

CONFIDENTIAL

AUDIT REPORT & ACCOUNTS

In the matter of

M.I CEMENT FACTORY LTD.
WEST UKTARPUR, MUNSHIGONJ, DHAKA.

FOR THE YEAR ENDED 30TH JUNE 2006.

A.K. AZAD & CO.
Chartered Accountants

Baitul Hossain Building
(10th Floor), Suite No. 1106
27, Dilkusha Comm. Area,
Dhaka-1000

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AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
M.I CEMENT FACTORY LTD.

We have audited the accompanying Balance Sheet of **M.I. CEMENT FACTORY LTD.** of West Mukterpur, Munshigonj as at **30th June, 2006** and related Profit & Loss Appropriation Account, Profit & Loss Account and Manufacturing & Trading Account for the year then ended. The preparation of these financial statements is the responsibility of the company's management and our responsibility is to express an opinion in respect of these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of **30th June 2006** and of the results of its operations and for the year then ended and comply with the Companies Act, 1994.

We also report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- (b) In our opinion, the Company has kept proper books of account as required by law so far as it appeared from our examination of those books.
- (c) The Company's Balance Sheet, Profit & Loss Account, Profit & Loss Appropriation Account and Manufacturing & Trading Account dealt with by the report are in agreement with the books of account and returns.
- (d) The Expenditures incurred were for the purpose of the Companies Business.


A. K. Azad & Co.
Chartered Accountants

A.K. AZAD & CO.

Chartered Accountants

BAITUL HOSSAIN BUILDING (10TH FLOOR)
27, DILKUSHA C/A, DHAKA-1000
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M. I. CEMENT FACTORY LTD.
West Mukterpur, Munshigonj.
BALANCE SHEET AS ON 30TH JUNE 2006

CAPITAL & LIABILITIES	AMOUNT IN TK.	PROPERTY & ASSETS	AMOUNT IN TK.
AUTHORISED CAPITAL :	200,000,000.00	FIXED ASSETS:	332,633,726.00
Divided into 20,00,000 Ordinary Shares of Taka 100.00 each.		(As per Sch.- A)	
ISSUED, SUB. & PAID-UP CAPITAL :	200,000,000.00	SECURITY DEPOSIT:	1,819,145.00
Divided into 20,00,000 Ordinary Shares of Tk. 100.00 each fully paid in cash.		DESA, T. & T. and Sena Kalyan	
BANK LOAN & OVERDRAFT:	277,328,988.00	AIT DEDUCTED AT SOURCE:	21,361,593.00
(As per Schedule-B)		As per last A/c	4,364,288.00
RESERVE FOR TAX HOLIDAY:	28,338,312.00	Add: During this year	16,997,305.00
As per last A/c	24,735,610.00	ADVANCE, DEPOSIT & PRE-PAYMENT:	105,707,426.00
Add: During this year	3,602,702.00	CLOSING STOCK:	71,838,607.00
PROFIT & LOSS APPR. ACCOUNT:	86,078,009.00	Clinker	28,428,068.00
CURRENT LIABILITIES:	4,417,046.00	Gypsum	2,390,837.00
(For Expenses)		Slag	4,189,067.00
Electricity	4,197,989.00	Fly-Ash	12,391,089.00
Telephone Bill	25,197.00	Lime Stone	1,518,987.00
Mobile Bill	1,723.00	Cement(Finished)	21,251,692.00
Audit & Legal fee	45,000.00	Cement Bag	1,588,532.00
Withholding Tax:		Bursting Bag	80,335.00
On Stevedoring Commission.	142,137.00	VAT CURRENT ACCOUNT :	1,692,421.00
AIT on Audit & Legal fee	5,000.00	SUNDRY DEBTORS:	43,858,068.00
		BANK GUARANTEE:	497,583.00
		L/C MARGIN DEPOSIT:	6,244,090.00
		GOODS IN TRANSIT	6,621,091.00
		CLOSING BALANCES:	3,888,605.00
		Janata Bank , A/C # 8468	12,000.00
		UCBL , A/C # 3902	1,559,432.00
		Standard Bank , A/C # 1211	1,880.00
		NBL , A/C # 8471	203,960.00
		One Bank , A/C # (4666)(New 168)	165,649.00
		One Bank , A/C # 7002	160,004.00
		One Bank , A/C # 3005	5,000.00
		Mercantile Bank , A/C # 9995	36,370.00
		A. B. Bank, A/C # 4005-208450	345,106.00
		Southeast Bank Ltd. # 6764	19,727.00
		Dutch-Bangla Bank Ltd. # 0825	6,590.00
		City Bank # 9504	49,455.00
		Mutual Trust Bank Ltd A/C #1787	1,647.00
		Mutual Trust Bank Ltd A/C # 430	26,440.00
		Prime Bank , A/C # 7161	31,197.00
		Cash in hand	1,264,148.00
			596,162,355.00
	596,162,355.00		

Signed as per our separate report of even date.

