

**BSRM STEELS LIMITED AND ITS SUBSIDIARY**  
**AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE PERIOD (SIX MONTHS) ENDED 30 JUNE 2016**



**Rahman Rahman Huq**  
Chartered Accountants  
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Independent auditor's report  
to the shareholders of BSRM Steels Limited

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**Report on the Financial Statements**

We have audited the accompanying financial statements of BSRM Steels Limited ("the Company") which comprise the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period (six months) then ended, and a summary of significant accounting policies and other explanatory information and all related consolidated financial statements of BSRM Steels Limited, and its subsidiary and associate (together referred to as "the group").

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 our 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, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also 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.

The financial statements of the Company's subsidiary, BSRM Iron and Steel Company Ltd. (BISCO), was not audited by us. The financial statements of BISCO shows total assets of Taka 5,575,628,552 as on 30 June 2016 and total revenue of Taka 3,751,488,937 for the six months period then ended. Basu Banerjee Nath & Co., Chartered Accountants has audited the Financial Statements of BISCO and expressed an unqualified opinion. Our opinion, in so far as it relates to the amounts included in respect of the company's subsidiary, is based on the audited financial statements and reports issued by the subsidiary's auditor.

**Opinion**

In our opinion, the financial statements including consolidated financial statements give a true and fair view of the financial position of the company and of the group as at 30 June 2016, and of their financial performance and cash flows for the period (six months) then ended in accordance with Bangladesh Financial Reporting Standards.

**Other matter**

The financial statements of the associate company, BSRM Steel Mills Limited (BSML), for the comparative period i.e., for the six months ended 30 June 2015 were unaudited but financial statements of the company for the year ended on 31 December 2015 were audited by A. Qasem & Co., Chartered Accountants and they expressed an unqualified opinion on 02 February 2016.

**Report on Other Legal and Regulatory Requirements**

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

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

Chittagong, 06 October 2016



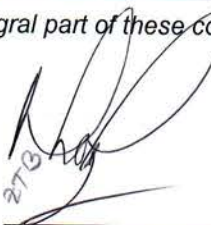


BSRM Steels Limited and its subsidiary  
Consolidated statement of financial position

In Taka	Notes	30 June 2016	31 December 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13.a	9,856,126,601	9,949,030,523
Intangible assets	15.a	36,225,284	38,374,145
Investment	16.a	1,550,911,049	1,569,466,903
<b>Non-current assets</b>		<b>11,443,262,934</b>	<b>11,556,871,571</b>
Short term investment	17.a	273,639,491	270,424,930
Inventories	18.a	6,855,554,513	8,773,744,844
Trade and other receivables	19.a	3,471,156,709	2,545,202,973
Current account with related companies	20.a	6,839,313,744	2,358,219,806
Advances, deposits and prepayments	21.a	3,352,058,656	2,438,950,252
Cash and cash equivalents	22.a	295,559,386	541,118,785
<b>Current assets</b>		<b>21,087,282,499</b>	<b>16,927,661,590</b>
<b>Total Assets</b>		<b>32,530,545,433</b>	<b>28,484,533,161</b>
<b>Equity</b>			
Share capital	23	3,417,750,000	3,417,750,000
Retained earnings		4,458,097,149	4,215,356,323
Revaluation reserve		2,621,828,110	2,629,576,682
<b>Equity attributable to owners of the company</b>		<b>10,497,675,259</b>	<b>10,262,683,005</b>
<b>Non- controlling interests</b>		<b>104,148,263</b>	<b>107,111,570</b>
<b>Total equity</b>		<b>10,601,823,522</b>	<b>10,369,794,575</b>
<b>Liabilities</b>			
Long term borrowings- non current portion	24.a	1,613,237,376	659,385,605
Defined benefit obligations - Gratuity	25.a	77,869,987	74,583,446
Deferred tax liability	27.a	1,246,542,103	1,231,685,328
<b>Non-current liabilities</b>		<b>2,937,649,466</b>	<b>1,965,654,379</b>
Trade payables	28.a	91,190,699	61,486,527
Short term borrowings	29.a	16,264,713,802	14,708,174,314
Current account with related companies	30.a	20,234,964	-
Liabilities for expenses	31.a	366,375,912	257,170,277
Current tax liability	26.a	1,548,978,450	560,347,182
Provision for WPPF and Welfare Fund	32.a	212,671,072	145,656,791
Other liabilities	33.a	486,907,546	416,249,116
<b>Current liabilities</b>		<b>18,991,072,445</b>	<b>16,149,084,207</b>
<b>Total liabilities</b>		<b>21,928,721,911</b>	<b>18,114,738,586</b>
<b>Total equity and liabilities</b>		<b>32,530,545,433</b>	<b>28,484,533,161</b>

The annexed notes 1 to 43 are an integral part of these consolidated financial statements.

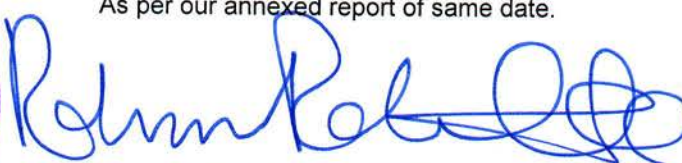
AAIB  
  
Managing Director

273  
  
Director

  
Company Secretary

As per our annexed report of same date.





Chittagong, 06 October 2016

Rahman Rahman Huq  
Chartered Accountants



BSRM Steels Limited and its subsidiary

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the period ended 30 June	
In Taka	Notes	Jan-June 2016	Jan-June 2015
<b>Revenue</b>	4.a	<b>20,066,076,442</b>	18,545,484,921
Cost of sales	5.a	(16,735,003,517)	(16,301,018,240)
<b>Gross profit</b>		<b>3,331,072,925</b>	2,244,466,681
Selling and distribution costs	6.a	(591,086,940)	(365,663,891)
Administrative costs	7.a	(166,232,017)	(136,844,532)
Other operating income	8.a	13,053,810	7,680,450
<b>Operating profit</b>		<b>2,586,807,778</b>	1,749,638,708
Finance costs	9.a	(217,490,264)	(360,085,323)
Finance income	10.a	30,021,553	49,215,274
<b>Net finance costs</b>		<b>(187,468,711)</b>	(310,870,049)
<b>Profit before WPPF and Welfare Fund</b>		<b>2,399,339,067</b>	1,438,768,659
Contribution to WPPF and welfare fund	32.a.i	(119,941,223)	(71,581,372)
Share of (loss)/profit of equity accounted investee, net of tax	11	(18,555,854)	(1,351,193)
<b>Profit before tax</b>		<b>2,260,841,990</b>	1,365,836,094
Income tax expense:			
-Current tax		(988,631,268)	(308,476,333)
-Deferred tax		(17,439,632)	3,418,430
<b>Total income tax expense</b>		<b>(1,006,070,900)</b>	(305,057,903)
<b>Profit after tax</b>		<b>1,254,771,090</b>	1,060,778,191
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<b>1,254,771,090</b>	1,060,778,191
<b>Profit attributable to:</b>			
Owners of the company		1,257,734,397	1,054,428,265
Non-controlling interests		(2,963,307)	6,349,926
		<b>1,254,771,090</b>	1,060,778,191
<b>Total comprehensive income attributable to:</b>			
Owners of the company		1,257,734,397	1,054,428,265
Non-controlling interests		(2,963,307)	6,349,926
		<b>1,254,771,090</b>	1,060,778,191
<b>Earnings per share</b>			
Basic earnings per share	12.a	<b>3.68</b>	3.09

The annexed notes 1 to 43 are an integral part of these consolidated financial statements.

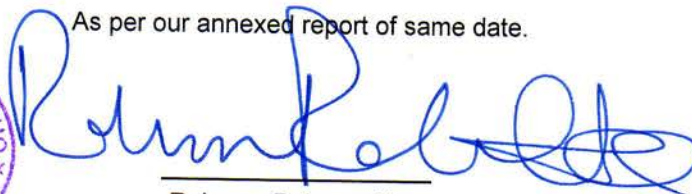
AAB  
  
 Managing Director

27B  
  
 Director

  
 Company Secretary

As per our annexed report of same date.



  
 Rahman Rahman Huq  
 Chartered Accountants

Chittagong, 06 October 2016

BSRM Steels Limited and its subsidiary  
Consolidated statement of changes in equity

For the six months period ended 30 June 2016

Attributable to owners of the company

In Taka	Share capital	Revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as on 1 January 2016	3,417,750,000	2,629,576,682	4,215,356,323	10,262,683,005	107,111,570	10,369,794,575
Total comprehensive income	-	-	1,257,734,397	1,257,734,397	(2,963,307)	1,254,771,090
Cash dividend for the year 2015	-	-	(1,025,325,000)	(1,025,325,000)	-	(1,025,325,000)
Transfer of difference in depreciation between cost model and revaluation model	-	(7,748,572)	10,331,429	2,582,857	-	2,582,857
<b>Balance as at 30 June 2016</b>	<b>3,417,750,000</b>	<b>2,621,828,110</b>	<b>4,458,097,149</b>	<b>10,497,675,259</b>	<b>104,148,263</b>	<b>10,601,823,522</b>

For the six months period ended 30 June 2015

Balance as on 1 January 2015	3,417,750,000	2,635,014,277	2,609,417,357	8,662,181,634	106,672,238	8,768,853,872
Total comprehensive income	-	-	1,054,428,265	1,054,428,265	6,349,926	1,060,778,191
Cash dividend for the year 2014	-	-	(512,662,500)	(512,662,500)	-	(512,662,500)
Transfer from deferred tax to revaluation reserve	-	10,875,189	-	10,875,189	-	10,875,189
Transfer of difference in depreciation between cost model and revaluation model	-	(8,156,391)	10,875,188	2,718,797	-	2,718,797
<b>Balance as at 30 June 2015</b>	<b>3,417,750,000</b>	<b>2,637,733,075</b>	<b>3,162,058,310</b>	<b>9,217,541,385</b>	<b>113,022,164</b>	<b>9,330,563,549</b>

The annexed notes 1 to 43 are an integral part of these consolidated financial statements.





BSRM Steels Limited and its subsidiary  
Consolidated Statement of cash flows

For the period ended 30 June

<i>In Taka</i>	Notes	Jan-June 2016	Jan-June 2015
<b>a. Cash flows from operating activities</b>			
Cash receipts from customers		19,152,568,804	23,203,268,749
Cash payments to suppliers and employees		(14,805,352,817)	(17,458,220,699)
Income tax/ Advance income tax paid		(807,715,337)	(639,614,575)
Interest paid		(163,009,989)	(239,768,996)
<b>Net cash from operating activities</b>		<b>3,376,490,662</b>	<b>4,865,664,479</b>
<b>b. Cash flows from investing activities</b>			
Acquisition of Property, plant and equipment		(63,903,527)	(72,655,010)
Addition to CWIP		(53,705,003)	(197,820,118)
Disposal of Property, plant and equipment		4,190,000	388,402
Increase in short term investments		(3,214,561)	(82,628,633)
Advance for purchase of PPE		(35,496,218)	(284,478,949)
Share money deposit to Chittagong Power Company Ltd.		(500,000,000)	-
<b>Net cash used in investing activities</b>		<b>(652,129,309)</b>	<b>(637,194,308)</b>
<b>c. Cash flows from financing activities</b>			
(Repayments) / Receipts of long term Loans		1,214,705,947	133,806,474
Dividend Paid		(1,019,453,037)	(363,339,429)
Short Term Borrowings		1,295,685,312	(2,352,077,701)
Loan to/from Related Companies		(4,460,858,974)	(1,993,513,035)
<b>Net cash from financing activities</b>		<b>(2,969,920,752)</b>	<b>(4,575,123,691)</b>
<b>d. Net (decrease)/ increase in cash and cash equivalents (a+b+c)</b>		<b>(245,559,400)</b>	<b>(346,653,520)</b>
<b>e. Opening cash and cash equivalents</b>		<b>541,118,785</b>	<b>573,851,351</b>
<b>f. Closing cash and cash equivalents (d+e)</b>		<b>295,559,386</b>	<b>227,197,831</b>

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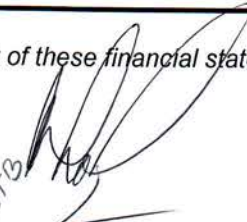


BSRM Steels Limited  
Statement of financial position

<i>In Taka</i>	Notes	30 June 2016	31 December 2015
<b>ASSETS</b>			
Property, plant and equipment	13	6,984,587,003	7,031,961,006
Intangible assets	15	28,199,151	29,871,212
Investment in subsidiary	16.01	1,045,000,000	1,045,000,000
Investment in associate	16.02	1,550,911,049	1,569,466,903
<b>Non-current assets</b>		<b>9,608,697,203</b>	<b>9,676,299,121</b>
Short term investment	17	259,905,876	266,749,130
Inventories	18	5,540,833,647	6,889,962,898
Trade and other receivables	19	2,568,997,717	2,247,869,647
Current account with related companies	20	7,145,824,837	2,626,472,168
Advances, deposits and prepayments	21	3,504,385,573	2,554,191,955
Cash and cash equivalents	22	180,478,907	468,886,084
<b>Current assets</b>		<b>19,200,426,557</b>	<b>15,054,131,882</b>
<b>Total Assets</b>		<b>28,809,123,760</b>	<b>24,730,431,003</b>
<b>Equity</b>			
Share capital	23	3,417,750,000	3,417,750,000
Retained earnings		3,829,602,555	3,531,278,026
Revaluation reserve		2,123,842,107	2,131,590,679
<b>Total equity</b>		<b>9,371,194,662</b>	<b>9,080,618,705</b>
<b>Liabilities</b>			
Long term borrowings- non current portion	24	1,547,131,995	548,388,963
Defined benefit obligations - Gratuity	25	57,366,281	55,875,824
Deferred tax liability	27	840,590,872	831,760,881
<b>Non-current liabilities</b>		<b>2,445,089,148</b>	<b>1,436,025,668</b>
Trade payables	28	46,514,219	33,623,532
Short term borrowings	29.01	14,156,306,174	12,650,676,709
Current portion of long term borrowings	29.07	457,704,192	196,850,016
Liabilities for expenses	31	344,884,653	237,212,136
Current tax liability	26	1,350,541,113	560,347,182
Provision for WPPF and Welfare Fund	32	198,906,493	132,559,843
Other liabilities	33	437,983,106	402,517,212
<b>Current liabilities</b>		<b>16,992,839,950</b>	<b>14,213,786,630</b>
<b>Total liabilities</b>		<b>19,437,929,098</b>	<b>15,649,812,298</b>
<b>Total equity and liabilities</b>		<b>28,809,123,760</b>	<b>24,730,431,003</b>

The annexed notes 1 to 43 are an integral part of these financial statements.

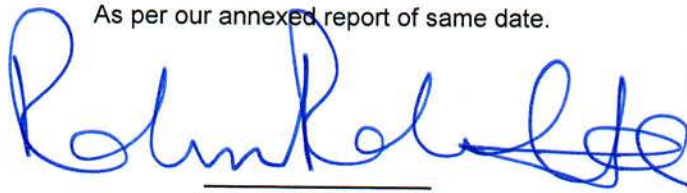
AAB  
  
Managing Director

2TB  
  
Director

  
Company Secretary

As per our annexed report of same date.



