Annual Report
2017 - 2018

FAR CHEMICAL INDUSTRIES LTD.

Corporate Office: House # 11 (Floor: 5-A), Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212.





VISION

Maintain our position and be the leader in the textile dyeing chemical industry by producing the best quality textile dyeing chemical products, continuously enhancing customer satisfaction and becoming a reliable business partner of our Customers and Suppliers.

Be an employer of choice, with focus on nurturing talent and developing future leaders of the organization.
Protect the interest of our shareholders through sustainable growth and value creation.

Preserve the trust of all stakeholders by adopting ethical business practices.

Savings foreign currencies by producing import substitute textile dyeing chemical products.

Support the society through Corporate Social Responsibility initiatives.



MISSION

Our Mission is to produce and export best quality textile dyeing chemicals to the textile industries, maintain ethical standard in business operation also ensuring benefit to the shareholders, stakeholders and the society at large.



Objectives

Our objectives are to conduct transparent business operation within the legal & social frame work with aims to attain the mission reflected by our vision.



Corporate Focus

Our vision, mission and objectives are to emphasize on the quality of product, process and services.

Picture of 10th Annual General Meeting -2017









Table of Contents

	Page No.
1. Transmittal Letter	4
2. Notice of the Annual General Meeting	5
3. Corporate Directory	6-7
4. Board of Directors	8-9
5. Audit Committee Report	10
6. Report of the Managing Director and the CFO	11
7. Message from the Chairman	12
8. Directors' Report	13-24
9. Certificate of BAPLC	25
10. Certificate on Compliance of Corporate Governance Code	26
11. Corporate Code Review Report	27-45

Financial Report

12. Auditor's Report	46
13. Statement of Financial Position	47
14. Statement of Profit or Loss and other Comprehensive Income	48
15. Statement of Changes in Equity	49
16. Statement of Cash Flows	50
17. Notes to the Financial Statements	51-70
18. Schedule of Fixed Assets	71
19. Proxy Form & Attendance Slip	73

AMARSTOCK

Transmittal Letter

November 25, 2018

The
Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Sub : Annual Report for the year ended June 30, 2018

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at 30th June 2018, Statement of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flows for the year ended 30th June 2018 along with notes thereon for your reference and record.

Yours sincerely,

ABM Golam Mostafa FCMA
Company Secretary

AMAR STOCK

Notice of the Annual General Meeting

Notice is hereby given that the 11th Annual General Meeting of the shareholders of FAR Chemical Industries Ltd. will be held on December 23, 2017 (Sunday) at 1:00 P.M. at Bir Chandra Nagar Gono Pathagar and Nagar Milaynayatan (Town Hall) Kandirpar, Cumilla to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30th June, 2018 together with reports of the Auditors and the Directors thereon.
2. To declare 10% Stock Dividend as recommended by the Board of Directors.
3. To elect Directors.
4. To appoint Auditors for the financial year 2018-2019 and to fix their remunerations.
5. To transact any other business of the Company with the permission of the Chair.

By order of the Board,

Dhaka.

October 27, 2018

(ABM Golam Mostafa FCMA)
Company Secretary

Notes:

(1) The Record Date of the Company shall be on 20 November, 2018.

(2) The Shareholders whose name will appear in the Share Register of the Company or in the Depository on the record date i.e. 20 November, 2018, will be entitled to attend at the Annual General Meeting and to entitle the dividend.

(3) A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Share Office at House No: 11 (Floor: 5-A), Road No: 12, Niketon, Gulshan-1, Dhaka-1212 not later than 48 hours before the time fixed for the meeting.

(4) Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holder(s).

(5) The Annual Report of the company is available at www.farchemicalbd.com

(6) No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No.SEC/ SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman	: Mr. Abid Mustafizur Rahman
Managing Director	: Mr. Md. Shirazul Haque
Director	: Mr. Faiaz Kader Sadman
Director	: Mr. Mohammad Mehedi Hasan
Independent Director	: Mr. Akik Habibuzzaman
Independent Director	: Mr. Md. Abdullah

AUDIT COMMITTEE

Chairman	: Mr. Akik Habibuzzaman
Member	: Mr. Faiaz Kader Sadman
Member	: Mr. Mohammad Mehedi Hasan
Member	: Mr. Md. Abdullah
Member Secretary	: Mr. ABM Golam Mostafa FCMA

NOMINATION & REMUNERATION COMMITTEE (NRC)

Chairman	: Mr. Akik Habibuzzaman
Member	: Mr. Mohammad Mehedi Hasan
Member	: Mr. Faiaz Kader Sadman
Member Secretary	: Mr. ABM Golam Mostafa FCMA

SENIOR CORPORATE OFFICIALS

Company Secretary	: Mr. ABM Golam Mostafa FCMA
Chief Financial Officer	: Mr. Rana Ahmed
Head of Internal Audit	: Mr. Gopal Chandra Basak
GM Marketing	: Sudip Banik, MBA

LEGAL ADVISOR

Md. Anwar Zahid Bhuiyan (Advocate), MA, LLB
Head of the Chamber: Md. Anwar Zahid Bhuiyan & Associates
Address: Flat – 703, Sylcon Villa, 8/1, Segun Bagicha, Dhaka-1000.
Phone: 47115069, Mobile: 01819-141084
Email: anwar.zahid56@yahoo.com

STATUTORY AUDITORS

AHMAD & AKHTAR
(Independent Member Firm of 3E Accounting)
Chartered Accountants
BCIC Bhaban (3rd Floor), 30-31, Dilkusha C/A, Dhaka- 1000
Phone: +880 2 9561289, Fax: +880 2 9564366
Email:aacano120@gmail.com, aacags125@gmail.com

BANKERS

SOCIAL ISLAMI BANK Limited, PRINCIPAL BRANCH, MOTIJHEEL, DHAKA.
BANK ASIA LIMITED, SCOTIA BRANCH, OLD AIRPORT ROAD, TEJGOAN, DHAKA.
AL-ARAFAH ISLAMI BANK LTD, PRAGATI SARANI BRANCH, MIDDLE BADDA, DHAKA-1212.

CORPORATE OFFICE

House # 11 (Floor:5A), Road # 12, Block-F, Niketon, Gulshan-1, Dhaka-1212, Bangladesh.

WEBSITE

www.farchemicalbd.com

LISTING WITH

- Dhaka Stock Exchange Ltd. (DSE)
- Chittagong Stock Exchange Ltd. (CSE)

REGISTERED OFFICE & FACTORY

Plot # 135-136
Comilla Export Processing Zone,
Comilla, Bangladesh

CORPORATE ACHIEVEMENTS

1. Year of Incorporation: 22 March, 2007
2. Year of Conversion to Public Limited Company:19 June, 2012
3. Year of Listing with Dhaka Stock Exchange Ltd. (DSE): 08 July, 2014
4. Year of Listing with Chittagong Stock Exchange Ltd. (CSE): 08 July, 2014
5. Authorized Capital: BDT 300 Million.

AMAR STOCK

SHORT BIO-DATA OF DIRECTORS



Mr. Abid Mostafizur Rahaman
Chairman
Mr. Abid Mustafizur Rahaman MBA, aged 29, is the youngest Chairman of the company. He has traveled many countries including Japan, China, Hong Kong, India, Germany,UK and USA to obtain textile dying chemical industry details like its processing, marketing and administrative activities. He is well accepted to all in the company because of his friendly attitude and hard working nature. He engaged himself in various social activities.



Mr. Md. Shirazul Haque
Managing Director
Mr. Md. Shirazul Haque,MBA aged 40, is the Managing Director of the company. He has traveled many countries of the world in connection of business. He has vast knowledge in textile dying chemical industry details like its processing, marketing and administrative activities. He is well accepted to all in the company because of his friendly attitude and hardworking nature. He engaged himself in various social activities also.



Mr. Faiaz Kader Sadman
Director
Faiaz Kader Sadman, aged 25, is the youngest director of the company. After completion of BBA he engaged himself with FAR Chemical Industries Ltd. He already has shown his skills in company's different activities. His interpersonal skills, leadership behavior, analytical ability and hard working nature made him one of the worthy directors.



Mr. Mohammad Mehedi Hasan
Director
Mr. Mohammad Mehedi Hasan, MBA aged 44, is the Director of the company. He has vast knowledge in textile dying chemical industry details like its processing, marketing and administrative activities. He has traveled many countries of the world in connection of business. He engaged himself in various social activities also.



Mr. AKIK HABIBUZZAMAN

Independent Director

Mr. AKIK HABIBUZZAMAN, aged 44, is the Independent Director of the company. After completion of M.Com, CA (CC), he started his career in the field of Finance & Accounts in different Ready Made Garments, Textile and Yarn Dyeing industries. During his service tenure he worked different capacities like CFO and Head of Corporate affairs. He is a knowledgeable person who is not involved with any sponsors/shareholders of the Company.

Mr. Md. Abdullah

Independent Director

Mr. Md. Abdullah, aged 39, is the Independent Director of the company. After completion of MBA, he started his career in the field of Finance & Accounts in different Textile and Yarn Dyeing industries. During his service tenure he worked different capacities like CFO and Corporate affairs. He is a knowledgeable person who is not involved with any sponsors/shareholders of the Company.



September 30, 2018
To,
The Board of Directors
From:
The Audit Committee

Subject: Report of the Audit Committee.

The Audit Committee of FAR Chemical Industries Ltd. oversees the financial reporting process on behalf of the Board of Directors of the Company. The committee reviewed and discussed the financial statements and related schedules with the Company management, accounting principles, control procedures, procedure and task of the internal audit and the external auditors' observations in their reports on the draft financial statements and significant judgment on the preparation & presentation of financial reports of the Company for the year ended 30th June, 2018.

In fulfilling its oversight responsibilities, the Committee discussed with the Company's internal Auditors and Statutory Auditors about the overall scope and plans for their respective audit works. The Committee met with internal auditors, external auditors and management to discuss for the results of their examinations and for their evaluation of the Company's internal control and overall quality of the Company's financial reporting.

The Committee found the statements adequate arrangement to present a true and fair view of the financial status of the Company, and did not find any significant material deviation or any adverse findings in the areas of reporting and disclosures.

Sd/-
Akik Habibuzzaman
Chairman
Audit Committee
FAR Chemical Industries Ltd.

FAR Chemical Industries Limited
Declaration by Managing Director & CFO

Date: October 05, 2018

The Board of Directors
FAR Chemical Industries Limited
Corporate office: House No: 11 (Floor: 5-A)
Road No: 12, Niketon, Gulshan-1, Dhaka-1212.

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 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of FAR Chemical Industries 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 statement to the reveal a true and fair view;

(3) The form and substance of transactions and the Company's state of affairs have been reasonable and fairly presented in its financial statements;

(4) To ensure above, the company has taken proper and adequate care in installing a system 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,

S. Haque

Md. Shirazul Haque
Managing Director

R Ahmed

Rana Ahmed
Chief Financial Officer

Message from the Chairman



Bismillahir Rahmnir Rahim,
Dear Shareholders,
Assalamu Alykum,

Good Morning. On behalf of myself and the Board of Directors, I welcome you all to this 11th Annual General Meeting of your Company. It is my pleasure to present before you the Audited Financial Statements, Auditors Report and Directors Reports for the year ended 30th June 2018.

