

XYZ Ltd

Report and financial statements as at and
for the year ended 31 December 2014

**Independent Auditor's Report
to the Shareholders of XYZ Ltd**

Report on the Financial Statements

We have audited the accompanying financial statements of XYZ Ltd ("the Company") statements of financial position as at 31 December 2014, statements of profit or loss, statements of other comprehensive income, statements of changes in equity, statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements of the Company that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the Company. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements of the Company, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements of the Company 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 entities internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the Company.

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 of the Company give a true and fair view of the financial position of the Company as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Other matter

The financial statements of the Company for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 April 2014.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and Bangladesh Securities and Exchange Rules 1987, we also report the following:

- (a) we have obtained all the information and explanation 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 those books;
- (c) the statement of financial position and statement of profit or loss and statement of other comprehensive income dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the Company's business.

Dhak

Auditor

XYZ Ltd

Statement of financial position

<i>In Taka</i>	Note	31 December 2014	31 December 2013
Assets			
Property, plant and equipment	7	3,799,146,712	3,384,489,286
Investments	8	1,799,058,949	1,846,292,287
Intangible assets		825,571	1,358,905
Non-current assets		5,599,031,232	5,232,140,478
Inventories	10	2,961,175,971	2,553,330,342
Trade and other receivables	11	5,802,572,938	5,796,239,556
Advances, deposits and prepayments	12	700,887,177	728,000,934
Cash and cash equivalents	13	462,525,465	384,201,664
Current assets		9,927,161,551	9,461,772,496
Total assets		15,526,192,783	14,693,912,974
Equity			
Share capital	14	343,944,021	285,820,824
Share premium	15	351,340,343	333,302,465
Reserves	16	1,049,866,633	1,005,465,390
Retained earnings		4,861,534,405	4,012,663,572
Total equity		6,606,685,402	5,637,252,251
Liabilities			
Employee benefits	17	441,858,763	340,664,767
Other non-current liabilities	18	56,114,163	519,789,367
Deferred tax liabilities	19	62,743,398	94,711,720
Non-current liabilities		560,716,324	955,165,854
Bank overdraft	20	427,836,789	741,441,244
Loans and borrowings	21	5,916,571,029	5,059,890,494
Trade and other payables	22	1,624,157,078	1,833,527,360
Provision for tax	23	390,226,161	466,635,771
Current liabilities		8,358,791,057	8,101,494,869
Total liabilities		8,919,507,381	9,056,660,723
Total equity and liabilities		15,526,192,783	14,693,912,974

The annexed notes 1 to 40 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Dhaka,

Auditor

XYZ Ltd

Statement of profit or loss

<i>In Taka</i>	Note	For the year ended 31 December	
		2014	2013
Revenue	24	12,318,723,190	10,683,600,712
Cost of sales	25	(7,147,881,434)	(6,426,070,148)
Gross profit		5,170,841,756	4,257,530,564
Administrative, selling and distribution expenses	26	(3,468,192,050)	(3,031,647,932)
Other income	27	82,582,624	137,591,248
Operating profit		1,785,232,330	1,363,473,880
Investment impairment provision	8	(150,000,000)	-
Net finance costs	28	(296,400,829)	(295,776,400)
Profit before contribution to WPPF		1,338,831,501	1,067,697,480
Contribution to WPPF		(66,941,575)	(53,384,874)
Profit before tax		1,271,889,926	1,014,312,606
Income tax expense:	29		
Current tax		(358,255,364)	(258,442,537)
Deferred tax income/(expense)		37,079,047	8,317,837
Profit after tax		(321,176,317)	(250,124,700)
Profit after tax		950,713,609	764,187,906
Earnings per share	30		
Basic earnings per share		27.65	22.27
Diluted earnings per share		27.47	22.18

The annexed notes 1 to 40 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Dhaka,

Auditor

XYZ Ltd

Statement of profit or loss and other comprehensive income

<i>In Taka</i>	Note	For the year ended 31 December	
		2014	2013
Profit after tax		950,713,609	764,187,906
Other comprehensive income:			
Change in fair value of available-for-sale financial assets		51,107,250	(32,811,059)
Income tax on other comprehensive income		(5,110,725)	3,281,106
Gain on amalgamation*		197,510,510	-
Total other comprehensive income, net of tax		243,507,035	(29,529,953)
Total comprehensive income		1,194,220,644	734,657,953

*This arises from the amalgamation of ABC Ltd. with XYZ Ltd. on 3 December 2014.

The annexed notes 1 to 40 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

Auditor

Dhaka,

XYZ Ltd

Statement of cash flows

<i>In Taka</i>	For the year ended 31 December	
	2014	2013
Cash flows from operating activities		
Cash received from customers	12,574,405,294	10,384,833,297
Cash received from other income	15,670,279	18,290,369
	12,590,075,573	10,403,123,666
Cash received/(paid) from/(for):		
Other receivables	28,938,783	(38,755,147)
Purchase of inventory	(7,469,705,323)	(6,555,983,706)
Operating expenses	(3,337,753,149)	(2,923,209,985)
Other creditors	(6,923,096)	66,068,471
Payment for WPPF	(36,777,772)	(27,346,823)
Advances, deposits and prepayments	(149,400,157)	103,132,074
	(10,971,620,714)	(9,376,095,116)
Cash generated from operations	1,618,454,859	1,027,028,550
Finance costs	(272,011,743)	(275,980,149)
Income tax expense	(280,723,692)	(199,524,010)
	(552,735,435)	(475,504,159)
Net cash from operating activities	1,065,719,424	551,524,391
Cash flows from investing activities		
Acquisition of property, plant and equipment	(264,177,899)	(124,037,084)
Payments for capital work in progress	(101,436,791)	(405,725,906)
Sale proceeds from property, plant and equipment	5,189,954	4,586,741
Dividend received	63,021,168	63,021,168
Investment	(76,237,372)	(36,905,576)
Net cash (used) in investing activities	(373,640,940)	(499,060,657)
Cash flows from financing activities		
Inter-company debts received/(paid)	(577,108,638)	145,151,341
Dividends paid	(235,967,127)	(185,992,855)
Payment for finance lease	(888,385)	(761,580)
Payment for redemption of Zero Coupon Bonds	(219,434,948)	(203,425,516)
Short-term bank loan received	894,740,288	821,307,836
Long-term bank loan (paid)/received	(161,491,418)	226,653,261
Net cash (used)/from financing activities	(300,150,228)	802,932,487
Net increase in cash and cash equivalents	391,928,256	855,396,221
Cash and cash equivalents at 1 January	(357,239,580)	(1,212,635,801)
Cash and cash equivalents at 31 December	34,688,676	(357,239,580)
Closing balance represents		
Cash and cash equivalents	462,525,465	384,201,664
Bank overdraft	(427,836,789)	(741,441,244)
	34,688,676	(357,239,580)

The annexed notes 1 to 40 form an integral part of these financial statements.

XYZ Ltd

Notes to the financial statements as at and for the year ended 31 December 2014

1. Reporting entity

1.1 Company profile

XYZ Ltd (the company) is a public limited company incorporated in Bangladesh on XX January XXXX as Company limited by Shares . The registered office of the Company is situated in Dhaka.

The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

1.2 Nature of business

The Company primarily is involved in manufacturing of pharmaceuticals, consumer brands, animal health products and marketing them along with fertilizer, seeds and other agricultural items.

1.3 Description of subsidiaries

1.3.1 XYZ Formulations Limited

The company was incorporated on 29 October 1995 as a private limited company under the Companies Act 1994. The principal activities of the company are manufacturing and marketing of a number of agrochemical and consumer products. The Company is a publicly listed company with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

1.3.2 XYZ Salt Limited

The company was incorporated on 13 June 2004 as a private limited company under the Companies Act 1994. The principal activity of the company is manufacturing and marketing of edible branded salt.

1.3.3 XYZ Foods Limited

The company was incorporated on 14 September 2006 as a private limited company under the Companies Act 1994. The main objectives of the company are manufacturing, processing and marketing of different food items including spices and different snack items.

1.3.4 XYZ Pure Flour Limited

The company was incorporated on 29 August 2006 as a private limited company under the Companies Act 1994. The main objectives of the company are to carry on the business of milling, processing, packaging and marketing of wheat flour products.

1.3.5 XYZ Insecticides Limited

The company was incorporated on 5 October 1991 as a private limited company under the Companies Act 1994. The company's main function was to manufacture and sale of mosquito coil. There was no business operation of the company during the year under review.

1.3.6 XYZ Agrochemicals Limited

The company was incorporated on 4 July 2006 as a private limited company under the Companies Act 1994. The main objectives of the company are to carry on the business of manufacturing, formulating and packaging of pesticide, fertilizer, plant nutrient, animal food and other nutrient products. The company is yet to start its commercial operation.

1.3.7 XYZ Motors Limited

The company was incorporated on 11 December 2007 as a private limited company under the Companies Act 1994. The main objectives of the company are to carry on the business of buying, selling, importing and assembling of vehicles for both agricultural and non-agricultural use including other agricultural equipment and supplying of spare parts and providing service facilities for these vehicles and equipment.

1.3.8 XYZ Communication Limited

The company was incorporated on 2 September 2007 as a private limited company under the Companies Act 1994. The principal activities of the company are managing media solutions and similar services for different clients including television commercials and other advertisement and promotion related activities.

1.3.9 XYZ Plastics Limited

The company was incorporated on 11 June 2007 as a private limited company under the Companies Act 1994. The main objectives of the company are to carry out the business of manufacturing and marketing of plastic products, flexible printing and other ancillary business associated with plastic and flexible printing. The Company commenced its commercial production from 1 December 2008.

1.3.10 XYZ Logistics Limited

The company was incorporated on 29 April 2008 as a private limited company under the Companies Act 1994. The main objective of the company is to set-up nationwide retail outlets in order to facilitate the improvement in goods marketing efficiency and to provide a modern self service shopping option to customers.

1.3.11 XYZ Edible Oils Limited

The company was incorporated on 13 December 2010 as a private limited company under the Companies Act 1994. The main objective of the company is to carry out the business as manufacturing as well as trading of all kinds of crude and refined edible oils, edible fats, food grade chemicals, cleansing materials, preservatives and other allied food products.

1.3.12 XYZ HealthCare Limited

The company was incorporated on 18 February 2013 as a public limited company under the Companies Act 1994. The principal activities of the company are to be manufacturing and marketing of pharmaceutical products for regulated markets. The company is yet to start its commercial operation.

1.3.13 XYZ Chemicals Limited

The company was incorporated on 26 November 2013 as a private limited company under the Companies Act 1994. The main objective of the company is to represent foreign and local principals and market and promote their products and process and engage in the service of indenting on their behalf.

2. Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

2.2 Date of authorisation

The consolidated financial statements as well as separate financial statements were authorized by the Board of Directors on __ April 2015 for publication.

3 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/TK/BDT), which is both functional and presentation currency of the Company. The amounts in these financial statements have been rounded off to the nearest Taka.

