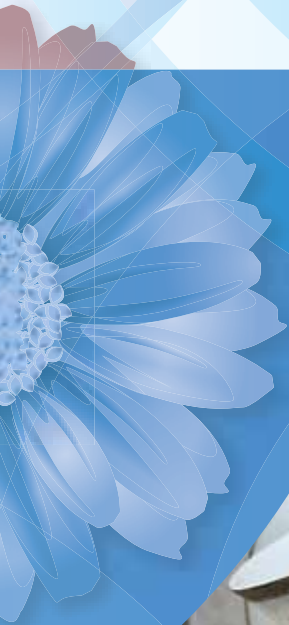


BEXIMCO

Annual Report 2010

BANGLADESH EXPORT IMPORT COMPANY LIMITED



mission

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

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Notice

BANGLADESH EXPORT IMPORT COMPANY LIMITED

17, DHANMONDI R.A, ROAD NO. 2, DHAKA 1205

NOTICE OF THE THIRTY-EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the THIRTY-EIGHTH ANNUAL GENERAL MEETING of the Shareholders of Bangladesh Export Import Company Ltd. will be held on Thursday, the 30th June, 2011 at 11:00 a.m. at Beximco Industrial Park, Sarabo, Kashimpur, Gazipur to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December, 2010 together with reports of the Auditors and the Directors thereon.
2. To elect Directors.
3. To declare 50% Stock Dividend.
4. To appoint Auditors for the year 2011 and to fix their remuneration.
5. To transact any other business of the Company with the permission of the Chair.

By order of the Board,



(MD. ASAD ULLAH, FCS)

Executive Director - Corporate Affairs
& Company Secretary

Dated: May 18, 2011

NOTES:

- (1) *The Shareholders whose names appeared in the Share Register of the Company or in the Depository Register on the record date i.e. 11th May, 2011, will be entitled to attend at the Annual General Meeting and to receive the dividend.*
- (2) *A member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.*
- (3) *Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holder(s).*
- (4) *No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No. SEC/SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.*

Corporate Information

Auditors:

M/s. M. J. Abedin & Co., National Plaza (6th 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, Local Office, Motijheel C/A, Dhaka 1000
IFIC Bank Ltd., Dhanmondi Branch, Dhaka 1205

Registered Office:

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

BOARD OF DIRECTORS

A S F Rahman	Chairman & MD
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	Director
Md. Asad Ullah	Company Secretary

KEY OFFICERS

O K Chowdhury	Director
Md. Luthfor Rahman	Chief Financial Officer
Azhar Uddin Ahmed, FCA	Head of Internal Audit

1961 First company to be registered as a Public Company in Bangladesh.
Pioneer in the Formulation And Execution of Special Trade Agreements
- Signed STA Agreement with TCB valued at USD 100 million.

1970's Became the Biggest exporter of non-traditional items.

1974 Opened Branch in London, UK.

1961 Started business establishing an affiliate in USA.

1979 Throughout handled 5% of Country's Export.

1987 Recognised by the Government as National Export House.

Chronology

Bangladesh
Export Import
Company Limited

2010
 Acquired 100% of Dhaka-Shanghai Ceramics Limited (DSCL) by issue of new shares to DSCL shareholders.

2009
 Direct Listing of its subsidiary Shinepukur Ceramics Ltd. by selling part of Beximco Limited's ownership shares to public through Stock Exchanges in Bangladesh.
 Merged with Bangladesh Online Limited.

2008
 Merged with Shinepukur Holdings Limited and Beximco Fisheries Limited.

2005
 Acquired 100% of Shinepukur Ceramics Ltd. (SCL) by issue of new shares to SCL shareholders.

1993
 Received President's Export Trophy six times.

1989
 Listed in the Dhaka Stock Exchange Ltd.

Chronology of Achievements

চেয়ারম্যানের প্রতিবেদন



প্রিয় শেয়ারহোল্ডারবৃন্দ,

কোম্পানীর ৩৮তম বার্ষিক সাধারণ সভায় পরিচালক পর্ষদের পক্ষে আমি আপনাদের সকলকে স্বাগত জানাচ্ছি এবং এরই সাথে কোম্পানীর ৩১শে ডিসেম্বর ২০১০-এ সমাপ্ত বছরের নিরীক্ষিত হিসাব এবং সাথে নিরীক্ষিক ও পরিচালকবৃন্দের প্রতিবেদন উপস্থাপন করছি।

বেক্সিমকো লিমিটেড এবং বেক্সটেক্স লিমিটেড-এর পরিচালনা পর্ষদবৃন্দের সর্বসম্মত সিদ্ধান্তক্রমে ১১ই মে ২০১১ তারিখে বেক্সটেক্স লিমিটেডকে বেক্সিমকো লিমিটেড-এর সাথে একত্রীকরণ করার প্রস্তাব আইনগত/নিয়ন্ত্রক সংস্থার অনুমোদন সাপেক্ষে অনুমোদন করা হয় যে, পাঁচটি বেক্সটেক্স লিমিটেড-এর সাধারণ শেয়ার-এর বিনিময়ে বেক্সিমকো লিমিটেডের একটি সাধারণ শেয়ার প্রদানের সুপারিশ করা হয়। ভারিচু গড় মূল্য অনুযায়ী বেক্সিমকো লিমিটেড এবং বেক্সটেক্স লিমিটেড-এর শেয়ার মূল্য ২২২.০৬ এবং ৪৬.০৬ টাকা ত্রমাসনুসারে দাঁড়িয়েছে। বাংলাদেশ সুপ্রিম কোর্ট-এর মহামান্য হাইকোর্ট বিভাগে ১৬ই মে ২০১১ তারিখে উপরোল্লিখিত একত্রীকরণের আবেদন গৃহীত হয়েছে এবং উল্লেখিত কোম্পানীদ্বয়ের একত্রীকরণের প্রস্তাব অনুমোদনের জন্য ৩০শে জুন ২০১১ তারিখের মধ্যে কোম্পানীদ্বয়ের অতিরিক্ত সাধারণ সভা অনুষ্ঠানের জন্য হাইকোর্ট কর্তৃক নির্দেশ প্রদান করা হয়েছে। বেক্সিমকো লিমিটেড এবং বেক্সটেক্স লিমিটেড-এর ৩১শে ডিসেম্বর ২০১০ ইং তারিখে সমাপ্ত বছরের আর্থিক বিবরণীর উপর ভিত্তি করে একত্রীকরণ করার পর একত্রীকৃত কোম্পানীর আর্থিক সুবিধাগুলো নিম্নরূপ দাঁড়াবে :

- > একত্রীকরণ কোম্পানীর মোট সম্পদ বৃদ্ধি পাচ্ছে প্রায় ১০৩%।
- > একত্রীকরণ কোম্পানীর আয়/রাজস্ব বৃদ্ধি পাচ্ছে ৮৮%।
- > একত্রীকরণ কোম্পানীর নীট মুনাফা বৃদ্ধি পাচ্ছে ৩১%।

- > একত্রীকরণ কোম্পানীর নীট সম্পদ মূল্য বৃদ্ধি পাচ্ছে প্রায় ৮১%।
- > একত্রীকরণ কোম্পানীর নীট সম্পদ-এর শেয়ার প্রতি মূল্য বৃদ্ধি পাচ্ছে ২৭%।
- > একত্রীকরণ কোম্পানী মূলধন সঞ্চিতি বৃদ্ধি পাচ্ছে ১১৬০ কোটি টাকা।

এই কোম্পানীটিই হচ্ছে আমাদের গ্রুপের পতাকাবাহী কোম্পানী অন্যান্য কোম্পানীর শেয়ার মালিকানার মাধ্যমে আমাদের কোম্পানীকে মালিক কোম্পানীতে পরিণত করেছি, যা গত বছরের আমার প্রতিবেদনে উল্লেখ আছে।

আমি আনন্দের সাথে আপনাদেরকে অবহিত করতে চাই যে, গ্রুপের অন্যান্য কোম্পানীকে আমাদের কোম্পানীর সাথে একত্রীভূতকরণের সূফল এ বছর পুরাপুরি ভোগ করতে পেরেছি।

একত্রীভূতের পর আমাদের প্রধান ব্যবসার ক্ষেত্রে অধিকতর পরিচালনা সহায়তা, চলতি মূলধন সহায়তাসহ অন্যান্য সহায়তা দিতে সক্ষম হচ্ছি।

চলতি মূলধনের স্বল্পতার কারণে পূর্বে আমাদের মৎস্য চাষ বাড়ানো সম্ভব হয়নি, চলতি বৎসর আমরা মৎস্য চাষে খুব ভালো করেছি। এ ব্যবসায় অতি উচ্চ মুনাফা, আমাদের কল্লাবাজার ও মহাখালী মৎস্য চাষ প্রকল্পে কোন রোগ বা প্রাকৃতিক দুর্যোগ কবলিত হয়নি বিধায় এ বছর আশাতীত মুনাফা অর্জন সম্ভব হয়েছে এবং আমরা আশা করি এ ধারা অব্যাহত থাকবে, অধিকন্তু আরো ভালো ফল অর্জনের জন্য সকল প্রচেষ্টা চালিয়ে যাবো।

মূলধনী মুনাফা থেকে প্রাপ্যতা বৃদ্ধিকল্পে সম্ভবনাময় কোম্পানীগুলোতে আমাদের বিনিয়োগ করার কৌশল অব্যাহত আছে। সুযোগ হলেই আমাদের বিনিয়োগ থেকে মূলধনী মুনাফা অর্জনের চেষ্টায় থাকবো।

আমাদের দেশ অধিকতর উন্নতির পথে এগুচ্ছে কিন্তু একই সাথে অর্থ বাজারে খুবই ভয়াবহ ঋণ স্ফীতি এবং তারল্য সংকট বিদ্যমান। খাদ্য এবং খাদ্য ব্যতীত অন্যান্য বিভাগেও অধিক স্ফীতির কারণে ইহা আরো খারাপের দিকে যাচ্ছে। এ কারণে নতুন অর্থ বছর খুব সতর্কতার সাথে শুরু করতে হবে এবং বাজেট ঘোষণার অপেক্ষায় থাকতে হবে, কিভাবে এ সমস্যাগুলো কাটিয়ে উঠে দেখার জন্য।

বিদ্যুত ও গ্যাস সমস্যা এখনো পূর্বের অবস্থানে থাকা সত্ত্বেও আমরা সফলভাবে কাজ করে যাচ্ছি। নিশ্চিত এবং অনবরত ব্যবসা পরিচালনা করার পূর্বে এই বিষয়ে দ্রুততর সমাধান দরকার।

বেক্সিমকো তার বিনিয়োগের জন্য মানুষের কাছে এবং অংশীদারের কাছে পরিচিত। আমাদের লক্ষ্য সঠিক বলে প্রমাণিত হয়েছে। সফল প্রবৃদ্ধির জন্য অনেক কিছু সঠিকভাবে পরিচালিত হচ্ছে এবং আমি

আনন্দিত যে, আমরা এখনো সঠিক পথে আছি। আমরা এ বিষয়ে দৃঢ় এবং নমনীয়। আমরা প্রকল্পের অবকাঠামোর উপর স্বাধীনভাবে প্রতিফলিত করছি। আমরা প্রচলিত কাঠামো এবং দেশের আশা-ব্যঞ্জক মুনাফার জন্য কাজ করে যাচ্ছি, আমরা শেয়ারহোল্ডার এবং স্ট্যাক হোল্ডারদের জন্য সর্বোচ্চ অর্জনের আশা করছি।

আমি গত বছর বলেছিলাম যে, আপনাদের কোম্পানী অত্যন্ত প্রতিকূল অবস্থার মধ্যে কঠোর পরিশ্রম করেছিল এবং তার মাধ্যমে শুধু অবস্থার পুনরুদ্ধারই করে নাই, তার সাথে উল্লেখযোগ্য লাভও অর্জন করেছে।

এই বছরের কার্যক্রম ইহাই প্রমাণ করে যে, আমাদের প্রবৃদ্ধি অব্যাহত আছে এবং আমরা একটা উজ্জ্বল ভবিষ্যতের প্রত্যাশা করতে পারি।

সামাজিক প্রতিশ্রুতি

বেক্সিমকো লিমিটেড-এ আমাদের কর্মকাণ্ড সমাজের প্রতি দায়িত্ববোধ 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 হ্রোডপত্র 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 শুভাকাঙ্ক্ষীকে আন্তরিক ধন্যবাদ জানাই এবং ভবিষ্যতে তাদের অব্যাহত সমর্থন ও সহযোগিতা আশা করি।

X. L. P. Lalanda

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 38th Annual General Meeting of your Company and to present you the audited Accounts for the year ended 31st December 2010 and Auditors' and Directors' report thereon.

The Board of Directors of Beximco Limited and Bextex Limited unanimously approved on 11 May 2011 the amalgamation of Bextex Limited with Beximco, subject to legal/regulatory approvals, recommending an exchange of 5(five) ordinary shares of Bextex Limited for 1 (one) ordinary share of Beximco, based on the weighted-average value of a share of Beximco and Bextex at Taka 222.06 and Taka 40.36 respectively. The High Court Division of the Supreme Court of Bangladesh admitted on 16 May 2011 the Petition for the aforesaid amalgamation, requiring the aforesaid companies to hold EGM for approval of the aforesaid amalgamation within 30 June 2011. The amalgamation's financial benefits, based on the financial statements of Beximco and Bextex for the year ended 31 December 2010, are as follows:

- **Total Assets of the amalgamated-company to increase by approx 103%.**
- **Revenues of the amalgamated-company to rise by around 88%.**
- **Net Profits of the amalgamated-company to rise by around 31%.**
- **Net Asset Value of the amalgamated-company to increase by approx 81%.**
- **Net Asset Value Per Share of the amalgamated-company to jump by approx 27%.**
- **The amalgamated-company to gain a Capital Reserve of around Tk 1160 crore.**

This company is the flagship company of the Group and as stated last year in my report we have transformed ourselves into a owning company having share holdings in other companies.

I am pleased to inform you that this year we took full advantage of our amalgamation with other group companies.

After amalgamation we were in a position to give much stronger management support along with full working capital and other supports to our core businesses. This has yielded desired results and I am happy to report that our I T business has done extremely well which has given us the desired profits and we are confident that this trend will continue for the near future.

Our fish farming business which also could not expand due to lack of working capital in the past has performed very well in the current year. The profitability of this business is very high and because we were not affected by any diseases or other natural calamities in our farms in Cox's Bazar and Moheshkhali areas, the results for the year has been more than satisfactory and we hope this trend will continue and we will also continue our efforts towards achieving even better results.

Our strategy to invest in companies with potential, in order to increase our returns from capital gains continues. We are also looking actively to encash capital gains from our holdings wherever opportunities arise.

The country has moved into a higher growth path but at the same time there is a very serious credit squeeze and liquidity crisis in the financial market. To make the matter worse there is also an increasing inflationary trend in both food and non food sectors. Therefore, we have to start the new fiscal year very carefully and must wait for the budget declaration to see what measures are taken to tackle these problems.

Power and gas problems are still continuing even though we are working around it reasonably successfully. But a quick solution to these is a must before we can relax and ensure uninterrupted business.

Beximco has been known for its investment in its people and its partners. Our vision has proved to be correct. Many things have to go right for successful growth strategy and I am happy to report that we are still in the appropriate trajectory.

The external economic climate continues to be difficult and we have to be cautious. We are persistent and flexible. We are independently focusing on infrastructure projects.

Operating within the prevalent framework and optimizing benefits for the country, we expect to obtain highest returns for our shareholders and stakeholders.

Last year, I had said that under extremely adverse circumstances your company worked hard and not only recovered but made substantial gains.

This year's results shows that Beximco Ltd.'s progress continues and we can look forward to a prosperous future.

Social Commitment

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

Acknowledgement

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

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



A S F Rahman
Chairman

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 Executive Directors, General Managers for various departments and according to hierarchy, various senior and mid level management staffs. The Managing Director and the 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 Commities

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 2010 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 3. 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.

Directors' Report

To the Shareholders for the year ended 31st December 2010



Dear Shareholders,

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

Working Results

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

	<i>Taka in million</i>	
	For the year 2010	For the year 2009
Net profit before tax	6,949.14	3,220.81
Less: Provision for income tax	320.04	12.18
Net profit after tax	6,629.10	3,208.63
Add: Balance brought forward from previous year	3,442.50	854.42
Profit available for appropriation	10,071.60	4,063.05
Appropriation Recommended		
Stock Dividend (Bonus Share) at 50%	827.40	620.55
Balance carried forward	9,244.20	3,442.50
	10,071.60	4,063.05

Dividend

The Directors have recommended a stock dividend (Bonus share) @ 50% per share of Tk. 10 each, subject to approval of the shareholders in the AGM.

Director

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

Mr. Iqbal Ahmed, Director, retires by rotation as per Articles 123 & 124 of the Articles of Association of the Company and being eligible offer himself for re-election being the nominee of Beximco Holdings Ltd.

Board Meeting and Attendance

During the year 20 (Twenty) Board Meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Meetings attended
Mr. A S F Rahman	20
Mr. Salman F Rahman	20
Mr. Iqbal Ahmed	18
Mr. M A Qasem	16
Mr. O K Chowdhury	20
Mr. A B S Rahman	18
Dr. Abul Alim Khan	18

Board Audit Committee

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

Corporate and Financial Reporting

The Directors are pleased to confirm the following:

- 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 judgement.
- The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.

- (e) Internal Control System is sound in design and has been effectively implemented and monitored.
- (f) No significant doubts about the ability of the Company to continue as a going concern.
- (g) There is no significant deviations in operating result compared to last year.
- (h) The summarised key operating and financial data of last five preceding years is annexed as “Comparative Statistics” in the Annual Report.
- (i) The Pattern of shareholding is as follows:

Name	Shares held
<i>(i) Parent/Subsidiary/Associated Companies and other related Parties:</i>	
Beximco Holdings Ltd.	3,503,037
Esses Exporters Ltd.	91,934
New Dacca Industries Ltd.	1,208,613
Beximco Engineering Ltd.	366,000
<i>(ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Their spouse and Minor children:</i>	
Mr. A S F Rahman, Managing Director	8,499,736
Mr. Salman F Rahman, Director	8,250,577
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
<i>(iii) Executives</i>	Nil
<i>(iv) Shareholders holding 10% or more Voting interest in the company</i>	Nil

Corporates Governance Compliance Status Report

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

Auditors

The Directors hereby report that the existing Auditors M/s. M. J. Abedin & Co. , Chartered Accountants, National Plaza (6th floor), 109, Bir Uttam C R Datta Road, Dhaka-1205 who was appointed as Auditors of the Company in Thirty-seventh Annual General Meeting carried out the audit for the year ended on 31 December, 2010.

M/s. M. J. Abedin & Co. , Chartered Accountants, National Plaza (6th floor), Bir Uttam C R Datta Road, Dhaka-1205 the Auditors of the company retire at this meeting and have expressed their willingness to continue in the office for the year 2011.

On behalf of the Board of Directors,



A S F Rahman

Chairman

Dated: 28 April 2011

Corporate Governance

COMPLIANCE REPORT

ANNEXURE

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

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Explanation for non-compliance with the condition
		Compiled	Not Compiled	
1.1	Board Size	√		
1.2(i)	Independent Director	√		
1.2(ii)	Independent Directors' Appointment	√		
1.3	Chairman & Chief Executive	√		
1.4(a)	Directors Report on Financial Statements	√		
1.4(b)	Books of Accounts	√		
1.4(c)	Accounting Policies	√		
1.4(d)	IAS applicable in Bangladesh	√		
1.4(e)	System of Internal Control	√		
1.4(f)	Going Concern	√		
1.4(g)	Deviation in Operating Results	√		
1.4(h)	Key Operating & Financial Data	√		
1.4(i)	Declaration of Dividend	√		
1.4(j)	No. of Board Meetings	√		
1.4(k)	Pattern of Shareholdings	√		
2.1	CFO, HIA & Company Secretary Appointment	√		
2.2	Board Meeting Attendance	√		
3.00	Audit Committee	√		
3.1(i)	Composition of audit Committee	√		
3.1(ii)	Audit Committee Members Appointment	√		
3.1(iii)	Terms of service of Audit Committee	√		
3.2(i)	Chairman of audit Committee	√		
3.2(ii)	Audit Committee Chairman's Qualification	√		
3.3.1(i)	Reporting to the Board of Directors	√		
3.3.1(ii)(a)	Report of Conflicts of Interest	√		
3.3.1(ii)(b)	Defect in the Internal Control System	√		
3.3.1(ii)(c)	Suspected infringement of Laws	√		
3.3.1(ii)(d)	Any other matter	√		
3.3.2	Reporting to the Authorities	√		
3.4	Reporting to the Shareholders	√		
4.00(i)	Appraisal or Valuation Services	√		
4.00(ii)	Financial Information System	√		
4.00(iii)	Book Keeping or other services	√		
4.00(iv)	Broker dealer services	√		
4.00(v)	Actuarial services	√		
4.00(vi)	Internal Audit services	√		
4.00(vii)	Any other services	√		

AUDITORS' REPORT
TO THE SHAREHOLDERS ON THE CONSOLIDATED FINANCIAL STATEMENTS
OF
BANGLADESH EXPORT IMPORT COMPANY LIMITED AND ITS SUBSIDIARIES

Introduction

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 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes in which are consolidated the financial statements of the same period of its subsidiary companies Shinepukur Ceramics Ltd., Dhaka-Shanghai Ceramics Ltd. and Beximco USA Limited in compliance with the requirements of Bangladesh Accounting Standard 27: Consolidated and Separate Financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the Group's affairs as at 31 December, 2010 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) In our opinion, proper books of account as required by law have been kept by the company and its subsidiaries 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 business of the company and its subsidiaries.

