

BANGLADESH EXPORT IMPORT COMPANY LIMITED

The BEXIMCO logo is centered in the middle of the page. It features the company name in a bold, blue, sans-serif font. The letters are filled with a pattern of horizontal blue lines. The logo is set against a background of abstract, flowing shapes in shades of yellow, orange, and red, with thin, curved lines in gold and red weaving through the composition.

BEXIMCO

ANNUAL REPORT 2012



Mission

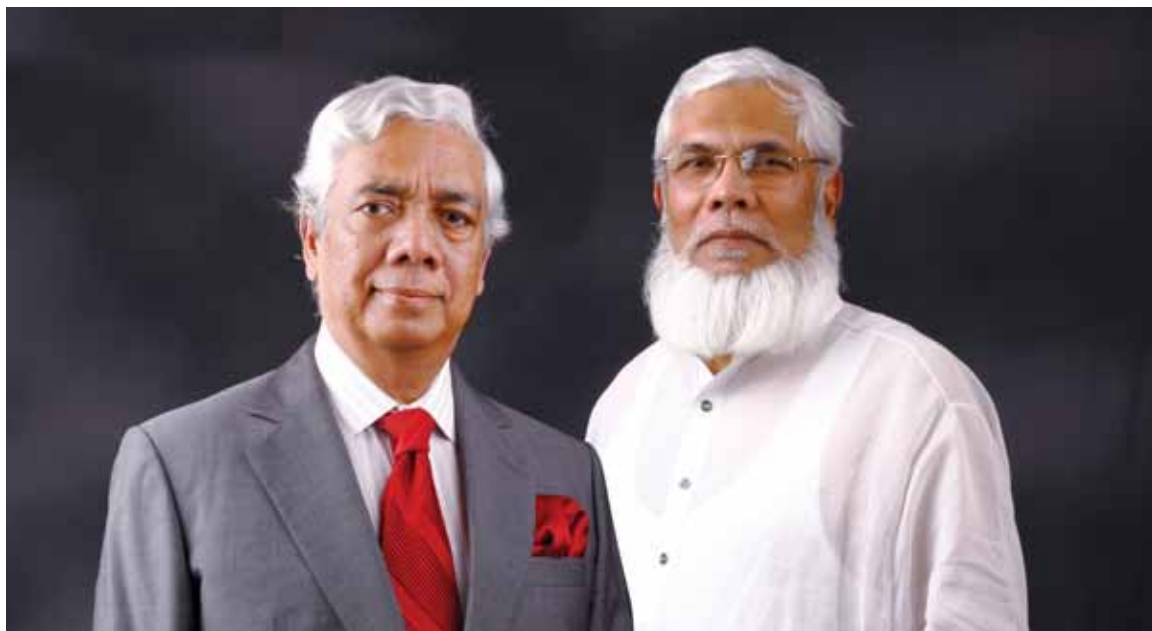
EACH OF OUR ACTIVITIES MUST BENEFIT AND ADD VALUE TO THE COMMON WEALTH OF OUR SOCIETY. WE FIRMLY BELIEVE THAT, IN THE FINAL ANALYSIS WE ARE ACCOUNTABLE TO EACH OF THE CONSTITUENCIES WITH WHOM WE INTERACT; NAMELY: OUR EMPLOYEES, OUR CUSTOMERS, OUR BUSINESS ASSOCIATES, OUR FELLOW CITIZENS AND OUR SHAREHOLDERS.

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Corporate Information

BOARD OF DIRECTORS



A S F RAHMAN, Chairman & Managing Director

SALMAN F RAHMAN, Vice-Chairman

A S F RAHMAN

Chairman & Managing Director

SALMAN F RAHMAN

Vice-Chairman

IQBAL AHMED

Director

M A QASEM

Director

O K CHOWDHURY

Director

A B S RAHMAN

Director

DR. ABDUL ALIM KHAN

Independent Director (Resigned on 20-12-2012)

BARRISTER FAHEEMUL HUQ

Independent Director (Appointed on 20-12-2012)

MOHAMMAD ASAD ULLAH, FCS

Executive Director & Company Secretary



INDEPENDENT DIRECTOR PROFILE

Barrister Faheemul Haq has joined the Board of Directors of the Company as an Independent Director. Mr. Huq is a Barrister-at-law in England and Wales, an Advocate to the Supreme Court of Bangladesh and Member of the Honorable Society of Lincoln's Inn, U K, Bangladesh Supreme Court and Dhaka Bar Association. As a practicing lawyer he advises local and international companies on variety of legal subjects including Corporate Law, Corporate Governance and International Arbitration. Mr. Haq received LLB (Hon's) from both the University of Dhaka, Bangladesh and Wolverhampton, UK. Subsequent to his appointment, the Board reconstituted the Audit Committee of the Company and appointed him as the Chairman of the Committee. Mr. Huq is also an Independent Director of Beximco Pharmaceuticals Ltd.

KEY OFFICERS

O K Chowdhury	<i>Director, Group Finance & Corporate Affairs</i>
Syed Naved Hussain	<i>CEO, Textile Division</i>
Parvez Hassan	<i>CEO, Real Estate & Fisheries Division</i>
Syed Samiul Wadood	<i>CEO, IT Division</i>
Anil Kumar Maheshwari	<i>Head of MIS, Textile Division</i>
Ajay Pratap Singh	<i>CFO, Textile Division</i>
Md. Luthfor Rahman	<i>Group Financial Controller</i>
Azahar Uddin Ahmed	<i>Head of Internal Audit</i>

Auditors

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

M/s. Wellers

Registered Auditor
Accountants
Stuart House, 55 Catherine Place
London, SW1E6DY

Legal Advisers

M/s. Huq & Co.
47/1, Purana Paltan, Dhaka 1000

Bankers

Sonali Bank Ltd.
Rupali Bank Ltd.
Jananta Bank Ltd.
Agrani Bank Ltd.
IFIC Bank Ltd.

Registered Office

House No. 17, Road No. 2
Dhanmondi R/A, Dhaka 1205

Notice

Bangladesh Export Import Company Limited

17, Dhanmondi R/A, Road No. 2, Dhaka-1205

Notice of the 40th Annual General Meeting

Notice is hereby given that the FORTIETH ANNUAL GENERAL MEETING of the Shareholders of Bangladesh Export Import Company Ltd. will be held on Saturday, the 29th June, 2013 at 3:30 p.m. at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December, 2012 together with reports of the Auditors and the Directors thereon.
2. To elect Directors.
3. To approve the appointment of Independent Director.
4. To declare 15% Stock Dividend.
5. To appoint Auditors for the year 2013 and to fix their remuneration.

By order of the Board,



(MOHAMMAD ASAD ULLAH, FCS)

Executive Director & Company Secretary

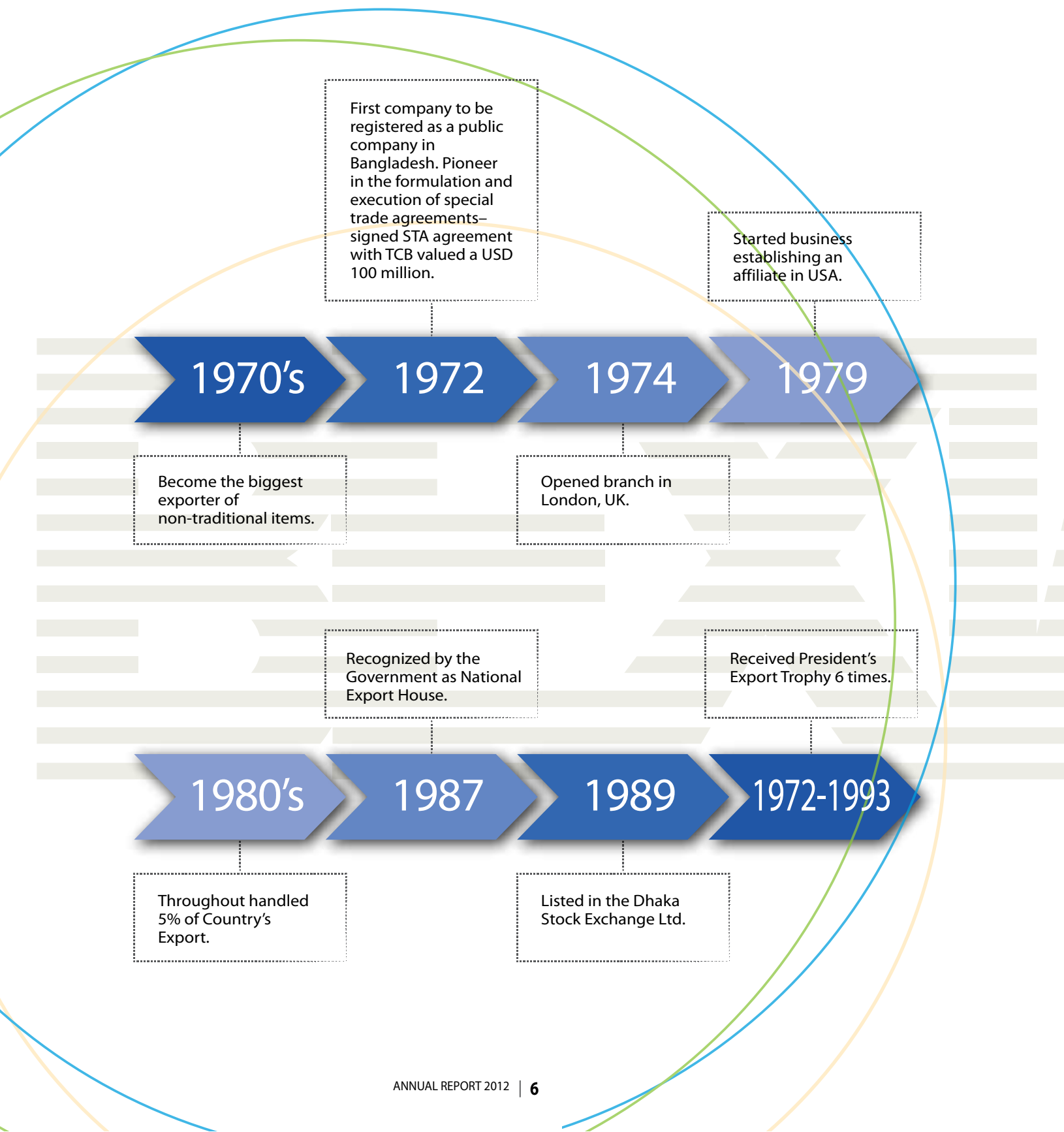
Dated : 15 May, 2013

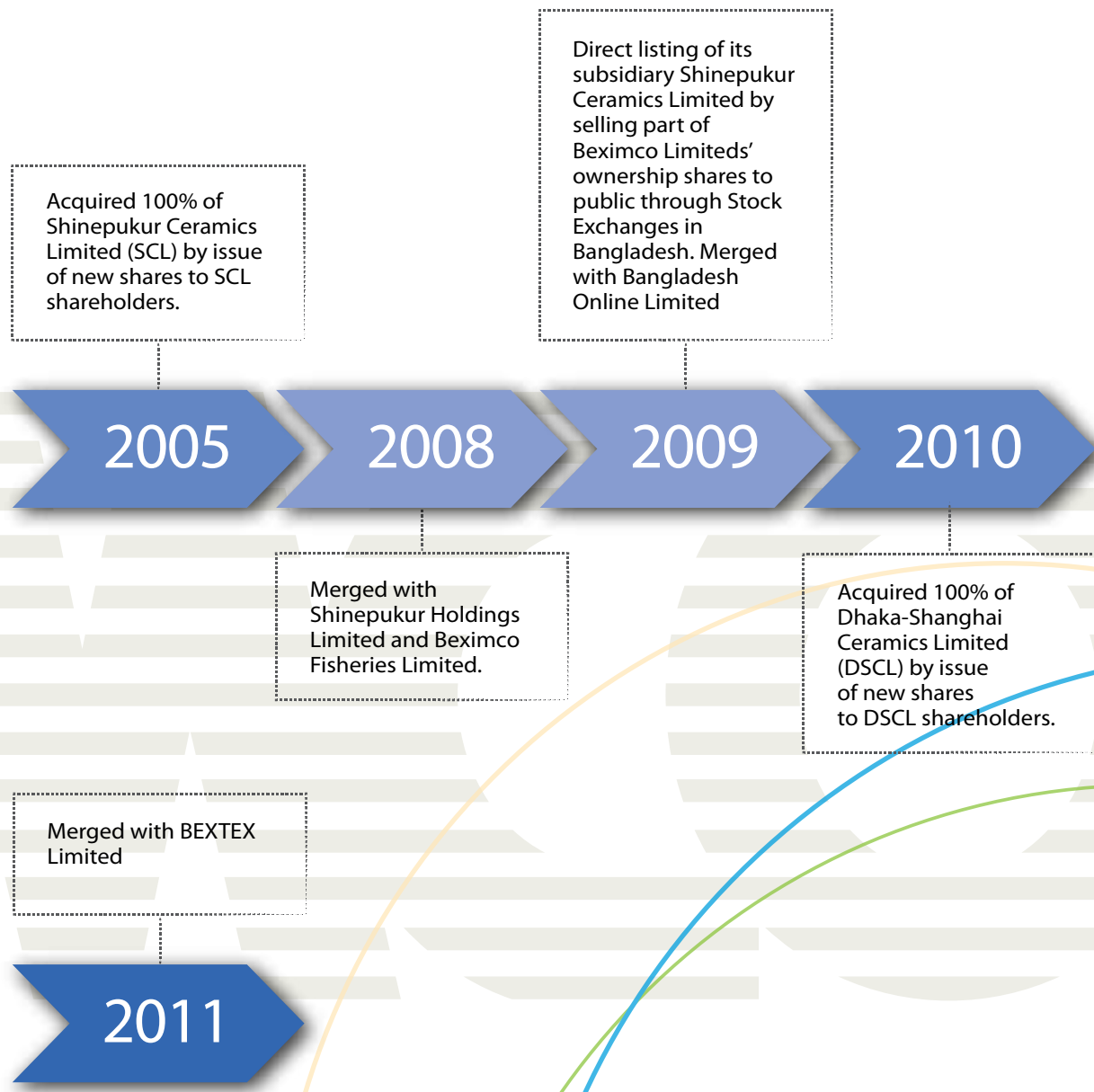
NOTES:

- (1) The Shareholders whose names will appear in the Share Register of the Company or in the Depository Register on the record date i.e. 20 May, 2013, will be entitled to attend at the Annual General Meeting and to receive the dividend.
- (2) A member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
- (3) Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holder(s).
- (4) No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No.SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.



Chronology of Achievements





চেয়ারম্যানের প্রতিবেদন



প্রিয় শেয়ারহোল্ডারগণ,

কোম্পানীর ৪০তম বার্ষিক সাধারণ সভায় পরিচালক পর্ষদের পক্ষ থেকে আমি আপনাদের সকলকে স্বাগত জানাচ্ছি এবং একই সাথে কোম্পানীর ৩১শে ডিসেম্বর ২০১২-এ সমাপ্ত বছরের নিরীক্ষিত হিসাব এবং সাথে নিরীক্ষিত ও পরিচালকবৃন্দের প্রতিবেদন উপস্থাপন করছি।

ঋণ প্রবাহ হ্রাস অব্যাহত থাকার সাথে সাথে বাজারে তারল্য সংকটও অপরিবর্তিত আছে যা থেকে আমরাও মুক্ত নই।

বিদ্যুৎ ও গ্যাস সমস্যা এখনও বিরাজমান, তার মধ্য থেকে আমরা যা কাটিয়ে উঠার জন্য কাজ করার সর্বাত্মক প্রচেষ্টা অব্যাহত রাখছি। ২০১৩ সালটি বেশ কঠিন বছর বলেই প্রতীয়মান হচ্ছে কেননা যে কোন বছরের তুলনায় এ বছর বাংলাদেশ আরও তীব্রভাবে বিশ্ব মন্দার কবলে পড়েছে।

বছরের পর বছর যাবত অর্জিত সুযোগ গুলি যাতে এই কঠিন সময়ে হারিয়ে না যায় সেটা নিশ্চিত করার প্রচেষ্টা অব্যাহত রাখছি এবং আমরা অতি বিশ্বাসী যে, বিশ্ব দৃশ্যপটের অগ্রগতি হলে আপনার কোম্পানী এর থেকে পরিপূর্ণ সুবিধা নিতে সক্ষম হবে।

সামাজিক প্রতিশ্রুতি

বেল্লিমকো লিমিটেড-এ আমাদের কর্মকাণ্ড সমাজের প্রতি দায়িত্ববোধের দৃষ্টিকোণ থেকে আমরা পরিচালনা করছি বলে বিশ্বাস করি। সেজন্য আমাদের সকল কার্যক্রম প্রধানত সমাজের মঙ্গলের দিকে লক্ষ্য রেখেই সম্পাদিত হয়ে থাকে। সামাজিক অঙ্গীকারের অংশ হিসাবে কোম্পানী সামাজিক গুরুত্ব সম্পন্ন অনুষ্ঠানাদি উপলক্ষে ক্রোড়পত্র প্রকাশনায় সহযোগিতা করে থাকে। বিভিন্ন প্রতিষ্ঠান ও পেশাদারিত্ব প্রতিষ্ঠানের আর্থ-সামাজিক ও সাংস্কৃতিক উন্নয়ন কার্যক্রমে আমরা একান্ত সহযোগিতা ও সমর্থন যুগিয়ে থাকি।

কৃতজ্ঞতা স্বীকার

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

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

M. K. P. Kalam

এ এস এফ রহমান
চেয়ারম্যান

Chairman's Statement

Dear Shareholders,

I take this opportunity to welcome you on behalf of the Board of Directors to this 40th Annual General Meeting of your Company, and to present you the Audited Accounts for the year ended 31st December 2012 and Auditors' and Directors' report thereon.

The credit squeeze and liquidity crisis in the market continues unabated and this has not spared us also.

Power and Gas problem are still continuing and we are trying our best to work around it. 2013 is proving to be much more difficult year as Bangladesh has been affected by the global recession more acutely than before.

We are continuing our efforts to ensure, that we do not lose advantages built up over the years during these difficult times, and we are confident that as soon as the global scenario improves your company will be able to take full advantage of that.

Social Commitment

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

Acknowledgement

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

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



A S F Rahman
Chairman

Directors' Report to the Shareholders

For the year ended December 31, 2012

Dear Shareholders,

The Directors have pleasure in submitting hereunder their report together with the Audited Accounts of the company for the year ended on 31st December, 2012 and Auditors' Report thereon:

Working Results

The Directors are pleased to report that the working results of the company for the year 2012 are as follows:

	Taka in million	
	For the year 2012	For the year 2011
Net profit before tax	2,298.30	7,793.10
Less: Provision for income tax	608.88	628.79
Net profit after tax	1,689.42	7,164.22
Add: Balance brought forward from previous year	15,499.51	9,244.20
Profit available for appropriation	17,188.93	16,408.42
Appropriation Recommended		
Stock Dividend (Bonus Share) at 15%	681.68	908.91
Balance carried forward	16,507.25	15,499.51
	17,188.93	16,408.42

Dividend

The Board of Directors have recommended a stock dividend (Bonus share) @15% per share of Tk. 10 each for the year 2012, subject to approval of the Shareholders in the AGM.

