



KAZI ZAHIR KHAN & CO.

CHARTERED ACCOUNTANTS

কাজী জহির খান এন্ড কোং

চার্টার্ড একাউন্ট্যান্টস

Date: 24 April, 2014

**Auditors' Report
To the Shareholders of
Aziz Pipes Limited**

We have audited the accompanying Financial Statements of Aziz Pipes Limited, which comprise the Statement of Financial Position as at 31 December, 2013, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

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

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit observations are as under:

1. Utilization of Production Capacity and ability of the Company to pay Debt:

The production capacity position of the Company is very poor which was decreased than the last year by 9.44%. Total utilization of attainable capacity of the Company is only 38.59% which was 48.03% at previous year. The management of the Company opined that the shortfall was made due to reduce demand emanated from general economic downturn, shortage of working capital and no-availability of banking support due to sub-judice matter. In our opinion, production capacity must be utilized at the optimum level to strengthen the financial position of the Company. Further, it is mentioned that as of 31 December, 2013 the cumulative balance of retained earning stands on negative balance amounting to Tk. 434,685,034 and indebted to the extent of Tk. 615,017,986 consisting of loan fund and current liabilities. All these facts indicate significant uncertainty as to the Company's ability to repay the liabilities.



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2. Cost of Goods Sold (COGS):

The Cost of Goods Sold represents 90.32% of the total turnover, which is the higher side and it was also 90.86% in the last year. In our opinion for steady profit of the Company the cost of goods sold ratio to turnover should be reduced as much as possible and also sales price of the product should be re-fixed.

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3. Deferred Taxation:

The Company recognized no Deferred Taxation in accordance with Paragraph-47 of BAS-12.

4. Pre-Production Expenses:

During the year the Company has been amortized Tk. 1,000,000 against Pre-Production Expenses. We feel that entire rest of the amount should be written off immediately.

5. Revaluation Reserve:

The Company has not been charging depreciation on the additional value resulting from revaluation of fixed assets as required by BAS-16.

6. Loan Fund:

The Company has continuously been defaulting in payment of installments against short-term loan and cash credit from Uttara Bank Ltd., Dutch Bangla Bank Ltd. and National Bank Ltd., which included in Note-13, 14 & 15. The Company is under process of negotiation for restructuring with those Financial Institutions. Both, the Company and Uttara Bank Ltd., Dutch Bangla Bank Ltd. and National Bank Ltd. have gone into litigation to mitigate their respective grievances and such no interest has been charged during the year against those loans. However, the Company management should take pragmatic actions to negotiate the matter as early as possible.

Subject to our above comments, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as at 31 December, 2013 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, the Securities & Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, the Company has kept proper books of account as required by law so far as it appeared from our examination of those books;
- c) The Company's Statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of account; and
- d) The expenditure was incurred for the purposes of the Company's business.

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Chartered Accountants.

Aziz Pipes Limited
Statement of Financial Position
as at 31 December, 2013

Property & Assets	Notes	2013 Taka	2012 Taka
Non-Current Assets		130,581,406	147,574,654
Fixed Assets	02	111,221,375	125,742,076
Deferred Revenue Expenditure	03	-	1,472,547
Pre-Production Expenses	04	19,360,031	20,360,031
Current Assets		273,727,484	277,640,304
Inventories	05	121,173,271	123,273,215
Accounts Receivable-Trade	06	114,976,099	122,327,036
Advances, Deposits & Prepayments	07	28,358,521	29,897,667
Cash & Bank Balances	08	9,219,593	2,142,386
Total Assets		404,308,890	425,214,958
Capital & Liabilities			
Shareholders' Equity		(210,709,096)	(203,879,427)
Share Capital	09	48,500,000	48,500,000
Share Premium	10	106,700,000	106,700,000
Revenue Reserves & Surplus	11	68,775,938	76,281,027
Retained Earnings	12	(434,685,034)	(435,360,454)
Loan Fund		127,832,688	141,252,750
Term Loan	13	70,632,688	84,052,750
Short Term Loan	14	57,200,000	57,200,000
Current Liabilities		487,185,298	487,841,635
Cash Credit	15	359,535,025	359,535,025
Accounts Payable (Goods Supply)	16	70,668,216	71,000,826
Creditors & Accruals	17	50,273,592	49,796,546
Staff Gratuity		1,091,869	1,466,769
Workers' Profit Participation/Welfare Fund	18	117,655	206,826
Provision for Income Tax	19	4,848,000	5,184,602
Unclaimed Dividend		650,941	651,041
Total Shareholders' Equity & Liabilities		404,308,890	425,214,958
Net Asset Value (NAV) per Share	25	(43.45)	(42.04)

The accounting policies and other notes form an integral part of the financial statements.

Md. Abul Hossain
Chairman

Mohd. Abdul Halim
Director

Md. Nurul Absar
Managing Director (C.C)

This is the Statement of Financial Position referred to in our report of even date.

Date: Dhaka
29 April, 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Aziz Pipes Limited

**Statement of Comprehensive Income
for the year ended 31 December, 2013**

Particulars	Notes	2013 Taka	2012 Taka
Turnover	20	335,535,094	407,800,157
Cost of Goods Sold	21	303,067,301	370,536,673
Gross Profit		32,467,793	37,263,484
Operating Expenses		29,997,043	33,127,050
Administrative & General Expenses	22	28,417,760	31,280,627
Selling & Distribution Expenses		1,443,279	1,710,871
Financial Expenses	23	136,004	135,552
Net Profit before WPPF		2,470,750	4,136,434
Contribution to WPPF		117,655	206,826
Net Profit before Income Tax		2,353,095	3,929,608
Provision for Income Tax		1,677,675	2,039,001
Net Profit after Income Tax		675,420	1,890,607
Basic Earning per Share (EPS)	24	0.14	0.39

The accounting policies and other notes form an integral part of the financial statements.

Md. Abul Hossain
Chairman

Mohd. Abdul Halim
Director

Md. Nurul Absar
Managing Director (C.C)

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

Date: Dhaka
29 April, 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Aziz Pipes Limited

**Unit Wise Statement of Financial Position
as at 31 December, 2013**

Property & Assets	Notes	Unit-1 Taka	Unit-2 Taka	Unit-3 Taka	Unit-4 Taka	Unit-5 Taka	Unit-6 Taka	2013 Taka	2012 Taka
Non-Current Assets		26,825,933	2,704,558	10,399,172	32,699,729	34,926,000	23,026,014	130,581,406	147,574,654
Fixed Assets	02	26,825,933	2,704,558	10,399,172	32,699,729	30,497,756	8,094,227	111,221,375	125,742,076
Deferred Revenue Expenditure	03	-	-	-	-	-	-	-	1,472,547
Pre-Production Expenses	04	-	-	-	-	4,428,244	14,931,787	19,360,031	20,360,031
Current Assets		110,253,922	75,229,893	76,203,792	117,121,312	51,561,403	24,710,687	455,081,009	454,099,066
Inventories	05	-	18,369,685	22,538,289	52,569,748	14,384,256	13,311,293	121,173,271	123,273,215
Inter-Unit Current Account		110,253,922	42,847,993	28,251,610	-	-	-	181,353,525	176,458,762
Accounts Receivable-Trade	06	-	10,850,276	16,951,140	46,888,393	32,045,150	8,241,140	114,976,099	122,327,036
Advances, Deposits & Prepayments	07	-	2,438,012	6,819,700	11,192,941	4,946,737	2,961,131	28,358,521	29,897,667
Cash & Bank Balances	08	-	723,927	1,643,053	6,470,230	185,260	197,123	9,219,593	2,142,386
Total Assets		137,079,855	77,934,451	86,602,964	149,821,041	86,487,403	47,736,701	585,662,415	601,673,720
Capital & Liabilities									
Shareholders' Equity		137,686,069	(38,010,228)	(37,481,679)	(66,835,992)	(130,962,431)	(75,104,835)	(210,709,096)	(203,879,427)
Share Capital	09	36,125,000	7,375,000	5,000,000	-	-	-	48,500,000	48,500,000
Share Premium	10	79,475,000	16,225,000	11,000,000	-	-	-	106,700,000	106,700,000
Revenue Reserves & Surplus	11	20,458,060	5,631,878	16,756,168	21,303,042	4,626,790	-	68,775,938	76,281,027
Retained Earnings	12	1,628,009	(67,242,106)	(70,237,847)	(88,139,034)	(135,589,221)	(75,104,835)	(434,685,034)	(435,360,454)
Loan Fund		-	17,580,000	18,694,000	20,926,000	-	70,632,688	127,832,688	141,252,750
Term Loan	13	-	-	-	-	-	70,632,688	70,632,688	84,052,750
Short Term Loan	14	-	17,580,000	18,694,000	20,926,000	-	-	57,200,000	57,200,000
Notes		Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012

		Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Current Liabilities		(606,214)	98,364,679	105,390,643	195,731,033	217,449,834	52,208,848	668,538,823	664,300,397
Cash Credit	15	-	69,819,803	72,545,326	101,719,128	115,450,768	-	359,535,025	359,535,025
Inter-Unit Current Account		-	-	-	35,231,673	97,177,277	48,944,575	181,353,525	176,458,762
Accounts Payable (Goods Supply)	16	-	12,246,380	17,012,500	34,763,051	4,133,925	2,512,360	70,668,216	71,000,826
Creditors & Accruals	17	(51,315)	13,096,833	14,369,058	21,172,980	1,014,519	671,517	50,273,592	49,796,546
Staff Gratuity		-	295,813	330,246	232,743	150,426	82,641	1,091,869	1,466,769
Workers' Profit Participation	18	(40,934)	90,673	114,049	204,730	(206,511)	(44,352)	117,655	206,826
Provision for Income Tax	19	(513,965)	2,480,867	742,958	2,366,603	(270,570)	42,107	4,848,000	5,184,602
Unclaimed Dividend		-	334,310	276,506	40,125	-	-	650,941	651,041
Total Shareholders' Equity & Liabilities		137,079,855	77,934,451	86,602,964	149,821,041	86,487,403	47,736,701	585,662,415	601,673,720

The accounting policies and other notes form an integral part of the financial statements.

Md. Abul Hossain
Chairman

Mohd. Abdul Halim
Director

Md. Nurul Absar
Managing Director (C.C)

This is the Statement of Financial Position
referred to in our report of even date.

Date: Dhaka
29 April, 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Aziz Pipes Limited

**Unit Wise Statement of Comprehensive Income
for the year ended 31 December, 2013**

Particulars	Notes	Unit-1 Taka	Unit-2 Taka	Unit-3 Taka	Unit-4 Taka	Unit-5 Taka	Unit-6 Taka	2013 Taka	2012 Taka
Turnover	20	-	75,645,980	100,719,976	145,248,965	3,512,450	10,407,723	335,535,094	407,800,157
Cost of Goods Sold	21	729,887	68,391,889	90,729,250	127,000,692	7,498,547	8,717,036	303,067,301	370,536,673
Gross Profit/(Loss)		(729,887)	7,254,091	9,990,726	18,248,273	(3,986,097)	1,690,687	32,467,793	37,263,484
Operating Expenses		129,731	5,349,965	7,595,688	13,948,949	350,639	2,622,071	29,997,043	33,127,050
Administrative & General Expenses	22	129,731	5,077,659	7,103,318	13,194,249	350,639	2,562,164	28,417,760	31,280,627
Selling & Distribution Expenses		-	240,156	456,890	689,450	-	56,783	1,443,279	1,710,871
Financial Expenses	23	-	32,150	35,480	65,250	-	3,124	136,004	135,552
Net Profit/(Loss) before WPPF		(859,618)	1,904,126	2,395,038	4,299,324	(4,336,736)	(931,384)	2,470,750	4,136,434
Contribution to WPPF		(40,934)	90,673	114,049	204,730	(206,511)	(44,352)	117,655	206,826
Net Profit before Income Tax		(818,684)	1,813,453	2,280,989	4,094,594	(4,130,225)	(887,032)	2,353,095	3,929,608
Provision for Income Tax		-	375,730	503,600	726,245	17,562	54,538	1,677,675	2,039,001
Net Profit/(Loss) after Income Tax		(818,684)	1,437,723	1,777,389	3,368,349	(4,147,787)	(941,570)	675,420	1,890,607
Basic Earning per Share (EPS)	24							0.14	0.39

The accounting policies and other notes form an integral part of the financial statements.

Md. Abul Hossain
Chairman

Mohd. Abdul Halim
Director

Md. Nurul Absar
Managing Director (C.C)

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

Date: Dhaka
29 April, 2014

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Chartered Accountants

Aziz Pipes Limited

**Statement of Changes in Equity
for the year ended 31 December, 2013**

Particulars	Share Capital	Share Premium	Revenue Reserves & Surplus	Retained Earnings	Total Taka
Balance as on 01-01-2012	48,500,000	106,700,000	83,786,116	(437,251,061)	(198,264,945)
Net Profit/(Loss) during the year	-	-	-	1,890,607	1,890,607
Revaluation Reserve	-	-	(7,505,089)	-	(7,505,089)
Balance as on 31-12-2012	48,500,000	106,700,000	76,281,027	(435,360,454)	(203,879,427)

Particulars	Share Capital	Share Premium	Revenue Reserves & Surplus	Retained Earnings	Total Taka
Balance as on 01-01-2013	48,500,000	106,700,000	76,281,027	(435,360,454)	(203,879,427)
Net Profit/(Loss) during the year	-	-	-	675,420	675,420
Revaluation Reserve	-	-	(7,505,089)	-	(7,505,089)
Balance as on 31-12-2013	48,500,000	106,700,000	68,775,938	(434,685,034)	(210,709,096)

The accounting policies and other notes form an integral part of the financial statements.

Md. Abul Hossain
Chairman

Mohd. Abdul Halim
Director

Md. Nurul Absar
Managing Director (C.C)

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

Date: Dhaka
29 April, 2014

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Chartered Accountants

Aziz Pipes Limited

**Statement of Cash Flows
for the year ended 31 December, 2013**

Particulars	Note	2013 Taka	2012 Taka
CASH FLOW FROM OPERATING ACTIVITIES:			
Collection from Sales & Others		342,886,031	390,166,800
Payment for Cost & Expenses		(319,502,731)	(381,635,644)
Income Tax		(2,014,277)	-
Net Cash Generated from Operating Activities		21,369,023	8,531,156
CASH FLOW FROM INVESTING ACTIVITIES:			
Acquisition of Fixed Assets		(360,750)	(876,164)
Net Cash used in Investing Activities		(360,750)	(876,164)
CASH FLOW FROM FINANCING ACTIVITIES:			
Payment of Gratuity		(374,900)	(699,947)
Payment of SEBL Block Account		(13,420,062)	(9,000,000)
Payment of Dividend		(100)	-
Financial Expenses		(136,004)	(135,552)
Net Cash Generated from Financing Activities		(13,931,066)	(9,835,499)
Net Cash Inflow/(Outflow)		7,077,207	(2,180,507)
Opening Cash & Bank Balances		2,142,386	4,322,893
Closing Cash & Bank Balances		9,219,593	2,142,386
Net Operating Cash Flow per Share	26	4.41	1.76

The accounting policies and other notes form an integral part of the financial statements.

Md. Abul Hossain
Chairman

Mohd. Abdul Halim
Director

Md. Nurul Absar
Managing Director (C.C)

This is the Statement of Cash Flows referred to in our report of even date.

