial statements prepared for statutory purpose;
b. Monitor and oversee choice of accounting policies and principles, internal control, risk management process, auditing matter, hiring and performance of external auditors;
c. Review statement of significant related party transactions submitted by the management. Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors; and
d. Review and consider the report of internal auditors and statutory auditors' observations on internal control.
e. The Committee comprises of four members including 01 (one) Independent Director of whom 02 (two) are Directors of the Board and another 01 (one) is Company Secretary. The Chairman of the Committee is appointed by the Board of Directors and is an Independent Director. The Company Secretary functions as the Secretary of the Audit Committee. Meetings of the Committee are attended by the Directors. Head of Internal Audit and the External Auditors attend on invitation. All members of the Committee are financially literate and able to interpret Financial Statements and assess the adequacy of the internal control processes.

Audit Committee Meeting:

Name of Members	Position in the Audit Committee	No. of Audit Committee Meeting	
		Held	Present
Mr. Morshedul Alam Quaderi	Chairman	03	03
Mr. A.H.M. Habib Ullah	Member		02
Mr. Md. Emranul Hoq	Member		03
Mr. Mowin Hossain	Member Secretary		03

Note: There were no such guidelines provided by BSEC regarding the number of Audit Committee meeting before 3rd June 2018. Subsequently as per the latest Corporate Governance Guidelines issued by the BSEC it has mentioned that, "the Audit Committee shall conduct at least 04 (four) meetings in a financial year". As our Audit Committee have already covered the discussion on first quarter un-audited accounts of the year 2017-18 and the annual audited accounts for the year 2016-17 in the same meeting, for this reason the number of Audit Committee meeting has been 03 (three) in the financial year 2017-18.

Activities carried out during the year

The Committee reviewed the integrity of the quarterly, half-yearly and annual financial statements and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation of the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the Company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

Morshedul Alam Quaderi
Independent Director & Chairman of the Audit Committee

Chapter: 03

Corporate Governance

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Corporate Governance

Corporate Governance is the process of practicing effective internal control, accountability, accuracy, customary corporate behavior in an organization. Sound corporate governance is fundamental of company's long-term success. It is the means, by which an organization is operated & controlled. It protects the interest of all stakeholders of an organization.

Good corporate governance system is vital for long term stability & sustainable growth for any organization.

In CVO Petrochemical Refinery Limited the corporate governance guideline system is designed to ensure transparency & accountability at all levels. It is also ensured that the duties & responsibilities are appropriately distributed among the Board & the Management to ensure check & balance and flexibility for smooth business operation.

A key objective of our governance framework is to ensure compliance with applicable legal & regulatory requirement and with best governance practice as set out in the notification of Bangladesh Securities & Exchange Commission (BSEC) vide their notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018.

3.01 Board of Directors

3.01.01 Constitution: The Board of Directors, the top Management echelon, consisting of the founding entrepreneurs/ successors and Independent Directors, provide the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of 06 (six) members including 01 (one) Independent Director with varied education and experience which provides a balancing character in decision making process. The Board is re-constituted every year at each Annual General Meeting when 1/3(one-third) of the members retire and seek re-election.

3.01.02 Role & Responsibilities: The main role of the Board of Directors, which is the highest level of authority, is to provide general superintendence, oversee the operations and control the affairs of the company through appropriate delegation and accountability processes via the lines of command. However, the Board of Directors hold the ultimate responsibility & accountability with due diligence for conducting the activities of the Company as per provisions of law in the interest of the shareholders, the stakeholders, the state and the society. The Board of Directors, in fulfillment of its responsibility hold periodic meetings, at least once a quarter and provide appropriate decisions/directions to the Operational Management Team. Such meetings usually consider operational performance, financial results, review of budgets, recruitment, training and promotion of officers, approval of audited accounts and distribution of dividends and other interest of the stakeholders including the employees and workers. The Board of Directors take special care in designing and articulating productivity and compensation plans of employees and workers and rewarding them appropriately on the basis of quality and quantity of performance as an incentive. Board also remains responsible for removal of operational hazards to life and health of workers, friendly environmental work condition and social relationship as demanded of good citizen in a country.

3.01.03 Relationship with Shareholders & Public: The shareholders as owners, are required to be provided with material information on the Company's operation quarterly, half-yearly and annually, the latter at the AGM. They are also provided routine services

by the Company Secretary in matters of transfer of shares, replacement in case of loss or damage of shares, payment of dividends etc. The Board is, however, responsible to the public for publication of any price sensitive information as per BSEC regulations.

3.01.04 Relationship with Government: In its role on accountability to the Government, the Board of Directors ensure payment of all dues to government in the form of VAT, Corporate Taxes and other levies as and when they become due on the basis of actual operations and make sure to avoid corruption. This has enabled the Company to enhance its contribution to the National Exchequer on a progressive rate year after year.

3.01.05 Relationship with Financiers/Bankers: The Board oversees the financial transactions and ensures to meet Company's commitments to the lenders without default. This has resulted in securing lower interest rates from them.

3.01.06 Corporate Social Responsibilities (CSR): The Board of Directors is also aware of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion-regional equality, non-employment of child labor, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in non-partisan manner) right to form and participate in Union under ILO convention, employment of disabled etc.

3.02 Separate role of the Chairman and CEO

The positions of Chairman and Chief Executive Officer (CEO) are held by separate individuals. The Chairman is responsible for the functions of the Board while the Managing Director serves as the Chief Executive of the Company.

3.03 Chief Financial Officer (CFO), Company Secretary (CS) & Head of Internal Audit

The Company has appointed Mr. Nizam Uddin Mahmood Hossain as Acting Chief Financial Officer (CFO), Mr. Ahmadul Haq Hasan as Executive Director & Head of Internal Audit and Mr. Mowin Hossain as Company Secretary (CS) of the Company as per requirement of Bangladesh Securities and Exchange Commission (BSEC).

3.04 Audit Committee of Board

The Board of Directors has constituted an Audit Committee of the Board consisting of 04 (four) Members. The Audit Committee is headed by an Independent Director. The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also co-ordinate with the Internal and external Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors, frauds and other deficiencies. The other responsibilities include inter alia, not being limited to, the prevention of conflict of interest between the Company and its Directors, officials, customers, suppliers, Government and any other interest groups and detect or remove any scope of insider trading in the Company's stock. The Audit Committee also ensures compliance of requirements of BSEC and other regulatory authorities.

3.05 Other Governance Apparatus

The Company, in its efforts for Corporate Good Governance Practices, uses a series of top ranking professional service providers including Legal experts, Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties to all the shareholders, stakeholders, the Government and the public as highlighted below:

3.05.01 **INDEPENDENT DIRECTOR:** In compliance with the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed **Mr. Morshedul Alam Quaderi** as Independent Director.

3.05.02 **LEGAL ADVISERS:** In order to avail the best legal services for Good Corporate Governance, the company have engaged **Syed Ishtiaq Ahmed & Associates**, Law Consultants & Practitioners, Concord Ovilash (1st Floor), House No # 62, Road No # 11A, Dhanmondi, Dhaka.