Analysis of Operating Performance

Business Outlook – a general overview

The negative local as well as international news of political disorder and the negative international press after the tragedy of the Tazneen factory fire, we see a relatively bright future and good growth for Bangladesh in general and Beximco in particular.

Under the new Zero Tolerance Compliance requirements both building and fire safety will be a central focus. Most marginal players and many buying houses exploiting them will disappear. An industry consolidation will take place, and full service vertical manufactures like Beximco with world class facilities and standards will be the main beneficiaries.

We feel that in spite of all the problems, Bangladesh has a long term competitive advantage, and extensive needlework experience, which cannot be easily substituted by any other country in the near future. RMG is definitely a sector which is highly beneficial for the Bangladeshi workers. Jeffry Sachs, a leading authority, and academic of Columbia University puts it aptly when he says, "The Bangladesh garment industry presents for the first time a ladder to lead large numbers of Bangladeshis, particularly women towards higher levels of income, skills and independence".

The net revenue of Textile Division increased compared to 2011, net revenue of Fisheries Unit decreased as the cultivation were in small scale due to fears of viruses, IT Division's sale decreased compared to 2011 as there were no export sale of software, net revenue of Real Estate Division is slightly increased compared to 2011 and net revenue of Trading Division decreased due to loss on sale of Investment through Stock Exchanges.

Domestic and Export Sales

Net sales of the Company has decreased from Tk. 27,438.49 ml to Tk. 24,459.60 ml resulting into a net decrease in sales by 10.86%, of this 9.58% export and 1.28% local respectively.

Profitability

Pre tax profit of the Company decreased for decrease of export sale and also capital gain on sale of shares.

Directors

Appointment of Independent Director

As per provision of Corporate Governance Guidelines dated 07-08-2012 issued by Bangladesh Securities Exchange Commission (BSEC), Barrister FaheemulHuq has been appointed as Independent Director of the Company for a period of 3 (Three) years w.e.f. 20th December, 2012 to 19th December, 2015, subject to approval of Shareholders in the 40th Annual General Meeting of the Company.

Mr.Huq is a Barrister-at-law from England and Wales, an Advocate to the Supreme Court of Bangladesh and member of the Honorable Society of Lincoln's Inn, U K, Bangladesh Supreme Court of Bangladesh and Dhaka Bar Association. As a practicing lawyer he advises local and international companies on variety of legal subjects including Corporate Law, Corporate Governance and International Arbitration. Subsequent his appointment, the Board reconstituted the Audit Committee of the Company and appointed him as the Chairman of the Committee. Mr.Huq is also an Independent Director of Beximco Pharmaceuticals Ltd.

Resignation, Retirement and Re-election of Directors

Dr. Abdul Alim Khan, Independent Director of the Company tendered his resignation on his personal ground and his resignation was accepted by the Board on 20-12-2012. We are thankful to Dr. Khan for his valuable contribution and guidance made by him during longtenure as an Independent Director of the Company.

Mr. M A Qasem and Mr. A B SiddiquRahman, Directors of the Company retire by rotation as per Articles 123 and 124 of the Articles of Association of the Company and being eligible offer themselves for re-election as Directors of the Company.

Auditors

The Directors hereby report that the existing Auditors M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), 109, BirUttam C R Datta Road, Dhaka-1205 who appointed as Auditors of the Company in Thirty-ninth Annual General Meeting carried out the audit for the year ended on 31 December, 2012.

M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), 109, BirUttam C R Datta Road, Dhaka-1205 the Auditors of the Company retire at this meeting and have expressed their willingness to continue in the office for the year 2013.

Board Audit Committee

The Company had an Audit Committee with Mr. O K Chowdhury, Chairman, Mr. M A Qasem and Dr. Abdul Alim Khan, Members. The Board subsequently reconstituted the Committee as follows:

Barrister FaheemulHuq	Chairman
Mr. Iqbal Ahmed	Member
Mr. O K Chowdhury, FCA	Member
Mr. Mohammad AsadUllah, FCS	Secretary

A detail of the activities of the Audit Committee has been provided in "Audit Committee Report".

Board Meeting and Attendance

During the year 12 (twelve) Board Meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Meetings Attended
Mr. A S F Rahman	12
Mr. Salman F Rahman	12
Mr. Iqbal Ahmed	11
Mr. M A Qasem	12
Mr. O K Chowdhury	12
Mr. A B S Rahman	12
Dr. Abdul Alim Khan	8

Corporate and Financial Reporting

The Directors are pleased to confirm that:

- The financial statements together with the notes thereon have drawn up in conformity with the Companies Act 1994 and Securities and Exchanges Rules 1987. These statements presents fairly the Company's statement of affairs, the result of its operation, cash flow and statement of changes in equity.
- Proper books of accounts of the company have been maintained.

- 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.
- The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- Internal Control System is sound in design and has been effectively implemented and monitored.
- No significant doubts about the ability of the Company to continue as a going concern.
- There is no significant deviations in operating result compared to last year.
- The summarised key operating and financial data of last five preceding years is annexed as "Comparative Statistics" in the Annual Report.
- The related party transactions have been disclosed in preparation of the financial statements (Note # 23).
- The Pattern of shareholding is as followings:

	Name	Shares held
(i)	Parent/Subsidiary/Associated Companies and other related Parties:	
	Beximco Holdings Ltd.	13,162,321
	New Dacca Industries Ltd.	6,417,917
	Beximco Engineering Ltd.	676,000
	Esses Exporters Ltd.	172,376
	Beximco Pharmaceuticals Ltd.	87,050
	Shinepukur Ceramics Ltd.	1,867,290
	Beximco Apparels Ltd.	219,366
(ii)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children:	
	Mr. A S F Rahman, Managing Director	32,777,925
	Mr. Salman F Rahman, Director	36,778,746
	Chief Executive Officer, Spouse and minor children	Nil
	Company Secretary, Spouse and minor children	Nil
	Chief Financial Officer, Spouse and minor children	Nil
	Head of Internal Audit, Spouse and minor children	Nil
(iii)	Executives	Nil
(iv)	Shareholders holding 10% or more Voting interest in the company	Nil

Key Operating and Financial Data

Taka In '000

Particulars	2012	2011	2010	2009	2008
Paid up Capital	4,544,564	3,555,023	1,654,796	942,373	548,849
Revenue	24,459,599	27,438,488	16,596,875	3,666,996	1,312,403
Gross Profit	8,719,338	12,425,636	7,439,817	3,445,251	989,458
Profit Before Income Tax	2,298,296	7,793,010	6,949,140	3,220,810	934,489
Net Profit after Income Tax	1,689,416	7,164,222	6,629,098	3,208,628	909,947
Tangible Assets (Gross)	30,157,548	30,024,132	748,361	732,773	267,799
Cumulative Surplus	17,188,927	16,408,424	10,071,600	4,063,050	1,183,731
Dividend-both Cash and Stock	15%(B)	25%(B)	50%(B)	60%(B)	10%(C) & 50%(B)
Return on Paid up Capital	37%	202%	401%	340%	166%
Shareholders' Equity	45,332,071	43,426,941	15,556,700	8,560,103	4,777,330
Earning per Share (Taka)	3.73	23.73	40.82	34.05	16.58
Shareholders' Equity Per Share (Taka)	100	122	94	91	87
Number of Shareholders	181,593	188,726	97,540	47,825	34,083
Number of Employees	7,852	7,561	204	191	105

Corporates Governance Compliance Status Report

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

Acknowledgement

The Directors has taken this opportunity to express our sincere thanks to our customers, bankers, suppliers, government agencies, regulatory bodies and everyone with whom the company interacted in conducting its business. We are grateful to you, the shareholders, for extending at all times, your valuable support and cooperation.

On behalf of the Board of Directors.



Chairman

Dated: 30 April, 2013

Corporate Governance Compliance Status Report

Annexure-I

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

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS			
1.1	Board's Size [number of Board members to be 5 – 20]	√		
1.2	Independent Directors			
1.2 (i)	Number of Independent Directors [at least 1/5]	√		
1.2 (ii)	Independent Director (ID) means a director:			
1.2 (ii) (a)	Holding no share or holding less than 1% shares	√		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	√		
1.2 (ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	√		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	√		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	√		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	√		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	√		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBFI	√		
1.2 (ii) (i)	Not convicted for a criminal offence	√		
1.2 (iii)	To be appointed by BOD and approved in the AGM	√		
1.2 (iv)	The post cannot remain vacant for more than 90 days	--	--	N/A
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	√		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term	√		
1.3	Qualification of Independent Director			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	√		
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher(Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience	√		
1.3 (iii)	Prior approval of the Commission in special cases	--	--	N/A
1.4	Appointment of Chairman and CEO, defining their roles	√		
1.5	The Director's Report to Shareholders shall include			
1.5 (i)	Industry outlook and possible future developments	√		
1.5 (ii)	Segment-wise or product-wise performance	√		Company operates in a single product segment-Polyester Yarn. However in relevant cases market segment performance has been analyzed
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss	--		N/A
1.5 (vi)	Basis for and a statement of related party transactions	√		
1.5 (vii)	Utilization of proceeds from issuing instruments	--	--	N/A
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc	--	--	N/A
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements	--	--	N/A
1.5 (x)	Remuneration to directors including IDs	√		No remuneration has been paid to any Director during 2012.
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results	√		
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend	--	--	N/A
1.5 (xx)	Number of Board meetings and attendance of directors	√		
1.5 (xxi)	Pattern of shareholding (along with name wise details) by-			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
1.5 (xxii)	In case of the appointment/re-appointment of a director,			
1.5 (xxii) (a)	A brief resume of the director	√		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	√		
2	CFO, HEAD OF INTERNAL AUDIT AND CS			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
3	AUDIT COMMITTEE			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
3.1	Constitution of the Audit Committee			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Audit Committee members to be appointed by BOD and at least one Independent Director to be included	√		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month	√		
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	√		
3.2	Chairman of the Audit Committee			
3.2 (i)	Chairman to be an ID, selected by the BOD	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	-	-	N/A
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests	--	--	N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system	--	--	N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws	--	--	N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately	--	--	N/A
3.4.2	Reporting to BSEC	--	--	N/A
3.5	Reporting to the Shareholders and General Investors	√		
4	EXTERNAL / STATUTORY AUDITORS			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Com.	√		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
5	SUBSIDIARY COMPANY			
5 (i)	Composition of BOD to be similar to holding company	--	--	N/A
5 (ii)	One ID to be in both holding and subsidiary company	--	--	N/A
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company	--	--	N/A
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed	--	--	N/A
5 (v)	Audit Committee of holding company to review financial statements / investments of subsidiary company	--	--	N/A
6	DUTIES OF CEO AND CFO			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	√		

S. Abdur Rashid FCS

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

Chartered Secretary in Practice

Certificate of Practice No.: 003

Mobile # 01726-533655, 01193095297

E-mail : sarashid12000@yahoo.com

SARashid & Associates
(Chartered Secretaries)

CRP Bhaban (11th Floor), Plot-A/5, Block-A
Mirpur-14, Dhaka-1216, Bangladesh

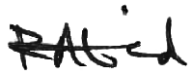
Certificate on Compliance of Corporate Governance Guidelines

[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC vide
Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **Bangladesh Export Import Company Limited** ("the Company") for the year ended 31 December 2012. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission ("BSEC").

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

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



S. Abdur Rashid FCS



Dhaka, 01 June 2013

Report on the Activities of the Audit Committee to the Shareholders

I am pleased to present the Report of the Audit Committee for the year 2012.

The Board of Directors of Bangladesh Export Import Company Ltd. has re-constituted an Audit Committee on 20th December 2012 in terms of the conditions of Bangladesh Securities and Exchange Commission's (BSEC) Guidelines which is appended with the Compliance Report and also enclosed with the Directors' Report. The Committee comprise of Barrister Faheemul Huq, Mr. O. K. Chowdhury, FCA and Mr. Iqbal Ahmed, of whom Barrister Faheemul Huq is an Independent Director and also the Chairman of the Committee. Mr. Mohammad Asad Ullah, FCS, Company Secretary, function as the Secretary of the Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors. All Members of the Audit Committee are financially literate and are able to analyse and interpret financial statement to effectively discharge their duties and responsibilities as Members of the Audit Committee.

The Role of Audit Committee

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and, when appropriate, make recommendations to the main Board on business risk, internal controls and compliance. The committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control system are in place to identify and contain business risk and that the Company's business is conducted in a proper and economically sound manner.

The role of the Audit Committee includes the following:

- ♦ Oversee the financial reporting process.
- ♦ Monitor choice of accounting policies and principles.
- ♦ Monitor Internal Control and Risk Management process.
- ♦ Oversee hiring and performance of external Auditors.
- ♦ Review along with the management, the annual financial statements before submission to the Board for approval.
- ♦ Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.
- ♦ Review the adequacy of internal audit function.
- ♦ Review statement of significant related party transactions submitted by the management.
- ♦ Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.
- ♦ To review whether all the applicable Rules, Regulations, Guidelines, Notifications, Directives, etc framed/issued by the regulatory authorities have been complied with.
- ♦ Other matters as per Terms Of Reference (TOR) of the Audit Committee.

Authority

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

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

Main Activities in the year 2012

The Audit Committee met four times during the year 2012. All the Members were present in all meetings of the Committee.

The Committee held its first meeting of 2012 on April 22, to review the Audited Financial Statements of the Company for the year ended December 31, 2011. Detail discussions on the financial statements were held with the representatives of the Management of the Company. No material audit observation that warrants for Board's attention was noted. The Committee, therefore, recommended for onward submission of the Audited Financial Statements to the Board for its approval.

The second meeting of the Committee was held on May 10, 2012 prior to release of the un-audited First Quarter Financial Statements of the Company for the quarter ended on March 31, 2012. The Committee reviewed the financial progress during the first quarter and examined in detail and recommended the same for approval by the Board to release to the Shareholders of the Company.

The third meeting of 2012 was held on July 24, 2012 to review the un-audited half-yearly financial Statements of the Company. The Committee being satisfied recommended for issue of the financial statements for the half-year ended on June 30, 2012.

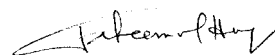
The fourth meeting of the Committee was held on October 23, 2012 to release of the un-audited third quarter financial statements of the Company for the quarter ended September 30, 2012. The detailed review of the financial statements was made by the Committee and recommended to the Board for approval of the financial statements for release to the Shareholders of the Company.

At the meeting the Committee also held discussions on the notification issued by BSEC relating to the mandatory compliance of the Corporate Governance Guidelines issued on August 7, 2012. The Committee made relevant recommendations to the Board based on the said Notification for necessary actions at their end.

The re-constituted Audit Committee held its first meeting on December 20, 2012. The Committee adopted its Terms Of Reference (TOR) in line with the new BSEC Notification on Corporate Governance Guidelines issued on August 7, 2012.

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

The Committee considered and made recommendation to the Board on the appointment and remuneration of external Auditors, M/s. M J Abedin & Company, Chartered Accountants for the year 2013 who carried out the audit of the Company for the year 2012.



Barrister Faheemul Huq

Chairman, Audit Committee

Date: 20 April, 2013

Statement of Corporate Governance

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

Internal Financial Control

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

Management structure - The Company is operating through a well defined management structure headed by Managing Director under whom there are CEOs, Executive Directors, General Managers for various departments and according to hierarchy, various senior and mid level management staffs. The Managing Director and the CEOs, Executive Directors, General Managers meet at regular intervals represented also by finance, marketing and personnel heads.

Budgeting - There are comprehensive management reporting disciplines which involve the preparation of annual budgets by all operating departments. Executive management reviews the budgets and actual results are reported against the budget and revised forecasts are prepared at regular intervals.

Asset management - The Company has sound asset management policy, which reasonably assures the safeguarding of assets against unauthorized use or disposition. The Company also follows proper records and policy regarding

capital expenditures.

Functional reporting - In pursuance with keeping the reliability of financial information used within the business or for publication, the management has identified some key areas which are subject to monthly reporting to the chairman of the board. These include monthly treasury operations and financial statements. Other areas are also given emphasis by reviewing on a quarterly basis. These include information for strategy, environmental and insurance matters.

Statement of Directors' responsibilities for preparation and presentation of the Financial Statements

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements. The Companies Act, 1994 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit for the year to that date. In preparing those financial statements, the directors:

- ✓ select suitable accounting policies and then apply them in a consistent manner;
- ✓ make reasonable and prudent judgments and estimates where necessary;
- ✓ state whether all applicable accounting standards have

been followed, subject to any material departures disclosed and explained in the notes to the financial statements;

- ✓ take such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- ✓ ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company;
- ✓ ensure that the financial statements comply with disclosure requirements of the Companies Act, 1994 and the Securities and Exchange Rules, 1987; and
- ✓ prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Board Committees

The board - The board is responsible to the shareholders for the strategic development of the company, the management of the Company's assets in a way that maximizes performance and the control of the operation of the business.

The board of directors is responsible for approving Company policy and is responsible to shareholders for the Company's financial and operational performance. Responsibility for the development and implementation of Company policy and strategy, day-to-day operational issues is delegated by the board to the management of the Company.

Board structure and procedure - The membership of the board during the year end as on 31st December 2012 stood at seven directors. All directors are equally accountable as per law to the shareholders for the proper conduct of the business.

The Company's board currently comprises the Chairman, Vice-Chairman and other five directors. Other five directors are nominated by Beximco Holdings Limited. The name of the directors appears on page 2. The quorum for the board is at least three directors present in person.

Going Concern

After making enquires, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the Company have adequate resources to continue operation for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

Rights and Relations with Shareholders

Control rights of shareholders - At annual general meeting, shareholders have rights of participation. They have the right to ask questions on and request from information from the board regarding item on the agenda to the extent necessary to make an informed judgment of the Company's affairs.

Relations with shareholders - The annual general meeting are used as an important opportunity for communication with both institutional and general shareholders. In addition, the Company maintains relations with its shareholders through the corporate affairs secretarial department. The following information can be addressed through the secretarial department:

- ✓ Dividend payment enquires;
- ✓ Dividend mandate instruction;
- ✓ Loss of share certificate/dividend warrants;
- ✓ Notification of change of address; and
- ✓ Transfer of shares.

The Board believes that it is important to respond adequately to all the queries of both institutional and general shareholders. At the AGM, the shareholders are offered an opportunity to raise with the board any specific question they have concerning the Company. In addition, meetings are also held between individual directors and institutional shareholders at various times during the year.