A. K. AZAD & CO.
Chartered Accountants

M. I. CEMENT FACTORY LTD.
West Mukterpur, Munshigonj.

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2006

PARTICULARS	AMOUNT IN TK.	PARTICULARS	AMOUNT IN TK.
40% Reserve for tax holiday from 1st three months income of tax holiday Period	3,602,702.00	Balance as per last A/c	53,753,692.00
Penalty Paid for V.A.T	100,000.00	Net Profit Transferred from Profit & Loss Account	36,027,019.00
Balance Transferred to Balance Sheet	86,078,009.00		
	<u>89,780,711.00</u>		<u>89,780,711.00</u>

Examined and found correct.



A. K. AZAD & CO.
Chartered Accountants

M. I. CEMENT FACTORY LTD.

West Mukterpur, Munshigonj.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2006

PARTICULARS	AMOUNT IN TK.	PARTICULARS	AMOUNT IN TK.
Salary and Allowances	8,406,600.00	Gross Profit (Transferred from Trading Account)	142,233,822.00
Photocopy Exp.	34,386.00		
Stationary & Computer Maintenance	201,522.00		
Postage & Stamps	39,816.00		
Telephone, Telex and Fax	248,709.00		
Registration, Licence & Renewals	8,924.00		
Rent, Rates & Taxes	47,600.00		
Travelling & Convey. (Local & Foreign)	307,125.00		
Electric goods and Exp.	5,332.00		
Audit & Legal Fees	50,000.00		
Entertainment	257,527.00		
Insurance Premium	24,647.00		
Medical Exp.	19,988.00		
Fair and Exhibition	41,500.00		
Paper & Periodicals	15,541.00		
Mobile Phone	81,328.00		
Office Maintenance	96,848.00		
Bank Interest	44,138,497.00		
Bank Charge & L/C Charge	4,278,242.00		
Office Rent & Office Electricity	1,382,673.00		
Gardening and Plantation	13,360.00		
Miscellaneous Expenses	285,951.00		
Drinking Water Bill (Head Office)	40,600.00		
Laboratory Expenses	43,142.00		
Business Promotion Exp.	85,126.00		
Mosque Maintenance	18,529.00		
Testing Expenses	29,220.00		
Vehicle fuel, Repair & maintenance	394,357.00		
Fuel & Maintenance of Covered van,			
Truck, pay Loader, & cargo vessel	3,108,836.00		
Meeting Exp.	25,244.00		
Depreciation	42,475,633.00		
Net Profit (Transferred to Profit & Loss Appropriation Account)	36,027,019.00		
	<u>142,233,822.00</u>		<u>142,233,822.00</u>

Examined and found correct.


A. K. AZAD & CO.
Chartered Accountants

PARTICULARS	QTY(MT/PCS)	AMOUNT IN TK.	PARTICULARS	QTY(MT/PCS)	AMOUNT IN TK.
Opening Stock of Finished Goods	3,159.25	12,073,975.00	Gross Sales of Cement	283,935.45	1,329,828,415.00
Bagged Cement	688.25	2,684,175.00	Less: VAT		173,455,881.00
Loose Cement	2,471.00	9,389,800.00	Net Sales of Cement	283,935.45	1,156,372,534.00
Cost of Production	285,959.40	1,023,316,429.00			
(Transferred from Mfg. A/c)			Closing stock of Finished Goods	5,183.20	21,251,692.00
			Bagged Cement	2.60	11,232.00
			Loose Cement	5,180.60	21,240,460.00
Gross Profit (Transferred to Profit & Loss A/c)		142,233,822.00			
	289,118.65	1,177,624,226.00		289,118.65	1,177,624,226.00

Examined and found correct.