3.05.03 **BANKERS:** The degree of efficient business operation largely depends on the quality and efficiency of banking services received by the Company. Efficient banking service brings down cost of operations. On the other hand, cost of financial services and interest on the lending by the banks are also required to be the minimum. With this end in view, the Company has established long term business relationship with the banks namely Sonali Bank Limited, AB Bank Limited, Dutch Bangla Bank Limited, Exim Bank Limited, Jamuna Bank Limited, Islami Bank Bangladesh Limited, Eastern Bank Limited, Prime Bank Limited and NCC Bank Limited.

3.05.04 **AUDITORS:** The role of the Auditors in certification of the financial statements is the most significant aspect of Corporate Governance and protection of interest of investors. As evident from the Annual Report, the Company rigidly follows the code of International Accounting Standards (IAS) and International Financial Report Standards (IFRS) with legally required disclosures of Accounts and Financial Statements. This has been possible due to the high-level capability and integrity of **M/S. K.M. Hasan & Co., Chartered Accountants** whose performance has played a very trustworthy role in the protection of interest of the investors.

3.06 Compliances

CVOPRL has an established procedure to ensure compliance with all applicable statutory and regulatory requirements. Respective officers are responsible for ensuring proper compliance with applicable laws and regulations.

Chapter: 04

Financial Report 2017-18

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Auditors' Report to the Shareholders

কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants
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McMillan Woods International
Professionalism at the forefront

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CVO PETROCHEMICAL REFINERY LIMITED

We have audited the accompanying financial statements of **CVO PETROCHEMICAL REFINERY LIMITED,** which comprise the statement of financial position as at 30 June 2018, the statement of profit or loss and other 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 and information.

Managements' 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), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amount 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 assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting 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), give a true and fair view of the company's financial position as at 30 June 2018 and its financial performance and cash flows for the year then ended and comply with the Companies Act, 1994, 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 purposes of our audit and made due verification thereof;

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

(c) the company's statement of financial position and statement of profit or loss and other comprehensive income 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.

Place: Dhaka
Date : 25 October 2018

K. M. HASAN & CO.
Chartered Accountants

CVO PETROCHEMICAL REFINERY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 Taka	2017 Taka
ASSETS			
Non-Current Assets		**471,862,346**	**499,553,402**
Property, Plant and Equipment	6	467,855,056	493,565,277
Investment in Shares	7	4,007,290	5,988,125
Current Assets		**173,456,749**	**62,573,551**
Inventories	8	14,755,865	30,491,519
Accounts Receivable	9	83,790,136	-
Advances, Deposits and Prepayments	10	43,762,249	20,026,083
Cash and Cash Equivalents	11	31,148,499	12,055,949
TOTAL ASSETS		**645,319,095**	**562,126,953**
EQUITY AND LIABILITIES			
Shareholders' Equity		**368,141,901**	**360,649,159**
Share Capital	12	252,450,000	247,500,000
Share Premium		37,500,000	37,500,000
Tax Holiday Reserve		73,002,850	76,046,944
Fair Value Adjustment Reserve	7	315,216	(626,757)
Retained Earnings		4,873,835	228,972
Non-Current Liabilities			
Deferred Tax Liabilities	13	29,333,798	18,313,726
Current Liabilities		**247,843,396**	**183,164,068**
Short Term Loan	14	38,206,541	101,794,061
Loan from Director	15	190,000,000	65,392,656
Provision for Income Tax	16	3,315,740	112,943
Accounts Payable	17	3,403,320	1,721,064
Others Payable	18	12,917,795	14,143,344
TOTAL EQUITY AND LIABILITIES		**645,319,095**	**562,126,953**

These financial statements should be read in conjunction with the annexed notes.

Company Secretary **Managing Director** **Chairman**

Signed in terms of our separate report of even date annexed

Date: 25 October 2018

K. M. HASAN & CO.
Chartered Accountants

CVO PETROCHEMICAL REFINERY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 Taka	2017 Taka
Net Turnover	19	660,793,691	55,621,273
Cost of Goods Sold	20	(610,903,592)	(95,701,501)
Gross Profit/(Loss)		**49,890,099**	**(40,080,228)**
Operating Expenses:			
General and Administrative	21	(27,413,080)	(30,110,128)
Selling & Distribution	22	(4,390,030)	(36,000)
		(31,803,110)	(30,146,128)
Operating Profit/(Loss)		**18,086,989**	**(70,226,356)**
Other Income	23	3,843,921	2,014,634
Net Profit/(Loss) before WPPF & Welfare Fund		**21,930,910**	**(68,211,722)**
Contribution to WPPF & Welfare Fund		(1,044,329)	-
Net Profit/(Loss) before Tax		**20,886,581**	**(68,211,722)**
Provision for Tax:			
Current tax	16	(3,315,740)	(674,137)
Deferred tax	13.1	(11,020,072)	(15,818,417)
		(14,335,812)	(16,492,554)
Net Profit/(Loss) after Tax		**6,550,769**	**(84,704,276)**
Other Comprehensive Income:			
Gain/(Loss) on Investment in Shares (Unrealized)	24	941,973	(242,226)
Total Comprehensive Income for the year		**7,492,742**	**(84,946,502)**
Earnings Per Share (EPS)	25	**0.26**	**(3.36)**

These financial statements should be read in conjunction with the annexed notes.

Company Secretary **Managing Director** **Chairman**

Signed in terms of our separate report of even date annexed.

Date: 25 October 2018

K. M. HASAN & CO.
Chartered Accountants

CVO PETROCHEMICAL REFINERY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Amount in Taka

Particulars	Share Capital	Share Premium	Tax Holiday Reserve	Fair Value Adjustment Reserve	Retained Earnings	Total Equity
Balance as at 01 July 2017	247,500,000	37,500,000	76,046,944	(626,757)	228,972	360,649,159
Tax Holiday Reserve transferred to Retained Earnings	-	-	(4,950,000)	-	4,950,000	-
Stock Dividend	4,950,000	-	-	-	(4,950,000)	-
Net Profit/(Loss) for the year	-	-	-	-	6,550,769	6,550,769
Other Comprehensive Income	-	-	-	941,973	-	941,973
Provision for Tax Holiday	-	-	1,905,906	-	(1,905,906)	-
Balance as at 30 June 2018	**252,450,000**	**37,500,000**	**73,002,850**	**315,216**	**4,873,835**	**368,141,901**

FOR THE YEAR ENDED 30 JUNE 2017

Amount in Taka

Particulars	Share Capital	Share Premium	Tax Holiday Reserve	Fair Value Adjustment Reserve	Retained Earnings	Total Equity
Balance as at 01 July 2016	247,500,000	37,500,000	76,046,944	(384,531)	146,808,248	507,470,661
Cash Dividend	-	-	-	-	(61,875,000)	(61,875,000)
Net Profit/(Loss) for the year	-	-	-	-	(84,704,276)	(84,704,276)
Other Comprehensive Income	-	-	-	(242,226)	-	(242,226)
Balance as at 30 June 2017	**247,500,000**	**37,500,000**	**76,046,944**	**(626,757)**	**228,972**	**360,649,159**