Dated, Dhaka
28 April 2011



M.J. ABEDIN & CO
Chartered Accountants

Bangladesh Export Import Company Limited and its Subsidiaries

Consolidated Statement of Financial Position

At 31 December 2010

Amount in Taka

	NOTES	as at 31 Dec. 10	as at 31 Dec. 09
ASSETS			
Property, Plant and Equipment	5	4,504,114,739	3,212,665,125
Investment In Shares	6	3,040,798,689	2,039,153,883
Deferred Assets		24,493,691	36,740,537
Capital Work in Progress		340,375,803	172,820,626
Total Non - Current Assets		7,909,782,922	5,461,380,171
Current Assets			
Inventories	7	4,406,964,821	3,440,843,696
Debtors	8	11,686,784,943	1,467,635,347
Advances, Deposits and Pre-Payments	9	6,269,158,960	6,461,846,916
Cash and Cash Equivalents	10	297,083,741	156,047,577
Total Assets		30,569,775,387	16,987,753,707
SHAREHOLDERS' EQUITY, NON-CONTROLLING INTEREST AND LIABILITIES			
Shareholders' Equity		17,843,954,106	9,608,872,506
Issued Share Capital	11	1,654,795,800	942,372,510
Reserve	12	5,662,834,348	4,341,482,191
Retained Earnings		10,526,323,958	4,325,017,805
Non-Controlling (Minority) Interest In Subsidiaries	13	1,246,083,596	1,119,459,882
Long Term Loan	14	1,078,512,573	1,410,929,880
Deferred Tax Liability	15	13,892,058	12,654,931
Current Liabilities		10,387,333,054	4,835,836,508
Short Term Loan From Banks and others	16	1,931,589,855	3,560,003,014
Long Term Loan - Current Portion	17	879,519,277	861,063,929
Trade and other Payables	18	7,149,621,863	291,715,741
Income Tax Payable		426,602,059	123,053,824
Total Equity and Liabilities		30,569,775,387	16,987,753,707

The notes are an integral part of the Financial Statements.

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



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Iqbal Ahmed
Director

Per our report of even date.



M. J. ABEDIN & CO
Chartered Accountants

Date : 28 April, 2011
Dhaka.

Bangladesh Export Import Company Limited and its Subsidiaries


Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

		<i>Amount in Taka</i>	
	NOTES	2010	2009
Revenue (Turnover) from net sales	19	18,980,964,619	5,327,783,716
Cost of Goods Sold	20	(10,715,521,890)	(1,358,255,528)
Gross Operating Profit		8,265,442,729	3,969,528,188
Operating Expenses		(253,072,253)	(194,384,945)
Administrative Expenses	21	(177,621,212)	(141,174,422)
Selling and Distribution Expenses	22	(75,451,041)	(53,210,523)
Operating Profit		8,012,370,476	3,775,143,243
Financial Expenses	23	(633,592,074)	(327,699,387)
Net Profit Before Cont. to WPWF		7,378,778,402	3,447,443,856
Contribution to Workers' Profit Participation / Welfare Fund		(15,253,704)	(12,459,333)
Net Profit Before Income Tax		7,363,524,698	3,434,984,523
Income Tax Expenses	24	(379,328,727)	(88,996,040)
Net Profit After Tax		6,984,195,971	3,345,988,483
Non-Controlling (Minority) Interest in Income		(126,623,714)	(86,187,866)
Net Profit After Tax and Non-Controlling (Minority) Interest		6,857,572,257	3,259,800,617
EPS (Par Value of Share Tk. 10/=)	25	42.22	20.86

The notes are an integral part of the Financial Statements.

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


A S F Rahman
 Chairman


Salman F Rahman
 Vice Chairman


Iqbal Ahmed
 Director

Per our report of even date.

Date : 28 April, 2011
 Dhaka.


M. J. ABEDIN & CO
 Chartered Accountants

Bangladesh Export Import Company Limited and its Subsidiaries

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2010

Amount in Taka

	Share Capital	Retained Earnings	Reserve	Total
At 31 December 2009	942,372,510	4,325,017,805	4,341,482,191	9,608,872,506
Net Profit after tax and non-controlling (minority) interests for the year	-	6,857,572,257	-	6,857,572,257
Issue of Bonus Shares for the prior year	620,548,420	(620,548,420)	-	-
Issue of Share Capital on acquisition of Dhaka-Shanghai Ceramics Ltd.	91,874,870	-	-	91,874,870
Surplus on acquisition of Dhaka-Shanghai Ceramics Ltd.	-	-	1,285,634,473	1,285,634,473
Tax Holiday Reserve	-	(35,717,684)	35,717,684	-
As on 31 December 2010	1,654,795,800	10,526,323,958	5,662,834,348	17,843,954,106

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



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Iqbal Ahmed
Director

Per our report of even date.

Date : 28 April, 2011
Dhaka.



M. J. ABEDIN & CO
Chartered Accountants

Bangladesh Export Import Company Limited and its Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	<i>Amount in Taka</i>	
	2010	2009
Cash Flows From Operating Activities :		
Collection from turnover and other income	8,954,502,979	7,132,096,961
Payments for cost and expenses including interest & tax	(8,013,344,579)	(6,543,272,067)
Net cash Generated From Operating Activities	941,158,400	588,824,894
Cash Flows From Investing Activities :		
Capital Work-In-Progress	(167,555,177)	(172,820,626)
Property, Plant and Equipment acquired	(318,605,100)	-
Net Cash Used In Investing Activities	(486,160,277)	(172,820,626)
Cash Flows From Financing Activities :		
Long term loan decreased	(313,961,959)	(290,982,649)
Net Cash Used In Financing Activities	(313,961,959)	(290,982,649)
Increase in Cash And Cash Equivalents	141,036,164	125,021,619
Cash And Cash Equivalents at Beginning of the year	156,047,577	31,025,958
Cash And Cash Equivalents at End of the year	297,083,741	156,047,577

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



A S F Rahman
Chairman



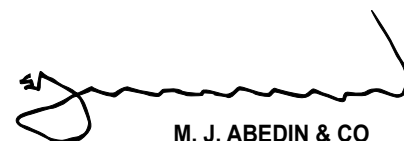
Salman F Rahman
Vice Chairman



Iqbal Ahmed
Director

Per our report of even date.

Date : 28 April, 2011
Dhaka.



M. J. ABEDIN & CO
Chartered Accountants

Bangladesh Export Import Company Limited and its Subsidiaries

Notes to the Financial Statements

As at and for the year ended 31 December 2010

1. 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 31-12-2010, the Company holds 50% shares (50% shares on 31-12-2009) of Shinepukur Ceramics Ltd., a company of Beximco Group engaged in manufacturing and marketing of ceramics tableware.

On 28 April, 2010 The Extra Ordinary General Meeting (EGM) of the shareholders of the Company has approved further issue of capital of Tk. 91,874,870 consisting of 9,187,487 shares of Tk. 10/= each pursuant to section 155(2) of the Companies Act, 1994 which have been issued for acquisition of 100% shares of Dhaka-Shanghai Ceramics amounting to Tk. 367,499,480 consisting of 36,749,948 shares of Tk. 10/= each by exchange of one Beximco Share for four Dhaka-Shanghai Ceramics Shares.

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.

2. 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 of bone mill (in 1977 and 1988) 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., Dhaka-Shanghai 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 2010 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., Dhaka-Shanghai Ceramics Ltd. and Beximco USA Ltd. are Tk. 966,325,680 (96,632,568 Shares of Tk. 10/= each), Tk. 617,500,000 (61,750,000 Shares of Tk. 10/= each) and Tk.15,838,080 (22,600 Shares of US \$ 10/= each) respectively.

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 statement of financial position as at the end of the year 2010;
- a statement of comprehensive income for the year 2010;
- a statement of changes in equity for the year 2010;
- a statement of cash flows for the year 2010; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

2.06 Reporting Period

The financial statements cover one calendar year from 01 January 2010 to 31 December 2010.

2.07 Authorisation for Issue

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

2.08 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.

2.09 Comparative Information

Comparative information has been disclosed in respect of the year 2009.

2.10 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.

2.11 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.

2.12 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.

2.13 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. 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:

Building and Other Construction	5% - 10%
Plant and Machinery	15%
Furniture, Fixture & Equipment	10% - 15%
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 alongwith 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.

3.06.1 (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.

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 market with cost determined by FIFO (First – in, First – out) method.

3.08 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 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.

3.09 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.

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 (2010)

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 2010 were treated as if they always had been in issue. Hence, in computing the Basic EPS of 2010, the total number of bonus shares has been considered.

Earlier Year (2009)

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 (2009), and accordingly, in calculating the adjusted EPS of 2009, the total number of shares including the subsequent bonus issue in 2010 has been considered as the weighted Average Number of Shares Outstanding during the year 2009.

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

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 2010 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.

5. **Property, Plant and Equipment : Tk. 4,504,114,739**

Amount in Taka

The details are stated below:

Particulars	Land and Land Development	Building and other construction	Plant & Machinery	Furniture, Fixture & Equipment	Vehicle	Total
Cost/Valuation						
At 31 Dec, 2009	1,019,194,875	1,021,270,660	3,073,886,739	267,043,481	45,871,754	5,427,267,509
Exchange Loss	-	-	42,679,542	-	-	42,679,542
Addition/Revaluation in 2010	618,076,527	72,791,393	162,002,746	13,060,791	20,544,425	886,475,882
Disposal in 2010	-	-	(1,594,556)	-	-	(1,594,556)
At 31 December, 2010	1,637,271,402	1,094,062,053	3,276,974,471	280,104,272	66,416,179	6,354,828,377
Depreciation						
At 31 Dec, 2009	-	248,568,482	1,231,627,672	183,703,949	31,980,751	1,695,880,854
Charged in 2010	-	20,394,145	107,036,105	26,085,034	4,355,001	157,870,285
At 31 December, 2010	-	268,962,627	1,338,663,777	209,788,983	36,335,752	1,853,751,139
Carrying Value						
At 31 December, 2010	1,637,271,402	825,099,426	1,938,310,694	70,315,289	30,080,427	4,501,077,238
Lease Hold Land	3,037,501	-	-	-	-	3,037,501
Carrying Value						
At 31 December, 2010	1,640,308,903	825,099,426	1,938,310,694	70,315,289	30,080,427	4,504,114,739

6. **Investment in Shares: Tk. 3,040,798,689**

This consists of as follows:

	<i>Amount in Taka</i>	
	as at 31 Dec. 10	as at 31 Dec. 09
(i) In Associated undertakings :		
(a) In 39,363,205 Shares of Bextex Ltd. [Listed company, Market value Tk. 76.30 per share on 30/12/2010]	883,411,833	1,633,706,993
(b) In 1,760,349 Shares of Beximco Pharmaceuticals Ltd. [Listed company, Market value Tk. 135.10 per share on 30/12/2010]	92,925,550	2,032,910
(c) In 4,518 Shares of Beximco Synthetics Ltd. [Listed company, Market value Tk. 514.75 per share on 30/12/2010]	1,185,680	1,185,680
(d) In 11,075 Shares of Tk.100/= each of Beximco Apparels Ltd.	1,107,500	1,107,500
(e) In 10,000 Shares of Tk.100/= each of Beximco Engineering Ltd.	1,000,000	1,000,000
(f) In 49,000 Shares of Tk.100/= each of Gammatech Ltd.	4,900,000	4,900,000
(g) In 856,819 Shares of Tk.100/= each of International Hotel Holdings Ltd.	85,681,900	85,681,900
(h) In 20,000 Shares of Tk.100/= each of International Cements Ltd.	2,000,000	2,000,000
(i) In 40,000 Shares of Tk.100/= each of Shinepukur Hotels Ltd.	4,000,000	4,000,000
(j) In 250,000 Shares of Tk.10/= each of Beximco Zenith Ltd.	2,500,000	2,500,000
(ii) Others :		
(a) In 29,998,000 Shares of Tk.10/= each of GMG Airlines Ltd.	299,980,000	300,000,000
(b) In 10,000,000 Shares of Tk.160/= each against face value of Tk. 10 each of Unique Hotel & Resort Ltd.	1,600,000,000	-
(c) In 1,944 Shares of Tk.100/= each of Investment Corporation of Bangladesh [Listed company, Market value Tk. 4,219.5 per share on 30/12/2010]	38,900	38,900
(d) In 150 Shares of Power Grid Company of Bangladesh Ltd. [Listed company, Market value Tk. 915.75 per share on 30/12/2010]	40,364	-
(e) In 116,949 Shares of IFIC Bank Ltd. [Listed company, Market value Tk. 1,420.75 per share on 30/12/2010]	57,610,262	-
(f) In 456,945 Shares of Central Depository Bangladesh Ltd.	4,416,700	1,000,000
	3,040,798,689	2,039,153,883

		Amount in Taka	
		as at 31 Dec. 10	as at 31 Dec. 09
7.	Inventories : Tk. 4,406,964,821		
	This represents as follows:		
	Raw Material	432,366,479	327,976,606
	Finished Goods	207,647,505	215,961,579
	Work-In-Process	174,729,359	176,073,235
	Stores and Spares	108,735,182	100,491,873
	Packing Material	51,632,785	45,307,796
	Land	2,699,395,577	1,847,732,087
	Land development and others	190,582,362	206,675,164
	Work in progress	450,704,589	429,618,602
	Fish	84,832,980	85,579,321
	Fish Feed	2,383,875	2,135,757
	PIN Mailers	155,161	167,002
	Jute Yarn (London Branch)	3,798,967	3,124,674
		4,406,964,821	3,440,843,696
8.	Debtors : Tk. 11,686,784,943		
	This is unsecured but considered good.		
9.	Advances, Deposits and Pre-payments : Tk. 6,269,158,960		
	This consists of as follows:		
(i)	Advances:	6,230,427,979	6,356,357,627
	Advance Income Tax	50,863,087	41,519,650
	L/C- Margin	79,040,643	24,986,224
	Suppliers	12,130,461	11,579,936
	Trade Fair	4,158,156	6,977,155
	Marketing Expenses	8,714,661	4,934,742
	L/C- Insurance	2,300,146	1,530,511
	Other Advances	6,073,220,825	6,264,829,409
(ii)	Deposits	38,730,981	82,232,501
(iii)	London Branch	-	23,256,788
		6,269,158,960	6,461,846,916
	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: Tk. 297,083,741		
	This consist of as follows:		
	In Hand	15,022,852	9,609,021
	In Current Account with banks	190,745,115	120,752,333
	In STD account with bank	89,765,602	24,150,112
	In fixed deposit and accrued interest with bank	1,485,208	1,419,901
	London Branch	64,964	116,210
		297,083,741	156,047,577
11.	Issued Share Capital: Tk. 1,654,795,800		
(a)	Authorised:	5,000,000,000	1,000,000,000
	500,000,000 Ordinary Shares of Tk. 10/-each		
(b)	Issued, Subscribed and Paid-Up:		
	4,000,000 Ordinary Shares of Tk.10/-each	40,000,000	40,000,000
	105,112,254 Ordinary Shares of Tk.10/-each issued as fully paid-up bonus shares	1,051,122,540	430,574,120
	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	-
	Total 165,479,580 Shares of Tk. 10/= each	1,654,795,800	942,372,510

(c) Composition of Shareholding:

	2010		2009	
	No. of Shares	%	No. of Shares	%
Sponsors:				
A S F Rahman	8,499,736	5.14%	5,312,335	5.64%
Salman F Rahman	8,250,577	4.99%	5,156,611	5.47%
Associates	5,169,584	3.12%	9,566,370	10.15%
Foreign Investors	17,042,942	10.30%	10,651,899	11.30%
General Public & Financial Institutions	126,516,741	76.45%	63,550,036	67.44%
	165,479,580	100.00	94,237,251	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	67,684	69.39%	11,010,424	6.65%
500 to 5,000	27,784	28.49%	34,355,921	20.76%
5,001 to 10,000	1,169	1.20%	8,555,536	5.17%
10,001 to 20,000	461	0.47%	6,612,357	4.00%
20,001 to 30,000	131	0.13%	3,254,683	1.97%
30,001 to 40,000	59	0.06%	2,064,307	1.25%
40,001 to 50,000	49	0.05%	2,200,155	1.33%
50,001 to 100,000	78	0.08%	5,802,312	3.50%
100,001 to 1,000,000	105	0.11%	27,859,355	16.84%
Over 1,000,000	20	0.02%	63,764,530	38.53%
Total :	97,540	100.00	165,479,580	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. 311.50 and Tk. 312.60 per share in the Dhaka and Chittagong Stock Exchanges respectively on 30 December, 2010.

(g) Voting Rights :

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

12. Reserves : Tk. 5,662,834,348

This consists of as follows:

	Total	Capital Reserve	Revenue Reserve
As on 01 January 2010	4,341,482,191	4,341,482,191	-
Surplus on Acquisition of Dhaka-Shanghai Ceramics Ltd.	1,285,634,473	1,285,634,473	-
Tax Holiday Reserve	35,717,684	-	35,717,684
Tk.	5,662,834,348	5,627,116,664	35,717,684

13. Non-Controlling (Minority) Interest In Subsidiaries : Tk. 1,246,083,596

This consists of as follows:

As on 01 January 2010	1,119,459,882
Add: Minority interest in income for the year	126,623,714
Tk.	1,246,083,596

14. Long Term Loan : Tk. 1,078,512,573

This represents Loans from:

Foreign Currency Loan:

Marubeni Corporation

Local Currency Loan:

Sonali Bank- Project

Sonali Bank- PAD Blocked

Sonali Bank- CC Blocked

Sonali Bank - Term Loan

Southeast Bank - Term Loan

Consortium Loan

Term Loan (FLIL)

First Lease International Ltd. (Lease Obligation)

	Amount in Taka	
	as at 31 Dec. 10	as at 31 Dec. 09
	-	109,598,400
	157,432,561	186,495,071
	131,404,703	156,089,248
	15,941,240	23,910,632
	28,849,814	-
	124,364,625	-
	547,106,854	833,050,972
	13,478,340	17,521,543
	59,934,436	84,264,014
	1,078,512,573	1,410,929,880

Consortium loan represents term loan received under the consortium of Sonali Bank Ltd. (Lead Bank), Janata Bank and Rupali Bank Ltd. Term loan (FLIL) represents amount received from First Lease Finance & Investment Ltd.

Nature of security :

- (a) Pursuant to supplementary Lenders' Paripassu Security Sharing Agreement dated 24-06-2004 among Marubeni Corporation, Southeast Bank Ltd., Sonali Bank and Shinepukur Ceramics Ltd., Marubeni Corporation, Southeast Bank Ltd., and Sonali Bank are secured by:
 - (i) Equitable mortgage over the immovable property.
 - (ii) Hypothecation by way of a floating charge on all other movable assets both present and future.
 - (iii) First charge over all the finished stock, work - in - process and current assets excluding book debts.
- (b) Consortium loan is secured against 1st (legal mortgage) charge on pari passu basis with the participating banks on 84 acrs of land at Gazipur & Gulshan, personal guarantees of Directors, corporate guarantees and mortgage of shares worth Taka 15 crore of associated undertakings.
- (c) Term loan (FLIL) is secured against registered mortgage of project property consisting of 64 Flats with car parking in 2 (two) 9 (nine) storied building constructed on 16 kathas land at Senpara Parbata, Mirpur and personal guarantee of Directors.

Terms of Repayment :

Marubeni Corporation:

In 14 (Fourteen) equal half yearly installments commencing from December, 2004.

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.

Consortium loan:

Sonali and Rupali Bank: In thirty six quarterly equal installments with effect from January, 2004

Janata Bank: In thirty six equal installments with effect from January, 2004

Term Loan (FLIL):

In 72 monthly equal installments with effect from January, 2004

Rate of Interest:

Marubeni Corporation:

Japanese long term prime rate (LTPR) + 3% p.a.

Sonali Bank Project Loan:

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

Sonali Bank PAD 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

Consortium loan:

16% p. a. payable and chargeable at quarterly rest. This however, may vary following changes in the bank's policies.

Term Loan (FLIL):

20% p. a.

15. Deferred Tax Liabilities : Tk. 13,892,058

This is in respect of Shinepukur Ceramics Ltd. and is arrived at as follows.

