Shun Shing Edible Oil Limited

Auditor's report and financial statements as at and for the year ended 31 December 2021

KPMG

Rahman Rahman Huq
Chartered Accountants
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Independent auditor's report

To the Shareholders of Shun Shing Edible Oil Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shun Shing Edible Oil Limited ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 35 in the financial statements, which indicates that the Company earned a net profit of BDT 46,479,529 during the year ended 31 December 2021 and, as of that date, the Company's total assets exceeded its current liabilities by BDT 332,697,506. As stated in Note 35, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, 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; and

(c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

M Mehedi Hasan, Partner, Enrolment number: 1000
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: N/A

Dhaka, 09 MAY 2022

DVC: 2205101000AS178093

Shun Shing Edible Oil Limited
Statement of financial position

In Taka	*Note*	31 December 2021	31 December 2020
Assets			
Property, plant and equipment	*19*	**2,694,444,311**	2,739,124,690
Intangible assets	*20*	**17,508,187**	24,100,416
Advances, deposits and prepayments	*17*	**3,438,910**	3,438,909
Non-current assets		**2,715,391,408**	2,766,664,015
Inventories	*15*	**1,080,894,474**	1,497,668,457
Trade and other receivables	*16*	**2,936,417,018**	1,054,239,124
Advances, deposits and prepayments	*17*	**230,714,778**	144,076,996
Cash and cash equivalents	*18*	**810,972,856**	35,682,182
Current assets		**5,058,999,126**	2,731,666,759
Total assets		**7,774,390,534**	5,498,330,774
Equity			
Share capital	*21*	**990,563,000**	990,563,000
Retained loss		**(1,223,455,138)**	(1,269,934,667)
Total equity		**(232,892,138)**	(279,371,667)
Liabilities			
Employee benefits	*14*	**17,297,108**	12,093,017
Loans and borrowings	*22(A)*	**548,292,536**	416,137,165
Non-current liabilities		**565,589,644**	428,230,182
Loans and borrowings	*22(B)*	**1,096,003,469**	1,654,212,765
Trade and other payables	*23*	**6,222,140,071**	3,552,675,893
Current tax liabilities	*13(D)*	**123,549,488**	142,583,601
Current liabilities		**7,441,693,028**	5,349,472,259
Total liabilities		**8,007,282,672**	5,777,702,441
Total equity and liabilities		**7,774,390,534**	5,498,330,774

The notes on pages 7 to 43 are an integral part of these financial statements.

General Manager

Director

Director

As per our report of same date.

Auditor
M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 0 9 MAY 2022

DVC: 2205101000AS178093

Shun Shing Edible Oil Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 December

In Taka	***Note***	***2021***	**2020**
Revenue	*5*	**10,007,710,074**	5,506,284,917
Cost of sales	*6*	**(9,730,070,080)**	(5,259,514,268)
Gross profit		**277,639,994**	246,770,649
Other income	*7*	**18,471**	1,074,537
Administrative expenses	*8*	**(24,152,641)**	(22,404,210)
Selling and distribution expenses	*9*	**(75,959,436)**	(21,988,635)
Operating profit		**177,546,388**	203,452,341
Finance income	*10*	**8,950,769**	9,861,663
Finance costs	*11*	**(85,973,550)**	(51,633,206)
Net finance costs		**(77,022,781)**	(41,771,543)
Profit before tax and WPPF		**100,523,607**	161,680,798
Contribution to Worker's Profit Participation Fund	*12*	**(5,026,180)**	(8,084,040)
Profit before tax		**95,497,427**	153,596,758
Income tax expense	*13*	**(49,017,898)**	(53,308,474)
Profit for the year		**46,479,529**	100,288,284
Other comprehensive income, net of tax		**-**	-
Total comprehensive income for the year		**46,479,529**	100,288,284

The notes on pages 7 to 43 are an integral part of these financial statements.

General Manager

Director

Director

As per our report of same date.

