

# Annual Report 2010

aftab automobiles limited



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## COMPANY INFORMATION

**SHAFIUL ISLAM**

Chairman

**SAIFUL ISLAM**

Managing Director

**KHALEDA ISLAM**

Director

**SAJEDUL ISLAM**

Director

**FARHANA ISLAM**

Director

**KAZI MOSTAFA ALAM**

Director

**SYED MASUD HASAN**

Independent Director

**Company Secretary**

Tareq Enamur Rahim

**Chief Financial Officer**

Asadul Islam FCA

Sr. General Manager (Finance & Accounts)

**Audit Committee**

Syed Masud Hasan - Chairman

Sajedul Islam - Member

Kazi Mostafa Alam - Member

**Auditors**

M. M. Rahman & Co.

Chartered Accountants

PRACHI-NIKET

54, Dilkusha C/A, Dhaka.

**Legal Advisor**

Abdur Razzaque & Associates

67, Naya Paltan (4th Floor)

Dhaka, Bangladesh

**Registered Office**

125/A, Motijheel C/A

Dhaka, Bangladesh

**Main Banker**

Bank Asia Limited

Dhaka Bank Limited

Mutual Trust Bank Limited

**Plant**

Fouzderhat Heavy Industrial Estate

Chittagong, Bangladesh.

Raj Fulbaria, Savar

Dhaka, Bangladesh.

Coatbari, Dipnagar, Gabtoli

Mirpur, Dhaka, Bangladesh.



## aftab automobiles limited

125/A, Motijheel C/A, Dhaka, Bangladesh

### Notice of the 30th annual general meeting

Notice is hereby given that the 30th Annual General Meeting (AGM) of the shareholders of the Company shall be held on Wednesday, 22 December 2010 at 9:30 AM at Bashundhara Convention Center, Baridhara, Dhaka to transact the following businesses: -

1. To consider the audited financial statements of the Company for the year ended 31 August 2010 together with auditors' and directors' reports thereon.
2. To declare dividend.
3. To elect directors.
4. To appoint auditors and fix their remuneration.
5. To transact any other business of the Company with the permission of the Chair.

Dated : Dhaka  
November 03, 2010

By order of the Board

Sd/-  
(Tareq Enamur Rahim)  
Company Secretary

## Notes

1. The shareholders whose names will appear in the Share Register of the Company and/or Depository Register of CDBL as on record date, i.e., 15 November 2010 will be entitled to attend the AGM and receive dividend.
2. Attendance to the AGM will be on production of the Attendance Slip sent with this Notice.
3. The Proxy Form, sent with this Notice, affixed with requisite revenue stamp of Tk.10/- must be deposited at the Company's Registered Office at least 48 hours prior to the AGM.

*Bismillahir Rahmanir Rahim*

**Distinguished Shareholders,**

Assalamu Alaikum,

It is my pleasure to welcome you all at the 30th Annual General Meeting of the Company. I on behalf of the Board of Directors, would like to thank you for your continued support and co-operation extended to the Company. I would like to present some information before the valued shareholders.

The Board of Directors of Aftab Automobiles Limited (AAL) is althrough working for maximization of profit for their shareholders. In continuation of this effort and on my own initiative, 20% shareholding of Navana Real Estate Limited, i.e., 20,000 shares of Tk.1,000/- each has been acquired at par by AAL and I believe this investment will be a profitable one in near future.



*View : Chairman's speech at the 29th AGM of the Company*

You are also aware that our Company has been appointed by Suzuki Motor Corporation, Japan as distributor for marketing and after sales service of Suzuki brand motorcycle and expected to start in full swing from next year. From aforesaid business, AAL will achieve its expected profitability.

Apart from above, our BMRE program and future plan has been presented in brief in the Directors' Report.

I believe that all above activities is ought to protect and improve your investment in future.

I would like to assure you that, all our hard efforts to increase the shareholders' equity will continue as before. I would like to thank all our valued shareholders, patrons, well-wishers and all employees for their continued support and sincere efforts towards the growth of the Company.

I would also like to express my gratitude to Limited, Chittagong Stock Exchange Lim Depository Bangladesh Limited for their wh



*View : Honorable shareholders present in 29th AGM.*

**Sd/-**  
**(Shafiul Islam)**  
Chairman

# চেয়ারম্যানের বিবৃতি

বিসমিলাহুরিহ রাহমানির রাহিম

## প্রিয় শেয়ারহোল্ডারবৃন্দ

আসসালামু আলাইকুম

আফতাব অটোমোবাইলস্ লিমিটেডের ৩০তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাতে পেরে আমি অত্যন্ত আনন্দিত। কোম্পানী পরিচালনায় আপনাদের অব্যাহত সমর্থন ও সহযোগিতা প্রদানের জন্য পরিচালকমন্ডলীর পক্ষ থেকে সবাইকে ধন্যবাদ জ্ঞাপন করছি এবং বিগত বছরের কার্যক্রমের কিছু তথ্য আপনাদের সামনে উপস্থাপন করছি।

কোম্পানীর পরিচালনা পর্ষদ শেয়ারহোল্ডারদের জন্য সবসময় মুনাফা সর্বোচ্চকরনের লক্ষ্যে কাজ করে যাচ্ছে। এর ধারাবাহিকতায় এবং আমার নিজস্ব উদ্যোগে নাভানা রিয়েল এস্টেট লিমিটেডের ২০% শেয়ারহোল্ডিং অর্থাৎ ২০,০০০টি ১,০০০/- টাকার শেয়ার অভিহিত মূল্যে আফতাব অটোমোবাইলস্ লিমিটেডের অনুকূলে ক্রয় করা হয়েছে, যা কোম্পানীর জন্য অদূর ভবিষ্যতে একটি লাভজনক বিনিয়োগ হবে বলে আমার বিশ্বাস।

আপনারা ইতিমধ্যে অবগত হয়েছেন যে, আপনাদের কোম্পানী জাপানের সুজুকি মটর কর্পোরেশন কর্তৃক সুজুকি মটরসাইকেল বিক্রয় ও বিক্রয়োত্তর সেবার জন্য ডিসট্রিবিউটর নিযুক্ত হয়েছে, যার কার্যক্রম আগামী অর্থবছরে শুরু হবে এবং এই ব্যবসা থেকে কোম্পানী তার প্রত্যাশিত মুনাফা অর্জন করতে সক্ষম হবে।

এছাড়াও কোম্পানীর BMRE কার্যক্রম এবং ভবিষ্যত পরিকল্পনার বিবরণ পরিচালকমন্ডলীর প্রতিবেদনে সংক্ষেপে বর্ণিত আছে।

এইসকল কার্যক্রমের ফলে ভবিষ্যতে আপনাদের বিনিয়োগ সুরক্ষিত এবং আরো বৃদ্ধি পাবে বলে আশা করা যায়।

আমি আপনাদের আশ্বস্ত করতে চাই যে, ব্যবসায়িক উন্নয়ন ও শেয়ারহোল্ডারগণের পরিসম্পদ বৃদ্ধিতে আমাদের আন্তরিক প্রচেষ্টা ভবিষ্যতেও অব্যাহত থাকবে। আমি কোম্পানীর সকল সম্মানিত শেয়ারহোল্ডারবৃন্দ, গ্রাহক, পৃষ্ঠপোষক, শুভাকাঙ্ক্ষী এবং সকল কর্মচারী ও কর্মকর্তাবৃন্দকে তাদের অব্যাহত সমর্থনের জন্য ধন্যবাদ জানাচ্ছি, যাদের সহযোগিতা ছাড়া কোম্পানীর বর্তমান অবস্থা অর্জন করা সম্ভব হতো না।



চিত্র : কোম্পানীর ২৯তম বার্ষিক সাধারণ সভায় চেয়ারম্যান মহোদয়ের বক্তব্য

পরিশেষে, সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন, ঢাকা স্টক এক্সচেঞ্জ লি., চট্টগ্রাম স্টক এক্সচেঞ্জ লি., রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানীজ, সেন্ট্রাল ডিপোজিটরি বাংলাদেশ লিঃ এবং অন্যান্য সবাইকে তাদের সর্বাঙ্গিক সহযোগিতার জন্য আন্তরিক কৃতজ্ঞতা জ্ঞাপন করছি।

স্বাঃ/-

(শফিউল ইসলাম)

সভাপতি

# directors' report to the shareholders

Bismillahir Rahmanir Rahim

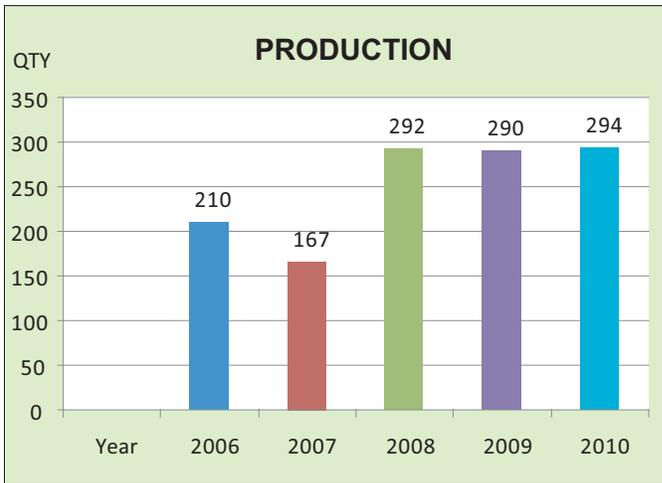
**Dear Shareholders,**  
Assalamu Alaikum,

The Board of Directors of your Company is pleased to present their report before you alongwith the audited financial statments and auditors' report thereon for the year ended 31 August 2010.

### Issuance of Fully Convertible 5% Dividend Preference Share

The Board of Directors of Aftab Automobiles Limited (AAL) had decided to go for BMRE for extending and modernizing its Assembling and Body Fabrication Units. Accordingly, the Board proposed to raise the requisite fund of Tk.180 crore by issuance of Fully Convertible 5% Dividend Preference Share; which was approved by the shareholders in the EGM held on 31 December 2010. After obtaining consent from SEC, AAL offered for subscription / placement the aforesaid preference shares. The said preference shares were fully subscribed overwhelmingly within the stipulated time. As a result, the Company was able to commence its desired BMRE program. It is expected that after completion of said BMRE program, AAL's production capacity will increase both in terms of quality and quantity. On the otherhand, re-payment of bank loans and increase in working capital has further smoothed operation of the Company's businesses. It may be mentioned here that the Fully Convertible 5% Dividend

Preference Shares of Tk.180 crore has been converted into 1,13,59,547 ordinary shares of Tk.10/- each on 31 May 2010 based on 4 months' (Feb'10 to May'10) weighted average price furnished by DSE @Tk.158.46 in line with the terms and conditions of Preference Share Issue and allotment was accordingly made to the subscribers / placementholders.



### BMRE

The assembling of new model Hino RM2 bus could have put enormous pressure on the previous single assembling line of our Plant at Chittagong. During the year, an additional new automated modern assembling line has been

set up as part of BMRE program. In the second new assembling line, assembling of new model Hino RM2 bus has gone into commercial operation.

Apart from above, as part of BMRE program, our body building unit has also been modernized by setting up new jigs and automated equipments. The Hino RM2 air-conditioned luxurious bus body has been built from this Unit is also been delivered to the customers within this financial year.

It is worthwhile to mention here that the quality of our RM2 air-conditioned luxurious bus body is equivalent to completely built-up similar imported bus body but the sale price of our locally assembled and complete RM2 bus is Tk.35 lac to Tk.45 lac lesser than the imported complete one. As a result, the profitability is higher and demand in the market is also increasing for our locally assembled RM2 busses.

VALUE ADDED STATEMENT	
For the year ended august 31, 2010	
	Amount in '000' Taka
Sale / Turnover	2,334,640
Bought in- Material & Service	1,127,035
<b>Value Added</b>	<b>1,207,605</b>
Application to National Exchequer	235,276
to Providers of Loan as Interest & Charges	51,626
to Providers Emp. Salaries Wages & other benefits	145,237
to Providers of Capital- as Dividend	175,334
Reserve & Surplus	600,132
	<b>1,207,605</b>

# directors' report to the shareholders

## PRODUCTION AND SALES OF AAL

During the year, the assembling unit of the Company produced 294 units of vehicles which consists of 270 units Hino Diesel Bus chassis, 18 units of Hino CNG Bus chassis, 4 units of Hino mini-bus chassis and 2 units of Hino RM2 bus chassis (New Model). An amount of Tk.134.76 crore has been contributed to the turnover of the Company. Further the Company has built and fabricated 180 Units of Hino Bus body and 36 Units of Hino CNG Bus body. An amount of Tk.25.25 crore has been contributed to the turnover of the Company from this.

### Financial Result and Appropriation of Profit of AAL:

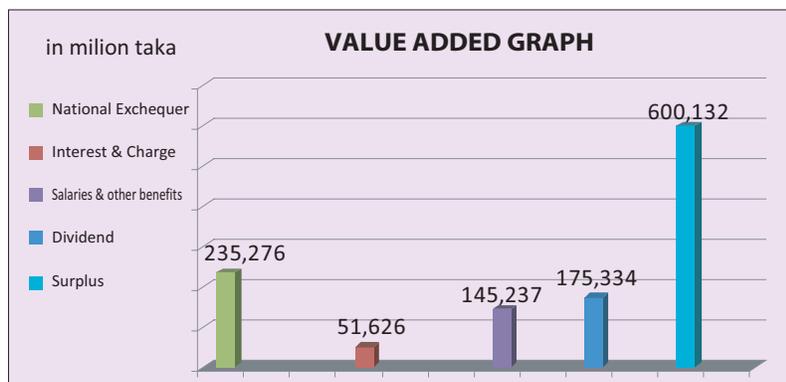
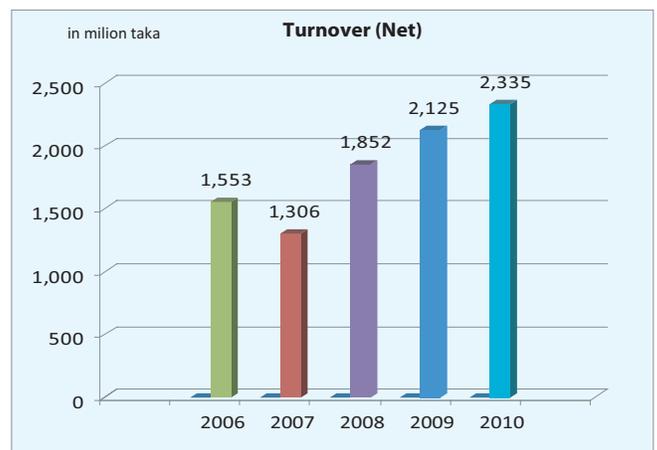
amount in '000' taka

Net Profit for the year (after tax)	604,927
Add: Previous year's surplus	81,728
<b>Profit available for appropriation</b>	<b>686,655</b>
<b>Recommended for appropriations:</b>	
Cash Dividend @10%	43,833
Stock Dividend @30%	131,501
Preference Share Dividend	-
<b>Un appropriated profit carried forward</b>	<b>511,321</b>
<b>Total</b>	<b>686,655</b>

### Formation of fully owned subsidiaries

In the Extra-Ordinary General Meeting of the Company held on 6 December 2009, the shareholders unanimously approved the transfer of the undertaking, assets, liabilities and businesses of the Company's non-core business, i.e., the Batteries, Furniture and Paint Units to its fully-owned subsidiaries. Subsequently, upon obtaining consent from the Securities and Exchange Commission, the said

three units started their business activities under the name and style of Navana Batteries Limited, Navana Furniture Limited and Navana Paints Limited as separate fully owned subsidiary Companies of Aftab Automobiles Limited from 1 August 2010; but the said Undertaking, assets and liabilities were deemed to have been so transferred from Aftab Automobiles Limited to Navana Batteries Limited, Navana Furniture Limited and Navana Paints Limited for legal/accounting purpose with effect from 1 September 2009. AAL is holding approx 99.95% shares of three subsidiary companies. As a result, the performance of AAL alongwith the three fully owned subsidiary companies has achieved more efficiency and profitability compared to previous year.



## Subsidiary Operation

### (a) Navana Batteries Limited

Navana Batteries Limited (NBL) was incorporated on 21 April 2009. The Company took over all assets, liabilities, undertakings and businesses of the Battery Unit of Aftab Automobiles Limited (AAL) with effect from 1 September 2009. AAL is holding 99.95% share of NBL at present. The operating results of NBL for the period ended 31 August 2010 are given below comparing operating results of Battery Unit of AAL for the period ended 2009 as follows:

	2010 (Taka)	2009 (Taka)
Turnover	498,689,132	281,989,408
Gross Profit	143,366,329	73,472,421
Net Profit	56,384,692	20,516,096
Earnings Per Share (EPS)	3.07	1.12
Net Assets Value Per Share (NAVPS)	13.07	10.00

### (b) Navana Furniture Limited

Navana Furniture Limited (NFL) was incorporated on 21 April 2009. The Company took over all assets, liabilities, undertakings and businesses of the Furniture Unit of Aftab Automobiles Limited (AAL) with effect from 1 September 2009. AAL is holding 99.95% share of NFL at present. The operating results of NFL for the period ended 31 August 2010 are given below comparing operating results of Furniture Unit of AAL for the period ended 2009 as follows:

	2010 (Taka)	2009 (Taka)
Turnover	395,283,898	340,616,762
Gross Profit	108,235,094	78,835,103
Net Profit	26,727,380	6,799,708
Earnings Per Share (EPS)	1.23	0.31
Net Assets Value Per Share (NAVPS)	11.23	10.00

### (c) Navana Paints Limited

Navana Paints Limited (NPL) was incorporated on 21 April 2009. The Company took over all assets, liabilities, undertakings and businesses of the Paint Unit of Aftab Automobiles Limited (AAL) with effect from 1 September 2009. AAL is holding 99.88% share of NPL at present. The operating results of NPL for the period ended 31 August 2010 are given below comparing operating results of Paint Unit of AAL for the period ended 2009 as follows:

	2010 (Taka)	2009 (Taka)
Turnover	93,063,517	88,166,644
Gross Profit	28,712,101	20,870,396
Net Profit	5,747,009	790,891
Earnings Per Share (EPS)	0.63	0.09
Net Assets Value Per Share (NAVPS)	10.63	10.00

## Minority Investments:

### (a) Navana CNG Limited

Navana CNG Limited (NCL) was incorporated on 19 April 2004. The principal activities of the Company is conversion of petrol and diesel driven vehicles to Compressed Natural Gas (CNG) driven vehicles, CNG Re-fueling stations and other related services. AAL is holding 67,000 shares of NCL at present. The market price of the shares of NCL is Tk. 219.30 as on 31 August 2010, having an aggregate market value of Tk. 14,693,100.

### (b) Navana Real Estate Limited

Navana Real Estate Limited (NREL) was incorporated in 1996. The main objectives of the Company are to carry out the business of real estate by erecting building and structure and selling and hand over of the erected building and structure; maintenance as post sales services; and the company is also engaged in purchasing land and developing the same for urban housing and selling to the different income group and carry out related business as management of the company deemed think appropriate and proper. AAL is holding 60,000 shares of Tk.1,000 each of NREL at present. As NREL is not listed, its market price cannot be determined. However, NREL's net asset value (NAV) as on 31 August 2010 stood at Tk. 3,940 per share, having an aggregate net asset value at Tk. 236,400,000.

## Future Outlook and Next Year Plan

The Assembling Unit of the Company is expected to assemble 340 units of Diesel Hino Bus Chassis, 12 units of CNG Hino Bus Chassis, 50 new model RM-2 Hino Bus Chassis and 20 Hino Mini-Bus Chassis in the next financial year.