Date: Dhaka
29 April, 2014

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Chartered Accountants

Aziz Pipes Limited

Notes, Comprising a Summary of Significant Accounting Policies and Other Explanatory Information for the year ended 31 December, 2013

01. Specific Accounting Policies Selected & Other Material Information:

Legal Form of the Enterprise:

The Company was incorporated on 02 May, 1981 as a Private Limited Company under the Companies Act, 1994. It was converted into a Public Limited Company under the same statute. It's shares are listed in both the Dhaka and Chittagong Stock Exchange Limited.

Address of Registered Office and Principal Place of Business:

The Registered Office of the Company is located at 93, Motijheel C/A, (3rd Floor), Dhaka-1000 and the Factory is located at Amirabad (Shibrampur), Faridpur.

Principles Activities and Nature of Operations:

The Company is manufacturer of high quality PVC Rigid Pipes, PVC Flexible Corrugated Conduit Pipes, Free Foamed Sheet (Plastic Wood & Touchwood) & PVC Profiles products.

Accounting Policies:

Basis of Preparation and Presentation of the Financial Statements:

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act, 1994 and IAS and IFRS adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS). The Statement of Financial Position and Statement of Comprehensive Income have been prepared according to BAS-1 "Presentation of Financial Statements" based on accrual basis of accounting following going concern assumption under generally accepted accounting principles and practices in Bangladesh and cash flow statement according to BAS-7 "Cash Flow Statement".

Accounting Convention and Assumption:

The financial statements are prepared under the historical cost convention.

Principal Accounting Policies:

The specific accounting policies have been selected and applied by the Company's management for significant transactions and events that have a material effect within the Framework for preparation and presentation of financial statements. Financial statements have been prepared and presented in compliance with BAS-1 "Presentation of Financial Statements". The previous year's figures were formulated according to the same accounting principles. Compared to the previous year, there were no significant changes in the accounting and valuation policies affecting the financial position and performance of the Company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for reasons of clarity. The Company classified the expenses using the function of expenses method as per BAS-1.

Responsibility for Preparation and Presentation of Financial Statements:

The Board of Directors is responsible for the preparation of financial statements under section 183 of the Companies Act, 1994 and as per the provision of "The Framework for the Preparation and Presentation of Financial Statements" issued by the Bangladesh Accounting Standard (BAS).

Legal Compliance:

The financial statements have been prepared and the disclosures of information were made in accordance with the requirements of the Companies Act, 1994, Securities and Exchange Rules 1987, Listing Regulations of Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) and IASs adopted by the ICAB. On the basis of these regulations, Bangladesh Accounting Standards (BAS) & Bangladesh Financial Reporting Standards (BFRS) were applied with the applicable standards at the Statement of Financial Position date.

Critical Accounting Estimates, Assumptions and Judgments:

The preparation of the financial statements are in conformity with BFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Going Concern:

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

Application of Standards:

The following BASs and BFRSs are applicable for the financial statements for the year under review.

- BAS-1 Presentation of Financial Statements;
- BAS-2 Inventories;
- BAS-7 Cash Flow Statements;
- BAS-8 Accounting Policies, Changes in Accounting Estimates and Errors;
- BAS-10 Events after the Balance Sheet Date;
- BAS-16 Property, Plant & Equipment;
- BAS-17 Leases;
- BAS-18 Revenue;
- BAS-19 Employee Benefits;
- BAS-23 Borrowing Costs;
- BAS-24 Related Parties Disclosure;
- BAS-33 Earnings per Share;
- BAS-37 Provisions, Contingent Liabilities and Contingent Assets;
- BAS-38 Intangible Assets.

Recognition of Property, Plant & Equipment and Depreciation:

Property, Plant & Equipment is stated at cost less accumulated depreciation in accordance with BAS-16 "Property, Plant & Equipment". Cost represents cost of acquisition or construction and include purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use, but do not include any capitalized borrowing cost.

Depreciation has been charged using Diminishing Balance Method (DBM). Full year's depreciation is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged on assets disposed of during the year. Expenditure for maintenance and repairs are expensed, major replacements, renewals and betterment are capitalized.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed of are eliminated from the assets and accumulated depreciation, and any gain or loss on such disposal is reflected in operations for the year.

The annual depreciation rates have been charged as under:

Particulars	Rate
Building & Other Constructions	10%
Road & Sewerage	10%
Electrical Installation	15%
Plant & Machinery	10%
Furniture & Fixture	10%
Fittings	10%
Office Equipment	15%
Loose & Tools	15%
Motor Vehicles	20%
Weight Bridge Equipment	15%
Factory Equipment	15%
Pump House	15%
Crockeries & Cutleries	20%
Sundry Assets	15%
Gas Line Installation	10%

Depreciation has been charged to Statement of Comprehensive Income consistently.

Valuation of Inventories:

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process. Inventories are stated at the lower of cost or net realizable value in compliance to the requirements of Para 21 and 25 of BAS-2. Costs including an appropriate portion of fixed and variable overhead expenses are assigned inventories by the method most appropriate to the particular class of inventory. Net realizable value represents the estimated selling price for the inventories less all estimated cost of completion and cost necessary to make the sale. Item wise valuation is as follows:

Category of Inventories	Basis of Valuation
Raw & Packing Materials	: At Weighted Average Cost
Work-in-Progress	: At Standard Cost
Finished Goods	: At Standard Cost

Standard cost comprises value of materials, standard activity cost and overheads.

Cash & Cash Equivalents:

For the purpose of Balance Sheet and Cash Flow Statement, Cash in Hand and Bank balances represent cash and cash equivalents considering the BAS-1 "Presentation of Financial Statements" and BAS-7 "Cash Flow Statement", which provide that Cash and Cash equivalents are readily convertible to known amounts of Cash and are subject to an insignificant risk of changes in value and are not restricted as to use.

Statement of Cash Flows:

Statement of Cash Flows is prepared principally in accordance with BAS-7 "Cash Flow Statement" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules, 1987 and considering the provision of paragraph 19 of BAS-7 which provides that "Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method".

Taxation:

The Company is "Publicly Traded Company" as per the Finance Act, 2013 and the rate of Turnover tax applicable is .50% from January to 31 December, 2013. The assessment of the Company has been completed up to the assessment year 2013-2014.

Share Premium:

The Share Premium shall be utilized in accordance with provisions of the Companies Act, 1994 and as directed by the Securities and Exchange Commission in this respect.

The section 57 of the Companies Act, 1994 provides that the Company may apply the Share Premium Account as follows:

- i. in paying up un-issued shares of the Company to be issued to members of the Company as fully paid bonus shares;
- ii. in amortized off the preliminary expenses of the Company;
- iii. in amortized off the expenses or the commission paid or discount allowed on any issue of shares or debentures of the Company; and
- iv. in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

Employee Benefits (Staff Provident Fund):

The Company provides sufficient fund for staff provident fund each year for all eligible permanent employees but the staff provident fund is yet to recognize.

Workers' Profit Participation Fund:

Contribution to Workers' Profit Participation Fund has been made at 5% of the net profit after charging such contribution.

Authorization date for issuing Financial Statements:

The financial statements were authorized by the Board of Directors on 24 April, 2013 for issue after completion of review.

Turnover:

Turnover comprises local sales of PVC Pipes, Non-Pressure Pipes, Thread Pipes, Plastic Wood and Profile and excluding VAT.

Revenue Recognition:

In compliance with the requirements of BAS-18 "Revenue", revenue is recognized only when:

- The products are invoiced and dispatched to the customers; and
- Interest income is recognized on accrual basis.

Accrued Expenses and Other Payables:

Liabilities for the goods and services received have been accounted for Payables are not interest bearing and are stated their nominal value.

Accounts Receivable-Trade:

Accounts are receivable in original invoice value. The Current Accounts are maintaining with every party. All Current Accounts are considered good and collectible, and therefore, no amount was written off as bad debt and no debt was considered doubtful to provide for.