Financials

AUDITORS' REPORT
AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
OF
BANGLADESH EXPORT IMPORT COMPANY LIMITED AND ITS SUBSIDIARIES
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

INDEPENDENT AUDITORS' REPORT

To The Shareholders of

BANGLADESH EXPORT IMPORT COMPANY LIMITED AND ITS SUBSIDIARIES

We have audited the accompanying consolidated financial statements of Bangladesh Export Import Company Limited and its subsidiaries (the Group), which comprise the Statement of Financial Position as at 31 December 2012, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the state of the Group's affairs as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on other legal and regulatory requirements

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

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books ;
- (c) the Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books of account ; and
- (d) the expenditure incurred was for the purposes of the company's business.

30 April 2013
Dhaka



M.J. Abedin & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2012

	Notes	Amount in Taka	
		31-Dec-12	31-Dec-11
ASSETS			
Non - Current Assets		29,813,859,632	29,779,687,183
Property, Plant and Equipment	5	25,860,391,190	26,533,072,120
Investment In Shares	6	3,135,576,699	2,416,476,475
Deferred Assets		-	12,246,845
Capital Work in Progress		817,891,743	817,891,743
Current Assets		53,929,765,740	45,339,106,305
Inventories	7	5,272,013,600	5,787,165,141
Debtors	8	27,952,031,320	22,301,349,217
Advances,Deposits and Pre-Payments	9	20,540,344,731	16,991,382,503
Cash and Cash Equivalents	10	165,376,089	259,209,444
Total Assets		83,743,625,372	75,118,793,488
SHAREHOLDERS' EQUITY, NON-CONTROLLING INTEREST AND LIABILITIES			
Shareholders' Equity		46,623,963,108	44,079,962,117
Issued Share Capital	11	4,525,890,960	3,535,208,570
Reserve		24,353,459,207	23,625,786,188
Retained Earnings		17,744,612,941	16,918,967,359
Non-Controlling (Minority) Interest In Subsidiaries	12	1,394,283,108	1,350,281,988
Long Term Loan	13	5,004,654,398	5,220,136,740
Deferred Tax Liability	14	8,456,579	9,965,449
Current Liabilities		30,712,268,179	24,458,447,194
Short Term Loan From Banks and others	15	10,696,589,777	7,379,102,594
Long Term Loan - Current Portion	16	4,721,832,063	3,424,619,599
Trade and other Payables	17	15,293,846,339	13,654,725,001
Total Equity and Liabilities		83,743,625,372	75,118,793,488

The notes are an integral part of the Financial Statements.

Approved and authorised for issue by the board of directors on 30 April 2013 and signed for and on behalf of the board :



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



M A QASEM
Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	Amount in Taka	
		2012	2011
Revenue	18	26,401,949,595	29,339,617,344
Cost of Revenue	19	(17,008,574,161)	(16,260,877,280)
Gross Profit		9,393,375,434	13,078,740,064
Operating Expenses		(1,089,110,688)	(1,450,826,746)
Administrative Expenses	20	(1,012,567,692)	(1,365,536,627)
Selling and Distribution Expenses	21	(76,542,996)	(75,169,915)
Exchange Loss		-	(10,120,204)
Operating Profit		8,304,264,746	11,627,913,318
Gain / (Loss) on Sale of Shares		(19,649,764)	315,370
Financial Expenses	22	(5,687,513,338)	(3,219,854,322)
Net Profit Before Cont. to WPWF		2,597,101,644	8,408,374,366
Contribution to Workers' Profit Participation / Welfare Fund		(123,671,507)	(400,398,779)
Net Profit Before Income Tax		2,473,430,137	8,007,975,587
Income Tax Expenses	23	(693,729,245)	(674,985,413)
Net Profit after Tax		1,779,700,892	7,332,990,174
Non-Controlling (Minority) Interest in Income		(45,142,540)	(84,384,072)
Net Profit after Non-Controlling (Minority) Interest		1,734,558,352	7,248,606,102
Other Comprehensive Income			
Revaluation Surplus on Property, Plant & Equipments		-	7,601,395,496
Adjustment for Fair Value gain / (loss) on Investment in Shares		(107,635,133)	86,202,955
Total Comprehensive Income after minority interest		1,626,923,219	14,936,204,553
EPS (Par Value of Share Tk. 10/=)	24	3.83	16.02

The notes are an integral part of the Financial Statements.

Approved and authorised for issue by the board of directors on 30 April 2013 and signed for and on behalf of the board :



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



M A QASEM
Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

Amount in Taka

	Share Capital	Retained Earnings	Reserve	Total
Balance as on 31 December 2011	3,535,208,570	16,918,967,359	23,625,786,188	44,079,962,117
Net Profit after Tax and Non-Controlling (Minority) Interests for the Year	-	1,734,558,352	-	1,734,558,352
Capital Reserve on Purchase of Shares of International Knitwear and Apparels Ltd., Beximco Fashion Ltd., Crescent Fashions and Design Ltd. and Freshtex Bangladesh Ltd.	-	-	835,308,152	835,308,152
Other Comprehensive Income:				
Adjustment for Fair Value loss on Investment in Shares	-	-	(107,635,133)	(107,635,133)
Transactions With Shareholders:				
Issue of Share Capital on Purchase of Shares of International Knitwear and Apparels Ltd., Beximco Fashion Ltd., Crescent Fashions and Design Ltd. and Freshtex Bangladesh Ltd.	80,628,200	-	-	80,628,200
Issue of Bonus Shares for the prior Year(2011)	908,912,770	(908,912,770)	-	-
Adjustment for Shinepukur Ceramics Ltd.'s Investments with Beximco Ltd.	1,141,420	-	-	1,141,420
Balance as on 31 December 2012	4,525,890,960	17,744,612,941	24,353,459,207	46,623,963,108

Approved and authorised for issue by the board of directors on 30 April 2013 and signed for and on behalf of the board :



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



M A QASEM
Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Amount in Taka	
	2012	2011
Cash Flows From Operating Activities :		
Collection from turnover and other income	20,751,267,492	24,241,051,836
Payments for cost and expenses including interest & tax	(20,481,279,168)	(22,476,226,663)
Net cash Generated From Operating Activities	269,988,324	1,764,825,173
Cash Flows From Investing Activities :		
Capital Work-In-Progress	-	(477,515,940)
Property, Plant and Equipment acquired	(148,339,337)	(479,208,993)
Net Cash Used In Investing Activities	(148,339,337)	(956,724,933)
Cash Flows From Financing Activities :		
Long term loan decreased	(215,482,342)	(845,974,537)
Net Cash Used In Financing Activities	(215,482,342)	(845,974,537)
Increase in Cash And Cash Equivalents	(93,833,355)	(37,874,297)
Cash And Cash Equivalents at Beginning of the year	259,209,444	297,083,741
Cash And Cash Equivalents at End of the year	165,376,089	259,209,444

Approved and authorised for issue by the board of directors on 30 April 2013 and signed for and on behalf of the board :



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



M A QASEM
Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

1.00 THE BACKGROUND AND ACTIVITIES OF THE COMPANY

1.01 Status of the Company

Bangladesh Export Import Company Limited (the Company) was incorporated in Bangladesh in 1972 under the Companies Act, 1913 as a public Limited Company and commenced its commercial operation in the same year. The company listed its shares with Dhaka Stock Exchange in 1989 and with Chittagong Stock Exchange in 1995 on its debut.

On 31-12-2012, the Company holds 50% shares (50% shares on 31-12-2011) of Shinepukur Ceramics Ltd., a company of Beximco Group engaged in manufacturing and marketing of ceramics tableware.

The company has a branch at London which has a subsidiary in USA named Beximco USA Ltd.

The company has its registered office and operational office at Beximco Corporate Head quarters, 17, Dhanmondi Residential Area, Road No.2, Dhaka - 1205. The London Branch is situated at 12 Barkat House, 116-118 Finchley Road, London NW3 5HT, UK and Beximco USA Ltd. is located at 310, Selvidge Street, Delton, Georgia – 30722, USA.

1.02 Principal Activities

The business activities include investment operation, agency and trading in other commodities and produces and is engaged in manufacturing and marketing of yarn that are consumed by weaving mills of Bangladesh including its own weaving mills producing and marketing of high quality fabric, that are eventually consumed by the export oriented garments industries of Bangladesh including the garments factories of Beximco Group.

2.00 BASES OF FINANCIAL STATEMENTS-ITS PREPARATION AND PRESENTATION

2.01 Measurement bases

The financial statements have been prepared on the Historical Cost basis as modified to include the revaluation of certain fixed assets which are stated at revalued amount.

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

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

2.02 Consolidated Financial Statements of the Group (Parent and Subsidiaries)

(a) Shinepukur Ceramics Ltd. and Beximco USA Ltd. (subsidiaries) and Bangladesh Export Import Co. Ltd. (the Parent)

The financial statements of subsidiaries have been consolidated with those of Bangladesh Export Import Co. Ltd. in accordance with BAS: 27 Consolidated and Separate Financial Statements. In respect of the subsidiary undertakings, financial statements for the year ended 31 December 2012 have been used to draw up these financial statements.

(b) Subsidiary

Subsidiary is an entity controlled by the parent company. Control exists when the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(c) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions have been eliminated while preparing the consolidated financial statements. Unrealised gains arising from transactions with equity account of investees have been eliminated against the investment to the extent of the parent company's interest in the investee. Unrealised losses were eliminated in the same way as unrealised gains, but only to the extent that there was no evidence of impairment.

(d) Non-Controlling Interest (Minority Interest)

The issued and Paid-up Share Capital of Shinepukur Ceramics Ltd. and Beximco USA Ltd. are Tk. 1,277,965,700 (127,796,570 Shares of Tk. 10/= each) and Tk.18,075,480 (22,600 Shares of US \$ 10/= each) respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

2.03 Reporting Framework and Compliance thereof

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable, and in accordance with the applicable Bangladesh Financial Reporting Standards (BFRSs) including Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

2.04 Presentation of Financial Statements

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

The Financial Statements Comprises:

- (a) a statement of financial position as at the end of the year 2012;
- (b) a statement of comprehensive income for the year 2012;
- (c) a statement of changes in equity for the year 2012;
- (d) a statement of cash flows for the year 2012; and
- (e) notes, comprising a summary of significant accounting policies and other explanatory information.

2.05 Reporting Period

The financial statements cover one calendar year from 01 January 2012 to 31 December 2012.

2.06 Authorisation for Issue

The financial statements have been authorized for issue by the Board of Directors on 30 April 2013.

2.07 Functional and Presentation Currency

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

2.08 Comparative Information

Comparative information has been disclosed in respect of the year 2011.

2.09 Use of Estimates and Judgments.

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

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

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

2.10 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the requirements of BAS 7: Statement of Cash Flows.

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

2.11 Related Party Disclosures

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by BAS 24: Related party Disclosures has been disclosed in a separate note to the accounts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

2.12 Events after the Reporting Period

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

3.00 SIGNIFICANT ACCOUNTING POLICIES

3.01 Revenue Recognition

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

Cash dividend income on investment in shares is recognized on approval of said dividend in the annual general meeting / Board meeting of relevant company. Stock dividend income (Bonus Shares) is not considered as revenue.

3.02 Property, Plant and Equipment

3.02.1 Recognition and Measurement

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

3.02.2 Pre-Operating Expenses and Borrowing Costs

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

3.02.3 Subsequent Expenditure

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

3.02.4 Software

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

3.02.5 Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

3.02.6 Depreciation on Fixed Assets

Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Depreciation is provided for the period in use of the assets. Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. Depreciation is provided on all fixed assets except land at the following rates on reducing balance basis over the periods appropriate to the estimated useful lives of the different types of assets:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

Building and Other Construction	2% - 10%
Plant and Machinery	5% - 15%
Furniture, Fixture & Equipment	10% - 20%
Transport & Vehicle	20%
Furniture & Equipment of London Branch	15%

3.03 Impairment

(a) Financial Assets

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

(b) Non-Financial Assets

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

3.04 Leased Assets

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

3.05 Investment in Shares

3.05.1 Investment in shares of Beximco USA Ltd. by Beximco London Branch is carried in this statement of financial position at Net Assets by consolidating assets and liabilities thereof.

3.05.2 Investment in other shares being classified as long term assets, are carried in the statement of financial position at Cost.

3.06 Financial Instruments

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

3.06.1 Financial Assets

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

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

(a) Accounts Receivables

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

(b) Advances, Deposits and Prepayments

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

Deposits are measured at payment value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of comprehensive income.

(c) Cash and Cash Equivalents

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

3.06.2 Financial Liability

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

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

3.07 Inventories

Inventories are valued at the lower of cost or net realizable value with cost determined by weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.08 Provision

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

3.09 Borrowing Costs

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

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

3.10 Income Tax Expenses

Current Tax

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

Deferred Tax

Deferred tax asset is not recognized as it is probable that future taxable profit will not be available against which temporary differences can be utilized.

3.11 Employee Benefits

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

The company's employee benefits include the following:

(a) Defined Contribution Plan (Provident Fund)

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

(b) Short-term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

(c) Contribution to Workers' Participation/Welfare Funds

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

3.12 Proposed Dividend

The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts along with dividend per share in accordance with the requirements of the Para 125 of Bangladesh Accounting Standard (BAS) 1 (Revised 2009): Presentation of Financial Statements. Also, the proposed dividend has not been considered as "Liability" in accordance with the requirements of the Para 12 & 13 of Bangladesh Accounting Standard (BAS) 10: Events After The Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board Directors.

3.13 Earnings Per Share

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

Basic Earnings (Numerator)

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

Weighted Average Number of Shares in Issue (Denominator)

Current Year (2012)

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year. However, the Bonus Shares issued during the year 2012 were treated as if they always had been in issue. Hence, in computing the Basic EPS of 2012, the total number of bonus shares has been considered.

Earlier Year (2011)

The number of shares outstanding before the bonus shares issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issues had occurred at the beginning of the earliest period reported (2011), and accordingly, in calculating the adjusted EPS of 2011, the total number of shares including the subsequent bonus issue in 2012 has been considered as the weighted Average Number of Shares Outstanding during the year 2011.

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

Diluted Earnings Per Share

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

3.14 Foreign Currency Translations

The Financial records of the company are maintained and the financial statements are stated in Bangladesh Taka. The assets and liabilities denominated in foreign currencies at the financial position date are translated at the applicable rates of exchanges ruling at that date. Exchange difference is charged off as revenue expenditure in compliance with the provisions of BAS 21: the Effects of Changes in Foreign Exchange Rates. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

4.00 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

4.01 Credit risk

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

4.02 Liquidity risk

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

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

4.03 Market risk

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

(a) Currency risk

As at 31 December 2012 there was no exposure to currency risk as there were no foreign currency transactions made during the year under review.

(b) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

5.00 PROPERTY, PLANT AND EQUIPMENT

The details are stated below:

Particulars	Land and Land Development	Building and other Construction	Plant & Machinery	Furniture, Fixture & Equipment	Vehicle	Capital Work in Progress	Total
Cost/Valuation							
At 31 Dec, 2011	9,950,975,000	6,091,856,722	16,966,885,802	608,555,125	161,440,373	2,150,000,000	35,929,713,022
Addition in 2012	454,503	372,982,740	39,520,812	30,861,282	54,520,000	(350,000,000)	148,339,337
At 31 December, 2012 Tk.	9,951,429,503	6,464,839,462	17,006,406,614	639,416,407	215,960,373	1,800,000,000	36,078,052,359
Depreciation							
At 31 Dec, 2011	-	1,220,476,533	7,610,527,747	471,128,893	96,532,730	-	9,398,665,903
Charged in 2012	-	139,453,422	634,796,093	21,577,886	24,180,366	-	820,007,767
At 31 December, 2012 Tk.	-	1,359,929,955	8,245,323,840	492,706,779	120,713,096	-	10,218,673,670
Carrying Value At 31 December, 2012 Tk.	9,951,429,503	5,104,909,507	8,761,082,774	146,709,628	95,247,277	1,800,000,000	25,859,378,689
Lease Hold Land	1,012,501	-	-	-	-	-	1,012,501
Carrying Value At 31 December, 2012 Tk.	9,952,442,004	5,104,909,507	8,761,082,774	146,709,628	95,247,277	1,800,000,000	25,860,391,190

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

		Amount in Taka	
		as at 31-Dec-12	as at 31-Dec-11
6.00	INVESTMENT IN SHARES		
This consists of as follows:			
(i) In Associated undertakings:			
(a)	In 2,178,324 Shares of Beximco Pharmaceuticals Ltd. [Listed company, [Market value Tk. 55.90 per share on 31/12/2012]	121,768,312	165,949,805
(b)	In 62,042 Shares of Beximco Synthetics Ltd. [Listed company, [Market value Tk. 24.30 per share on 31/12/2012]	1,507,620	1,968,905
(c)	In 999,800 Shares of Tk.100/= each of International Knitware and Apparels Ltd. (Cost price per share is Tk. 301.04)	300,979,792	
(d)	In 1,744,490 Shares of Tk.100/= each of Beximco Fashions Ltd. (Cost price per share is Tk. 154.50)	269,516,682	-
(e)	In 999,800 Shares of Tk.100/= each of Crescent Fashions and Design Ltd. (Cost price per share is Tk. 282.86)	282,807,427	-
(f)	In 158,888 Shares of Tk.100/= each of Freshtex Bangladesh Ltd. (Cost price per share is Tk. 394.19)	62,632,451	-
(ii) Others :			
(a)	In 58,662,450 Shares of Tk.10/= each Dhaka Shanghai Ceramics Ltd.	586,624,500	617,499,480
(b)	In 32,997,800 Shares of Tk.10/= each of GMG Airlines Ltd.	299,980,000	299,980,000
(c)	In 9,523,253 Shares of Tk. 10/= each of Unique Hotel & Resort Ltd. Cost price per share is Tk. 139.13 and market value Tk. 126.20 per share on 31.12.12	1,201,834,529	1,324,974,400
(d)	In 3,491 Shares of Tk.100/= each of Investment Corporation of Bangladesh [Listed company, Market value Tk. 1,508.25 per share on 31/12/2012]	5,265,301	4,534,435
(f)	In 6,110 Shares of Jamuna Oil Ltd. (Listed Company) Cost price per share is Tk.216.77 and market value Tk. 178.50 per share on 31.12.12	1,090,635	-
(g)	In 456,945 shares of Central Depository Bangladesh Ltd. Avg. cost price per share is Tk.3.43 against face value of Tk.10	1,569,450	1,569,450
		3,135,576,699	2,416,476,475

7. INVENTORIES

This represents as follows:

Raw Material	567,042,110	707,707,029
Finished Goods	416,327,319	733,158,394
Construction work in progress	336,062,366	-
Other direct Expense	21,079,929	-
Work-In-Process	644,708,867	571,686,068
Stores and Spares	281,346,544	265,525,656
Packing Material	47,115,819	53,659,399
Land	2,749,600,738	2,773,788,401
Land development and others	190,996,746	191,735,891
Work in progress	-	464,895,891
Shirmp	3,524,625	-
Fish	7,056,612	10,923,003
Fish Feed	46,823	7,165,503
Tea Seed Cake	7,031,600	-
PIN Mailers	-	155,161
Jute Yarn (London Branch)	73,502	6,764,745
	5,272,013,600	5,787,165,141

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

		Amount in Taka	
		as at 31-Dec-12	as at 31-Dec-11
8.	DEBTORS - TK. 27,952,031,320		
	This is unsecured but considered good.		
9.	ADVANCES, DEPOSITS AND PRE-PAYMENTS		
	This consists of as follows:		
	(i) Advances:	20,421,048,758	16,310,217,995
	Advance Income Tax	75,570,838	224,906,458
	L/C- Margin	868,459,624	1,541,026,460
	Suppliers	7,895,865	11,946,190
	Trade Fair	5,196,553	5,463,275
	Marketing Expenses	8,714,661	8,714,661
	L/C- Insurance & Commission	2,773,706	1,364,598
	Other Advances	19,452,437,511	14,516,796,353
	(ii) Deposits	81,245,488	642,638,273
	(iii) London Branch	38,050,485	38,526,235
		20,540,344,731	16,991,382,503
	This is unsecured but considered good.		
	No amount was due by the directors (including Managing Director), Managing Agents, Managers and other officers of the company and any of them severally or jointly with any other person.		
	No amount was due by the associated undertakings.		
10.	CASH AND CASH EQUIVALENTS		
	This consist of as follows:		
	In Hand	58,534,015	24,724,380
	In Current Account with banks	30,076,739	156,449,403
	In STD account with bank	74,668,082	76,016,579
	In fixed deposit and accrued interest with bank	1,820,442	1,746,017
	London Branch	276,811	273,065
		165,376,089	259,209,444
11.	ISSUED SHARE CAPITAL		
	(a) Authorised:		
	1000,000,000 Ordinary Shares of Tk. 10/-each	10,000,000,000	10,000,000,000
	(b) Issued, Subscribed and Paid-Up:		
	4,000,000 Ordinary Shares of Tk.10/-each	40,000,000	40,000,000
	278,743,321 Ordinary Shares of Tk.10/-each issued as fully paid-up bonus shares	2,787,433,210	1,878,520,440
	22,019,999 Ordinary Shares of Tk.10/-each issued in exchange for acquisition of shares of Shinepukur Ceramics Ltd.	220,199,990	220,199,990
	12,600,000 Ordinary Shares of Tk. 10/- each issued to the shareholders of Shinepukur Holdings Ltd.	126,000,000	126,000,000
	650,000 Ordinary Shares of Tk. 10/- each issued to the shareholders of Beximco Fisheries Ltd.	6,500,000	6,500,000
	11,909,840 Ordinary Shares of Tk. 10/- each issued to the shareholders of Bangladesh Online Ltd.	119,098,400	119,098,400
	9,187,487 Ordinary Shares of Tk. 10/- each issued to the shareholders of Dhaka-Shanghai Ceramics Ltd.	91,874,870	91,874,870
	107,282,919 Ordinary Shares of Tk. 10/- each issued to the shareholders of Bextex Ltd.	1,072,829,190	1,072,829,190
	2,649,470 Ordinary Shares of Tk. 10/- each issued to the shareholders of International Knitwear & Apparels Ltd.	26,494,700	-
	2,372,506 Ordinary Shares of Tk. 10/- each issued to the shareholders of Beximco Fashions Ltd.	23,725,060	-
	2,489,502 Ordinary Shares of Tk. 10/- each issued to the shareholders of Crescent Fashions & Design Ltd.	24,895,020	-
	551,342 Ordinary Shares of Tk. 10/- each issued to the shareholders of Freshtex Bangladesh Ltd.	5,513,420	-
	Adjustment for Shinepukur Ceramics Ltd's Investment with Beximco 1,867,290 Ordinary Shares of Tk. 10/- each	(18,672,900)	(19,814,320)
	Total 452,589,096 Shares of Tk. 10/= each	4,525,890,960	3,535,208,570

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

(c) Composition of Shareholding

	2012		2011	
	No. of Shares	%	No. of Shares	%
Sponsor:				
A S F Rahman	32,777,925	7.24%	22,772,169	6.44%
Salman F Rahman	36,778,746	8.13%	25,482,828	7.21%
Associates	20,735,030	4.58%	16,653,025	4.71%
Foreign Investors	36,000,193	7.95%	28,812,909	8.15%
ICB including ICB Investors' Account	49,898,577	11.03%	28,718,178	8.12%
General Public & Financial Institutions	276,398,625	61.07%	231,081,748	65.37%
	452,589,096	100.00	353,520,857	100.00

(d) Distributions Schedule–Disclosures under the Listing Regulations of Stock Exchanges:

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

Share holding Range in number of Shares	Number of holders	% of total holders	Number of Shares	% of Share Capital
1 to 499	119,364	65.73%	18,154,509	4.01%
500 to 5,000	56,032	24.20%	79,376,367	17.54%
5,001 to 10,000	3,571	1.32%	24,912,703	5.50%
10,001 to 20,000	1,483	0.55%	20,674,407	4.57%
20,001 to 30,000	410	0.16%	10,165,948	2.25%
30,001 to 40,000	184	0.08%	6,374,781	1.41%
40,001 to 50,000	95	0.04%	4,294,202	0.95%
50,001 to 100,000	211	0.10%	14,669,710	3.24%
100,001 to 1,000,000	202	0.09%	55,705,333	12.31%
Over 1,000,000	40	0.02%	218,261,136	48.23%
Total :	181,592	100.00	452,589,096	100.00

(e) Option on un issued Shares :

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

(f) Market Price :

The shares of the Company are listed in the Dhaka and Chittagong Stock Exchanges and quoted at Tk. 64.40 and Tk. 64.10 per share in the Dhaka and Chittagong Stock Exchanges respectively on 30 December, 2012.

(g) Voting Rights :

The rights and privileges of the shareholders are stated in the Bye Laws (Articles of Association) of the company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

		Amount in Taka	
		as at 31-Dec-12	as at 31-Dec-11
12.	NON-CONTROLLING (MINORITY) INTEREST IN SUBSIDIARIES		
This consists of as follows:			
As on 01 January 2012		1,350,281,988	1,246,083,596
Add: Minority Interest in Income for the Year		45,142,540	84,384,072
Less: Adjustment for Shinepukur Ceramics Ltd's Investment with Beximco Ltd.		(1,141,420)	19,814,320
		1,394,283,108	1,350,281,988
13.	LONG TERM LOAN		
This represents Loans from:			
Sonali Bank- Project		92,160,306	124,894,280
Sonali Bank- PAD Blocked		1,082,486,481	1,326,400,661
Sonali Bank- CC Blocked		-	7,966,848
Sonali Bank-IBP Loan		489,685,183	592,776,801
Sonali Bank Interest Free		45,613,434	63,858,807
Sonali Bank-Interest Bearing Block		460,852,436	544,643,788
Southeast Bank - Term Loan		137,795,943	167,518,602
National Bank Ltd.-Term Loan 1		336,201,834	-
National Bank Ltd.-Term Loan 2		448,513,564	-
10% Debentures		348,420,509	522,630,764
Rupali Bank-Term Loan 1		229,636,000	271,388,000
Rupali Bank-Term Loan 2		152,372,000	180,076,000
Rupali Bank Interest Free Block		116,686,902	137,906,902
Rupali Bank - PAD Segregation		468,426,354	553,594,782
Rupali Bank CCP and CCH Segregation		472,340,000	558,220,000
Bangladesh Development Bank-Term Loan		57,436,856	69,036,856
Bangladesh Development Bank-Interest Block		35,701,596	41,301,596
The City Bank Ltd		30,325,000	54,585,000
International Leasing and Financial Services Ltd.		-	3,337,053
		5,004,654,398	5,220,136,740
Nature of security :			
(i) Equitable mortgage over the immovable property.			
(ii) Hypothecation by way of a floating charge on all other movable assets both present and future.			
(iii) First charge over all the finished stock, work - in - process and current assets excluding book debts.			
Terms of Repayment :			
Sonali Bank Project Loan:			
In 41 (Forty one) equal quarterly installments commencing from March 31, 2005.			
Sonali Bank PAD Blocked Loan:			
In 120 (One hundred twenty) equal monthly installments commencing from January 31, 2005.			
Sonali Bank CC Blocked Loan:			
In 108 (One hundred eight) equal monthly installments commencing from January 31, 2005.			
Rate of Interest:			
Sonali Bank Project Loan:			
12.50% p.a. or the lending rate applicable from time to time based on Bank rate / policy.			
Sonali Bank PAD Blocked Loan:			
14% p.a. or the lending rate applicable from time to time based on Bank rate / policy.			
Sonali Bank CC Blocked Loan:			
Rate of Interest - nil			

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

		Amount in Taka	
		as at 31-Dec-12	as at 31-Dec-11
14.	DEFERRED TAX LIABILITIES		
	This is in respect of Shinepukur Ceramics Ltd. and is arrived at as follows.		
	Opening Balance	9,965,449	13,892,058
	Provided/(Adjustment) during the Year	(1,508,870)	(3,926,609)
		8,456,579	9,965,449
15.	SHORT TERM LOAN FROM BANKS AND OTHERS		
	This is secured and consists of as follows:		
	Sonali Bank- CC (Hypothecation)	3,312,599,997	1,114,570,759
	Sonali Bank- CCP	517,049,181	518,503,948
	Sonali Bank- LTR	99,626,686	95,526,384
	Rupali Bank-Overdraft	1,283,235,306	1,101,316,702
	Bank Asia Ltd. - Over Draft	278,476,501	261,010,676
	Southeast Bank - LTR	60,273,798	62,495,327
	Janata Bank Cah Subsidy	1,461,847	23,626,989
	Janata Bank- CCH	1,039,389,281	777,875,872
	AB Bank- SDB Loan	-	820,958,848
	AB Bank- Time Loan	982,176,508	-
	State Bank of India-CCH	122,520,130	111,092,284
	Bank Overdraft	93,927,563	98,701,245
	Phoenix Finance and Investment Ltd.	219,254,653	200,000,000
	Other Short Term Loan	2,686,598,326	2,193,423,560
		10,696,589,777	7,379,102,594
16.	LONG TERM LOANS (CURRENT PORTION)		
	This consists of as follows:		
	Local Currency Loan:		
	Sonali Bank- Project	47,716,132	31,580,660
	Sonali Bank- PAD Blocked	877,525,367	655,417,852
	Sonali Bank- CC Blocked	7,795,823	7,781,725
	Sonali Bank-IBP Loan	354,995,817	274,007,812
	Sonali Bank Interest Free	31,201,083	22,655,710
	Sonali Bank-Interest Bearing Block	-	337,046,814
	Sonali Bank-CCP & CCH Segregation	443,741,171	-
	Southeast Bank - Term Loan	49,726,581	17,743,589
	Consortium Loan	641,166,618	751,554,484
	Term Loan (FLIL)	21,572,496	20,704,387
	Lease Obligation	138,786,457	85,272,605
	10% Debentures	482,410,986	281,899,246
	Rupali Bank-Term Loan 1	230,184,899	133,934,333
	Rupali Bank-Term Loan 2	153,738,385	92,902,086
	Rupali Bank Interest Free Block	60,728,000	39,508,000
	Rupali Bank - PAD Block	472,960,536	237,467,556
	Rupali Bank CCP and CCH Segregation	428,571,299	287,394,364
	Bangladesh Development Bank-Term Loan	22,138,681	12,355,965
	Bangladesh Development Bank-Interest Block	11,900,833	17,895,472
	City Bank NA-Term Loan	-	48,151,099
	The City Bank Ltd	70,348,859	31,663,114
	International Leasing and Financial Services Ltd.	-	7,737,784
	National Bank Ltd.-Term Loan 1	82,812,020	-
	National Bank Ltd.-Term Loan 2	91,810,020	-
	First Lease Finance and Investment Ltd	-	29,944,942
		4,721,832,063	3,424,619,599

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

		Amount in Taka	
		as at 31-Dec-12	as at 31-Dec-11
17.	TRADE AND OTHER PAYABLES		
	This consists of as follows:		
	L/C and Others	5,688,050	6,183,000
	Creditors for Goods	8348626490	8,557,615,555
	Security Deposit	18,295,000	18,215,000
	Outstanding Export Commission	5,013,893	4,521,572
	Others	6,916,222,906	5,068,189,874
		15,293,846,339	13,654,725,001
		Amount in Taka	
		for the year 2012	for the year 2011
18.	REVENUE		
	Sale of Goods (Net)	26065041392	28,202,428,378
	Dividend Income	12,948,867	10,382,672
	Commission and other Income	284,506,672	2,012,549
	Capital Gain on Sale of Shares	39,452,664	1,124,793,745
		26,401,949,595	29,339,617,344
19.	COST OF REVENUE		
	Table Ware (Shinepukur Ceramics Ltd.)	1,268,312,998	1,248,024,942
	Internet Services & Software	146,021,340	208,656,327
	Shrimp, Fish and Salt (Fisheries Unit)	1167495858	2,241,542,173
	Yarn, Fabrics & Others	14,390,350,266	12,454,703,449
	Jute Yarn and Other Jute Products (London Branch)	36393699	107,950,389
		17,008,574,161	16,260,877,280

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

		Amount in Taka	
		for the year 2012	for the year 2011
20.	ADMINISTRATIVE EXPENSES		
	Salaries and allowances	496,535,399	545,880,250
	Rent, Rates and Taxes	19,182,908	17,081,550
	Postage, Telegram, Telex and Telephone	17,252,927	16,177,443
	Publicity and advertisement	3,355,545	201,706,600
	Petrol, Fuel, Electricity, Gas and Water	8,931,111	6,702,568
	Printing and stationery	6,709,044	14,307,008
	Car repairs and maintenance	103,970,136	71,295,089
	Travelling and conveyance	133,043,689	157,192,640
	Repair and Maintenance	35,973,244	37,393,366
	Fees and charges	23,059,097	50,204,172
	Entertainment	14,154,819	14,772,614
	Subscription	1,897,355	4,130,657
	Audit fee	1,840,000	1,463,000
	Insurance	10,814,731	6,953,392
	AGM expenses	3,778,431	5,927,299
	Contribution to Provident Fund	544,188	512,366
	General Office Expenses	53,490	148,041
	Miscellaneous overhead	70,807,429	42,587,096
	Depreciation	21,023,622	22,650,507
	Welfare Expenses	4,422,091	3,605,636
	Utilities Expenses	596,697	517,576
	CDBL charges	16,782,771	1,733,495
	Loss on sale & lease back of assets	12,246,846	29,396,927
	London Branch Expenses	5,339,103	1,275,504
	Debtors (Net) Written Off	-	111,754,837
	Training and Conference	253,019	166,994
		1,012,567,692	1,365,536,627
21.	SELLING AND DISTRIBUTION EXPENSES		
	Promotional Expenses	16,979,379	16,823,502
	Distribution Expense	24,777,811	25,622,288
	Salaries and allowances	15,600,197	16,380,110
	Occupancy Expenses	4,835,738	3,533,504
	Office Expenses	3,285,736	3,367,602
	Communication Expenses	792,819	789,413
	Travelling and conveyance	2,585,554	1,517,157
	Transport Expenses	2,298,443	1,969,531
	Welfare Expenses	1,700,773	1,407,648
	Advertisement and Publicity	1,885,922	1,697,767
	Utilities Expenses	596,698	552,183
	Showroom Expenses	577,776	361,297
	Handling and Carrying Expenses	395,670	776,522
	Repair and Maintenance	30,850	5,900
	Legal and Professional Fees	128,560	187,071
	General Expenses	5,720	20,020
	Product Research	49,000	50,000
	Training and Conference	16,350	108,400
		76,542,996	75,169,915

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

		Amount in Taka	
		for the year 2012	for the year 2011
22.	FINANCIAL EXPENSES		
	Interest on loan from banks and others	5,269,770,184	2,959,557,424
	Bank Charges and Commission	9,356,852	10,098,410
	Interest on loan from a related company	396,744,766	240,314,856
	Lease Interest	11,794,023	10,483,611
	Other Interest Income	(152,487)	(599,979)
		5,687,513,338	3,219,854,322

23.	INCOME TAX EXPENSES		
	Current Tax	386,085,697	733,381,159
	Tax Rebate	-	(69,865,331)
	Deferred Tax	(1,508,870)	(3,926,609)
	Short / (Excess) Provision of tax for earlier years	309,152,418	15,396,194
		693,729,245	674,985,413

24.	BASIC EARNINGS PER SHARE (EPS) :		
	The computation of EPS is given below :		
	(a) Net Profit for the year [after tax and Non-controlling (minority) interest]	1,734,558,352	7,248,606,102
	(b) Weighted average number of shares used for EPS (Note - 3.13)	452,589,096	452,589,096
	(c) Basic EPS (a/b)	3.83	16.02

25. RELATED PARTY DISCLOSURES :

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The nature of transactions and their total value is shown below:

Name of the Related Parties	Nature of transactions	Value of transactions during the year	Balance at the end of the year
Beximco Pharmaceuticals Ltd.	Investment in Shares	(35,184,970.00)	121,768,312
Beximco Pharmaceuticals Ltd.	Short Term Loan	383,430,000	(2,686,598,326)
Beximco Pharmaceuticals Ltd.	Interest Expenses	396,744,766	-
Beximco Synthetics Ltd.	Investment in Shares	1,477,487.00	1,507,620

Nature of Relationship:

The Company, and the parties as stated above are subject to common control from same source i.e., Beximco Group.

26. CONTINGENT LIABILITIES

There was no sum for which the company is contingently liable as on 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2012

27. CAPITAL EXPENDITURE COMMITMENT

- (a) There was no capital expenditure contracted but not incurred or provided for at 31 December 2012.
- (b) There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2012.

28. CLAIMS NOT ACKNOWLEDGED AS DEBT

There was no claim against the Company not acknowledge as debt as on 31 December 2012.

29. CREDIT FACILITY NOT AVAILED

There was no credit facility available to the company under any contract, but not availed of as on 31 December 2012 other than trade credit available in the ordinary course of business.

30. BENEFIT TO DIRECTORS

During the year under review:

- (i) no compensation was allowed by the company to the Managing Director of the company;
- (ii) no amount of money was spent by the company for compensating any member of the Board for special service rendered; and
- (iii) no board meeting attendance fee was paid to the directors of the Company.

31. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the balance sheet date, the board of directors recommended 15% Bonus Shares (15 Bonus Shares for each 100 Shares held). The dividend (Bonus Shares) proposal is subject to shareholders' approval at the forthcoming annual general meeting. Except the fact as stated above, no circumstances has arisen since the balance sheet date which would require adjustments to, or disclosure in, the financial statements or notes thereto.