As on 01-01-2010

Add: Deferred tax expenses provided for the year 2010 for Shinepukur Ceramics Ltd.

	as at 31 Dec. 10	Amount in Taka as at 31 Dec. 09
	12,654,931	11,029,742
	1,237,127	1,625,189
	13,892,058	12,654,931

16. Short Term Loan from Banks and Others : Tk. 1,931,589,855

This is secured and consists of as follows:

Sonali Bank- CC (Hypothecation)

Bank Asia Ltd. - Over Draft

Sonali Bank- LTR

Southeast Bank - LTR

Bank Overdraft

Other Short Term Loan

	541,401,159	528,869,521
	257,160,938	252,774,184
	97,317,506	81,139,551
	59,929,141	54,820,598
	116,377,407	142,399,160
	859,403,704	2,500,000,000
	1,931,589,855	3,560,003,014

	Amount in Taka	
	as at 31 Dec. 10	as at 31 Dec. 09
17. Long Term Loan-Current Portion : Tk. 879,519,277		
This consists of as follows:		
Foreign Currency Loan:		
Marubeni Corporation (J.Yen 185,764,219)	163,565,395	328,795,200
Local Currency Loan:		
Sonali Bank- PAD Blocked	24,290,734	23,301,692
Sonali Bank- Project	25,913,181	23,463,853
Sonali Bank- CC Blocked	7,905,658	9,359,370
Sonali Bank- Term Loan	89,386,725	-
Southeast Bank- Term Loan	20,819,566	-
Lease Obligation	75,783,221	70,984,181
Consortium Loan	389,191,735	311,353,388
Term Loan (FLIL)	11,527,840	11,527,840
10% Debenture	71,135,222	82,278,405
	879,519,277	861,063,929
18. Trade and Other Payables : Tk. 7,149,621,863		
This consists of as follows:		
L/C and Others	-	4,325,400
Creditors for Goods	6,705,544,783	6,274,374
Security Deposit	3,145,000	4,665,000
Outstanding Export Commission	3,847,097	3,110,797
Others	437,084,983	273,340,170
	7,149,621,863	291,715,741
19. Revenue: Tk. 18,980,964,619	for the year 2010	for the year 2009
Sale of Goods (Net)	16,185,482,907	1,958,145,983
Dividend Income	129,578	7,826,029
Exchange gain/(loss)-Net	1,325,904	(26,047)
Commission and other Income	1,943,070	1,230,294
Capital Gain on Sale of Shares	2,792,083,160	3,360,607,457
	18,980,964,619	5,327,783,716
20. Cost of Revenue : Tk. 10,715,521,890		
Table Ware (Shinepukur Ceramics Ltd.)	1,558,464,008	1,136,510,173
Internet Services & Software	226,020,114	123,937,374
Shrimp, Fish and Salt (Fisheries Unit)	2,043,318,125	10,738,058
Yarn	6,783,880,705	-
Jute Yarn and Other Jute Products (London Branch)	103,838,938	87,069,923
	10,715,521,890	1,358,255,528
21. Administrative Expenses: Tk. 177,621,212		
Salaries and allowances	59,710,859	35,160,009
Rent, Rates and Taxes	11,715,132	8,609,496
Postage, Telegram, Telex and Telephone	4,519,091	3,214,339
Publicity and advertisement	900,641	564,470
Petrol, Fuel, Electricity, Gas and Water	10,211,427	2,278,614
Printing and stationery	6,913,205	4,015,952
Car repairs and maintenance	3,254,682	5,810,637
Travelling and conveyance	4,043,656	5,362,473
Repair and Maintenance	5,595,719	4,089,766
Fees and charges	8,220,320	4,253,055
Entertainment	2,498,293	1,841,816
Subscription	4,257,902	939,701
Audit fee	918,000	550,000
Tender document	35,000	14,000
Insurance	675,444	-
AGM expenses	1,151,158	7,104,673
Contribution to Provident Fund	651,877	191,220
General Office Expenses	1,170,517	4,525,113
Miscellaneous overhead	924,104	1,135,364
Depreciation	26,104,322	20,475,108
Welfare Expenses	1,733,163	7,643,228
Utilities Expenses	542,109	443,243
CDBL charges	3,432,430	2,633,493
Loss on sale & lease back of assets	13,111,188	12,246,846
London Branch Expenses	5,330,973	8,071,806
	177,621,212	141,174,422

22. Selling and Distribution Expenses : Tk. 75,451,041

	<i>for the year 2010</i>	<i>Amount in Taka for the year 2009</i>
Promotional Expenses	29,336,933	23,552,271
Salaries and allowances	21,451,413	11,114,584
Occupancy Expenses	3,582,140	3,503,840
Office Expenses	6,950,673	5,418,299
Communication Expenses	1,199,759	549,273
Travelling and conveyance	2,108,835	3,253,603
Transport Expenses	2,530,335	1,405,669
Welfare Expenses	2,229,726	1,629,715
Advertisement and Publicity	3,649,929	867,263
Utilities Expenses	1,085,543	501,816
Showroom Expenses	320,284	291,192
Handling and Carrying Expenses	244,296	235,969
Repair and Maintenance	200,235	94,024
Legal and Professional Fees	500,931	601,355
General Expenses	17,890	12,870
Product Research	42,119	178,780
	75,451,041	53,210,523

23. Financial Expenses : Tk. 633,592,074

Interest on loan from banks and others	348,665,126	246,431,080
Bank Charges and Commission	7,353,480	7,110,987
Interest on loan from a related company	246,300,055	31,164,384
Lease Interest	31,753,896	42,959,967
Other Interest Income	(672,877)	(139,682)
London Branch Expenses	192,394	172,651
	633,592,074	327,699,387

24. Income Tax Expenses : Tk. 379,328,727

Current Tax	422,521,002	49,734,367
Tax Rebate	(36,447,106)	-
Deferred Tax	1,237,127	1,625,189
Short / (Excess) Provision of tax for earlier years	(7,982,296)	37,472,643
London Branch Expenses	-	163,841
	379,328,727	88,996,040

25. 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)	6,857,572,257	3,259,800,617
(b) Weighted average number of shares used for EPS (Note - 3.13)	162,417,084	156,292,093
(c) Basic EPS (a/b)	42.22	20.86

26. 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
Bextex Ltd.	Investment in Shares	-	883,411,833
Beximco Pharmaceuticals Ltd.	Investment in Shares	-	92,925,550
Beximco Pharmaceuticals Ltd.	Short Term Loan	1,640,596,296	(859,403,704)
Beximco Pharmaceuticals Ltd.	Interest Expenses	246,300,055	-
Beximco Synthetics Ltd.	Investment in Shares	-	1,185,680
Beximco Apparels Ltd.	Investment in Shares	-	1,107,500
Beximco Engineering Ltd.	Investment in Shares	-	1,000,000
Gamatech Ltd.	Investment in Shares	-	4,900,000
International Hotel Holdings Ltd.	Investment in Shares	-	85,681,900
International Cement Ltd.	Investment in Shares	-	2,000,000
Shinepukur Hotels Ltd.	Investment in Shares	-	4,000,000
Beximco zenith Ltd.	Investment in Shares	-	2,500,000

Nature of Relationship:

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

27. **Segmental Reporting:**

Amount in Taka

	Bangladesh Operation	London Operation	USA Operation	TOTAL
Revenue:				
Sale of Ceramic Tableware of subsidiary - Shinepukur Ceramics Ltd.	1,926,745,719	-	-	1,926,745,719
Sale of Ceramic Tiles of subsidiary - Dhaka-Shanghai Ceramics Ltd.	457,344,187	-	-	457,344,187
Internet Services & Software sale	160,246,571	-	-	160,246,571
Software Export	1,075,841,309	-	-	1,075,841,309
Fish	1,832,178,695	-	-	1,832,178,695
Shrimp	2,378,393,734	-	-	2,378,393,734
Salt	62,502,911	-	-	62,502,911
Yarn	8,183,880,705	-	-	8,183,880,705
Sale of Jute Yarn and Ceramic products	-	-	108,349,076	108,349,076
Dividend Income	129,578	-	-	129,578
Exchange Gain / (Loss)	1,325,904	-	-	1,325,904
Commission and other Income	1,943,070	-	-	1,943,070
Capital gain on sale of shares	2,792,083,160	-	-	2,792,083,160
Total Revenue	18,872,615,543	-	108,349,076	18,980,964,619
Less: Cost of Revenue	(10,611,682,952)	-	(103,838,938)	(10,715,521,890)
Gross Operating Profit	8,260,932,591	-	4,510,138	8,265,442,729
Less: Expenses	(896,394,664)	(1,069,152)	(4,454,215)	(901,918,031)
Net Profit / (Loss) before Tax	7,364,537,927	(1,069,152)	55,923	7,363,524,698
Less: Income tax expenses	(379,328,727)	-	-	(379,328,727)
Net profit after tax	6,985,209,200	(1,069,152)	55,923	6,984,195,971
Less: Minority Interest in income	(126,623,714)	-	-	(126,623,714)
Net profit after tax and minority interest	6,858,585,486	(1,069,152)	55,923	6,857,572,257

28. **Contingent Liabilities**

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

29. **Capital Expenditure Commitment**

(a) There was no capital expenditure contracted but not incurred or provided for at 31 December 2010.

(b) There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2010.

30. **Claims Not Acknowledged As Debt**

There was no claim against the Company not acknowledge as debt as on 31 December 2010.

31. **Credit Facility Not Availed**

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

32. **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.

33. **Events After The Reporting Period**

Subsequent to the balance sheet date, the board of directors recommended 50% Bonus Shares (50 Bonus Shares for each 100 Shares held). The dividend (Bonus Shares) proposal is subject to shareholders' approval at the forthcoming annual general meeting.

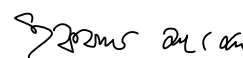
Except the fact as stated above, no circumstances has arisen since the balance sheet date which would require adjustments to, or disclosure in, the financial statements or notes thereto.



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Iqbal Ahmed
Director

Date: 28 April, 2011
Dhaka.

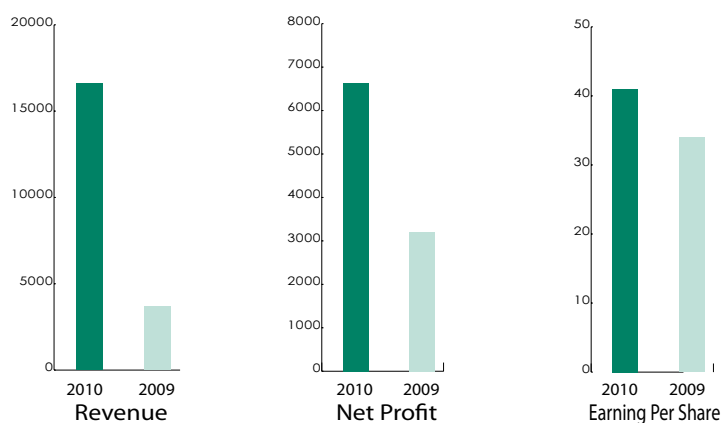
AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS
of
BANGLADESH EXPORT IMPORT COMPANY LIMITED
as at and for the year ended 31 December 2010

COMPARATIVE STATISTICS

Particulars	2010	Taka In '000			
		2009	2008	2007	2006
Paid up Capital	1,654,796	942,373	548,849	362,043	314,820
Revenue	16,596,875	3,666,996	1,312,403	335,183	183,624
Gross Profit	7,439,817	3,445,251	989,458	121,153	183,624
Profit Before Income Tax	6,949,140	3,220,810	934,489	70,811	149,149
Net Profit after Income Tax	6,629,098	3,208,628	909,947	55,405	132,188
Tangible Assets (Gross)	748,361	732,773	267,799	37,308	37,295
Cumulative Surplus	10,071,600	4,063,050	1,183,731	328,015	287,117
Dividend-both Cash and Stock	50%(B)	60%(B)	10%(C) & 50%(B)	15%(B)	15%(B)
Return on Paid up Capital	401%	340%	166%	15%	42%
Shareholders' Equity	15,556,700	8,560,103	4,777,330	1,136,837	1,048,716
Earning per Share (Taka)	40.82	34.05	16.58	1.53	3.65
Shareholders' Equity Per Share(Taka)	94	91	87	31	33
Number of Shareholders	97,540	47,825	34,083	8,962	6,955

HIGHLIGHTS

	2010	2009	Change	
			Amount	%
Revenue & Other income (Million Taka)	16,596.87	3,667.00	12,929.87	352.60
Net Profit after tax (Million Taka)	6,629.10	3,208.63	3,420.47	106.60
Earning Per Share (Tk.)	40.82	34.05	6.77	19.88



AUDITORS' REPORT
TO THE SHAREHOLDERS OF
BANGLADESH EXPORT IMPORT COMPANY LIMITED

Introduction

We have audited the accompanying financial statements of **Bangladesh Export Import Company Limited** which comprise the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as at 31 December, 2010 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- (c) the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account) dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the company's business.

Dated, Dhaka
28 April 2011


M.J. ABEDIN & CO
Chartered Accountants

BANGLADESH EXPORT IMPORT COMPANY LIMITED

Statement of Financial Position
as at 31 December 2010

	Notes	Amount in Taka	
		31-Dec-10	31-Dec-09
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	300,807,148	323,560,188
Investment in Shares	5	3,398,843,629	2,087,349,969
Deferred Assets		24,493,691	36,740,537
Long Term Loan	6	485,689,185	172,820,626
Current Assets			
Inventories	7	3,438,885,111	2,582,169,042
Trade and Other Receivables	8	11,043,175,494	1,106,094,251
Advances, Deposits and Pre-Payments	9	5,836,093,957	6,379,664,646
Cash and Cash Equivalents	10	240,797,401	137,636,107
Total Assets		24,768,785,616	12,826,035,366
EQUITY AND LIABILITIES			
Shareholders' Equity			
Issued Share Capital	11	1,654,795,800	942,372,510
Capital Reserve	12	3,830,304,800	3,554,680,320
Retained Earnings		10,071,599,896	4,063,050,045
Non-Current Liabilities			
Long Term Loans - Net off Current Maturity	13	620,519,630	933,871,808
Current Liabilities			
Long Term Loans - Current Maturity	14	546,413,611	474,135,300
Short Term Loan	15	859,403,704	2,500,000,000
Trade and Other Payables	16	7,185,748,175	357,925,383
Total Equity and Liabilities		24,768,785,616	12,826,035,366
Net Assets Value Per Share		93.86	90.84

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

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



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Iqbal Ahmed
Director

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011



M. J. ABEDIN & CO
Chartered Accountants

BANGLADESH EXPORT IMPORT COMPANY LIMITED

Statement of Comprehensive Income
For the year ended 31 December 2010

	Notes	Amount in Taka	
		2010	2009
Revenue	17	16,596,874,713	3,666,996,027
Cost of Revenue	18	(9,157,057,882)	(221,745,355)
Gross Profit		7,439,816,831	3,445,250,672
Operating Expense		(137,791,047)	(106,413,685)
Administrative Expenses	19	(119,617,899)	(102,871,557)
Selling and Distribution Expenses		(18,173,148)	(3,542,128)
Profit from Operations		7,302,025,784	3,338,836,987
Finance Cost	20	(352,885,857)	(118,027,271)
Net Profit before tax		6,949,139,927	3,220,809,716
Income Tax Expenses	21	(320,041,656)	(12,181,325)
Net Profit after tax for the year		6,629,098,271	3,208,628,391
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		6,629,098,271	3,208,628,391
EPS (Par Value of Share Tk. 10/=) (Adjusted EPS of 2009)	22	40.82	20.53

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

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



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Iqbal Ahmed
Director

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011



M. J. ABEDIN & CO
Chartered Accountants

BANGLADESH EXPORT IMPORT COMPANY LIMITED

Statement of Changes in Equity
For the year ended 31 December 2010

Amount in Taka

	Share Capital	Capital Reserve	Retained Earnings	Total Equity
Balance as on 31 December 2009	942,372,510	3,554,680,320	4,063,050,045	8,560,102,875
Total Comprehensive Income for 2010				
Profit for the year	-	-	6,629,098,271	6,629,098,271
Other Comprehensive Income	-	-	-	-
Transaction with Share Holders:				
Issue of Share Capital on acquisition of Dhaka Shanghai Ceramics Ltd.	91,874,870	-	-	91,874,870
Sub Total	1,034,247,380	3,554,680,320	10,692,148,316	15,281,076,016
Issue of Bonus Shares for the prior year (2009)	620,548,420	-	(620,548,420)	-
Surplus on acquisition of Dhaka-Shanghai Ceramics Ltd.	-	275,624,480	-	275,624,480
Total as at 31 December 2010	1,654,795,800	3,830,304,800	10,071,599,896	15,556,700,496

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

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

A S F Rahman
Chairman

Salman F Rahman
Vice Chairman

Iqbal Ahmed
Director

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011

M. J. ABEDIN & CO
Chartered Accountants

BANGLADESH EXPORT IMPORT COMPANY LIMITED

Statement of Cash Flows
For the year ended 31 December 2010

	Amount in Taka	
	2010	2009
Cash Flows From Operating Activities:	432,101,786	237,218,148
Cash Received against Revenues and Others	7,203,364,159	5,584,950,728
Cash paid to Suppliers and Others	(6,771,262,373)	(5,347,732,580)
Cash Flows From Investing Activities:	(15,588,314)	(5,596,124)
Purchase of Property, Plant and Equipment	(15,588,314)	(5,596,124)
Cash Flows From Financing Activities:	(313,352,178)	(118,159,898)
Long Term Loan	(313,352,178)	(118,159,898)
Increase/(Decrease) in Cash and Cash Equivalents	103,161,294	113,462,126
Cash and Cash Equivalents at the beginning of the year	137,636,107	24,173,981
Cash and Cash Equivalents at the end of the year	240,797,401	137,636,107
Net Operating Cash Flow Per Share	2.61	2.52

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

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



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Iqbal Ahmed
Director

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011



M. J. ABEDIN & CO
Chartered Accountants

BANGLADESH EXPORT IMPORT COMPANY LIMITED

Notes to the Financial Statements
As at and for the year ended 31 December 2010

1. 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.

2. 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 of bone mill (in 1977 and 1988) 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 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 statement of financial position as at the end of the year 2010;
- a statement of comprehensive income for the year 2010;
- a statement of changes in equity for the year 2010;
- a statement of cash flows for the year 2010; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

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

Name of the Accounting Standards	Ref. No.	Status of Application
First-time adoption of Bangladesh Financial Reporting Standards	IFRS/BFRS-1	Not Applicable
Share-based Payment	IFRS/BFRS-2	Not Applicable
Business Combinations	IFRS/BFRS-3	Not Applicable
Insurance Contracts	IFRS/BFRS-4	Not Applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS/BFRS-5	Not Applicable
Exploration for and Evaluation of Mineral Resources	IFRS/BFRS-6	Not Applicable
Financial Instruments: Disclosures	IFRS/BFRS-7	Applicable
Operating Segments	IFRS/BFRS-8	Applicable
Presentation of Financial Statement	IAS/BAS-1	Applicable
Inventories	IAS/BAS-2	Applicable
Statement of Cash Flows	IAS/BAS-7	Applicable
Accounting Policies, Changes in Accounting Estimates and Errors	IAS/BAS-8	Applicable
Events after the Reporting Period	IAS/BAS-10	Applicable

Construction Contracts	IAS/BAS-11	Not Applicable
Income Taxes	IAS/BAS-12	Applicable
Property, Plant and Equipment	IAS/BAS-16	Applicable
Leases	IAS/BAS-17	Applicable
Revenue	IAS/BAS-18	Applicable
Employee Benefits	IAS/BAS-19	Applicable
Accounting for Government Grants and Disclosure of Government Assistance	IAS/BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS/BAS-21	Applicable
Borrowing Costs	IAS/BAS-23	Applicable
Related Party Disclosure	IAS/BAS-24	Applicable
Accounting and Reporting by Retirement Benefit Plans	IAS/BAS-26	Not Applicable
Consolidated and Separate Financial Statement	IAS/BAS-27	Not Applicable
Investment in Associates	IAS/BAS-28	Not Applicable
Interest in Joint Ventures	IAS/BAS-31	Not Applicable
Financial Instruments: Presentation	IAS/BAS-32	Applicable
Earnings per Share	IAS/BAS-33	Applicable
Interim Financial Reporting	IAS/BAS-34	Not Applicable
Impairments of Assets	IAS/BAS-36	Applicable
Provisions, Contingent Liabilities and Contingent Assets	IAS/BAS-37	Applicable
Intangible Assets	IAS/BAS-38	Not Applicable
Financial Instruments: Recognition and Measurement	IAS/BAS-39	Applicable
Investment Property	IAS/BAS-40	Not Applicable
Agriculture	IAS/BAS-41	Not Applicable

2.05 Reporting Period

The financial statements cover one calendar year from 01 January 2010 to 31 December 2010.

2.06 Authorisation for Issue

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

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 have 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 2009.

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 Segmental Reporting

In accordance with the requirements of BAS 14: Segmental Reporting, Information in respect of industry and geographical segments of the company has been disclosed in a separate note.

2.12 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.

2.13 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. 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:

Building and Other Construction	5% - 10%
Plant and Machinery	15%
Furniture, Fixture & Equipment	10% - 15%
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 alongwith 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.

3.06.1 (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.

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 market with cost determined by FIFO (First – in, First – out) method.

3.08 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 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.

3.09 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.

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 (2010)

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 2010 were treated as if they always had been in issue. Hence, in computing the Basic EPS of 2010, the total number of bonus shares has been considered.

Earlier Year (2009)

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 (2009), and accordingly, in calculating the adjusted EPS of 2009, the total number of shares including the subsequent bonus issue in 2010 has been considered as the weighted Average Number of Shares Outstanding during the year 2009.

The basis of computation of number of shares as stated above, is in line with the provisions of BAS 33 Earnings Per Share. The logic behind this basis, as stated in the said BAS is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in 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. Property, Plant and Equipment : Tk. 300,807,148

The details are stated below:

Particulars	Amount in Taka					
	Land and Land Development	Building and other construction	Plant & Machinery	Furniture, Fixture & Equipment	Vehicle	Total
Cost/Valuation :						
At 31 December 2009	198,538,157	64,521,514	278,998,041	168,495,795	22,219,273	732,772,780
Addition in 2010	-	-	2,066,225	6,866,664	6,655,425	15,588,314
At 31 December 2010	198,538,157	64,521,514	281,064,266	175,362,459	28,874,698	748,361,094
Depreciation :						
At 31 December 2009	-	56,997,575	214,004,752	121,961,278	20,298,987	413,262,592
Charged in 2010	-	845,107	14,671,541	21,853,321	(41,114)	37,328,855
At 31 December 2010	-	57,842,682	228,676,293	143,814,599	20,257,873	450,591,447
Carrying Value						
At 31 December 2010	198,538,157	6,678,832	52,387,973	31,547,860	8,616,825	297,769,647
Lease Hold Land	3,037,501	-	-	-	-	3,037,501
Carrying Value						
At 31 December 2010	201,575,658	6,678,832	52,387,973	31,547,860	8,616,825	300,807,148

Details of Revaluation of Fixed Assets of Khulna Bone Mill :

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
Total Increase by re-valuation	3,822,000	1,496,493	1,012,500	20,000	6,350,993
Original Cost	140,000	20,500	16,500	3,000	180,000
Gross carrying amounts	3,962,000	1,516,993	1,029,000	23,000	6,530,993

Disclosure on Revaluation of Property, Plant and Equipment

- (a) The revaluation were done during the years 1977 and 1988, the details of which has been stated in the previous para.
(b) The independent professional valuers were involved in carrying out the said revaluations.