Performance Review:
In the year 2017-2018 turnover of your company has slightly decreased from Tk 1,436.57 million to Tk.1,337.37 million Compare to the last year. It has become possible due to collective effort and increased quality of products and efficiency.

Marketing & Promotion:
Your company's activities during the year kept rapidity with the symbolic progress. Improved network among traders and consumers have made potential for our marketing panel to continue the market base. This has become possible due to our commitment to the customers and continuous effort to improve on quality of products and services. We hope to carry on our endeavor through the year ahead at the same speed and competency.

Environmental & Ecological Obligation:
You are entirely aware that maintaining suitable environmental and ecological balance is very important for a healthy society & nationalized improvement. We are evenly concerned and have been patiently pursuing the principle of maintaining appropriate environment, reducing environmental pollution and established a zero tolerance policy in order to make sure that we become environment friendly, not destroyers. We strongly believe that a healthy society can bring out the best for society.

Acknowledgements:
The world economy is struggling hard to rehabilitate and revive financially. As you know, our revenue is generated from exporting, and due to the unbalanced global factors we faced difficulties in marketing our products on a regular basis. Despite of various limitations and interference your company had continued its success in 2017-2018. However, we have set on a mission of Globalization using all of our experience, expertise and know-how developed in Bangladesh over the years. We are growing our perspective and we can attain this with our spiritual strength on our people and skill.

Conclusion:
I would like to express my sincere thanks to our respected shareholders for extending continuous support and confidence on the Board of Directors of the Company. I would also like to place on record my appreciation of thanks to our bankers and financial institutions, BEPZA, BSEC, DSE, CSE, RJSC, Suppliers, Customers and other stakeholders with whom we have been interacted in course of business for their continuous support throughout these challenging times. The success we have achieved so far was only possible because of the collective efforts of all concerned. Once again, I convey my heartiest thanks to all our stakeholders and look forward their continued support and co-operation in future.

Finally, my gratitude goes out to each and every loyal staff and management team member of the company for their efforts despite adverse external factors, to sustain high service levels and support the company with their hard work, dedication and loyalty.

Thanking you all with wishes of healthy and prosperous life.

Abid Mustafizur Rahman
Chairman

DIRECTORS' REPORT

Bismillahir Rahmnir Rahim,
Dear Shareholders,
Assalamu Alykum,

On behalf of the members of the Board of Directors of your company and on my own behalf, I welcome you all to the 11th Annual General Meeting of FAR Chemical Industries Limited. We members of the Board are pleased to present Directors' Report, Auditors' Report and Audited Financial Statements for the year ended 30th June, 2018 before you for your consideration and approval.

(i) Industry outlook and possible future developments in the industry:
You know that your company's products are the raw materials of garments and textile sector. So our production and sales are depends on uninterrupted production of textile and garment industries. The garments and textile sectors has gone through lot of obstacles. But this has not affected the growth of the sector, regardless of rising energy and raw material costs and ever growing labor unrest.

The ongoing global economic crisis is having an impact on all export dependent economies. Even high performing countries like China and India have recorded slowdowns. Other high performing economies like those of Thailand, Philippines and Indonesia are also suffering badly because of the ongoing crisis. In contrast, export of textile products from Bangladesh surprisingly remains quite buoyant. Readymade Garments exports have increased by significant percent, during the year 2017-2018 over the corresponding period of last year.

The industry has set a target of USD 58 billion exports by 2018, which would create an additional 1.39 million job opportunities within the sector and subsequently open up opportunities across different occupations. Many challenges have remained unresolved, but the overall outlook for this nation's industry remains bright.

(ii) Segment-wise or product –wise performance:
The following table indicates revenue of major products and its contribution percentage for the last two comparative periods:

Products	Year ended 30-6-2018		Year ended 30-6-2017	
	Taka	Percentage	Taka	Percentage
Softening Agent	405,136,876	30.29%	411,541,276	28.66%
Scouring Agent	167,541,052	12.53%	163,223,959	11.36%
Anti-Foaming Agent	100,521,630	7.52%	108,054,189	7.52%
Levelling Agent	114,206,395	8.54%	129,105,215	8.99%
Fixing Agent	101,241,876	7.57%	102,042,168	7.10%
Stabilizer	167,541,638	12.53%	191,405,186	13.32%
Retarding Agent	147,541,637	11.03%	185,142,168	12.89%
Bleaching Agent	50,421,071	3.77%	56,210,357	3.91%
Other chemical products	83,213,946	6.22%	89,845,168	6.25%
Total	1,337,366,121	100%	**1,436,569,686**	100%

(iii) Risks and concerns:

You know that your company's products selling is directly depends on the production of garments and textile sector. All sectors of the garments and textile industries face many of the same challenges. The main problems are lack of power and problem with labor unrest causing disruption of production. Price of grid electricity for industries is likely to increase as well. Gas price has increased for the industries but the government has further hinted the raise as well. Hence, coming year could be a year when the industries may need to be prepared to pay more for energy and fuel. So, this forcing the sector to be more cost effective in the ever challenging international market.

(iv) Analysis of Cost of Goods sold, Gross Profit Margin and Net Profit Margin:

(a) Cost of Goods Sold:

This year's cost of goods sold was Tk.1,047.99 million as compared to last year's cost of goods sold of Tk. 1,122.82 million. This is due to the fact that there has been decreased of average production quantity. Production capacity utilized during the year was 87.79%.

(b) Gross Profit:

The company has achieved an export turnover of Tk. 1,337.37 million during the year ended 30th June, 2018. Last year's turnover was Tk. 1,436.57 million. The decrease in turnover is 6.91% compare to the last year. Gross profit earned during the year was Tk.289.37 million as compared to last year's gross profit of Tk. 313.75 million.

© Net Profit:

Net profit (after tax) earned during the year was Tk.266.73 million as compared to last year's Net profit (after tax) of Tk. 292.61 million. During the year net profit after tax has decreased due to decrease in production and increase of manufacturing overhead.

(v) Extra-Ordinary gain or loss:

During the year there is no such gain or loss.

(vi) Related party transactions:

During the year the company has carried out transactions with related parties besides the normal course of business, details are given below:

Name of related party	Relationship	Nature of transaction	Outstanding balance as on June 30, 2018
M.L Dyeing Ltd	Common Director	Sale of Goods	BDT 3,654,550

(vii) Variance between Quarterly Financial performance and Annual Financial Statements:

There is no significant variance between the Quarterly Financial performance and Annual Financial Statements.

(viii) Remuneration to directors including independent directors:

The remunerations of Directors are as follows:

Name	Status	Director Remuneration	Meeting attending fees	Total Taka
Mr. Abid Mustafizur Rahman	Chairman	-	12,000	12,000
Md. Shirazul Haque (Representative of FAR Pharmaceuticals Ltd.)	Managing Director	600,000	14,000	614,000
Mr. Faiaz Kader Sadman	Director	-	10,000	10,000
Md.Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	-	14,000	14,000
Mr. Akik Habibuzzaman	Independent Director	-	14,000	14,000
Mr. Md. Abdullah	Independent Director	-	14,000	14,000
Total		**600,000**	**78,000**	**678,000**

(ix) Statement of Directors on Financial Reports:

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.

a) Proper books of account of the issuer company have been maintained.

b) 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.

c) International Accounting Standard (IAS)/ Bangladesh Accounting Standard (BAS)/International Financial Reporting Standard (IFRS)/ Bangladesh Financial Reporting Standard (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.

d) The system of internal control is sound in design and has been effectively implemented and monitored.

e) There are no significant doubts upon the issuer company's ability to continue as a going concern.

f) 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.

(x) Deviation from the last year's operating results:

The operating results in this year is slightly lower than the last year. The management's continuous endeavor to grow and sustain the pressure of international competitive market.

(xi) Key operating and financial data of last preceding 5 (five) years:

Operational Data:

Particulars	Year ended as on				
	30.06.2018	30.06.2017	30.06.2016	30.06.2015	30.06.2014
Turnover (Tk)	1,337,366,121	1,436,569,686	1,492,738,046	1,308,365,030	1,198,194,039
Gross Profit (Tk)	289,373,348	313,746,404	362,697,097	309,624,377	282,983,442
Operating Profit (Tk)	266,365,903	292,221,318	343,757,236	293,546,821	236,980,315
Net Profit before tax (Tk)	266,730,270	292,605,512	344,511,101	298,461,130	281,711,185
Net Profit after tax (Tk)	266,730,270	292,605,512	344,511,101	298,461,130	281,711,185
Basic EPS (Tk)	1.48	1.79	2.52	2.73	3.45
Dividend per share (%)	10%	10%	25%	25%	20%

(xii) Key operating and financial data of last preceding 5 (five) years:

Financial Data:

Particulars	Year ended as on				
	30.06.2018	30.06.2017	30.06.2016	30.06.2015	30.06.2014
Authorized Capital (Tk)	3,000,000,000	3,000,000,000	3,000,000,000	1,310,000,000	1,310,000,000
Paid up Capital (Tk)	1,802,424,980	1,638,568,160	1,365,473,470	1,092,378,780	910,315,650
Face value per share (Tk)	10	10	10	10	10
Retained Earnings (Tk)	961,917,818	859,044,368	907,807,220	836,390,809	719,992,809
Current Assets (Tk)	1,136,386,432	1,115,599,812	1,125,987,198	1,113,378,741	918,381,573
Current Liabilities (Tk)	49,521,896	49,029,655	46,756,505	45,687,406	89,205,183
Current Ratio	22.95	22.75	24.08	24.37	10.30
Quick Ratio	14.33	14.23	15.58	16.17	6.88
Debt-Equity Ratio	N/A	N/A	N/A	N/A	N/A
Time Interest Earned Ratio	400.37	503.40	739.92	1618.12	361.06
Return on Assets	15.92%	20.47%	28.89%	34.72%	35.23%
Return on Equity	9.65%	11.72%	15.15%	15.47%	17.28%
Earnings per share	1.48	1.79	2.52	2.73	3.45
Number of Shares	180,242,498	163,856,816	136,547,347	109,237,878	91,031,565
Number of Shareholders	14,407	14,392	12,801	9,159	3,654

(xiii) Dividend: Our Policy is to offer consistent dividends that closely reflect business performance. As announced by the Company on 27 October 2018, the Board has recommend dividend for all shareholders 10% Stock Dividend per share for the year ended on 30 June 2018 which will be paid after approval in the Annual General Meeting of the Company as per respective shareholding position on record date i.e. on 20 November 2018. Company declare stock dividend in spite of cash dividend due to re-investment and business growth.