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



M A QASEM
Director

Dated, Dhaka
30 April 2013

INDEPENDENT AUDITORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS
OF
BANGLADESH EXPORT IMPORT COMPANY LIMITED
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

INDEPENDENT AUDITORS' REPORT

To The Shareholders of

BANGLADESH EXPORT IMPORT COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Bangladesh Export Import Company Limited, which comprise the Statement of Financial Position as at 31 December 2012, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

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

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books ;
- (c) the Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books of account ; and
- (d) the expenditure incurred was for the purposes of the company's business.



M.J. Abedin & Co.
Chartered Accountants

30 April 2013
Dhaka

BANGLADESH EXPORT IMPORT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Notes	Amount in Taka	
		31-Dec-12	31-Dec-11
ASSETS			
Non - Current Assets		26,847,383,453	27,338,164,715
Property, Plant and Equipment	4.00	21,476,387,788	22,040,016,659
Investment in Shares	5.00	4,872,157,886	4,687,063,432
Deferred Assets		-	12,246,845
Long Term Loan	6.00	498,837,779	598,837,779
Current Assets		52,191,122,306	43,845,806,435
Inventories	7.00	4,426,954,193	4,895,490,391
Trade and Other Receivables	8.00	27,156,387,545	21,837,347,409
Advances, Deposits and Pre-Payments	9.00	20,458,414,350	16,879,191,971
Cash and Cash Equivalents	10.00	149,366,218	233,776,664
Total Assets		79,038,505,759	71,183,971,150
EQUITY AND LIABILITIES			
Shareholders' Equity		45,332,070,560	43,426,941,360
Issued Share Capital	11.00	4,544,563,860	3,555,022,890
Reserves	12.00	23,598,579,566	23,463,494,402
Retained Earnings		17,188,927,134	16,408,424,068
Non - Current Liabilities		4,708,464,767	4,823,557,468
Long Term Loans - Net of Current Maturity	13.00	4,708,464,767	4,823,557,468
Current Liabilities		28,997,970,432	22,933,472,322
Long Term Loans - Current Maturity	14.00	4,578,589,681	3,332,800,907
Short Term Loan	15.00	9,418,866,465	6,132,727,641
Trade and Other Payables	16.00	15,000,514,286	13,467,943,774
Total Equity and Liabilities		79,038,505,759	71,183,971,150
Net Assets Value Per Share		99.75	122.16

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

Approved and authorised for issue by the board of directors on 30 April 2013 and signed for and on behalf of the board :



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



M A QASEM
Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

BANGLADESH EXPORT IMPORT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Notes	Amount in Taka	
		2012	2011
Revenue	17.00	24,459,598,843	27,438,488,152
Cost of Revenue	18.00	(15,740,261,163)	(15,012,852,338)
Gross Profit		8,719,337,680	12,425,635,814
Operating Expenses		(6,306,126,486)	(4,242,975,262)
Administrative Expenses	19.00	(958,460,565)	(1,304,103,590)
Selling and Distribution Expenses		(24,777,811)	(25,622,288)
Finance Cost	20.00	(5,322,888,110)	(2,913,249,384)
Profit before WPPF and Income Tax		2,413,211,194	8,182,660,552
Contribution to WPPF		(114,914,818)	(389,650,502)
Net Profit Before Tax		2,298,296,376	7,793,010,050
Income Tax Expenses	21.00	(608,880,540)	(628,787,978)
Net Profit after tax (NPAT) for the year		1,689,415,836	7,164,222,072
Other Comprehensive Income:			
Revaluation Surplus on Property, Plant & Equipments		-	5,988,990,434
Fair Value Gain/(Loss) on Investment in Shares		(700,222,988)	2,047,493,622
Total Comprehensive Income for the year		989,192,848	15,200,706,128
EPS based on NPAT (Adjusted EPS of 2011)	22.00	3.73	16.12

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

Approved and authorised for issue by the board of directors on 30 April 2013 and signed for and on behalf of the board :


A S F Rahman
Chairman


Salman F. Rahman
Vice-Chairman


M A QASEM
Director

As per our separate report of even date annexed.

Dated, Dhaka
30 April 2013


M. J. ABEDIN & CO
Chartered Accountants

BANGLADESH EXPORT IMPORT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

Amount in Taka

	Share Capital	Reserves (Note - 12)	Retained Earnings	Total Equity
Balance as on 31 December 2011	3,555,022,890	23,463,494,402	16,408,424,068	43,426,941,360
Net Profit after tax for the year	-	-	1,689,415,836	1,689,415,836
Capital Reserve on Purchase of Shares of International knitwear & Apparels Ltd, Beximco Fashions Ltd, Crescent Fashions & Design Ltd and Freshtex Bangladesh Ltd. (Note - 12.01(a))	-	835,308,152	-	835,308,152
Other Comprehensive Income:				
Fair Value Gain/(Loss) on Investment in Shares (Note-12.01(b))	-	(700,222,988)	-	(700,222,988)
Transaction with Shareholders:				
Issue of Share Capital on Purchase of Shares of Shares of International knitwear & Apparels Ltd, Beximco Fashions Ltd, Crescent Fashions & Design Ltd and Freshtex Bangladesh Ltd.	80,628,200	-	-	80,628,200
Issue of Bonus Shares for the prior year (2011)	908,912,770	-	(908,912,770)	-
Total as on 31 December 2012	4,544,563,860	23,598,579,566	17,188,927,134	45,332,070,560

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

Approved and authorised for issue by the board of directors on 30 April 2013 and signed for and on behalf of the board:



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



M A QASEM
Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

BANGLADESH EXPORT IMPORT COMPANY LIMITED

STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	Amount in Taka	
	2012	2011
Cash Flows From Operating Activities:	164,097,361	1,133,800,990
Cash Received against Revenues and Others	19,140,558,707	22,443,810,536
Cash Paid to Suppliers and Others	(18,976,461,346)	(21,310,009,546)
Cash Flows From Investing Activities:	(133,415,106)	(376,282,906)
Purchase of Property, Plant and Equipment	(133,415,106)	(376,282,906)
Cash Flows From Financing Activities:	(115,092,701)	(764,538,821)
Long Term Loan	(115,092,701)	(764,538,821)
Increase / (Decrease) in Cash and Cash Equivalents	(84,410,446)	(7,020,737)
Cash and Cash Equivalents at Opening	233,776,664	240,797,401
Cash and Cash Equivalents at Closing	149,366,218	233,776,664
Net Operating Cash Flow Per Share	0.36	3.19

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

Approved and authorised for issue by the board of directors on 30 April 2013 and signed for and on behalf of the board :



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



M A QASEM
Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

1.00 THE BACKGROUND AND ACTIVITIES OF THE COMPANY

1.01 Status of the Company

Bangladesh Export Import Company Limited (the company) is a public limited company incorporated in Bangladesh in 1972 under the Companies Act, 1913 and launched its commercial operation in the same year. The company listed its shares with Dhaka Stock Exchange in 1989 and with Chittagong Stock Exchange in 1995 on its debut.

The company has a branch at London which has a subsidiary in USA named Beximco USA Ltd.

The company has its registered office and operational office at Beximco Corporate Head quarters, 17, Dhanmondi Residential Area, Road No.2, Dhaka - 1205. The London Branch is situated at 12 Barkat House, 116-118 Finchley Road, London NW3 5HT, UK and Beximco USA Ltd. is located at 310, Selvidge Street, Delton, Georgia – 30722, USA.

1.02 Principal Activities

The business activities include investment operation, agency and trading in other commodities and produces and is engaged in manufacturing and marketing of yarn that are consumed by weaving mills of Bangladesh including its own weaving mills producing and marketing of high quality fabric, that are eventually consumed by the export oriented garments industries of Bangladesh including the garments factories of Beximco Group.

2.00 BASES OF FINANCIAL STATEMENTS-ITS PREPARATION AND PRESENTATION

2.01 Measurement bases

The financial statements have been prepared on the Historical Cost basis as modified to include the revaluation of certain Property, Plant and Equipments which are stated at revalued amount and investment in shares of listed companies are carried at fair value based on the year end quoted price of Dhaka Stock Exchange Ltd.

2.02 Reporting Framework and Compliance thereof

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable, and in accordance with the applicable Bangladesh Financial Reporting Standards (BFRSs) including Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

2.03 Presentation of Financial Statements

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

The Financial Statements Comprises:

- (a) a statement of financial position as at the end of the year 2012;
- (b) a statement of comprehensive income for the year 2012;
- (c) a statement of changes in equity for the year 2012;
- (d) a statement of cash flows for the year 2012; and
- (e) notes, comprising a summary of significant accounting policies and other explanatory information.

2.04 Reporting Period

The financial statements cover one calendar year from 01 January 2012 to 31 December 2012.

2.05 Authorisation for Issue

The financial statements have been authorized for issue by the Board of Directors on 30 April 2013.

2.06 Functional and Presentation Currency

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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

2.07 Comparative Information

Comparative information has been disclosed in respect of the year 2011 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2011 have been re-arranged wherever considered necessary to ensure better comparability with the current year.

2.08 Use of Estimates and Judgments.

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

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

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

2.09 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the requirements of BAS 7: Statement of Cash Flows.

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

2.10 Related Party Disclosures

The company carried out a number of transactions with related Parties in the normal course of business and on arms' length basis.

The information as required by BAS 24: Related party Disclosures has been disclosed in a separate note to the accounts.

2.11 Events after the Reporting Period

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

3.00 SIGNIFICANT ACCOUNTING POLICIES**3.01 Revenue Recognition**

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

Cash dividend income on investment in shares is recognized on approval of said dividend in the annual general meeting / Board meeting of relevant company. Stock dividend income (Bonus Shares) is not considered as revenue.

3.02 Property, Plant and Equipment**3.02.1 Recognition and Measurement**

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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

3.02.2 Pre-Operating Expenses and Borrowing Costs

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

3.02.3 Subsequent Expenditure

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

3.02.4 Software

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

3.02.5 Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

3.02.6 Depreciation on Fixed Assets

Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Depreciation is provided for the period in use of the assets. Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. Depreciation is provided on all fixed assets except land at the following rates on reducing balance basis over the periods appropriate to the estimated useful lives of the different types of assets:

Building and Other Construction	2% - 10%
Plant and Machinery	5%-15%
Furniture, Fixture & Equipment	10% - 20%
Transport & Vehicle	20%
Furniture & Equipment of London Branch	15%

3.03 Impairment

(a) Financial Assets

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

(b) Non-Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

3.04 Leased Assets

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

3.05 Financial Instruments

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

3.05.1 Financial assets

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

(a) Investment in Shares

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

Investment in other shares is carried in the statement of financial position at cost.

(b) Accounts Receivables

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

(c) Advances, Deposits and Prepayments

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

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of comprehensive income.

(d) Cash and Cash Equivalents

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

3.05.2 Financial Liability

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

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

3.06 Inventories

Inventories are valued at the lower of cost or net realizable value with cost determined by weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.07 Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

3.08 Borrowing Costs

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

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

3.09 Income Tax Expenses

Current Tax

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

Deferred Tax

Deferred tax asset is not recognized as it is probable that future taxable profit will not be available against which temporary differences can be utilized.

3.10 Employee Benefits

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

The company's employee benefits include the following:

(a) Defined Contribution Plan (Provident Fund)

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

(b) Short-term employee benefits

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

(c) Contribution to Workers' Participation/Welfare Funds

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

3.11 Proposed Dividend

The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts along with dividend per share in accordance with the requirements of the Para 125 of Bangladesh Accounting Standard (BAS) 1 (Revised 2009): Presentation of Financial Statements. Also, the proposed dividend has not been considered as "Liability" in accordance with the requirements of the Para 12 & 13 of Bangladesh Accounting Standard (BAS) 10: Events After The Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board Directors.

3.12 Earnings Per Share

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

Basic Earnings (Numerator)

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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

Weighted Average Number of Shares In Issue (Denominator)

Current Year (2012)

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year. However, the Bonus Shares issued during the year 2012 were treated as if they always had been in issue. Hence, in computing the Basic EPS of 2012, the total number of bonus shares has been considered.

Earlier Year (2011)

The number of shares outstanding before the bonus shares issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issues had occurred at the beginning of the earliest period reported (2011), and accordingly, in calculating the adjusted EPS of 2011, the total number of shares including the subsequent bonus issue in 2012 has been considered as the weighted Average Number of Shares Outstanding during the year 2011.

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

Diluted Earnings Per Share

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

3.13 Foreign Currency Translations

The Financial records of the company are maintained and the financial statements are stated in Bangladesh Taka. The assets and liabilities denominated in foreign currencies at the financial position date are translated at the applicable rates of exchanges ruling at that date. Exchange difference is charged off as revenue expenditure in compliance with the provisions of BAS 21: the Effects of Changes in Foreign Exchange Rates. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

BANGLADESH EXPORT IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

4.00 PROPERTY, PLANT AND EQUIPMENT

The details are stated below:

Amount in Taka

Particulars	Land and Land Development	Building and other construction	Plant & Machinery	Furniture, Fixture & Equipment	Vehicle	Capital Work in Progress	Total
Cost/Valuation :							
At 31 December 2011	8,264,975,000	4,717,510,062	14,230,345,366	531,083,526	130,218,504	2,150,000,000	30,024,132,458
Addition in 2012		371,662,476	31,347,450	25,885,180	54,520,000	(350,000,000)	133,415,106
At 31 December 2012	8,264,975,000	5,089,172,538	14,261,692,816	556,968,706	184,738,504	1,800,000,000	30,157,547,564
Depreciation :							
At 31 December 2011	-	1,008,189,731	6,490,296,416	408,151,518	79,503,135	-	7,986,140,800
Charged in 2012	-	109,604,058	547,401,687	17,683,821	21,341,911	-	696,031,477
At 31 December 2012	-	1,117,793,789	7,037,698,103	425,835,339	100,845,046	-	8,682,172,277
Carrying Value							
At 31 December 2012	8,264,975,000	3,971,378,749	7,223,994,713	131,133,367	83,893,458	1,800,000,000	21,475,375,287
Lease Hold Land	1,012,501	-	-	-	-	-	1,012,501
Carrying Value At 31 December 2012	8,265,987,501	3,971,378,749	7,223,994,713	131,133,367	83,893,458	1,800,000,000	21,476,387,788

Details of Revaluation done during the years 1977, 1988 and 2011:

Amount in Taka

Particulars	Land & Land Development	Building & Other Construction	Plant & Machinery	Furniture, Fixture & Equipment	Total
Increase by re-valuation in 1976-77	104,400	596,220	1,012,500	20,000	1,733,120
Increase by re-valuation in 1987-88	3,717,600	900,273	-	-	4,617,873
Increase by re-valuation in 2011	4,080,771,515	667,873,930	1,240,344,989	-	5,988,990,434
Total Increase by re-valuation	4,084,593,515	669,370,423	1,241,357,489	20,000	5,995,341,427
Original Cost	4,180,381,485	4,048,139,639	12,988,987,877	531,063,528	21,748,572,529
Gross carrying amounts	8,264,975,000	4,717,510,062	14,230,345,366	531,083,528	27,743,913,956

BANGLADESH EXPORT IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

5.00 INVESTMENT IN SHARES

	Amount in Taka	
	as at 31-Dec-12	as at 31-Dec-11
This consists of as follows:		
(a) In Associated undertakings :		
(i) In 63,898,269 Shares of Shinepukur Ceramics Ltd. (Subsidiary Company-50% Shares) (Average cost per share is Tk.4.86 against face value of Tk. 10.00) {Listed company, Market value Tk. 27.20 per share on 30 December 2012}	1,738,032,917	2,272,555,862
(ii) In 2,178,324 Shares of Beximco Pharmaceuticals Ltd. (Average Cost price per share is Tk.75.66 against face value of Tk. 10.00) {Listed company, Market value Tk. 55.90 per share on 31 December 2012}	121,768,312	165,949,805
(iii) In 999,800 Shares -costs per share is Tk. 301.04 against face value of Tk. 100/= each of International Knitwear & Apparels Ltd. (Subsidiary Company-100% Shares)	300,979,792	-
(iv) In 1,744,490 Shares -costs per share is Tk. 154.50 against face value of Tk.100/= each of Beximco Fashions Ltd. (Subsidiary Company-100% Shares)	269,516,682	-
(v) In 999,800 Shares -costs per share is Tk. 282.86 against face value of Tk. 100/= each of Crescen Fashions & Design Ltd. (Subsidiary Company-100% Shares)	282,807,427	-
(vi) In 158,888 Shares -costs per share is Tk. 394.19 against face value of Tk. 100/= each of Freshtex Bangladesh Ltd. (Subsidiary Company-100% Shares)	62,632,451	-
(vii) In 2,300 Shares of Beximco Synthetics Ltd. (Average Cost price per share is Tk. 27.59 against face value of Tk. 10.00) {Listed company, Market value Tk. 24.30 per share on 30 December 2012}	55,890	-
	2,775,793,471	2,438,505,667
(b) Others		
(i) In 9,523,253 Shares of Unique Hotel & Resort Ltd. (Average cost price per share is Tk. 139.13 against face value of Tk. 10.00) {Listed company, Market value Tk.126.20 per share on 30 December 2012}	1,201,834,529	1,324,974,400
(ii) In 3,491 Shares of Investment Corporation of Bangladesh (Average cost price per share is Tk. 13.93 against face value of Tk. 100.00) {Listed company, Market value Tk. 1508.25 per share on 30 December 2012}	5,265,301	4,534,435
(iii) In 6,110 Shares of Jamuna Oil Ltd. (Average Cost price per share is Tk. 216.77 against face value of Tk. 10.00) {Listed company, Market value Tk. 178.50 per share on 30 December 2012}	1,090,635	-
(iv) In 32,997,800 Shares of GMG Airlines Ltd. (Average cost price per share is Tk. 9.09 against face value of Tk.10.00)	299,980,000	299,980,000
(v) In 456,945 Shares of Central Depository Bangladesh Ltd. (Average cost price per share is Tk. 3.43 against face value of Tk. 10.00)	1,569,450	1,569,450
(vi) In 58,662,450 Shares of Tk.10/= each of Dhaka Shanghai Ceramics Ltd.	586,624,500	617,499,480
	2,096,364,415	2,248,557,765
Total=(a+b)	4,872,157,886	4,687,063,432

(c) The basis of valuation is stated in Note 3.05.1(a).

BANGLADESH EXPORT IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

6.00 LONG TERM LOAN: TK. 498,837,779

The Loan was given to Shinepukur Ceramics Ltd. a related company.

This is unsecured and bears interest @ 14% per annum which is repayable after 31 December 2012 as mutually agreed upon.