  
Rahman Rahman Huq  
Chartered Accountants

Chittagong, 06 October 2016



BSRM Steels Limited  
Statement of Profit or Loss and Other Comprehensive Income  
For the period ended 30 June

<i>In Taka</i>	Note	Jan-June 2016	Jan-June 2015
<b>Revenue</b>	4	17,265,182,648	18,537,242,016
Cost of sales	5	(14,150,488,526)	(16,553,423,707)
<b>Gross profit</b>		3,114,694,122	1,983,818,309
Selling and distribution costs	6	(591,086,940)	(365,663,891)
Administrative costs	7	(146,594,026)	(121,952,179)
Other operating income	8	2,847,002	3,081,042
<b>Operating profit</b>		2,379,860,158	1,499,283,281
Finance costs	9	(161,287,564)	(288,162,811)
Finance income	10	27,196,599	48,398,029
<b>Net finance costs</b>		(134,090,965)	(239,764,782)
<b>Profit before WPPF and Welfare Fund</b>		2,245,769,193	1,259,518,499
Contribution to WPPF and welfare fund	32	(112,288,460)	(62,975,925)
Share of (loss)/profit of equity accounted investee, net of tax		(18,555,854)	(1,351,193)
<b>Profit before tax</b>		2,114,924,879	1,195,191,381
Income tax expense:			
-Current tax	26	(790,193,931)	(308,476,333)
-Deferred tax	27	(11,412,848)	39,923,404
<b>Total income tax expense</b>		(801,606,779)	(268,552,929)
<b>Profit after tax</b>		1,313,318,100	926,638,452
Other comprehensive income		-	-
<b>Total comprehensive income</b>		1,313,318,100	926,638,452
<b>Earnings per share</b>			
Basic earnings per share	12	3.84	2.71

The annexed notes 1 to 43 are an integral part of these financial statements.

AAB  
  
Managing Director

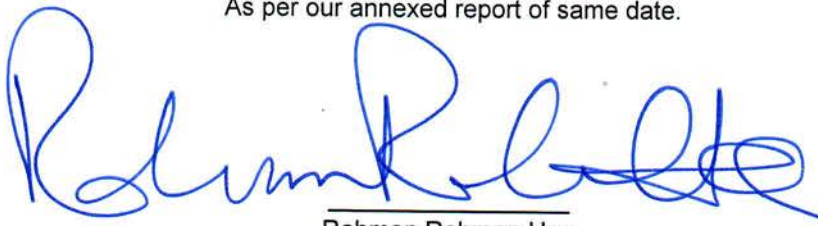
2TB  
  
Director

  
Company Secretary

As per our annexed report of same date.

Chittagong, 06 October 2016



  
Rahman Rahman Huq  
Chartered Accountants

BSRM Steels Limited  
Statement of changes in equity

For the six months period ended 30 June 2016

<i>In Taka</i>	Share capital	Revaluation reserve	Retained earnings	Total
Balance as on 1 January 2016	3,417,750,000	2,131,590,679	3,531,278,026	9,080,618,705
Total comprehensive income	-	-	1,313,318,100	1,313,318,100
Cash dividend for the year 2015	-	-	(1,025,325,000)	(1,025,325,000)
Transfer of difference in depreciation between cost model and revaluation model	-	(7,748,572)	10,331,429	2,582,857
<b>Balance as at 30 June 2016</b>	<b>3,417,750,000</b>	<b>2,123,842,107</b>	<b>3,829,602,555</b>	<b>9,371,194,662</b>

For the six months period ended 30 June 2015

Balance as on 1 January 2015	3,417,750,000	2,153,627,246	1,343,872,546	6,915,249,792
Total comprehensive income	-	-	926,638,452	926,638,452
Cash dividend for the year 2014	-	-	(512,662,500)	(512,662,500)
Transfer of difference in depreciation between cost model and revaluation model	-	(16,598,972)	22,895,134	6,296,162
<b>Balance as at 30 June 2015</b>	<b>3,417,750,000</b>	<b>2,137,028,274</b>	<b>1,780,743,632</b>	<b>7,335,521,906</b>

*The annexed notes 1 to 43 are an integral part of these financial statements.*





BSRM Steels Limited  
Statement of cash flows

For the period ended 30 June

<i>In Taka</i>	Jan-June 2016	Jan-June 2015
<b>a. Cash flows from operating activities</b>		
Cash receipts from customers	16,936,965,455	18,900,983,522
Cash payments to suppliers and employees	(12,926,131,083)	(15,673,594,142)
Income tax paid	(807,715,337)	-
Interest paid	(109,632,243)	(239,768,996)
<b>Net cash from operating activities</b>	<b>3,093,486,792</b>	<b>2,987,620,384</b>
<b>b. Cash flows from investing activities</b>		
Acquisition of Property, plant and equipment	(51,351,891)	(21,908,438)
Addition to CWIP	(32,430,081)	(197,962,906)
Disposal of Property, plant and equipment	4,120,000	388,402
Decrease/ (increase) in short term investments	6,843,254	(116,704,893)
Advance for purchase of PPE	(35,496,218)	-
Share money deposit to Chittagong Power Company Ltd.	(500,000,000)	-
<b>Net cash used in investing activities</b>	<b>(608,314,936)</b>	<b>(336,187,835)</b>
<b>c. Cash flows from financing activities</b>		
(Repayment) / Receipt of Long term loans	1,259,597,208	158,112,783
Dividend paid	(1,019,453,037)	(363,339,429)
(Repayment) / Receipt of short term borrowings	1,505,629,465	(1,387,374,164)
Loan to/from related companies	(4,519,352,669)	(1,450,640,928)
<b>Net cash from financing activities</b>	<b>(2,773,579,033)</b>	<b>(3,043,241,738)</b>
<b>d. Net increase/(decrease) in cash and cash equivalent (a+b+c)</b>	<b>(288,407,177)</b>	<b>(391,809,189)</b>
<b>e. Opening cash and cash equivalents</b>	<b>468,886,084</b>	<b>521,092,776</b>
<b>f. Closing cash and cash equivalents (d+e)</b>	<b>180,478,907</b>	<b>129,283,587</b>

The annexed notes 1 to 43 are an integral part of these financial statements.



**1.00 Reporting entity**

**1.01 Legal form of the entity**

BSRM Steels Limited (hereinafter referred to as 'BSL', 'the company' or 'the Parent') was incorporated on 20 July, 2002, vide the certificate C-No. 4392 of 2002 as a Private Limited Company in Bangladesh under Companies Act 1994. The company was converted to a Public Limited Company on 20 December 2006. The Company is listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 18 January 2009.

The company has set up its rolling mill at 4 Fouzderhat Industrial Estate, Latifpur, Sitakunda, Chittagong and commenced commercial production from 1 April 2008. The registered office of the company is situated at Ali Mansion, 1207/1099, Sadarghat Road, Chittagong, Bangladesh.

**1.02 Nature of the business**

The main objective of the company is to manufacture M.S. products by setting up rolling and re-rolling mills and marketing the same.

**1.03 BSRM Iron & Steel Co. Limited- subsidiary**

BSL acquired 95% equity interest in BSRM Iron & Steel Co. Limited (BISCO) i.e. 104,500,000 Ordinary Shares of Tk. 10 each on 10 November 2010 in exchange of 104,500,000 Ordinary Shares of Tk. 10 each of BSRM Steels Limited.

BISCO was incorporated on 13 April 2005 as a Private Limited Company and was subsequently converted to a Public Limited Company on 15 March 2011. The principal activity of BISCO is to manufacture and sell M.S. Billets. It commenced commercial production from 1 June 2010. The Financial Statements of this subsidiary company is included in the Consolidated Financial Statements according to BFRS 10 - "Consolidated Financial Statements".

**1.04 BSRM Steel Mills Limited- associate**

BSRM Steel Mills Limited (BSML) was incorporated on 16 April 2008 as a Private Limited Company and was subsequently converted to a Public Limited Company on 12 November 2013. The main objective of BSML is to manufacture and sell M.S. Billets. Paid up Capital of BSML is Tk. 394.43 Crore divided into 39.44 Crore Ordinary Shares of Tk. 10 each. BSRM Steels Limited has acquired 100,000,000 nos. of Ordinary Shares of Tk. 10 each of BSML i.e., 25.35% (21.76% in 2014). BSML commenced commercial production on 16 June 2016.

**2.00 Basis of accounting**

**2.01 Statement of compliance**

These Financial Statements have been prepared on a going concern basis following accrual basis of accounting except for Cash Flow Statement in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).

**2.02 Basis of reporting**

These 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 requirements of BAS 1: "Presentation of Financial Statements".

**2.03 Other regulatory compliances**

The group entities are also required to comply with the following major laws and regulations along with the Companies Act 1994:

- i) The Income Tax Ordinance, 1984
- ii) The Income Tax Rules, 1984
- iii) The Value Added Tax Act, 1991
- iv) The Value Added Tax Rules, 1991
- v) The Customs Act, 1969
- vi) Bangladesh Labour Law 2006
- vii) The Securities and Exchange Ordinance, 1969
- viii) The Securities and Exchange Rules, 1987
- ix) Securities and Exchange Commission Act, 1993





## Notes to the separate and consolidated financial statements (continued)

### 2.04 Basis of measurement

These Financial Statements have been prepared on going concern basis under the historical cost convention except for some classes of Property, Plant and Equipment which are measured at revalued amount.

### 2.05 Going concern

The group entities have adequate resources to continue its operation in foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the Financial Statements. The current revenue generations and resources of the group provide sufficient fund to meet the present requirements of its existing business and operations.

### 2.06 Reporting period

The financial statements of the company and the consolidated financial statements of the group cover six months from 1 January 2016 to 30 June 2016. Until 31 December 2015, financial year of the company and the group was from 01 January to 31 December. Consequent to changes brought in by Finance Act 2015, the company has changed its financial year end to 30 June to comply with the Act.

### 2.07 Authorization for issue

These financial statements have been authorized for issue by the Board of Directors on 06 October 2016.

### 2.08 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of the financial statements as at and for the six months ended 30 June 2016 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 31 December 2015.

### 2.09 Comparative information

Comparative information has been disclosed in respect of 2015 in accordance with BAS-1: Presentation of financial statements, for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements. Prior period's figures have been rearranged wherever considered necessary to ensure comparability with the current period.

### 2.10 Functional and presentation currency

These Financial Statements are prepared in Bangladesh Taka, which is the company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer.

### 3.00 Use of estimates and judgements

The preparation of the Financial Statements in conformity with BAS and BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### Judgements, Assumptions and estimation uncertainties

Information about judgements made in applying accounting policies and assumptions and estimation uncertainties that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 13.00 Property, plant and equipment
- Note 15.00 Intangible assets
- Note 18.00 Inventories
- Note 19.00 Trade and other receivables
- Note 25.00 Provision for gratuity
- Note 26.00 Current tax liability
- Note 27.00 Deferred tax liability
- Note 33.00 Other liabilities
- Note 35.00 Contingent liabilities



## Notes to the separate and consolidated financial statements (continued)

### **Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Significant valuation issues are reported to the Group's Audit Committee.

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

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.





Notes to the separate and consolidated financial statements (continued)

**4.00 Revenue**

See accounting policy in note 43.18.

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Xtreme 500W		16,098,974,938	17,299,669,634
D-Bar Grade-B420DWR		851,970,090	729,854,275
D-Bar Grade 400		908,272	175,333,334
D-Bar Grade-550		6,062,307	-
D-Bar Grade-75		145,911,251	150,197,812
D-Bar GR300		-	14,895,599
Miss Rolls/ scrap		161,355,790	167,291,362
		<b>17,265,182,648</b>	<b>18,537,242,016</b>

**4.01 Break-up of Revenue**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Local sales		16,899,936,796	17,748,832,180
Export sales		365,245,852	788,409,836
		<b>17,265,182,648</b>	<b>18,537,242,016</b>

Total export sales for the period was USD 4,635,627.95 against export of 8,282.6 MT of goods.

**4.a Consolidated revenue**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
BSRM Steels Limited	4.00	17,265,182,648	18,537,242,016
BSRM Iron & Steel Co. Ltd.		3,751,488,937	4,552,650,686
Less: Intra group sales by subsidiary		(950,595,143)	(4,544,407,781)
		<b>20,066,076,442</b>	<b>18,545,484,921</b>

**5.00 Cost of sales**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Cost of sales- own production	5.01	12,730,500,035	16,392,053,506
Cost of sales-finished goods procured and sold	5.02	1,419,988,491	161,370,201
		<b>14,150,488,526</b>	<b>16,553,423,707</b>



Notes to the separate and consolidated financial statements (continued)

5.01 Cost of sales-own production

<i>In Taka</i>	Note	Jan-June'16	Jan-June'15
Opening stock of raw materials		3,882,064,212	8,694,060,297
Add: Purchase		10,540,953,062	13,771,479,817
		14,423,017,274	22,465,540,114
Less: Closing stock of raw materials	18.00	(2,361,027,966)	(7,065,299,551)
<b>Raw materials consumed</b>		<b>12,061,989,308</b>	<b>15,400,240,563</b>
<b>Add: Manufacturing expenses</b>			
Salary and wages		76,610,925	63,530,765
Overtime		833,017	685,518
Casual wages		3,121,656	2,923,904
Factory overhead	5.04	58,853,181	61,591,670
Power		200,948,356	182,774,017
Gas		70,402,857	53,767,405
Management expenses		108,676,276	98,993,306
Fuel and Lubricants consumption		62,221,883	128,542,471
Mechanical store consumption		63,163,574	57,265,813
MS Roll consumption		997,475	8,765,932
Electrical store consumption		27,127,945	17,408,532
General store consumed		3,500,724	1,279,893
Rental expenses		4,537,488	2,500,062
Depreciation	13.00	111,851,795	102,361,899
<b>Manufacturing expenses</b>		<b>792,847,152</b>	<b>782,391,187</b>
<b>Cost of Goods Manufactured</b>		<b>12,854,836,460</b>	<b>16,182,631,750</b>
Add: Opening stock of Work-in-Process		2,885,874	-
		12,857,722,334	16,182,631,750
Less: Closing stock of Work-in-Process		-	-
		12,857,722,334	16,182,631,750
Add: Opening stock of Finished Goods		2,313,186,383	1,881,977,698
		15,170,908,717	18,064,609,448
Less: Closing stock of Finished Goods	18.00	(2,440,408,682)	(1,672,555,942)
<b>Cost of sales - own production</b>		<b>12,730,500,035</b>	<b>16,392,053,506</b>

5.02 Cost of sales-finished goods procured and sold

<i>In Taka</i>	Note	Jan-June'16	Jan-June'15
Opening stock of finished goods		15,093,183	8,702,296
Add: Finished goods purchased from outside		1,428,741,224	165,197,995
		1,443,834,407	173,900,291
Less: Closing stock of finished goods	18.00	(23,845,916)	(12,530,090)
<b>Cost of sales-finished goods procured and sold</b>		<b>1,419,988,491</b>	<b>161,370,201</b>





Notes to the separate and consolidated financial statements (continued)

**5.03 Quantitative movement of inventories**

<i>In Metric ton</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
<b>Raw Materials</b>			
Opening stock		119,469	182,812
Add: Imported during the period		236,443	189,114
Add: Purchased from related companies & others		105,132	143,995
		461,044	515,921
Less: Consumed / sold during the period		372,669	338,189
Add: Adjustment / Return		(10,000)	-
Closing stock		78,375	177,732
<b>Finished Goods</b>			
Opening stock		56,442	37,372
Add: Produced during the period		362,254	333,498
Add: Purchased from related companies & others		30,453	2,872
Add: Stock adjustment		304	-
<b>Stock available for sale</b>		449,453	373,742
Less: Sold during the period		373,747	337,114
Closing stock		75,706	36,628

**5.04 Factory overhead**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Car Allowance		870,903	475,304
Carrying charges -Finished goods		9,852,876	10,536,669
Carrying charges -Raw materials		28,929,218	28,183,036
Consulting Fees		782,483	84,048
Conveyance expenses		3,710,405	3,251,500
Electric expenses		355,723	103,491
Entertainment		1,981,331	2,075,210
Ex-Gratia allowance		95,200	84,200
Fees & Renewals		263,925	73,381
Gratuity	25.00	828,971	34,668
Guest house expenses		343,457	272,450
Guest house rent		893,100	844,200
Insurance expenses		553,810	3,105,215
Medical expenses		704,680	146,804
Motor Car Expenses		237,800	170,281
Paper and periodical		3,900	3,670
Postage and telegram		22,220	11,630
Repair and maintenance of buildings		1,268,164	1,251,176
Repair and maintenance of machineries		5,124,964	7,715,460
Repairs and maintenance- others		304,417	1,280,422
Stationery		1,243,742	1,270,370
Testing charges		12,000	26,100
Travelling Expenses		469,892	592,385
		58,853,181	61,591,670