(xiv) Interim Dividend: Board of Directors confirm that no bonus share or stock dividend has been declared as interim dividend and shall not be declared any stock or bonus share as interim dividend in future.

(xv) Number of Board Meetings:
The Board met 7 times during the year. Following table shows the attendance of Directors in the meeting:

Name of the Director	Position	No of Meeting held during the year	No of Meeting attended
Mr. Abid Mustafizur Rahman	Chairman	7	6
Md. Shirazul Haque(Representative of FAR Pharmaceuticals Ltd.)	Managing Director	7	7
Mr. Faiaz Kader Sadman		7	5
Md.Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	7	7
Mr. Akik Habibuzzaman	Independent Director	7	7
Mr.Abdullah	Independent Director	7	7

The members who could not attend the meeting were granted leave and outside of the country.

(xvi) The pattern of shareholding:
a) Parent/ Subsidiary/ Associated Companies and other related parities
Number of shares held: Nil
b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit:

Name	Position	Number of share held
Mr. Abid Mustafizur Rahman	Chairman	6,633,000
Md. Shirazul Haque(Representative of FAR Pharmaceuticals Ltd.)	Managing Director	12,103,850
Md.Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	12,103,850
Mr. Faiaz Kader Sadman	Director	13,749,931
Mr. ABM Golam Mostafa,FCMA	Company Secretary	Nil
Mr. Rana Ahmed	CFO	Nil
Mr. Gopal Chandra Basak	Head of Internal Audit	Nil

c) Senior Corporate Executives :
Number of shares held : Nil
d) Shareholders holding ten percent (10%) or more voting interest in the company: None

(xvii)Appointment/ re-appointment of directors of the company:

Retirement:
Mr Abid Mustafizur Rahman Chairman and Mr Faiaz Kader Sadman Director of the company will retire.

Appointment/Re-appointment:
1. Mr Abid Mustafizur Rahman being eligible offering himself for re-election as Chairman.
2. Mr. Faiaz Kader Sadman offer himself to remain in the company as a sponsor shareholder instead of director.

Name of Directors	Position at FAR Chemical Industries Ltd.	Entitles where he has interests	Position in other Companies
Abid Mustafizur Rahman	Chairman	FAR Pharmaceuticals Ltd	Director
		S.S. Energy Explosion Ltd	Director
		M.L. Steel Mills Ltd	Director
		Neptune Textile Mills Ltd	Managing Director
Md. Faiaz Kader Sadman	Director	M.L. Dyeing Limited	Director
		Better Life Hospital Ltd.	Director
		S.F. Textile Industries Ltd.	Chairman
		Sadman Textile Mills Ltd.	Chairman

(xviii) Auditors:
Present Auditors' Shiraz Khan Basak & Co, Chartered Accounts will retire in the 11th AGM. AHMAD & AKHTAR, Chartered Accounts (Affiliated with 3E Accounting) being eligible to audit for the year ended 30th June 2019 as per order of Bangladesh Securities and Exchange Commission (BSEC) No SEC/CMRRCD/2009-193/174/Admin/61 dated July 08, 2015 they have conveyed their willingness to accept for appointment.

(xix) Corporate Governance Compliance Report:
In accordance with the requirement of the Bangladesh Securities and Exchange Commission, Corporate Governance Report is annexed.

(xx) Going Concern:
The Directors consider that the Company has adequate resources to remain in operation for the foreseeable future and has therefore continued to adopt the going concern basis in preparing the financial statements.

(xxi) Internal Control System:
The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Board.

(xxii) Minority Shareholders' Protection:
The Board is and shall be committed to respect the rights of the minority shareholders to voting, right to information, dividends and appraisal of any alteration in Memorandum and Articles.

(xxiii) Management discussion and analysis:
The Board of Directors converse on the increase /decrease of revenue, cost of goods sold, gross and net profit margin. The Board also takes instant actions on the inquiry as required.

(xxiv) Subsequent events:
There is no subsequent event after the date of balance sheet and till the date of this report which could affect the ability of the users of these financial statements to make an appropriate evaluation.

(xxv) Audit Committee:
The Board has constituted the Audit Committee as follows:

Chairman & Independent Director	: Mr. Akik Habibuzzaman
Member	: Mr. Faiaz Kader Sadman
Member	: Mr. Mohammad Mehedi Hasan
Member	: Mr. Md. Abdullah
Member Secretary	: Mr. ABM Golam Mostafa FCMA

During the reporting period under review, the Committee held five meetings. A detailed of the roles and activities of the Audit Committee has been provided in "The Report of The Audit Committee".

(xxvi) Nomination and Remuneration Committee (NRC):
Nomination and Remuneration Committee (NRC) has been formed as follows as per provision of Corporate Governance Guidelines notification No:BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC).

Chairman & Independent Director	: Mr. Akik Habibuzzaman
Member	: Mr. Mohammad Mehedi Hasan
Member	: Mr. Faiaz Kader Sadman
Member Secretary	: Mr. ABM Golam Mostafa FCMA

(xxvii) Contribution to national exchequer:
FAR Chemical Industries Limited has been enjoying tax holiday.

(xxviii) Corporate social responsibility (CSR):
Over the years, your company's commitment to Corporate Social Responsibility (CSR) activities is part and parcel of the Company's business model. Your Company has been contributing to the welfare of the community, research and development and protection of environment.

(xxix) AWARDS & RECOGNITION:
Since starting your Company received the following awards and recognitions:

1. Year of Incorporation: 22 March, 2007
2. Year of Conversion to Public Limited Company:19 June, 2012
3. Year of Listing with Dhaka Stock Exchange Ltd. (DSE): 08 July, 2014
4. Year of Listing with Chittagong Stock Exchange Ltd. (CSE): 08 July, 2014

(xxx) WEBSITE:
The Company maintains a website namely www.farchemicalbd.com which is linked with the websites of the stock exchanges and it is functional from the date of listing and all disclosures and financials are available in the website of the company.

(xxxi) Human Resources:
Human Resources are a fundamental asset across the entire business model. The development of the company builds its competitive advantage on the skills and commitment
of its employees, promoting and rewarding pro-activity, goal orientation and teamwork. The HR Department of your company operates with specific policy, manual and plan which is approved by the Board of Directors. We provide on-the-job training and development opportunities to enhance our employees' carrier progression. Through different training, staff's professional knowledge in corporate operations, occupational and management skills are enhanced. FAR Chemical Industries Limited is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Company has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behavior, employees right and benefits. We establish and implement policies that promote a harmony and respectful workplace.

(xxxii) Code of conduct:
The underlying philosophy of FAR Chemical Industries Limited's code is to conduct the business in an ethical manner as well as create a work environment that is conducive for members and stakeholders alike, based on the Company's values and beliefs. Code of Conduct for Board of Directors was framed and followed accordingly in discharging their duties and responsibilities.

(xxxiii) Directors' responsibilities statement
Pursuant to the BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 the Directors confirm that:

i) The financial statements prepared by the management of FAR Chemical Industries Limited fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

ii) Proper books of Account of the company have been maintained.

iii) 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.

iv) International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.

v) The system of internal control is sound in design and has been effectively implemented and monitored.

vi) There are no doubts upon the Company's ability to continue as a going concern and the accounts have been prepared on going concern basis.

vii) The significant deviations from previous period in the operating results of the company have been highlighted in the report and the reasons thereof have been explained.

viii) The key operating and financial data of last 5 years have been disclosed in this report.

ix) The number of Board Meeting held during the reporting period and the attendance by each director have been disclosed in this report.

x) The pattern of shareholding is disclosed in this report.

xi) A compliance status report with requirements of Corporate Governance as required by BSEC is disclosed in Corporate Governance Report and is disclosed in this report.

xii) Directors' profile is attached in this report and their directorship and business interest in other organizations have been disclosed adequately.

(xxxiv) Company's Expansion Program:
It's a great pleasure to inform all valued shareholders and other stakeholders that your company has decided to set up a textile industry at Rupgonj, Narayangonj as its 2nd unit. The company has already purchased 338.33 decimal of land in this regard.

Appreciation:
The board of directors wishes to place on record their appreciation of thanks to shareholders, customers and suppliers for their continued support. Your Directors also wish to place on record their appreciation for the contribution made by the employees at all levels to the continued growth and prosperity of the company.

The Board would also like to thanks all stakeholders including banks, Insurance Companies, BEPZA, BSEC, DSE, CSE, CDBL, RJSC and various government authorities, trade bodies for their extended co-operation.

We look forward to brighter future for all of us.

On behalf of the Board

Abid Mustafizur Rahman
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW 2017-2018:
Let us present before you a short review on the total operational and financial performance of your company from 01 July 2017 to 30 June 2018.

ECONOMIC OUTLOOK:
You know that your company's products are the raw materials of garments and textile sector. So our production and sales are depends on uninterrupted production of textile and garment industries. RMG sector is the driver for growth of Bangladesh's economy. It contributes 13% to national GDP (as per various industry related analysis). To achieve the $58 billion export target Bangladesh will have to earn $20 billion in the next four years as speculated by the industry insiders.

Still Bangladesh remains the world's second largest garment exporter.

As said earlier, we have invested huge to ensure that we are well positioned for continued long-term and profitable growth.

Accounting policies and changes:
The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in earlier periods.

FY 2018 Financial Performance and Position:
The discussions in this section relate to the financial results pertaining to the year that ended June 30, 2018. The financial statements of FAR Chemical Industries Limited has been prepared in accordance with the International Accounting Standards (referred to as "IAS"), International Financial Reporting Standards (referred to as "IFRS"), as per the Companies Act, 1994, as amended from time to time. Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the financial statements. The following table gives an overview of the financial results of the Company:

Key operating and financial data of last preceding 5 (five) years:
Operational Data:

Particulars	Year ended as on				
	30.06.2018	30.06.2017	30.06.2016	30.06.2015	30.06.2014
Turnover (Tk)	1,337,366,121	1,436,569,686	1,492,738,046	1,308,365,030	1,198,194,039
Gross Profit (Tk)	289,373,348	313,746,404	362,697,097	309,624,377	282,983,442
Operating Profit (Tk)	266,365,903	292,221, 318	343,757,236	293,546,821	236,980,315
Net Profit before tax (Tk)	266,730,270	292,605,512	344,511,101	298,461,130	281,711,185
Net Profit after tax (Tk)	266,730,270	292,605,512	344,511,101	298,461,130	281,711,185
Basic EPS (Tk)	1.48	1.79	2.52	2.73	3.45
Dividend per share (%)	10%	10%	25%	25%	20%

Key operating and financial data of last preceding 5 (five) years:

Financial Data:

Particulars	Year ended as on				
	30.06.2018	30.06.2017	30.06.2016	30.06.2015	30.06.2014
Authorized Capital (Tk)	3,000,000,000	3,000,000,000	3,000,000,000	1,310,000,000	1,310,000,000
Paid up Capital (Tk)	1,802,424,980	1,638,568,160	1,365,473,470	1,092,378,780	910,315,650
Face value per share (Tk)	10	10	10	10	10
Retained Earnings (Tk)	961,917,818	859,044,368	907,807,220	836,390,809	719,992,809
Current Assets (Tk)	1,136,386,432	1,115,599,812	1,125,987,198	1,113,378,741	918,381,573
Current Liabilities (Tk)	49,521,896	49,029,655	46,756,505	45,687,406	89,205,183
Current Ratio	22.95	22.75	24.08	24.37	10.30
Quick Ratio	14.33	14.23	15.58	16.17	6.88
Debt-Equity Ratio	N/A	N/A	N/A	N/A	N/A
Time Interest Earned Ratio	400.37	503.40	739.92	1618.12	361.06
Return on Assets	15.92%	20.47%	28.89%	34.72%	35.23%
Return on Equity	9.65%	11.72%	15.15%	15.47%	17.28%
Earnings per share	1.48	1.79	2.52	2.73	3.45
Number of Shares	180,242,498	163,856,816	136,547,347	109,237,878	91,031,565
Number of Shareholders	14,407	14,392	12,801	9,159	3,654

Cost of Goods Sold (COGS)

This year's cost of goods sold was Tk.1,047.99 million as compared to last year's cost of goods sold of Tk. 1,122.82 million. This is due to the fact that there has been an decreased of manufacturing overhead and average production quantity. Production capacity utilized during the year was 87.79%.