Contingent Liabilities and Assets:

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company. In accordance with BAS-37 Provision, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

Earnings per Share:

The Company calculates Earnings per Share (EPS) in accordance with BAS-33 "Earning per Share", which has been shown on the face of Statement of Comprehensive Income, and the computation of EPS is stated in the note.

Basic Earnings:

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

Weighted Average Number of Ordinary Shares Outstanding during the year:

Computation of weighted average number of ordinary shares is not required during the current year, as number of shares outstanding has not been changed during the year under review.

Basic Earnings per Share:

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

Diluted Earnings per Share:

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

Components of the Financial Statements:

According to the Bangladesh Accounting Standards (BAS)-1 "Presentation of Financial Statements" the complete set of Financial Statements includes the following components":

- Statement of Financial Position as at 31 December, 2013;
- Statement of Comprehensive Income for the year ended 31 December, 2013;
- Statement of Changes in Equity for the year ended 31 December, 2013;
- Statement of Cash Flows for the year ended 31 December, 2013 &
- Accounting Policies and Explanatory Notes.

Comparative:

Financial statements are presented as BAS-1 "Presentation of Financial Statements" and previous year's figures have been restated due to changes in some accounting policies as per BAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Reporting Period:

Financial Statements of the Company cover one financial year from 01 January to 31 December consistently.

General:

Wherever considered necessary, previous year's figures have been rearranged for the purpose of comparison;

Figures appearing in the financial statements have been rounded off to the nearest Taka.

02. Fixed Assets: Tk. 111,221,375

Particulars	Cost				Rate	Depreciation				Revaluation Surplus	Dep. on Revaluation Assets	Written down value as on 31-12-2013
	As on 01-01-2013	Addition during the year	Adjustment during the year	As on 31-12-2013		As on 01-01-2013	Charged during the year	Adjustment during the year	As on 31-12-2013			
Unit-1												
Land & Land Development	1,202,969	-	-	1,202,969	-	-	-	-	-	5,278,476	-	6,481,445
Building & Other Construction	8,350,250	-	-	8,350,250	10%	6,706,828	164,342	-	6,871,170	8,370,672	1,674,135	8,175,617
Roads & Sewerage	107,603	-	-	107,603	10%	86,668	2,094	-	88,762	-	-	18,842
Electrical Installation	514,668	-	-	514,668	15%	462,126	7,881	-	470,007	-	-	44,661
Plant & Machineries	25,760,959	-	-	25,760,959	10%	20,678,101	508,286	-	21,186,387	8,015,716	1,603,143	10,987,145
Furniture & Fixtures	1,013,373	-	-	1,013,373	10%	646,363	36,701	-	683,064	-	-	330,309
Fittings	6,584	-	-	6,584	10%	5,318	127	-	5,445	-	-	1,139
Office Equipments	2,590,837	-	-	2,590,837	15%	1,981,858	91,347	-	2,073,205	-	-	517,632
Loose Tools	121,958	-	-	121,958	15%	103,830	2,719	-	106,549	-	-	15,409
Motor Vehicles	465,000	-	-	465,000	20%	450,547	2,891	-	453,438	-	-	11,562
Weight Bridge Equipments	20,293	-	-	20,293	15%	17,242	458	-	17,700	-	-	2,593
Factory Equipments	308,066	-	-	308,066	15%	247,668	9,060	-	256,728	-	-	51,338
Pump House	173,639	-	-	173,639	15%	153,800	2,976	-	156,776	-	-	16,863
Crockeries & Cutleries	68,999	-	-	68,999	20%	60,583	1,683	-	62,266	-	-	6,733
Sundry Assets	790,361	-	-	790,361	15%	596,661	29,055	-	625,716	-	-	164,645
Sub-Total	41,495,559	-	-	41,495,559		32,197,593	859,620	-	33,057,213	21,664,864	3,277,278	26,825,933
Unit-2												
Building & Other Construction	341,600	-	-	341,600	10%	314,354	2,725	-	317,079	442,264	88,452	378,333
Plant & Machineries	4,128,282	-	-	4,128,282	10%	3,655,499	47,278	-	3,702,777	2,375,901	475,181	2,326,225
Sub-Total	4,469,882	-	-	4,469,882		3,969,853	50,003	-	4,019,856	2,818,165	563,633	2,704,558
Unit-3												
Building & Other Construction	212,350	-	-	212,350	10%	191,439	2,091	-	193,530	339,418	67,883	290,355
Plant & Machineries	20,130,875	-	-	20,130,875	10%	18,117,173	201,370	-	18,318,543	10,370,606	2,074,121	10,108,817
Sub-Total	20,343,225	-	-	20,343,225		18,308,612	203,461	-	18,512,073	10,710,024	2,142,004	10,399,172
Unit-4												
Land & Land Development	1,912,360	-	-	1,912,360	-	-	-	-	-	8,391,195	-	10,303,555
Building & Other Construction	936,153	-	-	936,153	10%	653,039	28,311	-	681,350	1,540,895	308,179	1,487,519
Furniture & Fixtures	416,206	-	-	416,206	10%	197,189	21,902	-	219,091	-	-	197,115
Fittings	5,358	-	-	5,358	10%	4,465	89	-	4,554	-	-	804
Office Equipments	1,554,900	-	-	1,554,900	15%	1,112,744	66,323	-	1,179,067	-	-	375,833
Factory Equipments	4,108,510	350,000	-	4,458,510	15%	1,475,212	447,495	-	1,922,707	-	-	2,535,803
Electrical Installation	607,800	-	-	607,800	15%	572,940	5,229	-	578,169	-	-	29,631
Plant & Machineries	22,879,498	-	-	22,879,498	10%	9,931,926	1,294,757	-	11,226,683	7,283,966	1,213,995	17,722,786
Crockeries & Cutleries	100,655	10,750	-	111,405	20%	53,051	11,671	-	64,722	-	-	46,683
Sub-Total	32,521,440	360,750	-	32,882,190		14,000,566	1,875,777	-	15,876,343	17,216,056	1,522,174	32,699,729

Particulars	Cost				Rate	Depreciation				Revaluation Surplus	Dep. on Revaluation Assets	Written down value as on 31-12-2013
	As on 01-01-2013	Addition during the year	Adjustment during the year	As on 31-12-2013		As on 01-01-2013	Charged during the year	Adjustment during the year	As on 31-12-2013			
Unit-5												
Land & Land Development	474,806	-	-	474,806	-	-	-	-	-	-	-	474,806
Building & Other Construction	11,301,139	-	-	11,301,139	10%	8,196,456	310,468	-	8,506,924	-	-	2,794,215
Furniture & Fixtures	555,146	-	-	555,146	10%	369,716	18,543	-	388,259	-	-	166,887
Office Equipments	2,622,758	-	-	2,622,758	15%	2,105,489	77,590	-	2,183,079	-	-	439,679
Factory Equipments	2,887,025	-	-	2,887,025	15%	2,333,715	82,997	-	2,416,712	-	-	470,313
Electrical Installation	2,964,061	-	-	2,964,061	15%	2,686,067	41,699	-	2,727,766	-	-	236,295
Plant & Machineries	106,553,807	-	-	106,553,807	10%	78,063,417	2,849,039	-	80,912,456	-	-	25,641,351
Crockeries & Cutleries	155,847	-	-	155,847	20%	133,321	4,505	-	137,826	-	-	18,021
Weight Bridge Equipments	109,265	-	-	109,265	15%	97,153	1,817	-	98,970	-	-	10,295
Loose Tools	279,301	-	-	279,301	15%	251,967	4,100	-	256,067	-	-	23,234
Motor Vehicles	1,350,000	-	-	1,350,000	20%	1,265,707	16,859	-	1,282,566	-	-	67,434
Gas Line Installation	302,398	-	-	302,398	10%	237,254	6,514	-	243,768	-	-	58,630
Roads & Sewerage	493,106	-	-	493,106	10%	385,777	10,733	-	396,510	-	-	96,596
Sub-Total	130,048,659	-	-	130,048,659		96,126,039	3,424,864	-	99,550,903	-	-	30,497,756
Unit-6												
Land & Land Development	13,855	-	-	13,855	-	-	-	-	-	-	-	13,855
Building & Other Construction	407,869	-	-	407,869	10%	275,745	13,212	-	288,957	-	-	118,912
Office Equipments	1,046,247	-	-	1,046,247	15%	886,037	24,032	-	910,069	-	-	136,178
Factory Equipments	8,306,486	-	-	8,306,486	15%	7,375,137	139,702	-	7,514,839	-	-	791,647
Furniture & Fixtures	149,972	-	-	149,972	10%	96,530	5,344	-	101,874	-	-	48,098
Electrical Installation	90,500	-	-	90,500	15%	79,559	1,641	-	81,200	-	-	9,300
Plant & Machineries	30,374,104	-	-	30,374,104	10%	22,653,416	772,069	-	23,425,485	-	-	6,948,619
Crockeries & Cutleries	29,107	-	-	29,107	20%	26,433	535	-	26,968	-	-	2,139
Loose Tools	12,407	-	-	12,407	15%	9,924	372	-	10,296	-	-	2,111
Motor Vehicles	513,037	-	-	513,037	20%	484,833	5,641	-	490,474	-	-	22,563
Roads & Sewerage	3,520	-	-	3,520	10%	2,625	90	-	2,715	-	-	805
Sub-Total	40,947,104	-	-	40,947,104		31,890,239	962,638	-	32,852,877	-	-	8,094,227
Total	269,825,869	360,750	-	270,186,619		196,492,902	7,376,363	-	203,869,265	52,409,109	7,505,089	111,221,375
2012	266,592,620	3,233,249	-	269,825,869		188,287,570	8,201,350	-	196,492,902	59,914,198	7,505,089	125,742,076