5. Investment in Shares : Tk. 3,398,843,629

This consists of as follows:

(a) In Associated undertakings :

	as at 31-Dec-10	as at 31-Dec-09
(i) In 48,316,273 Shares of Shinepukur Ceramics Ltd. (Subsidiary Company) (Average cost price per share is Tk. 6.43 against face value of Tk. 10.00 {Listed company, Market value Tk. 109.50 per share on 30 December 2010})	310,481,970	310,481,970
(ii) In 29,914,365 Shares of Bextex Ltd.(Average cost price per share is Tk. 20.80 against face value of Tk.10.00)[Listed company, Market value Tk. 76.30 per share on 30 December 2010]	622,311,629	1,372,606,789
(iii) In 1,760,349 Shares of Beximco Pharmaceuticals Ltd. (Average Cost price per share is Tk. 52.79 against face value of Tk. 10.00) {Listed company, Market value Tk. 135.10 per share on 30 December 2010}	92,925,550	2,032,910
(iv) In 11,075 Shares of Tk.100/= each of Beximco Apparels Ltd.	1,107,500	1,107,500
(v) In 10,000 Shares of Tk.100/= each of Beximco Engineering Ltd.	1,000,000	1,000,000
(vi) In 49,000 Shares of Tk.100/= each of Gammatech Ltd.	4,900,000	4,900,000
(vii) In 856,819 Shares of Tk.100/= each of International Hotel Holdings Ltd.	85,681,900	85,681,900
(viii) In 20,000 Shares of Tk.100/= each of International Cements Ltd.	2,000,000	2,000,000
(ix) In 40,000 Shares of Tk.100/= each of Shinepukur Hotels Ltd.	4,000,000	4,000,000
(x) In 250,000 Shares of Tk.10/= each of Beximco Zenith Ltd.	2,500,000	2,500,000
	1,126,908,549	1,786,311,069

	Amount in Taka	
	as at 31-Dec-10	as at 31-Dec-09
(b) Others		
(i) In 29,998,000 Shares of Tk.10/= each of GMG Airlines Ltd.	299,980,000	300,000,000
(ii) In 10,000,000 Shares of Tk.160/= each against face value of Tk. 10.00 each of Unique Hotel & Resort Ltd.	1,600,000,000	-
(iii) In 61,749,948 Shares of Dhaka Shanghai Ceramics Ltd.	367,499,480	-
(iv) In 456,945 Shares of Central Depository Bangladesh Ltd. (Average cost price per share is Tk. 9.67 against face value of Tk. 10.00)	4,416,700	1,000,000
(v) In 1,944 Shares of Investment Corporation of Bangladesh (Average cost price per share is Tk. 20/= against face value of Tk. 100.00) {Listed company, Market value Tk. 4,219.50 per share on 30 December 2010}	38,900	38,900
	2,271,935,080	301,038,900
Total (a + b)	3,398,843,629	2,087,349,969

Disclosure in Respect of Subsidiary Company Under Section 186 of The Companies Act 1994

- (a) Investment in subsidiary company Shinepukur Ceramics Ltd. of 48,316,273 No. of shares represents 50.00% of the paid-up capital of the said Company (96,632,568 shares of Tk. 10/ each). The accumulated profit of Shinepukur Ceramics Ltd. as on 31 December 2010 of Tk. 411,348,221 including net profit after tax for the year ended 31 December 2010 of Tk. 253,247,371 as per its audited financial statements for the year ended 31 December, 2010 is being carried forward to the next year's accounts of the said subsidiary company and has not been dealt with in or for the purpose of the accounts of Bangladesh Export Import Company Limited.
- (b) Investment in subsidiary company Dhaka-Shanghai Ceramics Ltd. of 61,749,948 No. of shares represents 100% of the paid-up capital of the said Company (61,750,000 shares of Tk. 10/ each). The accumulated profit of Dhaka-Shanghai Ceramics Ltd. as on 30-06-2009 of Tk. 60,052,345 including net profit after tax for the year ended 30 June 2009 of Tk.112,762,802 as per its audited financial statements for the year ended 30 June 2009 is being carried forward to the next year's accounts of the said subsidiary company and has not been dealt with in or for the purpose of the accounts of Bangladesh Export Import Company Limited. The audit for the year ended 30 June 2010 has not yet been completed by the company.

6. Long Term Loan : Tk. 485,689,185

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 2010 as mutually agreed upon.

7. Inventories : Tk. 3,438,885,111

This consists of as follows:

	as at 31-Dec-10	as at 31-Dec-09
Land	2,699,395,577	1,847,732,087
Land Development and Others	190,582,362	206,675,164
Work-in-Progress	450,704,589	429,618,602
Fish	84,832,980	85,579,321
Fish Feed	2,383,875	2,135,757
Stores and Spares	7,031,600	7,136,435
PIN Mailers	155,161	167,002
Jute Yarn	3,798,967	3,124,674
	3,438,885,111	2,582,169,042

8. Trade and Other Receivables : Tk. 11,043,175,494

This is unsecured but considered good.

9. Advances, Deposits and Pre-payments : Tk. 5,836,093,957

This consists of as follows:

Advance Income Tax	12,066,146	30,183,682
Security Deposit	4,113,296	35,488,839
Lease Deposit	7,801,220	27,218,128
Bank Guarantee Margin	285,409	285,409
Advances against Purchase of Land, software and Others	5,811,827,886	6,263,231,800
London Branch	-	23,256,788
	5,836,093,957	6,379,664,646

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 : Tk. 240,797,401

This consist of as follows:

	<i>Amount in Taka</i>	
	as at 31-Dec-10	as at 31-Dec-09
Cash in Hand	2,452,035	5,720,902
In Current Account with banks	156,092,780	109,900,248
In STD Account with banks	81,210,406	20,986,838
In Fixed Deposit and Accrued Interest thereon with a Bank	977,216	911,909
London Branch	64,964	116,210
	240,797,401	137,636,107

11. Issued Share Capital : Tk. 1,654,795,800**(a) Authorised**500,000,000 Ordinary Shares of Tk. 10/-each **5,000,000,000** **1,000,000,000****(b) Issued, Subscribed and Paid-up**4,000,000 Ordinary Shares of Tk.10/-each fully paid-up in cash 40,000,000 40,000,000105,112,254 Ordinary Shares of Tk.10/-each issued as fully paid-up bonus shares 1,051,122,540 430,574,12022,019,999 Ordinary Shares of Tk.10/-each issued in exchange for acquisition of shares of Shinepukur Ceramics Ltd. 220,199,990 220,199,99012,600,000 Ordinary Shares of Tk.10/-each issued to the shareholders of Shinepukur Holdings Ltd. 126,000,000 126,000,000650,000 Ordinary Shares of Tk.10/-each issued to the shareholders of Beximco Fisheries Ltd. 6,500,000 6,500,00011,909,840 Ordinary Shares of Tk.10/-each issued to the shareholders of Bangladesh Online Ltd. 119,098,400 119,098,4009,187,487 Ordinary Shares of Tk.10/-each issued to the shareholders of Dhaka-Shanghai Ceramics Ltd. 91,874,870 -**Total 165,479,580 Shares of Tk. 10/= each** **1,654,795,800** **942,372,510****(c) Composition of Shareholding**

	2010		2009	
	No. of Shares	%	No. of Shares	%
Sponsor :				
1. A S F Rahman	8,499,736	5.14%	5,312,335	5.64%
2. Salman F Rahman	8,250,577	4.99%	5,156,611	5.47%
Associates	5,169,584	3.12%	9,566,370	10.15%
Foreign Investors	17,042,942	10.30%	10,651,899	11.30%
General Public & Financial Institutions	126,516,741	76.45%	63,550,036	67.44%
	165,479,580	100.00	94,237,251	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	31-Dec-10 Number of			31-Dec-09 Number of		
	Shares	holders	% of total holders	Shares	holders	% of total holders
1 to 499	11,010,424	67,684	69.39%	4,601,213	37,311	4.88%
500 to 5,000	34,355,921	27,784	28.49%	12,002,996	9,565	12.74%
5,001 to 10,000	8,555,536	1,169	1.20%	3,444,546	477	3.66%
10,001 to 20,000	6,612,357	461	0.47%	3,153,599	216	3.35%
20,001 to 30,000	3,254,683	131	0.13%	1,997,149	79	2.12%
30,001 to 40,000	2,064,307	59	0.06%	1,556,509	44	1.65%
40,001 to 50,000	2,200,155	49	0.05%	963,925	21	1.02%
50,001 to 100,000	5,802,312	78	0.08%	3,207,142	44	3.40%
100,001 to 1,000,000	27,859,355	105	0.11%	20,552,739	54	21.81%
Over 1,000,000	63,764,530	20	0.02%	42,757,433	14	45.37%
Total	165,479,580	97,540	100.00	94,237,251	47,825	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. 311.50 and Tk. 312.60 per share in the Dhaka and Chittagong Stock Exchanges on 30 December 2010.

(g) **Voting rights**

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

12. **Capital Reserve : Tk. 3,830,304,800**

This consists of as follows:

As on 01 January 2010

Surplus on Acquisition of Dhaka-Shanghai Ceramics Ltd. in 2010

	as at 31-Dec-10	Amount in Taka as at 31-Dec-09
	3,554,680,320	3,044,749,284
	275,624,480	509,931,036
	<u>3,830,304,800</u>	<u>3,554,680,320</u>

13. **Long Term Loans - Net off Current Maturity (Secured) : Tk. 620,519,630**

This is secured and consists of as follows:

Consortium Loan

Term Loan (FLIL)

Lease Obligation

	547,106,854	833,050,972
	13,478,340	17,521,543
	59,934,436	83,299,293
	<u>620,519,630</u>	<u>933,871,808</u>

Consortium loan represents term loan received under the consortium of Sonali Bank Ltd. (Lead Bank), Janata Bank and Rupali Bank Ltd.

Term loan (FLIL) represents amount received from First Lease International Ltd.

Nature of Security of Loans

Consortium loan is secured against 1st (legal mortgage) charge on pari passu basis with the participating banks on 84 acrs of land at Gazipur & Gulshan, personal guarantees of Directors, corporate guarantees and mortgage of shares worth Taka 15 crore of associated undertakings.

Term Loan (FLIL) is secured against registered mortgage of project property consisting of 64 Flats with car parking space in 2 (two) 9 (nine) storied building constructed on 16 khata land at Senpara Parbata, Mirpur & personal guarantee of Directors.

Terms of Repayment:

Consortium Loan

Sonali Bank and Rupali Bank: In thirty six quarterly equal installments with effect from January, 2004

Janata Bank: In thirty six equal installments with effect from January, 2004

Term Loan (FLIL): In 72 monthly equal installments with effect from January, 2004

Rate of Interest:

Consortium Loan: 16% per annum payable and chargeable at quarterly rest. This however, may vary following changes in the bank's policies.

Term Loan (FLIL): 20% per annum.

14. **Long Term Loans - Current Maturity (Secured) : Tk. 546,413,611**

This is secured and consists of as follows:

Consortium Loan

Term Loan (FLIL)

10% Debentures

Lease Obligation

	as at 31-Dec-10	as at 31-Dec-09
	389,191,735	311,353,388
	11,527,840	11,527,840
	71,135,222	82,278,405
	74,558,814	68,975,667
	<u>546,413,611</u>	<u>474,135,300</u>

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

15. **Short Term Loan : Tk. 859,403,704**

This represents the company's temporary loan from Beximco Pharmaceuticals Ltd., carrying interest @ 14% per annum, computed on day's product basis. This loan is repayable as and when required by the lender.

16. **Trade and Other Payables : Tk. 7,185,748,175**

This is made-up as follows:

Bank Overdraft

Creditors for Goods

Provision for Income Tax

Other Current Liabilities

London Branch

	as at 31-Dec-10	as at 31-Dec-09
	116,377,407	142,399,160
	6,689,999,963	130,232,756
	320,041,656	25,705,561
	6,309,089	5,267,741
	53,020,060	54,320,165
	<u>7,185,748,175</u>	<u>357,925,383</u>

17. Revenue : Tk. 16,596,874,713

This is made-up as follows:

	for the year 2010	for the year 2009
Sale of Goods (Note-17.01)	13,801,393,001	262,435,412
Dividend Income	129,578	42,837,871
Exchange Gain/(Loss) (Net)	1,325,904	(26,047)
Capital Gain on Sale of Shares	2,792,083,160	3,360,607,457
Commission and Other Income	1,943,070	1,141,334
	16,596,874,713	3,666,996,027

17.01 Sale of Goods : Tk. 13,801,393,001

This represents sales of:

(a) Internet Service and Software	160,246,571	153,941,799
(b) Software Export	1,075,841,309	-
(c) Fish	1,832,178,695	13,351,256
(d) Shrimp	2,378,393,734	-
(e) Salt	62,502,911	-
(f) Yarn	8,183,880,705	-
	13,693,043,925	167,293,055
(g) Jute Yarn and Ceramic products (Beximco USA)	108,349,076	95,142,357
	13,801,393,001	262,435,412

18. Cost of Revenue : Tk. 9,157,057,882

This represents cost of goods sold against sale of:

(a) Internet Service and Software	124,789,576	123,937,374
(b) Other Expenses on Software Export	101,230,538	-
(c) Shrimp, Fish and Salt	2,043,318,125	10,738,058
(d) Yarn	6,783,880,705	-
	9,053,218,944	134,675,432
(e) Jute Yarn and Ceramic products (Beximco USA)	103,838,938	87,069,923
	9,157,057,882	221,745,355

19. Administrative Expenses : Tk. 119,617,899

This consists of:

Salaries and Allowances	37,682,424	27,416,381
Staff Welfare	1,482,066	3,577,391
Postage, Telegram, Telex & Telephone	2,869,297	2,672,152
Publicity and Advertisement	900,641	564,470
Petrol, Fuel, Electricity, Gas and Water	3,495,629	2,278,614
Printing and Stationery	5,822,862	4,015,952
Car Repairs and Maintenance	3,254,682	3,022,413
Local Travel	11,065	106,423
Travelling and Conveyance	1,590,032	1,340,418
Repair and Maintenance	4,803,293	3,987,506
Fees and Charges	6,277,115	2,198,867
Entertainment	1,149,793	1,841,816
Rent Rates and Taxes	9,358,960	6,834,099
Subscription	3,901,592	939,701
Audit Fee	418,000	300,000
Tender Document	35,000	14,000
Insurance	675,444	433,720
AGM Expenses	244,845	3,683,115
Contribution to Provident Fund	219,760	191,220
Miscellaneous Overhead	864,789	1,135,364
Depreciation	14,055,161	13,365,790
CDBL Charges	2,927,630	2,633,493
Loss on Sale & Lease back of Assets	12,246,846	12,246,846
London Branch Expenses	5,330,973	8,071,806
	119,617,899	102,871,557

20. Finance Cost : Tk. 352,885,857

This consists of as follows:

Interest on Loan from Related Companies (Net)
 Interest on Loan from Banks and Others
 Lease Interest
 Other Interest Income
 London Branch Expenses

	Amount in Taka	
	for the year 2010	for the year 2009
	200,204,368	29,806,554
	120,937,491	45,227,781
	31,753,896	42,959,967
	(202,292)	(139,682)
	192,394	172,651
	352,885,857	118,027,271

21. Income Tax Expenses : Tk. 320,041,656

This represents:

Current Tax Provision for the year
 Tax Rebate
Current Year's Tax
 Short/(Excess) provision for the year 2009/2008
 London Branch

	364,471,058	8,517,163
	(36,447,106)	-
	328,023,952	8,517,163
	(7,982,296)	3,500,321
	-	163,841
	320,041,656	12,181,325

22. Basic Earnings per Share (EPS)

The computation of EPS is given below :

(a) Net Profit after Tax for the year
 (b) Weighted average Number of Shares in issue(Note-3.13)
 (c) Basic EPS (a/b) (Par Value of Share Tk. 10/=) (Adjusted EPS of 2009)

	6,629,098,271	3,208,628,391
	162,417,084	156,292,093
	40.82	20.53

23. Segmental Reporting

	Bangladesh Operation	London Operation	USA Operation	TOTAL
Revenue:				
Internet Services and Software Sale	160,246,571	-	-	160,246,571
Software Export	1,075,841,309			1,075,841,309
Fish	1,832,178,695	-	-	1,832,178,695
Shrimp	2,378,393,734	-	-	2,378,393,734
Salt	62,502,911	-	-	62,502,911
Sale of Yarn	8,183,880,705	-	-	8,183,880,705
Sale of Jute Yarn and Ceramic products	-		108,349,076	108,349,076
Dividend Income	129,578	-	-	129,578
Exchange Gain/(Loss)	1,325,904	-	-	1,325,904
Commission and Other Income	1,943,070	-	-	1,943,070
Capital Gain on Sale of Shares	2,792,083,160	-	-	2,792,083,160
Total Revenue	16,488,525,637	-	108,349,076	16,596,874,713
Less: Cost of Revenue	(9,053,218,944)	-	(103,838,938)	(9,157,057,882)
Gross Operating Profit	7,435,306,693	-	4,510,138	7,439,816,831
Less: Administrative Expenses	(114,286,926)	(910,747)	(4,420,226)	(119,617,899)
Selling and Distribution Expenses	(18,173,148)	-	-	(18,173,148)
Interest Expenses	(352,693,463)	(158,405)	(33,989)	(352,885,857)
Net Profit/(Loss) before tax	6,950,153,156	(1,069,152)	55,923	6,949,139,927
Income Tax Expenses	(320,041,656)	-	-	(320,041,656)
Net Profit after Tax	6,630,111,500	(1,069,152)	55,923	6,629,098,271

24. Related Party Transactions**Amount in Taka**

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	Receivable/ (Payable) at the end of the year
Bextex Ltd.	Investment in Shares	-	622,311,629
Beximco Pharmaceuticals Ltd.	Investment in Shares	-	92,925,550
Beximco Pharmaceuticals Ltd.	Short Term Loan	1,640,596,296	(859,403,704)
Beximco Pharmaceuticals Ltd.	Interest Expenses	246,300,055	-
Beximco Apparels Ltd.	Investment in Shares	-	1,107,500
Beximco Engineering Ltd.	Investment in Shares	-	1,000,000
Gammatech Ltd.	Investment in Shares	-	4,900,000
Shinepukur Ceramics Ltd	Investment in Shares	-	310,481,970
Shinepukur Ceramics Ltd	Long Term Loan	312,868,559	485,689,185
Shinepukur Ceramics Ltd	Interest Income	46,095,687	-
International Hotel Holdings Ltd.	Investment in Shares	-	85,681,900
International Cements Ltd.	Investment in Shares	-	2,000,000
Shinepukur Hotels Ltd	Investment in Shares	-	4,000,000
Beximco Zenith Ltd.	Investment in Shares	-	2,500,000

Nature of Relationship

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

25. Contingent Liabilities

There was no sum for which the Company is contingently liable as on 31 December 2010.

26. Capital Expenditure Commitment

- (a) There was no capital expenditure contracted but not incurred or provided for at 31 December 2010.
 (b) There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2010.

27. Claims Not Acknowledged As Debt

There was no claim against the Company not acknowledge as debt as on 31 December 2010.

28. Credit Facility Not Availed

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

29. 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.

30. Commission, Brokerage or Discount Against Sales

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

31. Payments/Perquisites to Directors/Officers

- (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 :	for the year 2010	for the year 2009
Basic Salary	14,096,089	9,579,280
House rent allowance	5,946,604	3,244,592
Other allowances and benefits	1,160,083	740,728
	21,202,776	13,564,600

- (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.

32. 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

32.01 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.

32.02 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.

32.03 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

The company is exposed to currency risk on certain revenue from foreign customers.

(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.

33. Events after the Reporting Period

The board of directors recommended 50% stock dividend which is subject to shareholders' approval at the forthcoming annual general meeting.



A S F Rahman
Chairman



Salman F Rahman
Vice Chairman



Iqbal Ahmed
Director

Dated, Dhaka
28 April 2011

Auditors' Report and Audited Financial Statements

of

SHINEPUKUR CERAMICS LIMITED

as at and for the year ended 31 December 2010

Auditors' Report
To The Shareholders of
SHINEPUKUR CERAMICS LIMITED

Introduction

We have audited the accompanying financial statements of **Shinepukur Ceramics Limited** which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as at 31 December 2010, and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- (c) the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account) dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the company's business.