Gross Profit:

The company has achieved an export turnover of Tk. 1,337.37 million during the year ended 30th June, 2018. Last year's turnover was Tk. 1,436.57 million. The decrease in turnover is 6.91% compare to the last year. Gross profit earned during the year was Tk.289.37 million as compared to last year's gross profit of Tk. 313.75 million.

Net Profit:
Net profit (after tax) earned during the year was Tk.266.73 million as compared to last year's Net profit (after tax) of Tk. 292.61 million. During the year net profit after tax has decreased due to decrease in production and increase of manufacturing overhead.

Risk and Concerns
Board of Directors reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring and mitigation and reporting of key risks while trying to achieve its business objectives.

Forward-Looking Statements
Board of Directors and management of the company are looking forward to keep its progress in alignment with industry's growth and have made all preparation to this end. Overall industry is projected to grow in a steady way in next couple of years and your company will be in forefront to be one of the major player in the future booming market.

S. Haque

Md. Shirazul Haque
Managing Director

AMARSTOCK

CERTIFICATE OF BAPLC

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: OM-2018/168

BAPLC

Date of issue : April 2, 2018

Renewed Certificate

This is to certify that

FAR CHEMICAL INDUSTRIES 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.

Bangladesh Association of Publicly Listed Companies ★ BAPLC

Secretary-General
(Acting)

CERTIFICATE ON COMPLIANCE of Corporate Governance Code

Report to the Shareholders of FAR Chemical Industries Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by FAR Chemical Industries Limited for the year ended on June 30, 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and 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 or not complied (if not complied, specify non-compliances);

(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 or not complied (if not complied, specify non-compliances);

(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 or not complied (if not complied, specify non-compliances); and

(d) The governance of the company is highly satisfactory or satisfactory or not satisfactory.

Mujibur Rahman & Co
Cost & Management Accountants

Place: Dhaka

Dated: September 30, 2018

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

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:** The total no. of members of the Board shall not be less than 5 (five) and more than 20 (twenty);	√		
1(2)	**Independent Director**			
1(2)(a)	Number of Independent Director [at least 1/5 of the total number of directors of the Board]	√		
1(2)(b)(i)	The independent director who does not hold any share or holds less than 1% shares of the total paid up shares of the company;	√		
1(2)(b)(ii)	Not being a sponsor and connected with 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 1% or more shares of the total paid up share capital of the company on the basis of family relationship and his or her family members 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;	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 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.	√		
1(3)	**Qualification of Independent Director**			
1(3)(a)	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 business;	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 million or any listed company or a member of any national or international chamber of commerce or business association;	√		
1(3)(b)(ii)	Corporate leader who is or was a top level executive not lower than CEO or MD or DMD or CFO or Head of Finance or Accounts or CS or HIAC or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100 million or of a listed company;	√		
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;	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	√		
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 CA or CMA or CFA or Chartered Certified Accountant or CPA or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		
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;	-	-	No such issue
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer**			

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director and/ or Chief Executive Officer of the companies shall be filled by different individuals;	√		
1(4)(b)	The Managing Director and/ or Chief Executive Officer 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 the minutes.	-	-	No such issue
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:-			
1(5)(i)	Industry outlook and possible future developments in the industry;	√		
1(5)(ii)	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;	√		
1(5)(v)	Discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss);	-	-	No such issue

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(vi)	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)	Statement of utilization of proceeds raised through public issues, rights 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), Rights Offer, Direct Listing, etc;	-	-	N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;	-	-	N/A
1(5)(x)	Statement of remuneration paid to directors including independent directors.	√		No Remuneration was paid to Directors except MD during the period under review.
1(5)(xi)	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)	Proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	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)	International Accounting Standards (IAS) / 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;	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	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;	-	-	No such issue
1(5)(xvii)	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;	-	-	N/A
1(5)(xix)	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:-**			
	(a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	-	-	N/A
	(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);	√		
	(c) Executives; and	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	(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:-**			
	(a) a brief resume of the director	√		
	(b) nature of his or her expertise in specific functional areas;	√		
	(c) names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	**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:**			
	(a) accounting policies and estimation for preparation of financial statements;	√		
	(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;	√		
	(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;	√		
	(d) compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
	(e) briefly explain the financial and economic	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
	(f) risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√		
	(g) future plan or projection or forecast for company's operation, performance and financial position, with justification 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;	√		
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 and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
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			

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 CEO, CFO, Head of Internal Audit and Compliance (HIAC) and Company Secretary**			
3(1)	**Appointment**			
3(1)(a)	The Board shall appoint MD or CEO, CS, CFO and HIAC;	√		
3(1)(b)	The positions of the MD or CEO, CS, CFO and 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;	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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:** MD/CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board provided that CS, CFO and HIAC shall not attend such part of a meetings of the Board relating to their personal matter.	√		
3(3)	**Duties of MD or CEO and 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 subcommittees:			

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
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 nonexecutive 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) years of 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	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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	√		
5(4)	**Meeting of the Audit Committee**			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	√		
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;	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;	√		
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;	√		
5(5)(m)	oversee whether the proceeds raised through IPO or RPO or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	√		
5(6)	**Reporting of the Audit Committee**			
5(6)(a)	Reporting to the Board of Directors	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;	√		
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;	√		
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	√		
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	√		
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.			No such issue
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.	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 subcommittee of the Board;	√		
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;	√		
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).	√		
6(2)	**Constitution of the NRC**			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2) (c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
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;	√		
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	-	-	No such issue

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
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.	√		
6(3)	**Chairperson of the NRC**			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
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;	-	-	N/A
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
6(4)	**Meeting of the NRC**			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
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);	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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.	√		
6(5)	**Role of the NRC**			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
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;	√		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		
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;	√		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
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	√		

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√		
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.	√		
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;	√		No such issue
7(1)(ii)	financial information systems design and implementation;	√		No such issue
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		No such issue
7(1)(iv)	broker-dealer services;	√		No such issue
7(1)(v)	actuarial services;	√		No such issue
7(1)(vi)	internal audit services or special audit services;	√		No such issue
7(1)(vii)	any service that the Audit Committee determines;	√		No such issue

Condition No	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1);	√		
7(1)(ix)	any other service that creates conflict of interest.	√		No such issue
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	√		No such issue
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (AGM or EGM) 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.	-	-	Will appoint in the AGM
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.	√		

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of
FAR Chemical Industries Limited

Report on the Financial Statements
We have audited the accompanying financial statements of FAR Chemical Industries Limited (the company), which comprises the Statement of Financial Position as at 30 June 2018 and 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 information thereon.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the 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 give a true and fair view of the financial position of FAR Chemical Industries Limited as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).

Report on Other Legal and Regulatory Requirements
In accordance with the Companies Act 1994 and The Securities and Exchange Rules 1987, 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) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
(c) the Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with the report are in agreement with the books of account; and
(d) the expenditure incurred was for the purpose of the company's business.

Date: October 27, 2018
Place: Dhaka

AHMAD & AKHTAR
Chartered Accountants

FAR Chemical Industries Limited

Statement of Financial Position

As at June 30, 2018

	Notes	Amount in Taka	
		30 June 2018	30 June 2017
Assets			
Non-current assets		**1,677,478,262**	**1,431,042,371**
Property, plant & equipment	4.00	1,675,929,791	1,429,493,900
Security deposit	5.00	1,548,471	1,548,471
Current assets		**1,136,386,432**	**1,115,599,812**
Inventories	6.00	426,959,883	417,694,944
Trade receivables	7.00	626,642,699	640,160,123
Advances, deposits and prepayments	8.00	56,904,297	34,052,246
STD Account (IPO)	9.00	2,945,000	2,950,000
STD Account (Dividend)	10.00	724,454	822,665
Cash and cash equivalents	11.00	22,210,099	19,919,834
Total Assets		**2,813,864,694**	**2,546,642,183**
Shareholder Equity and Liabilities			
Shareholders' equity		**2,764,342,798**	**2,497,612,528**
Share capital	12.00	1,802,424,980	1,638,568,160
Retained earnings	13.00	961,917,818	859,044,368
Current Liabilities		**49,521,896**	**49,029,655**
Trade payables	14.00	40,035,250	36,561,263
Short term borrowings	15.00	2,147,857	1,999,623
Share Money Deposits (IPO)	16.00	2,945,000	2,950,000
Dividend payables	17.00	724,454	822,665
Creditors and accruals	18.00	3,669,335	6,696,104
Total Shareholder Equity and Liabilities		**2,813,864,694**	**2,546,642,183**
Net Assets Value (NAV) per share	27.00	**15.34**	**15.24**

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

Chairman	Managing Director	Company Secretary	Chief Financial Officer

Dated: October 27, 2018
Place: Dhaka

Signed as per our annexed report on even date

FAR Chemical Industries Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2018

	Notes	Amount in Taka	
Revenue	19.00	1,337,366,121	1,436,569,686
Less: Cost of sales	20.00	1,047,992,773	1,122,823,282
Gross profit		**289,373,348**	**313,746,404**
Less: Operating expenses			
Selling and distribution expenses	21.00	10,581,377	9,775,646
Administrative expenses	22.00	10,998,069	10,466,531
Employee Welfare expenses	23.00	761,035	701,254
		22,340,481	**20,943,431**
Profit from operation		**267,032,867**	**292,802,973**
Less: Financial expenses	24.00	666,964	581,655
		266,365,903	**292,221,318**
Add: Other income	25.00	364,367	384,194
Profit before tax		**266,730,270**	**292,605,512**
Less: Income tax expenses		-	-
Profit after tax		**266,730,270**	**292,605,512**
Basic Earnings Per Share (EPS)	26.00	**1.48**	**1.62**