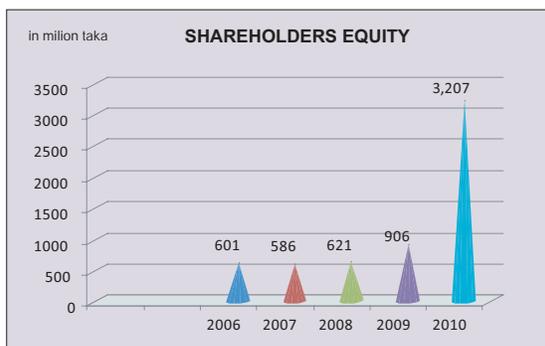
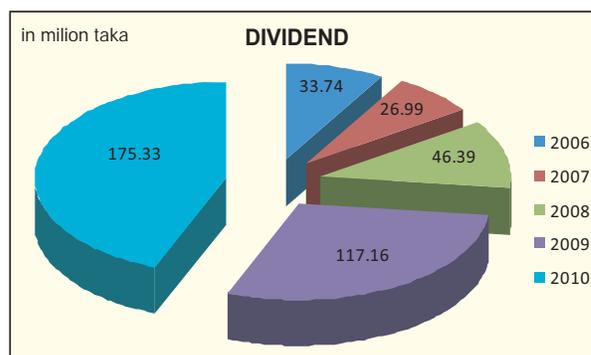
The Bus Body Building Unit is expected to fabricate 250 units of Hino Bus Body, 12 Hino CNG Bus Body, 50 Hino RM-2 Air-conditioned Bus Body and 20 Hino Mini-bus Body during the next financial year.

## Change of face value of share

As per approval given by the shareholders in the Extra-Ordinary General Meeting of the Company held on 6 December 2009 and subsequent approval obtained from the Securities and Exchange Commission the face value of shares of the Company has been changed from Tk. 100/- to Tk. 10/- each and market lot from 5 shares to 50 shares on 23 May 2010.

## Dividend

The Board of Directors has recommended 30% stock and 10% cash dividend for approval of the shareholders for the year ended 31 August 2010, whose names will appear in the share register of the Company and/or Depository Register of CDBL as on Record Date i.e. 15 November 2010.



## Directors

Mr. Monwarul Islam has resigned from the Board of Directors of the Company on 14 December 2009. Mrs. Khaleeda Islam has been appointed as Director and included in the Board on 14 December 2009. Mr. Kazi Mostafa Alam, FCA has also been appointed and included in the Board of Directors on 26 August 2010.

In terms of Article 125 and 126 of the Articles of Association of the Company, Mr. Shafiul Islam and Mrs. Khaleeda Islam, Directors retire by rotation from the Board in the 30th Annual General Meeting. Being eligible under Article 127 of the Articles of Association of the Company, the retiring Directors have offered themselves for re-election.

## Audit Committee

The Audit committee consists of the following members:

Mr. Syed Masud Hasan, Independent Director	: Chairman
Mr. Sajedul Islam, Director	: Member
Mr. Kazi Mostafa Alam, Director	: Member

### The scope of the Audit Committee is defined as under:

- a) Review and recommend the Board to approve the financial statements prepared for statutory purpose;
- b) Report to the Board on Internal Audit findings from time to time considering the significance of the issues;
- c) Carry on a supervision role to safeguard the system of governance and independence of statutory auditors; and
- d) Review and consider the internal report and statutory auditors' observations on internal control.

## Audit Committee Report

The Board of Directors  
Aftab Automobiles Limited  
125/A, Motijheel C/A  
Dhaka-1000.

The Committee reviewed and discussed the procedure and task of the internal audit, financial report preparation and the external auditors observations in their reports. The Committee found adequate arrangement to present a true and fair view of the financial status of the Company; and did not find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

Sd/-  
(Syed Masud Hasan)  
Chairman  
Audit Committee

Dated: 03 November 2010.

## directors' report to the shareholders

### Appointment of Auditors

M/S. Rahman Mostafiz Haq & Co., Chartered Accountants, has expressed their inability to continue as auditors vide their letter dated August 02, 2010. Considering the vacancy, the Board appointed M/S. M.M. Rahaman & Co., Chartered Accountants to act as auditors of the Company for the year ending August 31, 2010, subject to confirmation in the ensuing Annual General Meeting of the Company. The new auditors have completed their audit for the year under review. M/S. M.M. Rahman & Co., Chartered Accountants, being eligible, they have offered themselves for re-appointment for the year to be ended on 31 August 2011 as auditors of the Company.

### Board Meetings

In accordance with directives of the regulatory authorities, the Board supervise, study and review the activities of the Company and make businesses decisions, etc. During the year twenty board meetings were held.

### Corporate & Financial Reporting:

The Company is determined to ensure good governance by complying with all the applicable rules and regulations of Corporate Governance Guidelines of Securities & Exchange Commission. It has complied with all the requirements of Corporate Governance and the Directors are pleased to confirm the following:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- e) The systems of internal control are sound and have been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There are no significant deviations in operating result of the business of the company compared to last year.
- h) The key operating and financial data for the last five years is annexed.

## i) Pattern of Shareholding

Namewise details		No. of Shares held
i.	<u>Parent/Subsidiary/Associated Companies and other related parties</u>	
	Navana CNG Limited	34,380
	Navava Real Estate Limited	10
	Navana Textiles Limited	2,880
ii.	<u>Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children:</u>	
	Mr. Shafiul Islam-Chairman	90,73,451
	Mr. Saiful Islam- Managing Director	8,14,202
	Mrs. Khaleda Islam-Director	6,75,010
	Mr. Sajedul Islam- Director	8,14,139
	Ms. Farhana Islam- Director	8,14,139
	Mr. Kazi Mostafa Alam- Director	2,500
	<u>Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouse and minor children:</u>	nil
iii.	Executives	nil
iv.	<u>Shareholders holding ten percent (10%) or more voting interest in the Company:</u>	
	Mr. Shafiul Islam	90,73,451

### Key operating and financial data

The summarized key operating financial data of five years is annexed (Annexure :1).

### Corporate Governance Compliance Report

In accordance with the requirement of the Securities and Exchange Commission, "Corporate Governance Compliance Report" is annexed (Annexure :2).

On behalf of the Board of Directors

Sd/-  
(Shafiul Islam)  
Chairman  
03 November 2010

## Annexure : 1

### The Key Operating and Financial Data (Consolidated):

Amount in '000 Taka

Particulars	2010	2009	2008	2007	2006
Authorized capital	3,000,000	700,000	400,000	400,000	400,000
Paid-up capital	438,335	231,957	185,565	168,696	168,696
Face Value Per Share	Tk.10/-	Tk.10/-	Tk.10/-	Tk.10/-	Tk.10/-
Pref. share capital (including premium)	-	9,828	100,000	100,000	100,000
Shareholders equity	3,207,347	905,519	621,051	585,815	601,017
Fixed asset	424,617	603,563	559,279	419,252	382,983
Turnover (Net)	2,334,640	2,124,638	1,851,769	1,305,809	1,553,134
Gross profit	531,129	391,327	259,774	215,978	229,245
Net profit after tax	693,786	316,617	57,424	30,471	47,079
Operating cash flow per share	3.06	13.75	2.02	11.74	-
Book value per share (restated)	73.16	40.2	32.9	34.7	35.6
Earning per share	19.61	13.65	3.10	1.8	2.8
Cash dividend	10%	10%	-	6%	20%
Stock dividend	30%	40%	25%	10%	-
Number of shareholders	14,557	9,049	11,533	9,018	7420

## Annexure : 2

### Corporate Governance Compliance Report

Status of compliance with the conditions imposed by the SEC Notification no. SEC/CMRRCD/206/158/admin/02-08 dated 20th February 2006 issued under section 2CC of the Securities and Exchange Ordinance 1969.

Condition No.	Title	Compliance Status		Explanation for Compliance with the Condition
		(Put✓ in the appropriate column)		
		Complied	Not complied	
1.1	Board's Size	✓		
1.2 (i)	Independent Director	✓		
1.2 (ii)	Appointment of Independent Director	✓		
1.3	Chairman of the Board and CEO	✓		
1.4(a)	Directors' Report on financial statements	✓		
1.4(b)	Keeping proper Books of accounts	✓		
1.4(c)	Appropriate accounting policies have been consistently applied..... and prudent judgment.	✓		
1.4(d)	International Accounting Standards as applicable in Bangladesh, have been followed.....	✓		
1.4(e)	has been ..... and adequately disclosed. The system of internal control is sound ..... and monitored.	✓		
1.4(f)	There are no significant doubts.... disclosed.	✓		
1.4(g)	Significant deviations from last year..... explained.	✓		

## directors' report to the shareholders

Condition No.	Title	Compliance Status		Explanation for Compliance with the Condition
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
1.4(h)	Key operating and financial data..... be summarized.	✓		
1.4(i)	If the issuer Company has not declared dividend .....be given.	✓		
1.4(j)	The number of Board meeting .... disclosed.	✓		
1.4(k)	The pattern of shareholding.	✓		
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary.....	✓		
2.2	Requirement to attend Board meetings.	✓		
3.00	Audit Committee.	✓		
3.1(i)	The Audit committee should be composed of at least 3 members.	✓		
3.1(ii)	The Board of Directors should appoint members and should include at least one Independent Director.	✓		
3.1(iii)	To fill-up the vacancy in the Audit Committee	✓		
3.2(i)	Selection of the Chairman of the Audit Committee.	✓		
3.2(ii)	Qualification of the Chairman of Audit Committee.	✓		
3.3.1(i)	Report by the Audit Committee on its activities to the Board of Directors.	✓		
3.3.1(ii) (a)	Report on conflicts of interests.	✓		
3.3.1(ii) (b)	Suspected or presumed ..... control system.	✓		
3.3.1(ii) (c)	Suspected infringement of laws .... and resolutions	✓		
3.3.1(ii) (d)	Any other matter.....	✓		
3.3.2	Reporting to the authorities by the Audit Committee.	✓		
3.4	Reporting to the Shareholders and general investors.	✓		
4.00 (i)	Appraisal or valuation services or fairness opinions.	✓		
4.00 (ii)	Financial information systems design and implementation.	✓		
4.00 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4.00 (iv)	Broker-dealer service.	✓		
4.00 (v)	Actuarial services.	✓		
4.00 (vi)	Internal Audit services.	✓		
4.00 (vii)	Any other service that the audit committee determines.	✓		

## Independent Auditors' Report

To the shareholders of

### Aftab Automobiles Limited and its subsidiaries

We have audited the accompanying financial statements of Aftab Automobiles Limited (the Company), which comprise the statement of financial position as at August 31, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We have also audited the attached financial statements of Aftab Automobiles Limited and its subsidiaries, which comprise the consolidated statement of financial position as at August 31, 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of 3 subsidiaries disclosed in note 1 to 37 the financial statements, are also audited by us.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' responsibility

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Aftab Automobiles Limited and its subsidiaries as of August 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the applicable sections of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

### We also report that:

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

Dated : Dhaka  
November 3, 2010

PRACHI-NIKET  
54, Dilkusha C/A, Dhaka.

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

M. Obaidur Rahman, FCA

**Aftab Automobiles Limited****Statement of Financial Position**

As at August 31, 2010

	Notes	31/8/10 BD Taka	31/8/09 BD Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	3	92,255,644	92,749,853
Capital work in progress	4	331,020,700	-
Investments	5	527,192,468	525,540,614
<b>Total non-current assets</b>		<b>950,468,812</b>	<b>618,290,467</b>
<b>Current assets</b>			
Stock and stores	6	551,866,626	541,978,046
Trade debtors	7	457,541,474	569,251,698
Other debtors	8	232,391,641	240,903,630
Inter company receivables	9	211,163,009	-
Income tax deducted at source	10	102,963,735	81,457,080
Advances, deposits and prepayments	11	457,451,491	59,759,499
Cash and bank balances	12	710,961,363	61,488,817
<b>Total current assets</b>		<b>2,724,339,339</b>	<b>1,554,838,770</b>
<b>Total assets</b>		<b>3,674,808,151</b>	<b>2,173,129,237</b>
<b>Equity and Liabilities</b>			
<b>Capital &amp; reserves</b>			
Share capital	13	438,335,270	231,957,000
Share premium	14	1,925,858,339	250,191,730
Reserves	15	67,338,231	67,338,231
Retained earnings	16	686,655,928	287,707,106
<b>Total equity</b>		<b>3,118,187,768</b>	<b>837,194,067</b>
Non-current liabilities			
Loan and deferred liabilities		17,100,000	17,100,000
<b>Total non-current liabilities</b>		<b>17,100,000</b>	<b>17,100,000</b>
<b>Current liabilities</b>			
Short-term loan	17	211,562,434	707,558,162
Accrued and other current liabilities	18	327,957,949	611,277,008
<b>Total current liabilities</b>		<b>539,520,383</b>	<b>1,318,835,170</b>
<b>Total liabilities</b>		<b>556,620,383</b>	<b>1,335,935,170</b>
<b>Total equity and liabilities</b>		<b>3,674,808,151</b>	<b>2,173,129,237</b>
<b>Net assets value per share (NAVPS)</b>		<b>71.14</b>	<b>19.10</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Sd/-  
ChairmanSd/-  
Managing DirectorSd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
November 03, 2010Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

**Aftab Automobiles Limited**  
**Statement of Comprehensive Income**  
For the year ended August 31, 2010

Particulars	Notes	Year ended	Year ended
		31/8/10	31/8/09
		BD Taka	BD Taka
<b>Revenues</b>	19	<b>1,347,603,761</b>	<b>1,413,864,892</b>
Less: Cost of sales	20	1,096,788,424	1,195,715,832
<b>Gross profit</b>		<b>250,815,337</b>	<b>218,149,060</b>
<b>Less: Operating expenses</b>		<b>91,476,204</b>	<b>130,876,907</b>
Administrative expenses	21	44,397,245	41,080,016
Selling and distribution expenses	22	16,568,271	14,741,767
Financial charges	23	30,510,688	75,055,124
<b>Operating profit</b>		<b>159,339,133</b>	<b>87,272,153</b>
Add: Non-operating income	24	494,562,489	246,164,939
Less: Contribution to WPPF		7,587,578	4,327,245
<b>Profit before tax</b>		<b>646,314,044</b>	<b>329,109,847</b>
<b>Less: Income tax expense</b>		<b>41,386,722</b>	<b>40,599,850</b>
Current tax	25	38,642,719	23,799,850
Deferred tax	26	2,744,004	16,800,000
<b>Total comprehensive income for the year</b>		<b>604,927,322</b>	<b>288,509,997</b>
<b>Earnings per share (EPS)</b>	27	<b>17.10</b>	<b>8.16</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
November 03, 2010

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

**Aftab Automobiles Limited****Statement of Cash Flows**

For the year ended August 31, 2010

	Year ended 31/8/10
	BD Taka
<b>A. Cash flows from operating activities</b>	
Receipts from customers	1,459,313,985
Receipts as other income	503,074,478
Payments to suppliers and employees	(1,877,886,831)
Cash generated from operations	84,501,632
Bank interest paid	(30,510,688)
Income tax paid	(31,686,655)
<b>Net cash generated by operating activities</b>	<b>22,304,289</b>
<b>B. Cash flows from investing activities</b>	
Acquisition of property, plant & equipment	(6,284,031)
Payments for capital work in progress	(331,020,700)
Investment in shares	(1,651,854)
<b>Net cash used investing activities</b>	<b>(338,956,585)</b>
<b>C. Cash flows from financing activities</b>	
Issue of convertible preference shares	1,800,000,000
Preference shares issue cost	(10,737,921)
Repayment of bank loan	(495,995,728)
Inter company payments	(211,163,009)
Dividend paid	(115,978,500)
<b>Net cash provided by financing activities</b>	<b>966,124,842</b>
<b>D. Net changes in cash &amp; cash equivalents for the year (A+B+C)</b>	<b>649,472,546</b>
<b>E. Cash &amp; cash equivalents at beginning of the year</b>	<b>61,488,817</b>
<b>F. Cash &amp; cash equivalents at end of the year (D+E)</b>	<b>710,961,363</b>
<b>Net operating cash flows per share (NOCFPS)</b>	<b>0.63</b>

Sd/-  
ChairmanSd/-  
Managing DirectorSd/-  
Chief Financial OfficerDated : Dhaka  
November 03, 2010

**Aftab Automobiles Limited**  
**Statement of Changes in Equity**  
 For the year ended August 31, 2010

Particulars	Share capital	Share premium	Reserves	Retained earnings	Total
	BD Taka	BD Taka	BD Taka	BD Taka	BD Taka
<b>Balance at August 31, 2008</b>	<b>185,565,600</b>	<b>250,191,730</b>	<b>67,338,231</b>	<b>45,588,509</b>	<b>548,684,070</b>
Issue of bonus shares	46,391,400	-	-	(46,391,400)	-
Total comprehensive income for the year	-	-	-	288,509,997	288,509,997
<b>Balance at August 31, 2009</b>	<b>231,957,000</b>	<b>250,191,730</b>	<b>67,338,231</b>	<b>287,707,106</b>	<b>837,194,067</b>
Issue of convertible preference shares	113,595,470	1,686,404,530	-	-	1,800,000,000
Preference shares issue cost	-	(10,737,921)	-	-	(10,737,921)
Issue of bonus shares	92,782,800	-	-	(92,782,800)	-
Payment of dividend on preference shares	-	-	-	(90,000,000)	(90,000,000)
Cash dividend on ordinary shares	-	-	-	(23,195,700)	(23,195,700)
Total comprehensive income for the year	-	-	-	604,927,322	604,927,322
<b>Balance at August 31, 2010</b>	<b>438,335,270</b>	<b>1,925,858,339</b>	<b>67,338,231</b>	<b>686,655,928</b>	<b>3,118,187,768</b>

Sd/-  
Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Dated : Dhaka  
November 03, 2010



View : CKD Assembling at AAL plant

## Aftab Automobiles Limited and its Subsidiaries

### Consolidated Statement of Financial Position

As at August 31, 2010

	Notes	31/8/10 BD Taka	31/8/09 BD Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	3 (a)	424,616,670	403,654,775
Capital work in progress	4 (a)	594,033,470	-
Investments	5 (a)	35,613,163	33,961,309
Preliminary expenses		778,955	-
<b>Total non-current assets</b>		<b>1,055,042,258</b>	<b>437,616,084</b>
<b>Current assets</b>			
Stock and stores	6 (a)	847,815,476	737,517,274
Trade debtors	7 (a)	623,279,266	752,643,569
Other debtors		232,391,641	240,903,630
Income tax deducted at source	10 (a)	125,714,447	93,002,081
Advances, deposits and prepayments	11 (a)	549,316,131	104,149,024
Cash and bank balances	12 (a)	748,236,855	73,052,234
<b>Total current assets</b>		<b>3,126,753,816</b>	<b>2,001,267,812</b>
<b>Total assets</b>		<b>4,181,796,074</b>	<b>2,438,883,896</b>
<b>Equity and Liabilities</b>			
<b>Capital &amp; reserves</b>			
Share capital		438,335,270	231,957,000
Share premium		1,925,858,339	250,191,730
Reserves		67,338,231	107,100,735
Retained earnings	16 (a)	775,465,687	316,270,028
<b>Equity attributable to owners of the Company</b>		<b>3,206,997,527</b>	<b>905,519,493</b>
<b>Non-controlling interests</b>		<b>349,322</b>	<b>-</b>
<b>Total equity</b>		<b>3,207,346,849</b>	<b>905,519,493</b>
<b>Non-current liabilities</b>			
Loan and deferred liabilities		17,100,000	17,100,000
<b>Total non-current liabilities</b>		<b>17,100,000</b>	<b>17,100,000</b>
<b>Current liabilities</b>			
Short-term loan	17 (a)	349,732,394	831,993,585
Accrued and other current liabilities	18 (a)	607,616,832	684,270,818
<b>Total current liabilities</b>		<b>957,349,226</b>	<b>1,516,264,403</b>
<b>Total liabilities</b>		<b>974,449,226</b>	<b>1,533,364,403</b>
<b>Total equity and liabilities</b>		<b>4,181,796,074</b>	<b>2,438,883,896</b>
<b>Net assets value per share (NAVPS)</b>		<b>73.16</b>	<b>20.66</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Sd/-  
ChairmanSd/-  
Managing DirectorSd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
November 03, 2010Sd/-  
M.M. RAHMAN & CO.  
Chartered Accountants