Dated, Dhaka
28 April 2011



M. J. ABEDIN & CO
Chartered Accountants

SHINEPUKUR CERAMICS LIMITED

Statement of Financial Position
as at 31 December 2010

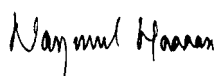
	Notes	Amount in Taka	
		31-Dec-10	31-Dec-09
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	2,886,465,234	2,889,104,937
Investment in Shares	5	262,285,884	262,285,884
Capital Work in Progress		340,375,803	172,820,626
Current Assets			
Inventories	6	845,195,056	858,674,654
Accounts & Other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

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

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



Salman F. Rahman
Vice-Chairman




Nazmul Hassan
Managing Director



Md. Luthfor Rahman
General Manager

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011



M. J. ABEDIN & CO
Chartered Accountants

SHINEPUKUR CERAMICS LIMITED

Statement of Comprehensive Income
for the year ended 31 December 2010

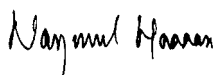
	Notes	Amount in Taka	
		2010	2009
Revenue	19	1,926,745,719	1,695,710,571
Cost of Goods Sold	20	(1,267,648,737)	(1,136,510,173)
Gross Profit		659,096,982	559,200,398
Operating Expenses		(88,993,320)	(87,971,260)
Administrative Expenses	21	(38,611,923)	(38,302,865)
Selling Expenses	22	(50,381,397)	(49,668,395)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

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

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



Salman F. Rahman
Vice-Chairman



Nazmul Hassan
Managing Director



Md. Luthfor Rahman
General Manager

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011



M. J. ABEDIN & CO
Chartered Accountants

SHINEPUKUR CERAMICS LIMITED

Statement of Changes In Equity
for the year ended 31 December 2010

Amount in Taka

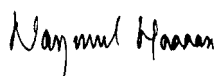
	Share Capital	Revaluation Surplus	Retained Earnings	Total Equity
Balance as on 31 December 2009	840,283,200	1,354,284,953	284,143,330	2,478,711,483
Total Comprehensive Income for 2010:				
Profit for the year	-	-	253,247,371	253,247,371
Other Comprehensive Income			-	-
Transaction with Shareholders: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

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

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



Salman F. Rahman
Vice-Chairman



Nazmul Hassan
Managing Director



Md. Luthfor Rahman
General Manager

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011



M. J. ABEDIN & CO
Chartered Accountants

SHINEPUKUR CERAMICS LIMITED

Statement of Cash Flows
for the year ended 31 December 2010

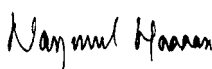
	Amount in Taka	
	2010	2009
Cash Flows From Operating Activities:		
Collections from turnover and other income	1,810,813,275	1,582,158,075
Payments for costs, expenses & others	(1,417,186,680)	(1,142,884,344)
Interest Paid	(197,793,786)	(200,313,511)
Income-Tax paid and / or deducted at sources	(66,573,115)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

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

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



Salman F. Rahman
Vice-Chairman



Nazmul Hassan
Managing Director



Md. Luthfor Rahman
General Manager

As per our separate report of even date annexed.

Dated, Dhaka
28 April 2011



M. J. ABEDIN & CO
Chartered Accountants

SHINEPUKUR CERAMICS LIMITED

Notes to the Financial Statements
as at and for the year ended 31 December 2010

1. The background and activities of the Company

1.1 Status of the Company

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

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

1.2 Principal Activities

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

2. Bases of Financial Statement – Its Preparation and Presentation

2.1 Measurement Bases

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

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

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

2.2 Reporting Framework and Compliance thereof

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

2.3 Presentation of Financial Statements

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

The Financial Statements Comprises:

- a statement of financial position as at the end of the year 2010;
- a statement of comprehensive income for the year 2010;
- a statement of changes in equity for the year 2010;
- a statement of cash flows for the year 2010; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

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

Name of the Accounting Standards	Ref. No.	Status of Application
First-time adoption of Bangladesh Financial Reporting Standards	IFRS/BFRS-1	Not Applicable
Share-based Payment	IFRS/BFRS-2	Not Applicable
Business Combinations	IFRS/BFRS-3	Not Applicable
Insurance Contracts	IFRS/BFRS-4	Not Applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS/BFRS-5	Not Applicable
Exploration for and Evaluation of Mineral Resources	IFRS/BFRS-6	Not Applicable
Financial Instruments: Disclosures	IFRS/BFRS-7	Applicable
Operating Segments	IFRS/BFRS-8	Not Applicable
Presentation of Financial Statement	IAS/BAS-1	Applicable
Inventories	IAS/BAS-2	Applicable
Statement Cash Flows	IAS/BAS-7	Applicable
Accounting Policies, Changes in Accounting Estimates and Errors	IAS/BAS-8	Applicable
Events after the Reporting Period	IAS/BAS-10	Applicable
Construction Contracts	IAS/BAS-11	Not Applicable

Income Taxes	IAS/BAS-12	Applicable
Property, Plant and Equipment	IAS/BAS-16	Applicable
Leases	IAS/BAS-17	Applicable
Revenue	IAS/BAS-18	Applicable
Employee Benefits	IAS/BAS-19	Applicable
Accounting for Government Grants and Disclosure of Government Assistance	IAS/BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS/BAS-21	Applicable
Borrowing Costs	IAS/BAS-23	Applicable
Related Party Disclosure	IAS/BAS-24	Applicable
Accounting and Reporting by Retirement Benefit Plans	IAS/BAS-26	Not Applicable
Consolidated and Separate Financial Statement	IAS/BAS-27	Not Applicable
Investments in Associates	IAS/BAS-28	Not Applicable
Interests in Joint Ventures	IAS/BAS-31	Not Applicable
Financial Instruments: Presentation	IAS/BAS-32	Applicable
Earnings per Share	IAS/BAS-33	Applicable
Interim Financial Reporting	IAS/BAS-34	Not Applicable
Impairments of Assets	IAS/BAS-36	Applicable
Provisions, Contingent Liabilities and Contingent Assets	IAS/BAS-37	Applicable
Intangible Assets	IAS/BAS-38	Not Applicable
Financial Instruments: Recognition and Measurement	IAS/BAS-39	Applicable
Investment Property	IAS/BAS-40	Not Applicable
Agriculture	IAS/BAS-41	Not Applicable

2.5 Reporting Period

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

2.6 Authorisation for Issue

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

2.7 Functional and Presentation Currency

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

2.8 Comparative Information

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

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

2.9 Use of Estimates and Judgments

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

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

3. Significant Accounting Policies

3.1 Revenue Recognition

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

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

3.2.1 Property, Plant and Equipment

3.2.1 Recognition and Measurement

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

3.2.2 Pre-Operating Expenses and Borrowing Costs

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

3.2.3 Subsequent Expenditure

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

3.2.4 Software

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

3.2.5 Disposal of Fixed Assets

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

3.2.6 Depreciation on Fixed Assets

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

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

3.3 Leased Assets

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

3.4 Financial Instruments

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

3.4.1 Financial assets

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

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

3.4.1 (a) Accounts Receivable

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

(b) Advances and Deposits

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

Deposits are measured at payment value.

(c) Cash and Cash Equivalents

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

(d) Investment in Shares

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

3.4.2 Financial Liability

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

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

3.5 Impairment

(a) Financial Assets

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

(b) Non-Financial Assets

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

3.6 Inventories

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

3.7 Provisions

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

3.8 Income Tax Expenses

Current Tax

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

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

Deferred Tax

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

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

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

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

3.9 Interest Income

Interest Income is recognized on accrual basis

3.10 Borrowing Costs

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

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

3.11 Employee Benefits

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

The company's employee benefits include the following:

(a) Defined Contribution Plan (Provident Fund)

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

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

(b) Defined Benefits Plan (Gratuity)

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

(c) Short-term Employee Benefits

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

(d) Contribution to Workers' Participation/Welfare Funds

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

(e) Group Insurance Scheme

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

3.12 Proposed Dividend

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

3.13 Earnings per Share

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

Basic Earnings (Numerator)

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

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

Current Year (2010)

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

Earlier Year (2009)

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

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

Diluted Earnings per Share

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

3.14 Foreign Currency Transactions

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

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

3.15 Segmental Reporting

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

3.16 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the requirements of BAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules,

1987 and as encouraged by BAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.17 Events after the Reporting Period

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

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

Amount in Taka

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

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

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

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

- Independent professional valuer, M/S G.K.Adjusters Ltd.(Insurance Surveyors, Loss Adjusters, Controllers, Consultants and Valuers) of Chand Mansion (5th floor), 66, Dilkusha Commercial Area, was involved to carry out the said revaluation.
- SF Ahmed & Co, Chartered Accountants and valuers have revalued the lands, buildings and plant & machinery of the Company as of 31 December 2008, following "current cost method". Such revaluation resulted in a revaluation surplus aggregating Tk. 1,161,818,681.

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

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

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

- In 4,518 Shares of Beximco Synthetics Ltd. (Average cost price per share is Tk.262.43 against face value of Tk.100.00)[Market value as on 30.12.10 Tk. 514.75]
- In 9,448,840 Shares of Bextex Ltd. (Average cost price per share is Tk.27.63 against face value of Tk.10.00)[Market value as on 30.12.10 Tk. 76.30]

	<i>Amount in Taka</i>	
	as at 31-Dec-10	as at 31-Dec-09
	1,185,680	1,185,680
	261,100,204	261,100,204
	262,285,884	262,285,884

6. Inventories : Tk. 845,195,056

This represents as follows:

Raw Material & Chemical
 Finished Goods
 Work-In- Process
 Stores & Spares
 Packing Material

	Amount in Taka	
	as at 31-Dec-10	as at 31-Dec-09
	324,497,027	327,976,606
	200,152,708	215,961,579
	174,729,359	176,073,235
	96,431,802	93,355,438
	49,384,160	45,307,796
	845,195,056	858,674,654

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

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

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

No amount was due by any associated undertaking.

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

This is considered good and consists of as follows:

Advances and Prepayments
 Deposits

	260,598,180	62,942,145
	18,175,661	19,240,125
	278,773,841	82,182,270

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

L/C-Margin
 Suppliers
 Income Tax (Note -8.1)
 Trade Fair
 Employees (other than officers)
 Advance against Construction
 Marketing Expenses
 L/C-Insurance
 L/C- Commission
 Advance Travel
 Show Room

	53,226,809	24,986,224
	12,130,461	11,579,936
	29,071,279	11,335,968
	4,158,156	6,977,155
	448,798	144,198
	145,313,382	-
	8,714,661	4,934,742
	2,300,146	1,530,511
	3,506,768	697,923
	827,720	442,988
	900,000	312,500
	260,598,180	62,942,145

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

No amount was due by any associated undertaking.

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

The break -up of deposits is as follows:

Bank Guarantee Margin
 Security Deposit
 Lease Deposit
 VAT Deposit

	2,755,718	2,755,718
	10,519,402	10,247,402
	3,518,794	3,700,134
	1,381,747	2,536,871
	18,175,661	19,240,125

8.1 Advance Income Tax Paid : Tk. 29,071,279

This has been arrived at :

Opening Balance
 Paid / Deducted during the year under review

	11,335,968	12,874,835
	17,735,311	11,335,968
	29,071,279	24,210,803

Adjustment made during the year under review

	-	(12,874,835)
	29,071,279	11,335,968

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

This consists of :

(a) In Hand

	9,177,954	3,888,119
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(b) At Banks in :

	25,979,685	14,523,351
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(i) Current Deposit

	20,418,739	10,852,085
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(ii) STD

	5,052,954	3,163,274
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(iii) FDR

	507,992	507,992
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	35,157,639	18,411,470
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10. Share Capital : Tk. 966,325,680

This represents :

(a) Authorised :

500,000,000 Ordinary Shares of Tk.10/-each

(b) Issued, subscribed and paid -up:

66,060,000 Ordinary Shares of Tk.10/-each fully paid-up in cash

17,968,320 Ordinary Shares of Tk.10/-each fully paid-up bonus shares

12,604,248 Ordinary Shares of Tk.10/-each fully paid-up bonus shares**96,632,568****Amount in Taka**

	as at 31-Dec-10	as at 31-Dec-09
	5,000,000,000	5,000,000,000
	660,600,000	660,600,000
	179,683,200	179,683,200
	126,042,480	-
	966,325,680	840,283,200

(c) Statement of Share Position**Name of the Shareholders**

Bangladesh Export Import Co.Ltd
Directors & Associates
ICB including ICB investors Account
General Public and Institutions

	31-Dec-10		31-Dec-09	
No. Of Shares	Holding %	No. Of Shares	Holding %	
48,316,273	50.00	42,014,151	50.00	
7	-	7	-	
2,514,270	2.60	2,183,160	2.60	
45,802,018	47.40	39,831,002	47.40	
96,632,568	100.00	84,028,320	100.00	

(d) Distribution Schedule:**Share holdings**

Less than 500 shares
500 to 5,000 shares
5,001 to 10,000 shares
10,001 to 20,000 shares
20,001 to 30,000 shares
30,001 to 40,000 shares
40,001 to 50,000 shares
50,001 to 100,000 shares
100,001 to 1,000,000 shares
Over 1,000,000 shares

	No. of Shareholders	No. of Shares	Holding %
	15,847	1,941,826	2.01
	7,360	10,133,587	10.49
	476	3,620,211	3.75
	234	3,444,984	3.57
	81	2,052,205	2.12
	43	1,509,917	1.56
	22	1,015,947	1.05
	56	4,104,659	4.25
	47	10,723,035	11.10
	6	58,086,197	60.11
	24,172	96,632,568	100

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

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

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

This represents loans from :

Foreign Currency Loan :

Marubeni Corporation (in 2009 J.Yen 144,000,000)

Local Currency Loans :

Sonali Bank Ltd. - PAD Blocked Loan

Sonali Bank Ltd. - Project Loan

Sonali Bank Ltd. - CC Blocked Loan

First Lease International Ltd.

Southeast Bank Ltd. - Term Loan

	as at 31-Dec-10	as at 31-Dec-09
	-	109,598,400
	131,404,703	156,089,248
	157,432,561	186,495,071
	15,941,240	23,910,632
	-	964,721
	124,364,625	-
	429,143,129	367,459,672
	429,143,129	477,058,072

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

Nature of Security :

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

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

Terms of Repayment :**Marubeni Corporation :**

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

IPDC :

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

Sonali Bank Project Loan :

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

Sonali Bank PAD Blocked Loan :

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

Sonali Bank CC Blocked Loan :

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

Rate of Interest :**Marubeni Corporation :**

Japanese long term prime rate(LTPR) +3.0% p.a.

Sonali Bank Project Loan :

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

Sonali Bank PAD Block Loan :

14% p.a. or the lending rate applicable from time to time based on Bank rate / policy.

Sonali Bank CC Blocked Loan : Interest Free**13. Long Term Loan (Unsecured) : Tk. 485,689,185**

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

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

	as at 31-Dec-10	Amount in Taka as at 31-Dec-09
14. Deferred Tax Liability : Tk. 13,892,058		
This is arrived at as follows:		
Opening Balance	12,654,931	11,029,742
Provided during the year (Note - 24)	1,237,127	1,625,189
	13,892,058	12,654,931
15. Short Term Loan From Banks (Secured) : Tk. 955,808,744		
This consists of as follows:		
Sonali Bank Ltd. - CC (H)	541,401,159	528,869,521
Bank Asia Ltd. Over Draft	257,160,938	252,774,184
Sonali Bank Ltd. - LTR	97,317,506	81,139,551
Southeast Bank Ltd. - LTR	59,929,141	54,820,598
	955,808,744	917,603,854
16. Long Term Loan (Secured) (Current Maturity) : Tk. 243,718,941		
This consists of as follows:		
Foreign Currency Loans :	163,565,395	328,795,200
Marubeni Corporation (J.Yen 185,764,219) (in 2009 J.Yen 432,000,000)	163,565,395	328,795,200
Local Currency Loans :	80,153,546	58,133,429
Sonali Bank Ltd. - PAD Blocked	24,290,734	23,301,692
Sonali Bank Ltd. - Project	25,913,181	23,463,853
Sonali Bank Ltd. - CC Blocked	7,905,658	9,359,370
First Lease International Ltd.	1,224,407	2,008,514
Southeast Bank Ltd. - Term Loan	20,819,566	-
	243,718,941	386,928,629
17. Creditors, Accruals and Other Payables: TK. 166,416,040		
This consists of as follows:		
L/C & Others	-	4,325,400
Creditors for Goods	8,239,003	6,274,374
Security Deposit	3,145,000	4,665,000
Outstanding Export Commission	3,847,097	3,110,797
Employees' Provident Fund	4,001,866	3,548,589
Workers' Profit Participation Fund	38,232,894	22,979,190
Tax deducted at source	450,805	707,881
Bank Interest due	53,305,191	8,495,404
Salary & Wages	21,565,678	19,088,921
Gas & Electricity	33,319,506	28,440,523
Audit Fees	300,000	250,000
Provision of Legal Fees	9,000	9,000
	166,416,040	101,895,079

		Amount in Taka	
		as at 31-Dec-10	as at 31-Dec-09
18.	Income Tax Payable : Tk. 99,100,046		
	This is arrived at as follows :		
	Opening Balance	97,348,263	61,193,304
	Add: Tax provided in the period (Note - 24)	50,589,587	75,189,526
		147,937,850	136,382,830
	Less: Adjustments (Note-8.1)	-	(12,874,835)
	Less: Tax paid	(48,837,804)	(26,159,732)
		99,100,046	97,348,263
19.	Revenue (Turnover) From Net Sale : Tk. 1,926,745,719	for the year 2010	for the year 2009
	This is made up as follows :		
	A. Local Gross Sales	423,347,985	358,818,015
	Value Added Tax	(55,219,299)	(46,802,347)
	Commission	(28,594,649)	(25,414,509)
	Net Local Sales	339,534,037	286,601,159
	B. Export Sales Less : Freight, C&F and Others Charges	1,567,749,633	1,386,693,669
	C. Duty Drawback	19,462,049	22,415,743
	Net Sales (A+B+C)	1,926,745,719	1,695,710,571
20.	Cost of Goods Sold : Tk. 1,267,648,737		
	This is arrived at as follows:		
	Opening WIP	176,073,235	159,342,294
	Raw Material Issued (Note- 20.1)	714,454,162	662,688,445
	Material available for consumption	890,527,397	822,030,739
	Closing WIP	(174,729,359)	(176,073,235)
	Consumption	715,798,038	645,957,504
	Manufacturing Overhead (Note-20.2)	538,072,719	493,759,589
	Cost of Production	1,253,870,757	1,139,717,093
	Opening Finished Goods	215,961,579	213,823,346
	Cost of Goods Available for Sale	1,469,832,336	1,353,540,439
	Closing Finished Goods	(200,152,708)	(215,961,579)
	Cost of Free Distribution of Sample	(2,030,891)	(1,068,687)
		1,267,648,737	1,136,510,173
20.1.	Raw Material Issued :Tk. 714,454,162		
	This is arrived at as follows:		
	Opening Stock of Raw Material	327,976,606	324,729,313
	Purchase of Raw Material	710,974,583	665,935,738
		1,038,951,189	990,665,051
	Closing Stock of Raw Material	(324,497,027)	(327,976,606)
		714,454,162	662,688,445
20.2.	Manufacturing Overhead : TK. 538,072,719		
	This consists of as follows :		
	Depreciation	95,825,033	96,122,579
	Salaries ,Wages,etc	208,314,062	168,269,571
	Power & Fuel	78,801,831	71,372,921
	Packing Materials	61,808,031	58,476,899
	Consumable Store & Spares	58,246,939	60,320,843
	Transport Expenses	12,835,467	16,255,136
	Office Expenses	5,331,807	5,438,144
	Welfare Expenses	6,267,219	7,347,148
	Insurance Expenses	3,283,001	3,296,113
	Communication Expenses	511,197	488,883
	Occupancy Expenses	236,177	229,403
	Travelling & Conveyance	1,403,080	1,228,977
	Handling & Carrying Expenses	826,356	617,857
	Repairs & Maintenance	3,948,371	3,887,254
	Legal & Prof. Expenses	434,148	407,861
		538,072,719	493,759,589

	Amount in Taka	
	for the year 2010	for the year 2009
21. Administrative Expenses : TK. 38,611,923		
This consists of as follows :		
Depreciation	10,857,494	7,109,318
Salaries & Allowances	11,991,809	7,743,628
Welfare Expenses	2,165,280	4,065,837
Office Expenses	3,031,368	4,015,908
Transport Expenses	2,420,164	2,788,224
Legal Fees, Prof. & Others Fees	771,410	2,054,188
AGM Expenses	1,202,513	3,421,558
Communication Expenses	591,860	542,187
Occupancy Expenses	1,280,100	1,775,397
Travelling & Conveyance Expenses	2,442,559	3,915,632
Utilities Expenses	542,109	443,243
Repairs & Maintenance	91,600	102,260
Audit Fees	300,000	250,000
General Expenses	59,315	75,485
Loss on Disposal of Fixed Assets	864,342	-
	38,611,923	38,302,865
22. Selling & Distribution Expenses : TK. 50,381,397		
This consists of as follows :		
Promotional Expenses	19,382,522	20,091,729
Salaries & Allowances	14,148,676	11,114,584
Advertising & Publicity	1,278,953	795,033
Occupancy Expenses	3,582,140	3,503,840
Office Expenses	5,307,042	5,418,299
Transport Expenses	1,413,937	1,405,669
Travelling & Conveyance Expenses	1,463,508	3,253,603
Welfare Expenses	1,309,553	1,629,715
Communication Expenses	799,969	549,273
Utilities Expenses	628,591	501,816
Show Room Expenses	320,284	291,192
Handling & Carrying Expenses	244,296	226,613
Repairs & Maintenance	61,750	94,024
Legal & Professional Fees	380,167	601,355
General Expenses	17,890	12,870
Product Research	42,119	178,780
	50,381,397	49,668,395
23. Finance Cost : Tk. 249,775,873		
This consists of as follows :		
Interest on Loan from Banks & Others	196,743,033	201,203,299
Interest on Long Term Loan from a Related Party	46,095,687	1,357,830
Other Income (Bank Interest)	(235,147)	(88,960)
Bank Commission & Charges	7,172,300	7,110,987
	249,775,873	209,583,156
24. Income Tax Expenses : TK. 51,826,714		
This represents:		
(a) Current Tax		
Tax for the year under review	50,589,587	41,217,204
Short/(Excess) Provision of Earlier Year	-	33,972,322
For the Year 2008	-	30,625,356
For the Year 2007	-	3,346,966
Current Tax	50,589,587	75,189,526
(b) Deferred Tax	1,237,127	1,625,189
	51,826,714	76,814,715

25. Earning Per Share (EPS):	<i>Amount in Taka</i>	
	for the year 2010	for the year 2009
(a) Earning Attributable to the Ordinary Shareholders (Net Profit After Tax)	253,247,371	172,371,934
(b) Weighted Average number of Ordinary Shares outstanding during the year (Note 3.13)	96,632,568	96,632,568
(c) EPS (Adjusted EPS of 2009) (a/b)	2.62	1.78

26. **Payments / Perquisites to Directors and Officers**

(a) **Directors**

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

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

(b) **Officers**

Managerial Remuneration	33,531,778	29,422,054
Bonus	5,309,198	4,659,335
Perquisites		
Housing	14,219,187	12,093,558
Medical	2,271,334	1,975,073
Transport	757,338	658,555
	56,088,835	48,808,575

27. **Production Capacity and Actual Production in the Year 2010**

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

Reason for shortfall : Production as per market demand.