Details of the Company's accounting policies are included in Notes 38 and 39.

4 Use of estimates and judgments

In preparing these financial statements, management has made judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2014 is included in the following notes:

Note 7	Property, plant and equipment
Note 10	Inventories
Note 11	Trade and other receivables
Note 17	Employee benefits
Note 19	Deferred tax liabilities
Note 23	Provision for tax

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5 Reporting period

The financial period of the companies other than the following two associates covers one year from 1 January to 31 December and is followed consistently.

Financial periods of two associates are:

Associate 1 Ltd.	From 1 August to 31 July
Associate 2 Ltd	From 1 April to 31 March

The figures involved in the aforesaid two associated companies up to 31 December 2014 from the end of their accounting years are considered to be immaterial to these financial statements.

6 Operating segments

(i) Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. However, a segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment is based on business segments.

All operating segments' operating results are reviewed regularly by the Company's managing director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the managing director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business described below as part of segment analysis of units analyzed for the criteria of reportable segments as specified in Bangladesh Financial Reporting Standard 8: *Operating Segments*.

Pharmaceuticals: Involves in manufacturing and marketing of health care products in home and abroad.

Consumer Brands: Involves in marketing and distributing of consumer products.

Animal Health: Involves in manufacturing and distributing of veterinary and fisheries products.

Crop Care and Public Health: Involves in manufacturing and marketing of crop protection items.

XYZ Motors: Involves in the business of buying and selling of agricultural equipment.

XYZ Pure Flour: Involves in milling, processing, packaging and marketing of wheat flour products.

Retail Chain: Involves in XYZ litating the improvement in goods marketing efficiency and to provide a modern self-service shopping option to customers.

Premiaflex Plastics: Involves in manufacturing, processing and marketing of plastic products at home.

7 Property, plant and equipment

See accounting policy in Note 39(I).

<i>In Taka</i>	Note	Land	Building	Plant and Machinery	Furniture and fixture	Electrical and other appliances	Office machinery	Vehicles	Under construction	Total
Cost										
Balance at 1 January 2013		378,580,685	354,209,638	1,025,340,614	81,499,108	60,193,137	34,504,185	127,505,329	889,671,313	2,951,504,009
Additions		1,230,000	-	2,184,231	10,980,307	26,548,467	6,422,467	76,251,612	405,725,906	529,342,990
Transfer		427,681,028	27,048,784	238,474,782	15,875,153	1,060,702	-	-	(710,140,449)	-
Disposals		(379,549,373)	-	-	-	(131,652)	-	(1,732,398)	-	(381,413,423)
Balance at 31 December 2013		427,942,340	381,258,422	1,265,999,627	108,354,568	87,670,654	40,926,652	202,024,543	585,256,770	3,099,433,576
Balance at 1 January 2014		427,942,340	381,258,422	1,265,999,627	108,354,568	87,670,654	40,926,652	202,024,543	585,256,770	3,099,433,576
Additions due to amalgamation		225,000,000	102,336,777	-	11,248,179	16,904,068	-	-	-	355,489,024
Additions		78,331,300	-	20,440,446	15,645,366	33,362,882	8,673,382	112,704,023	101,436,791	370,594,190
Transfer		178,540	45,782,064	239,008,986	274,500	175,000	-	-	(285,419,090)	-
Disposals		-	-	(517,600)	-	(106,963)	(238,750)	(2,848,925)	-	(3,712,238)
Balance at 31 December 2014		731,452,180	529,377,263	1,524,931,459	135,522,613	138,005,641	49,361,284	311,879,641	401,274,471	3,821,804,552

<i>In Taka</i>	Note	Land	Building	Plant and Machinery	Furniture and fixture	Electrical and other appliances	Office machinery	Vehicles	Under construction	Total
Revaluation										
Balance at 1 January 2013		744,081,718	38,483,654	56,379,485	3,814,918	3,924,343	2,227,188	47,608,423	-	896,519,729
Additions		-	-	-	-	-	-	-	-	-
Transfer		-	-	-	-	-	-	-	-	-
Disposals		-	-	-	-	(185,607)	-	(2,791,006)	-	(2,976,613)
Balance at 31 December 2013		744,081,718	38,483,654	56,379,485	3,814,918	3,738,736	2,227,188	44,817,417	-	893,543,116
Balance at 1 January 2014		744,081,718	38,483,654	56,379,485	3,814,918	3,738,736	2,227,188	44,817,417	-	893,543,116
Additions		-	-	-	-	-	-	-	-	-
Transfer		-	-	-	-	-	-	-	-	-
Disposals		-	-	(3,840)	-	(45,053)	-	(2,151,496)	-	(2,200,389)
Balance at 31 December 2014		744,081,718	38,483,654	56,375,645	3,814,918	3,693,683	2,227,188	42,665,921	-	891,342,727

<i>In Taka</i>	Note	Land	Building	Plant and Machinery	Furniture and fixture	Electrical and other appliances	Office machinery	Vehicles	Under construction	Total
Accumulated depreciation- Cost										
Balance at 1 January 2013		-	12,179,540	214,600,968	21,288,834	17,525,584	9,059,790	71,735,245	-	346,389,961
Depreciation		-	10,053,814	134,476,687	10,165,039	7,332,223	4,347,456	37,153,562	-	203,528,781
Disposals		-	-	-	-	(119,391)	-	(162,277)	-	(281,668)
Balance at 31 December 2013		-	22,233,354	349,077,655	31,453,873	24,738,416	13,407,246	108,726,530	-	549,637,074
Balance at 1 January 2014		-	22,233,354	349,077,655	31,453,873	24,738,416	13,407,246	108,726,530	-	549,637,074
Depreciation		-	11,177,401	147,112,214	12,075,226	10,415,255	16,341,519	48,210,610	-	245,332,225
Additions due to amalgamation		-	26,973,615	-	5,660,733	10,367,633	-	-	-	43,001,981
Disposals		-	-	(322,040)	-	(94,210)	(38,200)	(837,244)	-	(1,291,694)
Balance at 31 December 2014		-	60,384,370	495,867,829	49,189,832	45,427,094	29,710,565	156,099,896	-	836,679,586
Accumulated depreciation- Revaluation										
Balance at 1 January 2013		-	1,924,182	17,042,430	1,507,765	1,539,236	819,104	19,043,369	-	41,876,086
Depreciation		-	962,091	8,619,429	755,215	710,631	409,739	8,963,483	-	20,420,588
Transfer		-	-	-	-	-	-	-	-	-
Disposals		-	-	-	-	(84,937)	-	(1,116,402)	-	(1,201,339)
Balance at 31 December 2013		-	2,886,273	25,661,859	2,262,980	2,164,930	1,228,843	26,890,450	-	61,095,335
Balance at 1 January 2014		-	2,886,273	25,661,859	2,262,980	2,164,930	1,228,843	26,890,450	-	61,095,335
Depreciation		-	962,092	7,879,027	518,688	593,608	408,740	8,533,074	-	18,895,229
Transfer		-	-	-	-	-	-	-	-	-
Disposals		-	-	(1,213)	-	(30,064)	(79)	(1,291,228)	-	(1,322,584)
Balance at 31 December 2014		-	3,848,365	33,539,673	2,781,668	2,728,474	1,637,504	34,132,296	-	78,667,980

<i>In Taka</i>	Note	Land	Building	Plant and Machinery	Furniture and fixture	Electrical and other appliances	Office machinery	Vehicles	Under construction	Total
Leased Assets										
Balance at 1 January 2013		-	-	-	-	-	-	17,067,493	-	17,067,493
Additions		-	-	-	-	-	-	-	-	-
Transferred to property, plant and equipment		-	-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	(1,445,000)	-	(1,445,000)
Balance at 31 December 2013		-	-	-	-	-	-	15,622,493	-	15,622,493
Balance at 1 January 2014		-	-	-	-	-	-	15,622,493	-	15,622,493
Acquisitions through business combinations		-	-	-	-	-	-	-	-	-
Other additions		-	-	-	-	-	-	-	-	-
Transferred to property, plant and equipment		-	-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	(4,979,500)	-	(4,979,500)
Balance at 31 December 2014		-	-	-	-	-	-	10,642,993	-	10,642,993
Accumulated depreciation- Leased assets										
Balance at 1 January 2013		-	-	-	-	-	-	13,924,489	-	13,924,489
Depreciation		-	-	-	-	-	-	898,000	-	898,000
Transfer		-	-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	(1,444,999)	-	(1,444,999)
Balance at 31 December 2013		-	-	-	-	-	-	13,377,490	-	13,377,490
Balance at 1 January 2014		-	-	-	-	-	-	13,377,490	-	13,377,490
Depreciation		-	-	-	-	-	-	898,000	-	898,000
Transfer		-	-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	(4,979,496)	-	(4,979,496)
Balance at 31 December 2014		-	-	-	-	-	-	9,295,994	-	9,295,994
Carrying amounts										
At 31 December 2013		1,172,024,058	394,622,449	947,639,598	78,452,633	64,506,044	28,517,751	113,469,983	585,256,770	3,384,489,286
At 31 December 2014		1,475,533,898	503,628,182	1,051,899,602	87,366,031	93,543,756	20,240,403	165,660,369	401,274,471	3,799,146,712

Notes:

1. In 2010, all the property, plant and equipment of the company were revalued by the independent professional valuer **MNC Limited**. Such revaluation is made with sufficient regularity to ensure that carrying amount does not differ materially from their fair value.
2. For office machinery equipment useful life has been changed to 5 years from 10 years. As a result, depreciation has been increased to BDT 16,750,259 from BDT 5,392,500 (as per previous estimation).
3. Due to amalgamation on 3 December 2014 of Apex leather craft with XYZ limited by the order of the honorable High Court Division of the Supreme Court of Bangladesh, all the assets of **ABC Ltd.** were transferred to XYZ Limited's books.