**5.05 Value of imports on C.I.F basis**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Raw materials		5,833,573,228	5,687,616,205
Components and spare parts		131,155,127	96,908,545
Capital goods		-	-



Notes to the separate and consolidated financial statements (continued)

5.06 Consumption of imported and domestic materials and spares

	Jan-June'16		Jan-June'15	
Raw materials:	Taka	%	Taka	%
Imported	8,925,872,088	74%	8,778,137,121	57%
Local	3,136,117,220	26%	6,622,103,442	43%
	12,061,989,308	100%	15,400,240,563	100%
Spare parts and components:				
Imported	91,288,994	58%	83,440,277	39%
Local	65,722,607	42%	129,822,364	61%
	157,011,601	100%	213,262,641	100%

5.a Consolidated cost of sales

In Taka	Note	Jan-June'16	Jan-June'15
BSRM Steels Limited	5.00	14,150,488,526	16,553,423,707
BSRM Iron & Steel Co. Ltd.		3,535,624,741	4,299,143,540
Less: Intra group sales by subsidiary to BSRM Steels Limited		(950,595,143)	(4,544,407,781)
Less: Adjustment for unrealized profit on opening inventory		(514,607)	(7,141,226)
Add: Provision for unrealized profit on closing inventory		-	-
		16,735,003,517	16,301,018,240

6.00 Selling and distribution costs

In Taka	Note	Jan-June'16	Jan-June'15
Advertisement		170,892,031	87,091,576
Bad and doubtful debts		274,483	260,445
Brokerage and commission		84,416,169	43,169,114
Car allowance		1,397,050	1,499,131
Carriage on sales		173,285,852	111,050,275
Conveyance expenses		2,561,658	1,933,205
Depreciation expenses	13.00	7,981,867	5,128,625
Electricity expenses-Depot		685,840	557,605
Entertainment		24,035,881	4,762,202
Export charges		1,040,176	684,372
Fees & Renewals		23,300	4,229
Generator rent & fuel		54,418	21,138
Gratuity expenses	25.00	1,216,149	-
Internet expenses		135,610	127,309
Medical expenses		131,291	72,332
Motor cycle allowance		474,720	786,557
Office expenses		132,716	580,362
Paper & periodicals		18,797	15,363
Printing Charges		6,388,547	5,465,952
Repair and maintenance of building		50,671	763,802
Repair and maintenance- others		770,340	872,827
Royalty Expenses	6.01	48,683,815	50,567,126
Salaries & Allowances		48,132,182	35,157,180
Sales promotion expenses		11,236,860	7,606,838
Stationery expenses		245,006	88,681
Testing Charges		783,017	1,439,700
Travelling expenses		4,713,349	4,427,627
Warehouse rent		1,325,145	1,530,318
		591,086,940	365,663,891

6.01 The trademark 'Xtreme 500W' has been registered in the name of 'H. Akberali & Co. Limited' (HACL) from the department of Patents, Designs and Trademark of Government of Bangladesh under section 20(2) of the Trademark Act 2009. The company is paying royalty to HACL @ Tk. 150 per MT on its sold quantity from 01 January 2015 according to Trademark License Agreement between the Company and HACL effective from the aforesaid date.





Notes to the separate and consolidated financial statements (continued)

6.a Consolidated selling and distribution cost

In Taka	Note	Jan-June'16	Jan-June'15
BSRM Steels Limited	6.00	591,086,940	365,663,891
BSRM Iron & Steel Co. Ltd.		-	-
		591,086,940	365,663,891

7.00 Administrative costs

In Taka	Note	Jan-June'16	Jan-June'15
Advertisement		681,538	354,037
Amortization	15.01	1,672,060	1,668,928
Board meeting fee		92,000	78,200
Car allowance		1,740,072	1,750,420
Conveyance expenses		621,112	1,892,991
CSR expenses		12,715,200	3,373,566
Depreciation	13.00	8,119,387	8,874,307
Directors' remuneration	7.01	33,000,000	25,290,000
Donation and subscriptions		140,000	936,130
Electricity expenses		1,031,609	837,823
Entertainment		3,500,470	3,958,658
Fees and renewals		3,353,410	478,530
Generator expenses		23,264	18,780
Internet expenses		701,545	708,188
Land revenue		273,350	91,149
Leave assistance		232,000	180,000
Legal expenses		313,320	845,003
Maternity Scheme Benefit		377,520	506,241
Medical expenses		599,189	300,848
Motor car expenses		1,854,892	2,234,120
Motor cycle allowance		253,597	49,450
Office & miscellaneous expenses		995,607	529,961
Office rent		3,075,143	2,987,716
Paper and periodicals		554,816	258,846
Postage expenses		289,949	368,463
Printing		1,298,350	37,045
Professional & Consulting fee		2,761,642	3,170,892
Repair and maintenance of building		95,020	182,815
Repair and maintenance- others		3,273,195	4,773,843
Salaries and allowances		55,088,632	48,498,782
Stationery		1,667,686	1,750,157
Telephone expenses		1,881,642	1,579,309
Training expenses		730,052	923,144
Traveling expenses		2,592,981	2,463,837
Gratuity expenses	25.00	411,186	-
Audit and other fees		582,590	-
		146,594,026	121,952,179

7.01 Directors' remuneration

Details of directors' remuneration paid during the period are as follows:

Name	Gross Remuneration	Income Tax Deducted	Jan-June'16 Net Paid
Mr. Alihussain Akberali - Chairman	16,770,000	3,870,000	12,900,000
Mr. Aameir Alihussain - Managing Director	14,430,000	3,330,000	11,100,000
Mr. Zohair Taherali - Director	7,410,000	1,710,000	5,700,000
Mrs. Tehseen Zohair Taherali - Director	4,290,000	990,000	3,300,000
	42,900,000	9,900,000	33,000,000

In addition to remuneration, directors avail company vehicles for transportation purposes. No amount is lying as receivable from the directors.

Notes to the separate and consolidated financial statements (continued)

**7.a Consolidated administrative cost**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
BSRM Steels Limited	7.00	146,594,026	121,952,179
BSRM Iron & Steel Co. Ltd.		19,637,991	14,892,353
		<b>166,232,017</b>	<b>136,844,532</b>

**8.00 Other operating income**

See accounting policy in note 43.20.

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Gain/(loss) on sale of PPE		917,074	911,598
Miscellaneous income		1,929,928	2,169,444
		<b>2,847,002</b>	<b>3,081,042</b>

**8.a Consolidated other operating income**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
BSRM Steels Limited	8.00	2,847,002	3,081,042
BSRM Iron & Steel Co. Ltd.		10,206,808	4,599,408
		<b>13,053,810</b>	<b>7,680,450</b>

**9.00 Finance costs**

See accounting policy in note 43.19.

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Interest on OD, cash credit		22,057,981	28,701,786
Interest on LATR		2,646,620	26,354,894
Interest on demand and time loan		331,480,008	361,050,881
Interest on term loan		29,186,000	47,849,164
Interest income from loan to related companies		(267,658,085)	(179,408,976)
Bank charges & others		3,628,955	3,615,062
Interest on redeemable zero coupon bond		37,334,978	-
Bank guarantee commission		21,537	-
Agency fee		2,589,570	-
		<b>161,287,564</b>	<b>288,162,811</b>

**9.a Consolidated finance cost**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
BSRM Steels Limited	9.00	161,287,564	288,162,811
BSRM Iron & Steel Co. Ltd.		56,202,700	71,922,512
Less: Intra group interest Income		-	-
		<b>217,490,264</b>	<b>360,085,323</b>

**10.00 Finance income**

See accounting policy in note 43.19.

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Interest on IPO deposit		-	4,215
Interest income from FDR		13,675,838	6,225,462
Interest on STD		8,824	6,193
Foreign currency exchange gain	10.01	7,852,966	31,106,708
Interest on trade debtors		5,658,971	11,055,451
		<b>27,196,599</b>	<b>48,398,029</b>





Notes to the separate and consolidated financial statements (continued)

**10.01 Foreign currency exchange gain/(loss)**

Realized foreign currency transaction gain	11,458,101	31,190,984
Unrealized foreign currency translation gain	(3,605,135)	(84,276)
	<b>7,852,966</b>	<b>31,106,708</b>

**Foreign currency transaction gain/ loss**

This represents net gain on transaction in foreign currency during the year.

**Foreign currency translation gain/loss**

This represents net gain on translation of foreign currencies into Bangladeshi Taka at the rate prevailing on reporting date.

**10.a Consolidated finance income**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
BSRM Steels Limited	10.00	27,196,599	48,398,029
BSRM Iron & Steel Co. Ltd.		2,824,954	817,245
		<b>30,021,553</b>	<b>49,215,274</b>

**11.00 Share of loss of associate (Net of tax)**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Net loss attributable to the shareholders' of associate		(73,190,855)	(10,169,607)
Percentage of holding		25.35%	13.29%
Net loss attributable to BSRM Steels Ltd.		(18,555,854)	(1,351,193)
		<b>(18,555,854)</b>	<b>(1,351,193)</b>

**12.00 Earnings per share (EPS)**

See accounting policy in note 43.21.

**12.01 Basic EPS**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Profit attributable to the ordinary shareholders (Taka)		1,313,318,100	926,638,452
Weighted Average no. of shares outstanding during the year		341,775,000	341,775,000
<b>Basic EPS (Tk)</b>		<b>3.84</b>	<b>2.71</b>

Earnings per share (EPS) has been computed by dividing the net profit after tax (NPAT) by the weighted average number of ordinary shares outstanding on the reporting date as per BAS-33: Earnings Per Share. No diluted EPS was required to be calculated for the year since there was no scope for dilution.

**12.a Consolidated earnings per share (CEPS)**

<i>In Taka</i>	<b>Note</b>	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Net profit after tax (Tk.)		1,257,734,397	1,054,428,265
Weighted Average number of ordinary shares outstanding during the period (Nos.)		341,775,000	341,775,000
<b>Consolidated earnings per share (CEPS) as per share-attributable to equity holders of the parent (Tk.)</b>		<b>3.68</b>	<b>3.09</b>



Depreciation allocation:		01 January to 30 June	
<i>In Taka</i>	Note	2016	2015
Cost of sales	5.01	111,851,795	102,361,899
Selling & distribution costs	6.00	7,981,867	5,128,625
Administrative costs	7.00	8,119,387	8,874,307
<b>Total</b>		<b>127,953,049</b>	<b>116,364,831</b>



Notes to the separate and consolidated financial statements (continued)

13.01 Property, plant and equipment (PPE) - cost model

<i>In Taka</i>	Land and land development	Plant and Machinery	Motor Vehicles	Factory Building	Furniture and Fixtures	Office Equipment	Roads and Pavements	Computer & IT Equipment	Under construction	Total
<b>At cost</b>										
Balance as at 01 January 2015	388,610,165	3,523,854,315	89,906,098	1,359,850,976	37,763,862	54,184,763	12,390,419	25,353,561	51,881,394	5,543,795,553
Additions	128,329,142	593,671,281	16,692,244	48,863,391	3,399,364	6,752,989	135,000	3,674,520	293,235,293	1,094,753,224
Disposal	-	-	(7,576,198)	-	-	-	-	-	(336,589,098)	(344,165,296)
<b>Balance as at 31 December 2015</b>	<b>516,939,307</b>	<b>4,117,525,596</b>	<b>99,022,144</b>	<b>1,408,714,367</b>	<b>41,163,226</b>	<b>60,937,752</b>	<b>12,525,419</b>	<b>29,028,081</b>	<b>8,527,589</b>	<b>6,294,383,481</b>
Balance as at 01 January 2016	516,939,307	4,117,525,596	99,022,144	1,408,714,367	41,163,226	60,937,752	12,525,419	29,028,081	8,527,589	6,294,383,481
Additions	15,510,980	21,896,568	5,373,328	9,926,207	7,242,542	5,256,879	101,014	1,348,800	32,430,081	99,086,399
Disposal	-	-	(9,272,784)	-	-	-	-	-	(15,304,427)	(24,577,211)
<b>Balance as at 30 June 2016</b>	<b>532,450,287</b>	<b>4,139,422,164</b>	<b>95,122,688</b>	<b>1,418,640,574</b>	<b>48,405,768</b>	<b>66,194,631</b>	<b>12,626,433</b>	<b>30,376,881</b>	<b>25,653,243</b>	<b>6,388,892,669</b>
<b>Accumulated depreciation</b>										
Balance as at 01 January 2015	-	945,207,208	37,857,811	255,270,271	15,577,905	18,587,125	2,867,747	8,781,507	-	1,284,149,574
Charged for the year	-	133,494,547	12,068,366	55,455,231	4,706,363	7,405,364	953,392	3,627,723	-	217,710,986
Adjustment for disposal	-	-	(4,533,114)	-	-	-	-	-	-	(4,533,114)
<b>Balance as at 31 December 2015</b>	<b>-</b>	<b>1,078,701,755</b>	<b>45,393,063</b>	<b>310,725,502</b>	<b>20,284,268</b>	<b>25,992,489</b>	<b>3,821,139</b>	<b>12,409,230</b>	<b>-</b>	<b>1,497,327,446</b>
Balance as at 01 January 2016	-	1,078,701,755	45,393,063	310,725,502	20,284,268	25,992,489	3,821,139	12,409,230	-	1,497,327,446
Charged for the period	-	76,254,914	5,504,845	27,594,128	2,435,609	3,655,002	439,012	1,738,110	-	117,621,620
Adjustment for disposal	-	-	(6,069,858)	-	-	-	-	-	-	(6,069,858)
<b>Balance as at 30 June 2016</b>	<b>-</b>	<b>1,154,956,669</b>	<b>44,828,050</b>	<b>338,319,630</b>	<b>22,719,877</b>	<b>29,647,491</b>	<b>4,260,151</b>	<b>14,147,340</b>	<b>-</b>	<b>1,608,879,208</b>
<b>Carrying amount</b>										
As at 31 December 2015	516,939,307	3,038,823,841	53,629,081	1,097,988,865	20,878,958	34,945,263	8,704,280	16,618,851	8,527,589	4,797,056,035
As at 30 June 2016	532,450,287	2,984,465,495	50,294,638	1,080,320,944	25,685,891	36,547,140	8,366,282	16,229,541	25,653,243	4,760,013,461



Notes to the separate and consolidated financial statements (continued)