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

Chairman	Managing Director	Company Secretary	Chief Financial Officer

Signed as per our annexed report on even date

Dated: October 27, 2018
Place: Dhaka

AHMAD & AKHTAR
Chartered Accountants

FAR Chemical Industries Limited
Statement of Changes in Equity
For the year ended June 30, 2018

Particulars	Share Capital Taka	Retained Earnings Taka	Total Taka
Balance at July 01,2017	1,638,568,160	859,044,368	2,497,612,528
Bonus Issue	163,856,820	(163,856,820)	-
Cash Dividend	-	-	-
Profit during the year	-	266,730,270	266,730,270
Balance at 30 June 2018	**1,802,424,980**	**961,917,818**	**2,764,342,798**

FAR Chemical Industries Limited
Statement of Changes in Equity
For the year ended June 30, 2017

Particulars	Share Capital Taka	Retained Earnings Taka	Total Taka
Balance at July 01,2016	1,365,473,470	907,807,220	2,273,280,690
Bonus Issue	273,094,690	(273,094,690)	-
Cash Dividend	-	(68,273,674)	(68,273,674)
Profit during the year	-	292,605,512	292,605,512
Balance at 30 June 2017	**1,638,568,160**	**859,044,368**	**2,497,612,528**

Chairman | **Managing Director** | **Company Secretary** | **Chief Financial Officer**

Signed as per our annexed report on even date

Dated: October 27, 2018
Place: Dhaka

AHMAD & AKHTAR
Chartered Accountants

FAR Chemical Industries Limited
Statement of Cash Flows
For the year ended June 30, 2018

	Notes	Amount in Taka	
		FY (2017-2018)	FY (2016-2017)
A. Cash flows from operating activities:			
Receipt from customers		1,350,883,545	1,395,420,027
Receipt from other income		364,367	384,194
Payment for cost of expenses		(1,011,075,473)	(1,052,423,400)
Payment for operating expenses		(24,570,971)	(20,884,145)
Payment of financial expenses on short term loan		(666,964)	(581,655)
Net cash from operating activities		**314,934,504**	**321,915,021**
B. Cash flows from investing activities:			
Acquisition of property, plant and equipment		(312,792,473)	(308,958,168)
Net cash used in investing activities		**(312,792,473)**	**(308,958,168)**
C. Cash flows from financing activities:			
Receipt/(Payment) against short term loan		148,234	(125,864)
Dividend paid		-	(68,273,674)
Net Cash used in financing activities		**148,234**	**(68,399,538)**
D. Net increase in cash and cash equivalents (A+B+C)		2,290,265	(55,442,685)
E. Opening cash and cash equivalents		19,919,834	75,362,519
F. Closing cash and cash equivalents (D+E)		**22,210,099**	**19,919,834**
Net Operating Cash Flow Per Share (NOCFPS)	28.00	**1.75**	**1.96**

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

Chairman	Managing Director	Company Secretary	Chief Financial Officer

Dated: October 27, 2018
Place: Dhaka

FAR Chemical Industries Limited
Notes, comprising significant accounting policies and other explanatory information
For the year ended June 30, 2018

1.00 Reporting Entity

1.01 Background of the Company

FAR Chemical Industries Limited (the Company') was incorporated in Bangladesh on 22 March 2007 as a Private Limited Company under the Companies Act 1994 with its Corporate office at House No: 11 (Floor: 5-A), Road No: 12, Niketon, Gulshan-1, Dhaka-1212 and Registered office & factory is situated at Plot # 135-136 in CEPZ, Comilla Export Processing Zone, Comilla, Bangladesh. Subsequently the company has been converted to Public Limited Company under the Companies Act 1994 on 19 June 2012 and issue of Public offer of 12,000,000 ordinary shares of Tk. 10.00 each at par totaling to Tk.120,000,000 as Bangladesh Securities and Exchange Commission (BSEC) ref no. BSEC/CI/IPO-220/2013/98 dated February 05, 2014.

1.02 Nature of Business

The principal activities of the Company are to manufacture and export of Chemical products to different export oriented Textiles, dyeing and Apparels industries. Some of the Principal products and services are:

- Softening Agent
- Scouring Agent
- Anti-Foaming Agent
- Leveling Agent
- Fixing Agent
- Stabilizer
- Retarding Agent
- Bleaching Agent and
- Other chemical products.

2.00 Basis of Preparation of Financial Statements

2.01 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh.

2.02 Regulatory Compliances

As required FAR Chemical Industries Limited comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 1984;
The Income Tax Rules 1984;
The Value Added Tax Act 1991; and
The Value Added Tax Rules 1991
The Customs Act 1969 and
Bangladesh labour law 2006 (Amendment 2013).

2.03 Measurement Bases used in preparing the Financial Statements

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.04 Reporting Currency and Level of Precision

The financial statements are presented in Bangladeshi Taka (Taka/Tk), which is the Company's functional currency. All financial information presented in Taka have been rounded off to the nearest Taka.

2.05 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of FAR Chemical Industries Ltd is responsible for the preparation and presentation of financial statements.

2.06 Use of Estimates and Judgments

The preparation of these financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 thereby.

In particular, information about significant areas of estimation on uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognized in the financial statements are included in the following notes:

Note: 4 Property, Plant and Equipment
Note: 6 Inventories
Note: 7 Trade Receivables
Note: 8 Advance, Deposit and Pre-payment
Note: 14 Trade Payable

2.07 Reporting Period

The financial period of the companies covers one year from 01 July 2017 to 30 June 2018 and is followed consistently.

2.08 Statement of Cash Flows

Statement of cash flows is prepared in accordance with "IAS 7: Statement of Cash Flows" and the cash flow from operating activities have been presented under Direct Method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are Encouraged to Report Cash Flows from Operating Activities using the Direct Method".

2.09 IAS and IFRS adopted by the management

Sl. No.	Name of the IAS	IAS's No.
1	Presentation of Financial Statements	1
2	Inventories	2
3	Statement of Cash Flows	7
4	Accounting policies, Changes in accounting Estimates & Errors	8
5	Events after the Reporting Period	10
6	Income Taxes	12
7	Property, Plant and Equipment	16
8	Leases	17
9	Revenue	18
10	Employee Benefits	19
11	The Effects of Changes in Foreign Exchange Rates	21
12	Borrowing Costs	23
13	Related Party Disclosures	24
14	Accounting and Reporting by Retirement Benefit Plans	26
15	Financial Instruments: Presentation	32
16	Earnings Per Share	33
17	Impairment of Assets	36
18	Provision, Contingent Liabilities and Contingent Assets	37
19	Financial Instruments: Recognition & Measurement	39

SL. No.	Name of the IFRS	IFRS No.
1	Financial Instruments: Disclosures	7
2	Operating Segments	8
3	Fair Value Measurement	13

3.00 Significant Accounting Policies

3.01 Property, Plant & Equipment

3.1.1 Recognition and Measurement

Tangible fixed assets are accounted for according to "IAS 16: Property, plant and equipment", Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The cost of acquisition of an asset comprises its purchase price and any attributable cost of bringing the assets to its working condition for its intended Expenditure incurred after the assets have been put into use, such as repairs maintenance is normally charged off as revenue expenditure in the year in which it incurs. In situation where it can be clearly demonstrated that the expenditure has resulted increase in the future economic benefit expected to be obtained from the asset expenditure is capitalized as an additional cost of the assets.

3.1.2 Depreciation

Depreciation is provided on Reducing Balance Method except Leasehold Land Development (Comilla EPZ) on the value at which the assets carried in the books of Accounts. Depreciation is charged at the rates varying from 2.50% to 20% depending on the estimated useful life of assets. Depreciation is provided on Leasehold Land development on straight-line method the lease term of 30 years. Depreciation has been charged on additions during the period of available for utilization of Property, Plant & Equipment.

Rates of depreciation of assets considering their useful lives are as follows:

Category	Rate
Leasehold Land Development	3.33%
Factory Buildings	2.50%
Plant and Machinery	10%
Electrical Installation	10%
Compressor	10%
Forklift	10%
Water line Installation	10%
Office Equipment	10%
Furniture & Fixture	20%

3.02 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 as adopted by ICAB "Presentation of Financial Statements" the complete set of financial statements includes the following components.

i. Statement of financial position as at 30 June 2018;
ii. Statement of profit or loss and other comprehensive income for the financial year ended on 30 June 2018;
iii. Statement of changes in equity for the financial year ended on 30 June 2018
iv. Statement of cash flows for the financial year ended on 30 June 2018;and
v. Notes, comprising significant accounting policies and other explanatory information for the financial year ended on 30 June 2018.

3.03 Inventories

Inventories are measured at lower of cost and ex-factory net realizable value in compliance with "IAS 2: Inventories". The cost of inventories is based on weighted average principle and includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is estimated upon selling price in the ordinary course of business less estimated cost of completion. When the inventories are used, the carrying amounts of those inventories are recognized as expense in the year in which the related revenue is recognized.

3.04 Revenue

Revenue represents the ex-factory invoice value of goods supplied to customers during the period. Revenue from sale of goods is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer in compliance with IAS 18: Revenue. Sales are recognized when delivery certificate is raised against confirmed orders.

3.05 Foreign Currency Transaction/Translation

Foreign currency transactions are translated into Bangladeshi Taka at the exchange rates ruling at the transaction dates according to IAS 21: The effect of changes in Foreign Exchange Rates". Monetary assets and liabilities denominated in the foreign currencies are translated at prevailing rates on the balance sheet (financial position) date. Non monetary assets and liabilities denominated in foreign currencies, which are related at historical cost, are translated into Bangladesh Taka at the exchange date ruling at the date of transactions. Foreign exchange fluctuation gain/losses are charged to Statement of Comprehensive Income for the respective period.

3.06 Financial Expenses

Financial costs comprise of interest expense on short term loan. The costs are charged to revenue except those are capitalized in accordance with IAS 23: Borrowing Costs.

3.07 Financial Instruments

Non-derivative financial instruments comprise trade receivables, trade payables, cash and cash equivalents and share capital.

Trade Receivables

Trade receivables are recognized initially at invoice value and subsequently measured at the remaining amount less allowance for doubtful receivable at the year end, if any. Receivables from foreign currency transactions are recognized in Bangladeshi Taka using exchange rates prevailing on the date of transaction.

Trade Payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and with banks on current and deposit accounts and short term investments which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

Share Capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

3.08 Taxation

3.8.1 Current Tax

No provision is made for income tax since the Company is situated in Export Processing Zone, Comilla and as per Income Tax Ordinance 1984 vide IRD SRO No. 289-Law/89, dated 19 August 1989, all industries operated in the Bangladesh Export Processing Zone (BEPZ) have been exempted from payment of income tax for a period of 10 years from the date of commercial operation.