Company Secretary | Managing Director | Chairman

Signed in terms of our separate report of even date annexed

Date: 25 October 2018

K. M. HASAN & CO.
Chartered Accountants

CVO PETROCHEMICAL REFINERY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 Taka	2017 Taka
A. CASH FLOW FROM OPERATING ACTIVITIES			
Cash Received from Customers		577,003,555	69,180,593
Cash Received from Other Income		6,520,351	2,217,090
Payment to Suppliers and Employees		(578,750,960)	(50,155,101)
Payment for Other Expenses		(32,633,952)	(27,512,560)
Income Tax paid		(12,067,185)	(9,660,338)
Net Cash provided from/(used in) Operating Activities	31	**(39,928,191)**	**(15,930,316)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		(2,202,038)	(146,200)
Investment in Shares (Net)		2,922,808	(2,863,419)
Gain/(Loss) on Investment in Shares		(2,774,394)	259,742
Dividend received		97,964	117,310
Sale/disposal of Property, Plant and Equipment		-	7,172,363
Net Cash provided from/(used in) Investing Activities		**(1,955,660)**	**4,539,796**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Short Term Loan repaid		(63,587,520)	(48,460,056)
Loan from Director		124,607,344	65,392,656
Dividend paid		(43,423)	(61,002,631)
Net Cash provided from/(used in) Financing Activities		**60,976,401**	**(44,070,031)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**19,092,550**	**(55,460,551)**
Cash and Cash Equivalents at the beginning		12,055,949	67,516,500
Cash and Cash Equivalents at the end		**31,148,499**	**12,055,949**
Net Operating Cash Flow Per Share of Tk. 10 each	27	**(1.58)**	**(0.63)**

These financial statements should be read in conjunction with the annexed notes.

Company Secretary **Managing Director** **Chairman**

Signed in terms of our separate report of even date annexed.

Date: 25 October 2018

K. M. HASAN & CO.
Chartered Accountants

CVO PETROCHEMICAL REFINERY LIMITED

NOTES, COMPRISING A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

1 REPORTING ENTITY

1.1 Company Profile

Chittagong Vegetable Oil Industries Limited (CVO) was incorporated on 9 December 1984 with the Registrar of Joint Stock Companies & Firms in Bangladesh under the Companies Act 1913 as a private company limited by shares. Subsequently, the Company converted to "Public Company" limited by shares vide special resolution passed in the extra ordinary general meeting held on 3 February 1988. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE). Chittagong Vegetable Oil Industries Limited has been renamed as **CVO Petrochemical Refinery Limited** vide certificate no. 937 dated 29.07.2010 of the Registrar of Joint Stock Companies & Firms.

1.2 Registered Office and Principal Place of Business

The registered office and principal place of business of the Company is situated at **"37 Katalgonj, Panchlaish, Chittagong, Bangladesh"**

1.3 Principal Activities and Nature of Business

i) The Company is engaged in the production and sale of fuel like Motor Spirit (MS), High Speed Diesel (HSD) and Mineral Turpentine (MTT) from Natural Gas Condensate. The installed production capacity is 150 MT per day.

ii) Raw material (Natural Gas Condensate) is procured by the Company from various Gas Fields of Sylhet Gas Fields Limited and also its finished products are sold to Padma Oil Company Limited, Meghna Petroleum Limited and Jamuna Oil Company Limited under Bangladesh Petroleum Corporation (BPC) as per contract.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

2.2 Other Regulatory Compliances

The Company has also complied with the Companies Act 1994, Securities and Exchange Rules 1987, Listing regulations of Dhaka Stock Exchange Limited & Chittagong Stock Exchange Limited, The Income Tax Ordinance 1984, The Income Tax Rules 1984, The Value Added Tax Act 1991, The Value Added Tax Rules 1991 and Bangladesh Labor Law 2006 as amended in 2013.

2.3 Basis of Measurement

The financial statements have been prepared under the historical cost convention following accrual basis except Statement of Cash Flows.

2.4 Components of Financial Statements

The financial statement are prepared and presented for external users by the Company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of IAS-1 "Presentation of Financial Statements".

The financial statements are comprised of:

(i) Statement of Financial Position as at 30 June 2018;
(ii) Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2018;
(iii) Statement of Changes in Equity for the year ended 30 June 2018;
(iv) Statement of Cash Flows for the year ended 30 June 2018 and
(v) Notes, Comprising a Summary of Significant Accounting Policies and Other Explanatory Information.

2.5 Functional and Presentation Currency

These financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.), which is both functional currency and presentation currency of the Company.

2.6 Reporting Period

The financial statements of the Company covered one year from 1st July 2017 to 30th June 2018.

2.7 Use of Estimates and Judgment

The preparation of the financial statements requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.8 Revenue Recognition

Revenue receipts from customers against sales is recognized when products are dispatched to the 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, revenue from sales in exclusive of VAT.

2.9 Comparative Information

Comparative information has been disclosed for all numerical, narrative and descriptive information where it is relevant for understanding of the current year's financial statements. Comparative figure have been rearranged wherever considered necessary, to ensure better comparability with the current year's financial statements.

2.10 Going Concern

The company has adequate resources to continue its operation for foreseeable future. For this reason the financial statements have been prepared on going concern basis. As per management assessment there is no material uncertainty related to events or

conditions which may cast significant doubt upon the company's ability to continue as a going concern.

2.11 Application of Standards

The following International Accounting Standards (IAS) are applicable for preparation and reporting of the financial statements of the company for the year under review:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events After the Reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant & Equipment
IAS 19	Employee Benefits
IAS 24	Related Party Disclosures
IAS 33	Earnings Per Share
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers

3.0 Significant Accounting Policies

The Accounting Policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

There was no foreign currency transaction during the year.

3.2 Property, Plant & Equipment

3.2.1 Recognition and Measurement

Property, Plant & Equipment are accounted for according to IAS 16 "Property, Plant and Equipment" at historical cost less accumulated depreciation and the capital work-in-progress (when arises) is stated at cost. All assets are depreciated/amortized following reducing balance method.

3.2.2 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred

3.2.3 Depreciation of Property, Plant & Equipment

Depreciation is provided for on reducing balance method at the annual rate(s) shown below whereby the cost less estimated salvage value of an asset is written off

over its anticipated service life. No depreciation is charged for land & land development. Depreciation is charged from the date of acquisition of property, plant & equipment and no depreciation is charged (when arises) in the month of disposal. Depreciation is provided for at the following rates:

Assets	Depreciation Rate
Building & Other Construction	5%
Plant Machinery & Tank	5% - 10%
Electrical Installation	5%
Furniture & Fixtures	10%
Laboratory Equipment	10%
Motor Vehicles	20%
Computer & Mobile	20%
Office/Electric Equipment & others	10% - 20%

3.2.4 Retirements and Disposals

On retirement or otherwise disposal of Property, Plant & Equipment, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book values of the assets and the net sales proceeds.