13.a Consolidated Property, plant and equipment (PPE) - revalued model

In Taka	Land and Land development	Plant and Machinery	Motor Vehicles	Factory Building	Furniture and Fixtures	Office Equipment	Roads and Pavements	Computer & IT Equipment	Under construction	Total
<b>At cost</b>										
Balance as on 01 January 2015	2,951,690,591	5,850,103,083	126,294,790	2,293,252,488	48,857,291	74,001,920	53,198,108	31,690,769	52,120,752	11,481,209,792
Additions	128,329,142	618,874,196	43,072,915	49,102,749	3,727,709	7,281,289	226,000	4,580,970	312,061,041	1,167,256,011
Disposal/ transfer	-	-	(7,576,198)	-	-	-	-	-	(336,828,456)	(344,404,654)
<b>Balance as at 31 December 2015</b>	<b>3,080,019,733</b>	<b>6,468,977,279</b>	<b>161,791,507</b>	<b>2,342,355,237</b>	<b>52,585,000</b>	<b>81,283,209</b>	<b>53,424,108</b>	<b>36,271,739</b>	<b>27,353,337</b>	<b>12,304,061,149</b>
Balance as at 01 January 2016	3,080,019,733	6,468,977,279	161,791,507	2,342,355,237	52,585,000	81,283,209	53,424,108	36,271,739	27,353,337	12,304,061,149
Additions	15,510,980	31,295,664	7,284,752	9,926,207	7,336,942	6,238,195	101,014	1,514,200	53,705,003	132,912,957
Disposal/ transfer	-	-	(9,379,084)	-	-	-	-	-	(15,304,427)	(24,683,511)
<b>Balance as at 30 June 2016</b>	<b>3,095,530,713</b>	<b>6,500,272,943</b>	<b>159,697,175</b>	<b>2,352,281,444</b>	<b>59,921,942</b>	<b>87,521,404</b>	<b>53,525,122</b>	<b>37,785,939</b>	<b>65,753,913</b>	<b>12,412,290,595</b>
<b>Accumulated depreciation</b>										
Balance as at 01 January 2015	-	1,539,515,134	58,625,279	284,302,015	19,163,914	30,400,765	6,966,743	12,102,949	-	1,951,076,799
Charged for the year	-	264,385,247	18,809,146	100,653,864	6,066,839	9,316,524	4,914,282	4,341,039	-	408,486,941
Adjustment for disposal	-	-	(4,533,114)	-	-	-	-	-	-	(4,533,114)
<b>Balance as at 31 December 2015</b>	<b>-</b>	<b>1,803,900,381</b>	<b>72,901,311</b>	<b>384,955,879</b>	<b>25,230,753</b>	<b>39,717,289</b>	<b>11,881,025</b>	<b>16,443,988</b>	<b>-</b>	<b>2,355,030,626</b>
Balance as at 01 January 2016	-	1,803,900,381	72,901,311	384,955,879	25,230,753	39,717,289	11,881,025	16,443,988	-	2,355,030,626
Charged for the period	-	136,941,708	9,126,530	49,078,594	3,001,435	4,960,928	2,095,150	2,070,843	-	207,275,188
Adjustment for disposal	-	-	(6,141,820)	-	-	-	-	-	-	(6,141,820)
<b>Balance as at 30 June 2016</b>	<b>-</b>	<b>1,940,842,089</b>	<b>75,886,021</b>	<b>434,034,473</b>	<b>28,232,188</b>	<b>44,678,217</b>	<b>13,976,175</b>	<b>18,514,831</b>	<b>-</b>	<b>2,556,163,994</b>
<b>Carrying amount</b>										
As at 31 December 2015	3,080,019,733	4,665,076,898	88,890,196	1,957,399,358	27,354,247	41,565,920	41,543,083	19,827,751	27,353,337	9,949,030,523
As at 30 June 2016	3,095,530,713	4,559,430,854	83,811,154	1,918,246,971	31,689,754	42,843,187	39,548,947	19,271,108	65,753,913	9,856,126,601





Notes to the separate and consolidated financial statements (continued)

13.a.i Consolidated Property, plant and equipment (PPE) - cost model

In Taka	Land and land development	Plant and Machinery	Motor Vehicles	Factory Building	Furniture and Fixtures	Office Equipment	Roads and Pavements	Computer & IT Equipment	Under construction	Total
<b>At cost</b>										
Balance as on 01 January 2015	605,846,988	5,850,103,084	126,294,790	1,936,942,476	48,857,290	74,001,921	53,198,108	31,690,769	52,120,752	8,779,056,178
Additions	128,329,142	618,874,196	43,072,915	49,102,749	3,727,709	7,281,289	226,000	4,580,970	312,061,041	1,167,256,011
Disposal	-	-	(7,576,198)	-	-	-	-	-	(336,828,456)	(344,404,654)
<b>Balance as at 31 December 2015</b>	<b>734,176,130</b>	<b>6,468,977,280</b>	<b>161,791,507</b>	<b>1,986,045,225</b>	<b>52,584,999</b>	<b>81,283,210</b>	<b>53,424,108</b>	<b>36,271,739</b>	<b>27,353,337</b>	<b>9,601,907,535</b>
Balance as at 01 January 2016	734,176,130	6,468,977,280	161,791,507	1,986,045,225	52,584,999	81,283,210	53,424,108	36,271,739	27,353,337	9,601,907,535
Additions	15,510,980	31,295,664	7,284,752	9,926,207	7,336,942	6,238,195	101,014	1,514,200	53,705,003	132,912,957
Disposal	-	-	(9,379,084)	-	-	-	-	-	(15,304,427)	(24,683,511)
<b>Balance as at 30 June 2016</b>	<b>749,687,110</b>	<b>6,500,272,944</b>	<b>159,697,175</b>	<b>1,995,971,432</b>	<b>59,921,941</b>	<b>87,521,405</b>	<b>53,525,122</b>	<b>37,785,939</b>	<b>65,753,913</b>	<b>9,710,136,981</b>
<b>Accumulated depreciation</b>										
Balance as on 01 January 2015	-	1,539,515,134	58,625,279	362,999,541	19,163,914	30,400,765	6,966,743	12,102,951	-	2,029,774,327
Charged for the year	-	264,385,247	18,809,146	78,903,487	6,066,839	9,316,524	4,914,282	4,341,039	-	386,736,564
Adjustment for disposal	-	-	(4,533,114)	-	-	-	-	-	-	(4,533,114)
<b>Balance as at 31 December 2015</b>	<b>-</b>	<b>1,803,900,381</b>	<b>72,901,311</b>	<b>441,903,028</b>	<b>25,230,753</b>	<b>39,717,289</b>	<b>11,881,025</b>	<b>16,443,990</b>	<b>-</b>	<b>2,411,977,777</b>
Balance as at 01 January 2016	-	1,803,900,381	72,901,311	441,903,028	25,230,753	39,717,289	11,881,025	16,443,990	-	2,411,977,777
Charged for the period	-	136,941,708	9,126,530	38,747,165	3,001,435	4,960,928	2,095,150	2,070,843	-	196,943,759
Adjustment for disposal	-	-	(6,141,820)	-	-	-	-	-	-	(6,141,820)
<b>Balance as at 30 June 2016</b>	<b>-</b>	<b>1,940,842,089</b>	<b>75,886,021</b>	<b>480,650,193</b>	<b>28,232,188</b>	<b>44,678,217</b>	<b>13,976,175</b>	<b>18,514,833</b>	<b>-</b>	<b>2,602,779,716</b>
<b>Carrying amount</b>										
As at 31 December 2015	734,176,130	4,665,076,899	88,890,196	1,544,142,197	27,354,246	41,565,921	41,543,083	19,827,749	27,353,337	7,189,929,758
As at 30 June 2016	749,687,110	4,559,430,855	83,811,154	1,515,321,239	31,689,753	42,843,188	39,548,947	19,271,106	65,753,913	7,107,357,265



Notes to the separate and consolidated financial statements (continued)

**14.00 Details of Under construction (Capital work in progress)**

See accounting policy in note 43.04.

				30 June 2016
<i>In Taka</i>	Opening balance	Addition	Capitalized	Closing balance
Land and land development	-	1,270,681		1,270,681
Civil Construction	-	17,639,777	(1,688,461)	15,951,316
Plant & Machinery	8,527,589	9,125,074	(9,246,018)	8,406,646
Motor vehicle	-	1,234,100	(1,209,500)	24,600
Office Equipment	-	3,160,448	(3,160,448)	-
	8,527,589	32,430,081	(15,304,427)	25,653,243

				31 December 2015
<i>In Taka</i>	Opening balance	Addition	Capitalized	Closing balance
Land and land development	-	127,692,360	(127,692,360)	-
Civil Construction	-	46,407,914	(46,407,914)	-
Plant & Machinery	51,881,394	112,097,792	(155,451,597)	8,527,589
Motor vehicle	-	5,563,448	(5,563,448)	-
Office Equipment	-	1,473,779	(1,473,779)	-
	51,881,394	293,235,293	(336,589,098)	8,527,589

These costs include costs incurred initially to construct/install property, plant and equipment (PPE). Construction/installation costs are transferred to PPE when the construction is completed and ready for intended use.

**14.a Consolidated under construction (capital work in progress)**

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
BSRM Steels Limited	14.00	25,653,243	8,527,589
BSRM Iron & Steel Co. Ltd.		40,100,670	18,825,748
		65,753,913	27,353,337

**15.00 Intangible assets**

See accounting policy in note 43.05.

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Trade Mark	15.01	105,534	108,667
Software	15.01	28,093,617	29,762,545
		28,199,151	29,871,212





Notes to the separate and consolidated financial statements (continued)

**15.01 Intangible assets schedule**

<i>In Taka</i>	<b>Trade Mark</b>	<b>Software</b>
<b>Cost</b>		
Opening balance on 1 January 2015	125,300	33,581,355
Add: Addition during the year	-	-
Closing balance on 31 December 2015	125,300	33,581,355
Opening balance on 1 January 2016	125,300	33,581,355
Add: Addition during the period	-	-
Closing balance on 30 June 2016	125,300	33,581,355
<b>Accumulated amortization</b>		
Opening balance on 1 January 2015	10,368	480,955
Add: Amortized during the year	6,265	3,337,855
Closing balance on 31 December 2015	16,633	3,818,810
Opening balance on 1 January 2016	16,633	3,818,810
Add: Amortized during the period	3,133	1,668,928
Closing balance on 30 June 2016	19,766	5,487,738
<b>Carrying amount on 31 December 2015</b>	108,667	29,762,545
<b>Carrying amount on 30 June 2016</b>	105,534	28,093,617

**15.a Consolidated intangible assets**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	15.00	28,199,151	29,871,212
BSRM Iron & Steel Co. Ltd.		8,026,133	8,502,933
		<b>36,225,284</b>	<b>38,374,145</b>

**16.00 Investment**

See accounting policy in note 43.08.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
In subsidiary company-BSRM Iron & Steel Co. Ltd.	16.01	1,045,000,000	1,045,000,000
In associate company-BSRM Steel Mills Limited	16.02	1,550,911,049	1,569,466,903
		<b>2,595,911,049</b>	<b>2,614,466,903</b>

**16.01 Investment in subsidiary company- BSRM Iron & Steel Co. Ltd.**

BSRM Steels Limited has acquired 95% equity interest in BSRM Iron and Steel Co. Limited (104,500,000 Ordinary Shares of Tk. 10 each) on 10 November 2010 in exchange of 104,500,000 Ordinary Shares of Tk. 10 each in BSRM Steels Limited. An amount of Tk. 1,045,000,000 being face value of shares issued against acquisition of this subsidiary has been shown as investment in subsidiary at cost as per BAS 27. BSRM Steels Limited and BSRM Iron & Steel Co. Ltd. are being operated under common control.



Notes to the separate and consolidated financial statements (continued)

**16.02 Investment in associate company- BSRM Steel Mills Limited**

BSRM Steels Limited has 25.35% equity interest in BSRM Steel Mills Limited (BSML) i.e. 100,000,000 Ordinary Shares of Tk. 10 each. BSML has been considered as an equity accounted investee of the company and has been accounted for according to BAS 28: Investments in Associates and Joint Ventures. Reporting date of BSML is 31 December.

**Movement of Investment in Associate**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Opening Balance		1,569,466,903	945,301,128
<b>Addition:</b>			
Investment in associate		-	548,854,000.00
Share of loss of associate	11.00	(18,555,854)	(3,878,425)
Excess of proportionate net assets' value of associate over acquisition cost		-	79,190,200
<b>Closing Balance</b>		<b>1,550,911,049</b>	<b>1,569,466,903</b>

**Summary of financial information of equity accounted investee:**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Non-current assets		19,107,637,100	18,257,548,496
Current assets		4,060,014,470	1,829,340,388
<b>Total assets</b>		<b>23,167,651,570</b>	<b>20,086,888,884</b>
Share capital		3,944,354,000	3,944,354,000
Accumulated loss		(119,891,467)	(46,700,612)
Revaluation surplus		2,292,879,671	2,292,879,671
<b>Shareholders' equity</b>		<b>6,117,342,204</b>	<b>6,190,533,059</b>
Non-current liabilities		6,294,267,091	6,998,566,281
Current liabilities		10,756,042,275	6,897,789,544
<b>Total liabilities</b>		<b>17,050,309,366</b>	<b>13,896,355,825</b>
<b>Total Equity &amp; Liabilities</b>		<b>23,167,651,570</b>	<b>20,086,888,884</b>
<b>Net Assets Value (NAV) per share</b>		<b>15.51</b>	<b>15.69</b>
Revenue		3,650,829,936	-
Other income		36,113,370	9,412,586
Expenses		(3,760,134,161)	(33,858,956)
<b>Loss for the period/ year</b>		<b>(73,190,855)</b>	<b>(24,446,370)</b>
<b>Loss attributable to the owners of BSML</b>		<b>(73,190,855)</b>	<b>(24,446,370)</b>

**16.a Consolidated Investment**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
<b>BSRM Steel Mills Limited</b>		<b>1,550,911,049</b>	<b>1,569,466,903</b>
		<b>1,550,911,049</b>	<b>1,569,466,903</b>





Notes to the separate and consolidated financial statements (continued)

**17.00 Short term investment**

See accounting policy in note 43.09.

<i>In Taka</i>	<b>Tenure</b>	<b>Purpose</b>	<b>Rate of Interest</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
IDLC Finance Limited	1 year	Investment	8%	2,395,496	2,395,496
Dhaka Bank Limited	1 year	Investment	4.50%	8,535,850	8,000,000
Mercantile Bank Limited	1 year	BG & LC Margin	5.00%	2,219,437	2,219,437
Pubali Bank Limited	6 months	LC Margin	6.00%	16,074,000	6,702,000
Standard Chartered Bank	6 months~1 year	LC Margin	2.75% ~ 6%	199,537,718	191,926,728
IPDC of Bangladesh limited	1 year	Investment	7.50%	4,000,000	-
AB Bank Limited	6 months	LC Margin	8%	-	6,105,469
BD Finance & Investment Co. Ltd.	1 year	Investment	9.50%	3,309,000	3,000,000
Al Arafah Islami Bank Ltd	6 months	LC Margin	6.50%	8,100,000	-
Social Islami Bank Limited	6 months		5.75%	8,200,000.00	
International Leasing & Finance Ltd.	6 months	Investment	10.75%	-	32,500,000
IFIC Bank Limited	6 months~1 year	LC Margin	5.75% ~ 6.5%	7,534,375	7,000,000
Shahjalal Islami Bank Limited	1 year	BG & LC Margin	7.25%	-	6,900,000
				<b>259,905,876</b>	<b>266,749,130</b>

Term deposit with IDLC finance Limited, IPDC of Bangladesh, BD Finance & Investment Co. Ltd and Dhaka Bank Limited was made against Share Application Money (IPO).

**17.a Consolidated short term investment**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	17.00	259,905,876	266,749,130
BSRM Iron & Steel Co. Ltd.		13,733,615	3,675,800
		<b>273,639,491</b>	<b>270,424,930</b>

**18.00 Inventories**

See accounting policy in note 43.06.

		<b>30-Jun-16</b>	<b>31-Dec-15</b>
	<b>Qty. Metric Ton</b>	<b>Amount Taka</b>	<b>Amount Taka</b>
<b>Raw Material</b>			
Billets	78,375	2,335,680,511	3,874,719,508
Packing Materials		12,585,126	6,619,847
Direct Consumables		12,762,329	724,857
		<b>2,361,027,966</b>	<b>3,882,064,212</b>
<b>Work-in-process</b>		-	2,885,874
<b>Finished Goods</b>			
Finished Goods-Own production	75,219	2,440,408,682	2,313,186,383
Finished Goods-Procured	487	23,845,916	12,051,362
Finished Goods-Others		-	3,041,821
	<b>75,706</b>	<b>2,464,254,598</b>	<b>2,328,279,566</b>
<b>Stores and Spares</b>			
Mechanical stores		445,313,157	409,814,641
MS Roll		18,182,427	5,631,366
Electrical stores		201,038,283	203,411,874
General stores		11,771,427	10,703,122
Civil Store		7,562,357	13,040,441
Others		23,420,617	26,890,642
		<b>707,288,268</b>	<b>669,492,086</b>
<b>Fuel and Lubricants</b>		<b>8,262,815</b>	<b>7,241,160</b>
		<b>5,540,833,647</b>	<b>6,889,962,898</b>



Notes to the separate and consolidated financial statements (continued)

**18.a Consolidated inventories**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	18.00	5,540,833,647	6,889,962,898
BSRM Iron & Steel Co. Ltd.		1,314,720,866	1,884,296,553
Unrealized profit elimination		-	(514,607)
		<b>6,855,554,513</b>	<b>8,773,744,844</b>

**19.00 Trade & Other Receivables**

See accounting policy in note 43.09.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Trade Receivables	19.01	2,358,853,172	2,015,372,386
Other Receivables	19.03	210,144,545	232,497,261
		<b>2,568,997,717</b>	<b>2,247,869,647</b>

The directors believe that the above receivables are good and realizable. No provision has been made against these receivables.