03. Deferred Revenue Expenditure: Tk. Nil

The break-up of the amount is shown below :

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
As per last account	-	395,607	639,466	437,474	-	-	1,472,547	1,972,547
Less: Written off	-	395,607	639,466	437,474	-	-	1,472,547	500,000
Closing balance	-	-	-	-	-	-	-	1,472,547

This represents interior decoration expenses of Head Office incurred in 1995 to 1998, when the Head Office was shifted from Purana Paltan to Aziz Bhaban. Due to incurring loss during subsequent years of those expenses, management of the Company amortized the deferred revenue expenditure from the year 2009. In the year 2013, rest of the amount Tk. 1,472,547 has been amortized as per management decision.

04. Pre-Production Expenses: Tk. 19,360,031

The break-up of the amount is shown below :

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
As per last account	-	-	-	-	4,678,244	15,681,787	20,360,031	21,360,031
Less: Written off	-	-	-	-	250,000	750,000	1,000,000	1,000,000
Closing balance	-	-	-	-	4,428,244	14,931,787	19,360,031	20,360,031

This above expense were incurred before commencement of production of the related units, plastic wood (unit-5) and PVC profile (unit-6) in the year 1998 to 2001. Amortization of the above expenses has not been made upto 2008 due to continuous loss of the Company in the subsequent years. But from the year 2009, management of the Company amortized of the pre-production expenses.

05. Inventories: Tk. 121,173,271

The break-up of the amount is shown below :

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Raw Materials (Note-5.01)	-	6,845,125	7,642,169	13,729,778	10,842,136	3,356,456	42,415,664	48,876,728
Finished Goods (Note-5.02)	-	11,524,560	14,896,120	38,245,620	3,542,120	9,954,837	78,163,257	73,832,970
Work-in-Process (Note-5.03)	-	-	-	594,350	-	-	594,350	563,517
Total	-	18,369,685	22,538,289	52,569,748	14,384,256	13,311,293	121,173,271	123,273,215

At the end of the year physical verification of Inventories was carried out jointly by the Company Official and Auditors. The basis of valuation is stated in Note-2.

5.01 Raw Materials: Tk. 42,415,664

5.02 Finished Goods: Tk. 78,163,257

Item wise quantity and value of closing stock of Raw Materials are as follows:

Items	Quantity (Kg.)	Value (Tk.)
Resin	92,875	9,635,781
Stabilizer SMS-318	32,414	6,328,834
Titanium	412	84,460
Calcium Carbonate	84,118	1,669,742
Parafin Wax	970	143,560
Static Acid	365	38,325
Naftomix GWN 1050	1,179	353,700
U.V.Absorber "JF-77 "	500	1,050,000
Barostab V 20MC-ST - 1	910	172,900
Barostab PB-51 S-ST-2	4,900	931,000
Hoechst Wax E Powder G-3	2,975	565,250
AC 316A(Oxyd.pe wax) G-7	475	90,250
Hoechst Wax PE-190 Powder G-8a	600	168,000
Barolub PA -C (PE WAX) G-8b	1,199	227,810
Barolub L-OH (Cetyl Alcohol) G-19	2,800	560,000
Barolub LS-100 G-70s	2,971	534,780
Indofil KM 323B/Cell builder - Mod.2c	7,100	2,130,000
Plastistrength P-530/Akdenizpro-45	400	80,000
KANE ACE PA-60 Mod.3b	200	60,000
Pigment-Yellow	200	350,000
Pigment-Green	18	36,000
Pigment-Blue	350	210,000
Pigment-Brown	70	42,000
Pigment-Peach	232	69,600
Pigment-Grey	995	597,600
Pigment-Red	200	150,250
DOP	117	27,495
Pigment-Black	12	6,380
Luvopor 865/50 DB Tr-1	7,025	4,325,125
Other Materials (Mixture)	123,574	11,776,822
Total		<u>42,415,664</u>

06. Accounts Receivable-Trade: Tk. 114,976,099

Item wise quantity and value of closing stock of Finished Goods are as follows:

Items	Quantity (Ton)	Value (Tk.)
PVC Rigid Pipes	397	48,595,332
Non Pressure Pipes	32	3,845,260
Thread Pipes	98	11,313,258
Corrugated Pipes	7	912,450
PVC Plastic / Profile	115	13,496,957
Total		<u>78,163,257</u>

5.03 Work-in-Process: Tk. 594,350

Item wise quantity and value of closing stock of Work-in-progress are as follows:

Items	Quantity (Ton)	Value (Tk.)
Rigid, Pipes	6	594,350
Total		<u>594,350</u>

The break-up of the amount is shown below:

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Debt due below 6 Months	-	6,025,140	9,825,160	29,642,763	-	4,025,160	49,518,223	53,049,668
Debt due over 6 Months	-	4,825,136	7,125,980	17,245,630	32,045,150	4,215,980	65,457,876	69,277,368
Total	-	10,850,276	16,951,140	46,888,393	32,045,150	8,241,140	114,976,099	122,327,036

The above amounts are unsecured but good. No provision was made for
No amount was due by the Directors (including Managing Director) or any other official of the Company.

07. Advances, Deposits & Prepayments: Tk. 28,358,521

The break-up of the amount is shown below

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Advances:								
General Advance	-	425,680	721,360	1,036,124	250,124	57,672	2,490,960	2,029,960
Staff Advance	-	45,632	90,125	102,360	25,460	190,662	454,239	962,355
Advance Income Tax	-	329,490	1,800,823	2,017,747	3,967,342	957,721	9,073,123	11,087,400
Sub-Total	-	800,802	2,612,308	3,156,231	4,242,926	1,206,055	12,018,322	14,079,715
Deposits:								
Security Deposits	-	45,315	51,785	229,751	100,216	25,003	452,070	452,070
Margin on Bank Guarantee	-	16,819	89,894	149,117	72,120	131,804	459,754	459,754
Earnest Money	-	51,426	65,281	145,482	81,352	52,059	395,600	395,600
Advance VAT Charges	-	1,523,650	4,000,432	7,512,360	450,123	1,546,210	15,032,775	14,510,528
Sub-Total	-	1,637,210	4,207,392	8,036,710	703,811	1,755,076	16,340,199	15,817,952
Total	-	2,438,012	6,819,700	11,192,941	4,946,737	2,961,131	28,358,521	29,897,667

All advances are un-secured but good.