3.8.2 Deferred Tax

Deferred tax arises due to temporary difference deductible or taxable for the transaction which is recognized in the income statement. A temporary difference between the tax base of an asset or liability and its carrying amount/or amount in the Statement of Financial Position. Deferred tax assets or liability is the year income tax recoverable or payable in future periods recognized in the current period "IAS 12: Income Tax.

Since the income of the company is exempted from tax. So the calculation of deferred not required for the company.

3.09 Provisions

As per "IAS 37: Provisions, Contingent Liabilities and Contingent Assets, a provision recognized on the date of statement of financial position if, as a result of past event Company has a present obligation that can be estimated reliably, and it is probable outflow of economic benefits will be required to settle the obligation.

3.10 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc are recorded it is probable that a liability has been incurred and the amount can be measured reliably accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

3.11 Earnings per Share (EPS)

This has been calculated in compliance with the requirements of "IAS 33: Earnings per Share" by dividing the basic earnings by the weighted average number of ordinary Shares outstanding during the year.

Basic Earnings

This represents earnings for the period attributable to the ordinary shareholders. As there are no preference dividend, minority interest or extra ordinary items, the net profit for the year has been considered as fully attributable to ordinary shareholders. Basic earnings per has been calculated by dividing the net profit or loss by the number of weighted average ordinary share outstanding during the year.

Diluted Earnings per Share (DEPS)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there were no potential ordinary shares during the relevant period.

3.12 Segment Reporting

No segmental reporting is applicable for the company as required by "IFRS 08: Operating Segment" as the company operates in a single industry segment and within as geographical segment.

3.13 Event after Statement of Financial Position Date

In compliance with the requirements of "IAS-10: Event after the reporting period" that provide additional information about the company's position at the date of the financial position are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when materials.

There was no significant event that has been occurred between the statement of financial position date and date on which the financial statements are authorized for issue.

3.14 Employee Benefits

3.14.1 Worker's Profit Participation

Accordance with the requirement of section 234 of Labor Act, 2006, the company should contribute 5% of net profit before charging the amount to the aforementioned fund. But the company established in Comilla Export Processing Zone and have to comply only BEPZA rules relating to services matter concerning workers and officers employed in the company operating in the Export Processing Zone Bangladesh, which imposed by BEPZA. So there is no provision for Worker's Profit Participation Fund in company's profits as per BEPZA rules.

3.14.2 Provident Fund

The Company has established and maintaining Contributory Provident Fund in compliance to the requirement of "The EPZ employees (Contributory) Provident Fund Policy -2012". The fund is administrated by the 6 members Board of Trustees of which 3 members are nominated from employer's side and remaining 3 members fulfilled from the representative from Workers Welfare Association. All members of trustee shall hold their position for three years. The member of the trustee board within the limit of the policy shall together hold absolute measure to take any decision for implementation of the provident fund.

3.14.3 Workers Welfare Fund

The company has been paying against "Workers Welfare Fund" to BEPZA since 1st February 2013 in compliance to the requirement of BEPZA rules. The management of the fund is maintained by BEPZA according to the rules & guidelines imposed under the style of 'Constitution and Operation Procedure of EPZ Worker's Welfare Fund 2012'.

3.15 Financial Risk Management Policies

The company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The company does not hold or issue derivative financial instruments for speculative or trading purposes.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks. The company has no significant risk of fluctuations in interest rates.

Foreign Currency Risk

The company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the group's customer base, Management does not anticipate material losses from its debt collection.

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the company's performance to developments affecting a particular industry. The breakup amount due from customers other than related parties as disclosed in note 7.00 to these financial statements is presented below:

Due from customer other than related parties:

Gross trade and other receivable	Tk.626,642,699 .00
Less: Related Parties	Tk. 3,654,550.00
Net from Customer	Tk. 622,988,149.00

Out of the total trade debts of Tk. 626,642,699 .00 the company has not made any provision. The aging profile to the trade debts overdue is as follows:

Time duration	Gross Amount	Impairment
Up to 6 months	626,642,699 .00	-
Over 6 months	-	-
Total Taka	626,642,699 .00	-

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The company aims to maintain flexibility in funding by keeping committed credit lines open. The maturity profile of the company's liabilities based on contractual maturities is as follows:

Financial Liability	Carrying Amount	On Demand	Contractual Cash flows	Upto One year	More than one year
Trade payable	40,035,250	-	40,035,250	40,035,250	-
Short term borrowing	2,147,857	-	2,147,857	2,147,857	-
Total Taka	**42,183,107**	-	**42,183,107**	**42,183,107**	-

Fair Values

The fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, difference may arise between the carrying value and the fair value estimates. As at 30 June 2018 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

3.16 Date of Authorization

These financial statements were authorized for issue on 27 October, 2018 by the board of the Directors of the company.

3.17 General

i) Comparative figures have been re-arranged where considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

ii) Figures for the years 2017 have been rearranged wherever considered necessary to ensure comparability with the current year.

			Amount in Taka	
			30-06-2018	30-06-2017
4.00	**Property, plant & equipment**			
	At cost			
	Opening balance		1,916,727,421	1,607,769,253
	Addition during the year		312,792,473	308,958,168
			2,229,519,894	**1,916,727,421**
	Accumulated depreciation			
	Opening balance		487,233,521	415,267,727
	Charged during the year		66,356,582	71,965,794
			553,590,103	**487,233,521**
	Written down value as on June 30		**1,675,929,791**	**1,429,493,900**
	The details of the above is given in Annexure-A			
	Note: Addition of Land & Land development includes:			
	Deed Value of Land (95.80 decimal of land purchased)		20,244,000	20,451,000
	Registration & Other cost		2,631,720	2,658,630
	Land development cost		174,664,498	265,432,246
			197,540,218	**288,541,876**
	Description of land: Registered deed agreement numbers are 5245, 8011, 11154, 1144, 1242, 4865, 5275, 7941, 8714, 9678, 11847, 847, 1254/17, 3183/17 and 4299/17.			
5.00	**Security deposit**			
	Land lease at BEPZA, Plot : 135-136		1,152,985	1,152,985
	Deposit for electricity		395,486	395,486
			1,548,471	**1,548,471**
6.00	**Inventories**			
		Notes		
	Raw materials	6.01	296,137,074	285,248,167
	Work-in-process	6.02	10,436,343	10,571,652
	Packaging materials	6.03	6,140,905	6,152,413
	Finished goods	6.04	109,623,373	111,210,678
	Store items	6.05	4,622,188	4,512,034
			426,959,883	**417,694,944**
6.01	**Raw materials**			
	Opening stock		285,248,167	266,854,126
	Add: Purchase during the year		859,362,951	935,439,427
	Raw materials available for production		**1,144,611,118**	**1,202,293,553**
	Less: Input to production		848,474,044	917,045,386
			296,137,074	**285,248,167**
6.02	**Work-in-process**			
	Opening work-in-process		10,571,652	10,875,193
	Add: Current year		890,011,011	964,555,726
			900,582,663	**975,430,919**
	Less: Transfer to finished goods		890,146,320	964,859,267
			10,436,343	**10,571,652**
6.03	**Packaging materials**			
	Opening stock		6,152,413	6,021,548
	Add: Purchase during the year		41,525,459	47,641,205
			47,677,872	**53,662,753**
	Less: Consumption during the year		41,536,967	47,510,340
			6,140,905	**6,152,413**

		Amount in Taka	
		30-06-2018	30-06-2017
6.04	**Finished goods**		
	Opening stock	111,210,678	109,254,125
	Add: Production during the year	1,046,893,262	1,125,310,863
	Less: Cost of free issue	(487,794)	(531,028)
	Production available for export	**1,157,616,146**	**1,234,033,960**
	Less: Cost of goods sold	1,047,992,773	1,122,823,282
		109,623,373	**111,210,678**
6.05	**Store items**		
	Opening stock	4,512,034	4,365,289
	Add: Purchase during the year	20,343,848	23,045,102
		24,855,882	**27,410,391**
	Less: Consumption during the year	20,233,694	22,898,357
		4,622,188	**4,512,034**
7.00	**Trade receivables**		
	Opening balance	640,160,123	599,010,464
	Add: Export during the year	1,337,366,121	1,436,569,686
		1,977,526,244	**2,035,580,150**
	Less: Realization during the year	1,350,883,545	1,395,420,027
		626,642,699	**640,160,123**
	Receivables due over six months	-	-
	Receivables due below six months	626,642,699	640,160,123
		626,642,699	**640,160,123**

This is considered as fully secured and guaranteed payment by export letter of credit opening bank against export order and is considered good & realizable within one year as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

Particulars	30-06-2018	30-06-2017
i. Receivables considered good in respect of which the company is fully secured	626,642,699	640,160,123
ii. Receivables considered good in respect of which the company holds no security other than the debtor personal security	-	-
iii. Receivables considered doubtful or bad	-	-
iv. Receivables due by directors or other officers & staffs	-	-
v. Receivables due from companies under same management	3,654,550	33,542,108
vi. The maximum amount of receivable due by any director or other officer of the company	-	-

			Amount in Taka	
			30-06-2018	30-06-2017
8.00	**Advances, deposits and prepayments**			
	Sundry Advances	8.01	54,779,101	32,395,819
	Advance Salary		1,996,400	1,641,000
	M/S. Abul Khair Steel		123,542	-
	M/S. Sattar Enterprise		5,254	15,427
			56,904,297	**34,052,246**
8.01	**Sundry Advances**			
	Mr. MA Bari		6,521,547	5,121,547
	Mr. Uttam Kumar		1,963,415	65,150
	M/S. Gazi Enterprise		20,150	487,549
	M/S. Omer Electrical Engineering Works		517,496	412,506
	Md. Abul Khair Manik		35,998,423	13,329,587
	M/S. Bangla Trac Ltd.		3,105,247	3,652,006
	M/S. L/N Enterprise		514,293	854,968
	M/S. Creative Design and Development		2,309,175	2,415,076
	M/S. Tropical Vertical Mover		624,186	3,952,003
	M/S. Denmark Refrigeration Workes		3,205,169	2,105,427
			54,779,101	**32,395,819**
8.02	**Movement of Advances, Deposits and Prepayments**			
	Opening Balance		34,052,246	51,263,934
	Add: Addition during the year		26,057,097	39,870,546
			60,109,343	**91,134,480**
	Less: Adjustment during the year		3,205,046	57,082,234
			56,904,297	**34,052,246**
9.00	**STD Account (IPO)**			
	STD Accounts (BRAC Bank)		2,945,000	2,950,000
			2,945,000	**2,950,000**
10.00	**STD Account - Dividend**			
	STD Accounts (SBACBL)		724,454	822,665
			724,454	**822,665**
11.00	**Cash and Cash equivalent**			
	Cash in hand - Head Office		1,524,196	1,145,174
	Cash in hand - Factory		1,405,218	2,021,048
	Cash at bank:			
	Al-Arafah Islami Bank Ltd.		12,541,876	12,221,439
	Social Islami Bank Limited		1,709,874	1,402,843
	Social Islami Bank Limited		5,013,694	3,108,276
	Bank Asia Limited		15,241	21,054
			22,210,099	**19,919,834**
12.00	**Share capital:**			
12.01	**Authorized share capital :**			
	300,000,000 ordinary shares of Taka 10/= each.		**3,000,000,000**	**3,000,000,000**
12.02	**Issued, subscribed and paid-up capital:**			
	180,242,498 Ordinary Shares of Tk. 10/- each fully paid-up.		**1,802,424,980**	**1,638,568,160**

	Amount in Taka	
	30-06-2018	30-06-2017

The shareholding position of the company are as under:

Name	No of shares	Percentages (%)	Amount in Taka
Sponsors & Directors	54,510,432	30.24%	545,104,320
Local Institutions	53,982,628	29.95%	539,826,280
General Shareholder	71,749,438	39.81%	717,494,380
Total	**180,242,498**	**100.00%**	1,802,424,980

12.03 Classification of shareholders by holdings:

The composition of shareholders at June 30, 2018.