## Aftab Automobiles Limited and its Subsidiaries

### Consolidated Statement of Comprehensive Income

For the year ended August 31, 2010

Particulars	Notes	Year ended	Year ended
		31/8/10	31/8/09
		BD Taka	BD Taka
<b>Revenues</b>	<b>19 (a)</b>	<b>2,334,640,308</b>	<b>2,124,637,706</b>
Less: Cost of sales	20 (a)	1,803,511,447	1,733,310,726
<b>Gross profit</b>		<b>531,128,861</b>	<b>391,326,980</b>
<b>Less: Operating expenses</b>		<b>240,998,968</b>	<b>263,348,581</b>
Administrative expenses	21 (a)	74,416,040	69,507,469
Selling and distribution expenses	22 (a)	114,957,161	102,994,766
Financial charges	23 (a)	51,625,767	90,846,346
<b>Operating profit</b>		<b>290,129,893</b>	<b>127,978,399</b>
Add: Non-operating income		494,562,489	246,164,939
Less: Contribution to WPPF		13,815,709	6,265,638
<b>Profit before tax</b>		<b>770,876,673</b>	<b>367,877,700</b>
<b>Less: Income tax expense</b>		<b>77,090,270</b>	<b>51,261,009</b>
Current tax	25 (a)	74,346,267	34,461,009
Deferred tax		2,744,004	16,800,000
<b>Total comprehensive income for the year</b>		<b>693,786,402</b>	<b>316,616,691</b>
<b>Attributable to:</b>			
Equity holders of the company		693,737,081	316,616,691
Non-controlling interests		49,322	-
<b>Total comprehensive income for the year</b>		<b>693,786,402</b>	<b>316,616,691</b>
<b>Earnings per share (EPS)</b>	<b>27 (a)</b>	<b>19.61</b>	<b>8.95</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
November 03, 2010

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

**Aftab Automobiles Limited and its Subsidiaries****Consolidated Statement of Cash Flows**

For the year ended August 31, 2010

	Year ended 31/8/10	Year ended 31/8/09
	BD Taka	BD Taka
<b>A. Cash flows from operating activities</b>		
Receipts from customers	2,464,004,603	2,288,615,743
Receipts as other income	503,074,478	246,164,939
Payments to suppliers and employees	(2,764,437,988)	(2,066,538,190)
Cash generated from operations	202,641,093	468,242,492
Bank interest paid	(50,014,130)	(90,846,346)
Income tax paid	(44,504,003)	(13,207,359)
<b>Net cash generated by operating activities</b>	<b>108,122,960</b>	<b>364,188,787</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant & equipment	(52,050,314)	(22,385,001)
Payments for capital work in progress	(594,033,470)	-
Investments in shares	(1,651,854)	(33,961,309)
Payments for preliminary expenses	(625,089)	-
<b>Net cash used investing activities</b>	<b>(648,360,727)</b>	<b>(56,346,310)</b>
<b>C. Cash flows from financing activities</b>		
Issue of convertible preference shares	1,800,000,000	-
Preference shares issue cost	(10,737,921)	-
Repayment of bank loan	(457,861,191)	(262,498,595)
Dividend paid	(115,978,500)	(2,863,818)
<b>Net cash provided by/(used in) financing activities</b>	<b>1,215,422,388</b>	<b>(265,362,413)</b>
<b>D. Net changes in cash &amp; cash equivalents for the year (A+B+C)</b>	<b>675,184,621</b>	<b>42,480,064</b>
<b>E. Cash &amp; cash equivalents at beginning of the year</b>	<b>73,052,234</b>	<b>30,572,170</b>
<b>F. Cash &amp; cash equivalents at end of the year (D+E)</b>	<b>748,236,855</b>	<b>73,052,234</b>
<b>Net operating cash flows per share (NOCFPS)</b>	<b>3.06</b>	<b>10.30</b>

Sd/-  
ChairmanSd/-  
Managing DirectorSd/-  
Chief Financial OfficerDated : Dhaka  
November 03, 2010

**Aftab Automobiles Limited and its Subsidiaries****Consolidated Statement of Changes in Equity**

For the year ended August 31, 2010

Particulars	Share capital	Share premium	Reserves	Retained earnings	Attributable to equity holders of the company	Non-controlling interest	Total
	BD Taka	BD Taka	BD Taka	BD Taka	BD Taka	BD Taka	BD Taka
<b>Balance at August 31, 2008</b>	185,565,600	250,191,730	107,100,735	74,151,431	617,009,496	-	617,009,496
Issue of bonus share	46,391,400	-	-	(46,391,400)	-	-	-
Total comprehensive income for the year	-	-	-	288,509,997	288,509,997	-	288,509,997
<b>Balance at August 31, 2009</b>	<b>231,957,000</b>	<b>250,191,730</b>	<b>107,100,735</b>	<b>316,270,028</b>	<b>905,519,493</b>	-	<b>905,519,493</b>
Transfer to subsidiaries for purchase consideration	-	-	(39,762,504)	(28,562,922)	(68,325,426)	-	(68,325,426)
<b>Restated balance as on August 31, 2009</b>	<b>231,957,000</b>	<b>250,191,730</b>	<b>67,338,231</b>	<b>287,707,106</b>	<b>837,194,067</b>	-	<b>837,194,067</b>
Ordinary share capital	-	-	-	-	-	300,000	300,000
Issue of convertible preference shares	113,595,470	1,686,404,530	-	-	1,800,000,000	-	1,800,000,000
Preference shares issue cost	-	(10,737,921)	-	-	(10,737,921)	-	(10,737,921)
Payment of dividend on preference shares	-	-	-	(90,000,000)	(90,000,000)	-	(90,000,000)
Cash dividend on ordinary shares	-	-	-	(23,195,700)	(23,195,700)	-	(23,195,700)
Issue of bonus shares	92,782,800	-	-	(92,782,800)	-	-	-
Total comprehensive income for the year	-	-	-	693,737,081	693,737,081	49,322	693,786,402
<b>Balance at August 31, 2010</b>	<b>438,335,270</b>	<b>1,925,858,339</b>	<b>67,338,231</b>	<b>775,465,687</b>	<b>3,206,997,527</b>	<b>349,322</b>	<b>3,207,346,849</b>

Sd/-  
ChairmanSd/-  
Managing DirectorSd/-  
Chief Financial OfficerDated : Dhaka  
November 03, 2010

View : CKD Assembling at AAL plant

# Aftab Automobiles Limited

## Accounting Policies and Explanatory Notes to the Financial Statements

As at and for the year ended August 31, 2010

### Corporate Information and Mode of Business

#### 1.1 Corporate Information

Aftab Automobiles Limited (the "company"), was incorporated in Bangladesh in 1967 as a Private Limited Company. In 1981 the company registered itself as a Public Limited Company which is one of the largest automobile assembling plants in the private sector. The Registered Office of the Company is located at 125/A, Motijheel Commercial Area, Dhaka-1000. The Company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the year 1987 and 1996 respectively.

#### 1.2 Mode of Business

The principal activities of the Company throughout the period were assembling of Toyota Land Cruiser soft top / Pick-up, Land Cruiser Prado, Hino Bus, Hino Mini Bus / Truck Chassis with a production Capacity of 2400 units of vehicles in 3 shifts in Assembling Unit. But since inception, the Plant is running single shift considering the market demand. The Company has added four units namely Body Building Unit, Paint Unit, Battery Unit & Furniture Unit and the commercial production of which started w. e. f. May 5, 1997, November 01, 1999, January 03, 2002 and May 01, 2002 respectively. At present, Battery unit, Furniture unit & Paint unit converted to subsidiary company of Aftab Automobiles Limited produced its own product.

### 2. Significant Accounting Policies and basis of preparation of the financial statements

#### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and as per requirements of the Companies Act 1994, The Securities and Exchange Rules 1987, and other applicable laws and regulations.

#### 2.2 Basis of Preparation

The financial statements of the company have been prepared assuming going concern basis based on the accrual basis of accounting following under the historical cost convention.

#### 2.3 Basis of Reporting

The financial statements are prepared and presented for external users by the company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirement of BAS 1- "Presentation of Financial Statements".

#### 2.4 Reporting Period

These financial statements cover one accounting year from September 1, 2009 to August 31, 2010.

#### 2.5 Regulatory and Legal Compliance

The company complied with the requirements of the following regulatory and legal authorities :

- i) The Companies Act, 1994;
- ii) The Securities and Exchange Rules, 1987;
- iii) The Securities and Exchange Ordinance, 1969;
- iv) The Securities and Exchange Commission Act, 1993;
- v) The Securities and Exchange (Public Issues) Rules, 2006;
- vi) The Income Tax Ordinance, 1984,
- vii) The Value Added Tax (VAT), 1991,
- viii) Dhaka Stock Exchange (DSC), Chittagong Stock Exchange (CSE), and Central Depository Limited (CDBL) rules and regulations,

## Notes to the Financial Statements

### 2.6 Functional and Presentation Currency

Financial statements are prepared in Bangladeshi Taka which is the company's functional currency.

### 2.7 Recognition of Property, Plant and Equipment

These are capitalized at cost of acquisition and subsequently stated at original cost minus accumulated depreciation and accumulated impairment losses, if any, in compliance with the relevant accounting standard (BAS-16). The cost of the Assets is inclusive of cost paid to the vendors along with all incidental expenses to install or construct the same assets for its intended use. Expenditure incurred after the assets have been put in to operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

On retirement or otherwise disposed off, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the Profit and Loss Account which is determined with reference to net book value of the assets and net sale proceeds.

No revaluation of fixed assets has been made by the Company.

### Depreciation

No depreciation has been charged on Land and Land Development considering the unlimited useful life. In respect of all other assets, the quantum of annual depreciation charge is calculated over their estimated useful lives using the diminishing balance method of depreciation. All the assets acquired or disposed off during the period have been depreciated for the period of its use. The rate at which the assets are depreciated per annum depended on the nature and estimated useful life of each assets are consistently applied since the inception of the company which are given below :

Name of the Assets	Rate of Depreciation in (%)
Land and land development	Nil
Building	2.5
Shades	20
Plant & Machinery	10
Tools & Equipments	20
Office Equipments	10
Furniture & Fixtures	10
Transport Vehicles	20

The whole amount of depreciation has been charged off partly to cost of sales and partly as expense in consistent with practice followed in the earlier years.

### 2.8 Financial Instruments and Derivatives

The company is not a party to any derivative contract at the balance sheet date, such as forward exchange contract, currency swap agreement or interest rate option contract to hedge currency exposure related to import of raw materials and others or principal and interest obligations of foreign currency loans.

### 2.9 Inventories

In compliance with the requirements with BAS 2 "Inventories" Raw materials and stores are valued at the lower of average cost and the net realizable value. Stock of finished vehicles, Bus body building unit, Furniture Unit and Paints unit are valued at cost which is determined by taking into consideration the value of raw materials and production overhead. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to present condition and includes wherever applicable appropriate overheads based on normal level of activity.

No provision has been made for slow moving & obsolete stocks during the financial year.

## Notes to the Financial Statements

### 2.10 Cash and Cash Equivalent

Cash and Cash Equivalents includes cash in hand, cash at banks, which are held and available for use by the company without any restriction and having maturity dates of three months or less from the respective date of deposit. There is insignificant risk of change in value of same.

### 2.11 Taxation

#### Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The applicable tax rate for the company is 27.50% as the company qualifies as a "publicly traded company" it is entitled to a 10% rebate if dividend declared is more than 20% of the paid up capital. Provision for taxation has been made on the basis of the Finance Act 2010.

#### Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor accounting profit. Considering the practices generally followed in Bangladesh the company have been reserved deferred tax assets or deferred tax liabilities in accordance with BAS 12 "Income Tax".

### 2.12 Borrowing Costs

In compliance with the requirements of BAS 23 "Borrowing Costs" borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs are recognized as expenses in the period in which they incurred and capitalized the same that incurred before commencement of commercial operation.

### 2.13 Revenue Recognition

In compliance with the requirements of BAS 18 "Revenue", revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding Vat, discounts, commission, rebates, and other sales taxes where applicable.

Revenue from the sale of goods is recognized when the following conditions are satisfied:

- i) the enterprise has transferred to the buyer the significant risk and rewards of ownership of the goods;
- ii) the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) the amounts of revenue can be measured reliably;
- iv) it is probable that the economic benefits associated with the transaction will flow to the enterprise;
- and
- v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Notes to the Financial Statements

### 2.14 Provident Fund Scheme

The company operates a Contributory Provident Fund Scheme for its permanent employees. The company's contribution to the fund is charged off as revenue expenditure during the year to which the contribution relates. The fund is operated by a Board of Trustees consisting 5 (Five) members. All confirmed employees of the company are contributing 10% of their basic salary as subscription to the fund. The company also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members account on yearly basis.

### Gratuity Scheme

The company operates an unfunded gratuity scheme, provision in respect of which is made annually for the company's permanent eligible employees as per BAS-19, "Employee Benefits".

### Group Term Insurance Scheme

The company has Group Term Insurance Scheme for its permanent employees and the provision for premium of the same is made annually.

### 2.15 Cash Flows Statement

Statement of cash flows is prepared principally in accordance with BAS 7 "Cash Flow Statements" and cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules, 1987.

### 2.16 Provision

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards BAS 37 "Provision, Contingent Liabilities and Contingent Assets" requires management to make estimates and assumptions that affect of the reported amounts of revenue and expenses, assets and liabilities and the disclosure requirements for contingent assets and liabilities at the date of the financial statements.

In accordance with the guidelines as prescribed by BAS 37, provisions were recognized in the following situations :

- i) when the company has a present obligation as a result of past event;
- ii) when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- iii) reliable estimates can be made of the amount of obligation.

The provisions have been made in the accounts at an appropriate level with regard to an adequate risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the balance sheet date.

### 2.17 Liabilities for Expenses

While the provision for certain standing charges and known liabilities is made at the balance sheet date based on estimate, the difference arising there from on receipts of bills/ demands and / or actual payments is adjusted in the subsequent year when such liabilities are settled.

### 2.18 Earnings Per Share

#### Basic Earnings Per Share

The company calculates Earning Per Share (EPS) in accordance with BAS 33. Basic earnings per share have been calculated taking a capital base of 35,368,330 Weighted average Ordinary shares of Tk. 10 each as on August 31, which is shown in the face of the profit and loss account and the computation of EPS is stated in note # 27 (a).

#### Diluted Earnings Per Share

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

## Notes to the Financial Statements

### 2.19 Event after the Reporting Period

As per BAS - 10, Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- i) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- ii) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

These financial statements were authorized for issued by the Board of Directors on November 03, 2010. No material event had occurred after the balance sheet date of issue of these financial statements, which could affect the values stated in the financial statement.

### 2.20 Workers Profit Participation Fund

Provision for Workers Profit Participation Fund (WPPF) and Worker Welfare Fund (WWF) has been made @ 5% on net profit as per provision of The Companies Profits (Workers' Participation) Act, 1968 and payable to workers as defined in the said law.

### 2.21 Financial Assets and Liabilities

Financial assets and liabilities are recognized on the balance sheet date when the entity has become a party to a contractual provision of the instruments.

#### i) Receivables

Trade receivables are stated their real value and consider good. No provision has been made for doubtful debts and no amount was written off as bad.

#### ii) Payable

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

#### iii) Related party disclosure

As per BAS -24 parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company has carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

#### iv) Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Financial charges are accounted for on an accrual basis.

### 2.22 Foreign Currency Translation

Transactions in foreign currencies are translated into BDT at the rate of exchange ruling on date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into BDT at the rate of exchange ruling at the balance sheet date. Gain or losses resulting from foreign currency transitions are taken to the profit & loss account complying with BAS 21.

### 2.23 General

- i) Figures shown in the accounts have been rounded off to the nearest Bangladeshi Taka.
- ii) Comparative figures and account titles in the financial statements have been re-arranged/re-classified where necessary, to conform to changes in presentation in the current year.

## Notes To The Financial Statements

Schedule- A

### Aftab Automobiles Limited

#### 3. Property, plant and equipment, net

Aftab Automobiles Ltd	Cost				Rate of Dep.	Depreciation				Carrying amount	
	As at 01.09.2009	Add. For the year	Adj. during the year	As at 31.08.2010		As at 01.09.2009	Charged during the year	Adj. during the year	As at 31.08.2010	As at 31.08.2010	As at 01.09.2009
Land & Land Development	11,848,270	-	891,188	10,957,082	-	-	-	-	-	10,957,082	11,848,270
Building	55,853,003	1,874,501	-	57,727,504	2.5%	18,287,363	962,572	-	19,249,935	38,477,569	37,565,638
Shades	1,628,175	38,170	-	1,666,345	20%	1,078,804	113,691	-	1,192,495	473,850	549,370
Electrical line installation	-	-	-	-	20%	-	-	-	-	-	-
Plant & Machinery	82,865,168	3,533,440	-	86,398,608	10%	56,088,421	2,854,347	-	58,942,768	27,455,840	26,776,746
Tools & Equipments	9,450,900	61,705	-	9,512,605	20%	5,481,503	800,050	-	6,281,553	3,231,052	3,969,397
Office Equipment	4,874,841	546,109	-	5,420,950	10%	2,327,691	282,020	-	2,609,711	2,811,239	2,547,150
Furniture & Fixture	3,756,557	29,601	-	3,786,158	10%	1,319,136	245,222	-	1,564,358	2,221,800	2,437,422
Transport Vehicles	20,939,124	1,091,693	-	22,030,817	20%	13,883,262	1,520,342	-	15,403,604	6,627,213	7,055,860
<b>Total</b>	<b>191,216,038</b>	<b>7,175,219</b>	<b>891,188</b>	<b>197,500,069</b>		<b>98,466,180</b>	<b>6,778,244</b>	<b>-</b>	<b>105,244,424</b>	<b>92,255,644</b>	<b>92,749,852</b>

Schedule- B

### Aftab Automobiles Limited and its Subsidiaries

#### 3 (a ). Property, plant and equipment, net

Consolidated	Cost				Rate of Dep	Depreciation				Carrying amount	
	As at 01.09.2009	Add.during the year	Adj. during the year	As at 31.08.2010		As at 01.09.2009	Charged during the year	Adj. during the year	As at 31.08.2010	As at 31.08.2010	As at 01.09.2009
Land & Land Development	58,959,642	2,293,188	891,188	60,361,642	-	-	-	-	-	60,361,642	58,959,642
Building	169,846,130	12,976,444	-	182,822,574	2.5%	27,575,483	3,718,972	-	31,294,455	151,528,119	142,270,645
Shades	1,628,175	38,170	-	1,666,345	20%	1,078,804	113,691	-	1,192,495	473,850	-
Electrical line installation	1,054,625	1,150,500	-	2,205,125	20%	576,532	210,669	-	787,201	1,417,924	1,027,463
Plant & Machinery	228,317,916	11,917,979	-	240,235,895	10%	104,096,402	13,018,050	-	117,114,452	123,121,442	124,221,514
Tools & Equipments	45,965,960	2,736,663	-	48,702,623	20%	22,878,115	4,891,235	-	27,769,350	20,933,273	23,087,845
Office Equipment	31,021,242	4,643,219	-	35,664,461	10%	9,358,940	2,398,391	-	11,757,331	23,907,130	21,662,302
Furniture & Fixture	16,953,271	3,326,819	-	20,280,090	10%	4,038,744	1,457,794	-	5,496,538	14,783,552	12,914,528
Transport Vehicles	49,816,323	14,078,520	220,000	63,674,843	20%	30,305,485	5,310,020	30,400	35,585,104	28,089,739	19,510,836
<b>Total</b>	<b>603,563,284</b>	<b>53,161,502</b>	<b>1,111,188</b>	<b>655,613,598</b>		<b>199,908,505</b>	<b>31,118,822</b>	<b>30,400</b>	<b>230,996,926</b>	<b>424,616,670</b>	<b>403,654,775</b>