**19.01 Trade Receivables**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Bangladesh Steel Re-Rolling Mills Ltd.		439,820	772,465
BSRM Steel Mills Limited		50,683,163	1,778,389
BSRM Logistics Limited		14,150	259,600
H Akberali & Co. Limited		-	31,640
BSRM Iron & Steel Co. Ltd.		7,634,409	16,998,485
Other Parties	19.02	2,300,081,630	1,995,531,807
		<b>2,358,853,172</b>	<b>2,015,372,386</b>

**19.02** Out of these receivables, there are pending litigations against 30 parties (worth Tk. 38,025,131). These receivables are secured by Post dated cheques.

**19.03 Other Receivables**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Interest Receivables		171,052,085	134,229,590
Accrued Interest from FDR		5,310,718	9,780,088
DEDO and Others Receivables		33,781,742	88,487,583
		<b>210,144,545</b>	<b>232,497,261</b>

**19.04 Ageing of trade receivables are as follows-**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Less than 3 months		2,078,642,248	1,713,967,443
Over 3 months but less than 6 months		148,872,171	121,604,854
Over 6 months		131,338,753	179,800,089
		<b>2,358,853,172</b>	<b>2,015,372,386</b>

**19.a Consolidated trade and other receivables**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	19.00	2,568,997,717	2,247,869,647
BSRM Iron & Steel Co. Ltd.		909,793,401	314,331,811
Less: Intra group receivables		(7,634,409)	(16,998,485)
		<b>3,471,156,709</b>	<b>2,545,202,973</b>





Notes to the separate and consolidated financial statements (continued)

**20.00 Current account with related companies**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Bangladesh Steel Re-Rolling Mills Limited		3,903,294,543	439,638,033
BSRM Iron & Steel Co. Ltd.		306,511,093	395,858,419
Chittagong Power Company Limited		235,630,169	447,643,657
BSRM Logistics Limited		313,013,708	310,618,570
BSRM Ispat Limited		320,724,755	275,389,027
BSRM Metals Limited		57,957,039	58,296,932
H Akberali & Co. Limited		44,177,317	59,065,664
BSRM Steel Mills Limited		1,959,470,957	639,961,866
BSRM Recycling Industries Limited		5,045,256	-
		<b>7,145,824,837</b>	<b>2,626,472,168</b>

All transactions among the related companies have been made through account payee cheques or bank transfers and interests were charged on all related companies' balances.

**20.a Consolidated current account with related companies**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	20.00	7,145,824,837	2,626,472,168
BSRM Iron & Steel Co. Ltd.		-	127,606,057
Less: Inter-company elimination		(306,511,093)	(395,858,419)
		<b>6,839,313,744</b>	<b>2,358,219,806</b>

**21.00 Advances, deposits and prepayments**

See accounting policy in note 43.09.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Advances	21.01	3,480,241,257	2,536,051,427
Deposits	21.03	16,260,964	16,222,963
Prepayments	21.04	7,883,352	1,917,565
		<b>3,504,385,573</b>	<b>2,554,191,955</b>

**21.01 Advances**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Staff loan		114,267	1,457,478
Advance against salary		157,335	796,049
Advance Income tax		807,715,337	501,502,115
Against expenses		25,391,359	42,404,795
Bank guarantee margin		2,373,554	2,105,155
Advance against L/C		592,564,037	3,327,436
LC Margin		13,119,832	25,074,709
Advance against fixed asset		20,826,218	9,411,813
Trade VAT account (Godown)		(2,630)	7,932
VAT chargeable account (Godown)		4,584,102	6,961,289
VAT current account		13,025,379	11,435,406
Advance against land		14,670,000	1,070,000
Advance for house rent		1,337,917	497,250
Share money deposit to Chittagong Power Company Ltd.		500,000,000	-
Advance for purchase of Raw Materials, finished goods and other materials	21.02	1,484,364,550	1,930,000,000
		<b>3,480,241,257</b>	<b>2,536,051,427</b>

- 21.02** The company in its 207th Board Meeting held on 21 October 2015 has decided to give advances of Tk. 150 Crore and Tk. 50 Crore to BSRM Steel Mills Limited and BSRM Iron & Steel Co. Ltd. respectively for purchasing billets. Accordingly the Company has provided Tk. 150 Crore to BSRM Steel Mills Limited and Tk. 43 Crore to BSRM Iron & Steel Co. Ltd. and subsequently amounts are adjusted with purchase of billets. The company also in its Board Meeting held on 17 January 2016 has decided to give advance of Tk. 100 crore to Bangladesh Steel Re-Rolling Mills Limited for purchasing finished goods and billets.





Notes to the separate and consolidated financial statements (continued)

**21.03 Deposits**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Ansar/VDP		1,260,752	1,260,752
Bangladesh Telecommunications Limited (BTCL)		24,000	24,000
City Cell		15,000	15,000
Power Development Board		4,308,620	4,308,620
Ranks Tel		10,000	10,000
Karnaphuli Gas distribution Co. Limited		9,179,192	9,179,192
Kolkata office premises		-	37,750
Central Depository Bangladesh Limited		500,000	500,000
BOC Bangladesh Ltd.		16,000	16,000
Others		947,400	871,649
		<b>16,260,964</b>	<b>16,222,963</b>

**21.04 Prepayments**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSTI License fees		5,175,690	750,200
Insurance		2,707,662	1,167,365
		<b>7,883,352</b>	<b>1,917,565</b>

**21.05** The directors consider that all the above advances, deposits and prepayments are either adjustable or recoverable in kind or in cash and that no provision for these are required at this stage.

**21.06** An amount of Tk. 23,053,915.27 was claimed by Custom, Excise & VAT authority, Bondor circle, Narayanganj vide nothi no. 04/VAT/Warehouse (02)/Bondor circle/2012/207 dated 3rd November 2014 for trade VAT on sale of 115,269 MT finished goods. The Company filed a writ petition no. 10833 of 2014 before the Hon'ble High Court Division of the Supreme Court of Bangladesh and the court stayed the claim. In view of above, no provision for this claim has been made in the financial statements.

**21.a Consolidated advances, deposits and prepayments**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	21.00	3,504,385,573	2,554,191,955
BSRM Iron & Steel Co. Ltd.		342,734,463	314,758,297
Less: Intra group elimination		(495,061,380)	(430,000,000)
		<b>3,352,058,656</b>	<b>2,438,950,252</b>

**22.00 Cash and cash equivalents**

See accounting policy in note 43.09.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Cash in hand	22.01	5,530,899	2,319,225
Cash at banks	22.02	(34,773,175)	256,153,075
Fixed deposit	22.04	209,721,183	210,413,784
		<b>180,478,907</b>	<b>468,886,084</b>

**22.01 Cash In hand**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Head office		112,777	257,476
Factory office		1,377,106	674,780
Dhaka office		3,248,225	701,969
Sylhet office		100,000	100,000
Comilla office		65,000	65,000
Khulna office		250,000	250,000
Bogra office		200,000	200,000
Mymensingh office		57,792	-
Rangpur office		70,000	20,000
Barishal office		50,000	50,000
		<b>5,530,899</b>	<b>2,319,225</b>





Notes to the separate and consolidated financial statements (continued)

22.02 Cash at Banks

<i>In Taka</i>	Branch	Account type	Note	30-Jun-16	31-Dec-15
Agrani Bank Limited	Laldighi East	Current		(4,730,252)	(1,928,537)
Agrani Bank Limited- Escrow	Laldighi East	Escrow		36,872	37,447
Al-Arafah Islami Bank	Agrabad	Current		460,615	12,078,699
Bank Asia Limited	Agrabad	Current		44,887	22,122
BASIC Bank Limited	Dewanhat	Current		112	1,621,097
Commercial Bank of Ceylon PLC	Agrabad	Current		482,404	226,767
Dhaka Bank Limited	Jubilee Road	Current		7,374	5,209,686
Dutch Bangla Bank Limited	Jubilee Road	Current		9,241	134,277,858
Dutch-Bang Bank Limited	Agrabad	Current		7,183,186	84,646
Eastern Bank Limited	Agrabad	Current		17,115,687	3,610,910
EXIM Bank Limited	Jubilee Road	Current		6,160,636	4,946,015
Habib Bank Limited	Laldighi	Current		16,199,956	4,427,765
HSBC	Agrabad	Current		(59,968,795)	(18,865,378)
HSBC- USD Exporter's A/C	Agrabad	USD		4,470,628	6,268,421
HSBC-MDA USA A/C	Agrabad	USD		-	5,897,849
IFIC Bank Limited	Agrabad	Current		1,575,044	65,316
Islami Bank Bangladesh Ltd.	Jubilee Road	Current		7,043,047	30,495,314
Jamuna Bank Limited	Khatungong	Current		109,157	122,478
Meghna Bank Ltd	Dhaka-corporate	Current		715,645	-
Mercantile Bank Limited	Jubilee Road	Current		3,661,949	2
Mutual Trust Bank Limited	CDA Avenue	Current		45,432	3,505,753
National Bank Limited	Jubilee Road	Current		69,372	8,720,189
NCC Bank Ltd.	Agrabad	Current		66,855	18,016
NRB Bank Limited	Agrabad	Current		6,597	1,661,943
One Bank Limited	Agrabad	Current		54,032	927,595
Prime Bank Limited	OR Nizam Road	Current		(167,134)	12,955,339
Premier Bank Limited	Agrabad	Current		35,686	3,691
SBAC Bank Limited	Agrabad	Current		123,613	126,698
Shahjalal Islami Bank Limited	Jubilee Road	Current		3,302,984	1,766,605
Social Islami Bank Ltd.	Jubilee Road	Current		1,632,724	7,405,052
Sonali Bank	Cable Shilpa, Khulna	STD		308,799	304,146
Sonali Bank	Kalibari	Current		466,778	(1,738,698)
Southeast Bank Ltd.	Pahartali	Current		3,905,541	7,044,244
Standard Chartered Bank	Agrabad	Current		581	(9,996,664)
Standard Chartered Bank	Gulshan	Current		(61,572,232)	1,216
State Bank of India	Chittagong	Current		20,404	466,857
The City Bank Limited	VIP Road, Dhaka	Current		875,736	1,508,930
The City Bank Limited	Agrabad	Current		124,511	459,312
The Trust Bank Limited	CDA Avenue	Current		6,663,500	20,019,963
United Commercial Bank Ltd.	Jubilee Road	Current		12,506	5,656,782
Uttara Bank Limited	Agrabad	Current		86,627	9,228
<b>Sub total</b>				<b>(43,359,695)</b>	<b>249,424,674</b>

<i>In Taka</i>	Branch	Account type	Note	30-Jun-16	31-Dec-15
<b>HSBC Bank</b>			22.03		
HSBC Bank	Agrabad	STD		434,277	432,371
HSBC Bank	Agrabad	Dividend		8,152,243	6,296,030
<b>Sub total</b>				<b>8,586,520</b>	<b>6,728,401</b>
<b>Grand Total</b>				<b>(34,773,175)</b>	<b>256,153,075</b>

22.03 These accounts were opened for deposit of Share Money (IPO) and payment of dividend. Balances in these accounts represent amount refundable to the applicants to whom shares were not allotted and unclaimed dividend.



Notes to the separate and consolidated financial statements (continued)

**22.04 Fixed Deposits**

<i>In Taka</i>	<b>Tenure</b>	<b>Purpose</b>	<b>Rate of Interest</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
AB Bank Ltd.	3 months	LC Margin	7.00%	<b>8,022,301</b>	18,847,771
Bank Asia Limited	3 months	LC Margin	5~5.25%	<b>32,471,780</b>	31,653,283
Commercial Bank of Ceylon plc	3 months	LC Margin	5.00%	<b>13,714,357</b>	13,428,617
The City Bank Limited	3 months	LC Margin	5~5.50%	<b>24,714,369</b>	18,145,437
Dhaka Bank Limited	3 months	LC Margin	4.25%	<b>15,484,032</b>	14,860,622
Dutch Bangla Bank Limited	3 months	LC Margin	5.00%	<b>13,240,165</b>	19,910,250
Habib Bank Limited	3 Months	LC Margin	6.00%	-	7,700,000
IFIC Bank Limited	3 months	LC Margin	5.50%	<b>3,937,743</b>	280,000
Jamuna Bank Limited	3 Months	LC Margin	8.00%	-	7,284,000
Mercantile Bank Limited	3 Months	BG & LC Margin	5.00%	<b>17,505,559</b>	6,933,384
NCC Bank Limited	3 Months	LC Margin	5.00%	<b>8,161,000</b>	13,212,929
Prime Bank Limited	3 Months	LC Margin	6.00%	<b>268,500</b>	-
State Bank Of India	3 Months	LC Margin	8.75%	-	13,540,000
Shahjalal Islami Bank Limited	3 Months	LC Margin	5.50%	<b>14,731,675</b>	-
Trust Bank Limited	3 Months	LC Margin	5.50%	<b>15,346,071</b>	13,613,262
United Commercial Bank Ltd.	3 Months	LC Margin	5.75%	<b>33,951,631</b>	31,004,229
Uttara Bank Limited	3 Months	LC Margin	5.00%	<b>8,172,000</b>	-
				<b>209,721,183</b>	210,413,784

**22.a Consolidated cash and cash equivalents**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	22.00	<b>180,478,907</b>	468,886,084
BSRM Iron & Steel Co. Ltd.		<b>115,080,479</b>	72,232,701
		<b>295,559,386</b>	541,118,785





Notes to the separate and consolidated financial statements (continued)

**23.00 Share capital**

See accounting policy in note 43.16.

*In Taka*

	Note	30-Jun-16	31-Dec-15
<b>Authorized capital</b>			
475,000,000 Ordinary Shares of Tk. 10 each		4,750,000,000	4,750,000,000
25,000,000 Preference Shares of Tk. 10 each		250,000,000	250,000,000
		<b>5,000,000,000</b>	<b>5,000,000,000</b>
<b>Issued, Subscribed and Paid-up capital</b>			
145,000,000 Ordinary Shares of Tk.10 each		1,450,000,000	1,450,000,000
104,500,000 Ordinary Shares of Tk.10 each fully paid-up for consideration other than cash		1,045,000,000	1,045,000,000
21,750,000 Ordinary Shares of Tk.10 each fully paid-up as Bonus Shares (For the Year 2009)		217,500,000	217,500,000
54,250,000 Ordinary Shares of Tk. 10 each fully paid up as Bonus Shares (For the year 2010)		542,500,000	542,500,000
16,275,000 Ordinary Shares of TK. 10 each Fully paid-up as Bonus Shares (For the year 2012)		162,750,000	162,750,000
		<b>3,417,750,000</b>	<b>3,417,750,000</b>

**23.01 Classification of shares by holding**

Class by number of shares	No. of holders	No. of shares	Holding (%)
Less than 500	4,875	687,444	0.20%
From 500 to 5,000	8,402	12,336,320	3.61%
From 5,001 to 10,000	751	5,488,154	1.61%
From 10,001 to 20,000	370	5,348,967	1.57%
From 20,001 to 30,000	137	3,415,041	1.00%
From 30,001 to 40,000	89	3,108,901	0.91%
From 40,001 to 50,000	40	1,847,653	0.54%
From 50,001 to 100,000	83	6,035,240	1.77%
From 100,001 to 1,000,000	90	25,475,257	7.45%
From 1,000,001 and above	21	278,032,023	81.35%
	<b>14,858</b>	<b>341,775,000</b>	<b>100%</b>

**23.02 Composition of Shareholders at 30 June 2016**

Name of shareholders	No. of holders	No. of shares	Holding (%)
Sponsor Shareholders	7	165,361,665	48.38%
Foreign Shareholders	7	1,230,421	0.36%
Other Shareholders	14,844	175,182,914	51.26%
	<b>14,858</b>	<b>341,775,000</b>	<b>100%</b>



Notes to the separate and consolidated financial statements (continued)

**23.03 Dividends**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
The following dividends were declared and paid/ payable by the company for the period/year:			
30% Cash dividend (Tk. 3) per qualifying ordinary share (For 2015)		1,025,325,000	-
15% Cash dividend (Tk. 1.5) per qualifying ordinary share (For 2014)		-	512,662,500

During the period ended on 30 June 2016, no amount was remitted in foreign currencies to non-resident shareholders as dividend.