Ranges of Shareholdings	30-06-2018		30-06-2017	
	No. of Holder	% of holding	No. of Holder	% of holding
Less than or equel to 500 Shares	2,824	0.36%	3,292	0.52%
501 to 1,000 Shares	2,164	0.94%	2,727	1.45%
1,001 to 5,000 Shares	5,430	7.40%	5,269	8.85%
5,001 to 10,000 Shares	1,694	6.71%	1,644	7.80%
10,001 to 20,000 Shares	1,155	8.83%	934	8.52%
20,001 to 30,000 Shares	378	5.09%	331	5.15%
30,001 to 40,000 Shares	190	3.66%	156	3.39%
40,001 to 50,000 Shares	108	2.70%	119	3.40%
50,001 to 100,000 Shares	183	6.93%	171	7.77%
100,001 to 1,000,000 Shares	110	13.89%	87	11.94%
Over 1,000,000 Shares	17	43.49%	14	41.21%
Total	**14,253**	**100.0%**	**14,744**	**100.0%**

13.00 Retained earnings

Opening balance	859,044,368	907,807,220
Less: Dividend	163,856,820	341,368,364
	695,187,548	566,438,856
Add: Profit during the year	266,730,270	292,605,512
	961,917,818	**859,044,368**

14.00 Trade Payable

CJTECH Co Ltd.	9,415,080	15,216,527
SFC Co Ltd.	7,151,639	5,651,399
SBC Co Ltd.	11,257,893	10,152,186
OCI Corporation	12,210,638	5,541,151
	40,035,250	**36,561,263**

14.01 Movement of Trade Payable

Opening Balance	36,561,263	34,150,610
Add: Import/Purchases during the year	921,232,258	1,006,125,734
	957,793,521	**1,040,276,344**
Less: Payment made during the year	917,758,271	1,003,715,081
	40,035,250	**36,561,263**

15.00 Short term borrowings

Trust Receipt (Note-15.01)	2,147,857	1,999,623
	2,147,857	**1,999,623**

15.01 The Al-Arafah Islami Bank Limited sanctioned a composite working capital limit for Tk 45.00 crore to make stock of raw materials, work-in-process and finished goods in the form of:

a) L/C limit for Tk 35.00 crore
b) Trust receipt (TR) for Tk 5.00 crore and
c) Bai-Muazzal Commercial for Tk 5.00 crore

Terms and Conditions :

a) Rate of profit 11.50% per annum
b) Validity upto 22.04.2019 and can be renewable yearly

		Amount in Taka	
		30-06-2018	30-06-2017
16.00	**Share Money Deposits (IPO)**		
	Share Money Deposits	2,945,000	2,950,000
		2,945,000	**2,950,000**
17.00	**Dividend paybles**		
	Dividend payable	724,454	822,665
		724,454	**822,665**
18.00	**Creditors and accruals**		
	Electricity bill	126,210	102,548
	Water bill	855,416	851,246
	Medical subscription-BEPZA	25,163	24,187
	Salaries and wages	2,218,769	2,154,218
	Director remuneration and fees	50,000	256,200
	Sundry creditors (Note-18.01)	143,777	745,708
	M/s Jubair Construction	-	120,517
	Audit and professional fees	250,000	250,000
	M/s Alhaj Supply & Transport	-	2,076,641
	M/s Khan Associates	-	114,839
		3,669,335	**6,696,104**
18.01	**Sundry creditors**		
	M/s Power Puls Engineering	-	521,047
	M/s Zahid Enterprise	105,361	65,340
	M/s New China Thai Aluminium Ltd.	21,054	15,428
	M/s Rainbow Printers	17,362	98,674
	M/s Transformer & Electric Mfg Co Ltd.	-	45,219
		143,777	**745,708**
19.00	**Revenue**		
	Softening Agent	405,136,876	411,541,276
	Scouring Agent	167,541,052	163,223,959
	Anti-Foaming Agent	100,521,630	108,054,189
	Levelling Agent	114,206,395	129,105,215
	Fixing Agent	101,241,876	102,042,168
	Stabilizer	167,541,638	191,405,186
	Retarding Agent	147,541,637	185,142,168
	Bleaching Agent	50,421,071	56,210,357
	Other chemical products	83,213,946	89,845,168
		1,337,366,121	**1,436,569,686**
20.00	**Cost of sales**		
	Raw materials consumed-Chemicals (Note-20.01)	848,474,044	917,045,386
	Packaging materials consumed (Note-20.02)	41,536,967	47,510,340
		890,011,011	**964,555,726**
	Add: Work in process- opening	10,571,652	10,875,193
		900,582,663	**975,430,919**
	Less: Work in process- closing	10,436,343	10,571,652
	Total consumption	**890,146,320**	**964,859,267**
	Add: Manufacturing overhead (Note-20.03)	91,186,639	89,349,392
	Add: Depreciation (Annexure-A)	65,560,303	71,102,204
	Cost of production	**1,046,893,262**	**1,125,310,863**
	Add: Finished goods - opening	111,210,678	109,254,125
		1,158,103,940	**1,234,564,988**
	Less: Finished goods - closing	109,623,373	111,210,678
	Change of finished goods stock	**1,048,480,567**	**1,123,354,310**
	Less: Cost of free issue	487,794	531,028
		1,047,992,773	**1,122,823,282**

		Amount in Taka	
		30-06-2018	30-06-2017
20.01	**Raw materials consumed-chemicals**		
	Opening Stock	285,248,167	266,854,126
	Add: Purchase during the period	859,362,951	935,439,427
	Raw materials available for production	**1,144,611,118**	**1,202,293,553**
	Less: Closing Stock	296,137,074	285,248,167
	Consumption during the period	**848,474,044**	**917,045,386**
20.02	**Packaging materials consumed**		
	Opening Stock	6,152,413	6,021,548
	Add: Purchase during the period	41,525,459	47,641,205
	Consumable Item available for packing.	**47,677,872**	**53,662,753**
	Less: Closing Stock	6,140,905	6,152,413
	Consumption during the period	**41,536,967**	**47,510,340**
20.03	**Manufacturing overhead**		
	Salaries and wages	23,154,087	22,541,876
	Fuel, water and power	26,754,291	23,516,487
	Printing and stationary	935,416	910,521
	Conveyance expenses	1,105,249	1,024,688
	Mobile bill	47,541	45,218
	Store and spares consumed (Note-6.05)	20,233,694	22,898,357
	Rent, rates and taxes	7,451,639	7,541,861
	Medical expenses	913,024	945,826
	Food and Tiffin	1,642,051	1,542,879
	Labor charge	1,975,416	1,754,186
	Repair and maintenance (Note-20.3.1)	3,945,218	3,945,218
	Carrying Charge	874,639	718,754
	Other overhead	2,154,374	1,963,521
		91,186,639	**89,349,392**
20.03.1	**Repairs and maintenance**		
	Plant and Machinery	2,105,394	1,978,416
	Buildings	506,318	1,120,517
	Others	641,207	541,635
		3,252,919	**3,640,568**
21.00	**Selling and distribution expenses**		
	Advertisement expenses	317,245	535,187
	Salaries and wages	1,975,416	1,785,406
	Transportation and handling expenses	4,152,497	3,451,052
	Repairs and maintenance	385,416	390,751
	Rent	99,500	98,721
	Electricity, water and gas	816,352	750,617
	Sales promotion expenses	785,641	783,402
	Traveling expenses	663,041	628,421
	Entertainment expenses	301,526	245,103
	Miscellaneous expenses	56,819	49,751
	Sample, test and analysis	301,246	267,130
	Cost of free issue	487,794	531,028
	Depreciation (Annexure-A)	238,884	259,077
		10,581,377	**9,775,646**

		Amount in Taka	
		30-06-2018	30-06-2017
22.00	**Administrative expenses**		
	Salaries and wages	1,452,168	1,251,876
	Postage and telecommunication	50,418	48,241
	Traveling, haulage and passage	816,427	746,226
	Repair and maintenance	97,563	95,241
	Electricity, fuel and water	516,340	463,517
	Printing and stationery	160,542	139,754
	Rent, rates and taxes	5,741,864	5,579,702
	Subscription and donation	60,527	63,517
	Entertainment	55,196	58,754
	Legal and professional Charge	85,691	85,691
	Audit and professional fees	250,000	250,000
	Miscellaneous expenses	55,396	32,517
	News paper and periodicals	4,158	3,261
	AGM Expenses	416,384	369,721
	Director remuneration	600,000	600,000
	Board meeting attendance fees	78,000	74,000
	Depreciation (Annexure-A)	557,395	604,513
		10,998,069	**10,466,531**
23.00	**Employee welfare expenses**	761,035	701,254
		761,035	**701,254**
24.00	**Financial expenses**		
	Bank Charges	56,437	52,422
	Interest on Trust Receipt	610,527	529,233
		666,964	**581,655**
25.00	**Other income**		
	Foreign Exchange Gain/Loss	89,051	76,127
	Sale of wastage	275,316	308,067
		364,367	**384,194**
26.00	**Basic earnings per share for the year:**		
	Earnings from Core Business		
	a) Net Profit after Tax excluding Extraordinary Income	266,365,903	292,221,318
	b) Weighted average number of shares outstanding (Note-26.01)	180,242,498	163,856,816
	Basic Earnings per share (EPS) from core business(a/b)	**1.48**	**1.78**
	Earnings from Extraordinary Income		
	a) Extraordinary Income	364,367	384,194
	b) Weighted average number of shares outstanding	180,242,498	163,856,816
	Basic Earnings per share from from Extraordinary Income (a/b)	**0.0020**	**0.0023**
	Basic earnings per share	**1.48**	**1.79**
	Basic earnings per share (Adjusted)	1.48	1.62

	Amount in Taka	
	30-06-2018	30-06-2017

26.01 Weighted average number of shares outstanding

For the year 2018

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	163,856,816	365/365	163,856,816
Bonus Shares	16,385,682	365/365	16,385,682
Total	**180,242,498**		**180,242,498**