28. **Capital Expenditure Commitment**

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

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

29. **Contingent Liabilities**

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

30. **Claims not Acknowledged**

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

31. **Credit Facilities not Availed**

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

32. **Commission, Brokerage or Discount Against Sales**

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

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

33. **Related Party Disclosure**

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

34. **Financial Risk Management**

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

Credit risk
Liquidity risk
Market risk

Credit Risk

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

Liquidity Risk

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

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

Market Risk

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

(a) Currency Risk

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

(b) Interest Rate Risk

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

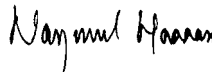
35. Events after the Reporting Period

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



Salman F. Rahman
Vice-Chairman

Dated, Dhaka
28 April 2011



Nazmul Hassan
Managing Director



Md. Luthfor Rahman
General Manager

DHAKA-SHANGHAI CERAMICS LIMITED

Auditors' Report & Statement of Audited Accounts

For Period of 6 Months Ended December 31, 2010

AUDITORS' REPORT
**TO THE SHAREHOLDERS
OF
DHAKA-SHANGHAI CERAMICS LIMITED**

We have audited the accompanying Balance Sheet of the **Dhaka-Shanghai Ceramics Limited** as of December 31, 2010 and the related Income Statement of 6 months for the period from July 1, 2010 to December 31, 2010, Statement of changes in Equity and Statement of Cash Flows for the period then ended. These Financial Statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as of December 31, 2010 and of the results of its operations and its cash flows for the period then ended and comply with the applicable sections of the Companies Act 1994, other applicable laws and regulations.

We also report that :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- (c) the company's balance sheet and income statements dealt with by the report are in agreement with the books of account;
- (d) the expenditure incurred was for the purposes of the company's business.

Dhaka
28 April 2011


M.J.ABEDIN & CO.
Chartered Accountants

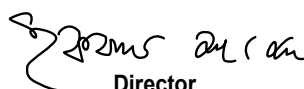
DHAKA-SHANGHAI CERAMICS LIMITED

Balance Sheet
as at December 31, 2010

Particulars	Notes	31.12.2010	30.06.2010
		Amount in Tk.	Amount in Tk.
A NON-CURRENT ASSETS		1,374,492,983	1,148,292,937
Property, Plant & Equipment	9	1,316,842,357	1,090,642,311
Investment in Shares	10	57,650,626	57,650,626
B CURRENT ASSETS		464,440,426	450,394,102
Inventories	11	122,884,654	133,771,176
Accounts Receivable	12	166,135,909	151,904,804
Advance, Deposits & Pre-Payments	13	154,291,162	144,114,132
Cash & Cash Equivalents	14	21,128,701	20,603,990
C CURRENT LIABILITIES & PROVISIONS		330,723,793	357,574,171
Accounts Payable	15	7,305,817	12,231,207
Accrued Expenses	16	17,446,707	17,337,615
Other Payables	17	216,584,544	188,169,096
Short Term Bank Loan		-	43,978,965
Long Term Bank Loans (Current Portion)	18	89,386,725	95,857,288
D NET CURRENT ASSETS (B-C)		133,716,633	92,819,931
E NET ASSETS (A+D)		1,508,209,616	1,241,112,868
F SHAREHOLDERS' EQUITY		1,479,359,802	1,184,759,030
Share Capital	19	617,500,000	367,500,000
Retained Earnings		152,046,248	120,312,214
Revaluation Surplus		567,870,782	567,870,782
Reserve for Tax Holiday	20	141,942,771	129,076,034
G LONG TERM BANK LOANS	21	28,849,814	56,353,838
Sonali Bank		28,849,814	39,924,414
The City Bank Ltd.		-	16,429,424
H LIABILITIES & SAHREHOLDERS' EQUITY (F+G)		1,508,209,616	1,241,112,868
I Net Asset Value Per Share (NAVPS)		23.96	32.24



General Manager



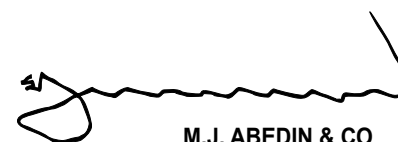
Director



Managing Director

This is the Balance Sheet referred to in our report of even date annexed.

Dhaka
Dated: 28 April 2011



M.J. ABEDIN & CO
Chartered Accountants

DHAKA-SHANGHAI CERAMICS LIMITED

Income Statement

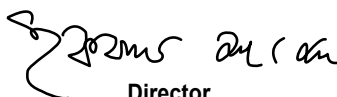
for 6 Months Period Ended 31 December 2010

Particulars	Notes	Tax-holiday Period 01.07.10 to 30.09.10	Taxable Period 01.10.10 to 31.12.10	Total (6 months ended 31.12.2010)
		Amount in Tk.	Amount in Tk.	Amount in Tk.
A Net Sales Revenue	22	139,547,355	93,198,237	232,745,592
B Cost of Goods Sold	23	90,008,044	57,404,101	147,412,145
C Gross Profit (A-B)		49,539,311	35,794,136	85,333,447
D Operating Expenses		11,272,584	11,322,584	22,595,167
Office & Administrative Expenses	24	4,968,941	4,988,941	9,957,882
Marketing & Distribution Expenses	25	6,303,643	6,333,643	12,637,285
E Operating Profit (C-D)		38,266,728	24,471,552	62,738,280
Financial Expenses	26	(6,132,800)	(4,920,024)	(11,052,824)
Non Operating Income	27	32,916	342,757	375,673
F Net Profit Before Tax (E+F)		32,166,844	19,894,285	52,061,129
G Provision for Income Tax	28		(7,460,357)	(7,460,357)
H Net Profit After Tax (F-G)		32,166,844	12,433,928	44,600,772
I Reserve for Tax Holiday	29	(12,866,737)		(12,866,737)
J Net Profit Transferred to Statement of Changes in Equity		19,300,106	12,433,928	31,734,034
K Basic Earning Per Share	30			0.72

The accounting policies and explanatory notes form an integral part of the Financial Statements.



General Manager



Director



Managing Director

This is the Income Statement referred to in our report of even date annexed.

Dhaka
Dated: 28 April 2011



M.J. ABEDIN & CO
Chartered Accountants

DHAKA-SHANGHAI CERAMICS LIMITED

Statement of Changes in Equity For the period ended December 31, 2010

(Amount in Taka)

Particulars	Share Capital	Tax Holiday Reserve	Retained Earnings	Revaluation Surplus	Total
Balance at July 1, 2010	367,500,000	129,076,034	120,312,214	567,870,782	1,184,759,030
Net Profit for the period	-	-	44,600,772	-	44,600,772
Transferred to Tax Holiday Reserve	-	12,866,737	(12,866,737)	-	-
Subscription of shares during the period	250,000,000	-	-	-	250,000,000
Balance at December 31, 2010	617,500,000	141,942,771	152,046,248	567,870,782	1,479,359,802

The accounting policies and explanatory notes form an integral part of the Financial Statements.



General Manager



Director



Managing Director

This is the Statement of Changes in Equity referred to in our even dated report to the shareholders.

Dhaka
Dated: 28 April 2011



M.J. ABEDIN & CO.
Chartered Accountants

DHAKA-SHANGHAI CERAMICS LIMITED

Cash Flow Statement

For 6 months period ended December 31, 2010

(Figures in Tk.)

Particulars	31.12.2010	2009-2010
A. CASH FLOWS FROM OPERATING ACTIVITIES:	68,767,425	166,008,357
Net Profit After Interest and Income Taxes	52,061,129	100,321,520
Depreciation	14,089,117	20,279,911
(Increase)/Decrease in provision for taxation	(7,460,357)	-
(Increase)/Decrease in Inventories	10,886,522	11,543,111
(Increase)/Decrease in Accounts Receivables	(14,231,105)	(5,949,770)
Increase/(Decrease) in Accounts Payable	(4,925,390)	5,348,335
(Increase)/Decrease in Advance, Deposits & Pre-Payments	(10,177,030)	(13,101,615)
Increase/(Decrease) in Accrued Expenses	109,092	887,152
Increase/(Decrease) in Other Payable	28,415,448	46,679,715
B. CASH FLOWS FROM INVESTING ACTIVITIES:	(240,289,162)	(4,567,509)
(Increase)/Decrease in Acquisition Fixed Assets	(240,289,162)	(4,567,509)
(Increase)/Decrease in Investment in Shares	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES:	172,046,448	(145,408,328)
Increase/(Decrease) in Share Capital	250,000,000	-
Increase/(Decrease) in Short Term Loan	(43,978,965)	(74,292,922)
Increase/(Decrease) in Long Term Bank Loan (Current Portion)	(6,470,563)	(13,848,713)
Increase/(Decrease) in Long Term Bank Loan	(27,504,024)	(57,266,693)
D. Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	524,711	16,032,520
E. Cash & cash equivalents at the beginning of the year	20,603,990	4,571,470
F. Cash & cash equivalents at the end of the year (D+E)	21,128,701	20,603,990

The accounting policies and explanatory notes form an integral part of the Financial Statements.



General Manager



Director



Managing Director

This is the Cash Flow Statement referred to in our even dated report to the shareholders.

Dhaka
Dated: 28 April 2011



M.J. ABEDIN & CO.
Chartered Accountants

DHAKA-SHANGHAI CERAMICS LIMITED

Accounting Policies and Explanatory Notes

For period of 6 months ended December 31, 2010

1. Corporate History of the Reporting Entity

Dhaka-Shanghai Ceramics Limited (The Company) was incorporated in Bangladesh on December 23, 2004 as a Private Limited Company under The Companies Act, 1994.

The principal office of business of the company is situated at BSEC Bhaban (Level-4), 102, Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka-1212 and factory is located at Gohail Bari, BKSP, Zirani Bazar, Savar, Dhaka.

2. Corporate Business

The Company owns and operates modern Ceramic wares factory and produces high quality homogenous tiles products and sells them in the local markets.

3. Corporate Financial Statements and Reportings

This comprises Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, notes and explanatory materials covering accounting policies.

This is prepared under the historical cost convention except land being revalued, and in accordance with the requirements of the Companies Act, 1994 and the Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as well as those standards, disclosures recommended by BASs and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards (BASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at the date of the reporting period. Due to the inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

4. Going Concern

The company has adequate resources to continue in operation for the foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

5. Events after balance sheet date

In compliance with the requirements of BAS 10: Events After the Balance Sheet Date, 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.

6. Functional and Presentational (Reporting) Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the companys' functional currency. All financial information presented have been rounded off to the nerest Taka except where indicated otherwise.

Figures in brackets indicated deductions.

7. Comparative Information and Rearrangement Thereof

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

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

8. Principal Accounting Policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements":

8.01. Recognition of Tangible Fixed Assets

These are capitalized at cost of acquisition except land being revalued, and subsequently stated at cost/valuation less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. 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.

There is no intangible asset and the fixed assets do not include any assets held under lease.

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

8.02. Depreciation of Tangible Fixed Assets

No depreciation is charged on Land & Land development. Depreciation on all other fixed assets is computed using the reducing balance method so as to write off the assets over their expected useful life.

Full year's depreciation has been charged on additions irrespective of the date when the related assets are put into use and no depreciation is charged on retirement, irrespective of date of retirement.

8.03 Revenue Recognition

Revenue are Recognised when goods are delivered from the factory godown and delivery Challan is issued as per BAS-18.

8.04. Inventories

Inventories comprises of raw materials, Work-in-Process, Finished goods, Stores & Spares and materials-in-transit. Raw materials and Stores and Spares have been valued at average cost. Materials-in-transit have been valued at cost incurred up to the date of Balance Sheet. Work-in-Process have been valued at prime cost basis as required by BAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at the lower of cost and net realizable value basis.

8.05 Income Tax

Tax Holiday

The company is enjoying Tax Holiday for four years since 1st October 2006 to 30th September 2010 and therefore Reserve For Tax Holiday has been made on the Business Income @ 40% as per section 46A of the Income Tax Ordinance, 1984.

8.06 Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was insignificant risk of changes in value of the same.

8.07 Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with BAS-7 "Cash Flow Statement" and the cash flows from the operating activities have been presented under indirect method.

8.08 Investments in Securities

The Investment in marketable shares are valued at lower of actual cost and market price.

8.09 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

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

The basis of computation of number of shares is in line with the provisions of BAS-33 : Earnings Per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

9. PROPERTY, PLANT & EQUIPMENT : TK. 1,316,842,357

The break-up of the amount is given below:

Amount in Taka

Particulars	Cost					Rate of Dep. (%)	Depreciation			Written down value as on 31-12-2010	Written down value as on 30-06-2010
	Balance as on 01-07-10	Revaluation Surplus	Total	Addition during the period	Balance as on 31-12-10		Balance as on 01-07-10	Charged during the Period	Balance as on 31-12-10		
Land & Land Development	88,019,218	567,870,782	655,890,000	50,205,745	706,095,745	-	-	-	-	706,095,745	655,890,000
Building	128,016,659		128,016,659	18,083,250	146,099,909	2.5%	12,009,261	1,676,133	13,685,394	132,414,515	116,007,398
Boundary	2,430,606		2,430,606	11,223,225	13,653,831	2.5%	70,406	169,793	240,199	13,413,632	2,360,200
Electrification	12,780,605		12,780,605	202,784	12,983,389	5%	2,352,454	265,773	2,618,227	10,365,162	10,428,151
Plant & Machinery	330,860,944		330,860,944	107,829,500	438,690,444	5%	61,052,648	9,440,945	70,493,593	368,196,851	269,808,296
Deep Tube-well	1,196,463		1,196,463	5,997,000	7,193,463	5%	220,892	174,314	395,206	6,798,257	975,571
Gas Line Installation	4,857,535		4,857,535	305,670	5,163,205	5%	788,107	109,377	897,484	4,265,721	4,069,428
Substation	3,609,740		3,609,740		3,609,740	5%	669,584	73,504	743,088	2,866,652	2,940,156
Materials Sheds	-		-	6,010,325	6,010,325	5%	-	150,258	150,258	5,860,067	-
Factory Floor & Drain	-		-	37,405,675	37,405,675	5%	-	935,142	935,142	36,470,533	-
Factory Equipment & Tools	21,528,054		21,528,054	600,585	22,128,639	5%	3,505,541	465,577	3,971,118	18,157,521	18,022,513
Telephone, Fax & PABX	398,656		398,656		398,656	10%	135,070	13,179	148,249	250,407	263,586
Office Decoration	2,438,810		2,438,810	600,565	3,039,375	10%	838,707	110,033	948,740	2,090,635	1,600,103
Air Condition	1,210,211		1,210,211	500,790	1,711,001	10%	379,583	66,571	446,154	1,264,847	830,628
Computer & DVD	1,133,606		1,133,606	670,308	1,803,914	10%	366,347	71,878	438,225	1,365,689	767,259
Office Equipment	575,319		575,319	250,240	825,559	10%	154,874	33,534	188,408	637,151	420,445
Furniture & Fixture	1,491,563		1,491,563	403,500	1,895,063	10%	405,179	74,494	479,673	1,415,390	1,086,384
Car & Vehicles	7,509,937		7,509,937		7,509,937	10%	2,337,743	258,610	2,596,353	4,913,584	5,172,194
Total	608,057,926	567,870,782	1,175,928,708	240,289,162	1,416,217,870		85,286,396	14,089,117	99,375,513	1,316,842,357	1,090,642,312

Allocation of Depreciation:**Amount in Taka**

Manufacturing Overhead :	31.12.2010	30.06.2010	Office & Administrative Overhead :	31.12.2010	30.06.2010
Building & Boundary	1,845,926	3,035,067	Telephone, Fax & PABX	13,179	29,287
Electrification	265,773	548,850	Office Decoration	110,033	177,789
Plant & Machinery	9,440,945	14,200,437	Air Condition	66,571	92,292
Deep Tube-well	174,314	51,346	Computer & DVD	71,878	85,251
Gas Line Installation	109,377	214,180	Office Equipment	33,534	46,716
Substation	73,504	154,745	Furniture & Fixture	74,494	120,709
Materials Sheds	150,258	-	Car & Vehicles	258,610	574,688
Factory Floor & Drain	935,142	-			
Factory Equipment & Tools	465,577	948,553			
Total	13,460,817	19,153,178	Total	628,300	1,126,733

10. Investment in Shares : Tk. 57,650,626

The break-up of the amount is given below:

Name	No. of Shares	31.12.2010	30.06.2010
Power Grid	150	40,364	40,364
IFIC Bank	116,949	57,610,262	57,610,262
Total	117,099	57,650,626	57,650,626

11. Inventories : Tk. 122,884,654

The break-up of the amount is given below:

Raw Materials (Note-25.01)	107,869,452	106,967,433
Packing Materials (Note-25.02)	2,248,625	1,721,223
Spares & Accessories (Note-25.03)	5,271,780	1,054,022
Finished Goods (Note-25.06)	7,494,797	24,028,498
Total	122,884,654	133,771,176

12. Accounts Receivables : Tk. 166,135,909

The break-up of the amount is given below:

Opening Balance	151,904,804	145,955,034
Add : Sales During the Year	307,806,045	575,001,026
Total	459,710,849	720,956,060
Less : Collection During the Year	293,574,940	569,051,256
Closing Balance	166,135,909	151,904,804

13. Advance, Deposits & Pre-Payments: Tk. 154,291,162

The break-up of the amount is given below:

Advance Income Tax	9,725,662	8,545,175
Supplementary Duty	453,349	3,336,901
VAT Current A/C (Note-13.01)	3,190,397	6,330,198
Advance against Local Purchase (Note-13.02)	109,942,922	81,381,445
Advance Against L/C	25,813,834	39,355,415
Security Deposit (Note-13.03)	4,452,588	4,452,588
B/G Margin	712,410	712,410
Total	154,291,162	144,114,132

13.01 VAT Current A/C : Tk. 3,190,397

The break-up of the amount is given below:

Opening Balance	6,330,198	2,560,913
Add : VAT Paid on Purchase During the Year	5,308,134	19,216,150
VAT Paid Against Gas Bill	3,213,518	2,858,973
VAT Paid through Mushak Challan	8,200,000	23,550,000
Total VAT Paid	23,051,850	48,186,036
Less : VAT Adjusted as per VAT Return	19,861,453	41,855,838
VAT Current A/C	3,190,397	6,330,198

13.02 Advance against Local Purchase : Tk. 109,942,922

The break-up of the amount is given below:

Opening Balance	81,381,445	80,054,521
Add: Advance Payment During the Year	38,600,000	21,186,454
Total	119,981,445	101,240,975
Less : Adjusted During the Year	10,038,523	19,859,530
Closing Balance	109,942,922	81,381,445

		Amount in Taka	
		31.12.2010	30.06.2010
13.03	Security Deposit : Tk. 4,452,588		
	The break-up of the amount is given below:		
	Ansar Office	205,097	205,097
	Dhaka Palli Bidyut Samity	557,325	557,325
	T & T	78,000	78,000
	Titas Gas	3,612,166	3,612,166
	Total	4,452,588	4,452,588
14.	Cash & Cash Equivalents : Tk. 21,128,701		
	The break-up of the amount is given below:		
	Cash in Hand (Note-14.01)	3,392,863	2,632,157
	Cash at Bank (Note-14.02)	17,735,838	17,971,833
	Total	21,128,701	20,603,990
14.01	Cash in Hand : Tk. 3,392,863		
	The break-up of the amount is given below:		
	Balance in Central Cash	3,048,642	1,416,957
	Balance in Petty Cash (Factory)	344,221	1,215,200
	Total	3,392,863	2,632,157
14.02	Cash at Bank : Tk. 17,735,838		
	The break-up of the amount is given below:		
	Bank Name	31.12.2010	30.06.2010
	Branch Name		
	Islami Bank Bangladesh Ltd.	4,679,762	2,332,807
	IFIC Bank Ltd.	2,161,654	3,240,942
	Bank Asia	1,821,201	2,390,500
	Dhaka Bank Ltd.	3,502,242	6,183,018
	Eastern Bank Ltd.	4,307,662	2,392,515
	Sonali Bank	80,018	80,018
	The City Bank Ltd.	1,183,299	1,352,033
	Total	17,735,838	17,971,833
15.	Accounts Payable : Tk. 7,305,817		
	The break-up of the amount is given below:		
	Opening Balance	12,231,207	6,882,872
	Add : Purchase During the Year	59,695,207	150,044,319
	Total	71,926,414	156,927,191
	Less : Payment During the Year	64,620,597	144,695,984
	Closing Balance	7,305,817	12,231,207
16.	Accrued Expenses : Tk. 17,446,707		
	The break-up of the amount is given below:		
	Audit Fee	200,000	100,000
	Office rent	127,188	-
	Sales Commission Payable	3,708,306	7,099,509
	WASA Charges	20,552	20,300
	Gas Charges	5,322,974	9,718,975
	Provision for income Tax	7,460,357	-
	Telephone Charges	79,216	87,009
	Electricity Charges	528,114	311,822
	Total	17,446,707	17,337,615
17.	Other Payables : Tk. 216,584,544		
	The break-up of the amount is given below:		
	Other Liabilities	204,367,690	166,252,242
	Advance against sales	12,216,854	21,916,854
	Total	216,584,544	188,169,096
18.	Long Term Bank Loans (Current Portion) : Tk. 89,386,725		
	Current portion of Long Term Bank Loan has been shown under the head Current Liabilities which is payable within December-2011.		
19.	Share Capital : Tk. 617,500,000		
19.01	Authorised Capital :		
	100,000,000 ordinary shares of tk. 10/- each	1,000,000,000	1,000,000,000

19.02 Issued, Subscribed, Called-up & Paid-up Capital : Tk. 617,500,000

61,750,000 ordinary shares of tk. 10/- each
 Paid-up in cash
 Paid-up in other than cash

	Amount in Taka	
	31.12.2010	30.06.2010
	617,500,000	367,500,000
	565,070,000	315,070,000
	52,430,000	52,430,000

19.03 Allotment Other Than Cash

The Company allotted 524,300 Shares of tk. 100/- each in favour of Foreign Investment worth Tk. 52,430,000/- against Fixed Assets as Plant & Machinery to Mr. Guan Huo Jin, as per the section 151 of the Companies Act., 1994 pursuant to an agreement signed between the Company and Mr. Guan Huo Jin, which shares have subsequently been transferred.