3.2.5 Impairment of Assets

An impairment test is carried out by the management at the end of each reporting period to ascertain whether there is any indication that an asset is impaired. If any such indication exists, the impairment loss for an individual asset is measured and recognized in the financial statements in accordance with IAS 36: Impairment of Assets

3.3 Investment in Shares

The investment in share is initially recognized and measured at transaction cost that are directly attributable to the acquisition of the said financial assets. The management considered these investment in share as available for sale financial asset to present its subsequent changes in fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9: Financial Instruments. When the investment is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from fair value adjustment reserve to profit or loss as a reclassification adjustment in accordance with para 5.7.10 of IFRS 9: Financial Instruments.

3.4 Valuation of Inventories

Inventories are valued in compliance with the requirements of IAS-2

Category	Basis of valuation
Raw Materials	Weighted Average Cost
Finished Goods	Cost or Market Price whichever is lower

3.5 Accounts Receivable

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

3.6 Advances, Deposits & Prepayments

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

Deposits are measured at payment value.

Pre-payments are initially measured at cost. After initial recognition, pre-payments are carried at cost less charges to Statement of Profit or Loss and other Comprehensive Income.

3.7 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash at bank which are available for use by the Company without any restriction. There is an insignificant risk of changes in value of these current assets.

3.8 Creditors and Accruals

3.8.1 Accounts and Other Payable

Accounts and other payable are stated at cost.

3.8.2 Provision

The preparation of financial statements is in conformity with Bangladesh Accounting Standards IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities during and at the date of financial statements.

In accordance with the guidelines as prescribed by IAS 37 provisions were recognized in the following situation:

- When the company has a present obligation as a result of past events;
- When it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

Necessary provisions have been shown in the Statement of Financial Position at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represented the best estimate of the probable expenditure required to fulfill the current obligation on the financial position date.

Other provisions are valued at in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Other provisions comprise all realizable risks from uncertain liabilities and anticipated losses from pending transactions.

3.9 Related Party Transactions

The objective of Related Party Disclosure IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

The Company transacts with related parties and recognize as per IAS 24 'Related Party Disclosures'. Related party transactions have been disclosed under Note – 29.

3.10 Taxation & Tax Holiday

3.10.1 Income Tax

Income tax expenses comprised with current and deferred tax. The Company has enjoyed 40% Tax Holiday for first 275 days (1st July'17 to 1st April'18) and 20% Tax Holiday for remaining 90 days (2nd April'18 to 30th June'18), income tax provision has been made on Operational Income of 60% for 275 days and 80% for 90 days and other income which is recognized in the Statement of Profit or Loss and other Comprehensive Income.

3.10.2 Tax Holiday Reserve

The Company have been allowed for enjoying Tax Holiday for five years from 2nd April 2014 to 1st April 2019 (First two years 100%, third year 60%, fourth year 40% & fifth year 20%) by the National Board of Revenue (NBR) vide letter No. 08.01.0000.035.01.0017.2014/49(2) dated 15.10.2014. Accordingly, Tax Holiday Reserve has been created in these financial statements.

3.10.3 Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws prevailing at the balance sheet date and recognized in the Statement of Profit or Loss and Other Comprehensive Income as per IAS-12 "Income taxes"

3.11 Employee Benefits:

(a) Provident Fund

The company has introduced a provident fund facilities for the employees who are eligible to be members of the fund in accordance with the Rules of the Provident Fund constituted under a Board of Trustee. All eligible employees contribute 8% of their basic salary to the provident fund and the company also makes equal contribution. The fund is duly recognized by National Board of Revenue.

(b) Workers' Profit Participation & Welfare Funds (WPPWF):

The Company provides 5% of its profit after charging of such expenses as WPPWF in accordance with the Bangladesh Labor Act, 2006 as amend in 2013 and payment is made as per law. The WPPWF is managed by a Board of Trustee duly constituted as per law.

3.12 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flows from operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules, 1987. In addition to disclosures on direct method of cash flows, a reconciliation of

net income or net profit with cash flows from operating activities making adjustments for non-cash items, for non-operation items and for the net changes in operating accruals is also presented following para 5 (2) (e) of BSEC notification dated 20 June 2018.

3.13 Earnings per share (EPS)

The Company calculates Earning per Share (EPS) in accordance with IAS 33: Earning per Share, which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income, and the computation of EPS is stated in related note.

3.13.1 Basic earnings

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

3.13.2 Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

3.13.3 Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

3.13.4 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.

4.0 Financial Risk Management

The Management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and control, and to monitor risk and adherence to limits. The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

4.1 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.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of customer, including the default rick of the industry and financial strength of the customer, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

There is an agreement with BPC to supply them products on credit and also there is no risk factor with BPC as it is a state-own organization.

4.2 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) to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall 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's has sufficient cash and cash equivalents to meet expected operational expenses for periods which the Company thinks appropriate, This excludes the potential impact of extreme circumstances that cannot reasonable be predicted such as natural disasters. The liquidity risk remains under control of the management.

4.3 Market Risk

Market risk is the risk that any change in market conditions, such as foreign exchange rate, interest rates and commodity prices that will affect the Company's income or the values of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

5. General

5.1 Figures appearing in these financial statements have been rounded off to the nearest taka, except as stated.

5.2 Bracket figure denotes negative.

6. PROPERTY, PLANT AND EQUIPMENT

Amount in Taka

Particulars	At Cost				Rate (%)	Depreciation / Amortization				Written Down Value (WDV) as at 30 June 2018
	As at 01 July' 2017	Addition during the year	Deletion/ Disposal during the year	As at 30 June 2018		As at 01 July' 2017	Charged during the year	Adjustment/ Disposal during the year	As at 30 June 2018	
Land & Land Development	14,647,500	-	-	14,647,500	-	-	-	-	-	14,647,500
Factory Building & Other Construction	63,554,581	-	-	63,554,581	5	9,733,943	2,691,032	-	12,424,975	51,129,606
Hydrogenation Plant Building	6,230,000	-	-	6,230,000	5	1,650,378	228,981	-	1,879,359	4,350,641
Plant Machineries & Equipment	237,541,230	-	-	237,541,230	5	36,225,413	10,065,791	-	46,291,204	191,250,026
Storage Tank	172,499,556	-	-	172,499,556	5	31,816,971	7,034,129	-	38,851,100	133,648,456
Local Machinery & Equipment	56,975,219	630,000	-	57,605,219	10	25,012,336	3,216,137	-	28,228,473	29,376,746
Furniture & Fixtures	2,486,433	19,776	-	2,506,209	10	750,521	174,849	-	925,370	1,580,839
Motor Vehicle	4,874,905	-	-	4,874,905	20	2,503,752	474,231	-	2,977,983	1,896,922
Office Equipment	809,319	-	-	809,319	20	667,197	28,424	-	695,621	113,698
Computer & Accessories	1,179,250	96,640	-	1,275,890	20	588,879	130,871	-	719,750	556,140
Air Conditioner	1,316,500	41,500	-	1,358,000	20	628,412	138,755	-	767,167	590,833
Electrical Installation	11,294,400	-	-	11,294,400	5	1,572,986	486,071	-	2,059,057	9,235,343
Electric Equipment	1,722,000	305,705	-	2,027,705	10	371,185	159,817	-	531,002	1,496,703
Laboratory Equipment	36,588,235	747,930	-	37,336,165	10	10,582,233	2,618,837	-	13,201,070	24,135,095
Telephone & Mobile	723,388	339,010	-	1,062,398	20	332,488	106,823	-	439,311	623,087
Deep Tube well	843,005	-	-	843,005	10	221,568	62,144	-	283,712	559,293
Office Renovation & Interior	4,053,981	21,477	-	4,075,458	10	1,115,963	295,367	-	1,411,330	2,664,128
30 June 2018	**617,339,502**	**2,202,038**	**-**	**619,541,540**		**123,774,225**	**27,912,259**	**-**	**151,686,484**	**467,855,056**
30 June 2017	**633,933,232**	**146,200**	**16,739,930**	**617,339,502**		**102,173,218**	**30,589,066**	**8,988,059**	**123,774,225**	**493,565,277**