After the reporting date, the following dividends were proposed by the Board of directors.

30% Cash dividend (Tk. 3) per qualifying ordinary share	-	1,025,325,000
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**24.00 Long term borrowings- non current portion**

See accounting policy in note 43.10.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Redeemable zero coupon bond	24.01	1,547,131,995	-
BD Finance & Investment Co. Ltd.	24.02	-	111,241,937
IPDC Limited	24.03	-	-
Jamuna Bank Limited	24.04	-	5,045,562
Meghna Bank Limited	24.05	-	112,050,395
United Leasing Co. Limited	24.06	-	29,096,839
Agrani Bank Limited	24.07	-	283,365,041
Al Arafah Islami Bank Limited	24.08	-	7,589,189
		1,547,131,995	548,388,963

**24.01 Redeemable zero coupon bond**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Proceed from issue of bond		1,999,981,083	-
Less: Cost of bond issuance		(32,479,874)	-
Net proceeds		1,967,501,209	-
Add: Accrued interest		37,334,978	-
Carrying amount		2,004,836,187	-

**Zero coupon bond- current and non-current portion**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Payable within 1 year	29.07	457,704,192	-
Payable after 1 year	24.00	1,547,131,995	-
		2,004,836,187	-

**Zero Coupon Bond**

The company obtained consent from Bangladesh securities and Commission (BSEC) vide consent letter reference: BSEC/CI/2015 dated on 28 Dec 2015 for issuing 2,450,592 nos. of redeemable zero coupon bond of TK. 1,000 each to institutional investors through private placement.

**Tenure**

From 6th months and upto 4 years from the issue date (TBD).

**Purpose**

Capital expenditure, refinance and equity investment in power project of the group under the name 'Chittagong Power Company Limited'.



## Notes to the separate and consolidated financial statements (continued)

### Subscription and Issue

Total 2,450,568 nos. of bonds were subscribed on 25 April 2016 and 16 May 2016 for Taka 1,999,981,083 and were issued accordingly on those days.

### Discount Rate

The discount rate is 9.5% per year and interest is payable half-yearly.

### Listing

Unlisted.

### Transferability

Freely transferable subject to the term and condition of term documents.

### Redemption

In equal instalment starting from the end of the 6th month from the issue date and each 6 month thereafter till expiry (4 years).

### Securities

Unsecured.

## 24.02 BD Finance & Investment Co. Ltd.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Due within one (1) year	29.07	-	56,106,148
Due after more than one (1) year	24.00	-	111,241,937
		-	167,348,085

### Terms of loan:

#### Lenders:

BD Finance has sanctioned an amount of Tk. 25 crore as term loan and disbursed the full amount within 2013.

**Total loan facilities:** Tk. 25 crore.

#### Interest rate:

Interest rate is 12% - 14% (2014: 15%) per annum and is calculated on monthly basis.

#### Disbursement:

Full disbursement was made on 26.08.2013.

#### Repayments

Above term loan has already been repaid.

#### Securities:

Post dated cheques for the total amount, Post dated cheques for monthly loan installments, personal guarantee of all directors of the company, corporate guarantee of H. Akberali & Co. Ltd.

#### Purpose:

To meet working capital requirement.



Notes to the separate and consolidated financial statements (continued)

**24.03 IPDC Limited**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Due within one (1) year	29.07	-	56,889,847
Due after more than one (1) year	24.00	-	-
		-	56,889,847

**Terms of loan:**

**Lenders:**

Industrial Promotional and Development Company of Bangladesh has sanctioned an amount of Tk. 15 crore as term loan and disbursed the full amount within 2013.

**Total loan facilities:** Tk. 15 crore.

**Interest rate:**

Interest rate is 13% per annum.

**Disbursement:**

Full disbursement was made on 17.12.2013.

**Repayments**

Above term loan has already been repaid.

**Securities:**

Floating charge by way of hypothecation on all the movable assets of BSL duly registered with RJSC, Legally enforceable Corporate Guarantee of BSRM Limited, Pledge of dematted shares in the capital of BSRMSL covering 125% of exposure against this facility, Personal Guarantee of all the sponsor directors, Post dated cheques for the total amount, Post dated cheques for quarterly loan installments, Demand Promissory note along with letter of continuation.

**Purpose:**

To meet working capital requirement.

**24.04 Jamuna Bank Limited**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Due within one (1) year	29.07	-	20,327,362
Due after more than one (1) year	24.00	-	5,045,562
		-	25,372,924

**Terms of loan:**

**Lenders:**

Jamuna Bank Limited has sanctioned Tk. 3.767 crore and Tk. 1 crore as term loan and disbursed Tk. 3.756 crore up to the reporting period.

**Total loan facilities:** Tk. 3.767 crore.

**Interest rate:**

Interest rate is 13% - 14% per annum.

**Disbursement:**

Last disbursement was made on 08.04.2015.

**Repayments**

Above term loan has already been repaid.

**Securities:**

Modification of charge with RJSC on inventory and machinery installed through BMRE. Cross corporate guarantee of the company and also personal guarantee of all directors. Signed security cheques covering each installment.

**Purpose:**

To import Magnet Cranes for own use.





Notes to the separate and consolidated financial statements (continued)

**24.05 Meghna Bank Limited**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Due within one (1) year	29.07	-	41,530,113
Due after more than one (1) year	24.00	-	112,050,395
		-	153,580,508

**Terms of loan:**

**Lenders:**

Meghna Bank Limited has sanctioned an amount of Tk. 20 crore as term loan and disbursed the full amount within 2014.

**Total loan facilities:** Tk. 20 crore.

**Interest rate:**

Interest rate is 13.5% - 14% per annum.

**Disbursement:**

Full disbursement was made on 03.02.2014.

**Repayments**

Above term loan has already been repaid.

**Securities:**

Lien of 29.20 lac shares of BSRM Steels Limited and personal guarantee of all directors of the company. Post dated cheques covering the facility.

**Purpose:**

To set up a warehouse at Jangal, Madanpur, Narayanganj.

**24.06 United Leasing Co. Limited**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Due within one (1) year	29.07	-	17,754,589
Due after more than one (1) year	24.00	-	29,096,839
		-	46,851,428

**Terms of loan:**

**Lenders:**

United Leasing Company has sanctioned an amount of Tk. 7 crore as term loan and disbursed the full amount within 2014.

**Total loan facilities:** Tk. 7 crore.

**Interest rate:**

Interest rate is 12% - 14% per annum.

**Disbursement:**

Full disbursement was made on 29.05.2014.

**Repayments**

Above term loan has already been repaid.

**Securities:**

Charge creation with RJSC on all fixed and floating assets covering value of loan. Personal guarantee of all directors and a post dated cheque amount of Tk. 94,365,120 in favour of ULC to cover the loan.

**Purpose:**

To meet working capital requirement.



Notes to the separate and consolidated financial statements (continued)

**24.07 Agrani Bank Limited**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Due within one (1) year		-	-
Due more than one (1) year	24.00	-	283,365,041
		-	283,365,041

**Terms of loan:**

**Total Loan facility:**

Tk.55 Crore

**Interest Rate:**

14.5% - 15.50%.p.a.and subject to change

**Disbursement:**

The last disbursement was made on 17.06.15.

**Repayment:**

This loan has already been repaid.

**Securities:**

- i)Registered mortgage of Tk 55 crore on project land building and hypothecation of machinery.
- ii)Personal guarantee of all the directors of the company.
- iii) Corporate guarantee of BSRM Group.

**Purpose:**

For acquisition of plant machineries to enhance the production from 600,000 Metric Tons to 700,000 Metric Tons.

**24.08 Al Arafah Islami Bank Limited**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Due within one (1) year	21.07	-	4,241,957
Due after more than one (1) year	24.00	-	7,589,189
		-	11,831,146

**Terms of loan:**

**Total Loan facility:**

TK.137.7 lac

**Interest Rate:**

13% per annum subject to be changed by the bank from time to time.

**Disbursement:**

The first disbursement was made on 21 June 2015.

**Repayment:**

The loan has already been repaid.

**Securities:**

- i) Hypothecation of machinery to be imported as per quotation till full adjustment of bank's dues.
- ii) LC @ 5% cash margin and HPSM (machinery) @ 10% client equity.
- iii) personal guarantee of all directors of the company.
- iv) Company's equity of Tk 15.30 lac to be deposited first before Creating HPSM (machinery).
- v) Required number of post dated cheques to be submitted for realization of monthly installment & one cheque covering the limit.
- vi) Corporate guarantee of BSRM Wires Ltd.

**Purpose:**

To Import Capital Machinery from South Korea.





Notes to the separate and consolidated financial statements (continued)

**24.a Consolidated long term borrowings- non current portion**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	24.00	1,547,131,995	548,388,963
BSRM Iron & Steel Co. Ltd.		66,105,381	110,996,642
		<b>1,613,237,376</b>	<b>659,385,605</b>

**25.00 Defined benefit obligations - Gratuity**

See accounting policy in note 43.17.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Opening balance		55,875,824	39,019,866
Provision made during the period	5.04, 6 & 7	2,456,306	17,080,972
		<b>58,332,130</b>	<b>56,100,838</b>
Payment made during the period		(965,849)	(225,014)
		<b>57,366,281</b>	<b>55,875,824</b>

**25.a Consolidated defined benefit obligations - Gratuity**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	25.00	57,366,281	55,875,824
BSRM Iron & Steel Co. Ltd.		20,503,706	18,707,622
		<b>77,869,987</b>	<b>74,583,446</b>



Notes to the separate and consolidated financial statements (continued)

**26.00 Current tax liability**

See accounting policy in note 43.15.

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Opening balance		560,347,182	495,092,588
Add: Provided for the period/year		527,644,441	560,347,182
		1,087,991,623	1,055,439,770
Add/(adjustment): Provision for previous years		262,549,490	(167,010,975)
		1,350,541,113	888,428,795
Income tax paid		-	(328,081,613)
Closing balance		1,350,541,113	560,347,182

Year wise income taxes assessment status is as follows:

*In Taka*

Accounting Year	Assessment Year	Opening balance	Charged/ (credited) to profit or loss	Adjusted/paid during the year	Closing balance	Remarks
Prior to 2010	-	-	-	-	-	Assessment completed
2010	2011-2012	-	109,564,854	-	109,564,854	Assessment completed
2011	2012-2013	-	33,508,517	-	33,508,517	Assessment completed
2012	2013-2014	-	119,476,119	-	119,476,119	Assessment completed
2013	2014-2015	-	-	-	-	Under Tax audit
2014	2015-2016	-	-	-	-	Assessment completed
2015	2016-2017	560,347,182	-	-	560,347,182	Return submitted
2016	2016-2017	-	527,644,441	-	560,347,182	Return due by 15 January 2017
		<b>560,347,182</b>	<b>790,193,931</b>	<b>-</b>	<b>560,347,182</b>	

**26.01** The company, following decision of the Board of Directors in its Meeting held on 7 March, 2012 filed a Writ Petition on 22 March, 2012 before the High Court Division of Supreme Court of Bangladesh challenging the legality of Section 16CCC of Income Tax Ordinance 1984 imposing minimum income tax of 0.50% (currently 0.60%) of the gross receipts of the company regardless of profit or loss as per financial statements. Accordingly, the High Court issued a Rule Nisi calling the Government Authorities to show cause as to why Section 16CCC of the Income Tax Ordinance 1984 should not be declared to be illegal and of no legal effect and pending hearing of the Rule restrained the Government Authorities from charging minimum tax under the said Section. In view of above, no provision for income tax up to 2012 envisaged u/s 16CCC was made in the financial statements. Subsequently, the decision of Honourable High Court division has gone against the company and provision for minimum tax liability against previous years has been provided in the current period.

**26.a Consolidated current tax liability**

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
BSRM Steels Limited	26.00	1,350,541,113	560,347,182
BSRM Iron & Steel Co. Ltd.		198,437,337	-
		<b>1,548,978,450</b>	<b>560,347,182</b>





**Notes to the separate and consolidated financial statements (continued)**

**27.00 Deferred tax liability**

See accounting policy in note 43.15.

Deferred tax liability has been calculated below at the applicable tax rate on the temporary difference between the carrying value and tax base.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
<b>Opening balance</b>		<b>831,760,881</b>	<b>729,338,236</b>
<b>Provided/ (adjusted) during the period/year:</b>			
Investments in associates		(1,936,940)	83,053,812
Adjusted for gratuity		(372,614)	(3,238,493)
Deferred tax on revaluation surplus of PPE (excluding land)		-	(10,875,188)
For temporary difference of PPE and software (excluding land)		13,722,402	38,920,108
Adjusted for impact of excess depreciation on revaluation surplus		(2,582,857)	(5,437,594)
<b>Closing balance</b>		<b>840,590,872</b>	<b>831,760,881</b>

Reconciliation of Deferred tax liabilities/(assets) is as follows:

<i>In Taka</i>	<b>Rate applied</b>	<b>Carrying amount</b>	<b>Tax base</b>	<b>Taxable/ (Deductible) temporary difference</b>	<b>Deferred tax Liability/ (Asset)</b>
<b>As on 30 June 2016</b>					
Property, plant and equipment (other than land)	25%	4,630,488,906	1,537,625,938	3,092,862,968	773,215,742
Intangible assets (Software)	25%	28,093,617	25,694,305	2,399,312	599,828
Provision for gratuity	25%	57,366,281	-	(57,366,281)	(14,341,570)
Investment in Associates	15% - 20%	1,550,911,049	1,000,000,000	550,911,049	81,116,872
<b>Deferred tax liability</b>					<b>840,590,872</b>
<b>As on 31 December 2015</b>					
Property, plant and equipment (other than land)	25%	4,714,608,845	1,663,904,744	3,050,704,101	762,676,025
Intangible assets (Software)	25%	-	-	-	-
Provision for gratuity	25%	(55,875,824)	-	(55,875,824)	(13,968,956)
Investment in Associates	15% - 20%	4,060,014,470	1,000,000,000	3,060,014,470	83,053,812
<b>Deferred tax liability</b>					<b>831,760,881</b>

**27.a Consolidated deferred tax liability**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	27.00	840,590,872	831,760,881
BSRM Iron & Steel Co. Ltd.		405,951,231	399,924,447
		<b>1,246,542,103</b>	<b>1,231,685,328</b>

**28.00 Trade payables**

See accounting policy in note 43.10.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Bangladesh Steel Re-Rolling Mills Limited		17,116,422	-
BSRM Logistics Limited		15,583,499	9,428,567
Others		13,814,298	24,194,965
		<b>46,514,219</b>	<b>33,623,532</b>

This represents amounts payable against supply of raw materials and services.



Notes to the separate and consolidated financial statements (continued)

28.a Consolidated trade payables

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
BSRM Steels Limited	28.00	46,514,219	33,623,532
BSRM Iron & Steel Co. Ltd.		52,310,889	44,861,480
Less: Intra group elimination		(7,634,409)	(16,998,485)
		91,190,699	61,486,527

29.00 Short term borrowings

See accounting policy in note 43.10.