View : Hino RM2K interior decoration



View : Hino RM2K bus body

## Notes To The Financial Statements

aftab automobiles limited

		31/8/10	31/8/09
		BD Taka	BD Taka
<b>3</b>	<b>Property, plant and equipment, net</b> <b>Tk 92,255,644</b>		
	Land & Land Development	10,957,082	11,848,270
	Building	38,477,568	37,565,638
	Shades	473,850	549,370
	Plant & Machinery	27,455,840	26,776,746
	Tools & Equipments	3,231,052	3,969,397
	Office Equipment	2,811,239	2,547,150
	Furniture & Fixture	2,221,800	2,437,422
	Transport Vehicles	6,627,213	7,055,860
		<b>92,255,644</b>	<b>92,749,853</b>
<b>3 (a)</b>	<b>Consolidated property, plant and equipment, net</b> <b>Tk 424,616,670</b>		
	Land & Land Development	60,361,642	58,959,642
	Building	151,528,118	142,270,645
	Electrical line installation	1,417,924	-
	Shades	473,850	1,027,463
	Plant & Machinery	123,121,442	124,221,514
	Tools & Equipments	20,933,273	23,087,845
	Office Equipment	23,907,130	21,662,302
	Furniture & Fixture	14,783,553	12,914,528
	Transport Vehicles	28,089,739	19,510,836
		<b>424,616,670</b>	<b>403,654,775</b>
<b>4</b>	<b>Capital work in progress</b> <b>Tk 331,020,700</b>		
	Opening balance      -		
	Addition during the year	331,020,700	-
		331,020,700	-
	Less: transfer to property, plant & equipment	-	-
	<b>Closing balance</b>	<b>331,020,700</b>	<b>-</b>
	Capital work in progress on account of acquisition of Land and Land Development , Work in progress of civil constructions, Plant and Machinery for BMRE Assembling unit and Body building unit		
<b>4 (a)</b>	<b>Consolidated capital work in progress</b> <b>Tk 594,033,470</b>		
	Opening balance	-	40,271,360
	Addition during the year	594,033,470	-
		594,033,470	40,271,360
	Less: transfer to property, plant & equipment	-	40,271,360
	<b>Closing balance</b>	<b>594,033,470</b>	<b>-</b>
<b>5</b>	<b>Investments</b> <b>Tk 527,192,468</b>		
	Investment in subsidiaries (Note : 5.1 )	491,579,305	491,579,305
	Investment in shares (Note : 5.2 )	35,613,163	33,961,309
		<b>527,192,468</b>	<b>525,540,614</b>

## Notes To The Financial Statements

aftab automobiles limited

		31/8/10	31/8/09
		BD Taka	BD Taka
<b>5.1</b>	<b>Investment in subsidiaries</b>	<b>Tk 491,579,305</b>	
	Navana Batteries Limited	183,602,690	-
	Navana Furniture Limited	217,528,635	-
	Navana Paints Limited	90,447,980	-
		<b>491,579,305</b>	<b>-</b>
The Computation of Investments are given below :			
<b>Investment in subsidiaries</b>	<b>No. of shares</b>	<b>Face value per share</b>	<b>Paid up capital per share</b>
	BD Taka	BD Taka	Shareholding %
			BD Taka
			31/8/2010 Value
	Navana Batteries Limited	18,360,269	10
	Navana Furniture Limited	21,752,864	10
	Navana Paints Limited	9,044,798	10
			10
			99.95%
			99.95%
			99.89%
	<b>Total</b>	<b>49,157,931</b>	<b>491,579,305</b>
<b>5.2</b>	<b>Investment in shares</b>	<b>Tk 35,613,163</b>	
	Acquisition of shares of Navana CNG Ltd.	33,961,309	45,000,000
	Less: shares sale during the year	18,348,146	11,038,691
		<b>15,613,163</b>	<b>33,961,309</b>
	<b>Acquisition of shares of Navana Real Estate Ltd.</b>	<b>20,000,000</b>	<b>-</b>
		<b>35,613,163</b>	<b>33,961,309</b>
<b>5 (a)</b>	<b>Consolidated investments</b>	<b>Tk 35,613,163</b>	
	Investment in shares of Navana CNG Ltd (Note: 5 (a) 1)	15,613,163	33,961,309
	Investment in shares of Navana Real Estate Ltd Ltd (Note: 5 (a) 2)	20,000,000	-
		<b>35,613,163</b>	<b>33,961,309</b>
	<b>Details of investment in shares:</b>		
<b>5 (a) 1</b>	Acquisition of shares of Navana CNG Ltd.	33,961,309	45,000,000
	Less: shares sale during the year	18,348,146	11,038,691
		<b>15,613,163</b>	<b>33,961,309</b>
	Number of shares purchased	4,109,300	4,500,000
	Number of bonus shares received during the year	544,500	945,000
	<b>Total number of shares</b>	<b>4,653,800</b>	<b>5,445,000</b>
	Less: sales during the year	2,386,800	1,335,700
	<b>Balance of shares</b>	<b>2,267,000</b>	<b>4,109,300</b>
<b>5 (a) 2</b>	Acquisition of shares of Navana Real Estate Ltd.	<b>20,000,000</b>	<b>-</b>
	<b>Number of shares purchased</b>	20,000	-
	Number of bonus shares received during the year	40,000	-
	<b>Total number of shares</b>	<b>60,000</b>	<b>-</b>

## Notes To The Financial Statements

aftab automobiles limited

			31/8/10	31/8/09
			BD Taka	BD Taka
<b>6</b>	<b>Stock and stores</b>	<b>Tk 551,866,626</b>		
	Finished products		426,457,833	391,588,484
	Work-in-process		24,018,976	14,490,000
	Raw materials		56,861,429	74,532,679
	Stores and spares		1,050,793	923,974
	Goods in transit		2,245,544	2,164,391
	LC Margin		41,232,051	58,278,518
			<b>551,866,626</b>	<b>541,978,046</b>
	Value of Stock of Finished product & Raw materials inclusive of 35 units Hino bus & CNG chassis, 8 units RM2 Bus and 2.units Hino Mini Bus chassis .			
<b>6 (a)</b>	<b>Consolidated stock and stores</b>	<b>Tk 847,815,476</b>		
	Finished products		478,268,762	439,234,252
	Work-in-process		88,170,767	59,934,138
	Raw materials		133,878,247	126,800,894
	Stores and spares		1,050,793	923,974
	Goods in transit		105,214,856	52,345,498
	LC Margin		41,232,051	58,278,518
			<b>847,815,476</b>	<b>737,517,274</b>
<b>7</b>	<b>Trade debtors</b>	<b>Tk 457,541,474</b>		
	Below six months		234,708,054	370,186,050
	Over six months		222,833,420	199,065,648
			<b>457,541,474</b>	<b>569,251,698</b>
	Trade Debtors are considered good and as such no provision has been made in the accounts for doubtful debts. Company holds no security other than debtors' personal security in the form of work orders.			
<b>7 (a)</b>	<b>Consolidated trade debtors</b>	<b>Tk 623,279,266</b>		
	Below six months		362,339,666	515,394,654
	Over six months		260,939,600	237,248,915
			<b>623,279,266</b>	<b>752,643,569</b>
<b>8</b>	<b>Other debtors</b>	<b>Tk 232,391,641</b>		
	Sharp Securities Ltd.		232,391,641	240,903,630
			<b>232,391,641</b>	<b>240,903,630</b>

The above amount was receiveable from Sharp securities Ltd. against the sale of shares in Navana CNG Ltd. which has been received subsequently.

## Notes To The Financial Statements

## aftab automobiles limited

		31/8/10	31/8/09
		BD Taka	BD Taka
<b>9</b>	<b>Inter company receivables</b>	<b>Tk 211,163,009</b>	
	Navana Batteries Limited	181,173,288	-
	Navana Furniture Limited	29,169,099	-
	Navana Paints Limited	820,622	-
		<b>211,163,009</b>	<b>-</b>
<b>10</b>	<b>Income tax deducted at source</b>	<b>Tk 102,963,735</b>	
	Opening balance	81,457,080	73,068,891
	Addition during the year	21,506,655	8,388,189
		102,963,735	81,457,080
	Adjustment made during the year	-	-
		<b>102,963,735</b>	<b>81,457,080</b>
	The above amount was deducted at the import point as well as from the Bills in different times at elivery point.		
<b>10 (a)</b>	<b>Consolidated Income tax deducted at source</b>	<b>Tk 125,714,447</b>	
	Opening balance	93,002,081	79,794,722
	Addition during the year	32,712,366	13,207,359
		125,714,447	93,002,081
	Adjustment made during the year	-	-
		<b>125,714,447</b>	<b>93,002,081</b>
<b>11</b>	<b>Advances, deposits and prepayments</b>	<b>Tk 457,451,491</b>	
	Advance to suppliers	230,038,053	22,045,101
	Advance to employees	1,784,127	1,194,680
	Advance to others	196,307,761	20,984,318
	Deposits	29,321,550	15,535,400
		<b>457,451,491</b>	<b>59,759,499</b>
	Advance paid to suppliers against work order and considered good. Advance to employees against expenses, salary releasable on production of documents and monthly salary respectively are considered good. Deposits consist of utility deposits, security money against tender and bank guarantee are considered good.		
<b>11 (a)</b>	<b>Consolidated advances, deposits and prepayments</b>	<b>Tk 549,316,131</b>	
	Advance to suppliers	285,638,153	41,772,123
	Advance to employees	2,939,849	6,367,286
	Advance to others	214,331,802	22,549,958
	Deposits	46,406,327	33,459,657
		<b>549,316,131</b>	<b>104,149,024</b>

## Notes To The Financial Statements

aftab automobiles limited

		31/8/10	31/8/09
		BD Taka	BD Taka
<b>12</b>	<b>Cash &amp; bank balances</b>	<b>Tk 710,961,363</b>	
	Cash in hand	8,004,664	1,720,142
	Cash at bank	702,956,699	59,768,675
		<b>710,961,363</b>	<b>61,488,817</b>
<b>12 (a)</b>	<b>Consolidated cash &amp; bank balances</b>	<b>Tk 748,236,855</b>	
	Cash in hand	10,113,497	3,996,377
	Cash at bank	738,123,358	69,055,857
		<b>748,236,855</b>	<b>73,052,234</b>
<b>13</b>	<b>Share capital</b>		
	<b>Authorized capital:</b>		
	120,000,000 Ordinary shares of Tk. 10 each	1,200,000,000	500,000,000
	18,000,000 Preference shares of Tk. 100 each	1,800,000,000	200,000,000
		<b>3,000,000,000</b>	<b>700,000,000</b>
	<b>Issued, subscribed and paid up capital</b>	<b>Tk 438,335,270</b>	
	Sponsors	134,500,060	95,927,975
	General Public	303,835,210	136,029,025
		<b>438,335,270</b>	<b>231,957,000</b>

The Position of Ordinary Shareholders as on August 31, 2010 was as follows :

Type of investors	No. of investors	No. of shares	Holding % 2010	Holding % 2009
Sponsors	13	13,450,006	31%	41%
General public	13,937	12,484,802	28%	39%
Financial institutions including ICB	607	17,898,719	41%	20%
<b>Total</b>	<b>14,557</b>	<b>43,833,527</b>	<b>100%</b>	<b>100%</b>

Type of investors	No. of investors	No. of shares	Holding % 2010
Less than 500 To -	12,293	1,282,350	3%
501 To 5,000	1,836	2,811,948	6%
5,001 To 10,000	145	1,064,316	2%
10,001 To 20,000	96	1,349,662	3%
20,001 To 30,000	27	648,545	1%
30,001 To 40,000	32	1,050,657	2%
40,001 To 50,000	14	645,307	1%
50,001 To 100,000	51	3,565,607	8%
100,001 To 1,000,000	60	19,817,340	45%
1,000,001 To Above	3	11,597,795	26%
	<b>14,557</b>	<b>43,833,527</b>	<b>100%</b>

## Notes To The Financial Statements

## aftab automobiles limited

		31/8/10	31/8/09
		BD Taka	BD Taka
<b>14</b>	<b>Share premium</b>	<b>Tk 1,925,858,339</b>	
	374,880 Ordinary shares @ Tk. 150 per share in the year 1996	56,232,000	56,232,000
	1,124,640 Ordinary shares @ Tk. 200 per share in the year 2006	224,928,000	224,928,000
		281,160,000	281,160,000
	Adjustments against preliminary expenses	(30,968,270)	(30,968,270)
	11,359,547 Preference shares converted into ordinary shares @ Tk. 158.46	1,686,404,530	-
	Share issue costs	(10,737,921)	-
		<b>1,925,858,339</b>	<b>250,191,730</b>
<b>15</b>	<b>Reserves</b>	<b>Tk 67,338,231</b>	
	Tax holiday reserve	12,338,231	12,338,231
	Dividend equalisation fund	4,000,000	4,000,000
	General reserve	51,000,000	51,000,000
		<b>67,338,231</b>	<b>67,338,231</b>
<b>16</b>	<b>Retained earnings</b>	<b>Tk 686,655,928</b>	
	Opening Balance	287,707,106	31,268,009
	Total comprehensive income for the year	604,927,322	288,509,997
		<b>892,634,428</b>	<b>319,778,006</b>
	Payment of dividend on preference shares	(90,000,000)	(30,891,400)
	Payments of cash dividend on ordinary shares	(23,195,700)	(1,179,500)
	Issue of bonus shares	(92,782,800)	-
	<b>Closing balance</b>	<b>686,655,928</b>	<b>287,707,106</b>
<b>16 (a)</b>	<b>Consolidated retained earnings</b>	<b>Tk 775,465,687</b>	
	Opening Balance	287,707,106	47,224,236
	Share of profits in subsidiaries	88,809,759	-
	Total comprehensive income for the year	604,927,322	316,616,692
		<b>981,444,187</b>	<b>363,840,928</b>
	Payment of dividend on preference shares	(90,000,000)	(1,179,500)
	Payments of cash dividend on ordinary shares	(23,195,700)	-
	Issue of bonus shares	(92,782,800)	(46,391,400)
	Adjustment against purchase consideration	-	(28,562,922)
	<b>Closing balance</b>	<b>775,465,687</b>	<b>287,707,106</b>

## Notes To The Financial Statements

aftab automobiles limited

		31/8/10	31/8/09
		BD Taka	BD Taka
<b>17</b>	<b>Short-term loan</b>	<b>Tk 211,562,434</b>	
	Al Arafah Islami Bank Ltd.	-	43,176,294
	Bank Alfalah Ltd.	-	60,000,000
	Bank Asia Ltd.	44,009,242	73,305,386
	Bank Asia Ltd.	-	172,498,760
	Dhaka Bank Ltd.	49,282,312	85,240,963
	Jamuna Bank Ltd.	-	9,277,693
	Mutual Trust Bank Ltd.	18,341,622	95,265,573
	Standard Bank Ltd.	-	5,072,169
	Bangladesh Krishi Bank	99,929,258	137,554,984
	Phoenix Leasing Ltd.	-	1,361,321
	Leasing & Others Institution	-	24,805,019
		<b>211,562,434</b>	<b>707,558,162</b>
<b>17 (a)</b>	<b>Consolidated short-term loan</b>	<b>Tk 349,732,394</b>	
	Al Arafah Islami Bank Ltd.	-	43,176,294
	Bank Alfalah Ltd.	-	60,000,000
	Bank Asia Ltd.	44,009,242	73,305,386
	Bank Asia Ltd.	-	172,498,760
	Dhaka Bank Ltd.	49,282,312	85,240,963
	Jamuna Bank Ltd.	-	9,277,693
	Mutual Trust Bank Ltd.	18,341,622	95,265,573
	Standard Bank Ltd.	-	29,472,169
	Bangladesh Krishi Bank	99,929,258	137,554,984
	Phoenix Leasing Ltd.	-	1,361,321
	Subsidiaries bank Loan	-	100,035,423
	Leasing & Others Institution	-	24,805,019
	Bank loan of Navana Batteries Ltd	77,981,071	-
	Bank loan of Navana Furniture Ltd	34,458,815	-
	Bank loan of Navana Paints Ltd	25,730,074	-
		<b>349,732,394</b>	<b>831,993,585</b>
<b>18</b>	<b>Accrued and other current liabilities</b>	<b>Tk 327,957,949</b>	
	For goods supplied	80,820,894	344,023,232
	For expenses	62,517,552	42,094,882
	For income tax	93,754,803	128,792,400
	For other finance	53,746,024	18,604,416
	For workers profit participation fund	12,931,165	66,092,598
	For gratuity	20,098,946	7,474,076
	Unclaimed dividend	4,088,565	3,015,904
	Dividend payable	-	1,179,500
		<b>327,957,949</b>	<b>611,277,008</b>
<b>18 (a)</b>	<b>Consolidated accrued and other current liabilities</b>	<b>Tk 607,616,832</b>	
	For goods supplied	156,890,684	344,023,232
	For expenses	79,936,759	42,094,882
	For income tax	150,707,906	178,865,949
	For other finance	156,804,060	18,604,416
	For workers profit participation fund	19,159,296	87,447,153
	For gratuity	20,098,946	8,513,242
	Unclaimed dividend	4,088,565	3,015,904
	Dividend payable	-	1,179,500
	Advance against sale	19,930,616	526,540
		<b>607,616,832</b>	<b>684,270,818</b>

## Notes To The Financial Statements

aftab automobiles limited

		31/8/10	31/8/09
		BD Taka	BD Taka
<b>19</b>	<b>Revenues ( Net Sales)</b>	<b>Tk 1,347,603,761</b>	
	Automobiles assembling unit	1,095,064,000	1,170,598,000
	Body building unit	252,539,761	243,266,892
		<b>1,347,603,761</b>	<b>1,413,864,892</b>

The quantity of sales during the year are Hino Bus chassis -254- units,Hino CNG Bus chassis- 24-units & RM2 AC Bus-2 in assembling unit.

The quantity of sales during the year are -36- units CNG Bus body,-180- units HINO bus body in body building unit.