	30 June 2018 Taka	30 June 2017 Taka
Allocation of depreciation charged during the year :		
Factory Overhead (Note -20.3)	26,516,646	29,059,613
General and Administrative Expenses (Note - 21)	1,395,613	1,529,453
	27,912,259	30,589,066

7. INVESTMENT IN SHARES

	2018 Taka	2017 Taka
Investment in Shares at Cost Price	3,692,074	6,614,882
Unrealized gain/(loss) shown Under Fair Value Adjustment Reserve (Note 7.2)	315,216	(626,757)
Investment in Shares at Market Price	**4,007,290**	**5,988,125**

7.1 Investment in Shares at Market Price

Opening Balance	6,614,882	3,751,463
Add: Investment made during the year	4,869,134	10,501,260
	11,484,016	14,252,723
Less: Sales during the year	(5,017,548)	(7,897,582)
	6,466,468	6,355,141
Add/(Loss): Realised gain/(loss)	(2,774,394)	259,742
Investment in Shares at Cost Price	3,692,074	6,614,882
Add/(Loss): Unrealised gain/(loss)	315,216	(626,757)
	4,007,290	**5,988,125**

7.2 Details of Investment are shown below:

Name of Company	No. Of Shares Held	Face Value Per Share	Average Cost	Value at Cost as at 30.06.2018	Market Price Per Share as at 30.06.18	Value at Market Price as at 30.06.18	Unrealized gain/ (Loss) as at 30.06.18
Monno Ceramic Industries Ltd.	13,100	10	281.84	3,692,074	305.90	4,007,290	315,216
Total	**13,100**	-	-	**3,692,074**	-	**4,007,290**	**315,216**

8. INVENTORIES

	Qty. (Ltr)		
Raw Materials	27,550	1,097,328	22,923,789
Finished Goods	289,802	13,316,577	7,230,770
Chemicals		341,960	336,960
		14,755,865	**30,491,519**

The inventory was taken and valued by the management.

9. ACCOUNTS RECEIVABLE

Bangladesh Petroleum Corporation (BPC):		
Meghna Petroleum Limited	63,388,216	-
Padma Oil Company Limited	20,401,920	-
	83,790,136	-

The above amount was fully realised subsequently.

	2018 Taka	2017 Taka
10. ADVANCES, DEPOSITS AND PREPAYMENTS		
Advances (Note - 10.1)	39,006,017	15,269,851
Deposits (Note -10.2)	4,756,232	4,756,232
	43,762,249	**20,026,083**
10.1 Advances		
Advance against Factory works (Note -10.1.1)	1,090,764	500,000
Advance for Rent (Note -10.1.2)	4,150,000	3,580,000
Advance to Sylhet Gas Fields Ltd. (Note - 10.1.3)	20,276,482	10,002,222
VAT Current Account-Sales	1,358,588	757,484
Advance Income Tax (Note - 10.1.4)	11,954,242	-
Others	175,941	430,145
	39,006,017	**15,269,851**
10.1.1 Advance against Factory works		
The Industrial Engineers	500,000	500,000
Vertex Creation & Technologies	590,764	-
	1,090,764	**500,000**
10.1.2 Advance for Rent		
Office Rent - Dhaka office	150,000	80,000
Factory Rent - Mahmood Iron Safe Product	4,000,000	3,500,000
	4,150,000	**3,580,000**
10.1.3 Advance to Sylhet Gas Fields Ltd. for Raw Materials		
Rashidpur Gas Field	9,553,540	5,070,210
Kailashtilla Gas Field	414,802	414,802
MSTE Plant Operation	10,308,140	4,517,210
	20,276,482	**10,002,222**
10.1.4 Advance Income Tax		
Source Tax deducted from bill by Bangladesh Petroleum Corporation	11,792,615	
Source Tax deducted against bank interest	92,034	
Source Tax deducted against cash dividend	19,593	
Tax paid against vehicles	50,000	
	11,954,242	

	2018 Taka	2017 Taka
10.2 Deposits		
Security deposit to Power Development Board	216,232	216,232
Security deposit with Bangladesh Telegraph and Telephone Board	40,000	40,000
Security deposit to Sylhet Gas Fields Ltd.	4,500,000	4,500,000
	4,756,232	**4,756,232**

11. CASH AND CASH EQUIVALENTS

Cash in hand	-	-
Cash at Banks:		
Sonali Bank Ltd., Panchlaish Br. Ctg. (SND A/C)	270,086	10,147,805
Prime Bank Ltd., Muradpur Br. Ctg. (SND A/C)	935,856	1,325,417
AB Bank Ltd., Chawkbazar Br. Ctg. (SND A/C)	642,962	263,716
Dutch -Bangla Bank Ltd., Muradpur Br. Ctg. (STD A/C)	3,128,120	208,732
Jamuna Bank Ltd., Khatungonj Br. Ctg. (SND A/C)	38,756	39,569
Eastern Bank Ltd., Jamal Khan Br. Ctg. (SND A/C)	193,618	29,345
Islami Bank (BD) Ltd., Muradpur Br. Ctg. (CD A/C)	13,316	14,268
NCCBL, Agrabad Br. Ctg. (CD A/C)	205,758	9,714
Exim Bank Ltd., CDA Avenue Br. Ctg. (SND A/C)	25,718,124	-
Exim Bank Ltd., CDA Avenue Br. Ctg. (CD A/C)	-	8,830
Dutch -Bangla Bank Ltd., Muradpur Br. (CD A/C)	1,903	8,553
	31,148,499	12,055,949
	31,148,499	**12,055,949**

All bank balances were duly reconciled with the bank statement of respective bank accounts.