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Short term borrowings	29.01	14,156,306,174	12,650,676,709
Long term borrowings-current portion	29.07	457,704,192	196,850,016
		14,614,010,366	12,847,526,725

29.01 Short term borrowings

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Loan against Trust Receipt (LATR)	29.02	48,974,887	45,151,458
Time loan	29.03	1,849,443,982	3,300,397,200
Demand Loan	29.04	6,223,671,573	5,459,085,534
Bank overdraft and cash credit	29.05	368,253,266	671,099,853
Factoring Loan-United Leasing Co. Limited		(382,726)	18,974,277
Liability for accepted bills for payment (ABP)	29.06	5,666,345,192	3,155,968,387
		14,156,306,174	12,650,676,709





Notes to the separate and consolidated financial statements (continued)

**29.02 Loan against Trust Receipt (LATR)**

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Premier Bank Limited		21,566,796	12,290,398
Uttara Bank Limited		13,100,234	28,507,375
National Credit and Commerce Bank Limited		14,307,857	-
Al Arafah Islami Bank Limited		-	2,444,040
IFIC Bank Limited		-	1,784,239
Mercantile Bank Limited		-	125,406
		<b>48,974,887</b>	<b>45,151,458</b>

**29.03 Time Loan**

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Jamuna Bank Limited		453,536,389	261,026,673
Prime Bank Limited		987,591,890	1,945,035,084
HSBC Limited		296,315,703	300,000,000
National Credit & Commerce Bank Limited		112,000,000	-
Uttara Bank Limited		-	201,565,000
IPDC Limited		-	50,179,236
Shahjalal Islami Bank Limited		-	523,222,223
AB Bank Limited		-	19,368,984
		<b>1,849,443,982</b>	<b>3,300,397,200</b>

**29.04 Demand Loan**

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Eastern Bank Limited		820,011,562	2,149,150,455
Dutch Bangla Bank Limited		478,235,361	1,029,579,249
The City Bank Limited		925,000,045	821,011,167
Standard Chartered Bank		1,534,789,006	399,727,500
Commercial Bank of Ceylon plc		288,430,107	526,343,889
IFIC Bank Limited		368,167,422	533,273,274
Trust Bank Limited		471,866,489	-
Mutual Trust Bank Ltd		80,258,431	-
Pubali Bank Limited		1,019,555,556	-
Shahjalal Islami Bank Ltd		2,001,750	-
National Credit & Commerce Bank Limited		235,355,844	-
		<b>6,223,671,573</b>	<b>5,459,085,534</b>

**29.05 Bank overdraft, SOD and cash credit**

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Bank Alfalah Limited - OD		96,575,730	101,073,551
AB Bank Limited - OD		8,960,279	5,355,803
BRAC Bank Limited - OD		(66,250)	303,837,903
Dhaka Bank Limited - OD		14,632,498	206,341
Dutch Bangla Bank Limited - OD		56,780,781	175,053,660
National Credit and Commerce Bank Limited - CC		118,945,080	45,892,039
National Credit and Commerce Bank Limited - SOD		55,876,835	16,230,854
Premier Bank Limited - SOD		235,614	12,106,927
Premier Bank Limited - CC		12,000,491	14,397,535
Pubali Bank Limited		(5,117,126)	119,462
South Bangla Agriculture & Commerce Bank Limited - SOD		10,397,200	(1,368,106)
Uttara Bank Limited - CC		(967,866)	(1,806,116)
		<b>368,253,266</b>	<b>671,099,853</b>



Notes to the separate and consolidated financial statements (continued)

**29.06 Liability for accepted bills for payment (ABP)**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
AB Bank Limited		147,616,094	271,682,041
Bank Asia Limited		689,738,550	146,085,458
Commercial Bank of Ceylon plc.		121,012,705	131,546,305
Dhaka Bank Limited		261,611,571	130,237,715
Dutch Bangla Bank Limited		114,509,848	252,980,806
HSBC Limited		910,478,092	252,074,183
National Credit and Commerce Bank Limited		706,460,168	257,501,860
Prime Bank Limited		159,649,519	146,190,637
Shajalal Islami Bank Limited		247,030,479	130,237,291
Standard Chartered Bank		506,420,568	129,538,217
Trust Bank Limited		291,668,320	120,295,106
United Commercial Bank Limited		177,742,299	253,152,142
BRAC Bank Limited		159,649,663	120,288,315
Islami Bank Limited		285,143,122	-
Social Islami Bank Limited		158,892,677	-
Pubali Bank Limited		285,973,721	-
The City Bank Limited		284,170,020	-
Uttara Bank Limited		158,577,776	-
Eastern Bank Limited		-	125,456,705
Habib Bank Limited		-	146,308,563
IFIC Bank Limited		-	127,406,460
Mercantile Bank Limited		-	131,606,218
Jamuna Bank Limited		-	143,792,199
State Bank of India		-	139,588,166
		<b>5,666,345,192</b>	<b>3,155,968,387</b>

**29.07 Long term borrowings-current portion**

This represent current portion of long term loans from financial institutions which are repayable within next twelve months from reporting date and consist of as follows:

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Redeemable zero coupon bond	24.01	457,704,192	-
BD Finance & Investment Co. Ltd.	24.02	-	56,106,148
IPDC Limited	24.03	-	56,889,847
Jamuna Bank Limited	24.04	-	20,327,362
Meghna Bank Limited	24.05	-	41,530,113
United Leasing Co. Limited	24.06	-	17,754,589
Al Arafah Islami Bank Limited	24.08	-	4,241,957
		<b>457,704,192</b>	<b>196,850,016</b>

**29.a Consolidated short term borrowings**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	29.00	14,614,010,366	12,847,526,725
BSRM Iron & Steel Co. Ltd.		1,650,703,436	1,860,647,589
		<b>16,264,713,802</b>	<b>14,708,174,314</b>





Notes to the separate and consolidated financial statements (continued)

**30.00 Current account with related companies**

**30.a Consolidated current account with related companies**

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
BSRM Steels Limited	30.00	-	-
BSRM Iron & Steel Co. Ltd.		326,746,057	395,858,419
Less: Intra group elimination		(306,511,093)	(395,858,419)
		20,234,964	-

**31.00 Liabilities for expenses**

See accounting policy in note 43.10.

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Advertisement expenses		60,896,360	48,509,041
Audit Fees		368,000	569,250
Bank Guarantee		993,569	993,569
Brokerage and commission		79,256,241	60,000,000
C & F Bill Payable		579,024	201,279
Carrying expenses		154,230,179	99,819,285
Domiciliary expenses		561,386	798,051
Gas bill payable		11,364,674	10,000,000
Liability against supply of goods / services		32,006,615	3,801,544
Printing and stationeries		65,854	4,273,867
Production incentive payables		778,220	3,325
Rent payables		47,157	18,587
Salary & allowances		715,551	2,091,029
Sales promotion expenses		505,040	2,870,829
Consultancy fees		-	113,483
Godown rent		-	1,254,669
Travelling expenses		-	3,700
Others		2,516,783	1,890,628
		344,884,653	237,212,136

**31.a Consolidated liabilities for expenses**

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
BSRM Steels Limited	31.00	344,884,653	237,212,136
BSRM Iron & Steel Co. Ltd.		21,491,259	19,958,141
		366,375,912	257,170,277

**32.00 Provision for WPPF and Welfare Fund**

See accounting policy in note 43.17.

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
Opening balance		132,559,843	79,677,893
Add: Provided during the year		112,288,460	132,559,843
Less: Paid during the year		(45,941,810)	(79,677,893)
<b>Closing balance</b>		<b>198,906,493</b>	<b>132,559,843</b>

**32.a Consolidated provision for WPPF and Welfare Fund**

<i>In Taka</i>	Note	30-Jun-16	31-Dec-15
BSRM Steels Limited	32.00	198,906,493	132,559,843
BSRM Iron & Steel Co. Ltd.		13,764,579	13,096,948
		212,671,072	145,656,791

**32.a.i Consolidated contribution to WPPF and Welfare Fund**

<i>In Taka</i>	Note	30-Jun-16	30-Jun-15
BSRM Steels Limited	32.00	112,288,460	62,975,925
BSRM Iron & Steel Co. Ltd.		7,652,763	8,605,447
		119,941,223	71,581,372



Notes to the separate and consolidated financial statements (continued)

**33.00 Other liabilities**

See accounting policy in note 43.10.

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Advance against sales		<b>325,742,126</b>	334,761,177
Security Deposit		<b>22,090,088</b>	20,424,283
Income Tax deducted at source		<b>10,816,555</b>	3,668,136
VAT deducted at source		<b>7,036,116</b>	1,176,944
Earnest/Retention Money		<b>8,802,496</b>	9,516,877
Liability against fractional bonus share		<b>1,163,929</b>	1,163,929
Unclaimed dividend		<b>16,615,335</b>	10,743,372
Liability against share application money		<b>7,581,814</b>	7,581,814
Interest payable		<b>36,041,622</b>	11,582,900
Provision for bad debts		<b>621,777</b>	621,777
Provident fund		<b>1,471,248</b>	1,276,003
		<b>437,983,106</b>	402,517,212

Income Tax and VAT deducted at source have subsequently been deposited to the Government Exchequer.

**33.a Consolidated other liabilities**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
BSRM Steels Limited	33.00	<b>437,983,106</b>	402,517,212
BSRM Iron & Steel Co. Ltd.		<b>543,985,820</b>	443,731,904
Less: Intra group elimination		<b>(495,061,380)</b>	(430,000,000)
		<b>486,907,546</b>	416,249,116





**Notes to the separate and consolidated financial statements (continued)**

**34.00 Related party transactions**

During the period the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of BAS-24: Related Party Disclosures.

Name	Relationship	Nature of Transactions	Mode of transaction	Closing balance (net) as on 30 June 2016	
Bangladesh Steel Re-Rolling Mills Limited	Shareholder	Material supply/ Short term Loan/ Sale of Rod	Market price/ negotiated price	3,886,617,941	Dr.
BSRM Iron and Steel Co. Limited	Subsidiary	Material supply, STL, etc.		314,145,502	Dr.
BSRM Ispat Limited	Sister Company	Inter Company Transactions		320,724,755	Dr.
BSRM Steel Mills Ltd.	Associate	Short term Loan, sales, etc.		2,010,154,120	Dr.
BSRM Logistics Limited	Sister Company	Sales, purchase, STL, etc.		297,444,359	Dr.
BSRM Metals Limited	Sister Company	Inter Company Transactions		57,957,039	Dr.
H. Akberali & Co. Ltd.	Sister Company	Short term Loan, sales, etc.		44,177,317	Dr.
Chittagong Power Company Ltd.	Sister Company	Inter Company Transactions		235,630,169	Dr.

**35.00 Contingent liabilities**

See accounting policy in note 43.13.

Contingent liabilities at the reporting date are as follows:

**35.01 Bank guarantee**

*In Taka*

Note	30-Jun-16	31-Dec-15
IFIC Bank Limited	47,653,091	15,961,555
HSBC Limited	782,870	779,500
Mercantile Bank Limited	143,388,500	10,912,500
Trust Bank Limited	-	912,431
Al Arafah Islami Bank Ltd.	-	2,636,194
	191,824,461	31,202,180

**35.02 Minimum tax liability under section 16 CCC of ITO, 1984**

*In Taka*

Note	30-Jun-16	31-Dec-15
Minimum tax liability under section 16 CCC of ITO, 1984	26.01	-
		278,127,327

Consequent to the verdict of Honorable High Court division, the above contingency has been turned into liability for the company with respect to minimum tax payable on gross receipt and has been provided in this period.



Notes to the separate and consolidated financial statements (continued)

**35.03 Claim against trade VAT by Customs, Excise & VAT authority**

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
	21.06	23,053,915	23,053,915

**36.00 Capital expenditure commitment**

The company has acquired 335.45 decimals of land in Narayanganj (Mouja: Chapatoli & Kaudala; Thana: Bandar) for construction of warehouse. Estimated cost of construction of the warehouse will be Tk. 50 Crore.

**37.00 Production capacity**

	<b>Jan-June'16</b>	<b>Jan-June'15</b>
Licensed Capacity (In M. Ton)- yearly	700,000	700,000
Installed Capacity (In M. Ton)- yearly	700,000	600,000
Production (In M. Ton)	362,254	333,498
Capacity utilized- (%)	51.8%	56%

The above mentioned production capacity represents the normal production capacity of the company (BSRM Steels Ltd.) only.

**38.00 Employees**

<i>In Taka</i>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Number of employees whose salary was below Tk. 3,000	-	-
Number of employees whose salary was above Tk. 3,000	596	553
	596	553

The above mentioned number of employees represent employees working for BSRM Steels Ltd. (i.e. Parent Company) only.

**39.00 Operating lease**

Operating lease rentals as per BAS 17: Leases are payable as follows :

<i>In Taka</i>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Within one year	18,769,374	10,912,890
Within 2 to 5 years	300,740,484	15,243,156
After 5 years	2,063,088	1,852,750
	321,572,946	28,008,796

**40.00 Proposed merger**

As per decision of Extra Ordinary General Meeting (EGM) of shareholders held on 30 March 2016, the company is going to be merged with its subsidiary BSRM Iron & Steel Co. Ltd. subject to getting approvals from respective authorities.





## Notes to the separate and consolidated financial statements (continued)

### 41.00 Financial risk management

Bangladesh Financial Reporting Standard BFRS 7- Financial Instruments: Disclosures - requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the Group's policies for controlling risks and exposures.

The company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The company's management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limit. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Company has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

### 41.01 Credit risk

Credit risk is the risk of a financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables and investments.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts receivable are related to sale of steels (MS Rod and allied products).

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

#### a) Exposure to credit risk

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

<i>In Taka</i>	<b>Note</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Investments in FDRs (Short term & long term)		469,627,059	477,162,914
Advances and deposits		3,504,385,573	2,554,191,955
Trade and other receivables		2,568,997,717	2,247,869,647
Due from sister companies		7,145,824,837	2,626,472,168
Cash at bank		(34,773,175)	256,153,075
		<b>13,654,062,011</b>	<b>8,161,849,759</b>
<b>b) Ageing of trade receivables</b>			
Dues within 3 months		2,078,642,248	1,713,967,443
Dues over 3 months but less than 6 months		148,872,171	121,604,854
Dues over 6 months		131,338,753	179,800,089
		<b>2,358,853,172</b>	<b>2,015,372,386</b>



**Notes to the separate and consolidated financial statements (continued)**

**41.02 Liquidity risk**

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

**Exposure to Liquidity risk**

The followings are the contractual maturities of financial liabilities:

*In Taka*

**At 30 June 2016**

Non-derivative financial liabilities	Carrying amount	Within 12 months	Contractual cash flows		Total
			1 to 5 years	More than 5 years	
Long term loan	2,004,836,187	457,704,192	1,547,131,995	-	2,004,836,187
Defined benefit obligations - Gratuity	57,366,281	-	57,366,281	-	57,366,281
Trade creditors	46,514,219	46,514,219	-	-	46,514,219
Short term liabilities	14,156,306,174	14,156,306,174	-	-	14,156,306,174
Liabilities for expenses	344,884,653	344,884,653	-	-	344,884,653
Provision for WPPF and Welfare Fund	198,906,493	198,906,493	-	-	198,906,493
Other liabilities	437,983,106	437,983,106	-	-	437,983,106
	17,246,797,113	15,642,298,837	1,604,498,276	-	17,246,797,113

*In Taka*

**At 31 December 2015**

Long term loan	745,238,979	196,850,016	548,388,963	-	745,238,979
Defined benefit obligations - Gratuity	55,875,824	-	55,875,824	-	55,875,824
Trade creditors	33,623,532	33,623,532	-	-	33,623,532
Short term liabilities	12,650,676,709	12,650,676,709	-	-	12,650,676,709
Liabilities for expenses	237,212,136	237,212,136	-	-	237,212,136
Provision for WPPF and Welfare Fund	132,559,843	132,559,843	-	-	132,559,843
Other liabilities	402,517,212	402,517,212	-	-	402,517,212
	14,257,704,235	13,653,439,448	604,264,787	-	14,257,704,235

**41.03 Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**41.03.01 Currency risk exposure and its management**

The company is exposed to currency risk on sales, purchases, borrowings and payables that are denominated in a currency other than the functional currencies of the company. To manage this exposure, the company has adopted direct risk reduction methods based on matching receipts and payments on assets and liabilities.