<b>19 (a)</b>	<b>Consolidated revenues</b>	<b>Tk 2,334,640,308</b>	
	Aftab automobiles Ltd.	1,347,603,761	1,413,864,892
	Navana Batteries Limited	498,689,132	281,989,408
	Navana Furniture Limited	395,283,898	340,616,762
	Navana Paints Limited	93,063,517	88,166,644
		<b>2,334,640,308</b>	<b>2,124,637,706</b>

	Tk 1,096,788,424		2010	2009
	Assembling	Body building	Total	Total
Opening stock of direct raw materials	44,432,421	30,100,258	74,532,679	45,724,538
Purchases of direct raw material	879,306,250	179,160,131	1,058,466,381	1,194,179,999
<b>Direct raw materials available for consumption</b>	<b>923,738,671</b>	<b>209,260,389</b>	<b>1,132,999,060</b>	<b>1,239,904,537</b>
Closing stock of direct raw materials	(56,861,429)	(25,220,133)	(82,081,562)	(74,532,679)
<b>Direct raw materials consumed</b>	<b>866,877,242</b>	<b>184,040,256</b>	<b>1,050,917,498</b>	<b>1,165,371,858</b>
Indirect materials	10,352,322		10,352,322	12,498,539
<b>Total consumption of materials</b>	<b>877,229,564</b>	<b>184,040,256</b>	<b>1,061,269,820</b>	<b>1,177,870,397</b>
Opening works in process	-	14,490,000	14,490,000	6,396,580
Closing works in process	-	(24,018,976)	(24,018,976)	(14,490,000)
Factory overhead ( Note :20.01)	24,719,459	29,977,337	54,696,796	48,615,096
<b>Cost of production</b>	<b>901,949,023</b>	<b>204,488,617</b>	<b>1,106,437,640</b>	<b>1,218,392,073</b>
Opening finished goods	391,588,484	-	391,588,484	368,912,243
Closing finished goods	(401,237,700)	-	(401,237,700)	(391,588,484)
	<b>892,299,807</b>	<b>204,488,617</b>	<b>1,096,788,424</b>	<b>1,195,715,832</b>

View : Hino bus assemble by foreign expert



## Notes To The Financial Statements

## aftab automobiles limited

	31/8/10	31/8/09
	BD Taka	BD Taka
<b>20.1 Factory overhead</b>	<b>Tk 54,696,796</b>	
Salary and allowances	10,843,009	10,543,032
Wages	16,166,227	13,036,318
Contribution to P.F.	925,927	261,086
Overtime	4,789,684	3,631,261
Bonus	2,471,045	2,088,819
Leave pay	392,167	80,875
Gratuity	320,730	30,480
Liveries and Uniform	180,952	175,276
Telephone,Fax, Mobile	115,947	108,240
Fuel and Lubricants	1,823,790	1,285,757
Travelling and Conveyance	851,194	999,338
Entertainment	1,523,991	1,458,973
Office Expenses	181,010	881,970
Maintenance expenses	1,921,085	1,459,225
Electric Expenses	2,396,787	2,639,747
Duty and Allowance	159,200	156,320
Canteen Subsidies	390,257	385,380
Eid greeting	95,230	75,900
Rent Rates & Taxes	1,542,000	1,514,000
Insurance	920,758	1,820,000
Gas	90,465	35,700
Welfare expenses	277,923	229,998
Carrying & handling	141,760	113,263
Papers & periodical	6,194	5,260
General charges	38,052	10,000
Repairs and maintenance ( vehicle)	340,576	916,075
Printing & Stationary	368,241	225,920
Depreciation	5,422,595	4,446,883
	<b>54,696,796</b>	<b>48,615,096</b>
<p>The number of employees received annual salary and wages above Tk. 36,000 during the year are 175 .</p>		
<b>20 (a) Consolidated cost of sales</b>	<b>Tk 1,803,511,447</b>	
Opening stock of direct raw materials	126,800,894	128,834,633
Purchases of direct raw material	1,692,095,362	1,609,623,258
<b>Direct raw materials available for consumption</b>	<b>1,818,896,256</b>	<b>1,738,457,891</b>
Closing stock of direct raw materials	(159,098,380)	(126,800,894)
<b>Direct raw materials consumed</b>	<b>1,659,797,876</b>	<b>1,611,656,997</b>
Indirect materials	52,018,572	39,132,455
<b>Total consumption of materials</b>	<b>1,711,816,448</b>	<b>1,650,789,452</b>
Opening works in process	59,934,138	44,661,852
Closing works in process	(88,170,767)	(59,934,138)
Factory overhead	133,746,005	115,440,416
<b>Cost of production</b>	<b>1,817,325,824</b>	<b>1,750,957,582</b>
Opening finished goods	439,234,252	421,587,396
Closing finished goods	(453,048,629)	(439,234,252)
	<b>1,803,511,447</b>	<b>1,733,310,726</b>

## Notes To The Financial Statements

## aftab automobiles limited

	31/8/10	31/8/09
	BD Taka	BD Taka
<b>21 Administrative expenses</b>	<b>Tk 44,397,245</b>	
Salary and allowances	13,152,783	12,676,229
Wages	1,123,547	1,083,500
Cont. to C.P.F.	963,391	311,129
Bonus	1,013,652	737,480
Overtime	198,575	255,599
Welfare expenses	320,730	610,451
Medical Expenses	30,720	15,230
Gratuity	1,891,733	1,685,247
Leave pay	546,142	570,384
Entertainment	206,742	166,361
AGM expenses.	2,299,180	2,078,931
TA and Conveyance	507,560	920,878
Travelling Exp - Foreign	1,400,511	2,208,461
Car maintenance	1,416,111	1,369,546
Stationery supplies	351,171	342,940
Fees and Registration	2,085,721	1,182,465
Telephone	496,255	513,620
Electric expenses	225,256	285,730
Rent, rates and taxes	501,346	112,410
Insurance premium	85,720	68,439
Liveries and Uniform	37,250	16,939
Bank charges	723,788	335,244
Bank Guarantee & Charge documents	3,325,655	2,077,101
Audit fees	70,000	70,000
Duty allowance	400,280	430,155
Paper and periodicals	15,547	18,897
Postage and telegram	279,298	135,321
Night allowances	35,820	30,247
Advertisement and Publicity	640,350	520,350
Directors fee	45,750	30,000
Office maintenance	85,247	129,167
Maintenance expenses	432,587	530,700
General Expenses	1,248,550	1,495,817
WASA Bill	6,927	7,650
Bond Establishment	172,028	60,500
Carrying & Handling	370,254	480,750
EGM Expenses	1,277,790	2,336,386
Gas	54,444	29,503
Canteen Subsidy	293,000	277,000
Share capital Increase Fee	1,035,000	-
Security Exps	210,785	180,790
Donation	104,520	1,130,588
Promotion Exp.	1,910,400	1,450,160
Other expenses	1,449,480	1,000,000
Depreciation	1,355,649	1,111,721
	<b>44,397,245</b>	<b>41,080,016</b>

The number of employees received annual salary and allowances above Tk. 36,000 during the year are 98 .

## Notes To The Financial Statements

aftab automobiles limited

	31/8/10	31/8/09
	BD Taka	BD Taka
<b>21 (a) Consolidated administrative expenses</b>	<b>Tk 74,416,040</b>	
Salary and allowances	13,152,783	12,676,229
Wages	1,123,547	1,083,500
Cont. to C.P.F.	963,391	311,129
Bonus	1,013,652	737,480
Overtime	198,575	255,599
Welfare expenses	320,730	610,451
Medical Expenses	30,720	15,230
Gratuity	1,891,733	1,685,247
Leave pay	546,142	570,384
Entertainment	206,742	166,361
AGM expenses	2,299,180	2,078,931
TA and Conveyance	507,560	920,878
Travelling Exp - Foreign	1,400,511	2,208,461
Car maintenance	1,416,111	1,369,546
Stationery Supplies	351,171	342,940
Fees and Registration	2,085,721	1,182,465
Telephone	496,255	513,620
Electric expenses	225,256	285,730
Rent, rates and taxes	501,346	112,410
Insurance premium	85,720	68,439
Liveries and Uniform	37,250	16,939
Bank charges	723,788	335,244
Bank Guarantee & Charge documents	3,325,655	2,077,101
Audit fees	70,000	70,000
Duty allowance	400,280	430,155
Paper and periodicals	15,547	18,897
Postage and telegram	279,298	135,321
Night allowances	35,820	30,247
Advertisement and Publicity	640,350	520,350
Directors fee	45,750	30,000
Office maintenance	85,247	129,167
Maintenance expenses	432,587	530,700
General expenses	1,248,550	1,495,817
WASA Bill	6,927	7,650
Bond Establishment	172,028	60,500
Carrying & Handling	370,254	480,750
EGM Expenses	1,277,790	2,336,386
Gas	54,444	29,503
Canteen Subsidy	293,000	277,000
Share capital Increase Fee	1,035,000	-
Security Exps	210,785	180,790
Donation	104,520	1,130,588
Promotion Expense	1,910,400	1,450,160
Other expenses	1,449,480	1,000,000
Depreciation	1,355,649	1,111,721
Administrative expenses of Navana Batteries Ltd	8,887,858	6,274,588
Administrative expenses of Navana Furniture Ltd	18,072,124	19,212,059
Administrative expenses of Navana Paints Ltd	3,058,813	2,940,806
	<b>74,416,040</b>	<b>69,507,469</b>

## Notes To The Financial Statements

aftab automobiles limited

	31/8/10	31/8/09
	BD Taka	BD Taka
<b>22 Selling and distribution expenses</b>	<b>Tk 16,568,271</b>	
Salary & Allowance	370,835	253,198
Fuel & Lubricant	2,347,775	1,878,425
Transit Insurance	512,470	1,020,180
Promotional Exps	2,867,390	2,330,521
Trade fare Exp.	1,052,000	850,500
Training Exp.	1,477,667	1,166,009
Driving Charge	736,905	914,872
Toll Charge	201,356	265,004
Delivery Exps	1,956,211	1,670,980
Escorting	640,487	406,721
Recovery Dept. Exp.	4,047,920	3,752,485
Inspection	331,525	222,322
Others	25,730	10,550
	<b>16,568,271</b>	<b>14,741,767</b>
<b>22 (a) Consolidated selling and distribution expenses</b>	<b>Tk 114,957,161</b>	
Salary & Allowance	370,835	253,198
Fuel & Lubricant	2,347,775	1,878,425
Transit Insurance	512,470	1,020,180
Promotional Exps	2,867,390	2,330,521
Trade fare Exp.	1,052,000	850,500
Training Exp.	1,477,667	1,166,009
Driving Charge	736,905	914,872
Toll Charge	201,356	265,004
Delivery Exps	1,956,211	1,670,980
Escorting	640,487	406,721
Recovery Dept. Exp.	4,047,920	3,752,485
Inspection	331,525	222,322
Others	25,730	10,550
Selling & distribution Expense of Navana Batteries Ltd	32,554,197	27,311,577
Selling & distribution Expense of Navana Furniture Ltd	49,271,744	46,282,980
Selling & distribution Expense of Navana Paints Ltd	16,562,949	14,658,442
	<b>114,957,161</b>	<b>102,994,766</b>
<b>23 Financial charges</b>	<b>Tk 30,510,688</b>	
Interest on bank loan	30,510,688	75,055,124
	<b>30,510,688</b>	<b>75,055,124</b>
<b>23 (a) Consolidated financial charges</b>	<b>Tk 51,625,767</b>	
Aftab Automobiles Ltd	30,510,688	75,055,124
Navana Batteries Ltd	15,381,235	10,173,290
Navana Furniture Ltd	3,160,979	3,492,212
Navana Paints Ltd	2,572,865	2,125,720
	<b>51,625,767</b>	<b>90,846,346</b>

## Notes To The Financial Statements

aftab automobiles limited

			31/8/10	31/8/09
			BD Taka	BD Taka
<b>24</b>	<b>Non-operating income</b>	<b>Tk 494,562,489</b>		
	FDR Interest		11,794,995	3,600,000
	Cash Dividend		2,178,000	-
	Profit on investment in shares		480,589,494	242,564,939
			<b>494,562,489</b>	<b>246,164,939</b>
<b>25</b>	<b>Current tax</b>	<b>Tk 38,642,719</b>		
	Assembling unit		31,989,316	20,302,884
	Body building unit		6,653,403	3,496,965
			<b>38,642,719</b>	<b>23,799,849</b>
<b>25 (a)</b>	<b>Consolidated current tax</b>	<b>Tk 74,346,267</b>		
	Aftab automobiles Ltd.		38,642,719	23,799,849
	Navana Batteries Ltd		26,037,250	7,781,967
	Navana Furniture Ltd		9,206,189	2,579,199
	Navana Paints Ltd		460,109	299,993
			<b>74,346,267</b>	<b>34,461,010</b>
<b>26</b>	<b>Deferred tax</b>	<b>Tk 2,744,004</b>		
	Assembling unit		1,604,898	16,800,000
	Body building unit		1,139,106	-
			<b>2,744,004</b>	<b>16,800,000</b>
<b>27</b>	<b>Earnings per share (EPS )</b>			
	Total comprehensive income		604,927,322	288,509,997
	Weighted average number of ordinary shares-outstanding during the year		35,368,330	35,368,330
	<b>Earnings per share (EPS )</b>		<b>17.10</b>	<b>8.16</b>

## Notes To The Financial Statements

	31/8/10	31/8/09
	BD Taka	BD Taka
<b>27 (a) Consolidated earnings per share (EPS )</b>		
The calculation of consolidated basic earnings per share at 31 August 2010 was based on the consolidated profit attributable to ordinary shareholders as follows:		
Total comprehensive income	693,737,081	316,616,691
Weighted average number of ordinary shares-outstanding during the year	35,368,330	35,368,330
<b>Earnings per share (EPS )</b>	<b>19.61</b>	<b>8.95</b>

EPS for the year 2009 was restated for the issue of bonus shares and conversion of preference shares into ordinary shares in 2010.

**28 Long Term Loan :**

Long- term interest free loan from sponsors is carried forward since 1982

**29 Claims against the Company :**

There is no known claim against the Company.

**30 Amount Due by Directors:**

There is no advance in the name of directors or Associates undertaking of the company.

**31 Amount paid to Directors:**

The Directors have been paid only the meeting attendance fee during the year

**32 General Nature of Credit Facilities:**

There is no other Credit facility available to the Company other than the credit facilities shown in this account.

**33 Contingent liability :**

The Company has issued guarantee to the tune of Tk. 24.25 crores against sale of Aftab Assembled vehicles under lease finance of different parties.

**34 Production Capacity :**

The production capacity of the company is 2400 units Toyota & Hino vehicles in Assembling unit under three shifts, 360 units Hino buses in Body Building unit.

**35 Related Parties Disclosure:**

As per agreement with Toyota Tsusho Corporation, Japan, all Assembled vehicles of Aftab Automobiles Ltd. distributed through Navana Ltd.( distributor of Toyota & Hino Vehicles). During the year, the company sold Tk. 109.51 crore through Navana Ltd. No other transaction has been made with any other related party.

**36 Event after the Reporting Period**

The Directors in the meeting held on November 03, 2010, recommended 10% cash dividend and 30% stock dividend for the shareholders whose name will be appeared in the shareholders' registers at the date of book closure which is subject to shareholders' approval at the forthcoming annual general meeting.

"Except the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment or disclosure in the financial statements or notes thereto."

**37 Payment / Perquisites to Directors and officers :**

The aggregate amount paid / provided during the period in respect of " Directors " and " Officers " of the Company as defined in the Securities and Exchange Commission Rules 1987 are disclosed below:

	<u>Directors</u>	<u>Officers</u>
Board meeting attendance fee	45,750	-
Managerial remuneration	749,969	554,102
Gratuity	262,489	130,254
Company's contribution to P/F	74,997	55,410
Bonus	124,995	92,350
<b>Perquisites :</b>		
Housing	637,473	470,987
Transport	149,994	110,820
Medical	44,998	33,246
Entertainment	157,493	116,361
Telephone	65,280	61,254
Others	15,500	13,500
	<u><b>2,328,938</b></u>	<u><b>1,638,285</b></u>

**during the year under review :**

- i) no compensation was allowed by the company to the Chief executive officer of the company who is also a Director.
- ii) the rate at which Directors have drawn Board meeting attendance fees @ Tk.750/- per Director per meeting. The total Board meeting attendance fee incurred during the year under review was Tk. 45,750/- and
- iii) no amount of money was spent by the company for compensating any member of the board for special services rendered.

Sd/-  
Chairman

Sd/-  
Managing Director

Sd/-  
Chief Financial Officer

**AUDITORS' REPORT****TO THE SHAREHOLDERS OF NAVANA BATTERIES LIMITED**

We have audited the accompanying Statement of Financial Position of the Navana Batteries Limited as on August 31, 2010 and the related Statement of Comprehensive Income, Statement of Cash Flows, Statement of changes in Shareholders' Equity and notes to the financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

**Basis of Opinion:**

We conducted our audit in accordance with Bangladesh Financial Reporting Standards (BFRS) 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion:**

In our opinion, 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 of August 31, 2010 and the results of its operations and its cash flow for the year then ended and comply with the applicable sections of the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**We also report that:**

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- 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 returns; and
- d) the expenditures incurred was for the purpose of the company's business .

Dated : Dhaka  
October 13, 2010

PRACHI-NIKET  
54, Dilkusha C/A, Dhaka.

**Sd/-**  
**M.M. RAHMAN & CO.**  
Chartered Accountants

M. Obaidur Rahman, FCA

## Navana Batteries Limited

### Statement of Financial Position

As at August 31, 2010

	Notes	31.08.2010 BD Taka	31.08.2009 BD Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	3.00	127,650,378	113,654,664
Capital work in progress	4.00	214,369,352	-
Preliminary expenses		238,925	48,360
<b>Total non-current assets</b>		<b>342,258,655</b>	<b>113,703,024</b>
<b>Current assets</b>			
Stock and stores	5.00	111,150,844	75,759,811
Trade debtors	6.00	58,582,418	70,208,463
Income tax deducted at source	7.00	16,452,311	7,879,424
Advances, deposits and prepayments	8.00	31,766,320	17,493,038
Cash and bank balances	9.00	27,426,959	7,348,118
<b>Total current assets</b>		<b>245,378,852</b>	<b>178,688,854</b>
<b>Total assets</b>		<b>587,637,508</b>	<b>292,391,878</b>
<b>Equity and Liabilities</b>			
<b>Capital &amp; reserves</b>			
Share capital	10.00	183,702,690	183,702,690
Retained earnings	11.00	56,384,692	-
<b>Total equity</b>		<b>240,087,382</b>	<b>183,702,690</b>
<b>Current liabilities</b>			
Short-term loan	12.00	77,981,071	66,062,121
Inter company liabilities		181,173,288	-
Accrued and other current liabilities		88,395,767	42,627,067
<b>Total current liabilities</b>		<b>347,550,126</b>	<b>108,689,188</b>
<b>Total equity and liabilities</b>		<b>587,637,508</b>	<b>292,391,878</b>
<b>Net assets value per share (NAVPS)</b>		<b>13.07</b>	<b>10.00</b>

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
October 13, 2010

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

**Navana Batteries Limited**  
**Statement of Comprehensive Income**

As at August 31, 2010

Particulars	Notes	Year ended 31.08.2010 BD Taka	Year ended 31.08.2009 BD Taka
<b>Revenues</b>	13.00	<b>498,689,132</b>	<b>281,989,408</b>
Less: Cost of sales	14.00	355,322,803	208,516,987
<b>Gross profit</b>		<b>143,366,329</b>	<b>73,472,421</b>
<b>Less: Operating expenses</b>		<b>56,823,290</b>	<b>43,759,455</b>
Administrative expenses	15.00	8,887,858	6,274,588
Selling and distribution expenses	16.00	32,554,197	27,311,577
Financial charges		15,381,235	10,173,290
<b>Operating profit</b>		<b>86,543,039</b>	<b>29,712,966</b>
Less: Contribution to WPPF		4,121,097	1,414,903
<b>Profit before tax</b>		<b>82,421,942</b>	<b>28,298,063</b>
Less: Income tax expense	17.00	26,037,250	7,781,967
<b>Profit for the year</b>		<b>56,384,692</b>	<b>20,516,096</b>
<b>Earnings per share (EPS)</b>	18.00	<b>3.07</b>	<b>1.12</b>

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
October 13, 2010

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

**Navana Batteries Limited****Statement of Cash Flows**

As at August 31, 2010

Particulars	Year ended 31.08.2010 BD Taka
<b>A. Cash flows from operating activities</b>	
Receipts from customers	510,315,177
Payments to suppliers and employees	(420,451,440)
Cash generated from operations	89,863,737
Bank interest paid	(15,381,235)
Income tax paid	(8,572,887)
<b>Net cash generated by operating activities</b>	<b>65,909,615</b>
<b>B. Cash flows from investing activities</b>	
Acquisition of property, plant & equipment	(24,363,095)
Payments for capital work in progress	(214,369,352)
Payments for preliminary expenses	(190,565)
<b>Net cash used investing activities</b>	<b>(238,923,012)</b>
<b>C. Cash flows from financing activities</b>	
Inter company receipts	181,173,288
Proceeds from bank loan	11,918,950
<b>Net cash provided by financing activities</b>	<b>193,092,238</b>
<b>D. Net changes in cash &amp; cash equivalents for the year (A+B+C)</b>	<b>20,078,841</b>
<b>E. Cash &amp; cash equivalents at beginning of the year</b>	<b>7,348,118</b>
<b>F. Cash &amp; cash equivalents at end of the year (D+E)</b>	<b>27,426,959</b>
<b>Net operating cash flows per share (NOCFPS)</b>	<b>3.59</b>

Sd/-  
ChairmanSd/-  
DirectorSd/-  
Chief Financial OfficerDated : Dhaka  
October 13, 2010

View : Navana Battery Plant

## Navana Batteries Limited

### Statement of Changes in Equity

As at August 31, 2010

Particulars	Share capital	Reserves	Current Account	Retained earnings	Total
	BD Taka	BD Taka	BD Taka	BD Taka	BD Taka
Balance at August 31, 2009	-	4,907,353	158,079,757	20,615,580	183,602,690
Sponsors' share capital at August 31, 2009	100,000	-	-	-	100,000
Issue of ordinary shares against purchase consideration	183,602,690	(4,907,353)	(158,079,757)	(20,615,580)	-
Profit for the year	-	-	-	56,384,692	56,384,692
<b>Balance at August 31, 2010</b>	<b>183,702,690</b>	<b>-</b>	<b>-</b>	<b>56,384,692</b>	<b>240,087,382</b>

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer

Dated : Dhaka  
October 13, 2010



View : Battery Lead Processing

**Navana Batteries Limited****Accounting Policies and Explanatory Notes to the Financial Statements**

As at and for the year ended August 31, 2010

**1. Corporate Information and Mode of Business****1.1 Corporate Information**

The company incorporated on 21st April, 2009 vide registration # C76441/09.