	2018 Taka	2017 Taka
12. SHARE CAPITAL		
12.1 Authorized Capital		
150,000,000 Ordinary shares of Tk 10 each	1,500,000,000	1,500,000,000
12.2 Issued, subscribed and paid-up Capital		
2,500,000 Ordinary Shares of Tk. 10 each	25,000,000	25,000,000
7,500,000 Right Shares of Tk. 10 each issued in 1996-97	75,000,000	75,000,000
2,000,000 Bonus Shares of Tk. 10 each issued in 2009-10	20,000,000	20,000,000
3,000,000 Bonus Shares of Tk. 10 each issued in 2010-11	30,000,000	30,000,000
3,000,000 Bonus Shares of Tk. 10 each issued in 2011-12	30,000,000	30,000,000
1,800,000 Bonus Shares of Tk. 10 each issued in 2012-13	18,000,000	18,000,000
4,950,000 Bonus Shares of Tk. 10 each issued in 2014-15	49,500,000	49,500,000
4,95,000 Bonus Shares of Tk. 10 each issued in 2016-17	4,950,000	-
Total 2,52,45,000 shares of Tk. 10 each	252,450,000	247,500,000

12.3 Position of share holding

Particulars	Percentage of Share Holdings	Taka
Sponsors'/Directors' Holdings - Note 12.3.1	50%	126,224,950
Other Shareholders Holdings - Note 12.3.2	50%	126,225,050
	100%	252,450,000

12.3.1 Sponsors'/Directors' Holdings

	30 June 2018		30 June 2017	
	No. of Shares	(%)	No. of Shares	(%)
Mr. Shamsul Alam Shamim	2,335,163	9.25%	2,289,376	9.25%
Mr. A.H.M. Habib Ullah	1,767,151	7.00%	1,732,501	7.00%
Mr. Md. Mansur Alam	1,199,136	4.75%	1,175,624	4.75%
Mr. Md. Amin	1,199,136	4.75%	1,175,624	4.75%
Mr. Md. Emranul Hoque	1,199,136	4.75%	1,175,624	4.75%
Mr. Md. Mohsin Saky	1,199,137	4.75%	1,175,625	4.75%
Mr. Md. Ali Mortuza	1,199,136	4.75%	1,175,624	4.75%
Mr. Md. N.H. Noman	1,199,138	4.75%	1,175,626	4.75%
Mrs. Jubeda khanam safi	536,456	2.12%	525,938	2.12%
Mrs. Joynab Rifat	536,456	2.12%	525,938	2.12%
Mrs. Fazilatun Nahar	252,450	1.00%	247,500	1.00%
Total (A)	**12,622,495**	**50.00%**	**12,375,000**	**50.00%**

12.3.2 Other Shareholders' Holdings

	30 June 2018		30 June 2017	
	No. of Shares	(%)	No. of Shares	(%)
General Public	7,164,067	28.38%	7,498,386	30.30%
Institutions	5,293,191	20.97%	4,586,142	18.53%
Foreign (NRB)	165,247	0.65%	290,472	1.17%
Total (B)	**12,622,505**	**50.00%**	**12,375,000**	**50.00%**
Total Share Holdings (A+B)	**25,245,000**	**100.00%**	**24,750,000**	**100.00%**

12.4 Classification of Shareholders by Holding

The distribution schedule showing the number of shareholders and their shareholdings in percentage has been disclosed below:

Holdings	No. of Holders	(%) of total holders	Number of Shares	(%) of Share Capital
Less than 500 shares	7045	68.63	1,013,968	4.02
500 to 5,000 shares	2978	29.01	4,086,292	16.19
5,001 to 10,000 shares	150	1.46	1,077,028	4.27
10,001 to 20,000 shares	38	0.37	489,284	1.94
20,001 to 30,000 shares	13	0.13	322,454	1.28
30,001 to 40,000 shares	7	0.07	249,775	0.99
40,001 to 50,000 shares	3	0.03	127,698	0.51
50,001 to 1,00,000 shares	6	0.06	469,799	1.86
1,00,001 to 10,00,000 shares	15	0.15	3,465,471	13.73
10,00,001 to Above	10	0.10	13,943,231	55.23
Total	**10265**	**100.00**	**25,245,000**	**100.00**

12.5 Market Price

The shares of the Company are listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. The share was quoted at Tk. 207.40 in the Dhaka Stock Exchange Ltd. and Tk. 206.10 in the Chittagong Stock Exchange Ltd. as on 30 June 2018.

13. DEFERRED TAX LIABILITIES

	Carrying amount	Tax Base	Temporary difference as at 30 June 2018	Temporary difference as at 30 June 2017
Property, Plant and Equipment	467,855,056	350,519,865	117,335,191	73,254,905
Applicable Rate			25%	25%
Deferred tax liability as on June 30			**29,333,798**	**18,313,726**

	2018 Taka	2017 Taka
13.1 Deferred tax for the year		
Deferred tax liability required upto June 30	29,333,798	18,313,726
Less: Balance as on July 01	18,313,726	2,495,309
Deferred tax charged for the year	11,020,072	15,818,417

14. SHORT TERM LOAN

Opening Balance	101,794,061	143,126,617
Add: Received during the year	-	1,900,092
	101,794,061	145,026,709
Less: Paid during the year	63,587,520	43,232,648
Closing Balance	**38,206,541**	**101,794,061**

This represents balance of loan obtained from M/S. Alhaj Md. Younus & Co. The loan is unsecured and interest free. The tenure of the loan is 10 years from the date of commercial operation as per agreement dated 10 October 2011.

15. LOAN FROM DIRECTOR

Opening Balance	65,392,656	-
Add: Received during the year	144,607,344	65,392,656
	210,000,000	65,392,656
Less: Paid during the year	20,000,000	-
Closing Balance	**190,000,000**	**65,392,656**

This represents balance of loan obtained from Mr. Shamsul Alam Shamim, Chairman of the Company as per decision of the Board of Directors in its meeting held on 29 April 2017 to meet the day to day office expenses and requirement of working capital.

	2018 Taka	2017 Taka
16. PROVISION FOR INCOME TAX		
Opening Balance	112,943	9,099,144
Add: Provision made for the year	3,315,740	674,137
	3,428,683	9,773,281
Less: Paid during the year	112,943	9,660,338
Closing Balance	**3,315,740**	**112,943**

Income tax assessment has been completed upto the assessment year 2017-2018 and Tax liability thereon has been paid in full.

17. ACCOUNTS PAYABLE		
M/S. Alhaj Ishaque Badsha & Co.	1,011,384	496,694
M/S. Mitali Auto Enterprise	1,765,040	583,692
M/S. Alhaj Md. Younus & Co.	281,856	574,331
M/S. Mahmood Iron Safe Products	101,663	-
M/S. Electro Tech	-	59,500
M/S. Innovative Online Limited	7,500	6,847
M/S. Nur Nabi & Co.	56,587	-
M/S. Kamal & Co.	179,290	-
	3,403,320	**1,721,064**

18. OTHERS PAYABLE		
Liabilities for Expenses	3,512,400	5,738,855
WPPF & Welfare Funds	1,044,329	-
Unclaimed Dividend	8,361,066	8,404,489
	12,917,795	**14,143,344**

19. NET TURNOVER

	2018 Taka	2017 Taka
Turnover (Note 19.1)	769,410,000	64,003,516
Less: Cetane	3,985,933	-
	765,424,067	64,003,516
Less: Loss in transit	4,272,555	33,960
	761,151,512	63,969,556
Less: Value Added Tax	100,357,821	8,348,283
	660,793,691	**55,621,273**

19.1 Details of Turnover are shown below:

Product Name	2018 Qty. (Ltr)	2017 Qty. (Ltr)		
Motor Spirit (MS)	9,495,000	72,000	569,700,000	4,320,000
High Speed Diesel (HSD)	2,565,000	-	146,988,000	-
Mineral Turpentine (MTT)	909,000	143,000	52,722,000	8,063,642
Special Solvent 1 (SS1)	-	566,500	-	35,955,374
Kerosene Solvent Oil (KSO)	-	265,500	-	15,664,500
Total =	**12,969,000**	**1,047,000**	**769,410,000**	**64,003,516**

19.2 The production of the company was remain discontinued due to non-supply of raw material (Natural Gas Condensate) by the Sylhet Gas Fields Limited, the only supplier of raw materials from 21.07.2016 to 20.06.2017. The company resumed its production on 21.06.2017 since the Sylhet Gas Fields Limited re-started the supply of raw material (Natural Gas Condensate) from 19.06.2017. As a result the turnover of the company has been increased during the year from that of the preceding year.