In the opinion of the Directors, all current assets, investments, loans and advances are on realization in the ordinary course of business, a value at least equal to the amounts at which they are stated in the Statement of Financial Position.

There is no claim against the Company, which can be acknowledged as debt.

No amount was due by the Directors (including Managing Director) and

08. Cash & Bank Balances: Tk. 9,219,593

The break-up of the amount is shown below :

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Cash:								
Head Office	-	85,120	124,560	120,450	5,000	8,920	344,050	237,639
Factory (Cash & Bank)	-	190,120	245,360	580,124	180,260	188,203	1,384,067	681,614
Sub-Total	<u>-</u>	<u>275,240</u>	<u>369,920</u>	<u>700,574</u>	<u>185,260</u>	<u>197,123</u>	<u>1,728,117</u>	<u>919,253</u>
Bank Balances:								
Agrani Bank-Principal Br.	-	425,287	-	-	-	-	425,287	6,258
Southeast Bank Ltd.	-	-	329,186	-	-	-	329,186	20,579
Standard Bank Ltd.	-	-	5,075	-	-	-	5,075	5,075
Islami Bank Bangladesh Ltd.	-	-	929,498	-	-	-	929,498	1,056,998
Exim Bank Ltd.	-	-	-	315,763	-	-	315,763	6,759
Janata Bank	-	-	9,374	-	-	-	9,374	9,374
Mutual Trust Bank Ltd.	-	23,400	-	-	-	-	23,400	23,400
Jamuna Bank Ltd.	-	-	-	5,453,893	-	-	5,453,893	77,603
Standard Chartered Bank	-	-	-	-	-	-	-	17,087
Sub-Total	<u>-</u>	<u>448,687</u>	<u>1,273,133</u>	<u>5,769,656</u>	<u>-</u>	<u>-</u>	<u>7,491,476</u>	<u>1,223,133</u>
Total	<u>-</u>	<u>723,927</u>	<u>1,643,053</u>	<u>6,470,230</u>	<u>185,260</u>	<u>197,123</u>	<u>9,219,593</u>	<u>2,142,386</u>

The bank balances have been confirmed and reconciled with respective bank statements.

Cash in hand has been verified by the Management at the close of the year and a cash custody certificate was furnished to the Auditors.

09. Share Capita: Tk. 48,500,000

	2013	2012
Authorized Capital		
50,000,000 Ordinary Shares of Tk. 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, Subscribed & Paid-up Capital		
4,850,000 Ordinary Shares of Tk. 10/- each paid-up in full	<u>48,500,000</u>	<u>48,500,000</u>

(a) Composition of Shareholding:

	2013		2012	
	No. of Shares	%	No. of Shares	%
Directors/Sponsors	1,950,523	40.22	1,950,523	40.22
General Public	2,582,122	53.24	2,574,927	53.09
Financial Institutions	300,105	6.19	90,720	1.87
ICB Investors Account	17,250	0.36	233,830	4.82
Total	<u>4,850,000</u>	<u>100</u>	<u>4,850,000</u>	<u>100</u>

(b) Details of the Shareholding is given below:

The distribution schedule showing the number of Shareholders and their shareholding in percentage has been disclosed below as a requirement of the "Listing Regulation" of Dhaka and Chittagong Stock Exchange Limited.

Range of holdings In number of Shares	No. of Shareholders		No. of Shares		Holding %	
	2013	2012	2013	2012	2013	2012
Less than 500	3,238	3,002	436,707	409,300	9	8.44
500 to 5,000	646	586	990,267	869,100	20.42	17.92
5,001 to 10,000	51	49	376,834	351,478	7.77	7.25
10,001 to 20,000	35	43	496,069	634,424	10.23	13.08
20,001 to 30,000	7	6	173,800	145,575	3.58	3
30,001 to 40,000	3	3	104,550	106,800	2.16	2.2
40,001 to 50,000	1	0	40,200	-	0.83	0
50,001 to 100,000	4	3	310,850	222,450	6.41	4.59
Over 100,000	6	7	1,920,723	2,110,873	39.6	43.52
Total	3,991	3,699	4,850,000	4,850,000	100	100

(c) Option on Un-Issued Shares:

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

(d) Market Price:

The shares of the Company are listed with both the Dhaka and Chittagong Stock Exchange Limited and quoted at Tk. 20.80 (in 2012 Tk. 17.50) per share and Tk. 20.80 (in 2012 Tk. 18.30) per share in the Dhaka and Chittagong Stock Exchange Limited respectively on 31 December, 2013.

10. Share Premium: Tk. 106,700,000

Premium received amounting of Tk. 106,700,000 as against 194,000 ordinary share at the rate of Tk. 550/- each share in the year 1997.

11. Revenue Reserves & Surplus: Tk. 68,775,938

The break-up of the amount is shown below:

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Revaluation Reserve (Note-11.01)	18,387,586	2,254,532	8,568,020	15,693,882	-	-	44,904,020	52,409,109
Tax Holiday Reserve (Note-11.02)	1,970,474	3,277,346	7,533,148	5,609,160	4,626,790	-	23,016,918	23,016,918
General Reserve	100,000	100,000	80,000	-	-	-	280,000	280,000
Dividend Equalization Fund	-	-	575,000	-	-	-	575,000	575,000
Total	20,458,060	5,631,878	16,756,168	21,303,042	4,626,790	-	68,775,938	76,281,027

11.01 Revaluation Reserve: Tk. 44,904,020

This represents revaluation surplus arose from revaluation of certain fixed assets by professional values in the year 1996 on the basis of Market value of the year.

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Revaluation Reserve	21,664,864	2,818,165	10,710,024	17,216,056	-	-	52,409,109	59,914,198
Less: Adjustment during the year	3,277,278	563,633	2,142,004	1,522,174	-	-	7,505,089	7,505,089
Total	18,387,586	2,254,532	8,568,020	15,693,882	-	-	44,904,020	52,409,109

11.02 Tax Holiday Reserve: Tk. 23,016,918

This has been provided as per provision of section 45 (2B) (C) of the income Tax Ordinance 1984.

12. Retained Earnings: Tk. (434,685,034)

The break-up of the amount is shown below:

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
As per last account	2,446,693	(68,679,829)	(72,015,236)	(91,507,383)	(131,441,434)	(74,163,265)	(435,360,454)	(437,251,061)
Add: Profit/(Loss) during the year	(818,684)	1,437,723	1,777,389	3,368,349	(4,147,787)	(941,570)	675,420	1,890,607
Total	1,628,009	(67,242,106)	(70,237,847)	(88,139,034)	(135,589,221)	(75,104,835)	(434,685,034)	(435,360,454)

13. Term Loan: Tk. 70,632,688

This amount represents conversion of overdraft loan into Block Term Loan A/C by Southeast Bank Ltd., Principal Branch. As per re-scheduling given by Bank, this Term Loan amount will not attract any interest. As per re-scheduling arrangement vide their letter no. HO/CAD/822/2007/ dated: 30 December 2007, the terms and condition is given below:

- a) Aziz Pipes Ltd. will repay Tk. 13,20,00,000 (thirteen crore twenty lac) for final settlement of the liability by 10 (ten) years;
- b) Tk. 1.00 crore will be paid as down payment in two installment (80 lac & 20 lac);
- c) Freezing of further charging of interest till full adjustment of the liability which also to be treated as waived subject full adjustment of Tk. 13,20,00,000/-;
- d) Rest of Tk. 12.20 crore will pay in 120 installment within 10 years;
- e) During the year under Audit amount of Tk. 134.00 lac paid as yearly installment.