8 Long-term investments

i) Investment in shares

	2014				2013	
	Number of shares	Face value per share	Called and paid up capital per share	Shareholding	Value	Value
		Taka	Taka	%	Taka	Taka
Investment in subsidiaries						
Flyban Insecticides Limited	25,500	100	100	51.00	2,550,000	2,550,000
XYZ Formulations Limited	24,066,105	10	10	53.48	66,872,823	66,872,823
XYZ Salt Limited	233,000	1,000	1,000	77.67	155,000,000	78,000,000
XYZ Foods Limited	380,000	100	100	95.00	38,000,000	38,000,000
XYZ Pure Flour Limited	380,000	100	100	95.00	38,000,000	38,000,000
Apex Leathercraft Limited	370,000	100	100	-	-	24,567,963
XYZ Agrochemicals Limited	180	100	100	90.00	18,000	18,000
Creative Communication Limited	6,000	100	100	60.00	600,000	600,000
XYZ Motors Limited	6,650	100	100	66.50	665,000	675,000
Premiaflex Plastics Limited	261,945	1,000	1,000	87.32	229,945,000	229,945,000
XYZ Logistics Limited	273,600	1,000	1,000	76.00	273,600,000	273,600,000
XYZ Healthcare Limited	46,469,000	10	10	92.94	464,690,000	464,690,000
XYZ Edible Oils Limited	850,000	10	10	85.00	8,500,000	8,500,000
XYZ Chemicals Limited	6	10	10	60.00	60	-
					1,278,440,883	1,226,018,786
Investment in Associates and Joint Ventures						
Asian Consumer Care (Pvt.) Limited	8,393,321	10	10	24.00	115,205,895	115,233,210
XYZ Godrej Agrovet (Pvt.) Limited	1,850,000	100	100	50.00	185,000,000	185,000,000
Computer Technology Limited	200	100	100	40.00	20,000	20,000
Stochastic Logic Limited	2,000	100	100	20.00	200,000	200,000
Tetley XYZ (Bangladesh) Limited	1,600,000	100	100	50.00	160,000,000	160,000,000
					460,425,895	460,453,210
Investment in others						
Mutual Trust Bank Limited	10,258,755	10	10	3.33	203,123,351	152,016,098
Central Depository Bangladesh Limited	1,142,362	10	10	0.58	3,138,890	3,138,890
					206,262,241	155,154,988
ii) Other investment						
Term deposit and others					3,929,930	4,665,303
					3,929,930	4,665,303
					1,949,058,949	1,846,292,287
Impairment					(150,000,000)	-
Total investment					1,799,058,949	1,846,292,287

Investment in XYZ Salt limited has been increased due to investment in right shares.

ABC Limited was amalgamated with XYZ limited on 3 Dec 2014 by the order of the Honorable High Court Division of Supreme Court of Bangladesh. An extra ordinary meeting was held on 11 June 2013 to resolve on this merger.

Other investment includes Term Deposit amounting to Taka 3,429,930 which is kept as lien against service received from Titas Gas Transmission and Distribution Limited. Therefore, the Company has no intention to encash the said amount and recorded as long term investment.

Impairment relates to investment in XYZ Logistics Limited. XYZ Logistics Limited has been loss making since its inception, which led management to make this impairment provision.

10 Inventories

See accounting policy in Note 39(H).

<i>In Taka</i>	Note	2014	2013
Raw materials		724,011,984	502,928,357
Packing materials		241,697,100	169,566,009
Work in process		82,684,794	56,750,090
Finished goods		1,951,960,246	1,774,219,427
Goods in transit		115,235,985	198,109,813
Other inventories		26,850,950	30,789,189
Allowance for slow-moving inventory		(181,265,088)	(179,032,543)
		2,961,175,971	2,553,330,342

As the Company deals in large number of items which vary in units, item-wise quantity statement of inventories could not be given.

11 Trade and other receivables

See accounting policy in Note 39(L).

<i>In Taka</i>	Note	2014	2013
Trade receivables:			
Related parties	11.1	13,181,414	22,239,391
Other than related parties	11.2	1,514,068,488	1,628,279,733
		1,527,249,902	1,650,519,124
Less: Provision for doubtful debts		(176,732,751)	(71,168,692)
		1,350,517,151	1,579,350,432
Other receivables:			
Related party	11.3	4,338,996,481	4,077,096,197
Other parties	11.4	113,059,306	139,792,927
		4,452,055,787	4,216,889,124
		5,802,572,938	5,796,239,556
Below six months		5,499,381,180	4,981,183,336
Over six months		479,924,509	886,224,912
Provision for doubtful debt		(176,732,751)	(71,168,692)
		5,802,572,938	5,796,239,556

11.1 Related parties

<i>In Taka</i>	2014		2013	
	Dues over 6 months	Dues below 6 months	Total	Total
XYZ Formulations Limited	-	94,874	94,874	140,156
XYZ Foods Limited	-	18,140	18,140	8,160
XYZ Motors Limited	-	35,207	35,207	14,315
XYZ Logistics Limited	-	13,033,193	13,033,193	22,076,760
	-	13,181,414	13,181,414	22,239,391

11.2 Other than related parties

<i>In Taka</i>	2014		2013	
	Dues over 6 months	Dues below 6 months	Total	Total
Pharmaceuticals	32,816,911	214,177,365	246,994,276	234,293,910
Animal health	50,057,398	231,482,509	281,539,907	277,906,066
Consumer brands	39,930,444	256,581,667	296,512,111	486,478,165
Seeds	21,269,644	317,367,269	338,636,913	237,581,051
Fertilizer	46,470,148	186,227,081	232,697,229	214,249,959
Cropex	114,523,754	3,164,298	117,688,052	177,770,582
	305,068,299	1,209,000,189	1,514,068,488	1,628,279,733
Less: Provision for doubtful debts			(176,732,751)	(71,168,692)
			1,337,335,737	1,557,111,041

11.3 Related party

<i>In Taka</i>	2014			2013
	Dues over 6 months	Dues below 6 months	Total	Total
Flyban Insecticides Limited	1,022,933	1,728	1,024,661	1,014,308
Apex Leathercraft Limited	-	-	-	99,543,253
Computer Technology Limited	30,000	-	30,000	30,000
Tetley XYZ (Bangladesh) Limited	421,249	46,782,069	47,203,318	442,622
Asian Consumer Care (Pvt.) Limited	7,893,516	-	7,893,516	8,205,086
XYZ Salt Limited	-	379,630,573	379,630,573	354,571,804
XYZ Godrej Agrovet (Pvt.) Limited	879,726	-	879,726	879,726
XYZ Foods Limited	-	729,057,993	729,057,993	746,527,424
XYZ Edible Oils Limited	2,914,561	-	2,914,561	-
XYZ Agrochemicals Limited	241,172	4,927	246,099	229,202
Stochastic Logic Limited	5,475,428	654,105	6,129,533	8,767,739
Premiaflex Plastics Limited	-	196,721,432	196,721,432	210,564,943
XYZ Motors Limited	-	60,943,318	60,943,318	39,369,746
Creative Communication Limited	-	12,452,424	12,452,424	10,723,821
XYZ Pure Flour Limited	-	10,930,186	10,930,186	44,534,754
XYZ Chemicals Limited	516,260	3,334,699	3,850,959	-
XYZ Logistics Limited	-	2,734,915,043	2,734,915,043	2,508,800,927
XYZ Healthcare Limited	112,865,221	31,307,918	144,173,139	42,890,842
	132,260,066	4,206,736,415	4,338,996,481	4,077,096,197

At Balance Sheet date, 'Trade and Other Receivables' includes Tk 273 crore receivable from XYZ Logistics. This is the current account balance with XYZ Logistics Limited. XYZ Limited consciously made this funding to XYZ Logistics as a part of prudent treasury management at Group level. XYZ Limited, as a parent company, is always subject to evaluation at the consolidation level than the company level. So, through this funding XYZ Limited succeeded to minimize its financing cost to a considerable level thus improving the profitability at Group level. Besides, parent funding helped XYZ Logistics to minimize its financing cost.

It is worth to be noted here that XYZ Logistics could have borrowed this fund at its own merit while cost of fund (COF) would have been higher than the parent by almost 200 to 300 basis point. XYZ Limited genuinely believes that this sort of financing should always be explored while there is an opportunity to reduce financing cost at Group level.

11.4 Other parties

<i>In Taka</i>	2014			2013
	Dues over 6 months	Dues below 6 months	Total	Total
Receivable from Novartis (Bangladesh) Limited	-	-	-	583,270
Receivable from Oram Limited	2,262,050	-	2,262,050	2,262,050
Godrej consumer product advertisement and promotional fund	497,650	-	497,650	497,650
Merisant advertisement and promotional fund	3,452,470	-	3,452,470	1,826,359
Electronics advertisement and promotional fund	-	-	-	5,087,117
Colgate advertisement and promotional fund	-	5,493,519	5,493,519	193,876
Les Laboratories Servier	-	39,516,914	39,516,914	26,890,402
Transcom Distribution Limited	14,653	10,823	25,476	41,278,286
Receivables from other entities	36,369,321	25,441,906	61,811,227	61,173,917
	42,596,144	70,463,162	113,059,306	139,792,927

12 **Advances, deposits and prepayments**

<i>In Taka</i>	<i>Note</i>	2014	2013
Advances:			
Staff		83,342,746	71,637,664
Suppliers, C&F agents and others		142,303,261	92,925,780
Rent		63,259,496	55,570,644
Bank guarantee margin		3,580,021	6,368,453
VAT current account		34,907,266	57,055,444
Advance for capital expenditure		156,444,470	59,550,792
Advance income tax	12.1	198,436,147	350,013,451
		682,273,407	693,122,228
Deposits:			
Deposits for utilities		6,195,366	6,855,366
Tender deposits		12,059,820	27,273,019
		18,255,186	34,128,385
Prepayments:			
Prepaid expenses		358,584	750,321
		358,584	750,321
		700,887,177	728,000,934

12.1 **Advance income tax**

<i>In Taka</i>	<i>Note</i>	2014	2013
Balance at 1 January		350,013,451	150,489,441
Paid during the year		280,723,692	199,524,010
Adjustment for amalgamation		3,794,523	-
Adjustment during the year		(436,095,519)	-
Balance at 31 December		198,436,147	350,013,451

13 **Cash and cash equivalents**

See accounting policy in Note 39(L).

<i>In Taka</i>	<i>Note</i>	2014	2013
Cash in hand		21,450,971	18,243,393
Collection in hand	13.1	205,840,819	115,519,105
Cash at banks	13.2	235,233,675	250,439,166
Cash and cash equivalents in the statement of financial position		462,525,465	384,201,664
Bank overdrafts		(427,836,789)	(741,441,244)
Cash and cash equivalents in the statement of cash flows		34,688,676	(357,239,580)

13.1 This represent cash in hand at depots which was collected against cash sales and payment instrument collected against credit sale at the end of the reporting period.

13.2 **Cash at banks**

<i>In Taka</i>	<i>Note</i>	2014	2013
Eastern Bank Limited		34,750,398	82,654,631
The Hongkong and Shanghai Banking Corporation Limited		74,298,765	54,776,739
AB Bank Limited		41,174,551	29,889,216
Standard Chartered Bank		23,066,121	33,698,470
Sonali Bank Limited		19,048,246	3,857,926
Janata Bank Limited		13,387,553	18,430,297
One Bank Limited		9,449,323	9,935,565
Commercial Bank of Ceylon Plc.		7,699,356	5,736,054
Jamuna Bank Limited		5,487,088	3,978,969
The City Bank Limited		4,031,690	2,942,126
Dutch-Bangla Bank Limited		2,087,250	1,409,363
BRAC Bank Limited		707,016	3,129,773
Mutual Trust Bank Limited		44,093	37
Trust Bank Limited		1,425	-
Mercantile Bank Limited		800	-
		235,233,675	250,439,166

14 Share capital

See accounting policy in Note 39(M).