20. COST OF GOODS SOLD

Raw Materials Consumed (Note -20.1)	532,350,680	36,778,484
Chemicals Consumed (Note -20.2)	20,200	-
	532,370,880	36,778,484
Work-in-Process at the Opening	-	65,077
Work-in-Process at the Closing	-	-
	532,370,880	36,843,561
Factory Overhead (Note -20.3)	84,618,519	53,615,889
Cost of Production	**616,989,399**	**90,459,450**
Finished Goods at the Opening	7,230,770	12,472,821
Finished Goods at the Closing	(13,316,577)	(7,230,770)
	610,903,592	**95,701,501**

	2018 Taka	2017 Taka
20.1 RAW MATERIALS CONSUMED		
Opening Stock	22,923,789	19,249,501
Add: Purchased during the year	510,524,219	40,452,772
	533,448,008	59,702,273
Less: Closing Stock	1,097,328	22,923,789
Raw Materials Consumed	**532,350,680**	**36,778,484**
20.2 CHEMICALS CONSUMED		
Opening Stock	336,960	336,960
Add: Purchased during the year	25,200	-
	362,160	336,960
Less: Closing Stock	341,960	336,960
Chemicals Consumed	**20,200**	-
20.3 FACTORY OVERHEAD		
Salary and Allowances	15,042,277	14,146,109
Carriage Inward	24,733,305	1,913,805
Power, Fuel and Water	11,112,034	971,854
Factory Maintenance	553,035	3,792,726
Insurance Premium	3,137,344	-
Rent, Rates and Taxes	1,219,956	1,219,956
Fooding Allowance	635,351	403,918
Fuel for Vehicle	205,712	102,526
Vehicle Maintenance	62,983	25,340
Wages/Labour Bill	210,390	420,075
Expenses for Sample Test	-	215,050
Licence, Reg. and Others	371,270	870,880
Entertainment	248,071	158,368
Travelling and Conveyance	113,281	22,905
Generator Maintenance	48,169	17,090
Fire and Safety maintenance	108,321	25,250
Medical and Welfare Expenses	8,752	45,318
Telephone, Fax and Internet	115,109	123,898
Office Supply	36,040	8,545
Stationery	56,558	12,663
Laboratory Expenses	59,710	-
Miscellaneous Expenses	24,205	60,000
Depreciation (Note- 6)	26,516,646	29,059,613
	84,618,519	**53,615,889**

	2018 Taka	2017 Taka
21. GENERAL AND ADMINISTRATIVE EXPENSES		
Salary and Allowances	14,493,225	14,468,056
Directors' Remuneration (Note 21.1)	4,320,000	4,470,000
Advisor Remuneration	400,000	1,200,000
CSR Expenses	624,579	1,085,339
Printing & Stationery	146,806	654,738
Board Meeting & AGM Expenses	399,642	770,135
Regulatory Expenses	498,342	353,320
Travelling and Conveyance	624,241	1,171,778
Fuel for Vehicle	450,349	499,251
Vehicle Maintenance	109,863	199,499
Entertainment	400,326	420,987
Advertisement	789,051	962,663
Fooding Allowance	390,714	443,744
Bank Charges and Commission	142,203	115,884
Office Maintenance	258,707	324,375
Rent, Rates and Taxes	1,104,500	404,383
Electricity, Gas and Water	274,946	163,253
Telephone, Fax and Internet	100,325	89,196
Repair and Maintenance	93,027	148,160
Audit fees	257,000	180,000
Generator Maintenance	22,804	10,118
Medical and Welfare Expenses	12,347	11,920
Postage, Courier and Stamp	21,562	102,307
Newspapers and Periodicals	19,241	18,454
Licence, Renewal and Registration	600	75,100
Miscellaneous Expenses	63,067	238,015
Depreciation (Note- 6)	1,395,613	1,529,453
	27,413,080	**30,110,128**
21.1 DIRECTORS' REMUNERATION		
Mr. A.H.M. Habib Ullah, Managing Director	1,080,000	1,080,000
Mr. Nurul Alam Ansari, Director	-	150,000
Mr. Md. Amin, Director	1,080,000	1,080,000
Mr. Md. Emranul Hoque, Director	1,080,000	1,080,000
Mr. Md. Mohsin Saky, Director	1,080,000	1,080,000
	4,320,000	**4,470,000**
22. SELLING AND DISTRIBUTION EXPENSES		
Carriage Outward	4,390,030	36,000
	4,390,030	**36,000**
23. OTHER INCOME		
Bank Interest	920,351	2,216,090
Gain/(loss) from Investment in Shares (Realised)	(2,774,394)	259,742
Dividend Income	97,964	117,310
Other Income	5,600,000	1,000
Loss on disposal of Property, Plant & Equipment	-	(579,508)
	3,843,921	**2,014,634**
24. GAIN/(LOSS) ON INVESTMENT IN SHARES (UNREALISED)		
Gain/(loss) on Investment in Share (Note 7.2)	315,216	(626,757)
Gain/(loss) re-classified to Profit or Loss	626,757	384,531
	941,973	**(242,226)**

	2018 Taka	2017 Taka
25. EARNINGS PER SHARE (EPS)		
Surplus for the year attributable to Shareholders	6,550,769	(84,704,276)
Weighted average number of Ordinary Shares outstanding during the year	25,245,000	25,245,000
Earnings per Share of Tk. 10 each (2017 restated)	**0.26**	**(3.36)**

The turnover has been increased during the year and as a result the net profit as well as Earnings Per Share (EPS) of the Company has been increased.

26. NET ASSETS VALUE PER SHARE		
Net Assets Value at the year end	368,141,901	360,649,159
Weighted average number of Ordinary Shares outstanding during the year	25,245,000	25,245,000
Net Assets Value per Share of Tk. 10 each (2017 restated)	**14.58**	**14.29**
27. NET OPERATING CASH FLOW PER SHARE (NOCFPS)		
Operating Cash Inflow at the year end	(39,928,191)	(15,930,316)
Weighted average number of Ordinary Shares outstanding during the year	25,245,000	25,245,000
Net Operating Cash Flow per Share of Tk.10 each (2017 restated)	**(1.58)**	**(0.63)**

Net Operating Cash Flow Per Share (NOCFPS) is shown negative due to increase of accounts receivable during the year.