14. Short Term Loan: Tk. 57,200,000

This amount represents conversion of short term loan (cash credit hypothecation/pledge) into segregated and blocked term loan A/C by Uttara Bank Ltd., Corporate Branch. As per understanding given by the Bank this segregated amount will not attract any interest and as such has been treated accordingly by the Company.

15. Cash Credit: Tk. 359,535,025

Cash credits are availed from the followings Banks and are secured against hypothecation of Fixed & Floating assets i.e. on Raw materials. Work-in-process stores & spares and also personal guarantee of all Directors of the Company.

	2013	2012
Uttara Bank Ltd.	174,264,454	174,264,454
National Bank Ltd.	69,819,803	69,819,803
Dutch Bangla Bank Ltd.	115,450,768	115,450,768
Total	<u>359,535,025</u>	<u>359,535,025</u>

All the above Banks have filled cases against the Company for realization of their outstanding loans which is still against the above banks for correction of accounts as well as compensation for the lapses of the Banks in providing funds timely unsettled. The Company also filed cases against the above banks for correction of accounts as well as compensation for lapses of the Banks in providing funds timely.

Since filling of the cases against the Company, the Banks neither charged any interest nor sent any demand from note/statement of interest for the period from 01-01-2013 to 31-12-2013 to the Company.

In view of the above, interest has not been shown in the Company's accounts for the said period.

16. Accounts Payable (Goods Supply): Tk. 70,668,216

The balance represents against the parties for goods supplies of the Company.

17. Creditors & Accruals: TK. 50,273,592

The break-up of the amount is shown below:

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Salary & Allowances	-	-	-	22,456	-	-	22,456	21,291
Electricity Charges (Head Office)	-	-	-	18,885	-	-	18,885	6,795
Electricity Charges (Factory)	-	125,480	289,450	480,125	-	174,783	1,069,838	1,044,293
Telephone Charges	-	15,240	18,420	28,450	-	6,310	68,420	45,382
Canteen Charge	-	50,420	85,460	135,420	-	19,493	290,793	264,291
Water Supply & Sewerage	-	-	-	12,635	-	-	12,635	8,728
Audit Fees	-	10,000	12,000	60,000	-	10,000	92,000	80,000
Provident Fund	-	22,254	63,128	240,154	5,029	2,000	332,565	332,565
Wages & Allowances	(51,315)	333,429	507,298	1,063,533	(489,592)	107,535	1,470,888	1,098,089
Interest on Loan & Advance	-	12,497,840	12,809,087	18,570,091	886,602	-	44,763,620	44,763,620
Lease Rental Payable	-	42,170	584,215	541,231	612,480	351,396	2,131,492	2,131,492
Total	(51,315)	13,096,833	14,369,058	21,172,980	1,014,519	671,517	50,273,592	49,796,546

Most of the outstanding liabilities have subsequently been paid;

No liabilities in the Statement of Financial Position are at a value less than the amount at which it is repayable at the date of the Statement of Financial Position.

18. Workers' Profit Participation/Welfare Fund: Tk. 117,655

The break-up of the amount is shown below:

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
As per last account	(51,315)	188,199	261,608	283,143	(489,592)	14,783	206,826	-
Add: Addition during the year	(40,934)	90,673	114,049	204,730	(206,511)	(44,352)	117,655	206,826
	(92,249)	278,872	375,657	487,873	(696,103)	(29,569)	324,481	206,826
Less: Paid during the year	(51,315)	188,199	261,608	283,143	(489,592)	14,783	206,826	-
Total	(40,934)	90,673	114,049	204,730	(206,511)	(44,352)	117,655	206,826

19. Provision for Income Tax: Tk. 4,848,000

The break-up of the amount is shown below:

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
As per last account	(513,965)	2,497,699	689,162	2,729,684	(265,853)	47,875	5,184,602	3,145,601
Adjustment during the year	-	(392,562)	(449,804)	(1,089,326)	(22,279)	(60,306)	(2,014,277)	-
Provision during the year	-	375,730	503,600	726,245	17,562	54,538	1,677,675	2,039,001
Total	(513,965)	2,480,867	742,958	2,366,603	(270,570)	42,107	4,848,000	5,184,602

The Company recognized no deferred Tax liability in accordance with paragraph-47 of BAS-12

Tax provision on Turnover during the years made as following basis:-

	Turnover	Tax provision
Turnover January to December-2013	335,535,094	
Turnover Tax 2013 @ .50 %		1,677,675
Tk.		1,677,675

20. Turnover: Tk. 335,535,094

Name of Items	2013		2012	
	Qty-M.Ton	Amount	Qty-M.Ton	Amount
PVC Rigid Pipes	2,106	276,133,250	2,865	342,347,068
Thread/ ASTD Pipes	385	44,505,123	412	46,523,658
Plastic Wood	35	4,512,360	54	7,325,360
PVC Profile	81	10,384,361	87	11,604,071
Total	2,607	335,535,094	3,418	407,800,157

21. Cost of Goods Sold: Tk. 303,067,301

This is made up as under:

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Opening Stock of Finished Goods	-	8,542,360	12,546,320	39,869,615	6,842,130	6,032,545	73,832,970	71,806,922
Less: Adjustment	-	-	-	-	-	-	-	-
	-	8,542,360	12,546,320	39,869,615	6,842,130	6,032,545	73,832,970	71,806,922
Cost of Goods Manufactured (Note-21.01)	729,887	71,334,356	93,016,894	125,234,337	4,198,537	12,639,328	307,153,339	372,039,372
Fittings Making Cost	-	39,733	62,156	142,360	-	-	244,249	523,349
	729,887	71,374,089	93,079,050	125,376,697	4,198,537	12,639,328	307,397,588	372,562,721
Cost of Goods available for Sales	729,887	79,916,449	105,625,370	165,246,312	11,040,667	18,671,873	381,230,558	444,369,643
Closing Stock of Finished Goods	-	11,524,560	14,896,120	38,245,620	3,542,120	9,954,837	78,163,257	73,832,970
Cost of Goods Sold	729,887	68,391,889	90,729,250	127,000,692	7,498,547	8,717,036	303,067,301	370,536,673

21.01 Cost of Goods Manufactured: Tk. 307,153,339

This is made up as under:

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Cost of Materials Consumed (Note-21.02)	-	67,169,555	85,890,417	111,934,773	874,312	9,384,484	275,253,541	335,098,490
Electricity & Power (Absorbed)	-	2,415,368	2,865,324	4,819,936	-	396,572	10,497,200	10,252,964
	-	69,584,923	88,755,741	116,754,709	874,312	9,781,056	285,750,741	345,351,454
Opening Work-In-Process	-	-	-	563,517	-	-	563,517	3,240,119
	-	69,584,923	88,755,741	117,318,226	874,312	9,781,056	286,314,258	348,591,573
Closing Work-In-Process	-	-	-	594,350	-	-	594,350	563,517
	-	69,584,923	88,755,741	116,723,876	874,312	9,781,056	285,719,908	348,028,056
Factory Overhead (Note-21.03)	729,887	1,749,433	4,261,153	8,510,461	3,324,225	2,858,272	21,433,431	24,011,316
Cost of Goods Manufactured	729,887	71,334,356	93,016,894	125,234,337	4,198,537	12,639,328	307,153,339	372,039,372

21.02 Cost of Materials Consumed: Tk. 275,253,541

This is made up as follows:

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Opening Stock of Raw Materials	-	8,425,430	9,012,456	15,042,607	11,716,448	4,679,789	48,876,730	73,773,024
Add: Materials Purchase	-	65,589,250	84,520,130	110,621,944	-	8,061,151	268,792,475	310,202,194
	-	74,014,680	93,532,586	125,664,551	11,716,448	12,740,940	317,669,205	383,975,218
Less: Closing Stock of Raw Materials	-	6,845,125	7,642,169	13,729,778	10,842,136	3,356,456	42,415,664	48,876,728
Cost of Materials Consumed	-	67,169,555	85,890,417	111,934,773	874,312	9,384,484	275,253,541	335,098,490