<i>In Taka</i>	<i>Note</i>	2014	2013
In issue at 1 January		285,820,824	237,738,330
Bonus share issued		57,323,537	47,636,804
Issued for Zero Coupon Bond		796,860	445,690
Issued for amalgamation		2,800	-
In issue at 31 December - fully paid		343,944,021	285,820,824
Authorised - par value Tk. 10		500,000,000	500,000,000

Number and percentage of shareholdings:

	No. of share		Percentage		Value (Taka)	
	2014	2013	2014	2013	2014	2013
Directors & sponsors	12,048,813	10,038,279	35.03%	35.03%	120,488,130	100,382,790
Institutions	10,530,284	10,799,816	30.62%	30.62%	105,302,840	107,998,160
General shareholders	11,815,304	7,743,987	34.35%	34.35%	118,153,051	77,439,874
	34,394,401	28,582,082	100.00%	100.00%	343,944,021	285,820,824

A distribution schedule of the above shares as at 31 December 2014 is given below as required by the Listing Rules:

Share owning	Number of shareholders	Percentage of total shareholdings	Number of shares
Less than 500	13,559	4.38	1,507,249
501-5,000	2,237	9.17	3,153,576
5,001-10,000	169	3.59	1,234,952
10,001-20,000	87	3.65	1,255,327
20,001-30,000	43	3.31	1,136,884
30,001-40,000	22	2.25	772,304
40,001-50,000	17	2.19	752,370
50,001-100,000	25	5.08	1,747,766
100,001-1,000,000	22	26.35	9,062,143
Over-1,000,000	4	40.04	13,771,830
	16,185	100.00	34,394,401

15 Share premium

See accounting policy in Note 39(M).

<i>In Taka</i>	<i>Note</i>	2014	2013
Balance at 1 January		333,302,465	321,892,801
Issued for Zero Coupon Bond		17,929,350	11,409,664
Issued for amalgamation		108,528	-
Balance at 31 December		351,340,343	333,302,465

16 Reserves

<i>In Taka</i>		2014	2013
Capital reserve	16.1	1,671,386	1,671,386
Revaluation surplus	16.2	890,868,633	892,463,915
Available-for-sale reserve	16.3	157,326,614	111,330,089
		1,049,866,633	1,005,465,390

16.1 Capital reserve

This represents the total grant received from Imperial Chemical Industries plc., London towards the cost of property, plant and equipment.

16.2 Revaluation surplus

<i>In Taka</i>	2014	2013
Balance at 1 January	892,463,915	894,621,959
Realized during the year	(1,595,282)	(2,158,044)
Balance at 31 December	890,868,633	892,463,915

16.3 Available-for-sale reserve

Year	No. of shares held	MV of shares	Cost of investment	Movement in fair value	Changes in fair value of AFS financial assets	AFS reserve as at 31 December
		<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
2010	706,526	500,397,040	28,316,000	472,081,040	257,970,169	424,872,936
2011	8,478,310	292,501,695	28,316,000	264,185,695	(207,895,345)	237,767,126
2012	8,478,310	184,827,158	28,316,000	156,511,158	(107,674,537)	140,860,043
2013	9,326,141	152,016,099	28,316,000	123,700,099	(32,811,059)	111,330,089
2014	10,258,755	203,123,349	28,316,000	174,807,349	51,107,250	157,326,614

17	Employee benefits		2014	2013
	<i>In Taka</i>	<i>Note</i>		
	Staff gratuity provision	17.1	358,552,986	278,792,990
	Other long term employee benefits		83,305,777	61,871,777
			441,858,763	340,664,767
17.1	Staff gratuity provision			
	<i>In Taka</i>	<i>Note</i>	2014	2013
	Balance at 1 January		278,792,990	225,633,571
	Provision made during the year		91,297,922	66,384,170
	Paid during the year		(11,537,926)	(13,224,751)
	Balance at 31 December		358,552,986	278,792,990
18	Other non-current liabilities			
	<i>In Taka</i>	<i>Note</i>	2014	2013
	Employees group insurance fund		400,000	400,000
	Obligation under finance lease	18.1	1,100,850	2,137,153
	Long term bank loans	18.2	54,613,313	275,501,644
	XYZ 20% Convertible Zero Coupon Bonds (ZCBs)		-	241,750,570
			56,114,163	519,789,367
18.1	Obligation under finance lease			
	<i>In Taka</i>	<i>Note</i>	2014	2013
	Balance at 1 January		2,137,153	3,025,537
	Paid during the year		(1,036,303)	(888,384)
	Balance at 31 December		1,100,850	2,137,153
18.2	Long term bank loans			
	<i>In Taka</i>	<i>Note</i>	2014	2013
	IPDC Bangladesh Limited		17,623,977	78,471,244
	Eastern Bank Limited		36,989,336	49,642,466
	AB Bank Limited		-	147,387,934
			54,613,313	275,501,644

1,042,773,576 1,378,771,429

19

Deferred tax liabilities

See accounting policy in Note 39(F).

<i>In Taka</i>	<i>Note</i>	2014	2013
Balance at 1 January		94,711,720	106,310,663
Deferred tax (income)/expense recognised through profit or loss		(37,079,047)	(8,317,837)
Deferred tax (income)/expense recognised through other comprehensive income		5,110,725	(3,281,106)
Balance at 31 December		62,743,398	94,711,720

<i>In Taka</i>	Carrying amount on reporting date	Tax base	Taxable/ (deductible) temporary difference
At 31 December 2014			
Property, plant and equipment	1,922,338,342	1,105,819,128	816,519,214
Land	1,475,533,898	-	1,475,533,898
Provision for inventory	181,265,088	-	(181,265,088)
Provision for trade receivables	176,732,751	-	(176,732,751)
Impairment for investment	150,000,000	-	(150,000,000)
Provision for gratuity	358,552,986	-	(358,552,986)
Provision for available for sale reserve	174,807,351	-	(174,807,351)
Taxable/(Deductible) temporary differences	4,439,230,416	1,105,819,128	1,250,694,936
Applicable tax rate for land			4%
Applicable tax rate for available for sale reserve			10%
Applicable tax rate for other than land and available for sale reserve			27.50%
Deferred tax liabilities			62,743,398

<i>In Taka</i>	Carrying amount on reporting date	Tax base	Taxable/(deductible) temporary difference
At 31 December 2013			
Property, plant and equipment	1,627,208,458	884,027,947	743,180,511
Provision for inventory	179,032,543	-	(179,032,543)
Provision for trade receivables	71,168,692	-	(71,168,692)
Provision for gratuity	278,792,990	-	(278,792,990)
Provision for available for sale reserve	123,700,098	-	(123,700,098)
Taxable/(Deductible) temporary differences	2,279,902,781	884,027,947	214,186,286
Applicable tax rate for land			4%
Applicable tax rate for available for sale reserve			10%
Applicable tax rate for other than land and available for sale reserve			27.50%
Deferred tax liabilities			94,711,720

20 Bank overdraft

<i>In Taka</i>	Note	2014	2013
Standard Chartered Bank		177,948,920	114,146,754
Commercial Bank of Ceylon Plc.		10,866,195	133,020,007
The Hongkong and Shanghai Banking Corporation Limited		24,569	15,506,558
Citibank, N.A.		-	5,000
Mercantile Bank Limited		-	69,518
The City Bank Limited		27,013,225	96,956,965
Eastern Bank Limited		14,925,493	42,294,708
Bank Alfalah Limited		75,185,182	10,269,038
BRAC Bank Limited		18,037,241	100,862,891
AB Bank Limited		-	9,382,182
The Premier Bank Limited		13,066,463	-
Pubali Bank Limited		1,031,151	20,542,652
National Credit and Commerce Bank Limited		30,284,968	194,374,060
Dutch-Bangla Bank Limited		195,222	4,010,911
United Commercial Bank Limited		35,765,668	-
One Bank Limited		23,492,492	-
		427,836,789	741,441,244

21 Loans and borrowings

<i>In Taka</i>	Note	2014	2013
Short term loan	21.1	5,572,662,756	4,677,922,468
Current portion of long term loan	21.2	343,908,273	381,968,026
		5,916,571,029	5,059,890,494

21.1 Short term loan

<i>In Taka</i>	<i>Note</i>	2014	2013
Standard Chartered Bank		866,582,461	400,375,734
Commercial Bank of Ceylon Plc.		668,788,400	533,674,000
The Hongkong and Shanghai Banking Corporation Limited		241,586,638	327,148,470
AB Bank Limited		34,772,743	39,968,399
The City Bank Limited		983,671,675	40,646,652
Eastern Bank Limited		1,591,250,431	2,056,158,719
BRAC Bank Limited		1,027,198,064	532,168,038
One Bank Limited		20,915,922	-
Dutch Bangla Bank Limited		3,497,282	83,313,447
Pubali Bank Limited		-	239,833
Jamuna Bank Limited		-	400,000,000
United Commercial Bank Limited		15,770,510	-
The Premier Bank Limited		310,477	-
Bank Alfalah Limited		118,318,153	264,229,176
		5,572,662,756	4,677,922,468

21.2 Current portion of long term loan

<i>In Taka</i>	<i>Note</i>	2014	2013
IPDC Bangladesh Limited		63,312,710	59,995,145
AB Bank Limited		-	46,051,710
Current portion of obligation under finance lease		1,036,304	888,386
Eastern Bank Limited		16,869,909	15,932,847
XYZ 20% Convertible Zero Coupon Bonds		262,689,350	259,099,938
		343,908,273	381,968,026

Facility arrangement for bank overdraft, short term bank loan and term loan is as follows:

In Taka

Name of the bank	Overdraft limits	Short-term XYZ limits	Long-term loan limits	Revolving Trust Receipt Limit/ Letter of credit	Bank guarantee
AB Bank Limited	30,000,000	65,000,000	-	200,000,000	-
Bank Alfalah Limited	120,000,000	100,000,000	-	180,000,000	-
Bank Asia Limited	15,000,000	-	-	200,000,000	20,000,000
BRAC Bank limited	60,000,000	550,000,000	-	800,000,000	10,000,000
Commercial Bank of Ceylon	130,000,000	300,000,000	-	300,000,000	-
Dutch Bangla Bank Limited	150,000,000	-	-	500,000,000	-
Eastern Bank Limited	40,000,000	2,000,000,000	200,000,000	760,000,000	10,000,000
The Hongkong and Shanghai Banking Corporation Limited	30,000,000	-	-	590,000,000	10,000,000
Mercantile Bank Limited	65,000,000	-	-	200,000,000	-
One Bank Limited	100,000,000	500,000,000	-	300,000,000	-
Standard Chartered Bank	100,000,000	600,000,000	200,000,000	600,000,000	20,000,000
The City Bank Limited	200,000,000	900,000,000	-	390,000,000	10,000,000
Pubali Bank Limited	1,000,000	-	-	500,000,000	-
NCC Bank Limited	1,000,000,000	-	-	-	-
Premier Bank Limited	400,000,000	-	-	750,000,000	-
United Commercial Bank	50,000,000	-	-	500,000,000	10,000,000
Trust Bank Limited	-	-	-	250,000,000	-

Securities for the facilities mentioned above are as below:

- Demand promissory notes for BDT 3,307.69 million.
- Registered hypothecation over inventories and accounts receivables on pari-passu basis for BDT 8,150 million.
- Registered hypothecation over plant and machinery on pari-passu basis for BDT 2,102.5 million.
- Corporate guarantee issued to AB Bank Limited by XYZ Formulations Limited, XYZ Pure Flour and XYZ Salt Limited.
- Corporate guarantee issued to Bank Asia Limited by XYZ Motors Limited and XYZ Foods Limited.
- Corporate guarantee issued to Dutch Bangla Bank Limited by XYZ Salt Limited, XYZ Foods Ltd. XYZ Motors Limited and PremiaFlex Plastics Ltd.
- Corporate guarantee issued to Dutch Bangla Bank Limited by XYZ Salt Limited, XYZ Motors Limited.
- Corporate guarantee issued to The Premier Bank Limited by XYZ Salt Limited.
- Post dated Cheque to NCC Bank Ltd. from SCB & Premier Bank Ltd. covering total overdraft limit BDT 1000 million.