The Shareholding position of the Company are as under :

Name	No. of Shares	Percentages (%)	Amount (Tk.)
Mr. Iqbal Ahmed	1	0.00	10
Mr. O.K. Chowdhury	1	0.00	10
Mr. Nazmul Hassan	1	0.00	10
Mr. Mohammad Lutfar Rahman	1	0.00	10
Mr. M.A. Qasem	1	0.00	10
Beximco Holdings Ltd	47	0.00	470
Bangladesh Export Import Co. Ltd	61,749,948	100.00	617,499,480
Total	61,750,000	100.00	617,500,000

20. Reserve for Taxholiday : Tk.141,942,771

This is arrived at as follows:

Opening Balance	129,076,034
Add: Provided during the year (Note-29)	12,866,737
	141,942,771

21. Long Term Bank Loan : Tk. 28,849,814

The break-up of the amount is given below:

	Sonali Bank	City Bank	Total
Balance as on 31.12.2010	57,865,814	60,370,725	118,236,539
Less : Current Portion which has been shown in Current Liabilities	29,016,000	60,370,725	89,386,725
Taka	28,849,814	-	28,849,814

21.01 Nature of Security of Loans :

Sonali Bank Ltd : Fully secured by first charge on the fixed assets of the Company and personal guarantee of the Directors.

City Bank Ltd.: Fully secured by first charge on the fixed assets of the Company and personal guarantee of the Directors.

21.02 Terms of Repayment :

Sonali Bank Ltd. : The principal amount of Loan is refundable in quarterly installments @ Tk. 7,223,000/- upto 30.06.2008 and Tk. 7,031,000/- from 30.09.2008 per installment and the interest amount is refundable in equated yearly installments @ Tk. 1,205,000/- upto 30.06.2008 and Tk. 892,000/- from 30.06.2008 per year.

City Bank Ltd.: The Loan is refundable in equated monthly installments @ Tk. 4,609,744/- per installment.

21.03 Interest on Bank Loan:

Bank interest on the above loan has been charged in the Income Statement as Financial Expenses.

Sonali Bank: 12.50% p.a. with Quarterly rests subject to revision from time to time.

City Bank Ltd.: 13.50% p.a. with Quarterly rests subject to revision from time to time.

21.04 Current portion of the above Loan has been shown under the head Current Liabilities as required by BAS.**22. Net Sales Revenue : Tk. 232,745,592**

Revenue is recognised after deducting VAT & Supplementary duty.

23. Cost of Goods Sold : Tk. 147,412,145

The break-up of the amount is given below:

		Amount in Taka 6 months ended 31.12.2010
Raw materials Consumed	23.01	51,941,435
Packing materials Consumed	23.02	6,324,351
Spares & Accessories Consumed	23.03	6,393,554
Carriage Inward		706,190
Power Cost	23.04	32,451,377
Prime Cost		97,816,907
Add: Manufacturing Overhead	23.05	33,061,537
Cost of Production		130,878,444
Finished Goods (Opening)		24,028,498
Finished Goods (Closing)	23.06	(7,494,797)
Cost of Goods Sold		147,412,145

		Amount in Taka	
		6 Months ended	
		31.12.2010	
23.01	Raw Materials Consumed : Tk. 51,941,435		
	The break-up of the amount is given below:		
	Opening stock		106,967,433
	Add: Purchase : Import	33,339,874	
	Local	<u>19,503,580</u>	52,843,454
	Raw materials available for use		159,810,887
	Less: Closing Stock		107,869,452
	Raw materials Consumed		51,941,435
23.02	Packing Materials Consumed : Tk. 6,324,351		
	The break-up of the amount is given below:		
	Opening stock		1,721,223
	Add: Purchase		6,851,753
	Packing materials available for use		8,572,976
	Less: Closing Stock		2,248,625
	Packing Materials Consumed		6,324,351
23.03	Spares & Accessories Consumed : Tk. 6,393,554		
	The break-up of the amount is given below:		
	Opening stock		1,054,022
	Add: Purchase		10,611,312
	Spares & Accessories available for use		11,665,334
	Less: Closing Stock		5,271,780
	Spares & Accessories Consumed		6,393,554
23.04	Power Cost : Tk. 32,451,377		
	The break-up of the amount is given below:		
	Electricity Charges		2,103,642
	Fuel & Lubricants		2,414,765
	Gas Charges		27,932,970
	Total		32,451,377
23.05	Manufacturing Overhead : Tk. 33,061,537		
	The break-up of the amount is given below:		
	Salary & Allowances: Chinese		-
	Local		13,039,020
	Bonus		2,320,658
	Entertainment		946,670
	Medical Bill		87,724
	Telephone Bill		-
	Printing & Stationery		121,850
	Repairs & Maintenance		3,015,498
	Pay Loader Expenses		69,300
	Depreciation		13,460,817
	Total		33,061,537
23.06	Finished Goods (Closing) : Tk. 7,494,797		
	The break-up of the amount is given below:		
	Opening stock		24,028,498
	Add: Cost of Production		130,878,444
	Cost of Goods available for sale		154,906,942
	Less: Cost of Goods Sold		147,412,145
	Closing Stock		7,494,797

24. Office & Administrative Expenses : Tk. 9,957,882	Amount in Taka 6 Months ended 31.12.2010
The break-up of the amount is given below:	
Salary & Allowances	2,583,843
Directors Remuneration	1,800,000
Car Allowance	2,451,720
Entertainment	280,963
Office Rent	654,072
Mobile Bill	252,670
Telephone Bill	102,550
Internet Bill	57,550
Fees & Charge	171,795
Water Bill	44,443
Electricity Bill	228,321
Postage & Telegram	5,523
Printing & Stationery	258,317
Repairs & Maintenance	337,815
Audit Fee	100,000
Depreciation	628,300
Total	9,957,882
<hr/>	
25. Marketing & Distribution Expenses : Tk. 12,637,285	
The break-up of the amount is given below:	
Salary & Allowances	1,716,250
Conveyance	89,009
Entertainment	96,833
Mobile Bill	145,626
Commission Allowed	8,885,171
Sales Promotion	1,608,797
Printing & Stationery	4,500
Postage & Telegram	6,269
Fuel	29,835
Repairs & Maintenance	54,995
Total	12,637,285
<hr/>	
26. Financial Expenses : Tk. 11,052,824	
The break-up of the amount is given below:	
Bank Charge & Commission	83,827
Interest on Bank Loan	9,204,598
Interest on LTR	1,764,399
Total	11,052,824
<hr/>	
27. Non Operating Income : Tk. 375,673	
The break-up of the amount is given below:	
Interest from STD	113,248
Sale of Scrap	262,425
Total	375,673
<hr/>	
28. Provision for Income Tax : Tk. 7,460,357	
Provision for Income Tax (19,894,285 x 37.5%)	7,460,357
Provision for Income Tax	7,460,357
<hr/>	
29. Reserve for Tax Holiday : Tk. 12,866,737	
Net Profit Before Tax (Tax-holiday Period)	32,166,844
Net Profit for Calculation of Tax Holiday Reserve	32,166,844
Tax Holiday Reserve (32,166,844 X 40%)	12,866,737
<hr/>	
30. Calculation of Basic Earnings Per Share : Tk. 0.72	
Basic Earnings Per Share = $\frac{\text{Net Profit After Tax}}{\text{Number of Ordinary Shares Outstanding during the year}}$	
	= $\frac{44,600,772}{61,750,000}$
	= 0.72

31. CAPITAL EXPENDITURE COMMITMENT

There was no capital expenditure contracted but not incurred or provided for as on 31.12.2010
There was no material capital expenditure authorised by the Board but not contracted for as on 31.12.2010.

32. CONTINGENT LIABILITIES

There was no sum for which the company is contingently liable as on 31.12.2010.

33. CLAIMS NOT ACKNOWLEDGED

There was no claims against the company not acknowledged as debt as on 31.12.2010.

34. CREDIT FACILITIES NOT AVAILED

There was no credit facilities available to the company but not availed of as on 31.12.2010 under any contract other than Trade Credit available in the ordinary course of business.

35. COMMISSION BROKERAGE OR DISCOUNT AGAINST SALES

Selling commission of Tk. 8,885,171/- was incurred during the year. No other commission, brokerage or discount was incurred or paid by the Company against sales during the year.

36. PRODUCTION CAPACITY

Installed Capacity (In Sft.) for the period
Production (In Sft.)
Capacity utilized (%)

31.12.2010

16,500,000
9,450,000
58%


37. EMPLOYEES

Number of employees whose salary was below Tk. 4,000
Number of employees whose salary was above Tk. 4,000

Nil
346



General Manager



Director



Managing Director

Dated: 28 April 2011

DHAKA-SHANGHAI CERAMICS LIMITED

Auditors' Report & Statement of Audited Accounts

For the year ended June 30, 2010

**AUDITORS' REPORT
TO THE SHAREHOLDERS
OF
DHAKA-SHANGHAI CERAMICS LIMITED**

We have audited the accompanying Balance Sheet of the **Dhaka-Shanghai Ceramics Limited** as of June 30, 2010 and the related Income Statement, Statement of changes in Equity and Statement of Cash Flows for the year then ended. These Financial Statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as of June 30, 2010 and of the results of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act 1994, other applicable laws and regulations.

We also report that :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- (c) the company's balance sheet and income statements dealt with by the report are in agreement with the books of account;
- (d) the expenditure incurred was for the purposes of the company's business.

Dhaka
04 October 2010


M.J.ABEDIN & CO.
Chartered Accountants

DHAKA-SHANGHAI CERAMICS LIMITED

Balance Sheet

as at June 30, 2010

Particulars	Notes	30.06.2010	30.06.2009
		Amount in Tk.	Amount in Tk.
A NON-CURRENT ASSETS		1,148,292,937	1,164,005,338
Property, Plant & Equipment	9	1,090,642,311	1,106,354,712
Investment in Shares	10	57,650,626	57,650,626
B CURRENT ASSETS		450,394,102	426,853,308
Inventories	11	133,771,176	145,314,287
Accounts Receivable	12	151,904,804	145,955,034
Advance, Deposits & Pre-Payments	13	144,114,132	131,012,517
Cash & Cash Equivalents	14	20,603,990	4,571,470
C CURRENT LIABILITIES & PROVISIONS		357,574,171	392,800,604
Accounts Payable	15	12,231,207	6,882,872
Accrued Expenses	16	17,337,615	16,450,463
Other Payables	17	188,169,096	141,489,381
Short Term Bank Loan	18	43,978,965	118,271,887
Long Term Bank Loans (Current Portion)	19	95,857,288	109,706,001
D NET CURRENT ASSETS (B-C)		92,819,931	34,052,704
E NET ASSETS (A+D)		1,241,112,868	1,198,058,042
F SHAREHOLDERS' EQUITY		1,184,759,030	1,084,437,511
Share Capital	20	367,500,000	210,000,000
Proposed Bonus Shares		-	157,500,000
Retained Earnings		120,312,214	60,052,345
Revaluation Surplus		567,870,782	567,870,782
Reserve for Tax Holiday	21	129,076,034	89,014,384
G LONG TERM BANK LOANS	22	56,353,838	113,620,531
Sonali Bank		39,924,414	54,450,395
The City Bank Ltd.		16,429,424	59,170,136
H LIABILITIES & SHAREHOLDERS' EQUITY (F+G)		1,241,112,868	1,198,058,042
I Net Asset Value Per Share (NAVPS)		32.24	51.64



General Manager



Director



Managing Director

This is the Balance Sheet referred to in our report of even date annexed.

Dhaka
Dated: 04 October, 2010



M.J. ABEDIN & CO.
Chartered Accountants

DHAKA-SHANGHAI CERAMICS LIMITED

Income Statement

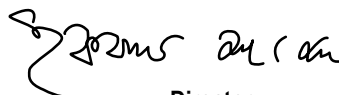
for the Year Ended 30th June 2010

Particulars	Notes	2009-2010	2008-2009
		Amount in Tk.	Amount in Tk.
A Net Sales Revenue	23	454,546,266	447,143,635
B Cost of Goods Sold	24	272,694,323	272,669,210
C Gross Profit (A-B)		181,851,943	174,474,425
D Operating Expenses		35,630,420	30,830,413
Office & Administrative Expenses	25	17,228,327	15,530,566
Marketing & Distribution Expenses	26	18,402,093	15,299,847
E Operating Profit (C-D)		146,221,523	143,644,012
Financial Expenses	27	(47,798,222)	(51,988,909)
Non Operating Income	28	1,898,219	21,108,348
F Net Profit Before Tax (E+F)		100,321,520	112,763,450
G Provision for Income Tax		-	(648)
H Net Profit After Tax (F-G)		100,321,520	112,762,802
I Reserve for Tax Holiday	29	(40,061,650)	(37,375,301)
J Net Profit Transferred to Statement of Changes in Equity		60,259,870	75,387,501
K Basic Earning Per Share (Adjusted EPS of 2009)	30	2.73	3.07

The accounting policies and explanatory notes form an integral part of the Financial Statements.



General Manager



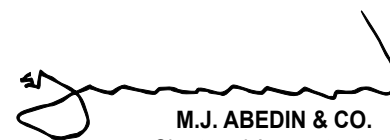
Director



Managing Director

This is the Income Statement referred to in our report of even date annexed.

Dhaka
Dated: 04 October, 2010



M.J. ABEDIN & CO.
Chartered Accountants

DHAKA-SHANGHAI CERAMICS LIMITED

Statement of Changes in Equity

For the year ended June 30, 2010

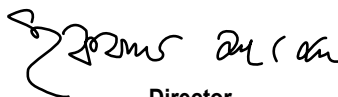
(Amount in Taka)

Particulars	Share Capital	Tax Holiday Reserve	Proposed Bonus Share	Retained Earnings	Revaluation Surplus	Total
For 2009-10						
Balance at July 1, 2009	210,000,000	89,014,384	157,500,000	60,052,344	567,870,782	1,084,437,510
Net Profit for the year	-	-	-	100,321,520	-	100,321,520
Transferred to Tax Holiday Reserve	-	40,061,650	-	(40,061,650)	-	-
Bonus share (2009)	157,500,000	-	(157,500,000)	-	-	-
Balance at June 30, 2010	367,500,000	129,076,034	-	120,312,214	567,870,782	1,184,759,030

The accounting policies and explanatory notes form an integral part of the Financial Statements.



General Manager



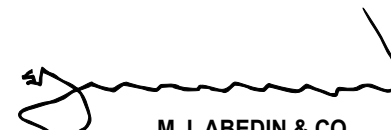
Director



Managing Director

This is the Statement of Changes in Equity referred to in our even dated report to the Shareholders.

Dhaka
Dated: 04 October, 2010



M.J. ABEDIN & CO.
Chartered Accountants

DHAKA-SHANGHAI CERAMICS LIMITED

Cash Flow Statement

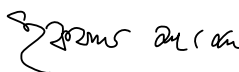
For the year ended June 30, 2010

(Figures in Tk.)

Particulars	2009-2010	2008-2009
A. CASH FLOWS FROM OPERATING ACTIVITIES:	166,008,357	70,289,674
Net Profit After Interest and Income Taxes	100,321,520	112,763,452
Depreciation	20,279,911	21,111,861
(Increase)/ Decrease in provision for taxation	-	(648)
(Increase)/ Decrease in Inventories	11,543,111	(25,418,160)
(Increase)/ Decrease in Accounts Receivables	(5,949,770)	(25,855,822)
Increase/ (Decrease) in Accounts Payable	5,348,335	(7,018,029)
(Increase)/ Decrease in Advance, Deposits & Pre-Payments	(13,101,615)	(36,199,464)
Increase/ (Decrease) in Accrued Expenses	887,152	(13,222,818)
Increase/ (Decrease) in Other Payable	46,679,715	44,129,302
B. CASH FLOWS FROM INVESTING ACTIVITIES:	(4,567,509)	(20,588,862)
(Increase)/ Decrease in Acquisition Fixed Assets	(4,567,509)	(40,293,267)
(Increase)/ Decrease in Investment in Shares	-	19,704,405
C. CASH FLOWS FROM FINANCING ACTIVITIES:	(145,408,328)	(47,706,441)
Increase/ (Decrease) in Short Term Loan	(74,292,922)	14,709,886
Increase/ (Decrease) in Mid Term Bank Loan	-	(7,246,784)
Increase/ (Decrease) in Long Term Bank Loan (Current Portion)	(13,848,713)	(26,929,491)
Increase/ (Decrease) in Long Term Bank Loan	(57,266,693)	(28,240,052)
D. Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	16,032,520	1,994,371
E. Cash & cash equivalents at the beginning of the year	4,571,470	2,577,099
F. Cash & cash equivalents at the end of the year (D+E)	20,603,990	4,571,470

The accounting policies and explanatory notes form an integral part of the Financial Statements.


General Manager


Director


Managing Director

This is the Cash Flow Statement referred to in our even dated report to the Shareholders.

Dhaka
Dated: 04 October, 2010


M.J. ABEDIN & CO.
Chartered Accountants

DHAKA-SHANGHAI CERAMICS LIMITED

Accounting Policies and Explanatory Notes

For the year ended June 30, 2010

1. Corporate History of the Reporting Entity

Dhaka-Shanghai Ceramics Limited (The Company) was incorporated in Bangladesh on December 23, 2004 as a Private Limited Company under The Companies Act, 1994.

The principal office of business of the company is situated at BSEC Bhaban (Level-4), 102, Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka-1212 and factory is located at Gohail Bari, BKSP, Zirani Bazar, Savar, Dhaka.

2. Corporate Business

The Company owns and operates modern Ceramic wares factory and produces high quality homogenous tiles products and sells them in the local markets.

3. Corporate Financial Statements and Reportings

This comprises Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, notes and explanatory materials covering accounting policies.

This is prepared under the historical cost convention except land being revalued, and in accordance with the requirements of the Companies Act, 1994 and the Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as well as those standards, disclosures recommended by BASs and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards (BASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at the date of the reporting period. Due to the inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

4. Going Concern

The company has adequate resources to continue in operation for the foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

5. Events after balance sheet date

In compliance with the requirements of BAS 10: Events After the Balance Sheet Date, 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.

6. Functional and Presentational (Reporting) Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the companys' functional currency. All financial information presented have been rounded off to the nerest Taka except where indicated otherwise.

Figures in brackets indicated deductions.

7. Comparative Information and Rearrangement Thereof

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

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

8. Principal Accounting Policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements":

8.01. Recognition of Tangible Fixed Assets

These are capitalized at cost of acquisition except land being revalued, and subsequently stated at cost/valuation less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. 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.

There is no intangible asset and the fixed assets do not include any assets held under lease.

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

8.02. Depreciation of Tangible Fixed Assets

No depreciation is charged on Land & Land development. Depreciation on all other fixed assets is computed using the reducing balance method so as to write off the assets over their expected useful life.

Full year's depreciation has been charged on additions irrespective of the date when the related assets are put into use and no depreciation is charged on retirement, irrespective of date of retirement.

8.03 Revenue Recognition

Revenue are Recognised when goods are delivered from the factory godown and delivery Challan is issued as per BAS-18.