A. K. AZAD & CO.
Chartered Accountants

M. I. CEMENT FACTORY LIMITED
West Mukterpur, Munshigonj.
MANUFACTURING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2006

PARTICULARS	QTY(MT/PCS)	AMOUNT IN TK.	PARTICULARS	QTY(MT/PCS)	AMOUNT IN TK.
Opening Stock of Clinker	11,506.64	42,566,271.00	Closing Stock of Clinker	9,128.83	28,428,038.00
Total Cost of Import of Clinker	241,251.60	866,527,981.00	Closing Stock of Gypsum	1,053.39	2,390,837.00
Opening Stock of Gypsum	3,519.80	9,062,177.00	Closing Stock of Slag	2,084.59	4,189,067.00
Cost of Import of Gypsum	9,400.00	23,444,639.00	Closing Stock of Fly-Ash	10,243.80	12,391,089.00
Opening Stock of Slag	6,348.48	14,781,404.00	Closing Stock of Lime Stone	1,080.43	1,518,987.00
Total Cost of Import of Slag	20,625.69	46,575,687.00	Total Closing Stock	23,591.04	48,918,048.00
Opening Stock of Fly-Ash	1,213.21	1,666,916.00	Production Shortage	15,050.49	
Total Cost of Import of Fly-Ash	28,335.75	39,415,083.00	Cost of Production (Transferred to Trading A/c)	285,959.40	1,023,316,429.00
Opening Stock of Lime Stone	317.36	330,054.00			
Purchase of Lime Stone	2,082.40	2,884,222.00			
a) Total Cost of Raw Materials	324,600.93	1,047,254,434.00		324,600.93	1,072,234,477.00
b) Purchase of Spare Parts		1,286,625.00			
Opening Stock of Cement Bag	177,180.00	2,238,102.00	Closing Stock of Cement Bag	145,470.00	1,588,532.00
Purchase of Cement Bag	5,906,125.00	85,545,007.00	Closing Stock of Bursting Bag	34,185.00	80,335.00
Opening Stock of Bursting Bag	13,765.00	20,347.00	Wastage of bags	238,654.00	
c) Total Cost of Cement Bag	6,097,070.00	87,803,456.00	Bag used for Sale of Cement & Finished Cement	418,309.00	
Total Cost (a + b + c)		987,717,188.00		5,678,761.00	
Less :		1,136,344,515.00		6,097,070.00	1,668,867.00
VAT paid on Import of Raw Materials		148,627,327.00			
Other Vat Paid		121,704,336.00			
Electricity (52,561,883 - VAT rebate 2,407,797)		26,922,991.00			
Insurance		50,154,086.00			
Unloading Expenses		3,586,621.00			
Repair and Maintenance of Pay-loader, Cargo		3,862,485.00			
Vessels, Trucks, Covered Van, Bulk Carrier & Machineries		4,613,697.00			
Fuel and Lubricants for Vehicles, Cargo Vessels & Machineries		4,310,867.00			
Wages		19,658,400.00			
		1,073,903,344.00			1,073,903,344.00

Examined and found correct.

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A. K. AZAD & CO.
Chartered Accountants