Facility for XYZ 20% zero coupon bonds are as below:

XYZ 20% Convertible Zero Coupon Bonds (Note: 21.2)

Issue Price	: BDT 1,000,017,310
Face value	: BDT 1,335,850,000
Purpose	: For project financing and repaying existing debts.
Tenure	: 5 years
Repayment	: From sales proceeds
Redemption	: At maturity of each respective bond, redemption will be made in cash to the extent of 80% and rest 20% is eligible for convertible option.
Conversion	: Net Assets Value (NAV) per share as per last annual audited financial statements multiplied by 1.1 strike price
Conversion value	: 20% of the redemption value of the Zero Coupon Bonds at each maturity value

Securities for the facility mentioned above are as follows:

- The bonds are subordinated to the bank liabilities.
- Post dated cheques equivalent to the total face value of the ZCBs.

22 Trade and other payables

See accounting policy in Note 39(L).

<i>In Taka</i>	<i>Note</i>	2014	2013
Trade payables	22.1	362,330,430	448,787,894
Inter company payables	22.2	137,299,218	364,070,950
Other payables	22.3	1,124,527,430	1,020,668,516
		1,624,157,078	1,833,527,360

22.1 Trade payables

<i>In Taka</i>	<i>Note</i>	2014	2013
Related parties:			
XYZ Formulations Limited		5,929,521	7,777,522
Premiaflex Plastics Limited		9,200,687	2,797,774
XYZ Salt Limited		40,250	-
XYZ Foods Limited		16,668	21,288
		15,187,126	10,596,584
Other than related parties:			
Image Printing And Packages Limited		9,521,794	4,958,049
Globe Drugs Limited		8,079,375	7,245,000
Quality Plastic Industry Limited		4,354,570	2,133,135
D M International Limited		4,116,496	2,189,903
Padma Lamitube Limited		3,382,897	3,491,980
Padma Blowing Limited		3,153,458	4,482,141
JMS Glass Industries Limited		3,109,630	1,601,661
Siddique Plastic Industries Limited		3,034,407	4,382,765
The Bengal Glass Works Limited		2,653,918	4,335,755
Moni Printers And Packages Limited		2,458,079	1,865,030
Others		303,278,680	401,505,891
		347,143,304	438,191,310
		362,330,430	448,787,894

22.2 Inter company payables

<i>In Taka</i>	<i>Note</i>	2014	2013
XYZ Formulations Limited		137,299,218	363,250,594
XYZ Edible Oils Limited		-	820,356
		137,299,218	364,070,950

22.3 Other payables

<i>In Taka</i>	<i>Note</i>	2014	2013
Accruals		397,491,322	352,647,614
Advance from customers		17,264,384	9,889,425
Security money received from customers		191,209,253	205,395,300
Workers' profit participation fund	22.3.1	286,233,804	231,680,915
Unclaimed dividend		52,429,105	44,771,201
Tax and VAT deducted at source		16,740,378	21,596,912
Employees welfare fund		128,675,434	122,826,050
Rights share deposit to be refunded		563,723	563,723
Family day fund		4,020,643	4,107,269
Non-management staff provident fund		2,642,111	2,734,630
Unclaimed refund warrant - Zero Coupon Bonds		3,647,450	3,647,450
Payable for redemption of Zero Coupon Bonds		15,464,555	13,810,873
Management staff provident fund		6,680,254	3,892,749
Laser advertisement and promotional fund		310,595	3,104,405
Electronics advertisement and promotional fund		1,154,419	-
		1,124,527,430	1,020,668,516

22.3.1 Workers' profit participation fund

<i>In Taka</i>	<i>Note</i>	2014	2013
Balance at 1 January		231,680,915	185,846,613
Addition during the year		66,941,575	53,384,874
Interest accrued during the year		24,389,086	19,796,251
Paid during the year		(36,777,772)	(27,346,823)
Balance at 31 December		286,233,804	231,680,915

23 Provision for tax

See accounting policy in Note 39(F).

<i>In Taka</i>	<i>Note</i>	2014	2013
Balance at 1 January		466,635,771	208,193,234
Provision made during the year		358,255,364	258,442,537
Adjustment for amalgamation		1,430,545	-
Adjustment on completion of assessment for prior years		(436,095,519)	-
Balance at 31 December		390,226,161	466,635,771

24 Revenue

See accounting policy in Note 39(B).

<i>In Taka</i>	<i>Note</i>	2014	2013
Pharmaceuticals	24.1	5,744,012,657	4,975,668,245
Animal Health		1,669,138,273	1,271,620,170
Consumer brands		3,590,229,865	3,350,515,901
Seeds (Local)		378,897,032	365,547,389
Seeds (Import)		167,004,135	84,979,986
Fertilizer		490,736,885	377,719,065
Cropex		278,704,343	257,549,956
		12,318,723,190	10,683,600,712

Revenue is presented as net of discount, volume rebate and VAT.

24.1 Pharmaceuticals

Pharmaceuticals turnover includes sales of the following in units :

<i>Name of unites</i>	<i>Quantity</i>	2014	2013
Tablets	Pc	15,765,298	14,861,505
Capsules	Pc	4,230,243	3,764,771
Injection	Pc	4,859,101	4,531,036
Bottled products	Pc	24,586,658	22,310,616
Creams	Pc	5,826,452	4,868,931
Inhaler		468,831	488,029

25 **Cost of sales**

		2014						2013	
<i>In Taka</i>	<i>Note</i>	Pharmaceuticals	Animal health	Consumer brands	Seeds	Fertilizer	Cropex	Total	Total
Stock of finished goods as at 1 January		288,430,888	459,307,583	848,117,700	115,428,794	62,934,462	-	1,774,219,427	1,411,884,326
Cost of goods manufactured	25.1	2,533,806,364	195,174,463	550,550,803	57,115,900	341,868,188	-	3,678,515,718	3,252,956,485
Finished goods purchased		76,516,665	1,095,922,462	1,874,525,499	336,218,498	871,935	263,051,476	3,647,106,535	3,535,448,764
Cost of finished goods available for sale		2,898,753,917	1,750,404,508	3,273,194,002	508,763,192	405,674,585	263,051,476	9,099,841,680	8,200,289,575
Stock of finished goods as at 31 December		(307,066,094)	(672,852,853)	(743,215,885)	(167,931,686)	(60,893,728)	-	(1,951,960,246)	(1,774,219,427)
Inter business adjustment		(197,934,274)	64,178,570	133,755,704	-	-	-	-	-
		2,393,753,549	1,141,730,225	2,663,733,821	340,831,506	344,780,857	263,051,476	7,147,881,434	6,426,070,148

25.1 **Cost of goods manufactured**

		2014						2013	
<i>In Taka</i>	<i>Note</i>	Pharmaceuticals	Animal health	Consumer brands	Seeds	Fertilizer	Cropex	Total	Total
Cost of materials consumed	25.1.1	1,930,740,967	141,019,660	412,247,868	35,259,349	331,177,022	-	2,850,444,866	2,638,256,005
Manufacturing expenses	26	539,780,937	68,479,209	68,255,197	37,251,512	10,100,176	-	723,867,031	614,857,326
Quality control and development expenses	26	112,104,108	-	-	-	-	-	112,104,108	91,282,947
Cost of samples, product bonus and stock write off		(43,081,884)	(17,108,725)	70,047,738	7,586,298	590,990	-	18,034,417	(90,024,012)
Cost of production		2,539,544,128	192,390,144	550,550,803	80,097,159	341,868,188	-	3,704,450,422	3,254,372,266
Work in process as at 1 January		36,313,417	6,952,615	-	13,484,058	-	-	56,750,090	55,334,309
Work in process as at 31 December		(42,051,181)	(4,168,296)	-	(36,465,317)	-	-	(82,684,794)	(56,750,090)
		(5,737,764)	2,784,319	-	(22,981,259)	-	-	(25,934,704)	(1,415,781)
		2,533,806,364	195,174,463	550,550,803	57,115,900	341,868,188	-	3,678,515,718	3,252,956,485

25.1.1 **Cost of materials consumed**

		2014						2013	
<i>In Taka</i>	<i>Note</i>	Pharmaceuticals	Animal health	Consumer brands	Seeds	Fertilizer	Cropex	Total	Total
<i>Raw and packing materials:</i>									
Opening stock		455,540,173	80,327,870	71,251,002	15,701,405	49,673,915	-	672,494,365	633,915,140
Purchase		2,135,150,833	135,200,502	454,653,441	36,039,252	382,615,556	-	3,143,659,584	2,676,835,230
Closing stock		(659,950,039)	(74,508,712)	(113,656,575)	(16,481,308)	(101,112,449)	-	(965,709,083)	(672,494,365)
		1,930,740,967	141,019,660	412,247,868	35,259,349	331,177,022	-	2,850,444,866	2,638,256,005