28. CONTINGENT LIABILITIES AND COMMITMENTS

There was no contingent liabilities and commitments as on June 30, 2018.

29. RELATED PARTY TRANSACTIONS

The related party's transaction is given below during this financial year:

Related Party Name	Opening Balance	Received/Adj. during the year	Payment/Adj. during the year	Closing Balance	Nature of Transaction
M/S. Alhaj Md. Younus & Co.	101,794,061	-	(63,587,520)	38,206,541	Short term loan
M/S. Alhaj Md. Younus & Co.	574,331	7,672,443	(7,964,918)	281,856	Day to day transaction
Mr. Shamsul Alam Shamim, Chairman of the Board of Directors	65,392,656	144,607,344	(20,000,000)	190,000,000	Temporary loan
Mr. Shamsul Alam Shamim, Chairman of the Board of Directors	80,000	150,000	(80,000)	150,000	Office Rent/Security money of Dhaka Office

30. CAPACITY UTILIZATION

	2018 MT	2017 MT
Production Capacity	50,000	50,000
Actual Capacity Utilized	10,768	739
Capacity Utilization (%)	21.54%	1.48%

The Company could not utilize its full production capacity due to insufficient supply of condensate by the Sylhet Gas Fields Limited, the only supplier of raw material.

31. CASH FLOW FROM OPERATING ACTIVITIES - UNDER INDIRECT METHOD

Net Profit/(Loss) after tax	6,550,769	(84,704,276)
Adjustments for non-cash items:		
Depreciation	27,912,259	30,589,066
Loss on disposal of Motor Vehicle	-	579,508
	27,912,259	31,168,574
Net Profit/(Loss) before changes in working capital	34,463,028	(53,535,702)
Changes in working capital:		
(Increase)/Decrease of Current Assets		
Inventories	15,735,654	2,464,867
Accounts Receivables	(83,790,136)	13,559,320
Advances, Deposits & Prepayments	(23,736,166)	24,211,347
	(91,790,648)	40,235,534
Increase/(Decrease) of Current Liabilities		
Provision for Tax	14,222,869	6,832,216
Accounts Payable	1,682,256	(400,419)
Others Payable	(1,182,126)	(8,684,893)
	14,722,999	(2,253,096)
Net Increase/(Decrease) in working capital	(77,067,649)	37,982,438
	(42,604,621)	(15,553,264)
Gain/(Loss) on Investment in Shares (Included in investing activities)	2,774,394	(259,742)
Less: Dividend Income (Included in investing activities)	(97,964)	(117,310)
Net cash provided from/(Used in) operating activities	**(39,928,191)**	**(15,930,316)**

32. ADDITIONAL DISCLOSURE AS PER SECURITIES AND EXCHANGE RULES 1987 (RULE-12)

a) Claim against the Company not acknowledge as debt as on 30.06.2018 — NIL

b) The aggregate amount to contracts for capital expenditure remaining to executed and not provided for — NIL

c) Other sums for which the Company is continently liable as on 30/06/2018. The aggregate amount of any guarantees given by the company on behalf of the directors (including Managing Director), Managing agents, managers of there officers of the company or any of them severally or jointly with any other person shall be stated separately, and where practicable, the general nature and amount of each such contingent liability. — NIL

d) General nature of any credit facilities available to the company under any contract and not taken up as on 30.06.2018 — NIL

e) The advances against goods, services and expenses have been considered good by the management and no collateral security is held against the advances.

33. Particulars of requirements as per schedule XI part II of the Companies Act, 1994

a) Para-3(i)(b) Commission paid to selling agents. — NIL

b) Para-3(i)(c) Brokerage and discount on sales other then usual trade discount — NIL

	2018	2017
c) Para-3, Note -5		
Number of employees whose salary below Tk 3,000 per month	-	-
Number of employees whose salary above Tk 3,000 per month	108	98
	108	**98**

d) Para-8(b)
Expenses incurred in foreign currency on account of royalty, Technical expert & professional advisory fee, interest etc. — NIL

e) Para-8(d)		
i) Number of Non-Resident shareholders	44	41
ii) Number of shares held by the Non-Resident Shareholders including foreign investors	165,247	290,472

f) Para-8(e)
i) Export of goods calculated on FOB basis — NIL
ii) Royalty, know-how, professional and consultation fees — NIL
iii) Interest and dividend — NIL
iv) Other income, indicating the nature thereof — NIL

34. EVENT AFTER THE REPORTING PERIOD

34.1 The Board of Directors in its meeting held on 25 October 2018 approved the financial statements for the year ended June 30, 2018. The Board of Directors also authorized the same for issue.

34.2 The Board of Directors recommended 02% cash dividend only to the ordinary shareholders except the Sponsors & Directors for the financial year 2017-18 subject to approval in the ensuing Annual General Meeting.

34.3 Except above, no other significant event occurred till the date of signing the financial statements.

Company Secretary **Managing Director** **Chairman**

Place: Chattagram
Date: 25 October 2018

NOTE:

সিভিও পেট্রোক্যামিকেল রিফাইনারী লিমিটেড
CVO Petrochemical Refinery Limited

(A PUBLIC LIMITED COMPANY)

Corporate Office | 37, Katalgonj, Panchlaish, Chittagong. Phone: +88 031 650525-26, 650533, 2557201-2
Fax: +88 031-650134, 2557203, Email: info@cvopetro.com, Web: www.cevopetro.com

ATTENDANCE SLIP

33rd ANNUAL GENERAL MEETING ON 20th DECEMBER, 2018 AT 11.00 A.M.

BO ID

No. of Shares held

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 33rd ANNUAL GENERAL MEETING of the Company to be held at Corporate Office, 37 Katalgonj, Panchlaish, Chittagong, Bangladesh on 20th December, 2018 at 11.00 A.M.

Member's/Proxy's name in BLOCK Letter

Member's/Proxy's signature

Note: Please fill in the attendance slip and hand it over at the entrance of the Meeting Venue.

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PROXY FORM

33rd ANNUAL GENERAL MEETING ON 20th DECEMBER, 2018 AT 11.00 A.M.

BO ID

No. of Shares held

I / We ..... of ..... being a member/ members of the above-named Company hereby appoint Mr./Mrs. ..... of ..... as my/our proxy to vote for me/us on my/our belhalf at the 33rd ANNUAL GENERAL MEETING of the Company to be held at Corporate Office, 37 Katalgonj, Panchlaish, Chittagong, Bangladesh on 20th December, 2018 at 11.00 A.M. and at any adjournment(s) thereof.

Signed this ...../...../2018

Signature of Proxy _____

Signature of Member _____

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A proxy need not be a member.
3. This form in order to be effective must be duly stamped with Tk. 10/- (ten) completed and signed and must be deposited at the registered office of the Compnay not later than 72 hours before the commencement of the meeting i.e. not later than 17th December, 2018.



সিভিও পেট্রোক্যামিকেল রিফাইনারী লিমিটেড
CVO Petrochemical Refinery Limited

(A PUBLIC LIMITED COMPANY)

REGISTERED & CORPORATE OFFICE
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