M. I. CEMENT FACTORY LTD.
West Mukterpur, Munshigonj.

Schedule - A

SCHEDULE OF FIXED ASSETS & DEPRECIATION THEREON FOR THE YEAR ENDED 30TH JUNE 2006

Particulars	Total as on 01.07.2005	Addition this year	Total as on 30.06.2005	Rate of Dep	Dep. Charged this year	W.D.V. as on 30.06.2006
Land & Land Development	47,839,500.00	4,368,124.00	52,207,624.00	-		52,207,624.00
Factory Building, Godown,-		-				
Store & Sheds	85,946,409.00	2,595,645.00	88,542,054.00	10%	8,854,205.40	79,687,848.60
Office & Laboratory Building	9,360,900.00	-	9,360,900.00	10%	936,090.00	8,424,810.00
Imported Machineries	94,697,137.00	-	94,697,137.00	15%	14,204,570.55	80,492,566.45
Local Machineries & Equip.	14,631,034.00	-	14,631,034.00	15%	2,194,655.10	12,436,378.90
Looss Tools	12,626.00	-	12,626.00	20%	2,525.20	10,100.80
Generator	2,613,227.00	-	2,613,227.00	15%	391,984.05	2,221,242.95
Electric Inst. & Sanitation	3,794,022.00	-	3,794,022.00	15%	569,103.30	3,224,918.70
Electric Equipment	222,614.00	65,933.00	288,547.00	15%	43,282.05	245,264.95
Office Equipment	1,485,152.00	419,947.00	1,905,099.00	15%	285,764.85	1,619,334.15
Furniture & Fixture	1,129,463.00	235,238.00	1,364,701.00	10%	136,470.10	1,228,230.90
Office Decoration	675,540.00	67,058.00	742,598.00	15%	111,389.70	631,208.30
Crockeries & Cutleries	14,430.00	-	14,430.00	15%	2,164.50	12,265.50
Deep Tube well	201,198.00	-	201,198.00	15%	30,179.70	171,018.30
Overhead Water Tank	221,853.00	-	221,853.00	15%	33,277.95	188,575.05
Jetty Making (Two)	26,043,175.00	-	26,043,175.00	15%	3,906,476.25	22,136,698.75
Motor Vehicles	4,535,619.00	-	4,535,619.00	20%	907,123.80	3,628,495.20
Motor Cycles	108,032.00	-	108,032.00	20%	21,606.40	86,425.60
Electric Fan	14,691.00	-	14,691.00	15%	2,203.65	12,487.35
Television	6,969.00	-	6,969.00	15%	1,045.35	5,923.65
Air Conditioner	77,932.00	49,000.00	126,932.00	15%	19,039.80	107,892.20
Grabe Crane	1,594,271.00	-	1,594,271.00	15%	239,140.65	1,355,130.35
Conveyor Line (Two)	9,852,945.00	-	9,852,945.00	15%	1,477,941.75	8,375,003.25
Computer & Accessories	472,798.00	44,720.00	517,518.00	20%	103,503.60	414,014.40
Cargo Vessel	5,016,683.00	72,895.00	5,089,578.00	20%	1,017,915.60	4,071,662.40
Five Ashok Layland covered van & One Truck	3,517,170.00	4,014,000.00	7,531,170.00	20%	1,506,234.00	6,024,936.00
Sundry Assets	955,112.00	30,660.00	985,772.00	15%	147,865.80	837,906.20
Pay Loader & Wheel Loader	2,896,650.00	-	2,896,650.00	15%	434,497.50	2,462,152.50
Sub-station (33KV)	5,243,922.00	-	5,243,922.00	15%	786,588.30	4,457,333.70
Silo	22,531,995.00	-	22,531,995.00	10%	2,253,199.50	20,278,795.50
Boundary Wall	8,173,170.00	-	8,173,170.00	10%	817,317.00	7,355,853.00
Internal Road	1,669,365.00	-	1,669,365.00	10%	166,936.50	1,502,428.50
Air Compressure	-	1,491,696.95	1,491,696.95	10%	149,169.70	1,342,527.26
Bulk Carrier	-	2,411,600.00	2,411,600.00	10%	241,160.00	2,170,440.00
Laboratory Instrument	-	1,441,600.00	1,441,600.00	10%	144,160.00	1,297,440.00
Packing Machine	-	2,245,638.00	2,245,638.00	15%	336,845.70	1,908,792.30
	355,555,604.00	19,553,754.95	375,109,358.95		42,475,633.30	332,633,725.66

Examined and found correct.

Dhaka



M. I. CEMENT FACTORY LTD.
West Mukterpur, Munshigonj.

Schedule-B

Details of Bank Loan and Overdraft
As on 30th June 2006

Sl.	Particulars	Amount in Taka
01	One Bank Ltd.(Cash Credit Against Goods) A/c # 81600078/11269079	25,693,565.93 ✓
02	One Bank Ltd. Time Loan A/c # 19369021 A/c # 19369072 A/c # 19369099 A/c # 19369102 A/c # 19369129 A/c # 17369946 A/c # 17369997	53,486,701.67 ✓ <div style="border: 1px solid black; padding: 5px; display: inline-block;">16,150,065.83 7,518,445.00 10,679,375.00 7,709,175.00 3,942,250.00 6,654,959.58 832,431.26</div>
03	One Bank Ltd. Term Loan A/c # 11269141	16,899,429.82 ✓
04	Loan Against Trust Receipt One Bank Ltd. A/c # 17369989 A/c # 17369005 A/c # 17369013 A/c # 17369048 A/c # 17369056 A/c # 17369064 A/c # 17369938 A/c # 17369962 A/c # 17369954 A/c # 0013-0124004992 A/c # 0013-012-4005302	117,808,287.91 ✓ <div style="border: 1px solid black; padding: 5px; display: inline-block;">3,099,710.25 874,191.28 40,670,038.36 1,719,631.81 642,093.28 973,708.89 34,913,868.87 1,590,287.92 634,141.25 7,717,422.00 24,973,194.00</div>
05	Janata Bank Ltd. Project Loan A/c # 023735002436	14,914,777.00
06	Janata Bank Ltd. LIM (Total)	23,061,490.20 ✓
07	Janata Bank Ltd. Cash Credit (Hypo) A/c # 023737001048	17,577,252.99 ✓
08	Hire Purchase Loan	7,887,482.72
Total Bank Loan & Overdraft		<u>277,328,988.24</u>

Examined and found correct