	Amount in Taka	
	as at 31-Dec-12	as at 31-Dec-11
This consists of as follows:		
Land	2,749,600,738	2,773,788,401
Land Development and Others	190,996,746	191,735,891
Other Direct Expense	21,079,929	-
Construction Work-in-Progress	336,062,366	-
Work-in-Progress	-	464,895,891
Shrimp	3,524,625	-
Fish	7,056,612	10,923,003
Fish Feed	46,823	7,165,503
Tea Seed Cake	7,031,600	-
Stores and Spares	192,191,106	171,907,718
PIN Mailers	-	155,161
Jute Yarn	73,502	6,764,745
Raw Material	250,397,795	370,851,375
Work in Process	469,410,153	393,964,584
Finished Goods	197,674,175	501,511,516
Packing Material	1,808,023	1,826,603
	4,426,954,193	4,895,490,391

8.00 TRADE AND OTHER RECEIVABLES : TK. 27,156,387,545

This is unsecured but considered good.

9.00 ADVANCES, DEPOSITS AND PRE-PAYMENTS

This consists of as follows:

Advance Income Tax	55,054,897	201,161,613
Security Deposit	53,061,507	569,155,281
Lease Deposit	7,801,219	7,801,220
Bank Guarantee Margin	804,982,851	37,318,118
L/C Margin	853,009,502	1,524,589,409
Advances against Purchase of Land and Others	18,646,453,889	14,500,640,095
London Branch	38,050,485	38,526,235
	20,458,414,350	16,879,191,971

This is unsecured but considered good.

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

No amount was due by the associated undertakings.

BANGLADESH EXPORT IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

		Amount in Taka	
		as at 31-Dec-12	as at 31-Dec-11
10.00	CASH AND CASH EQUIVALENTS		
This consist of as follows:			
Cash in Hand		52,302,843	15,640,809
In Current Account with Banks		25,262,398	143,378,747
In STD Account with Banks		70,403,166	73,437,468
In Fixed Deposit and Accrued Interest thereon with a Bank		1,121,000	1,046,575
London Branch		276,811	273,065
		149,366,218	233,776,664
11.00	ISSUED SHARE CAPITAL		
(a) Authorised			
1,000,000,000 Ordinary Shares of Tk. 10/-each		10,000,000,000	10,000,000,000
(b) Issued, Subscribed and Paid-up			
4,000,000 Ordinary Shares of Tk.10/-each fully paid-up in cash		40,000,000	40,000,000
278,743,321 Ordinary Shares of Tk.10/-each issued as fully paid-up bonus shares		2,787,433,210	1,878,520,440
22,019,999 Ordinary Shares of Tk.10/-each issued in exchange for acquisition of shares of Shinepukur Ceramics Ltd.		220,199,990	220,199,990
12,600,000 Ordinary Shares of Tk.10/-each issued to the shareholders of Shinepukur Holdings Ltd.		126,000,000	126,000,000
650,000 Ordinary Shares of Tk.10/-each issued to the shareholders of Beximco Fisheries Ltd.		6,500,000	6,500,000
11,909,840 Ordinary Shares of Tk.10/-each issued to the shareholders of Bangladesh Online Ltd.		119,098,400	119,098,400
9,187,487 Ordinary Shares of Tk.10/-each issued to the shareholders of Dhaka-Shanghai Ceramics Ltd.		91,874,870	91,874,870
107,282,919 Ordinary Shares of Tk. 10/-each issued to the shareholders of Bextex Ltd.		1,072,829,190	1,072,829,190
2,649,470 Ordinary Shares of Tk. 10/-each issued to the shareholders of International Knitwear & Apparels Ltd.		26,494,700	-
2,372,506 Ordinary Shares of Tk. 10/-each issued to the shareholders of Beximco Fashions Ltd.		23,725,060	-
2,489,502 Ordinary Shares of Tk. 10/-each issued to the shareholders of Crescent Fashions & Design Ltd.		24,895,020	-
551,342 Ordinary Shares of Tk. 10/-each issued to the shareholders of Freshtex Bangladesh Ltd.		5,513,420	-
Total 454,456,386 Shares of Tk. 10/= each		4,544,563,860	3,555,022,890

(c) Composition of Shareholding

	2012		2011	
	No. of Shares	%	No. of Shares	%
Sponsor:				
A S F Rahman	32,777,925	7.21%	22,772,169	6.41%
Salman F Rahman	36,778,746	8.09%	25,482,828	7.17%
Associates	22,602,320	4.97%	18,634,457	5.24%
Foreign Investors	36,000,193	7.92%	28,812,909	8.10%
ICB including ICB Investors' Account	49,898,577	10.98%	28,718,178	8.08%
General Public & Institutions	276,398,625	60.82%	231,081,748	65.00%
	454,456,386	100.00%	355,502,289	100.00%

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

(d) Distributions Schedule–Disclosures under the Listing Regulations of Stock Exchanges:

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

Share Holding Range in number of Shares	31-Dec-12			31-Dec-11		
	Number of			Number of		
	Shares	holders	% of total holders	Shares	holders	% of total holders
1 to 499	18,154,509	119,364	65.73%	22,185,961	138,600	73.44%
500 to 5,000	79,376,367	56,032	30.86%	64,373,834	45,676	24.20%
5,001 to 10,000	24,912,703	3,571	1.97%	17,461,972	2,493	1.32%
10,001 to 20,000	20,674,407	1,483	0.82%	14,693,355	1,043	0.55%
20,001 to 30,000	10,165,948	410	0.23%	7,184,490	294	0.16%
30,001 to 40,000	6,374,781	184	0.10%	4,999,084	143	0.08%
40,001 to 50,000	4,294,202	95	0.05%	3,391,339	75	0.04%
50,001 to 100,000	14,669,710	211	0.12%	12,716,311	183	0.10%
100,001 to 1,000,000	55,705,333	202	0.11%	48,464,665	176	0.09%
Over 1,000,000	220,128,426	41	0.02%	160,031,278	43	0.02%
Total	454,456,386	181,593	100.00%	355,502,289	188,726	100.00%

(e) Option on un-issued shares

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

(f) Market Price

The shares of the Company are listed in the Dhaka and Chittagong Stock Exchanges and quoted at Tk. 64.40 and Tk. 64.10 per share in the Dhaka and Chittagong Stock Exchanges on 30 December 2012.

(g) Voting rights

The rights and privileges of the shareholders are stated in the Bye Laws (Articles of Association) of the company.

12.00 RESERVES

This is arrived at as follows:

	Amount in Taka			
	Fair Value Gain/ (Loss) on Investment of Shares	Capital Reserve	Revaluation Reserve on PPE	Total
As on 01-01-2012	2,047,493,622	15,420,659,353	5,995,341,427	23,463,494,402
Addition/(Adjustment) during the year (Note-12.01)	(700,222,988)	835,308,152	-	135,085,164
As on 31-12-2012	1,347,270,634	16,255,967,505	5,995,341,427	23,598,579,566

12.01 (a) Addition to Capital Reserve is in respect of purchase of Shares of International knitwear & Apparels Ltd, Beximco Fashions Ltd, Crescent Fashions & Design Ltd and Freshtex Bangladesh Ltd.

(b) Adjustment to Fair Value of investment in shares represents loss on revaluation of shares of listed companies at quoted price on the balance sheet date.

BANGLADESH EXPORT IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

		Amount in Taka	
		as at 31-Dec-12	as at 31-Dec-11
13.00	LONG TERM LOANS - NET OFF CURRENT MATURITY (SECURED)		
This is secured and consists of as follows:			
10% Debenture		348,420,509	522,630,764
Sonali Bank Ltd.- IBP Loan		489,685,183	592,776,801
Sonali Bank Ltd.- PAD Block		1,016,253,099	1,230,201,119
Sonali Bank Ltd.- Interest Free		45,613,434	63,858,807
Sonali Bank Ltd.- Interest Bearing Block		460,852,436	544,643,788
Rupali Bank Ltd.- Term Loan 1		229,636,000	271,388,000
Rupali Bank Ltd.- Term Loan 2		152,372,000	180,076,000
Rupali Bank Ltd.- Interest Free Block		116,686,902	137,906,902
Rupali Bank Ltd. - PAD Segregation		468,426,354	553,594,782
Rupali Bank Ltd.- CCP and CCH Segregation		472,340,000	558,220,000
Bangladesh Development Bank Ltd.- Term Loan		57,436,856	69,036,856
Bangladesh Development Bank Ltd.- Interest Block		35,701,596	41,301,596
The City Bank Ltd		30,325,000	54,585,000
International Leasing and Financial Services Ltd.		-	3,337,053
National Bank Ltd.-Term Loan 1		336,201,834	-
National Bank Ltd.-Term Loan 2		448,513,564	-
		4,708,464,767	4,823,557,468

Nature of Security :

Pursuant to supplemental Lender's Paripassu Security Sharing Agreement between the Company and the Lenders, the loans are secured by:

- first paripassu charges of immovable property of present and future; and
- first paripassu charge by way of hypothecation of all other assets of the company both present and future Terms of repayment

14.00 LONG TERM LOANS - CURRENT MATURITY (SECURED)

This is secured and consists of as follows:			
Consortium Loan		641,166,618	751,554,484
Term Loan (FLIL)		21,572,496	20,704,387
10% Debentures		482,410,986	281,899,246
Lease Obligation		138,786,457	84,966,324
Sonali Bank Ltd.- IBP Loan		354,995,817	274,007,812
Sonali Bank Ltd.- PAD Block		839,521,521	621,011,415
Sonali Bank Ltd.- Interest Free		31,201,083	22,655,710
Sonali Bank Ltd.- CCP & CCH Segregation		443,741,171	337,046,814
Rupali Bank Ltd.- Term Loan 1		230,184,899	133,934,333
Rupali Bank Ltd.- Term Loan 2		153,738,385	92,902,086
Rupali Bank Ltd.- Interest Free Block		60,728,000	39,508,000
Rupali Bank Ltd. - PAD Block		472,960,536	237,467,556
Rupali Bank Ltd.- CCP and CCH Segregation		428,571,299	287,394,364
Bangladesh Development Bank Ltd.- Term Loan		22,138,681	12,355,965
Bangladesh Development Bank Ltd.- Interest Block		11,900,833	17,895,472
City Bank NA Ltd.- Term Loan		-	48,151,099
The City Bank Ltd		70,348,859	31,663,114
International Leasing and Financial Services Ltd.		-	7,737,784
First Lease Finance and Investment Ltd.		-	29,944,942
National Bank Ltd.- Term Loan 1		82,812,020	-
National Bank Ltd.- Term Loan 2		91,810,020	-
		4,578,589,681	3,332,800,907

This represents that portion of term loan which has been due for repayment up to the date of statement of financial position and the amount repayable within 12 (twelve) months from the date of statement of financial position.

BANGLADESH EXPORT IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

		Amount in Taka	
		as at 31-Dec-12	as at 31-Dec-11
15.00	SHORT TERM LOAN		
This consists of as follows:			
Secured:			
Rupali Bank Ltd. - Overdraft		1,283,235,306	1,101,316,702
Sonali Bank Ltd. - CCH		2,786,435,886	585,929,438
Sonali Bank Ltd. - CCP		517,049,181	518,503,948
State Bank of India - CCH		122,520,130	111,092,284
Janata Bank Ltd. - Cash Subsidy		1,461,847	23,626,989
Janata Bank Ltd. - CCH		1,039,389,281	777,875,872
AB Bank Ltd. - Time Loan		982,176,508	820,958,848
Unsecured:			
Beximco Pharmaceuticals Ltd.		2,686,598,326	2,193,423,560
		9,418,866,465	6,132,727,641

Loan from Beximco Pharmaceuticals Ltd. represents temporary loan, carrying interest @ 16% (Jan-Sep.) & 16.5% (Oct.-Dec.) for 2012, computed on day's product basis. This loan is repayable as and when required by the lender.

16.00	TRADE AND OTHER PAYABLES		
This is made-up as follows:			
Bank Overdraft		93,927,563	98,701,245
Creditors for Goods		8,341,709,473	8,549,044,100
Provision for Income Tax		611,351,287	948,829,634
Other Current Liabilities		5,914,740,507	3,822,460,147
Security Deposit from Distributor		15,000,000	15,000,000
London Branch		23,785,456	33,908,648
		15,000,514,286	13,467,943,774

		Amount in Taka	
		for the year 2012	for the year 2011
17.00	REVENUE		
This is made-up as follows:			
Sale of Goods (Note - 17.01)		24,122,690,640	26,301,299,186
Dividend Income		12,948,867	10,382,672
Capital Gain on Sale of Shares		39,452,664	1,124,793,745
Commission and Other Income		284,506,672	2,012,549
		24,459,598,843	27,438,488,152

17.01 Sale of Goods

This represents sales of:

(a) Internet Service		128,938,862	116,148,627
(b) Software Sale		90,345,684	1,076,467,111
(c) Fish		1,446,651,297	2,805,789,220
(d) Shrimp		1,163,808,737	2,193,258,545
(e) Salt		2,486,680	22,306,735
(f) Yarn, Fabrics & Others		21,253,736,458	19,978,397,405
		24,085,967,718	26,192,367,643
(g) Jute Yarn and Other Jute products (London Branch)		36,722,922	108,931,543
		24,122,690,640	26,301,299,186

BANGLADESH EXPORT IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

		Amount in Taka	
		for the year 2012	for the year 2011
18.00	COST OF REVENUE		
This represents cost of goods sold against sale of:			
(a)	Internet Service and Software (Including depreciation of Tk.8,120,955)	146,021,340	129,777,327
(b)	Other Expenses of Software Export	-	78,879,000
(c)	Shrimp, Fish and Salt (Including depreciation of Tk.1,866,209)	1,167,495,858	2,241,542,173
(d)	Yarn, Fabrics & Others (Including depreciation of Tk.677,723,084)	14,390,350,266	12,454,703,449
		15,703,867,464	14,904,901,949
(e)	Jute Yarn and Other Jute products (London Branch)	36,393,699	107,950,389
		15,740,261,163	15,012,852,338
19.00	ADMINISTRATIVE EXPENSES		
This consists of:			
	Salaries and Allowances	474,478,285	527,043,725
	Staff Welfare	1,349,466	1,371,115
	Postage, Telegram, Telex & Telephone	16,442,975	15,203,864
	Publicity and Advertisement	3,355,545	201,706,600
	Petrol, Fuel, Electricity, Gas and Water	5,879,351	4,245,381
	Printing and Stationery	6,709,044	14,307,008
	Car Repairs and Maintenance	103,970,136	71,295,089
	Local Travel	2,150	55,000
	Travelling and Conveyance	130,967,635	155,176,462
	Debtors (Net) Written Off	-	95,726,752
	Repair and Maintenance	35,946,044	37,347,576
	Fees and Charges	22,072,038	48,545,283
	Entertainment	14,154,819	14,772,614
	Rent Rates and Taxes	13,539,167	12,785,866
	Subscription	1,897,355	4,130,657
	Audit Fee	1,265,000	1,045,000
	Insurance	10,814,731	6,953,392
	AGM Expenses	1,322,239	4,514,026
	Contribution to Provident Fund	544,188	512,366
	Training	253,019	129,480
	Miscellaneous Overhead	70,807,429	42,587,096
	Depreciation	8,321,229	12,243,312
	CDBL Charges	16,782,771	1,733,495
	Loss on Sale & Lease back of Assets	12,246,846	29,396,927
	London Branch Expenses	5,339,103	1,275,504
		958,460,565	1,304,103,590

BANGLADESH EXPORT IMPORT COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

		Amount in Taka	
		for the year 2012	for the year 2011
20.00	FINANCE COST		
This consists of as follows:			
	Interest on Loan from / to Related Companies (Net)	312,907,477	163,836,292
	Interest on Loan from Banks and Others	2,428,942,460	2,739,177,620
	Lease Interest	11,794,023	10,483,611
	Bank Interest	2,569,244,150	(248,139)
		5,322,888,110	2,913,249,384
21.00	INCOME TAX EXPENSE		
This represents:			
	Current Tax Provision for the year	358,413,425	698,653,309
	Tax Rebate	-	(69,865,331)
	Current Year's Tax	358,413,425	628,787,978
	Short provision for the year 2010	250,467,115	-
		608,880,540	628,787,978

22.00 BASIC EARNINGS PER SHARE (EPS)

The computation of EPS is given below :

(a)	Net Profit after Tax for the year	1,689,415,836	7,164,222,072
(b)	Number of Shares in issue(Note-3.12)	452,440,681	444,377,861
(c)	Basic EPS (a/b) (Par Value of Share Tk. 10/=) (Adjusted EPS of 2011)	3.73	16.12

The weighted average number of shares of 2012:

This is arrived at as follows:

	Total no. of shares	No. of months outstanding	Weighted avg. No. of shares
As on 31-12-2011	355,502,289	12	355,502,289
Shares issued against purchase of International knitwear & Apparels Ltd, Beximco Fashions Ltd, Crescent Fashions & Design Ltd and Freshtex Bangladesh Ltd.	8,062,820	9	6,047,115
	363,565,109		361,549,404
Bonus shares issued	90,891,277	12	90,891,277
	454,456,386		452,440,681

The weighted average number of shares as on 31-12-2011:

This represents number of shares as on 31-12-2011 plus bonus shares issued thereon in 2012.

BANGLADESH EXPORT IMPORT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

23.00 RELATED PARTY TRANSACTIONS

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The nature of transactions and their total value is shown below:

		Amount in Taka	
		Value of transactions during the year	Receivable / (Payable) at the end of the year
Name of the Related Parties	Nature of transactions		
Beximco Pharmaceuticals Ltd.	Investment in Shares	35,184,970	121,768,312
Beximco Pharmaceuticals Ltd.	Short Term Loan	383,430,000	(2,686,598,326)
Beximco Pharmaceuticals Ltd.	Interest Expenses	396,744,766	-
Shinepukur Ceramics Ltd.	Investment in Shares	-	1,738,032,917
Shinepukur Ceramics Ltd.	Long Term Loan	100,000,000	498,837,779
Shinepukur Ceramics Ltd.	Interest Income	83,837,289	57,769,370
Beximco Synthetics Ltd.	Investment in Shares	1,477,487	55,890

Nature of Relationship

The Company, and the parties as stated above are subject to common control from same source i.e., Beximco Group.

24.00 CONTINGENT LIABILITIES

There was no sum for which the Company is contingently liable as on 31 December 2012.

25.00 CAPITAL EXPENDITURE COMMITMENT

- (a) There was no capital expenditure contracted but not incurred or provided for at 31 December 2012.
- (b) There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2012.

26.00 CLAIMS NOT ACKNOWLEDGED AS DEBT

There was no claim against the Company not acknowledge as debt as on 31 December 2012.

27.00 CREDIT FACILITY NOT AVAILED

There was no credit facility available to the company under any contract, but not availed of as on 31 December 2012 other than trade credit available in the ordinary course of business.