**1.2 Mode of Business**

The principal activities of the company are manufacturing of Automotive, Industrial and Solar Batteries in the plant located at Fouzdarhat Industrial Area, Chittagong, Bangladesh.

**2. Significant Accounting Policies and Basis of Preparation of Financial Statement****2.1 Statement of Compliance**

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and as per requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, and other applicable laws and regulations.

**2.2 Basis of Preparation**

The financial statements of this unit have been prepared assuming going concern basis based on the accrual basis of accounting following under the historical cost convention.

**2.3 Basis of Reporting**

The financial statements of this unit is prepared and presented for external users in accordance with the identified financial reporting framework. Presentation has been made in compliance with the requirement of BAS 1 "Presentation of Financial Statements."

**2.4 Reporting Period**

This report has been prepared as on August 31, 2010.

**2.5 Functional and Presentation Currency**

Financial Statements are prepared in Bangladeshi Taka which is the functional currency.

**2.6 Recognition of Property, Plant and Equipment**

These are capitalized at cost of acquisition and subsequently stated at original cost minus accumulated depreciation and accumulated impairment losses, if any, in compliance with the relevant accounting standard (BAS 16). The cost of the assets is inclusive of cost paid to the vendors along with all incidental expenses to install or construct the same assets for its intended use. Expenditure incurred after the assets have been put in to operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

**Depreciation**

No depreciation has been charged on land development considering the unlimited useful life. In respect of all other assets, the quantum of annual depreciation charge is calculated over their estimated useful life lives using the diminishing balance method of depreciation. All the assets acquired or disposed of during the period have been depreciated for the period of its uses. The rate at which the assets are depreciated per annum depended on the nature and estimated useful life of each assets are consistently applied since inception of the Unit which are given below.

## Notes To The Financial Statements

Name of the Assets	Rate of Depreciation in (%)
Building	2.5
Plant & Machinery	10
Tools & Equipment	20
Office Equipment	10
Furniture & Fixtures	10
Vehicles	20

### 2.7 Inventories

In compliance with the requirements with BAS 2 "Inventories" Raw Materials and Stores are valued at the lower of average cost and the net realizable value. Stocks of finished goods are valued at cost which is determined by taking into consideration the value of raw materials and production overhead. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to present condition and includes wherever applicable appropriate overheads based on normal level of activity.

No provision has been made for slow moving & obsolete stocks during the financial year.

### 2.8 Cash and Cash Equivalent

Cash and cash equivalents includes cash in hand, cash at banks, which are held and available for use by the unit without any restriction and having maturity dates of three months or less from the respective date of deposit. There is insignificant risk of change in value of same.

### 2.9 Liabilities for Expenses

While the provision for certain standing charges and know liabilities is made at the balance sheet date based on estimate, the difference arising there from on receipts of bills/demands and/or actual payments is adjusted in the subsequent year when such liabilities are settled.

### 2.10 Workers Profit Participation Fund

Provision for Workers Profit Participation Fund (WPPF) has been made @5% on net profit as per provision of the Companies Profit (Workers' Participation) Act, 1968 and payable to workers as defined in the said laws.

### 2.11 Financial Assets and Liabilities

Financial assets and liabilities are recognized on the balance sheet date when the Unit has become a party to a contractual provision of the instruments

**I) Receivables:** Trade receivables are stated their real value and consider good. No provision has been made doubtful debts and no amount was written off as bad.

**II) Payables:** Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Unit.

**III) Borrowings:** Interest bearing bank loans are recorded at the proceeds received net of direct issue costs.

### 2.12 General

1. Figures shown in the accounts have been rounded off to the nearest Bangladeshi Taka.

2. Comparative figures and account titles in the financial statements have been re-arranged/re-classified where necessary, to conform to changes in presentation in the current year.

## Notes To The Financial Statements

## Navana Batteries Limited

## 3. Property, plant and equipment, net

Particulars	Cost			Rate of Dep.	Depreciation				Carrying amount	
	As at 01.09.2009	Addi./adj during the year	As at 31.08.2010		As at 01.09.2009	Charged during the year	Adj. during the year	As at 31.08.2010	As at 31.08.2010	As at 01.09.2009
Land & Land Development	2,878,570	891,188	3,769,758	-	-	-	-	-	3,769,758	2,878,570
Building	47,862,401	8,524,444	56,386,845	2.5%	3,959,992	1,204,116	-	5,164,108	51,222,737	43,902,409
Electrical line installation	-	-	-	-	-	-	-	-	-	-
Plant & Machinery	64,999,718	4,959,200	69,958,918	10%	21,874,665	4,560,465	-	26,435,130	43,523,788	43,125,053
Tools & Equipments	20,032,446	1,806,234	21,838,680	20%	9,013,506	2,384,411	-	11,397,917	10,440,763	11,018,940
Office Equipment	9,137,268	3,311,272	12,448,540	10%	2,078,047	871,486	-	2,949,533	9,499,007	7,059,221
Furniture & Fixture	3,354,197	257,543	3,611,740	10%	740,295	274,267	-	1,014,562	2,597,178	2,613,902
Transport Vehicles	7,471,293	4,613,214	12,084,507	20%	4,414,724	1,072,635	-	5,487,359	6,597,148	3,056,569
<b>Total</b>	<b>155,735,893</b>	<b>24,363,095</b>	<b>180,098,988</b>		<b>42,081,229</b>	<b>10,367,381</b>	<b>-</b>	<b>52,448,610</b>	<b>127,650,378</b>	<b>113,654,664</b>

Depreciation charged to :	Taka
Cost of goods sold	8,293,905
Profit & Loss Account (Admin)	1,036,738
Profit & Loss Account (Selling)	1,036,738
	<u>10,367,381</u>



View : Battery Process

## Notes To The Financial Statements

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>4</b>	<b>Capital work in progress</b>	<b>Tk 214,369,352</b>	
	Opening balance	-	7,642,940
	Less: Addition made during the year	214,369,352	7,642,940
		214,369,352	7,642,940
	Less: written off during the year	-	7,642,940
	<b>Closing balance</b>	<b>214,369,352</b>	<b>-</b>
	Capital work in progress on account of acquisition of Land and Land Development, Work in progress of civil constructions and acquisition of Machinery not installed.		
<b>5</b>	<b>Stock and stores</b>	<b>Tk 111,150,844</b>	
	Raw materials	20,616,060	16,737,259
	Goods in transit	72,316,628	44,849,848
	Work-in-process	14,038,273	7,904,791
	Finished stock	4,179,883	6,267,913
		<b>111,150,844</b>	<b>75,759,811</b>
	The quantity of closing stock are 12 volts NS-.294 pcs, PNE-243 pcs, pcs, N-365 NKP-21 pcs, 6NSP-20, NX-15 PCS 12 volts H.R Automotive & Solar Batteries.		
<b>6</b>	<b>Trade debtors</b>	<b>Tk 58,582,418</b>	
	Below six months	48,717,188	65,145,343
	Over six months	9,865,230	5,063,120
		<b>58,582,418</b>	<b>70,208,463</b>
	Trade Debtors are considered good and as such no provision has been made in the accounts for doubtful debts. Company holds no security other than debtor's personal security in the form of work orders.		
<b>7</b>	<b>Income tax deducted at source</b>	<b>Tk 16,452,311</b>	
	Opening balance	7,879,424	4,249,498
	Add: during the year	8,572,887	3,629,926
	<b>Closing balance</b>	<b>16,452,311</b>	<b>7,879,424</b>
	The above amount was deducted at the import point as well as from the Bills in different times at delivery point.		
<b>8</b>	<b>Advance, deposits and prepayments</b>	<b>Tk 31,766,320</b>	
	Advance to suppliers	16,296,975	5,355,910
	Advance to other units	6,507,920	4,501,467
	Advance to employees	325,725	201,254
	Deposits	8,635,700	7,434,407
		<b>31,766,320</b>	<b>17,493,038</b>
	Advance paid to suppliers against work order and considered good. Advance to employees against expenses, salary releasable on production of documents and monthly salary respectively are considered good. Deposits consist of utility deposits, security money against tender and bank guarantee are considered good.		

## Notes To The Financial Statements

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>9 Cash &amp; bank balances</b>	<b>Tk 27,426,959</b>		
Cash in Hand Factory		417,397	530,167
Cash Balance Dhaka Sales Center		432,943	632,541
Cash Balance CTG. Sales Center		7,100	177,438
Cash at Bank		26,569,519	6,007,972
		<b>27,426,959</b>	<b>7,348,118</b>
<b>10 Share capital</b>			
Authorised :			
50,000,000 ordinary shares of Taka 10/- each		500,000,000	-
		<b>500,000,000</b>	-
<b>Issued, Subscribed and Paid up capital</b>	<b>Tk 183,702,690</b>		
Ordinary shares - 18,370,269 shares of Taka 10 each			
Non-controlling Interest (sponsors )		100,000	100,000
Aftab Automobiles Ltd.		183,602,690	183,602,690
		<b>183,702,690</b>	<b>183,702,690</b>
<b>11 Retained earnings</b>	<b>Tk 56,384,692</b>		
Opening Balance		20,615,580	-
Add : Profit for the year		56,384,692	-
		77,000,272	-
Less.adjustment with Capital / Dividend		20,615,580	-
<b>Closing balance</b>		<b>56,384,692</b>	-
<b>12 Short term loan</b>	<b>Tk 77,981,071</b>		
Term loan -AB bank		-	66,062,121
NCC Bank Ltd ( CC Hypo )		24,728,443	-
NCC Bank (LTR)		7,759,729	-
Standard Bank (LTR)		12,689,369	-
Mercantile Bank (LTR)		5,148,695	-
International Leasing		9,545,000	-
Premier Leasing Co. Ltd.		3,046,410	-
Bank Asia Ltd. (LTR)		15,063,425	-
		<b>77,981,071</b>	<b>66,062,121</b>
<b>13 Revenues (Net)</b>	<b>Tk 498,689,132</b>		
Net Sales		498,689,132	281,989,408
		<b>498,689,132</b>	<b>281,989,408</b>
The quantity of sales during the year are 12 volts NS-.19059 pcs, PNE-36273 pcs, N-3634 NKP-7514 pcs, 6NSP-2762, NX-2589 PCS 12 volts H.R Automotive & Solar Batteries.			
<b>14 Cost of sales</b>	<b>Tk 355,322,803</b>		
Raw materials consumed	14.1	315,848,598	167,150,016
Indirect materials		10,367,616	5,883,645
Total consumption		326,216,214	173,033,661
Add : Opening wip		7,904,791	11,020,162
		334,121,005	184,053,823
Less : Closing wip	5	14,038,273	7,904,791
		320,082,732	176,149,032
Factory overhead	14.1.2	33,152,041	26,656,515
Cost of production		353,234,773	202,805,547
Finished products (opening)		6,267,913	11,979,353
		359,502,686	214,784,900
Finished products (closing)	5	4,179,883	6,267,913
		<b>355,322,803</b>	<b>208,516,987</b>

## Notes To The Financial Statements

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>14.1 Raw materials cosumed</b>	<b>Tk 315,848,598</b>		
Opening stock		16,737,259	40,122,052
Purchases	14.1.1	319,727,399	143,765,223
		336,464,658	183,887,275
Closing stock	5	20,616,060	16,737,259
		<b>315,848,598</b>	<b>167,150,016</b>
<b>14.1.1. Purchases</b>	<b>Tk 319,727,399</b>		
C & F price		228,906,121	86,724,315
Insurance premium		1,049,110	384,959
L/C opening charges		1,555,341	942,035
C & F charges		13,138,239	1,447,447
Custom duty		15,582,228	18,939,185
Local purchase		59,496,361	35,327,282
		<b>319,727,399</b>	<b>143,765,223</b>
<b>14.1.2. Factory overhead</b>	<b>Tk 33,152,041</b>		
Salary and allowances		2,265,720	1,924,783
Wages		3,176,992	2,658,862
Bonus		650,800	448,711
Overtime		2,721,025	1,026,973
Earned Leave		225,730	118,229
Welfare expenses		455,870	365,720
Eid Gratia		225,692	189,619
Entertainment		1,267,930	1,090,211
Office exp.		350,820	151,993
Electricity Expenses		5,217,410	3,023,390
Store & spares		285,782	378,981
Fuel & Lubricants for Generator		530,472	380,764
Carrying & Handling		225,692	135,280
Generator Maintenance		1,993,600	2,202,060
Repairs & Maintenance		1,042,191	855,600
Car Maintenance		380,768	200,156
Travelling & Conveyance		142,769	125,784
Gas bill		436,298	335,992
Telephone & Mobile		194,542	83,603
Screen Printing		1,834,707	79,605
Liveries & Uniform		305,741	275,481
Chemicals		832,195	729,144
Night allowance		105,692	88,747
Labour Charges		438,720	338,357
Security Expenses		675,000	675,000
Canteen Subsidy		385,975	350,720
Laboratory Exps		35,723	30,698
Foreign Technician Remu.		720,000	720,000
Depreciation		8,293,905	7,672,052
		<b>33,152,041</b>	<b>26,656,515</b>

The number of employees received annual salary and wages above Tk. 36,000 during the year are 120.

## Notes To The Financial Statements

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>15 Administrative expenses</b>	<b>Tk 8,887,858</b>		
Salary and allowances		828,660	760,082
Bonus		88,110	55,500
Welfare Expenses		38,320	35,863
Entertainment		55,758	36,528
Conveyance		203,870	152,720
Repairs and Maintenance		820,741	527,457
Printing & stationary		425,870	325,725
Hotel bill & House Rent		830,720	527,920
Fees & Registration		36,500	56,230
Tours & Travelling		725,821	632,187
Bank Charge		6,029	8,260
Carrying & Handling		632,141	301,970
Car maintenance		652,830	333,021
Telephone & Truckle		180,370	120,987
Office Maintenance		225,860	105,245
Postage & stamp		85,271	52,187
BSTI		920,700	852,800
Advertisement		421,789	430,900
Gratuity		671,760	-
Depreciation		1,036,738	959,006
		<b>8,887,858</b>	<b>6,274,588</b>

The number of employees received annual salary and allowances above Tk. 36,000 during the year are 59.

<b>16 Selling and distribution expenses</b>	<b>Tk 32,554,197</b>		
Salary & Allowances		15,113,718	12,984,914
Wages		325,885	320,187
Bonus		349,424	131,600
Welfare Expenses		27,333	25,164
Rent Rates & Taxes		507,890	972,095
Export Expense		53,720	105,720
Travelling & Conveyance		932,229	1,175,501
Entertainment		663,939	372,421
Printing & Stationery		554,897	367,574
Telephone		845,876	709,674
Publicity Exp.		1,120,790	820,470
Fees & Registration		143,640	267,645
Repairs & Maintenance		347,713	95,759
Car Maintenance		531,872	379,054
Electrical Expenses		402,547	310,437
Fuel		1,092,091	544,640
Postage & Telegram		34,687	45,387
Papers & Periodicals		10,987	11,665
Delivery Expenses		1,256,581	1,087,812
Bank Charges		88,210	98,406
Other Expenses		25,700	420,230
Security Expenses		350,352	353,967
Office Maintenance		15,700	17,507
Canteen Subsidy		75,820	63,720
Showroom Exps		150,240	113,048
Transportation Charges		1,314,480	843,240
Utility Bill ( WASA )		87,020	12,498
Gift & Donation		220,300	152,751
Chemical & Packing exps		657,442	366,901
Dealer conference Exp.		2,537,698	2,047,030
Promotional Expenses		1,678,678	1,135,553
Depreciation		1,036,738	959,007
		<b>32,554,197</b>	<b>27,311,577</b>

The number of employees received annual salary and allowances above Tk. 36,000 during the year are 54.

Notes To The Financial Statements

	31.08.2010	31.08.2009
	BD Taka	BD Taka
<b>17 Calculation fo Tax Provision</b>	<b>Tk 26,037,250</b>	
Profit before Tax	82,421,942	-
Add: Accounting Depreciation	10,367,381	-
Less: Tax Depreciation	23,356,656	-
Adjusted Profit for tax calculation	69,432,667	-
<b>Tax @ 37.50% ( transferred to Compreh. Income statement )</b>	<b>26,037,250</b>	<b>-</b>
<b>18 Earning per share (EPS )</b>		
Net profit after tax	<b>56,384,692</b>	<b>20,516,096</b>
Number of ordinary shares	18,370,269	18,370,269
Earning per share (EPS )	<b>3.07</b>	<b>1.12</b>

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer



View : Battery Processing in Plant

**AUDITORS' REPORT****TO THE SHAREHOLDERS OF NAVANA FURNITURE LIMITED**

We have audited the accompanying Statement of Financial Position of the Navana Furniture Limited as on August 31, 2010 and the related Statement of Comprehensive Income, Statement of Cash Flows, Statement of changes in Shareholders' Equity and notes to the financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

**Basis of Opinion:**

We conducted our audit in accordance with Bangladesh Financial Reporting Standards (BFRS) 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion:**

In our opinion, 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 of August 31, 2010 and the results of its operations and its cash flow for the year then ended and comply with the applicable sections of the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**We also report that:**

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us:
- 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 returns; and
- d) the expenditures incurred was for the purpose of the company's business .

Dated : Dhaka  
October 13, 2010

PRACHI-NIKET  
54, Dilkusha C/A, Dhaka.

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

M. Obaidur Rahman, FCA

**Navana Furniture Limited****Statement of Financial Position**

As at August 31, 2010

	Notes	31.08.2010 BD Taka	31.08.2009 BD Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	3.00	162,358,444	151,829,184
Capital work in progress	4.00	23,823,940	-
Preliminary expenses		238,925	52,380
<b>Total non-current assets</b>		<b>186,421,309</b>	<b>151,881,564</b>
<b>Current assets</b>			
Stock and stores	5.00	167,045,219	99,786,047
Trade debtors	6.00	54,977,945	49,549,120
Income tax deducted at source	7.00	3,505,421	1,956,079
Advances, deposits and prepayments	8.00	38,637,922	20,505,556
Cash and bank balances	9.00	6,126,311	2,370,110
<b>Total current assets</b>		<b>270,292,818</b>	<b>174,166,912</b>
<b>Total assets</b>		<b>456,714,127</b>	<b>326,048,476</b>
<b>Equity and Liabilities</b>			
<b>Capital &amp; reserves</b>			
Share capital	10.00	217,628,630	217,628,630
Retained earnings	11.00	26,727,380	-
<b>Total equity</b>		<b>244,356,010</b>	<b>217,628,630</b>
<b>Current liabilities</b>			
Short-term loan	12.00	34,458,820	33,973,307
Inter company liabilities		29,169,099	-
Accrued and other current liabilities		148,730,198	74,446,539
<b>Total current liabilities</b>		<b>212,358,117</b>	<b>108,419,846</b>
<b>Total equity and liabilities</b>		<b>456,714,127</b>	<b>326,048,476</b>
<b>Net assets value per share (NAVPS)</b>		<b>11.23</b>	<b>10.00</b>

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
October 13, 2010

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

**Navana Furniture Limited**  
**Statement of Comprehensive Income**  
 As at August 31, 2010

Particulars	Notes	Year ended	Year ended
		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>Revenues</b>	<b>13.00</b>	<b>395,283,898</b>	<b>340,616,762</b>
Less: Cost of sales	14.00	287,048,804	261,781,659
<b>Gross profit</b>		<b>108,235,094</b>	<b>78,835,103</b>
<b>Less: Operating expenses</b>		<b>70,504,847</b>	<b>68,987,251</b>
Administrative expenses	15.00	18,072,124	19,212,059
Selling and distribution expenses	16.00	49,271,744	46,282,980
Financial charges		3,160,979	3,492,212
<b>Operating profit</b>		<b>37,730,247</b>	<b>9,847,852</b>
Less: Contribution to WPPF		1,796,678	468,945
<b>Profit before tax</b>		<b>35,933,569</b>	<b>9,378,907</b>
Less: Income tax expense	17.00	9,206,189	2,579,199
<b>Profit for the year</b>		<b>26,727,380</b>	<b>6,799,708</b>
<b>Earnings per share (EPS)</b>	<b>18.00</b>	<b>1.23</b>	<b>0.31</b>

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
October 13, 2010

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants



View : Navana Furniture

**Navana Furniture Limited****Statement of Cash Flows**

As at August 31, 2010

Particulars	Year ended 31.08.2010 BD Taka
<b>A. Cash flows from operating activities</b>	
Receipts from customers	389,855,073
Payments to suppliers and employees	(365,766,824)
Cash generated from operations	24,088,249
Bank interest paid	(1,549,342)
Income tax paid	(3,160,979)
<b>Net cash generated by operating activities</b>	<b>19,377,928</b>
<b>B. Cash flows from investing activities</b>	
Acquisition of property, plant & equipment	(21,265,854)
Payments for capital work in progress	(23,823,940)
Payments for preliminary expenses	(186,545)
<b>Net cash used investing activities</b>	<b>(45,276,339)</b>
<b>C. Cash flows from financing activities</b>	
Inter company receipts	29,169,099
Proceeds from bank loan	485,513
<b>Net cash provided by financing activities</b>	<b>29,654,612</b>
<b>D. Net changes in cash &amp; cash equivalents for the year (A+B+C)</b>	<b>3,756,201</b>
<b>E. Cash &amp; cash equivalents at beginning of the year</b>	<b>2,370,110</b>
<b>F. Cash &amp; cash equivalents at end of the year (D+E)</b>	<b>6,126,311</b>
<b>Net operating cash flows per share (NOCFPS)</b>	<b>0.89</b>

Sd/-  
ChairmanSd/-  
DirectorSd/-  
Chief Financial OfficerDated : Dhaka  
October 13, 2010

**Navana Furniture Limited**  
**Statement of Changes in Equity**

As at August 31, 2010

Particulars	Share capital	Reserves	Current Account	Retained earnings	Total
	BD Taka	BD Taka	BD Taka	BD Taka	BD Taka
<b>Balance at August 31, 2009</b>	-	<b>29,185,053</b>	<b>181,359,610</b>	<b>6,983,967</b>	<b>217,528,630</b>
Sponsors' share capital at August 31, 2009	100,000	-	-	-	<b>100,000</b>
Issue of ordinary shares against purchase - consideration	217,528,630	(29,185,053)	(181,359,610)	(6,983,967)	-
Profit for the year	-	-	-	26,727,380	<b>26,727,380</b>
<b>Balance at August 31, 2010</b>	<b>217,628,630</b>	<b>-</b>	<b>-</b>	<b>26,727,380</b>	<b>244,356,010</b>

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer

Dated : Dhaka  
October 13, 2010



*View : Navana Furniture*

**Navana Furniture Limited****Accounting Policies and Explanatory Notes to the Financial Statements**

As at and for the year ended August 31, 2010

**1. Corporate Information and Mode of Business****1.1 Corporate Information**

The company incorporated on 21st April, 2009 vide registration # C76450/09.