8.04. Inventories

Inventories comprises of raw materials, Work-in-Process, Finished goods, Stores & Spares and materials-in-transit. Raw materials and Stores and Spares have been valued at average cost. Materials-in-transit have been valued at cost incurred up to the date of Balance Sheet. Work-in-Process have been valued at prime cost basis as required by BAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at the lower of cost and net realizable value basis.

8.05 Income Tax

Tax Holiday

The company is enjoying Tax Holiday for four years since 1st October 2006 to 30th September 2010 and therefore Reserve For Tax Holiday has been made on the Business Income @ 40% as per section 46A of the Income Tax Ordinance, 1984.

Non Operating Income

Capital Gain from Sale of listed Companies shares is exempted from Income Tax as per Section 32(7) of the Income Tax Ordinance, 1984. Provision for Income Tax has been made on the The Dividend Income @ 20% in accordance with the Finance Act, 2009.

8.06 Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was insignificant risk of changes in value of the same.

8.07 Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with BAS-7 "Cash Flow Statement" and the cash flows from the operating activities have been presented under indirect method.

8.08 Investments in Securities

The Investment in markatable shares are valued at lower of actual cost and market price.

8.09 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

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

The basis of computation of number of shares is in line with the provisions of BAS-33 : Earnings Per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

9. PROPERTY, PLANT & EQUIPMENT : Tk. 1,090,642,311

Amount in Taka

The break-up of the amount is given below:

Particulars	Cost		Rate of Dep. (%)	Depreciation			Written down Value as on 30.06.2010	Revaluation Surplus valuation as on	Written down value at cost or 30.06.2009 30.06.2010	Written down value as on	
	Balance as on 01.07.09	Addition during the year		Balance as on 30.06.10	Balance as on 01.07.09	Charged during the year					Balance as on 30.06.10
Land & Land Development	88,019,218		88,019,218	-	-	-	88,019,218	567,870,782	655,890,000	655,890,000	
Building	128,016,659		128,016,659	2.5%	9,034,712	2,974,549	12,009,261	116,007,398	116,007,398	118,981,947	
Boundary	135,198	2,295,408	2,430,606	2.5%	9,888	60,518	70,406	2,360,200	2,360,200	125,309	
Electrification	12,780,605	-	12,780,605	5%	1,803,604	548,850	2,352,454	10,428,151	10,428,151	10,977,001	
Plant & Machinery	330,781,969	78,975	330,860,944	5%	46,852,211	14,200,437	61,052,648	269,808,296	269,808,296	283,929,759	
Deep Tube-well	1,196,463		1,196,463	5%	169,546	51,346	220,892	975,571	975,571	1,026,917	
Gas Line Installation	4,207,535	650,000	4,857,535	5%	573,927	214,180	788,107	4,069,428	4,069,428	3,633,608	
Substation	3,609,740		3,609,740	5%	514,839	154,745	669,584	2,940,156	2,940,156	3,094,901	
Factory Equipment & Tools	20,685,098	842,956	21,528,054	5%	2,556,988	948,553	3,505,541	18,022,513	18,022,513	18,128,110	
Telephone, Fax & PABX	398,656		398,656	10%	105,783	29,287	135,070	263,586	263,586	292,873	
Office Decoration	2,438,810		2,438,810	10%	660,918	177,789	838,707	1,600,103	1,600,103	1,777,893	
Air Condition	1,169,211	41,000	1,210,211	10%	287,291	92,292	379,583	830,628	830,628	881,920	
Computer & DVD	1,065,606	68,000	1,133,606	10%	281,096	85,251	366,347	767,259	767,259	784,509	
Office Equipment	404,189	171,130	575,319	10%	108,158	46,716	154,874	420,445	420,445	296,031	
Furniture & Fixture	1,129,230	362,333	1,491,563	10%	284,470	120,709	405,179	1,086,384	1,086,384	844,759	
Car & Vehicles	7,452,230	57,707	7,509,937	10%	1,763,055	574,688	2,337,743	5,172,194	5,172,194	5,689,176	
Total	603,490,417	4,567,509	608,057,926		65,006,486	20,279,911	85,286,397	522,771,529	567,870,782	1,090,642,311	1,106,354,712

Allocation of Depreciation:

Manufacturing Overhead :	2009-2010	2008-2009	Office & Administrative Overhead:	2009-2010	2008-2009
Building & Boundary	3,035,067	3,054,032	Telephone, Fax & PABX	29,287	32,541
Electrification	548,850	577,737	Office Decoration	177,789	197,544
Plant & Machinery	14,200,437	14,943,672	Air Condition	92,292	97,991
Deep Tube-well	51,346	54,048	Computer & DVD	85,251	87,168
Gas Line Installation	214,180	191,243	Office Equipment	46,716	32,892
Substation	154,745	162,890	Furniture & Fixture	120,709	93,862
Factory Equipment & Tools	948,553	954,111	Car & Vehicles	574,688	632,131
Total	19,153,178	19,937,733	Total	1,126,733	1,174,129

10. Investment in Shares : Tk. 57,650,626

The break-up of the amount is given below:

Name	No. of Shares	30.06.2010	30.06.2009
Power Grid	150	40,364	40,364
IFIC Bank	116,949	57,610,262	57,610,262
Total	117,099	57,650,626	57,650,626

11. Inventories : Tk. 133,771,176

The break-up of the amount is given below:

Raw Materials (Note-24.01)	106,967,433	59,710,616
Packing Materials (Note-24.02)	1,721,223	3,968,610
Spares & Accessories (Note-24.03)	1,054,022	3,537,998
Finished Goods (Note-24.06)	24,028,498	78,097,063
Total	133,771,176	145,314,287

12. Accounts Receivables : Tk. 151,904,804

The break-up of the amount is given below:

Opening Balance	145,955,034	120,099,212
Add : Sales During the Year	575,001,026	539,925,939
Total	720,956,060	660,025,151
Add : Receivable from sale of share	-	38,960,000
720,956,060	698,985,151	
Less : Collection During the Year	569,051,256	553,030,117
Closing Balance	151,904,804	145,955,034

13. Advance, Deposits & Pre-Payments: Tk. 144,114,132

The break-up of the amount is given below:

	<i>Amount in Taka</i>	
	30.06.2010	30.06.2009
Advance Income Tax	8,545,175	8,082,335
Supplimentary Duty	3,336,901	243,724
VAT Current A/C (Note-13.01)	6,330,198	2,560,913
Advance against Local Purchase (Note-13.02)	81,381,445	80,054,521
Advance Against L/C	39,355,415	34,426,184
Security Deposit (Note-13.03)	4,452,588	4,932,430
B/G Margin	712,410	712,410
Total	144,114,132	131,012,517

13.01 VAT Current A/C : Tk. 6,330,198

The break-up of the amount is given below:

Opening Balance	2,560,913	526,223
Add : VAT Paid on Purchase During the Year	19,216,150	19,661,258
VAT Paid Against Gas Bill	2,858,973	3,780,784
VAT Paid through Mushak Challan	23,550,000	14,750,000
Total VAT Paid	48,186,036	38,718,265
Less : VAT Adjusted as per VAT Return	41,855,838	36,157,352
VAT Current A/C	6,330,198	2,560,913

13.02 Advance against Local Purchase : Tk. 81,381,445

The break-up of the amount is given below:

Opening Balance	80,054,521	68,027,133
Add: Advance Payment During the Year	21,186,454	27,837,100
Total	101,240,975	95,864,233
Less : Adjusted During the Year	19,859,530	15,809,712
Closing Balance	81,381,445	80,054,521

13.03 Security Deposit : Tk. 4,452,588

The break-up of the amount is given below:

Ansar Office	205,097	205,097
Dhaka Palli Bidyut Samity	557,325	557,325
T & T	78,000	78,000
Titas Gas	3,612,166	3,612,166
Union Insurance	-	479,842
Total	4,452,588	4,932,430

14. Cash & Cash Equivalent : Tk. 20,603,990

The break-up of the amount is given below:

Cash in Hand (Note-14.01)	2,632,157	1,456,697
Cash at Bank (Note-14.02)	17,971,833	3,114,773
Total	20,603,990	4,571,470

14.01 Cash in Hand : Tk. 2,632,157

The break-up of the amount is given below:

Balance in Central Cash	1,416,957	1,153,486
Balance in Petty Cash (Factory)	1,215,200	303,211
Total	2,632,157	1,456,697

14.02 Cash at Bank : Tk. 17,971,833

The break-up of the amount is given below:

Bank Name	Branch Name	30.06.2010	30.06.2009
Islami Bank Bangladesh Ltd.	Kawran Bazar	2,332,807	214,042
IFIC Bank Ltd.	Kawran Bazar	3,240,942	638,586
Bank Asia	Scotia Branch	2,390,500	-
Dhaka Bank Ltd.	Kawran Bazar	6,183,018	982,769
Eastern Bank Ltd.	Sonargaon Road	2,392,515	1,167,109
Sonali Bank	Local Office	80,018	80,018
The City Bank Ltd.	Principal Office	1,352,033	31,449
Trust Bank Ltd.	Principal Branch	-	800
Total		17,971,833	3,114,773

		<i>Amount in Taka</i>	
		30.06.2010	30.06.2009
15. Accounts Payable : Tk. 12,231,207			
The break-up of the amount is given below:			
Opening Balance		6,882,872	13,900,901
Add : Purchase During the Year		150,044,319	188,147,489
Total		156,927,191	202,048,390
Less : Payment During the Year		144,695,984	195,165,518
Closing Balance		12,231,207	6,882,872
16. Accrued Expenses : Tk. 17,337,615			
The break-up of the amount is given below:			
Audit Fee		100,000	250,000
Sales Commission Payable		7,099,509	6,536,954
WASA Charges		20,300	20,300
Gas Charges		9,718,975	8,995,024
Provision for income Tax		-	465,948
Telephone Charges		87,009	92,768
Electricity Charges		311,822	89,469
Total		17,337,615	16,450,463
17. Other Payables : Tk. 188,169,096			
The break-up of the amount is given below:			
Other Liabilities		166,252,242	112,892,527
Advance against sales		21,916,854	28,596,854
Total		188,169,096	141,489,381
18. Short Term Bank Loan : Tk. 43,978,965			
The break-up of the amount is given below:			
Particulars	Bank Name	30.06.2010	30.06.2009
Liability for LTR	The City Bank Ltd.	43,983,965	66,627,539
Cash Credit Hypothecation (A/C # 1011515063302844)	The City Bank Ltd.	(5,000)	51,644,348
Total		43,978,965	118,271,887
19. Long Term Bank Loans (Current Portion) : Tk. 95,857,288			
Current portion of Long Term Bank Loan has been shown under the head Current Liabilities which is payable within June-2011.			
20. Share Capital : Tk. 367,500,000			
20.01 Authorised Capital :		30.06.2010	30.06.2009
200,000,000 ordinary shares of tk. 10/- each		2,000,000,000	1,000,000,000
20.02 Issued, Subscribed, Called-up & Paid-up Capital : Tk. 367,500,000			
36,750,000 ordinary shares of tk. 10/- each		367,500,000	210,000,000
Paid-up in cash		315,070,000	157,570,000
Paid-up in other than cash		52,430,000	52,430,000
20.03 Allotment Other Than Cash			
The Company allotted 524,300 Shares of tk. 100/- each infavour of Foreign Investment worth Tk. 52,430,000/- against Fixed Assets as Plant & Machinery to Mr. Guan Huo Jin, as per the section 151 of the Companies Act., 1994 pursuant to an agreement signed between the Company and Mr. Guan Huo Jin, which shares have subsequently been transferred.			
The Shareholding position of the Company are as under :			
Name	No. of Shares	Percentages (%)	Amount (Tk.)
Mr. Iqbal Ahmed	1	0.00	10
Mr. O.K. Chowdhury	1	0.00	10
Mr. Nazmul Hassan	1	0.00	10
Mr. Mohammad Lutfar Rahman	1	0.00	10
Mr. M.A. Qasem	1	0.00	10
Beximco Holdings Ltd	47	0.00	470
Bangladesh Export Import Co. Ltd	36,749,948	100.00	367,499,480
Total	36,750,000	100.00	367,500,000
21. Reserve for Taxholiday : Tk.129,076,034			
This is arrived at as follows:			
Opening Balance			89,014,384
Add: Provided during the year (Note-29)			40,061,650
			129,076,034

22. Long Term Bank Loan : Tk. 56,353,838*Amount in Taka*

The break-up of the amount is given below:

	Sonali Bank	City Bank	Total
Balance as on 30.06.2010	68,940,414	83,270,712	152,211,126
Less : Current Portion which has been shown in Current Liabilities	29,016,000	66,841,288	95,857,288
	39,924,414	16,429,424	56,353,838

22.01 Nature of Security of Loans :**Sonali Bank Ltd.:** Fully secured by first charge on the fixed assets of the Company and personal guarantee of the Directors.**City Bank Ltd.:** Fully secured by first charge on the fixed assets of the Company and personal guarantee of the Directors.**22.02 Terms of Repayment :****Sonali Bank Ltd. :** The principal amount of Loan is refundable in quarterly installments @ Tk. 7,223,000/- upto 30.06.2008 and Tk. 7,031,000/- from 30.09.2008 per installment and the interest amount is refundable in equated yearly installments @ Tk. 1,205,000/- upto 30.06.2008 and Tk. 892,000/- from 30.06.2008 per year.**City Bank Ltd.:** The Loan is refundable in equated monthly installments @ Tk. 4,609,744/- per installment and 2.5 installments are overdue as on 30.06.2010.**22.03 Interest on Bank Loan:**

Bank interest on the above loan has been charged in the Income Statement as Financial Expenses.

Sonali Bank Ltd. : 12.50% p.a. with Quarterly rests subject to revision from time to time.**City Bank Ltd. :** 13.50% p.a. with Quarterly rests subject to revision from time to time.**22.04** Current portion of the above Loan has been shown under the head Current Liabilities as required by BAS.**23. Net Sales Revenue : Tk. 454,546,266**

Revenue is recognised after deducting VAT & Supplementary duty.

24. Cost of Goods Sold : Tk. 272,694,323

The break-up of the amount is given below:

		2009-2010	2008-2009
Raw materials Consumed	24.01	93,972,308	178,533,106
Packing materials Consumed	24.02	11,062,581	13,555,578
Spares & Accessories Consumed	24.03	11,477,674	10,483,335
Carriage Inward		2,163,478	1,817,558
Power Cost	24.04	48,033,294	35,699,115
Prime Cost		166,709,335	240,088,692
Add: Manufacturing Overhead	24.05	51,916,423	52,652,696
Cost of Production		218,625,758	292,741,388
Finished Goods (Opening)		78,097,063	58,024,885
Finished Goods (Closing)	24.06	(24,028,498)	(78,097,063)
Cost of Goods Sold		272,694,323	272,669,210

24.01 Raw Materials Consumed : Tk. 93,972,308

The break-up of the amount is given below:

Opening stock		59,710,616	50,096,233
Add: Purchase	Import	94,732,413	135,186,216
	Local	46,496,712	52,961,273
Raw materials available for use		200,939,741	238,243,722
Less: Closing Stock		106,967,433	59,710,616
Raw materials Consumed		93,972,308	178,533,106

24.02 Packing Materials Consumed : Tk. 11,062,581

The break-up of the amount is given below:

Opening stock		3,968,610	4,390,727
Add: Purchase		8,815,194	13,133,461
Packing materials available for use		12,783,804	17,524,188
Less: Closing Stock		1,721,223	3,968,610
Packing Materials Consumed		11,062,581	13,555,578

24.03 Spares & Accessories Consumed : Tk. 11,477,674

The break-up of the amount is given below:

Opening stock		3,537,998	7,384,282
Add: Purchase		8,993,698	6,637,051
Spares & Accessories available for use		12,531,696	14,021,333
Less: Closing Stock		1,054,022	3,537,998
Spares & Accessories Consumed		11,477,674	10,483,335

24.04 Power Cost : Tk. 48,033,294

The break-up of the amount is given below:

Electricity Charges
Fuel & Lubricants
Gas Charges**Total****Amount in Taka**

2009-2010	2008-2009
3,446,296	2,907,069
3,940,761	4,432,229
40,646,237	28,359,817
48,033,294	35,699,115

24.05 Manufacturing Overhead : Tk. 51,916,423

The break-up of the amount is given below:

Salary & Allowances: Chinesee
LocalBonus
Entertainment
Medical Bill
Telephone Bill
Printing & Stationery
Repairs & Maintenance
Pay Loader Expenses
Depreciation**Total**

692,500	1,344,000
22,798,170	19,031,019
2,017,182	1,991,252
1,603,846	1,796,834
100,809	84,157
1,972	4,642
257,376	192,980
3,964,430	7,316,079
1,326,960	954,000
19,153,178	19,937,733
51,916,423	52,652,696

24.06 Finished Goods (Closing) : Tk. 24,028,498

The break-up of the amount is given below:

Opening stock
Add: Cost of Production
Cost of Goods available for sale
Less: Cost of Goods Sold
Closing Stock

78,097,063	58,024,885
218,625,758	292,741,388
296,722,821	350,766,273
272,694,323	272,669,210
24,028,498	78,097,063

25. Office & Administrative Expenses : Tk. 17,228,327

The break-up of the amount is given below:

Salary & Allowances
Directors Remuneration
Car Allowance
Entertainment
Office Rent
Mobile Bill
Telephone Bill
Internet Bill
Fees & Charge
Water Bill
Electricity Bill
Postage & Telegram
Printing & Stationery
Repairs & Maintenance
Audit Fee
Depreciation**Total**

4,559,062	3,451,468
3,600,000	4,800,000
2,451,720	2,451,720
546,075	469,526
844,000	973,951
551,341	475,093
239,292	282,081
114,538	102,750
1,102,850	53,107
105,933	76,664
558,088	239,999
15,860	9,533
614,737	395,832
698,098	474,713
100,000	100,000
1,126,733	1,174,129
17,228,327	15,530,566

26. Marketing & Distribution Expenses : Tk. 18,402,093

The break-up of the amount is given below:

Salary & Allowances
Conveyance
Entertainment
Mobile Bill
Commission Allowed
Sales Promotion
Printing & Stationery
Postage & Telegram
Sample & Accidental Loss
Fuel
Repairs & Maintenance**Total**

2,877,305	2,264,715
139,885	70,884
267,753	200,401
206,811	185,691
12,334,262	10,429,109
1,923,600	1,735,943
379,150	176,164
18,784	21,077
-	-
93,985	105,896
160,558	109,967
18,402,093	15,299,847

27. Financial Expenses : Tk. 47,798,222

The break-up of the amount is given below:

Bank Charge & Commission

Interest on Bank Loan

Interest on LTR

Total

<i>Amount in Taka</i>	
2009-2010	2008-2009
508,220	890,132
37,350,626	41,349,522
9,939,376	9,749,255
47,798,222	51,988,909

28. Non Operating Income : Tk. 1,898,219

The break-up of the amount is given below:

Capital Gain from Sale of Share (IFIC)

Dividend income from Power Grid

Interest from STD

Sale of Scrap

Total

-	19,255,595
-	3,240
167,395	66,362
1,730,824	1,783,151
1,898,219	21,108,348

29. Reserve for Tax Holiday : Tk. 40,061,650

Net Profit Before Tax

Less: Capital Gain from Sale of Share

Dividend income from Power Grid

Interest from STD

Net Profit for Calculation of Tax Holiday Reserve**Tax Holiday Reserve (100,154,125 X 40%)**

100,321,520	112,763,450
-	(19,255,595)
-	(3,240)
167,395	(66,362)
100,154,125	93,438,253
40,061,650	37,375,301

30. Calculation of Basic Earnings Per Share : Tk. 2.73

$$\begin{aligned} \text{Basic Earnings Per Share} &= \frac{\text{Net Profit After Tax}}{\text{Number of Ordinary Shares Outstanding during the year}} \\ &= \frac{100,321,520}{36,750,000} \\ &= 2.73 \end{aligned}$$

31. CAPITAL EXPENDITURE COMMITMENT

There was no capital expenditure contracted but not incurred or provided for as on 30.06.2010

There was no material capital expenditure authorised by the Board but not contracted for as on 30.06.2010.

32. CONTINGENT LIABILITIES

There was no sum for which the company is contingently liable as on 30.06.2010.

33. CLAIMS NOT ACKNOWLEDGED

There was no claims against the company not acknowledged as debt as on 30.06.2010.

34. CREDIT FACILITIES NOT AVAILED

There was no credit facilities available to the company but not availed of as on 30.06.2010 under any contract other than Trade Credit available in the ordinary course of business.

35. COMMISSION BROKERAGE OR DISCOUNT AGAINST SALES

Selling commission of Tk. 12,334,262/- was incurred during the year. No other commission, brokerage or discount was incurred or paid by the Company against sales during the year.

36. POST BALANCE SHEET EVENTS

The Company has allotted 25,000,000 shares of Tk 10 each at per totalling Tk 250,000,000 on 19.07.2010 vide SEC sanction letter ref: SEC/CI/CPLC-233/2010-34 dated June 22, 2010.

37. PRODUCTION CAPACITY

Installed Capacity (In Sft.) Yearly

Production (In Sft.)

Capacity utilized (%)

2009-2010	2008-2009
33,000,000	33,000,000
19,700,000	23,100,000
60%	70%

38. EMPLOYEES

Number of employees whose salary was below Tk. 3,000

Number of employees whose salary was above Tk. 3,000

Nil	Nil
342	365


General Manager

Dated:04 October, 2010


Director

Managing Director



www.beximco.com