28.00 PAYMENTS IN FOREIGN CURRENCY

- (a) As the company has no loan in foreign currency, no loan and interest was remitted during the year.
- (b) No dividend was remitted in foreign currency, during the year.
- (c) No other expenses including royalty, technical expert and professional advisory fee, etc. was incurred or paid by the company in foreign currency during the year.
- (d) Payment against Imported Raw Material & Spares: USD 49,020,786 (Equivalent BDT 4,286,811,761).

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

29.00 COMMISSION, BROKERAGE OR DISCOUNT AGAINST SALES

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

30.00 PAYMENTS/PERQUISITES TO DIRECTORS/OFFICERS

	Amount in Taka	
	for the year 2012	for the year 2011
(a) The aggregate amounts paid / provided during the year in respect of officers of the company as defined on the Securities and Exchange Rules, 1987 are disclosed below :		
Basic Salary	114,416,987	80,375,061
House rent allowance	57,918,928	40,972,293
Other allowances and benefits	24,219,606	16,532,248
	196,555,521	137,879,602
(b) During the year under review:		
(i) No compensation was allowed by the company to the Managing Director of the company;		
(ii) No amount of money was spent by the company for compensating any member of the Board for special service rendered; and		
(iii) No board meeting attendance fee was paid to the directors of the Company.		

31.00 FINANCIAL RISK MANAGEMENT

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

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

31.01 Credit Risk

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

31.02 Liquidity Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

31.03 Market Risk

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

(a) Currency Risk

As at 31 December 2012 there was no exposure to currency risk as there were no foreign currency transactions made during the year under review

(b) Interest Rate Risk

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

32.00 EVENTS AFTER THE REPORTING PERIOD

- (a) The board of directors recommended 15% stock dividend of Tk. 10/= each (15% Bonus Shares for each 100 shares held) which is subject to shareholders' approval at the forthcoming Annual General Meeting.



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



M A QASEM
Director

Dated, Dhaka
30 April 2013

INDEPENDENT AUDITORS' REPORT

AND

AUDITED FINANCIAL STATEMENTS

OF

SHINEPUKUR CERAMICS LIMITED

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

INDEPENDENT AUDITORS' REPORT

To The Shareholders of

SHINEPUKUR CERAMICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Shinepukur Ceramics Limited, which comprise the Statement of Financial Position as at 31 December 2012, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

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

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books ;
- (c) the Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Profit and Loss Account) dealt with by the report are in agreement with the books of account ; and
- (d) the expenditure incurred was for the purposes of the company's business.



M.J. Abedin & Co.
Chartered Accountants

30 April 2013
Dhaka

SHINEPUKUR CERAMICS LTD.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Notes	Amount in Taka	
		31-Dec-12	31-Dec-11
ASSETS			
Non-Current Assets		5,323,600,351	5,536,817,925
Property, Plant and Equipment - Carrying Value	4	4,384,003,402	4,493,055,461
Investment in Shares	5	121,705,206	225,870,721
Capital Work in Progress		817,891,743	817,891,743
Current Assets		1,796,412,804	1,617,231,951
Inventories	6	845,059,407	891,674,750
Accounts & Other Receivables	7	853,413,145	587,933,889
Advances, Deposits & Prepayments	8	81,930,381	112,190,532
Cash and Cash Equivalents	9	16,009,871	25,432,780
Total Assets		7,120,013,155	7,154,049,876
EQUITY AND LIABILITIES			
Shareholders' Equity		4,544,462,049	4,499,760,423
Issued Share Capital	10	1,277,965,700	1,111,274,530
Revaluation Surplus	11	2,907,734,989	2,953,318,420
Retained Earnings		358,761,360	435,167,473
Non-Current Liabilities		803,483,989	1,005,382,500
Long Term Loan - Net-off Current Maturity(Secured)	12	296,189,631	396,579,272
Long Term Loan (Unsecured)	13	498,837,779	598,837,779
Deferred Tax Liability	14	8,456,579	9,965,449
Current Liabilities		1,772,067,117	1,648,906,953
Short Term Loan from Banks (Secured)	15	1,183,795,749	1,147,673,708
Long Term Loan-Current Maturity (Secured)	16	143,242,382	91,818,692
Creditors, Accruals and Other Payables	17	445,028,986	409,414,553
Total Equity and Liabilities		7,120,013,155	7,154,049,876
Net Asset Value Per Share		35.56	40.49

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

Approved and authorized for issue by the board of directors on 30 April 2013 and signed for and on behalf of the Board:



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



Nazmul Hassan
Managing Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

SHINEPUKUR CERAMICS LTD.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Notes	Amount in Taka	
		31-Dec-12	31-Dec-11
Revenue	18	1,942,350,752	1,901,129,192
Cost of Goods Sold	19	(1,268,312,998)	(1,248,024,942)
Gross Profit		674,037,754	653,104,250
Operating Expenses		(105,872,312)	(121,100,868)
Administrative Expenses	20	(54,107,127)	(61,433,037)
Selling and Distribution Expenses	21	(51,765,185)	(49,547,627)
Exchange Loss		-	(10,120,204)
Profit from Operations		568,165,442	532,003,382
Gain /(Loss) on Sale of Shares		(19,649,764)	315,370
Finance Cost	22	(364,625,228)	(306,604,938)
Profit before contribution to WPPF		183,890,450	225,713,814
Contribution to Workers' Profit Participation / Welfare Funds		(8,756,688)	(10,748,277)
Net Profit before Tax		175,133,762	214,965,537
Income Tax Expense	23	(84,848,705)	(46,197,435)
Net Profit After Tax (NPAT) for the year		90,285,057	168,768,102
Other Comprehensive Income:			
Revaluation Surplus on Property, Plant and Equipments		-	1,612,405,062
Fair Value Loss on Investment in Shares	5	(45,583,431)	(13,371,595)
Total Comprehensive Income for the year		44,701,626	1,767,801,569
Earning per share based on NPAT (Adjusted EPS of 2011) Tk.	24	0.71	1.32

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

Approved and authorized for issue by the board of directors on 30 April 2013 and signed for and on behalf of the Board:



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



Nazmul Hassan
Managing Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

SHINEPUKUR CERAMICS LTD.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Amount in Taka			
	Share Capital	Revaluation Surplus	Retained Earnings	Total Equity
Balance as on 31 December 2011	1,111,274,530	2,953,318,420	435,167,473	4,499,760,423
Net Profit after tax for the year	-	-	90,285,057	90,285,057
Other Comprehensive Income:				
Fair Value Loss on Investment in Shares (Note - 5)	-	(45,583,431)	-	(45,583,431)
Transaction with Share Holders:				
Issue of Bonus Shares for the prior year (2011)	166,691,170	-	(166,691,170)	-
Total Balance as on 31 December 2012	1,277,965,700	2,907,734,989	358,761,360	4,544,462,049

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

Approved and authorized for issue by the board of directors on 30 April 2013 and signed for and on behalf of the Board:



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



Nazmul Hassan
Managing Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

SHINEPUKUR CERAMICS LTD.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	Amount in Taka	
	31-Dec-12	31-Dec-11
Cash Flows From Operating Activities:		
Collections from turnover and other income	1,676,871,496	1,774,197,732
Payments for costs, expenses & others	(1,124,027,465)	(1,089,611,868)
Interest Paid	(402,474,727)	(221,035,344)
Income-Tax paid and /or deducted at sources	(71,152,032)	(26,306,168)
Net cash Generated from operating activities	79,217,272	437,244,352
Cash Flows From Investing Activities:		
Property, Plant and Equipment acquired	(14,924,231)	(102,926,087)
Sales of Shares	39,127,960	23,043,568
Capital Work in Progress	-	(477,515,940)
Net cash used in investing activities	24,203,729	(557,398,459)
Cash Flows From Financing Activities:		
Long Term Loan increase/(decreased)	(148,965,951)	(81,435,716)
Short Term Loan increased	36,122,041	191,864,964
Net cash Generated from financing activities	(112,843,910)	110,429,248
Increase/(Decrease) in Cash and Cash Equivalents	(9,422,909)	(9,724,859)
Cash and Cash Equivalents at the beginning of the year	25,432,780	35,157,639
Cash and Cash Equivalents at the end of the year	16,009,871	25,432,780
Net Operating Cash Flow Per Share	0.62	3.93

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

Approved and authorized for issue by the board of directors on 30 April 2013 and signed for and on behalf of the Board:



A S F Rahman
Chairman



Saiman F. Rahman
Vice-Chairman



Nazmul Hassan
Managing Director

As per our separate report of even date annexed.



M. J. ABEDIN & CO
Chartered Accountants

Dated, Dhaka
30 April 2013

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

1. THE BACKGROUND AND ACTIVITIES OF THE COMPANY

1.1 Status of the Company

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

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

1.2 Principal Activities

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

2. BASES OF FINANCIAL STATEMENT – ITS PREPARATION AND PRESENTATION

2.1 Measurement Bases

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

2.2 Reporting Framework and Compliance thereof

The financial statements have been prepared in compliance with the requirements of the *Companies Act 1994*, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws and regulations as applicable and in accordance with the applicable Bangladesh Financial Reporting Standards (BFRSs) including Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

2.3 Presentation of Financial Statements

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

The Financial Statements Comprises:

- (a) a statement of financial position as at the end of the year 2012;
- (b) a Statement of comprehensive income for the year 2012;
- (c) a statement of changes in equity for the year 2012;
- (d) a statement of cash flows for the year 2012; and
- (e) notes, comprising a summary of significant accounting policies and other explanatory information.

2.4 Reporting Period

The financial statements cover one calendar year from 1st January 2012 to 31st December 2012.

2.5 Authorization for Issue

The financial statements have been authorized for issue by the Board of Directors on 30 April 2013.

2.6 Functional and Presentation Currency

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

2.7 Comparative Information

Comparative information has been disclosed in respect of the year 2011 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2011 have been re-arranged wherever considered necessary to ensure better comparability with the current year.

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

2.8 Use of Estimates and Judgments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue Recognition

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

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

3.2.0 Property, Plant and Equipment

3.2.1 Recognition and Measurement

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

3.2.2 Pre-Operating Expenses and Borrowing Costs

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

3.2.3 Subsequent Expenditure

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

3.2.4 Software

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

3.2.5 Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

3.2.6 Depreciation on Fixed Assets

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

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

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

3.3 Leased Assets

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

3.4 Financial Instruments

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

3.4.1 Financial Assets

(a) Investment in Shares

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

(b) Accounts Receivable

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

(c) Advances and Deposits

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

Deposits are measured at payment value.

(d) Cash and Cash Equivalents

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

3.4.2 Financial Liability

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

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

3.5 Impairment

(a) Financial Assets

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

(b) Non-Financial Assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.6 Inventories

Inventories are carried at the lower of cost and net realizable value as prescribed by BAS 2: Inventories. Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.7 Provisions

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

3.8 Income Tax Expenses

Current Tax

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

Provision for taxation for the year ended 31 December 2012 has been made on the basis of the provisions of the Income Tax ordinance 1984 and the Finance Act 2012. Currently the tax rate applicable for listed companies is 27.50 % and there is a 50% exemption of income tax on profit relating to export sales.

Deferred Tax

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

The tax base of assets is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity (the company / SCL) when it recovers the carrying amount of the assets. The tax base of liabilities is their carrying amount, less any amount that will be deductible for tax purposes in respect of the liabilities in future periods. In 2012, deferred tax liability is arrived at by applying the corporate tax rate applicable for listed companies (27.50%) on the temporary taxable differences. Exemption of 50 % income tax on profit relating to export is considered for deferred tax purposes.

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

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

3.9 Interest Income

Interest Income is recognized on accrual basis.

3.10 Borrowing Costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

3.1.1 Employee Benefits

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

The company's employee benefits include the following:

(a) Defined Contribution Plan (Provident Fund)

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

The company recognizes contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

(b) Defined Benefits Plan (Gratuity)

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

(c) Short-term Employee Benefits

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

(d) Contribution to Workers' Participation/Welfare Funds

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

(e) Group Insurance Scheme

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

3.1.2 Proposed Dividend

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

3.1.3 Earnings per Share

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

Basic Earnings (Numerator)

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

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

Current Year (2012)

The Bonus Shares issued during the year 2012 were treated as if they always had been in issue. Hence, in computing the basic EPS of 2012, the total number of shares including the said bonus shares has been considered as the Weighted Average number of Shares outstanding during the year 2012.

Earlier Year (2011)

The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2011), and accordingly, in calculating the adjusted EPS of 2011, the total number of shares including the subsequent bonus issue in 2012 has been considered as the Weighted Average Number of Shares outstanding during the year 2011.

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

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

Diluted Earnings per Share

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

3.14 Foreign Currency Transactions

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

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

3.15 Segmental Reporting

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

3.16 Statement of Cash Flows

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

3.17 Events after the Reporting Period

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

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

4.00 PROPERTY, PLANT AND EQUIPMENT : TK. 4,384,003,402

	Land & Land Development	Building & Other Construction	Plant & Machinery	Office Equipment	Furniture & Fixture	Transport & Vehicle	Total Taka
Cost or Valuation							
At 31 December 2011	1,686,000,000	1,374,346,660	2,736,540,436	52,858,849	24,612,748	31,221,869	5,905,580,562
Addition during the Year	454,503	1,320,264	8,173,362	2,038,487	2,937,615	-	14,924,231
As at 31 December 2012	1,686,454,503	1,375,666,924	2,744,713,798	54,897,336	27,550,363	31,221,869	5,920,504,793
Depreciation							
At 31 December 2011	-	212,286,802	1,120,231,331	42,679,118	20,298,255	17,029,595	1,412,525,101
Depreciation for the year	-	29,849,364	87,394,406	2,443,643	1,450,422	2,838,455	123,976,290
As at 31 December 2012	-	242,136,166	1,207,625,737	45,122,761	21,748,677	19,868,050	1,536,501,391
Carrying Amount As at 31 December 2012	1,686,454,503	1,133,530,758	1,537,088,061	9,774,575	5,801,686	11,353,819	4,384,003,402
Carrying Amount As at 31 December 2011	1,686,000,000	1,162,059,858	1,616,309,105	10,179,731	4,314,493	14,192,274	4,493,055,461

Assets include Leased Assets of Tk. 7,750,000 at cost and Tk. 1,470,104 at written down value.

Disclosure on Revaluation:

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

	Land & land Development	Building & other Construction	Plant & Machinery	Total Taka
Surplus on Revaluation in 2004	192,466,272	-	-	192,466,272
Surplus on Revaluation in 2008	376,892,108	351,072,849	433,853,724	1,161,818,681
Surplus on Revaluation in 2011	953,362,500	547,975,861	111,066,701	1,612,405,062
Total Surplus on Revaluation	1,522,720,880	899,048,710	544,920,425	2,966,690,015

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

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

		AMOUNT IN TAKA	
		31-DEC-12	31-DEC-11
5.00	INVESTMENT IN SHARES : TK. 121,705,206		
The basis of valuation is stated in Note 3.4.1 (a).			
This consists of Investment in Shares of listed Companies as follows :			
(a)	In 59,742 (2011: 51,950) Shares of Tk. 10 each Beximco Synthetics Ltd.	1,451,730	1,968,905
(b)	In 1,867,290 (2011: 1,981,432) Shares of Tk. 10 each Bangladesh Export Import Co. Ltd.	120,253,476	223,901,816
		121,705,206	225,870,721
This is arrived at as follows:			
	Beximco Synthetics Ltd.	Beximco Ltd.	Total
At Cost	1,185,680	179,474,552	180,660,232
Less: Quoted Price on 31.12.12	1,451,730	120,253,476	121,705,206
Fair Value Gain/(Loss) on 31.12.12 (Note - 11)	266,050	(59,221,076)	(58,955,026)
Fair Value Gain/(Loss) on 31.12.11	783,225	(14,154,820)	(13,371,595)
Fair Value Loss on Investment in Shares in 2012	(517,175)	(45,066,256)	(45,583,431)
6.00	INVENTORIES : TK. 845,059,407		
This represents as follows:			
Raw Material & Chemical		316,644,315	336,855,654
Finished Goods		218,653,144	231,646,878
Work-In- Process		175,298,714	177,721,484
Stores & Spares		89,155,438	93,617,938
Packing Material		45,307,796	51,832,796
		845,059,407	891,674,750
7.00	ACCOUNTS & OTHER RECEIVABLES : TK. 853,413,145		
This is considered good and is falling due within one year.			
No amount was due by the directors (including Managing Director), managing agent, managers and other officers of the company and any of them severally or jointly with any other person.			
No amount was due by any associated undertaking.			
8.00	ADVANCES, DEPOSITS AND PREPAYMENTS: TK. 81,930,381		
This is considered good and consists of as follows:			
Advances		61,547,619	83,826,878
Deposits		20,382,762	28,363,654
		81,930,381	112,190,532
The break-up of advances and prepayments are as follows:			
L/C-Margin		15,450,122	16,437,051
Suppliers		7,895,865	11,946,190
Income Tax (Note -8.1)		20,515,941	23,744,845
Trade Fair		5,196,553	5,463,275
Employees (other than officers)		296,798	331,798
Advance against Construction		343,753	14,546,240
Marketing Expenses		8,714,661	8,714,661
L/C-Insurance		323,532	643,240
L/C- Commission		2,450,174	721,358
Advance Travel		360,220	828,220
Show Room		-	450,000
		61,547,619	83,826,878

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

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

No amount was due by any associated undertaking.