**1.2 Mode of Business**

The principal activities of the company are manufacturing of world class home, office, industrial and medical furniture in the plant located at Savar, Dhaka, Bangladesh.

**2. Significant Accounting Policies and Basis of Preparation of Financial Statements****2.1 Statement of Compliance**

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and as per requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, and other applicable laws and regulations.

**2.2 Basis of Preparation**

The financial statements of this unit have been prepared assuming going concern basis based on the accrual basis of accounting following under the historical cost convention.

**2.3 Basis of Reporting**

The financial statements of this unit is prepared and presented for external users in accordance with the identified financial reporting framework. Presentation has been made in compliance with the requirement of BAS 1 "Presentation of Financial Statements."

**2.4 Reporting Period**

This report has been prepared as on August 31, 2010.

**2.5 Functional and Presentation Currency**

Financial Statements are prepared in Bangladeshi Taka which is the functional currency.

**2.6 Recognition of Property, Plant and Equipment**

These are capitalized at cost of acquisition and subsequently stated at original cost minus accumulated depreciation and accumulated impairment losses, if any, in compliance with the relevant accounting standard (BAS 16). The cost of the assets is inclusive of cost paid to the vendors along with all incidental expenses to install or construct the same assets for its intended use. Expenditure incurred after the assets have been put in to operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

**Depreciation**

No depreciation has been charged on land development considering the unlimited useful life. In respect of all other assets, the quantum of annual depreciation charge is calculated over their estimated useful life lives using the diminishing balance method of depreciation. All the assets acquired or disposed of during the period have been depreciated for the period of its uses. The rate at which the assets are depreciated per annum depended on the nature and estimated useful life of each assets are consistently applied since inception of the Unit which are given below.

## Notes to the Financial Statements

Name of the Assets	Rate of Depreciation in (%)
Building	2.5
Plant & Machinery	10
Tools & Equipment	20
Office Equipment	10
Furniture & Fixtures	10
Vehicles	20

### 2.7 Inventories

In compliance with the requirements with BAS 2 "Inventories" Raw Materials and Stores are valued at the lower of average cost and the net realizable value. Stocks of finished goods are valued at cost which is determined by taking into consideration the value of raw materials and production overhead. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to present condition and includes wherever applicable appropriate overheads based on normal level of activity.

No provision has been made for slow moving & obsolete stocks during the financial year.

### 2.8 Cash and Cash Equivalent

Cash and cash equivalents includes cash in hand, cash at banks, which are held and available for use by the unit without any restriction and having maturity dates of three months or less from the respective date of deposit. There is insignificant risk of change in value of same.

### 2.9 Liabilities for Expenses

While the provision for certain standing charges and know liabilities is made at the balance sheet date based on estimate, the difference arising there from on receipts of bills/demands and/or actual payments is adjusted in the subsequent year when such liabilities are settled.

### 2.10 Workers Profit Participation Fund

Provision for Workers Profit Participation Fund (WPPF) has been made @5% on net profit as per provision of the Companies Profit (Workers' Participation) Act, 1968 and payable to workers as defined in the said laws.

### 2.11 Financial Assets and Liabilities

Financial assets and liabilities are recognized on the balance sheet date when the Unit has become a party to a contractual provision of the instruments

- I) Receivables: Trade receivables are stated their real value and consider good. No provision has been made doubtful debts and no amount was written off as bad.
- II) Payables: Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Unit.
- III) Borrowings: Interest bearing bank loans are recorded at the proceeds received net of direct issue costs.

### 2.12 General

1. Figures shown in the accounts have been rounded off to the nearest Bangladeshi Taka.
2. Comparative figures and account titles in the financial statements have been re-arranged/re-classified where necessary, to conform to changes in presentation in the current year.

Notes to the Financial Statements

Navana Furniture Limited

3. Property, plant and equipment, net

Particulars	Cost			Rate of Dep.	Depreciation			Carrying amount		
	As at 01.09.2009	Addi./adj during the year	As at 31.08.2010		As at 01.09.2009	Charged during the year	Adj. during the year	As at 31.08.2010	As at 31.08.2010	As at 01.09.2009
Land & Land Development	41,091,292	1,402,000	42,493,292	-	-	-	-	42,493,292	41,091,292	
Building	47,209,414	2,390,050	49,599,464	2.5%	3,528,199	1,121,906	4,650,105	44,949,359	43,681,215	
Shades									478,093	
Electrical line installation	1,054,625	1,150,500	2,205,125	20%	576,532	210,669	787,201	1,417,924	-	
Plant & Machinery	52,162,002	3,396,839	55,558,841	10%	17,503,194	3,635,723	21,138,917	34,419,924	34,658,808	
Tools & Equipments	15,049,619	863,224	15,912,843	20%	8,151,569	1,465,932	9,617,501	6,295,342	6,898,050	
Office Equipment	13,756,370	703,368	14,459,738	10%	3,680,636	1,042,742	4,723,378	9,736,360	10,075,734	
Furniture & Fixture	8,806,660	2,986,260	11,792,920	10%	1,644,158	865,563	2,509,721	9,283,199	7,162,502	
Transport Vehicles	13,511,687	8,373,613	21,885,300	20%	5,728,197	2,394,059	8,122,256	13,763,044	7,783,490	
<b>Total</b>	<b>192,641,669</b>	<b>21,265,854</b>	<b>213,907,523</b>		<b>40,812,485</b>	<b>10,736,594</b>	<b>-</b>	<b>162,358,444</b>	<b>151,829,184</b>	

Depreciation charged to :	Taka
Cost of goods sold	8,589,275
Profit & Loss Account ( Admin)	2,147,319
	<u>10,736,594</u>



View : Navana Furniture

## Notes to the Financial Statements

## Navana Furniture Limited

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>4</b>	<b>Capital work in progress</b>		
		<b>Tk 23,823,940</b>	
	Opening Balance	-	-
	Add: Addition made during the year	23,823,940	-
	<b>Closing balance</b>	<b>23,823,940</b>	<b>-</b>
	Capital work in progress on account of acquisition of Land and Land Development , Work in progress of civil constructions etc.		
<b>5</b>	<b>Stock and stores</b>		
		<b>Tk 167,045,219</b>	
	Raw materials	45,200,991	24,548,106
	Work-in-process	48,660,381	36,398,117
	Goods in transit	29,893,759	724,660
	Finished stock	43,290,088	38,115,164
		<b>167,045,219</b>	<b>99,786,047</b>
<b>6</b>	<b>Trade debtors</b>		
		<b>Tk 54,977,945</b>	
	Below six months	42,390,224	33,535,144
	Over six months	12,587,721	16,013,976
		<b>54,977,945</b>	<b>49,549,120</b>
	Trade Debtors are considered good and as such no provision has been made in the accounts for doubtful debts. Company holds no security other than debtor's personal security in the form of work orders.		
<b>7</b>	<b>Income tax deducted at source</b>		
		<b>Tk 3,505,421</b>	
	Opening balance	1,956,079	1,485,009
	Add: during the year	1,549,342	471,070
		3,505,421	1,956,079
	Less: adjustment	-	-
	<b>Closing balance</b>	<b>3,505,421</b>	<b>1,956,079</b>
<b>8</b>	<b>Advance, deposits and prepayments</b>		
		<b>Tk 38,637,922</b>	
	Advance to suppliers	22,130,611	13,274,935
	Advance to employees	745,320	652,721
	Advance to other units	11,516,121	1,525,520
	Deposits	4,245,870	5,052,380
		<b>38,637,922</b>	<b>20,505,556</b>
	Advance paid to suppliers against work order and considered good. Advance to employees against expenses, salary releasable on production of documents and monthly salary respectively are considered good. Deposits consist of utility deposits, security money against tender and bank guarantee are considered good.		

## Notes to the Financial Statements

## Navana Furniture Limited

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>9</b>	<b>Cash &amp; bank balances</b>	<b>Tk 6,126,311</b>	
	Cash at plant	547,959	490,125
	National Bank, Gulshan	845,265	682,469
	National Bank, Motijheel	1,027	1,027
	IFIC Bank, Motijheel	1,606,750	464,611
	IFIC Bank, Lalmatia	111,015	111,015
	Exim Bank, Panthapath	150,946	226,220
	IFIC Agrabad	10,000	52,620
	Mutual Trust -Ctg	627,581	158,874
	Prime Bank - Mirpur	2,223,268	70,411
	Dutch Bangla Bank	2,500	112,738
		<b>6,126,311</b>	<b>2,370,110</b>
<b>10</b>	<b>Share capital.</b>		
	<b>Authorised Capital :</b>		
	50,000,000 ordinary shares of Taka 10/- each	500,000,000	-
		<b>500,000,000</b>	-
	<b>Issued, Subscribed and Paid up capital</b>	<b>Tk 217,628,630</b>	
	Ordinary shares - 21,762,863 shares of Taka 10 each		
	Non-controlling Interest (sponsors )	100,000	100,000
	Aftab Automobiles Ltd.	217,528,630	217,528,630
		<b>217,628,630</b>	<b>217,628,630</b>
<b>11</b>	<b>Retained earnings</b>	<b>Tk 26,727,380</b>	
	Opening Balance	6,983,967	7,184,259
	Add : Profit for the year	26,727,380	6,799,708
		<b>33,711,347</b>	<b>13,983,967</b>
	Less. Purchase consideration/Dividend	6,983,967	7,000,000
	<b>Closing balance</b>	<b>26,727,380</b>	<b>6,983,967</b>
<b>12</b>	<b>Short term loan</b>	<b>Tk 34,458,820</b>	
	Term loan -Dutch-bangla bank	-	5,329,910
	Bangladesh Krishi Bank	27,301,166	27,245,678
	Bangladesh Industrial Finance Company Ltd.	-	207,405
	National Finance Ltd	3,867,385	-
	Navana Toyota 3s Centre	2,374,869	-
	Uttara Finance & Investment Co. Ltd.	915,400	1,190,314
		<b>34,458,820</b>	<b>33,973,307</b>
<b>13</b>	<b>Revenues ( Net )</b>	<b>Tk 395,283,898</b>	
	Net Sales	395,283,898	340,616,762
		<b>395,283,898</b>	<b>340,616,762</b>

## Notes to the Financial Statements

## Navana Furniture Limited

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>14</b>	<b>Cost of Sales</b>	<b>Tk 287,048,804</b>	
	Raw materials cosumed	14.1	241,778,280
	Indirect materials		26,434,103
	Total consumption		268,212,38
	Add : Opening wip		36,398,117
			304,610,500
	Less : Closing wip	5	48,660,381
			255,950,119
	Factory overhead	14.1.2	36,273,609
	Cost of production		292,223,728
	Finished products (opening)		38,115,164
			330,338,892
	Finished products (closing)	5	43,290,088
			<b>287,048,804</b>
			<b>261,781,659</b>
	<b>14.1. Raw materials cosumed</b>	<b>Tk 241,778,280</b>	
	Opening stock		24,548,106
	Purchases	14.1.1	262,431,165
			286,979,271
	Closing stock	5	45,200,991
			<b>241,778,280</b>
			<b>227,751,752</b>
	<b>14.1.1. Purchases</b>	<b>Tk 262,431,165</b>	
	C & F price		13,648,861
	Insurance premium		104,079
	L/C opening charges		174,462
	C & F charges		4,249,984
	Custom duty & others		21,460,619
	Local purchase		222,793,160
			<b>262,431,165</b>
			<b>220,703,933</b>
	<b>14.1.2. Factory overhead.</b>	<b>Tk 36,273,609</b>	
	Salary and allowances		10,179,469
	Wages		7,569,128
	Bonus		1,800,126
	Welfare Exp.		195,260
	Rent Rates & Taxes		84,000
	Printing & stationary		266,069
	Travelling & Conveyance		129,900
	Entertainment		343,366
	Car Repairs & Maintenance		220,785
	Repairs & Maintenance		2,198,991
	Electricity Expenses		2,035,937
	Gas		494,450
	Telephone, Mobile & Others		179,381
	Carrying & Handling		883,361
	Papers Periodicals		5,412
	Charges General		6,820
	Fuel-for Genrator & Car		1,014,049
	Computer Consumable		77,830
	Depreciation		8,589,275
			<b>36,273,609</b>
			<b>32,373,004</b>

The number of employees received annual salary and wages above Tk. 36,000 during the year are 282.

## Notes to the Financial Statements

## Navana Furniture Limited

	<b>31.08.2010</b>	<b>31.08.2009</b>
	<b>BD Taka</b>	<b>BD Taka</b>
<b>15 Administrative expenses.</b>	<b>Tk 18,072,124</b>	
Salary and allowances	6,154,591	5,560,278
Overtime	614,570	859,140
Bonus	549,680	295,422
Rent rates & taxes	193,812	121,669
Entertainment	256,358	722,716
Travelling & conveyance	228,484	817,774
Car Repairs & maintenance	1,082,720	985,458
Repairs & maintenance	279,803	1,077,191
Printing & stationary	608,382	464,914
Electric charges	283,286	234,328
WASA	22,500	22,500
Telephone, mobile & internet	182,131	175,800
Bank Charges & Interest	87,620	105,120
Renewal	391,818	-
Carrying & handling	867,787	982,570
Papers & periodical	2,096	6,890
Tender Schedule	520,763	425,720
Advertisement	1,371,700	1,212,200
Fuel	752,112	855,217
Charges General	83,284	605,720
Insurance Premiun	114,279	378,588
lfter	108,077	180,132
Fastival expenses	59,788	350,800
ISO Expense	31,000	72,480
Security Guard	891,600	890,700
Earned Leave	186,564	33,033
Depreciation	2,147,319	1,775,699
	<b>18,072,124</b>	<b>19,212,059</b>

The number of employees received annual salary and allowances above Tk. 36,000 during the year are 89.

<b>16 Selling &amp; Distribution Overhead</b>	<b>Tk 49,271,744</b>	
Salary & Allowances	17,560,972	16,376,881
Wages	1,810,509	2,470,465
Bonus	2,141,430	1,183,840
Rent Rates & Taxes	9,394,076	7,005,753
Travelling & Conveyance	1,328,040	1,471,503
Entertainment	1,013,997	1,216,790
Office Exp.	150,287	315,700
Printing & Stationery	448,091	1,825,420
Telephone , Mobile & Internet	1,049,246	1,570,787
Papers & Periodicals	24,010	42,585
Fees & Registration	530,720	1,007,337
Repairs & Maintenance	803,210	822,125
Car Maintenance	1,012,871	820,741
Electrical Expenses	1,689,990	1,417,864
Wasa bill	69,500	60,350
Fuel	1,122,985	1,524,521
Postage & Telegram	130,296	111,649
Delivery Expenses	3,385,340	2,112,951
Earn Leave	358,434	305,720
General Expenses	751,600	728,000
Office Maintenance	207,293	325,487
Publicity Exp.	325,959	780,245
Trade Fair Pavilion Expenses	830,140	1,557,920
Business Promotion Exp.	2,812,008	1,078,101
Charges General	320,740	150,245
	<b>49,271,744</b>	<b>46,282,980</b>

The number of employees received annual salary and allowances above Tk. 36,000 during the year are 88.

		31.08.2010 BD Taka	31.08.2009 BD Taka
<b>17</b>	<b>Calculation fo Tax Provision</b>		
	Profit before Tax	35,933,569	-
	Add: Accounting Depreciation	10,736,594	-
	Less: Tax Depreciation	22,120,324	-
	Adjusted Profit for tax calculation	24,549,839	-
	<b>Tax @ 37.50% ( transferred to Comperhensive Income)</b>	<b>9,206,189</b>	<b>-</b>
<b>18</b>	<b>Earning per share (EPS )</b>		
	Net profit after tax	<b>26,727,380</b>	<b>6,799,708</b>
	Number of ordinary shares	21,762,863	21,762,863
	<b>Earning per share (EPS )</b>	<b>1.23</b>	<b>0.31</b>

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer



View : Furniture Process

**AUDITORS' REPORT****TO THE SHAREHOLDERS OF NAVANA PAINTS LIMITED**

We have audited the accompanying Statement of Financial Position of the Navana Paints Limited as on August 31, 2010 and the related Statement of Comprehensive Income, Statement of Cash Flows, Statement of changes in Shareholders' Equity and notes to the financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

**Basis of Opinion:**

We conducted our audit in accordance with Bangladesh Financial Reporting Standards (BFRS) 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion:**

In our opinion, 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 of August 31, 2010 and the results of its operations and its cash flow for the year then ended and comply with the applicable sections of the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**We also report that:**

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- 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 returns; and
- d) the expenditures incurred was for the purpose of the company's business.

Dated : Dhaka  
October 13, 2010

PRACHI-NIKET  
54, Dilkusha C/A, Dhaka.