The Company is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies. As at 30 June 2016, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

<b>Exposure to currency risk</b>	<b>GBP</b>	<b>EURO</b>	<b>USD</b>	<b>Taka</b>
<b>30.06.2016</b>				
<b>Foreign currency denominated assets:</b>				
Cash and cash equivalents	-	-	57,611.2	4,470,628
Trade and other receivables	-	-	1,929,448.2	149,725,179
	-	-	1,987,059.4	154,195,807
<b>Foreign currency denominated liabilities:</b>				
Liability for accepted bills for payment (ABP)	-	-	73,019,912.3	5,666,345,192
	-	-	73,019,912.3	5,666,345,192
Net exposure	-	-	75,006,971.6	5,820,540,999



Notes to the separate and consolidated financial statements (continued)

31.12.2015	GBP	EURO	USD	Taka
<b>Foreign currency denominated assets:</b>				
Cash and cash equivalents	7.1	325.7	97,806.1	7,650,551
Trade and other receivables	-	-	-	-
	7.1	325.7	97,806.1	7,650,551
<b>Foreign currency denominated liabilities:</b>				
Liability for accepted bills for payment	-	-	137,358,034.6	3,155,968,387
	-	-	137,358,034.6	3,155,968,387
<b>Net exposure</b>	<b>7.1</b>	<b>325.7</b>	<b>137,455,840.6</b>	<b>3,163,618,938</b>

The following significant exchange rate is applied during the period/year:

	30-Jun-16	31-Dec-15
US dollar	77.6	77.95
EURO	85.09	83.88
GBP	102.94	114.40

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the foreign currencies against BD Taka at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

*In Taka*

	Profit or loss		Equity- net of tax	
	Strengthening	Weakening	Strengthening	Weakening
USD (2% movement)	(116,231,995)	116,231,995	(87,173,996)	87,173,996
EURO	-	-	-	-
GBP	-	-	-	-

*In Taka*

	Profit or loss		Equity- net of tax	
	Strengthening	Weakening	Strengthening	Weakening
USD (2% movement)	(213,988,745)	213,988,745	(160,491,558)	160,491,558
EURO (2% movement)	565	(565)	423	(423)
GBP (2% movement)	15	(15)	11	(11)

**41.03.02 Transaction risk**

Transaction risk is the risk that the company will incur exchange losses when the accounting results are translated into the home currency.

**41.03.03 Economic risk**

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the

**41.03.04 Interest risk**

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to re-pay debts as they fall due and to minimize the risks surrounding interest payments and receipts.

**Exposure to interest rate risk**

The interest rate profile of the company's interest-bearing financial instruments as reported to the management of the company is as follows.

**Fixed- rate instruments**

*In Taka*

	30-Jun-16	31-Dec-15
Financial assets	7,615,451,896	3,103,635,082
Financial liabilities	(16,161,142,361)	(13,395,915,688)
	(8,545,690,465)	(10,292,280,606)

**Variable- rate instruments**

Financial assets	-	-
Financial liabilities	-	-



Notes to the separate and consolidated financial statements (continued)

42.00 Financial Instruments- Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

30 June 2016	Carrying amount						
	Note	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total
In Taka							
Financial Assets not measured at fair value:							
Trade and other receivables	-	-	-	2,568,997,717	-	-	2,568,997,717
Due from inter companies	-	-	-	7,145,824,837	-	-	7,145,824,837
Investments in FDRs	-	-	-	-	469,627,059	-	469,627,059
Cash at bank	-	-	-	(34,773,175)	-	-	(34,773,175)
	-	-	-	9,680,049,379	469,627,059	-	10,149,676,438
Financial Liabilities not measured at fair value:							
Trade and other payables	-	-	-	-	-	46,514,219	46,514,219
Short term liabilities	-	-	-	-	-	14,156,306,174	14,156,306,174
Long term loan	-	-	-	-	-	2,004,836,187	2,004,836,187
Other liabilities	-	-	-	-	-	437,983,106	437,983,106
	-	-	-	-	-	16,645,639,686	16,645,639,686
31 December 2015							
Financial Assets not measured at fair value:							
Trade and other receivables	-	-	-	2,247,869,647	-	-	2,247,869,647
Due from inter companies	-	-	-	2,626,472,168	-	-	2,626,472,168
Investments in FDRs	-	-	-	-	477,162,914	-	477,162,914
Cash at bank	-	-	-	256,153,075	-	-	256,153,075
	-	-	-	5,130,494,890	477,162,914	-	5,607,657,804
Financial Liabilities not measured at fair value:							
Trade and other payables	-	-	-	-	-	33,623,532	33,623,532
Short term liabilities	-	-	-	-	-	12,650,676,709	12,650,676,709
Long term loan	-	-	-	-	-	745,238,979	745,238,979
Other liabilities	-	-	-	-	-	402,517,212	402,517,212
	-	-	-	-	-	13,832,056,432	13,832,056,432





**43.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

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**43.01 Basis of consolidation and disclosure of interest in other entities**

Subsidiary is an enterprise controlled by the parent entity. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements have been prepared in accordance with BFRS 10 "Consolidated Financial Statements".

BISCO is a subsidiary company of BSL. The Company has made 95% investment in this subsidiary. BSL is exposed to and has rights, to variable returns from the subsidiary and also has the ability to affect those returns through its power over BISCO.

The Financial Statements of the subsidiary company are incorporated on a line by line basis and the investment held by the parent is eliminated against the corresponding share capital of subsidiary in the consolidated financial statements. The accounting policies of subsidiary have been changed when it is necessary to align them with the policies adopted by BSRM Steels Limited (Parent entity).

The group eliminates intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full).





## Notes to the separate and consolidated financial statements (continued)

### Non-controlling interests

The group presents non-controlling interests in its consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

The group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The proportion allocated to the parent and non-controlling interests are determined on the basis of present ownership interests.

### 43.02 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the period/year are consistent with those policies and methods adopted in preparing the Financial Statements for the previous period/year.

### 43.03 Property, Plant and Equipment

#### 43.03.01 Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation except Land & land development and Factory Building which are carried at revalued amount, being fair values at the date of revaluation less subsequent accumulated depreciation and subsequent impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of self-constructed / installed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the working condition for its intended use and the cost of dismantling and removing an item and restoring the site on which they are located.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

#### 43.03.02 Subsequent Costs

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item, if it is probable that the future benefit embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of Property, Plant and Equipment are recognized in profit and loss as incurred.

#### 43.03.03 Depreciation

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in statement of profit or loss and other comprehensive income on diminishing balance method over the estimated useful lives of property, plant and equipment.

Depreciation is charged on addition from the month (date of service) of acquisition/addition and no depreciation is charged in the month of disposal. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. The depreciation charge for each period is recognized as an expense unless it is included in the carrying amount of another asset.

The principal annual rates and allocation method are as follows:

<u>Category of Assets</u>	<u>Rate of depreciation (%)</u>
Plant and Machinery	5%
Motor Vehicle	20%
Furniture and Fixtures	20%
Office Equipment	20%
Factory Buildings	5%
Roads and Pavements	10%
Computer & IT equipment	20%

Depreciation methods, useful lives and residual values are reassessed at the reporting dates.

Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss and other comprehensive income.





## Notes to the separate and consolidated financial statements (continued)

### 43.04 Capital Work-In-Progress

Property, Plant and Equipment under construction/acquisition is accounted for as capital work-in-progress until construction/acquisition is completed and measured at cost.

### 43.05 Intangible Assets

#### 43.05.01 Recognition and measurement

Intangible Assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible Assets are recognized when all the conditions for recognition as per BAS 38: "Intangible Assets" are met. The cost of an intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

#### 43.05.02 Subsequent Costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

#### 43.05.03 Amortization

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives and rates of amortization are as follows:

<u>Category of Assets</u>	<u>Rate of amortization</u>	<u>Useful lives</u>
Software – old	33.33%	3 years
Trade Marks	5%	20 years
Oracle eBS software	10%	10 years

### 43.06 Inventories

#### Nature of inventories

Inventories comprise Raw Materials (Billets and Melting Scrap), Packing Materials, Consumable Stores, Fuel and Lubricants & Finished Goods (MS Rods/Billets) etc.

#### Valuation of the inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring these inventories and bringing them to their existing location and condition in accordance with BAS-2 "Inventories".

<u>Category</u>	<u>Valuation</u>
Finished Goods	Finished goods are valued at cost or net realizable value whichever is lower.
Raw Materials	Raw materials are valued at cost or net realizable value whichever is lower.
Store items	Based on weighted average method.

Weighted average cost method has been used to determine the cost of inventories.

### 43.07 Transactions in Foreign Currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling on the date of transactions. Monetary assets & liabilities, if any, denominated in foreign currencies at the Statement of Financial Position date are translated at the applicable rates of exchange ruling at that date and the related exchange differences are recognized as finance income or cost in the Statement of Profit or Loss and Other Comprehensive Income respectively.





**43.08 Investment in Associate**

The company's investment in associates is accounted for in the Financial Statements using the Equity Method in accordance with BAS 28: 'Investment in Associates & Joint Ventures'. Significant influence over an investee (associate) BSRM Steel Mills Limited is presumed to exist in accordance with BAS 28.5-28.9. Investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of investee's profit or loss is recognized in the investor's profit or loss. Adjustment after the date of acquisition to the carrying amount has been made for changes in the investor's proportionate interest in the investee that arising from the revaluation of property, plant & equipment and from foreign currency translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

The excess of company's share of net assets' value of associate over cost of investment has been recognized in profit or loss as share of associate's profit or loss during acquisition period as per provision of BAS-28.

**43.09 Financial Assets**

The group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date the group becomes a party to the contractual provisions of the instrument.

The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include Short Term Investments; Trade and Other Receivables; Advances, Deposits and Prepayments; Loan to Related Companies and Cash and Bank balances etc.

**43.09.01 Trade and Other Receivables**

Trade and other receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses, if any, due to uncollectability of any amount so recognized.

Provisions for bad debts are shown in other liabilities. Provision for doubtful debts is made based on the company policy. Bad debts are written off considering the status of individual debtors.

**43.09.02 Advances, Deposits and Prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.

**43.09.03 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value.

**43.10 Financial Liabilities**

The group recognizes all financial liabilities on the trade date which is the date the group becomes a party to the contractual provisions of the instrument. The group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Financial liabilities comprise Trade Creditors and other financial obligations.





**43.10.01 Trade and Other Payables**

The group recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

**43.11 Impairment**

**43.11.01 Financial Assets**

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.

Financial assets not classified as fair value through profit or loss, loans, receivables and investment in an equity accounted investee are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

**43.11.02 Non Financial Assets**

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

**43.12 Cash Flow Statement**

Statement of Cash Flows is prepared principally in accordance with BAS 7 (Cash Flow Statement) and the cash flow from operating activities have been presented under direct method.

**43.13 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized in the Statement of Financial Position when the group has a legal or contractual obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Contingent assets are not recognized in the financial statements.

**43.14 Borrowing Costs**

Interest and other costs incurred by the group in connection with the borrowing of funds are recognized as expense in the period in which they are incurred, unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalized as per BAS 23 "Borrowing Costs".

**43.15 Taxation**

**43.15.01 Current Tax**

The group has been maintaining provision for taxation using rates enacted at the reporting date as per Income Tax Ordinance, 1984. The applicable rates are 25% (in 2014: 27.5%) for the company and currently the tax rate applicable for BISCO is 35%.

**43.15.02 Deferred Tax**

Deferred tax liabilities are the amount of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the Statement of Financial Position date. The impact of changes on the account in the deferred tax assets and liabilities has also been recognized in the statement of profit or loss and other comprehensive income as per BAS-12 "Income Taxes".

Deferred tax on revaluation surplus of land and land development has not been recognized in the Financial Statements on the ground that income tax payable at source on capital gain during registration of sale of land is generally borne by the buyer. Hence possibility of having income tax implication on land is very remote.





## Notes to the separate and consolidated financial statements (continued)

### 43.16 Share Capital

Paid-up-capital represents total amount contributed by the shareholders and bonus shares issued by the company to the ordinary shareholders. Incremental costs directly attributable to the issue of ordinary shares are recognized as expenses as and when incurred. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the company, ordinary shareholders rank after all other shareholders. Creditors are fully entitled to any proceeds of liquidation before all shareholders.

### 43.17 Employee Benefits

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

#### 43.17.01 Defined Contribution Plan

The group maintains a recognized provident fund for all eligible permanent employees in which both employee and employer contributes 10% of basic pay. The said fund is managed by the Board of Trustees.

#### 43.17.02 Defined Benefit Plan

The group maintains an unfunded gratuity scheme and provision in respect of which is made annually for the employees. Gratuity payable at the end of each year is determined on the basis of following rules and regulations of the company.

#### Service length

Less than Five (5) years  
For Five (5) years and more

#### Payment basis

Nil  
Two (2) times of last month's basic salary multiplied by year of service.

#### 43.17.03 Workers' Profit Participation and Welfare Funds

The company also recognizes a provision for Workers' Profit Participation and Welfare Funds @ 5% of net profit before tax as per Bangladesh Labour Law 2006.

### 43.18 Revenue Recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Sales revenue is recognized when the goods are delivered.

### 43.19 Finance Income and Costs

#### 43.19.01 Finance Income

Interest income from bank deposits and loan to related-companies is recognized on accrual basis following specific rate of interest in agreement with banks and related companies.

#### 43.19.02 Finance Costs

Interest expenses except expenses related to acquisition/construction of assets, incurred during the year are charged to Statement of Profit or Loss and Other Comprehensive Income on accrual basis.

### 43.20 Other Operating Income

Other operating income includes interest income on delayed receipts from customers, gain / (loss) on sale of fixed assets and miscellaneous receipts. Other operating income is recognized as revenue income as and when realized.

### 43.21 Earnings Per Share (EPS)

The company calculates its earnings per share in accordance with Bangladesh Accounting Standard BAS-33 "Earnings per Share" which has been reported on the face of Statement of Profit or Loss and Other Comprehensive Income.





**43.21.01 Basis of Earnings**

This represents profit for the year attributable to ordinary shareholders and Non- Controlling shareholders. As there were no preference shares requiring returns or dividends, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

**43.21.02 Basic Earnings Per Share**

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

**43.21.03 Diluted Earnings Per Share**

Diluted earnings per share is required to be calculated for the year when scope for dilution exists.

**43.22 Duty Drawback**

Duty drawback claimed on export sales is adjusted against cost of imported raw materials.

**43.23 Measurement of Fair Values**

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

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**Property, plant and equipment**

The fair value of items of property, plant and equipment has been determined based on the depreciated replacement cost method and net realizable value method as applicable.

**Equity and debt securities**

Fair values of tradable equity and debt securities are determined by reference to their quoted closing price in active market at the reporting date which are categorized under 'Level 1' of the fair value hierarchy.

**43.24 Events After the Reporting Period**

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

**43.25 Comparative Information**

Comparative information is disclosed in respect of the prior period/year in accordance with BAS-1: Presentation of Financial Statements, for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's/year's financial statements. Prior period's/year's figures is rearranged wherever considered necessary to ensure comparability with the current period.



Notes to the separate and consolidated financial statements (continued)

43.26 Standards adopted but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards. All previously adopted reporting standards are consistently applied by the Company to the extent relevant for the Company.

New standards	Summary of the requirements	Possible impact on
BFRS 9 Financial Instruments	BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9.
BFRS 15 Revenue from Contracts with Customers	BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRIC 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 15.