26 Allocation of expenses

<i>In Taka</i>	2014					2013	
	Administrative expenses	Distribution expenses	Manufacturing expenses	QC and development expenses	Selling expenses	Total	Total
Salary and wages	219,566,303	115,922,391	227,149,414	67,959,159	1,031,486,899	1,662,084,166	1,444,651,020
Traveling and conveyance	7,926,946	87,071,850	3,007,096	731,084	304,515,467	403,252,443	364,072,220
Rent and rates	12,268,330	27,829,119	56,216,029	-	46,113,307	142,426,785	144,233,065
Repair and maintenance	5,819,352	5,337,463	57,539,503	7,656,939	11,023,362	87,376,619	54,903,211
Fuel and power	5,278,711	6,361,233	184,379,283	6,729,970	9,579,672	212,328,869	164,695,224
Postage	7,949,311	2,219,440	1,575,981	166,369	25,642,668	37,553,769	29,979,576
Printing and stationery	5,022,631	14,931,107	3,446,029	744,787	16,463,865	40,608,419	36,345,733
Promotional expenses	18,291,320	-	159,026	-	859,072,387	877,522,733	863,766,887
Entertainment	6,750,933	4,925,468	4,714,973	306,275	4,060,814	20,758,463	18,958,700
Vehicle maintenance	6,656,370	51,478,905	3,198,709	1,163,975	31,718,754	94,216,713	90,968,630
Bad debts	-	-	-	-	115,886,216	115,886,216	28,818,195
Truck and handling	-	91,148,195	6,995,191	14,265	85,721,785	183,879,436	157,037,573
Legal and professional charges	7,457,553	38,590	-	-	3,388,552	10,884,695	6,875,904
Audit fees	500,000	-	-	-	-	500,000	450,000
Insurance	1,019,277	7,688,418	7,152,845	282,371	8,284,770	24,427,681	22,590,387
Directors' fees	20,250	-	-	-	-	20,250	21,526
Bank charges	-	1,984,896	-	-	6,836,166	8,821,062	8,344,277
Sundry expenses	-	285,660	7,650	-	-	293,310	549,938
Product development expenses	-	-	74,575	290,201	25,110,102	25,474,878	15,300,327
Training expenses	737,117	305,641	38,354	135,522	24,597,096	25,813,730	7,121,157
Depreciation	13,895,815	17,842,504	163,368,742	14,490,267	50,548,630	260,145,958	224,427,369
Amortisation	518,932	-	14,000	-	115,000	647,932	583,432
Lab chemical and apparatus	-	-	4,599,224	11,432,924	-	16,032,148	14,660,040
Meeting expenses	2,513,563	15,482	9,799	-	27,464,240	30,003,084	24,991,244
Share department expenses	1,321,440	-	-	-	-	1,321,440	902,199
Export expenses	-	-	-	-	8,244,879	8,244,879	4,639,151
ISO/TQM related expenses	457,047	-	125,481	-	79,200	661,728	701,849
Market research	-	-	-	-	10,940,473	10,940,473	5,491,976
Corporate Social Responsibility expenses	1,940,183	-	95,127	-	-	2,035,310	1,707,396
	325,911,384	435,386,362	723,867,031	112,104,108	2,706,894,304	4,304,163,189	3,737,788,206
<i>In Taka</i>						2014	2013
(a) Administrative expenses						325,911,384	276,224,476
(b) Distribution expenses						435,386,362	381,621,679
(c) Selling expenses						2,706,894,304	2,373,801,777
						3,468,192,050	3,031,647,932

27 Other income

<i>In Taka</i>	<i>Note</i>	2014	2013
Service charges		4,122,794	1,905,190
Dividend received		63,021,168	63,021,166
Rental income		1,807,000	2,388,000
Proceeds from sale of fixed assets		2,769,410	56,294,280
Gain/(loss) from foreign currency translations		1,705,037	544,059
Proceeds from scrap sale		7,258,369	6,800,094
Miscellaneous income		1,898,846	6,638,459
		82,582,624	137,591,248

28 Net finance costs

<i>In Taka</i>	<i>Note</i>	2014	2013
Bank loan		210,562,823	199,782,600
Employee welfare fund		15,687,235	13,085,490
Finance lease		407,603	534,407
Security deposits		16,037,409	10,583,375
Workers' profit participation fund		24,389,086	19,796,251
XYZ 20% Zero Coupon Bonds		29,252,922	51,889,132
Other funds/borrowings		63,751	105,145
		296,400,829	295,776,400

29 Income tax expense

See accounting policy in Note 39(F).

<i>In Taka</i>	<i>Note</i>	2014	2013
Current tax expense			
Current year		358,255,364	258,442,537
Adjustment for prior years		-	-
		358,255,364	258,442,537
Deferred tax expense/(income)			
Change in deferred tax liabilities		(37,079,047)	(8,317,837)
		(37,079,047)	(8,317,837)
Tax expense/(income)		321,176,317	250,124,700

30 Earnings per share

See accounting policy in Note 39(S).

30.1 Basic earnings per share

The calculation of basic earnings per share based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding is as follows:

<i>In Taka</i>	<i>Note</i>	2014	2013
Profit(loss) attributable to ordinary shareholders		950,713,609	764,187,906
Weighted average number of ordinary shares at 31 December		34,380,864	34,307,008
Earnings per share (Taka)		27.65	22.27

Earnings per share (Taka)	16.68	5.94
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30.2 Diluted earnings per share

The calculation of diluted earnings per share for the year 31 December is as follows:

<i>In Taka</i>	<i>Note</i>	2014	2013
Attributable profit for basic earnings per share		950,713,609	764,187,906
Interest savings for conversion of bond into equity		677,944	6,779,439
Adjusted profit for diluted earnings per share		951,391,553	770,967,345
Weighted average number of shares for basic earnings per share		34,380,864	34,307,008
Incremental number of shares from conversion		246,884	455,283
Weighted average number of ordinary shares at 31 December		34,627,748	34,762,291
Diluted earnings per share (Taka)		27.47	22.18

31 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii))
- Liquidity risk (see (iii))
- Market risk (see (iv))

(i) Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In Taka</i>	<i>Note</i>	Carrying amount	
		2014	2013
Trade receivables*	11(a)	3,625,256,345	3,507,450,464
Other receivables	11(a)	223,350,787	183,957,640
Tender deposits	12(a)	34,646,032	48,223,224
Cash and cash equivalents	13(a)	966,996,727	801,850,966
		1,224,993,546	1,034,031,830

* Trade receivables is net off of security money in Note 22(a).1.

At 31 December, the maximum exposure to credit risk for trade and other receivables by geographic regions was as follows:

<i>In Taka</i>	<i>Note</i>	Carrying amount	
		2014	2013
Domestic	11(a)	3,753,613,811	3,618,438,160
Foreign receivable	11(a)	94,993,321	72,969,944
		3,848,607,132	3,691,408,104

(b) Impairment

The aging of trade receivables that were not impaired was as follows:

<i>In Taka</i>	Carrying amount	
	2014	2013
Dues below 6 months	3,394,592,945	2,228,004,063
Dues over 6 months	787,107,273	1,699,639,653
	4,181,700,218	3,927,643,716

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

<i>In Taka</i>	2014	2013
Balance at 1 January	185,406,765	130,691,599
Impairment loss recognised	166,305,496	54,715,166
Balance at 31 December	351,712,261	185,406,765

(iii) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents and other investments at amounts in excess of expected cash outflows on financial liabilities. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 December 2014

<i>In Taka</i>	<i>Note</i>	Carrying amount	Contractual cash flows				
			Total	2 months or less	2-12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities:							
Short term interest bearing loans		5,572,662,756	5,572,662,756	-	5,572,662,756	-	-
Long term interest bearing loans		1,042,773,576	1,042,773,576	-	-	1,042,773,576	-
XYZ 20% Convertible Zero Coupon Bonds		262,689,350	262,689,350	-	262,689,350	-	-
Finance lease liabilities		22,122,215	22,122,215	-	8,418,873	13,703,342	-
Trade and other payables		3,010,184,390	3,017,684,389	2,812,952,777	-	204,731,612	-
Bank overdraft		818,454,318	818,454,318	818,454,318	-	-	-
		10,728,886,605	10,736,386,604	3,631,407,095	5,843,770,979	1,261,208,530	-
Derivative financial liabilities							
		-	-	-	-	-	-
		10,728,886,605	10,736,386,604	3,631,407,095	5,843,770,979	1,261,208,530	-

31 December 2013

<i>In Taka</i>	<i>Note</i>	Carrying amount	Contractual cash flows				
			Total	2 months or less	2-12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities:							
Short term interest bearing loans		4,677,922,468	4,677,922,468	-	4,677,922,468	-	-
Long term interest bearing loans		1,378,771,429	1,378,771,429	-	-	1,378,771,429	-
XYZ 20% Convertible Zero Coupon Bonds		500,850,508	500,850,508	-	259,099,938	241,750,570	-
Finance lease liabilities		33,767,730	33,767,730	-	22,129,083	11,638,647	-
Trade and other payables		2,679,923,623	2,679,923,623	2,427,140,113	-	252,783,510	-
Bank overdraft		1,158,146,135	1,158,146,135	1,158,146,135	-	-	-
		10,429,381,893	10,429,381,893	3,585,286,248	4,959,151,489	1,884,944,156	-
Derivative financial liabilities							
		-	-	-	-	-	-
		10,429,381,893	10,429,381,893	3,585,286,248	4,959,151,489	1,884,944,156	-

(iv) **Market risk**

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates 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, while optimising the return.

a) **Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is Bangladesh Taka (Taka/TK/BDT). The foreign currency in which these transactions are denominated is US Dollar (USD).

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as at the date of consolidated statement of financial position was as follows.

<i>In USD</i>	2014	2013
Trade receivables	359,721	360,735
Other receivables:	254,286	72,454
Cash and cash equivalents	764,942	384,073
Trade payables	(1,516,455)	(1,808,590)
Loans and borrowings	(26,791,896)	(6,676,032)
Net exposure	(26,929,402)	(7,667,360)

<i>In Euro</i>	2014	2013
Trade receivables	-	-
Other receivables:	274,020	349,686
Cash and cash equivalents	2,220	2,220
Trade payables	(178,884)	(319,569)
Loans and borrowings	(1,122,280)	(286,385)
Net exposure	(1,024,924)	(254,048)

<i>In GBP</i>	2014	2013
Trade receivables	-	-
Other receivables:	-	-
Cash and cash equivalents	1,439	1,439
Trade payables	-	-
Loans and borrowings	(26,475)	-
Net exposure	(25,036)	1,439

The following significant exchange rates have been applied during the year:

<i>In Taka</i>	Average rate		Year-end spot rate	
	2014	2013	2014	2013
USD	78.25	78.48	78.95	78.25
EUR	103.06	106.21	97.07	108.74
GBP	128.63	124.60	123.46	129.50

Sensitivity analysis

A reasonably possible strengthening (weakening) of foreign currency against functional currency at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecast sales and purchase.

<i>Effect in Taka</i>	Profit/(loss)		Equity, net of tax increase/(decrease)	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2014				
USD (5% movement)	106,303,815	(106,303,815)	106,303,815	(106,303,815)
EUR (5% movement)	4,974,548	(4,974,548)	4,974,548	(4,974,548)
GBP (5% movement)	154,541	(154,541)	154,541	(154,541)
31 December 2013				
USD (5% movement)	29,998,546.00	(29,998,546)	29,998,546	(29,998,546)
EUR (5% movement)	1,381,218.29	(1,381,218)	1,381,218	(1,381,218)
GBP (5% movement)	(9,319.95)	9,320	(9,320)	9,320

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. At present the company has no borrowings which is subject to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as at the date of consolidated statement of financial position date is as follows.