Raw Materials Consumption are given below:

Particulars

	Quantity (Kg)	Amount (Tk.)
Opening Stock of Raw Material	435,923	48,876,730
Add. Purchase of Raw Materials	2,635,750	268,792,475
	3,071,673	317,669,205
Less. Closing stock of Raw Materials	370,156	42,415,664
Consumption of Raw Materials	2,701,517	275,253,541

21.03 Factory Overhead: Tk. 21,433,431

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Wages & Salaries	-	1,224,690	3,349,353	5,428,630	-	1,745,690	11,748,363	12,048,128
Repairs & Maintenance	-	456,320	654,213	1,125,698	-	159,528	2,395,759	3,632,819
Factory Maintenance	-	18,420	54,126	180,250	-	20,326	273,122	546,028
Depreciation	729,887	50,003	203,461	1,775,883	3,324,225	932,728	7,016,187	7,784,341
Total	729,887	1,749,433	4,261,153	8,510,461	3,324,225	2,858,272	21,433,431	24,011,316

22. Administrative & General Expenses: TK. 28,417,760

	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
Salary & Allowances	-	2,013,659	2,812,360	3,825,470	-	944,713	9,596,202	10,622,718
Staff Gratuity Expenses	-				-		-	
Board Meeting Fees	-	45,000	80,000	125,350	-	11,668	262,018	280,822
Stationery Expenses	-	95,230	85,240	185,690	-	21,542	387,702	442,498
Telephone Charges	-	102,135	180,236	201,250	-	10,292	493,913	498,118
Travelling & Conveyance	-	150,360	175,240	320,450	-	45,295	691,345	784,118
Entertainment Expenses	-	50,240	80,246	120,350	-	24,434	275,270	401,577
Canteen Charges	-	390,250	460,180	908,125	-	97,138	1,855,693	2,070,743
Rent & Rates	-	275,890	425,630	1,205,480	-	92,769	1,999,769	2,120,350
Fuel & Lubricants	-	556,241	780,360	1,645,205	-	162,346	3,144,152	5,498,877
Audit Fees	-	10,000	12,000	60,000	-	10,000	92,000	80,000
Renewal Listing & Other Expenses	-	75,005	125,460	350,125	-	22,640	573,230	631,740
Professional Fees	-	110,250	160,240	360,483	-	42,000	672,973	550,000
Electricity Charges	-	70,240	85,124	150,249	-	10,000	315,613	290,487
Water Supply & Sewerage	-	35,420	40,250	95,001	-	10,350	181,021	148,575
Donation (Mosque Maintenances)	-	55,500	80,360	125,000	-	1,840	262,700	176,410
Uniform Expenses	-	-	-	17,714	-	-	17,714	117,835
Postage & Telegram	-	10,240	15,426	25,606	-	1,641	52,913	38,219
Gardening Expenses	-			389	-		389	1,150
Medical Expenses	-		8,544		-		8,544	25,439
Office Maintenances	-	84,750	120,490	295,204	-	11,958	512,402	617,985
Transport Maintenances	-	158,960	190,240	610,240	-	52,509	1,011,949	1,042,161
Guest House Expenses	-			13,548	-		13,548	19,263
A.G.M. Expenses	-	180,240	245,610	750,614	-	59,590	1,236,054	1,120,408
Advertisement & Publicity	-	125,460	180,240	585,320	-	102,445	993,465	996,873
Miscellaneous	-	10,250	12,360	48,360	-	10,500	81,470	122,620
Carrying Charges	-	12,456	18,620	60,250	-	7,719	99,045	143,003
Newspaper & Periodicals	-	2,150	3,540	7,250	-	1,468	14,408	15,309
Research & Training	-				-			21,348
Insurance Premium	-	14,250	21,450	52,136	-	9,011	96,847	139,970
Internet Bill Expenses	-	35,426	42,156	147,820	-	12,865	238,267	246,114
CDBL Expenses	-	12,450	22,250	48,240	-	5,521	88,461	98,887
Software Support Service	-			315,960	-		315,960	
Amortized off Deferred Revenue Expenditure	-	395,607	639,466	437,474	-		1,472,547	500,000
Amortized-off Preproduction Expenses	-				250,000	750,000	1,000,000	1,000,000
Depreciation	129,731	-	-	99,896	100,639	29,910	360,176	417,010
Total	129,731	5,077,659	7,103,318	13,194,249	350,639	2,562,164	28,417,760	31,280,627

23. Financial Expenses: Tk. 136,004

Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	2013	2012
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Bank Charges	-	32,150	35,480	65,250	-	3,124	136,004	135,552
Total	-	32,150	35,480	65,250	-	3,124	136,004	135,552

24. Earning Per Share (EPS): TK. 0.14

	2013	2012
The computation of EPS is given below:		
Net Profit after tax	675,420	1,890,607
Weighted average number of ordinary shares in issue	4,850,000	4,850,000
Earning Per Share (EPS) (Per value Tk. 10)	0.14	0.39

25. Net Assets Value per Share (NAV): Tk. (43.45)

The Computation of NAV is given below

Net Assets	(210,709,096)	(203,879,427)
Number of Shares outstanding during the year	4,850,000	4,850,000
Net Assets Value per Share (NAV) (Per value Tk. 10)	(43.45)	(42.04)

26. Net Operating Cash Flows per Share (NOCFPS): Tk. 4.41

	2013	2012
The computation is given below:		
Net Cash from Operating Activities	21,369,023	8,531,156
Weighted average number of ordinary shares in issue	4,850,000	4,850,000
Net Operating Cash Flow per Share	4.41	1.76

Additional Disclosure as per SEC Rules, 1987 [Rule-12(2)1] & Companies Act 1994, part 2 section XI

- 1 There was no claim against the Company not acknowledged as debts as on 31-12-2013.
- 2 All shares have been fully allotted and paid-up.
- 3 There was no preference shares issued by the Company.
- 4 The Company has no aggregated amount of contract for the capital expenditure to be executed and not provided for the year.
- 5 There was no contingent liabilities as on close of the business as on 31-12-2013 except the sub-judice matters relating to bank loan.
- 6 Production capacity and actual production

	2013	2012
Total Capacity:	11,820 M. Ton	11,820 M. Ton
Attainable Capacity	7,000 M. Ton	7,000 M. Ton
Actual Production on Attainable Capacity	2,701 M. Ton (38.59%)	3,362 M. Ton (48.03%)
- 7 During the year under audit there were seven Directors on the Board and on the pay roll there were 40 Officers, 65 Staff and 150 Skilled Workers as on closing date of the period. All of the Officers, Staff and Skilled Workers have been drawn remuneration @ Tk. 3,000 and above per month.
- 8 Aggregate amount due by Directors and other Officers of the Company or associated undertaking:

Director	None
Associated Undertaking	None
Officers	None
- 9 The general advance is the amount disbursed/advanced against expenses for goods & service and also the amount considered good by the management and no collateral security is held against such advances.
- 10 The Company did not pay Brokerage and discount on sales other than the usual trade discount. Further, there is no commission on sale paid by the Company.
- 11 Auditors are paid for only statutory audit fees approved by the shareholders in the last A.G.M.
- 12 No money was expended by the Company for compensating any member of the Board of Directors for special service rendered.
- 13 There was no Bank Guarantee issued by the company on behalf of their Directors of the Company itself except bank loan.
- 14 There are no Non-resident shareholders as on 31 December, 2013.
- 15 No expenses including Royalty, Technical Experts & Professional Advisory Fees and Interest etc. were incurred or paid in foreign currencies during the financial year.
- 15 The Company has no related party transactions as per BAS-24 "Related Party Disclosures".
- 16 No Director received any remuneration from Company except Board Meeting attendance Fees.

Events after reporting period:

No material events occurring after Statement of Financial Position date came to our notice which could be considered after the valuation made in the financial statements.