For the year 2017

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	136,547,347	365/365	136,547,347
Bonus Shares	27,309,469	365/365	27,309,469
Total	**163,856,816**		**163,856,816**

27.00	**Net Assets Value (NAV) per share**		
	Total Assets	2,813,864,694	2,546,642,183
	Less: Total outside liability	49,521,896	49,029,655
	a. Net Asset Value	**2,764,342,798**	**2,497,612,528**
	b. Total number of shares outstanding	180,242,498	163,856,816
	Net Assets Value (NAV) per share (a/b)	**15.34**	**15.24**
28.00	**Net operating cash flow per share (NOCFPS)**		
	a) Net Operating Cash Flow (Numerator)	314,934,504	321,915,021
	b) No of Shares outstanding	180,242,498	163,856,816
	Net operating cash flow per share (NOCFPS) (a/b)	**1.75**	**1.96**
28.01	**Reconciliation of cash generated by operations**		
	Net Profit/(Loss) Before Tax	266,730,270	292,605,512
	Add: Depreciation	66,356,582	71,965,794
	Increase/Decrease in inventory	(9,264,939)	(20,324,663)
	Increase/Decrease in bills receivables	13,517,424	(41,149,659)
	Increase/Decrease in advance, deposits & prepayments	(22,852,051)	17,211,688
	Increase/Decrease in bills payables	3,473,987	2,410,653
	Increase/Decrease in Dividend payables	(98,211)	822,665
	Increase/Decrease in STD Account (Dividend)	98,211	(822,665)
	Increase/Decrease in Share Money Deposits (IPO)	(5,000)	(30,000)
	Increase/Decrease in STD Account (IPO)	5,000	30,000
	Increase/Decrease in creditors & accrues	(3,026,769)	(804,304)
		314,934,504	**321,915,021**

29.00 Related party transactions

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provision of IAS 24- Related Party Disclosures:

Name of related party	Nature of Transaction	Outstanding Balance as at June 30, 2018
M.L. Dyeing Limited	Sale of Goods	3,654,550
	Total	**3,654,550**

30.00 Production and product mix

Production capacity per year 11,000,000 Kg and during the year company produces 96,55,583 Kg of different types of Chemicals made up as follows:

Type of Chemicals	Production Qty in Kg	Product Mix
Softening Agent	2,138,789	22.15%
Scouring Agent	822,394	8.52%
Anti-Foaming Agent	757,589	7.84%
Levelling Agent	720,947	7.46%
Fixing Agent	762,285	7.89%
Stabilizer	1,202,317	12.45%
Retarding Agent	1,269,519	13.15%
Bleaching Agent	1,130,282	11.71%
Other chemical products	851,461	8.83%
Total	**9,655,583**	**100.00%**

30.A Disclosure as per requirement of Schedule XI, part II, note 5 of para 3

Employee Position (as on June 30, 2018)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 5992	20	5	67	92
Above 5992	7	13	204	224
Total	**27**	**18**	**271**	**316**

30.B Disclosure as per requirement of Schedule XI, part II, para 4 of companies act 1994

Payment to directors within the year of July 1, 2017 to June 30, 2018

Remuneration & Board Meeting attendance Fees: Tk.678,000

Directors' are entitled Tk. 2,000 as Board Meeting fee for attending each Board Meeting and Remuneration of Managing Director entitled Tk. 50,000 per month. The break down is as follows:

Name of Board of Directors	Designation	Director Remuneration	Meeting attending fees	Total Taka
Mr. Abid Mustafizur Rahman	Chairman	-	12,000	12,000
Md. Shirazul Haque (Representative of FAR Pharmaceuticals Ltd.)	MD	600,000	14,000	614,000
Mr. Faiaz Kader Sadman	Director	-	10,000	10,000
Md. Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	-	14,000	14,000
Mr. Akik Habibuzzaman	Independent Director	-	14,000	14,000
Mr. Md. Abdullah	Independent Director	-	14,000	14,000
Total		**600,000**	**78,000**	**678,000**

30.C Board Meeting attendance by each director

Name of the Board of Directors	Designation	No. of meeting held	No. of meeting attending	Amount in Taka
Mr. Abid Mustafizur Rahman	Chairman	7	6	12,000
Md. Shirazul Haque (Representative of FAR Pharmaceuticals Ltd.)	MD	7	7	14,000
Mr. Faiaz Kader Sadman	Director	7	5	10,000
Md. Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	7	7	14,000
Mr. Akik Habibuzzaman	Independent Director	7	7	14,000
Mr. Md. Abdullah	Independent Director	7	7	14,000
Total Taka				**78,000**

31.00 Events after reporting period (IAS-10)

There was no significant event that has been occurred between the statement of financial position date and the date on which the financial statements are authorised for issue.

32.00 Other commitments, contingencies and relevant information

32.01 Quantity wise schedule as required under Para 3, Schedule XI, Part II of the Companies Act, 1994

Quantity wise schedules of sales, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the year ended 30 June, 2018 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

Particulars	01-07-2017 to 30-06-2018		01-07-2016 to 30-06-2017	
	Quantity in Kg	Amount in Taka	Quantity in Kg	Amount in Taka
Export Sales	9,655,583	1,337,366,121	10,371,652	1,436,569,686
Total	**9,655,583**	**1,337,366,121**	**10,371,652**	**1,436,569,686**

32.02 Capital expenditure commitment

The company has procured land area 338.33 decimal for its second unit at Rupganj, Narayanganj. Land development work is going on to set up second unit.

32.03 Directors' interest in contracts with the company

There was no transaction resulting in Directors' interest with the Company and no leasing facilities have been made available to the Directors.

32.04 Foreign remittances

No remittances was made in foreign currency on account of dividend, royalty, technical experts, professional advisor fees, interest, etc.

FAR Chemical Industries Limited
Schedule of Property, Plant and Equipment
For the year ended June 30, 2018

Annexure-A

Particulars	Cost				Rate of depreciation/ amortization	Depreciation				Written Down Value as at June 30, 2018
	Balance as on July 01, 2017	Addition during the year	Disposal during the year	Balance as on June 30, 2018		Balance as on July 01, 2017	Charged during the year	Adjustment during the year	Balance as on June 30, 2018	
Leasehold land and development	34,914,483	-	-	34,914,483	3.33%	6,726,223	1,162,652	-	7,888,875	27,025,608
Land and Land development	533,212,000	309,597,085	-	842,809,085	0.00%	-	-	-	-	842,809,085
Factory building	325,449,642	-	-	325,449,642	2.5%	34,813,623	7,265,900	-	42,079,523	283,370,119
Plant and machinery	835,260,970	-	-	835,260,970	10.00%	375,638,084	45,962,289	-	421,600,373	413,660,597
Electrical installation	63,483,433	-	-	63,483,433	10.00%	24,648,503	3,883,493	-	28,531,996	34,951,437
Compressor	79,142,375	1,305,195	-	80,447,570	10.00%	26,481,696	5,267,881	-	31,749,577	48,697,993
Fork lift	15,562,879	-	-	15,562,879	10.00%	5,971,164	959,172	-	6,930,336	8,632,544
Water line installation	17,352,307	1,105,843	-	18,458,150	10.00%	6,436,251	1,093,141	-	7,529,392	10,928,758
Office equipment	6,761,900	262,871	-	7,024,771	10.00%	2,701,594	406,396	-	3,107,990	3,916,781
Furniture and Fixture	5,587,432	521,479	-	6,108,911	20.00%	3,816,383	355,658	-	4,172,041	1,936,870
Balance as on June 30, 2018	**1,916,727,421**	**312,792,473**	**-**	**2,229,519,894**		**487,233,521**	**66,356,582**	**-**	**553,590,103**	**1,675,929,791**
Balance as on June 30, 2017	**1,607,769,253**	**308,958,168**	**-**	**1,916,727,421**		**415,267,727**	**71,965,794**	**-**	**487,233,521**	**1,429,493,900**

Allocation of depreciation

Manufacturing overhead (Note-20.03)	98.80%	65,560,303
Selling and Distribution Expenses (Note-21.00)	0.36%	238,884
Administrative Expenses (Note-22.00)	0.84%	557,395
	100%	**66,356,582**

Leasehold land development represents the cost incurred to develop land after being taken over from BEPZA. Soil filing, internal road and boundary wall are the components of this amount. Total area of the factory is 43,065 Sq. ft as per lease agreement and the lease term is for 30 years. Accordingly the leasehold land development cost is being amortized over a period of 30 years on straight line basis.

AMAR STOCK

FAR Chemical Industries Limited

Corporate Office: House # 11 (Floor:5A),
Road # 12, Block-F, Niketon, Gulshan-1, Dhaka-1212.

PROXY FORM

I/We..... of .....being a shareholder of FAR Chemical Industries Limited and entitled to vote hereby appoint Mr./Ms ..... as my/our proxy to attend and vote for me/us on my/our behalf at the 11th Annual General Meeting of the Company to be held on Sunday, the 23rd December, 2018 at 1.00 P.M. at Bir Chandra Nagar Gono Pathagar and Nagar Milaynayatan (Town Hall) Kandirpar, Comilla and at any adjournment thereof.

As witness my/our hand this .....day of.....2018.

(Signature of the Shareholder) (Signature of Proxy)

Affix Twenty Taka Revenue Stamp

Folio No./BO ID No. | | | | | | | | | | | | | | | | |

NO. of Shares held .....Dated .....

Note :

01. A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf.
02. The Proxy Form, duly stamped, must reach at the share office Located at House # 11 (Floor:5A), Road # 12, Block-F, Niketon, Gulshan-1, Dhaka-1212 of the company not less than 48 hours before of the meeting.

FAR Chemical Industries Limited

Corporate Office: House # 11 (Floor:5A),
Road # 12, Block-F, Niketon, Gulshan-1, Dhaka-1212.

SEAL

ATTENDANCE SLIP

I/We hereby record my/our attendance at the 11th Annual General Meeting of the company being held on 23rd December, 2018 at 1.00 P.M. at Bir Chandra Nagar Gono Pathagar and Nagar Milaynayatan (Town Hall) Kandirpar, Comilla.

Name of Shareholder/Proxy .....

Folio No./BO ID No. | | | | | | | | | | | | | | | | |

NO. of Shares held .....

(Signature of Proxy) (Signature of the Shareholder)

N.B: Please present this slip duly signed at the entrance of the Meeting Hall.



FAR CHEMICAL INDUSTRIES LTD.

Corporate Office: House # 11 (Floor: 5-A), Road # 12, Block # F, Niketon, Gulshan-1
Dhaka-1212, Bangladesh. Tel: 9858734, Fax: +88 02 9858735
E-mail: farchemicalltd@gmail.com, www.farchemicalbd.com

Registered office & Factory: Plot # 135-136, Comilla Export Processing Zone, Comilla.

NOT FOR SALE