<i>In Taka</i>	<i>Note</i>	Nominal Amount	
		2014	2013
Fixed rate instruments			
<i>Financial assets</i>			
Term deposit		125,886,613	115,574,050
<i>Financial liabilities</i>			
Bank overdraft		818,454,318	1,158,146,135
Loans and borrowings		5,916,571,029	5,059,890,494
		125,886,613	115,574,050
Variable rate instruments			
<i>Financial liabilities</i>			
Offshore loan		2,222,233,034	562,049,007
		2,222,233,034	562,049,007

v) **Financial instruments - Fair values and financial risk management**

Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2014

<i>In Taka</i>	<i>Note</i>	Carrying amount							Fair value				
		Held-for-trading	Designated at fair value	Fair value - hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-	-
Equity securities							206,570,500			206,570,500			
										206,570,500			
Financial assets not measured at fair value													
Investment	8(a)				125,886,613			598,798,039					
Trade and other receivables	11(a)	-	-	-	-	4,053,338,744				4,053,338,744			
Tender deposits	12(a)	-	-	-	-	34,646,032				34,646,032			
Cash at banks	13(a)	-	-	-	-	404,809,161				404,809,161			
		-	-	-	125,886,613	4,492,793,937		598,798,039		4,492,793,937			
Financial liabilities measured at fair value		-	-	-	-	-		-		-		-	-
Financial liabilities not measured at fair value													
Employee benefits	17(a)	-	-	-	-	-		455,997,727		455,997,727		-	-
Short term interest bearing loans	#REF!							5,572,662,756		5,572,662,756		-	-
Long term interest bearing loans	18(a)							1,042,773,576		1,042,773,576		-	-
XYZ 20% Convertible Zero Coupon Bon	#REF!							262,689,350		262,689,350		-	-
Finance lease liabilities	#REF!							22,122,215		22,122,215		-	-
Trade and other payables	#REF!							3,010,184,390		3,010,184,390		-	-
Bank overdraft	20(a)							818,454,318		818,454,318		-	-
		-	-	-	-	-		11,184,884,332		11,184,884,332		-	-

31 December 2013

<i>In Taka</i>	<i>Note</i>	Carrying amount							Fair value				
		Held-for-trading	Designated at fair value	Fair value - hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value													
Equity securities		-	-	-	-	-	-	152,016,098	-	-	-	-	152,016,098
Financial assets not measured at fair value													
Investment	8(a)	-	-	-	-	-	614,275,107	-	-	-	-	-	-
Trade and other receivables	11(a)	-	-	-	-	3,896,139,716	-	-	3,896,139,716	-	-	-	-
Tender deposits	12(a)	-	-	-	-	48,223,224	-	-	48,223,224	-	-	-	-
Cash at banks	13(a)	-	-	-	-	394,574,233	-	-	394,574,233	-	-	-	-
		-	-	-	-	4,338,937,173	614,275,107	-	4,338,937,173	-	-	-	-
Financial liabilities measured at fair value													
		-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value													
Employee benefits	17(a)	-	-	-	-	-	-	353,101,757	353,101,757	-	-	-	-
Short term interest bearing loans	21.1	-	-	-	-	-	-	4,677,922,468	4,677,922,468	-	-	-	-
Long term interest bearing loans	18(a)	-	-	-	-	-	-	1,378,771,429	1,378,771,429	-	-	-	-
XYZ 20% Convertible Zero Coupon Bon	21.2	-	-	-	-	-	-	500,850,508	500,850,508	-	-	-	-
Finance lease liabilities	21.2	-	-	-	-	-	-	33,767,730	33,767,730	-	-	-	-
Trade and other payables	22	-	-	-	-	-	-	2,679,923,623	2,679,923,623	-	-	-	-
Bank overdraft	20	-	-	-	-	-	-	1,158,146,135	1,158,146,135	-	-	-	-
		-	-	-	-	-	-	10,782,483,650	10,782,483,650	-	-	-	-

The Company has not disclosed the fair values for financial instruments because their carrying amounts are a reasonable approximation of fair values.

32 Commitments

On the date of statement of financial position, the Company was enjoying unfunded credit facilities from the following banks:

<i>In Taka</i>	2014	2013
AB Bank Limited	344,550,000	31,736,000
Bank Alfalah Limited	45,350,000	4,766,806
BRAC Bank limited	205,094,000	13,062,868
Commercial Bank of Ceylon	43,144,868	39,277,294
The Hongkong Shanghai Banking Corporation Limited	168,802,081	85,533,647
Dutch Bangla Bank Limited	23,230,028	36,863,373
Eastern Bank Limited	112,612,889	108,074,012
One Bank Limited	552,299	-
Standard Chartered Bank	273,448,897	138,427,958
The City Bank Limited	177,450,043	46,483,262
United Commercial Bank Limited	38,372,000	-
	1,432,607,105	504,225,220

33 Contingencies

<i>In Taka</i>	2014	2013
Shipping Guarantee		
Standard Chartered Bank Limited	6,749,633	7,839,810
	6,749,633	7,839,810
Bank Guarantee		
Standard Chartered Bank Limited	6,274,732	3,000,000
Eastern Bank Limited	1,526,450	501,946,888
Bank Asia Limited	3,429,930	3,152,866
	11,231,112	508,099,754

34 Capital expenditure

<i>In Taka</i>	2014	2013
i) Contracted but not approved for	-	-
ii) Approved but not contracted for	226,780,511	64,730,141

35 Production capacity

	Capacity in units pack		Utilization	
	per 8hr/month			
	2014	2013	2014	2013
Pharmaceuticals, Consumer Brand and Animal Health	5,650,000	5,650,000	103%	99%

36 Related parties

a) Transactions with key management personnel

(i) Loans to directors

During the year, no loan was given to the directors of the Company.

(ii) Key management personnel compensation

Key management personnel compensation comprised the following:

<i>In Taka</i>	2014	2013
Salary	22,724,500	20,142,200
Benefit	9,018,674	8,096,090
Provident fund contribution	1,740,420	1,542,870
	33,483,594	29,781,160

Company's key management personnel includes the Company's directors. Compensation includes salaries, non-cash benefits, and contributions to a post employment defined benefit plan.

(b) Other related party transactions

<i>In Taka</i>	Transactions during the year ended 31 December				Balance outstanding as at	
	2014		2013		31 December	
	(Purchase)/Revenue		Working capital financing		2014	2013
XYZ Formulations Limited	(1,285,452,679)	(1,170,433,319)	655,232,123	465,707,400	(137,299,218)	(363,250,594)
	689,911					
XYZ Salt Limited	(11,106,730)	(9,417,085)	108,432,200	96,361,399	379,630,573	354,571,804
	43,411					
Apex Leathercraft Limited*	-	-	-	5,633,134	-	99,543,253
Flyban Insecticides Limited	-	-	10,353	6,978	1,024,661	1,014,308
XYZ Pure Flour Limited	(30,121,324)	(16,451,185)	172,459,704	53,892,014	10,930,186	44,534,754
XYZ Foods Limited	(121,885,462)	(50,527,679)	178,353,487	113,449,958	729,057,993	746,527,424
	95,318					
XYZ Agrochemicals Limited	-	-	16,897	51,940	246,099	229,202
Creative Communication Limited	-	-	30,519,809	30,597,762	12,452,424	10,723,821
XYZ Motors Limited	175,481	-	82,856,119	165,581,800	60,943,318	39,369,746
Premiaflex Plastics Limited	(213,513,508)	(134,338,310)	75,397,456	56,384,428	196,721,432	210,564,943
XYZ Logistics Limited	(6,013,627)	(5,115,237)	364,037,514	475,158,225	2,734,915,043	2,508,800,927
	2,605,890					
XYZ Edible Oils Limited	(7,500)	-	3,760,812	1,776,071	2,914,561	(820,356)
XYZ Healthcare Limited	-	-	101,307,353	108,035,187	144,173,139	42,890,842
Tetley XYZ (Bangladesh) Limited	-	-	73,512,617	1,938,056	47,203,318	442,622
Asian Consumer Care (Pvt.) Limited	-	-	1,113,131	2,519,010	7,893,516	8,205,086
XYZ Godrej Agrovvet (Pvt.) Limited	-	-	-	-	879,726	879,726
Stochastic Logic Limited	-	-	3,411,794	1,549,047	6,129,533	8,767,739
XYZ Chemicals Limited	-	-	3,870,598	-	3,850,959	-

*Apex Leathercraft Limited was amalgamated with XYZ Limited on 3 December 2014. On that date Assets and Liabilities were as follows:

<i>In Taka</i>	Cost	Accumulated depreciation	Carrying value
Assets:			
Land and Land development	225,000,000	-	225,000,000
Building	95,304,141	(25,064,311)	70,239,830
Road and other construction	7,032,636	(1,909,304)	5,123,332
Internal decoration	11,248,179	(5,660,733)	5,587,446
Electrical and other appliances	598,225	(503,526)	94,699
Generator & Lift	16,305,843	(9,864,107)	6,441,736
Advance Income tax			3,794,523
Security deposit			210,000
Other receivable			784,700
Total Assets			317,276,266
Liabilities:			
Accrued expenses			23,000
Income tax payable			1,430,545
Inter company receivable/ payables			93,632,920
Total Liabilities			95,086,465

37 Other disclosures

37.1 Number of employees

During 2014, number of regular employees receiving remuneration of Tk. 36,000 or above per annum was 6,930 (2013: 4,955).

37.2 Comparatives

Previous year's figures have been rearranged, whenever considered necessary to conform to the current year's presentation.

37.3 Subsequent events

The Directors of XYZ Limited have entered into Agreements on 24 April 2015 whereby S. C. Johnson & Son, Inc. a corporation incorporated under the laws of the State of Wisconsin, USA has purchased the Brands in the categories of Insect Control, Air Care and Toilet Care Products on mutually beneficial terms at a price of Taka 250.5 crore and that XYZ Limited will continue to be the Distributor of the Products for a period of 5 years.

In addition, the Board of Directors in their meeting held on ----- April 2014 have recommended cash dividend @ ----- per share of Taka 10 each aggregating to Taka ----- for the year ended 31 December 2014 subject to approval of the shareholders' in the Annual General Meeting scheduled to be held on ---- 2015. The financial statements for the year ended 31 December 2014 do not include the effect of the cash dividend which will be accounted for in the period when shareholders' right to receive payment is established.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

38 Basis of measurement

The financial statements have been prepared on historical cost basis except for certain assets which are stated either at revalued amount or fair market value as explained in the accompanying notes.

39 Significant accounting policies

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

Set out below is an index of the significant accounting policies, the details of which are available on the following pages:

- A. Basis of consolidation
- B. Revenue
- C. Foreign currency
- D. Employee benefits
- E. Finance income and finance costs
- F. Income tax
- G. Investment
- H. Inventories
- I. Property, plant and equipment
- J. Intangible assets
- K. Leased Assets
- L. Financial instruments
- M. Share capital
- N. Provisions
- O. Impairment
- P. Going concern
- Q. Contingencies
- R. Statement of cash flows
- S. Earnings per share (EPS)
- T. Events after the reporting period

(B) Revenue

(i) Sale of goods

Revenue is recognized upon invoicing the customers for goods sold and delivered. Sales are accounted for net of value added tax, trade discount and allowances (if any). In case of cash delivery, revenue is recognized when delivery is made and cash is received by the Company.