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

	AMOUNT IN TAKA	
	31-DEC-12	31-DEC-11
The break-up of deposits is as follows:		
Bank Guarantee Margin	2,755,718	2,755,718
Security Deposit	11,313,261	12,455,760
Earnest Money Deposit	122,500	-
Lease Deposit	3,518,794	3,518,794
VAT Deposit	2,672,489	9,633,382
	20,382,762	28,363,654

8.01 Advance Income Tax Paid : Tk. 20,515,941

This has been arrived at :

Opening Balance	23,744,845	29,071,279
Add : Adjustment of Excess Credit by DCT for the years 2009 & 2010	61,323	-
Paid / Deducted during the year under review	20,515,941	23,806,168
	44,322,109	52,877,447
Less : Adjustment made during the year under review for 2009	-	11,459,513
Less : Adjustment made during the year under review for 2010	-	17,673,089
Less : Adjustment made during the year under review for 2011	23,806,168	-
	20,515,941	23,744,845

9.00 CASH AND CASH EQUIVALENTS : TK. 16,009,871

This consists of :

(a) In Hand	6,231,172	9,083,571
(b) At Banks in :	9,778,699	16,349,209
(i) Current Deposit	4,814,341	13,070,656
(ii) STD	4,264,916	2,579,111
(iii) FDR	699,442	699,442
	16,009,871	25,432,780

10.00 SHARE CAPITAL : TK.1,277,965,700

This represents :

(a) Authorised :		
500,000,000 Ordinary Shares of Tk.10/-each	5,000,000,000	5,000,000,000
(b) Issued, subscribed and paid-up:		
66,060,000 Ordinary Shares of Tk.10/-each fully paid-up in cash	660,600,000	660,600,000
45,067,453 Ordinary Shares of Tk.10/-each fully paid-up bonus shares	450,674,530	450,674,530
16,669,117 Ordinary Shares of Tk.10/-each fully paid-up bonus shares	166,691,170	-
Total 127,796,570 shares of Tk. 10/- each fully paid-up	1,277,965,700	1,111,274,530

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

(c) Statement of Share Position:

Name of the Shareholders	31-Dec-12		31-Dec-11	
	No. Of Shares	Holding %	No. Of Shares	Holding %
Bangladesh Export Import Co.Ltd	63,898,269	50.00	55,563,713	50.00
Directors & Associates	7	-	7	-
ICB including ICB investors' Account	9,021,773	7.06	4,268,314	3.84
General Public and Institutions	54,876,521	42.94	51,295,419	46.16
	127,796,570	100.00	111,127,453	100.00

(d) Distribution Schedule:

Share holdings	No. of Shareholders	No. of Shares	Holding %
Less than 500 shares	16,960	2,196,316	1.72
500 to 5,000 shares	8,709	12,722,607	9.96
5001 to 10,000 shares	740	5,164,162	4.04
10,001 to 20,000 shares	324	4,466,292	3.49
20,001 to 30,000 shares	112	2,757,475	2.16
30,001 to 40,000 shares	53	1,827,291	1.43
40,001 to 50,000 shares	23	1,027,228	0.80
50,001 to 100,000 shares	59	4,200,075	3.29
100,001 to 1,000,000 shares	55	17,857,267	13.97
Over 1,000,000 shares	5	75,577,857	59.14
	27,040	127,796,570	100.00

AMOUNT IN TAKA

31-DEC-12 31-DEC-11

11.00 REVALUATION SURPLUS : TK. 2,907,734,989

Revaluation Surplus on Property, Plant & Equipment (Note -4)	2,966,690,015	2,966,690,015
Fair Value Loss on Investment in Shares (Note - 5)	(58,955,026)	(13,371,595)
	2,907,734,989	2,953,318,420

12.00 LONG TERM LOAN - SECURED (NET-OFF CURRENT MATURITY) : TK. 296,189,631

This represents loans from :

Sonali Bank Ltd. - PAD Blocked Loan	66,233,382	96,199,542
Sonali Bank Ltd. - Project Loan	92,160,306	124,894,280
Sonali Bank Ltd. - CC Blocked Loan	-	7,966,848
Southeast Bank Ltd. - Term Loan	137,795,943	167,518,602
	296,189,631	396,579,272

Nature of Security :

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

Terms of Repayment :

Sonali Bank Ltd. - Project Loan :

In 41 (Forty-one) equal quarterly installments commencing from 31 March 2005.

Sonali Bank Ltd. - PAD Blocked Loan :

In 64 (Sixty-four) equal monthly installments commencing from 31 March 2010, as per revised sanction.

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

Sonali Bank Ltd. - CC Blocked Loan :

In 108 (One hundred eight) equal monthly installments commencing from 31 January 2005.

Rate of interest :

Sonali Bank Ltd. - Project Loan :

15.50% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

Sonali Bank Ltd. - PAD Block Loan :

16% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

Sonali Bank Ltd. - CC Blocked Loan :

Interest Free.

Southeast Bank Ltd. - Term Loan :

18% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

13.00 LONG TERM LOAN (UNSECURED) : TK. 498,837,779

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

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

14.00 DEFERRED TAX LIABILITY : TK. 8,456,579

	AMOUNT IN TAKA	
	31-DEC-12	31-DEC-11
This is arrived at as follows:		
Opening Balance	9,965,449	13,892,058
Provided during the year (Note - 23)	(1,508,870)	(3,926,609)
	8,456,579	9,965,449

15.00 SHORT TERM LOAN FROM BANKS : TK. 1,183,795,749

This is secured and consists of as follows:

Sonali Bank Ltd. - CC (H)	526,164,111	528,641,321
Bank Asia Ltd. - Over Draft	278,476,501	261,010,676
Sonali Bank Ltd. - LTR	99,626,686	95,526,384
Southeast Bank Ltd. - LTR	60,273,798	62,495,327
Phoenix Finance & Investment Ltd.	219,254,653	200,000,000
	1,183,795,749	1,147,673,708

16.00 LONG TERM LOAN - CURRENT MATURITY PORTION (SECURED) : TK. 143,242,382

This consists of as follows:

Sonali Bank Ltd. - PAD Blocked	38,003,846	34,406,437
Sonali Bank Ltd. - Project	47,716,132	31,580,660
Sonali Bank Ltd. - CC Blocked	7,795,823	7,781,725
First Lease International Ltd.	-	306,281
Southeast Bank Ltd. - Term Loan	49,726,581	17,743,589
	143,242,382	91,818,692

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

		AMOUNT IN TAKA	
		31-DEC-12	31-DEC-11
17.00	CREDITORS, ACCRUALS AND OTHER PAYABLES: TK. 445,028,986		
This consists of as follows:			
L/C & Others		5,688,050	6,183,000
Creditors for Goods		6,917,017	8,571,455
Security Deposit		3,295,000	3,215,000
Outstanding Export Commission		5,013,893	4,521,572
Employees' Provident Fund		7,598,670	5,172,483
Other Payables		68,033,327	53,282,372
Income Tax Payable (Note - 17.01)		129,568,127	117,591,488
Tax deducted at source		1,315,124	1,519,523
Bank Interest due		81,570,024	128,776,375
Salary & Wages		28,227,629	25,761,057
Gas & Electricity		107,218,125	54,393,228
Audit Fee		575,000	418,000
Provision for Legal Fees		9,000	9,000
		445,028,986	409,414,553
17.01	Income Tax Payable : Tk. 129,568,127		
This is arrived at as follows :			
Opening Balance		117,591,488	99,100,046
Add: Tax provided in the period (Note - 23)		86,357,575	50,124,044
		203,949,063	149,224,090
Less: Adjustments of Advance Tax (Note-8.1)		(23,806,168)	(29,132,602)
Less: Tax paid		(50,574,768)	(2,500,000)
		129,568,127	117,591,488
18.00	REVENUE : TK. 1,942,350,752		
This is made up as follows :			
A. Local Gross Sales		298,289,470	344,456,914
Value added tax		(38,907,321)	(44,929,163)
Commission		(18,830,483)	(23,226,061)
Net Local Sales		240,551,666	276,301,690
B. Export Sales Less : Freight,C&F and Others Charges		1,687,152,110	1,604,853,532
C. Duty Drawback		14,646,976	19,973,970
		1,942,350,752	1,901,129,192
19.00	COST OF GOODS SOLD : TK. 1,268,312,998		
This is arrived at as follows:			
Opening WIP		177,721,484	174,729,359
Raw Material Issued (Note- 19.01)		672,701,891	681,727,067
Material available for consumption		850,423,375	856,456,426
Closing WIP		(175,298,714)	(177,721,484)
Consumption		675,124,661	678,734,942
Manufacturing overhead (Note- 19.02)		582,708,727	602,983,014
Cost of production		1,257,833,388	1,281,717,956
Opening Finished Goods		231,646,878	200,152,708
Cost of Goods Available for Sale		1,489,480,266	1,481,870,664
Closing Finished Goods		(218,653,144)	(231,646,878)
Cost of Free Distribution of Sample		(2,514,124)	(2,198,844)
		1,268,312,998	1,248,024,942

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

	AMOUNT IN TAKA	
	31-DEC-12	31-DEC-11
19.01 Raw Material Issued :Tk. 672,701,891		
This is arrived at as follows:		
Opening Stock of Raw Material	336,855,654	324,497,027
Purchase of Raw Material	652,490,552	694,085,694
	989,346,206	1,018,582,721
Closing Stock of Raw Material	(316,644,315)	(336,855,654)
	672,701,891	681,727,067
19.02 Manufacturing Overhead : TK. 582,708,727		
This consists of as follows :		
Depreciation	111,273,897	98,333,727
Salaries ,Wages,etc	229,768,968	221,495,608
Power & Fuel	82,250,037	92,979,648
Packing Materials	68,471,474	86,925,505
Consumable Store & Spares	39,979,460	49,162,241
Transport Expenses	22,412,226	22,759,499
Office Expenses	5,276,802	7,672,393
Welfare Expenses	10,479,663	11,401,168
Insurance Expenses	4,079,547	3,319,802
Communication Expenses	901,086	901,007
Occupancy Expenses	275,328	213,515
Travelling & Conveyance	1,221,970	961,393
Handling & Carrying Expenses	701,202	1,030,016
Repairs & Maintenance	5,585,272	5,811,492
Training & Conference	31,795	16,000
	582,708,727	602,983,014
20.00 ADMINISTRATIVE EXPENSES : TK. 54,107,127		
This consists of as follows :		
Depreciation	12,702,393	10,407,195
Salaries & Allowances	22,057,114	18,836,525
Welfare Expenses	3,072,625	2,234,521
Office Expenses	4,485,989	3,001,444
Transport Expenses	3,051,760	2,457,187
Debtors (Net) Written off	-	16,028,085
Legal Fees, Prof. & Others Fees	987,059	1,658,889
AGM Expenses	2,456,192	1,413,273
Communication Expenses	809,952	973,579
Occupancy Expenses	1,155,602	1,294,240
Travelling & Conveyance Expenses	2,076,054	1,961,178
Utilities Expenses	596,697	517,576
Repairs & Maintenance	27,200	45,790
Audit Fee	575,000	418,000
General Expenses	53,490	148,041
Training & Conference	-	37,514
	54,107,127	61,433,037

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

		AMOUNT IN TAKA	
		31-DEC-12	31-DEC-11
21.00	SELLING & DISTRIBUTION EXPENSES : TK. 51,765,185		
	This consists of as follows :		
	Promotional Expenses	16,979,379	16,823,502
	Salaries & Allowances	15,600,197	16,380,110
	Advertising & Publicity	1,885,922	1,697,767
	Occupancy Expenses	4,835,738	3,533,504
	Office Expenses	3,285,736	3,367,602
	Transport Expenses	2,298,443	1,969,531
	Travelling & Conveyance Expenses	2,585,554	1,517,157
	Welfare Expenses	1,700,773	1,407,648
	Communication Expenses	792,819	789,413
	Utilities Expenses	596,698	552,183
	Show Room Expenses	577,776	361,297
	Handling & Carrying Expenses	395,670	776,522
	Repairs & Maintenance	30,850	5,900
	Legal & Professional Fees	128,560	187,071
	General Expenses	5,720	20,020
	Product Research	49,000	50,000
	Training & Conference	16,350	108,400
		51,765,185	49,547,627
22.00	FINANCE COST : TK. 364,625,228		
	This consists of as follows :		
	Interest on Loan from Banks & Others	271,583,574	220,379,804
	Interest on Long Term Loan from a Related Party	83,837,289	76,478,564
	Bank Interest Receipt	(152,487)	(351,840)
	Bank Commission & Charges	9,356,852	10,098,410
		364,625,228	306,604,938
23.00	INCOME TAX EXPENSES : TK. 84,848,705		
	This represents:		
	(a) Current Tax		
	Tax for the year under review	27,672,272	34,727,850
	(Excess) / Short Provision for the Year 2009 and before	(2,500,000)	15,396,194
	Short Provision for the Year 2010	37,470,730	-
	Short Provision for the Year 2011	23,714,573	-
	Current Tax	86,357,575	50,124,044
	(b) Deferred Tax	(1,508,870)	(3,926,609)
		84,848,705	46,197,435
24.00	EARNING PER SHARE (EPS):		
	(a) Earning Attributable to the Ordinary Shareholders (Net Profit After Tax)	90,285,057	168,768,102
	(b) Weighted Average Number of Ordinary Shares outstanding during the year (Note 3.13)	127,796,570	127,796,570
	(c) EPS (Adjusted EPS of 2011) (a/b)	0.71	1.32

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

		AMOUNT IN TAKA	
		31-DEC-12	31-DEC-11
25.00	PAYMENTS / PERQUISITES TO DIRECTORS AND OFFICERS		
(a)	Directors		
	No amount of money was expended by the company for compensating any member of the board for special services rendered.		
	No board meeting attendance fee was paid to the directors of the company.		
(b)	Officers		
	Managerial Remuneration	43,012,785	38,711,545
	Bonus	6,801,035	6,120,938
	Perquisites		
	Housing	18,065,476	16,423,160
	Transport	1,792,676	1,586,439
		69,671,972	62,842,082

26.00 CAPITAL EXPENDITURE COMMITMENT

There was no capital expenditure contracted but not incurred or provided for as on 31 December 2012.

There was no material capital expenditure authorised by the board but not contracted for as on 31 December 2012.

27.00 CONTINGENT LIABILITIES

There was no sums for which the company is contingently liable as on 31 December 2012.

28.00 CLAIMS NOT ACKNOWLEDGED

There was no claim against the company not acknowledged as debt as on 31 December 2012.

29.00 CREDIT FACILITIES NOT AVAILED

There was no credit facilities available to the company but not availed of as on 31 December 2012 under any contract, other than trade credit available in the ordinary course of business.

30.00 COMMISSION, BROKERAGE OR DISCOUNT AGAINST SALES

Selling commission of Tk. 18,830,483 was incurred and paid during the year in 2012.

No other commission, brokerage or discount was incurred or paid by the company against sales during the year 2012.

31.00 RELATED PARTY DISCLOSURE

Name of Related Party	Nature of Transactions	Value of Transactions During the year	Balance at the year end
Bangladesh Export Import Co. Ltd.	Investment in Shares	-	120,253,476
Beximco Synthetics Ltd.	Investment in Shares	-	1,451,730
Bangladesh Export Import Co. Ltd.	Long Term Loan	100,000,000	498,837,779
Bangladesh Export Import Co. Ltd.	Interest Expenses	83,837,289	57,769,370

SHINEPUKUR CERAMICS LTD.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2012

32.00 FINANCIAL RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market risk

Credit risk

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

Liquidity risk

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

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

Market Risk

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

(a) Currency Risk

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

(b) Interest Rate Risk

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

33.00 EVENTS AFTER THE REPORTING PERIOD

On 30 April 2013 the board of directors recommended 15 % stock dividend (15 Bonus shares for each 100 shares held) which is subject to the shareholder's approval at the forth-coming annual general meeting.



A S F Rahman
Chairman



Salman F. Rahman
Vice-Chairman



Nazmul Hassan
Managing Director

Dated, Dhaka
30 April 2013

BANGLADESH EXPORT IMPORT COMPANY LIMITED

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

PROXY FORM

I/We of being a member of Bangladesh Export Import Company Limited hereby appoint Mr./Mrs./Miss of as my Proxy to attend and vote for me on my behalf at the 40th Annual General Meeting of the Company to be held on Saturday the 29th June, 2013 at 3:30 p.m at **BEXIMCO INDUSTRIAL PARK, SARABO, KASHIMPUR, GAZIPUR** and at any adjournment thereof.

As witness my hand this day of June, 2013. Signed by the said in presence of.....

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

Revenue
Stamp
Tk. 20.00

.....
(Signature of witness)

.....
Signature of the Shareholder(s)

Register BO ID/Folio No.

Dated

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

Signature verified

.....
Authorized Signatory

BANGLADESH EXPORT IMPORT COMPANY LIMITED

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

SHAREHOLDERS' ATTENDANCE SLIP

I hereby record my attendance at the 40th Annual General Meeting being held on Saturday the 29th June, 2013 at 3:30 p.m at **BEXIMCO INDUSTRIAL PARK, SARABO, KASHIMPUR, GAZIPUR.**

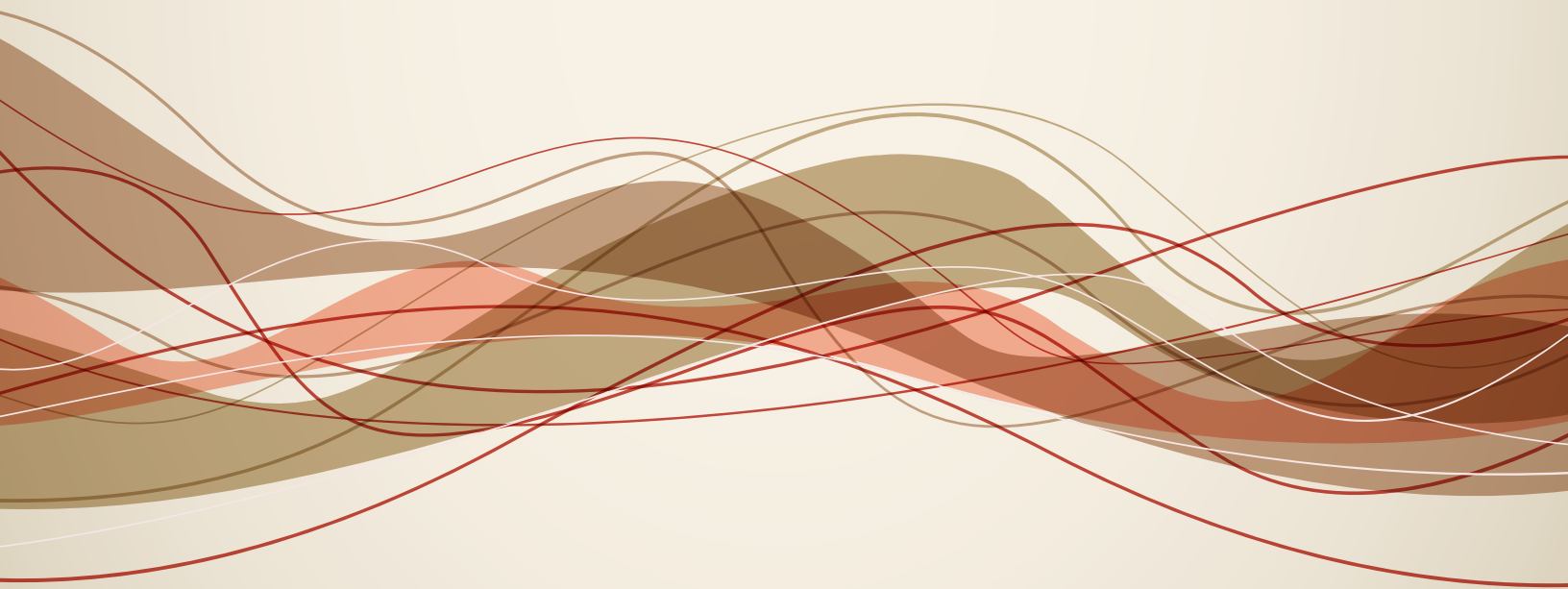
Name of Member/Proxy

Register BO ID/Folio No. holding of ordinary Shares of Bangladesh Export Import Company Limited.

.....
Signature of Shareholder(s)

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

BEANO



BANGLADESH EXPORT IMPORT COMPANY LIMITED

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