**Sd/-**  
**M.M. RAHMAN & CO.**  
Chartered Accountants

M. Obaidur Rahman, FCA

## Navana Paints Limited

### Statement of Financial Position

As at August 31, 2010

	Notes	31.08.2010 BD Taka	31.08.2009 BD Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	3.00	42,352,204	45,421,073
Capital work in progress	4.00	24,819,478	-
Preliminary expenses		301,105	53,126
<b>Total non-current assets</b>		<b>67,472,787</b>	<b>45,474,199</b>
<b>Current assets</b>			
Stock and stores	5.00	17,752,787	19,993,370
Trade debtors	6.00	52,177,429	63,634,280
Income tax deducted at source	7.00	2,792,980	1,709,498
Advances, deposits and prepayments	8.00	21,460,398	6,552,065
Cash and bank balances	9.00	3,722,222	1,845,189
<b>Total current assets</b>		<b>97,905,816</b>	<b>93,734,402</b>
<b>Total assets</b>		<b>165,378,603</b>	<b>139,208,601</b>
<b>Equity and Liabilities</b>			
<b>Capital &amp; reserves</b>			
Share capital	10.00	90,547,980	90,547,980
Retained earnings	11.00	5,747,009	-
<b>Total equity</b>		<b>96,294,989</b>	<b>90,547,980</b>
<b>Current liabilities</b>			
Short-term loan	12.00	25,730,074	-
Inter company liabilities		820,622	-
Accrued and other current liabilities		42,532,918	48,660,621
<b>Total current liabilities</b>		<b>69,083,614</b>	<b>48,660,621</b>
<b>Total equity and liabilities</b>		<b>165,378,603</b>	<b>139,208,601</b>
<b>Net assets value per share (NAVPS)</b>		<b>10.63</b>	<b>10.00</b>

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
October 13, 2010

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

**Navana Paints Limited**  
**Statement of Comprehensive Income**

As at August 31, 2010

Particulars	Notes	Year ended 31.08.2010 BD Taka	Year ended 31.08.2009 BD Taka
<b>Revenues</b>	<b>13.00</b>	<b>93,063,517</b>	<b>88,166,644</b>
Less: Cost of sales	14.00	64,351,416	67,296,248
<b>Gross profit</b>		<b>28,712,101</b>	<b>20,870,396</b>
<b>Less: Operating expenses</b>		<b>22,194,627</b>	<b>19,724,968</b>
Administrative expenses	15.00	3,058,813	2,940,806
Selling and distribution expenses	16.00	16,562,949	14,658,442
Financial charges		2,572,865	2,125,720
<b>Operating profit</b>		<b>6,517,474</b>	<b>1,145,428</b>
Less: Contribution to WPPF		310,356	54,544
<b>Profit before tax</b>		<b>6,207,118</b>	<b>1,090,884</b>
Less: Income tax expense	17.00	460,109	299,993
<b>Profit for the year</b>		<b>5,747,009</b>	<b>790,891</b>
<b>Earnings per share (EPS)</b>	<b>18.00</b>	<b>0.63</b>	<b>0.09</b>

The annexed notes 1 to 18 form an integral part of these financial statements.

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer

Signed in terms of our separate report of even date.

Dated : Dhaka  
October 13, 2010

Sd/-  
**M.M. RAHMAN & CO.**  
Chartered Accountants

**Navana Paints Limited****Statement of Cash Flows**

As at August 31, 2010

Particulars	Year ended 31.08.2010 BD Taka
<b>A. Cash flows from operating activities</b>	
Receipts from customers	104,520,368
Payments to suppliers and employees	(100,332,893)
Cash generated from operations	4,187,475
Bank interest paid	(2,572,865)
Income tax paid	(1,083,482)
<b>Net cash generated by operating activities</b>	<b>531,128</b>
<b>B. Cash flows from investing activities</b>	
Acquisition of property, plant & equipment	(137,334)
Payments for capital work in progress	(24,819,478)
Payments for preliminary expenses	(247,979)
<b>Net cash used investing activities</b>	<b>(25,204,791)</b>
<b>C. Cash flows from financing activities</b>	
Inter company receipts	820,622
Proceeds from bank loan	25,730,074
<b>Net cash provided by financing activities</b>	<b>26,550,696</b>
<b>D. Net changes in cash &amp; cash equivalents for the year (A+B+C)</b>	<b>1,877,033</b>
<b>E. Cash &amp; cash equivalents at beginning of the year</b>	<b>1,845,189</b>
<b>F. Cash &amp; cash equivalents at end of the year (D+E)</b>	<b>3,722,222</b>
<b>Net operating cash flows per share (NOCFPS)</b>	<b>0.06</b>

Sd/-  
ChairmanSd/-  
DirectorSd/-  
Chief Financial OfficerDated : Dhaka  
October 13, 2010

**Navana Paints Limited**  
**Statement of Changes in Equity**

As at August 31, 2010

Particulars	Share capital	Reserves	Current Account	Retained earnings	Total
	BD Taka	BD Taka	BD Taka	BD Taka	BD Taka
Balance at August 31, 2009	-	5,670,090	83,814,520	963,370	90,447,980
Sponsors' share capital at August 31, 2009	100,000	-	-	-	100,000
Issue of ordinary shares against purchase - consideration	90,447,980	(5,670,090)	(83,814,520)	(963,370)	-
Profit for the year	-	-	-	5,747,009	5,747,009
<b>Balance at August 31, 2010</b>	<b>90,547,980</b>	<b>-</b>	<b>-</b>	<b>5,747,009</b>	<b>96,294,989</b>

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer

Dated : Dhaka  
October 13, 2010



View : Navana Paints Finished goods

**Navana Paints Limited****Accounting Policies and Explanatory Notes to the Financial Statements**

As at and for the year ended August 31, 2010

**1. Corporate Information and Mode of Business****1.1 Corporate Information**

The company incorporated on 21st April, 2009 vide registration # C76442/09.

**1.2 Mode of Business**

The principal activities of the company are manufacturing of paint products which consists of distemper, enamel paint, weather coat, plastic emulsion, A.C Primer, Navacem, Thinner etc in the plant located at Fouzdarhat Industrial Area, Chittagong, Bangladesh.

**2. Significant Accounting Policies and Basis of Preparation of Financial Statement****2.1 Statement of Compliance**

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and as per requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, and other applicable laws and regulations.

**2.2 Basis of Preparation**

The financial statements of this unit have been prepared assuming going concern basis based on the accrual basis of accounting following under the historical cost convention.

**2.3 Basis of Reporting**

The financial statements of this unit is prepared and presented for external users in accordance with the identified financial reporting framework. Presentation has been made in compliance with the requirement of BAS 1 "Presentation of Financial Statements."

**2.4 Reporting Period**

This report has been prepared as on August 31, 2010.

**2.5 Functional and Presentation Currency**

Financial Statements are prepared in Bangladeshi Taka which is the functional currency.

**2.6 Recognition of Property, Plant and Equipment**

These are capitalized at cost of acquisition and subsequently stated at original cost minus accumulated depreciation and accumulated impairment losses, if any, in compliance with the relevant accounting standard (BAS 16). The cost of the assets is inclusive of cost paid to the vendors along with all incidental expenses to install or construct the same assets for its intended use. Expenditure incurred after the assets have been put in to operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

**Depreciation**

No depreciation has been charged on land development considering the unlimited useful life. In respect of all other assets, the quantum of annual depreciation charge is calculated over their estimated useful life lives using the diminishing balance method of depreciation. All the assets acquired or disposed of during the period have been depreciated for the period of its uses. The rate at which the assets are depreciated per annum depended on the nature and estimated useful life of each assets are consistently applied since inception of the Unit which are given below.

## Notes to the Financial statements

Name of the Assets	Rate of Depreciation in (%)
Building	2.5
Plant & Machinery	10
Tools & Equipment	20
Office Equipment	10
Furniture & Fixtures	10
Vehicles	20

### 2.7 Inventories

In compliance with the requirements with BAS 2 "Inventories" Raw Materials and Stores are valued at the lower of average cost and the net realizable value. Stocks of finished goods are valued at cost which is determined by taking into consideration the value of raw materials and production overhead. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to present condition and includes wherever applicable appropriate overheads based on normal level of activity.

No provision has been made for slow moving & obsolete stocks during the financial year.

### 2.8 Cash and Cash Equivalent

Cash and cash equivalents includes cash in hand, cash at banks, which are held and available for use by the unit without any restriction and having maturity dates of three months or less from the respective date of deposit. There is insignificant risk of change in value of same.

### 2.9 Liabilities for Expenses

While the provision for certain standing charges and know liabilities is made at the balance sheet date based on estimate, the difference arising there from on receipts of bills/demands and/or actual payments is adjusted in the subsequent year when such liabilities are settled.

### 2.10 Workers Profit Participation Fund

Provision for Workers Profit Participation Fund (WPPF) has been made @5% on net profit as per provision of the Companies Profit (Workers' Participation) Act, 1968 and payable to workers as defined in the said laws.

### 2.11 Financial Assets and Liabilities

Financial assets and liabilities are recognized on the balance sheet date when the Unit has become a party to a contractual provision of the instruments

I) Receivables: Trade receivables are stated their real value and consider good. No provision has been made doubtful debts and no amount was written off as bad.

II) Payables: Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Unit.

III) Borrowings: Interest bearing bank loans are recorded at the proceeds received net of direct issue costs.

### 2.12 General

i) Figures shown in the accounts have been rounded off to the nearest Bangladeshi Taka.

ii) Comparative figures and account titles in the financial statements have been re-arranged/re-classified where necessary, to conform to changes in presentation in the current year.

## Notes to the Financial statements

## Navana Paints Limited

## 3. Property, plant and equipment, net

Particulars	Cost			Rate of Dep.	Depreciation				Carrying amount	
	As at 01.09.2009	Addi./adj during the year	As at 31.08.2010		As at 01.09.2009	Charged during the year	Adj. during the year	As at 31.08.2010	As at 31.08.2010	As at 01.09.2009
Land & Land Development	3,141,510		3,141,510	-	-	-	-	-	3,141,510	3,141,510
Building	18,921,312	187,449	19,108,761	2.5%	1,799,929	430,378		2,230,307	16,878,454	17,121,383
Shades										
Electrical line installation				20%						
Plant & Machinery	28,291,028	28,500	28,319,528	10%	8,630,122	1,967,516		10,597,638	17,721,890	19,660,906
Tools & Equipments	1,432,995	5,500	1,438,495	20%	231,537	240,842		472,379	966,116	1,201,458
Office Equipment	3,252,763	82,470	3,335,233	10%	1,272,566	202,143		1,474,709	1,860,524	1,980,197
Furniture & Fixture	1,035,857	53,415	1,089,272	10%	335,155	72,741		407,896	681,376	700,702
Transport Vehicles	7,894,219	(220,000)	7,674,219	20%	6,279,302	292,584		6,571,886	1,102,334	1,614,917
<b>Total</b>	<b>63,969,684</b>	<b>137,334</b>	<b>64,107,018</b>		<b>18,548,611</b>	<b>3,206,203</b>	<b>-</b>	<b>21,754,814</b>	<b>42,352,204</b>	<b>45,421,073</b>

Depreciation charged to :	Taka
Cost of goods sold	1,923,722
Profit & Loss Account (Admin)	320,620
Profit & Loss Account (Selling)	961,861
	<u>3,206,203</u>



View : Navana Paints Plant

## Notes to the Financial statements

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>4</b>	<b>Capital work in progress</b>	<b>Tk 24,819,478</b>	
	Opening balance	-	-
	Addition during the year	24,819,478	-
		<u>24,819,478</u>	<u>-</u>
	Less: transfer to property, plant & equipment	-	-
	<b>Closing balance</b>	<b><u>24,819,478</u></b>	<b><u>-</u></b>
	Capital work in progress on account of Work in progress of civil constructions, and partial acquisition of Machinery.		
<b>5</b>	<b>Stock and stores</b>	<b>Tk 17,752,787</b>	
	Raw materials	11,199,767	10,982,850
	Goods in transit	758,925	4,606,599
	Work-in-process	1,453,137	1,141,230
	Finished stock	4,340,958	3,262,691
		<u>17,752,787</u>	<u>19,993,370</u>
	Value of stock of finished product of paints are enamel-7, 550 ltr., SPD-5,056 ltr., APE-5, 926 ltr., Weather care-9, 756 ltr., Marin-226 ltr. Under coat-313 ltr, GP Thinner-435 ltr., Aqua wall primer sealer-400., A.C. Primer-1, 055 ltr., Epoxy-880 ltr., Navacem-9,920 ltr. and other -1,703 ltr.		
<b>6</b>	<b>Trade debtors</b>	<b>Tk 52,177,429</b>	
	Below six months	36,524,200	46,528,117
	Over six months	15,653,229	17,106,163
		<u>52,177,429</u>	<u>63,634,280</u>
	Trade Debtors are considered good and as such no provision has been made in the accounts for doubtful debts. Company holds no security other than debtor's personal security in the form of work orders.		
<b>7</b>	<b>Income tax deducted at source</b>	<b>Tk 2,792,980</b>	
	Opening balance	1,709,498	991,324
	Add: during the year	1,083,482	718,174
		<u>2,792,980</u>	<u>1,709,498</u>
	Less: adjustment	-	-
	<b>Closing balance</b>	<b><u>2,792,980</u></b>	<b><u>1,709,498</u></b>
<b>8</b>	<b>Advance, deposits and prepayments</b>	<b>Tk 21,460,398</b>	
	Advance to suppliers	17,172,514	1,096,177
	Advance to employees	84,677	18,418
	Deposits	4,203,207	5,437,470
		<u>21,460,398</u>	<u>6,552,065</u>

Advance paid to suppliers against work order and considered good. Advance to employees against expenses, salary releasable on production of documents and monthly salary respectively are considered good. Deposits consist of utility deposits, security money against tender and bank guarantee are considered good.

## Notes to the Financial statements

## Navana Paints Limited

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>9</b>	<b>Cash &amp; bank balances</b>		
	Cash in hand	703,434	502,604
	Cash at bank	3,018,788	1,342,585
		<b>3,722,222</b>	<b>1,845,189</b>
<b>10</b>	<b>Share capital.</b>		
	<b>Authorised :</b>		
	2,000,000 ordinary shares of Taka 10/- each	200,000,000	200,000,000
		<b>200,000,000</b>	<b>200,000,000</b>
	<b>Issued, Subscribed and Paid up capital</b>		
	<b>Tk 90,547,980</b>		
	Ordinary shares - 9,054,798 shares of Taka 10/- each		
	Non-controlling Interest (sponsors )	100,000	100,000
	Aftab Automobiles Ltd.	90,447,980	90,447,980
		<b>90,547,980</b>	<b>90,547,980</b>
<b>11</b>	<b>Retained earnings</b>		
	Opening Balance	963,375	-
	Add : Profit for the year	5,747,009	-
		6,710,384	-
	Less. Transferred Purchase cons./ Dividend	963,375	-
	<b>Closing balance</b>	<b>5,747,009</b>	<b>-</b>
<b>12</b>	<b>Short term loan</b>		
	Shahjalal Islami Bank Ltd., Main Br. Dhaka	6,523,366	-
	Pubali Bank Ltd., B B Avnue	7,723,748	-
	Prime Finance & Investing Ltd., Dhaka	11,455,460	-
	State Bank Of India, Agrabad, Ctg.	27,500	-
		<b>25,730,074</b>	<b>-</b>
<b>13</b>	<b>Revenues (Net)</b>		
	Net sales	93,063,517	88,166,644
		<b>93,063,517</b>	<b>88,166,644</b>

The quantity of sales during the year are SPD-95,735 ltr., APE-78,303 ltr., Enamel- 1,03,277 ltr., Weather care-84,726 ltr., GP Thinner-46,394 ltr., Under coat-9,463 ltr., Aqua wall sealer-38,931 ltr., Marine-9,892 ltr., A.C. Primer-13,797 ltr., Epoxy paint- 16,073 ltr., Navacem-64,390 ltr., SYN. Alkyd resin-1,26,400 ltr. and other Paints-14,698 ltr

## Notes to the Financial statements

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>14</b>	<b>Cost of goods sold.</b>	<b>Tk 64,351,416</b>	
	Raw materials cosumed	14.1	51,253,500
	Indirect materials		4,864,531
	Total consumption		56,118,031
	Add : Opening wip		1,141,230
			57,259,261
	Less : Closing wip	5	1,453,137
			55,806,124
	Factory overhead	14.1.2	9,623,559
	Cost of production		65,429,683
	Finished products (opening)		3,262,691
			68,692,374
	Finished products (closing)		4,340,958
			<b>64,351,416</b>
			<b>67,296,248</b>
	<b>14.1. Raw materials cosumed.</b>	<b>Tk 51,253,500</b>	
	Opening stock		10,982,850
	Purchases	14.1.1	51,470,417
			62,453,267
	Closing stock	5	11,199,767
			<b>51,253,500</b>
	<b>14.01.1. Purchases.</b>	<b>Tk 51,470,417</b>	
	C & F price		24,703,320
	Insurance premium		295,380
	L/C opening charges		276,416
	C & F charges		1,483,256
	Custom duty		2,472,853
	Local purchase		22,239,192
			<b>51,470,417</b>
	<b>14.01.2. Factory overhead.</b>	<b>Tk 9,623,559</b>	
	Salary and allowances		2,326,876
	Wages		998,968
	Bonus		286,178
	Overtime		120,326
	Gratuity		165,058
	Welfare		2,943
	Eid Gratia		115,075
	Entertainment		245,579
	Electricity Expenses		1,450,189
	Carrying & Handling		285,351
	Repairs & Maintenance		618,492
	Gas bill		334,359
	Machinery Maintenance		197,218
	Printing & Stationary		492,395
	Telephone		60,831
	Depreciation		1,923,722
			<b>9,623,559</b>
			<b>7,795,801</b>

The number of employees received annual salary and wages above Tk. 36,000 during the year are 57.

## Notes to the Financial statements

## Navana Paints Limited

		31.08.2010	31.08.2009
		BD Taka	BD Taka
<b>15 Administrative expenses.</b>	<b>Tk 3,058,813</b>		
Salary and allowances		1,583,417	1,409,232
Bonus		144,505	124,500
Welfare Expenses		23,222	123,735
Entertainment		159,673	167,369
Travelling & conveyance		65,437	126,085
Printing & stationary		87,042	87,159
Fees & Registration		31,494	37,650
Financial Charge & Intt.		25,446	57,845
Car Maintenance		149,549	202,011
Telephone & truckle		71,816	74,600
Office Maintenance		253,523	203,604
Other Exp.		142,364	32,687
Postage & Courier		705	560
Depreciation		320,620	293,769
		<b>3,058,813</b>	<b>2,940,806</b>

The number of employees received annual salary and allowances above Tk. 36,000 during the year are 59.

<b>16 Selling and distribution expenses.</b>	<b>Tk 16,562,949</b>		
Salary & Allowances		7,175,363	6,196,590
Bonus		614,405	478,800
Travelling & Conveyance		189,000	575,184
Entertainment		86,643	93,372
Printing & Stationery		256,155	262,935
Telephone		379,350	410,596
Publicity Exp.		65,813	250,120
Promotional Exp.		1,188,394	721,953
Repairs & Maintenance		27,628	86,310
Car Maintenance		929,004	785,490
Electrical Expenses		121,294	151,638
Launch Expenses		397,626	425,830
Postage & Telegram		25,521	33,367
Delivery Expenses		1,397,909	814,298
Bank Charges		84,189	106,643
Other Expenses		55,419	97,284
Office Maintenance		220,765	385,330
Rent, Rates & Taxes		610,000	610,000
Security Expenses		172,935	162,960
Transportation Charges		866,808	677,665
WASA		135,419	124,883
Carriage & Handling		601,448	325,887
Depreciation		961,861	881,307
		<b>16,562,949</b>	<b>14,658,442</b>

The number of employees received annual salary and allowances above Tk. 36,000 during the year are 66.

## Notes to the Financial statements

	31.08.2010 BD Taka	31.08.2009 BD Taka
<b>17 Calculation fo Tax Provision</b>	<b>Tk 460,109</b>	
Profit before Tax	6,207,118	-
Add: Accounting Depreciation	3,206,203	-
	9,413,321	-
Less: Tax Depreciation	8,186,362	-
Adjusted Profit for tax calculation	1,226,959	-
<b>Tax @ 37.50% (Transferred to Comprehensive Income )</b>	<b>460,109</b>	-
<b>18 Earning per share (EPS)</b>		
Net profit after tax	<b>5,747,009</b>	<b>790,891</b>
Number of ordinary shares	9,054,798	9,054,798
<b>Earning per share (EPS )</b>	<b>0.63</b>	<b>0.09</b>

Sd/-  
Chairman

Sd/-  
Director

Sd/-  
Chief Financial Officer



View : Navana Paints Lab



*View : Resin Plant of Navana Paints Ltd.*



*View : Navacem Plant of Navana Paints Ltd.*



**aftab automobiles limited**

Islam Chamber

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Dhaka, Bangladesh