(ii) Revenue arising from services

Revenue from services rendered is recognized in income statement in proportion to the stage of completion of the transaction at the reporting date.

(iii) Revenue arising from commission

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is recognized in the net amount of commission earned by the Group.

(iv) Dividend income

Dividend income is recognized when right to receive payment of such dividend is established.

(v) Allocation of common service costs

Common costs and facilities are allocated to entities based on common cost sharing agreement and followed consistently.

(C) Foreign currency

Foreign currency transactions are accounted for at exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated at rates ruling at the statement of financial position date. All exchange differences are charged / credited to the statement of comprehensive income.

(D) Employee benefits

(i) Defined contribution plan (provident fund)

The Company operates a recognized provident fund scheme where employees contribute 10% of their basic salary with equal contribution by the Company. The provident fund is considered as defined contribution plan being managed by a Board of Trustees.

(ii) Defined benefit plan (gratuity)

The Company operates an unfunded gratuity scheme, provision in respect of which is made annually covering all permanent employees. The Employees' Gratuity Fund is being considered as defined benefit plan.

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and year of services. The rate used to discount post employment benefit obligations is determined by reference to the rate stated in the actuarial report. Actuarial valuation of gratuity scheme has been made in 2013 to assess the adequacy of the liabilities provided for the schemes.

(iii) Workers' profit participation fund

The Company had created funds for workers as 'Workers' Profit Participation Fund' and 5% of the profit before charging such expense have been transferred to this fund.

(E) Finance income and finance costs

The Company's finance income and finance costs include:

- interest income; and
- interest expense;

Interest income or expense is recognised using the effective interest method.

(F) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI (Other Comprehensive Income).

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable tax rate for the Company is currently 27.5%

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. 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 realised; such reductions are reversed when the probability of future taxable profits improve.

(G) Investment in shares

In the separate financial statements of the Company, investment in subsidiaries, associates and joint ventures has been carried at cost as per Bangladesh Accounting Standard 27 *Separate Financial Statements*. All other investments categorized under 'Investment available for sale' and 'Held-to-maturity' are carried at fair value.

In the consolidated financial statements of XYZ Limited, following valuation principles have been used:

Investments in subsidiaries - Investment in subsidiaries has been accounted for as per Bangladesh Financial Reporting Standard 10 Consolidated Financial Statements. The investment is eliminated in full against the equity of acquiree measured at fair value at the date of acquisition as per Bangladesh Financial Reporting Standard 3 *Business Combinations*.

Investments available for sale - These are valued at fair value and the change in fair value of investments available for sale is presented in comprehensive income statement and in statement of financial position. This is as per Bangladesh Financial Reporting Standard 7 *Financial Instruments Disclosures*, Bangladesh Accounting Standard 32 *Financial Instruments: Presentation* and Bangladesh Accounting Standard 39 *Financial Instruments: Recognition and Measurement*.

Associates and joint ventures - Associates are those entities in which XYZ Limited has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities XYZ Limited has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the XYZ Limited's share of the income and expenses of equity accounted invested, after adjustments to align the accounting policies with those of the XYZ Limited, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. This is in consistent with Bangladesh Financial Reporting Standard 11 Joint Arrangements and Bangladesh Financial Reporting Standard 12 Disclosure of Interests in other Entities.

Amalgamation - All assets, liabilities, income and expenditure of ABC Limited (transferor company) have been amalgamated with assets, liabilities, income and expenditure of XYZ Ltd. (transferee company). Investment held by XYZ Limited in transferor company is eliminated against the share capital of Apex Leathercraft Limited. Transactions between transferor and transferee companies have also been eliminated.

Issuance of shares pursuant to the Scheme of Amalgamation -

As per verdict of the Honourable High Court, necessary shares of XYZ Limited has been allotted in favour of the shareholders of the Apex Leathercraft Limited after having approval from regulatory authorities on the basis of the scheme of amalgamation. Brief scheme of amalgamation as approved by the Honourable High Court on 17 November 2014 are as follows:

Effective date of amalgamation : The judgement and order has been taken effect after filing of the certified copy of the same to the Registrar of Joint Stock Companies and Firm on 3 December 2014.

Purchase consideration: 2.8 ordinary shares of Taka 10 each in XYZ Limited has been issued in exchange of 1 (one) ordinary share of Taka 100 each in Apex Leathercraft Limited. Transferee company has issued in total 280 shares of Taka 10 each in favour of shareholders of transferor company.

Date of allotment: Allotment has been made after obtaining approval from Bangladesh Securities and Exchange Commission (BSEC) and Registrar of Joint Stock Companies and Firm.

(H) Inventories

Inventories except materials in transit are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operation capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Stock- in-transit represents the cost incurred up to the date of the statement of financial position for the items that were not received till to the date of reporting. Inventory losses and abnormal losses are recognized as expenses.

(I) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The items of property, plant and equipment were revalued in the year 2004, 2007 and 2010 by the firm of professional valuers on the basis of fair market value. When revalued assets are disposed off, the amounts included in the revaluation surplus are transferred to retained earnings. Capital work-in-progress represents the cost incurred for acquisition and / or construction of items of property, plant and equipment that were not ready for use at the end of 2014 and these are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material, direct labour and any other costs directly attributable to bringing the assets to the working condition for their intended use.

Subsequent to initial recognition cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other repair and maintenance expenses are charged to income statement as it is incurred.

(ii) Depreciation

All items of property, plant and equipment have been depreciated on straight line basis. Depreciation on additions are charged at 50% of normal rates only in the year of acquisition and no depreciation is charged in the year of disposal. Depreciation is charged at the rates varying from 2.5% to 20% depending on the estimated useful lives of assets. No depreciation is charged for land and capital work-in-progress. The Company is following this policy consistently from past years.

The revalued items of property, plant and equipment are depreciated by writing off their revalued amount at the date of revaluation over their remaining estimated useful lives.

The estimated useful lives for the current and comparative years are as follows:

<i>In Year</i>	2014	2013
Building	40	40
Plant and machinery	10	10
Furniture and fixture	10	10
Electrical and other office appliances	10	10
Office machinery	5	10
Vehicles	5	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Estimation of useful life of office equipment has been revised from 10 years to 5 years during the year 2014.

(iii) Capitalization of borrowing costs

Borrowing cost relating to acquisition of fixed assets is capitalized as per Bangladesh Accounting Standard (BAS) - 23, *Borrowing costs* at the weighted average cost of borrowings. However, capitalization of borrowing costs is ceased when acquisition of relevant asset is completed.

(iv) Impairment

The carrying amount of the entity's non-financial assets, other than inventories and deferred tax assets (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is reestimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

(J) Intangible asset

(i) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net value of the identifiable assets and liabilities of the acquiree on the date of acquisition.

(ii) Software

Software that is acquired by the Group, which has finite useful life, is measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

(iii) Amortization

Amortization is charged in the income statement on a straight line basis over the estimated useful lives of intangible assets other than goodwill. Amortization on additions are charged at 50% of normal rates only in the year of acquisition. Amortization is charged at the rates of 10-20% depending on the estimated useful lives of assets and no amortization is charged in the year of disposal.

The estimated useful life for the current intangible asset is as follows:

	Useful life	Normal rate
Software	5-10 years	10-20 Percent

Amortization methods, useful lives and residual values are reviewed at each reporting date.

(K) Leased assets

(i) Finance lease

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Depreciation

Depreciation is charged according to the policy applicable for the owned assets of the Company.

Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating lease

Payments made under operating leases are recognized in income statement on a straight line basis over the term of the lease.

(L) Financial instruments

Non-derivative financial instruments comprise investments in shares and term deposit, trade receivables, cash and cash equivalents, trade payables and interest-bearing borrowings.

(i) Financial assets

The Company initially recognises receivables and deposits issued on the date when they are originated. All other financial assets are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company's financial assets comprise trade and other receivables, investment in shares and term deposit and cash and cash equivalents.

Trade and other receivables

Trade receivables are recognized at original invoiced amount. Receivables are stated at netted off provision for bad and doubtful debt and written off. Provision is made in the financial statements considering the uncertainty of recovery at the date of the statement of financial position and bad debts are written off when the debts became finally irrecoverable based on assessment and judgment made by senior management of the Company.

Investment in shares-other than the investment in subsidiaries, associates and joint ventures

Investment in shares are non-derivative financial assets that are designated as available-for-sale. Initially they are recognized at cost and subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale are recognized in other comprehensive income and presented in fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Investment in Term Deposit

The Company has the positive intent and ability to hold term deposit to maturity, and as such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognized at fair value plus any directly attributable transaction cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

(ii) Financial Liabilities

The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company's financial liabilities comprise trade and other payables and interest - bearing borrowings.

The Company recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits.

(vi) Trade payables

Trade payables are recognized at fair value.

(vii) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method less any impairment losses.

(viii) XYZ 20% Convertible Zero Coupon Bonds (ZCB)

Zero Coupon Bonds are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, ZCBs are stated at amortized cost using the effective interest method.

M. Share capital

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

N. 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.

O. Impairment

(i) Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers; or
- observable data indicating that there is measurable decrease in expected cash flows from a company of financial assets.

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (Cash-generating units).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

P. Going concern

During the year under review, XYZ Logistics Limited, a subsidiary of XYZ Limited, incurred a net loss of Tk. 1,027,288,608 making an accumulated loss at the reporting date to Tk. 4,472,869,073. The Company's current liabilities exceeded the current assets by Tk. 4,284,491,475 at the reporting date. The paid up capital of the Company at the closing date was Tk. 360,000,000. Its dues to banks and finance lease Company on the same date was Tk. 2,944,147,920. The management is, however, confident that the Company will continue in operational existence for a foreseeable future on the basis of continued support from the parent Company, XYZ Limited and improved trading conditions.

During the year under review, XYZ Foods Limited, a subsidiary of XYZ Limited, incurred a net loss of Tk. 158,139,232 making an accumulated loss at the balance sheet date amounting to Tk. 1,090,002,749 and the Company's current liabilities exceeded the current assets by Tk. 1,341,573,534. The paid up capital of the Company at the closing date was Tk. 40,000,000, where as its dues to Banks on the same date was Tk. 665,670,040. The management is, however, confident that the Company will continue in operational existence for a foreseeable future on the basis of continued support of the Company's banks and shareholders.

In view of the continued support and assurance from the Group and major shareholders, management believes that it remains appropriate to prepare these financial statements on a going concern basis.

Q. Contingencies

Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company discloses contingent liability in the financial statements. A provision is recognised in the period in which the recognition criteria of provision is met.

Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company does not recognise contingent asset.

R. Statement of cash flows

Cash flows from operating activities are presented under direct method as per BAS 7: Statement of cash flows.

S. Earnings per share (EPS)

The Company and the Group (which is made up of XYZ Limited and its subsidiaries and associates) present its basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company / Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. This has been shown on the face of income statement and computation of EPS is stated in note 30.

T. Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.