Auditor
M Mehedi Hasan, Partner
Enrolment Number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 09 MAY 2022

DVC: 2205101000AS178093

Shun Shing Edible Oil Limited
Statement of changes in equity

For the year ended 31 December 2021

	Attributable to owners of the Company		
In Taka	**Share capital**	**Accumulated loss**	**Total equity**
Balance at 1 January 2020	990,563,000	(1,370,222,951)	(379,659,951)
Profit for the year	-	100,288,284	100,288,284
Total Comprehensive income for the year	990,563,000	(1,269,934,667)	(279,371,667)
Transaction with owners of the company	-	-	-
Contributions and distributions	-	-	-
Total Transaction with owners of the company	-	-	-
Balance at 31 December 2020	990,563,000	(1,269,934,667)	(279,371,667)
Balance at 1 January 2021	**990,563,000**	**(1,269,934,667)**	**(279,371,667)**
Profit for the year	**-**	**46,479,529**	**46,479,529**
Total Comprehensive income for the year	**990,563,000**	**(1,223,455,138)**	**(232,892,138)**
Transaction with owners of the company	-	-	-
Contributions and distributions	-	-	-
Total Transaction with owners of the company	-	-	-
Balance at 31 December 2021	**990,563,000**	**(1,223,455,138)**	**(232,892,138)**

The notes on pages 7 to 43 are an integral part of these financial statements.

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Shun Shing Edible Oil Limited
Statement of cash flows

For the year ended 31 December

In Taka	*Note*	2021	2020
Cash flows from operating activities			
Profit for the year		**46,479,529**	100,288,284
Adjustments for			
- Income tax expense	*13*	**49,017,898**	53,308,474
- Depreciation	*19*	**189,484,633**	139,082,605
- Amortisation	*20*	**6,777,989**	6,564,341
- Finance income	*10*	**(8,950,769)**	(9,861,663)
- Finance costs	*11*	**85,973,550**	51,633,206
- Gain on sale of property, plant and equipment	*7*	**25,500**	20,826
		368,808,330	341,036,073
Changes in			
- Inventories	*15*	**416,773,983**	(832,889,219)
- Advances, deposits and prepayments	*17*	**(86,392,117)**	(18,779,045)
- Trade and other receivables	*16*	**(1,882,177,894)**	(1,015,143,454)
- Trade and other payables	*23*	**2,694,079,572**	1,066,057,312
- Provision for employee benefits	*14*	**5,452,843**	2,742,890
- Provision for provident fund	*23(D)*	**(15,769,006)**	3,996,250
Cash generated from (used in) operating activities		**1,500,775,711**	(452,979,193)
Employee benefits - paid	*14*	**(248,752)**	(444,088)
Income tax paid		**(68,052,010)**	(57,972,811)
Interest paid		**(94,819,938)**	(39,708,376)
Net cash generated from (used in) operating activities		**1,337,655,011**	(551,104,468)
Cash flows from investing activities			
Acquisition of non-current asset	*19*	**(144,829,754)**	(782,236,091)
Interest received	*10*	**8,950,769**	9,861,663
Net cash used in investing activities		**(135,878,985)**	(772,374,428)
Cash flows from financing activities			
Proceeds from borrowings		**-**	(538,057,294)
Repayment of loan	*22(A)(i)*	**(426,159,716)**	1,990,149,200
Payment of lease liabilities		**(325,637)**	(1,680,109)
Net cash (used in) generated from financing activities		**(426,485,353)**	1,450,411,797
Net increase in cash and cash equivalents		**775,290,674**	126,932,901
Cash and cash equivalents at 1 January		**35,682,182**	(91,250,719)
Cash and cash equivalents at 31 December	*18*	**810,972,856**	35,682,182

The notes on pages 7 to 43 are an integral part of these financial statements.

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1. Reporting entity

Shun Shing Edible Oil Limited is a private company limited by shares incorporated in Bangladesh under the Companies Act, 1994. Initially the company was registered in the name of China Friendship Cement Co. Ltd. vide registration No.CHC-2775 dated 04 September 1997. Subsequently, on 29 June 1999 the name of the company was changed to Seven Circle Cement Mills Ltd. vide REJCO No. 4465 dated 18 February 1999. Thereafter, on 09 July 2009 the name of the company has been changed again to Seven Circle Bitumen & Edible Oil Ltd. vide REJCO No. 6517 dated 13 May 2008. The company has changed its name from Seven Circle Bitumen & Edible Oil Ltd. to Shun Shing Edible Oil Ltd. from Register of Joint Stock Companies and Firms vide registration No. 201287310 dated 20 February 2013. The company has transferred its 100% shares to Bangladesh Edible Oil Limited and Adani Wilmar Pte. Limited dated 08 June 2016.

The Company is mainly engaged in refining of Crude Degummed Soyabean Oil (CDSO) and Crude Palm Olein (CPO) and packaging of the same for distributing in local market. Also, the Company provides crude oil transport services and oil processing services to its customers.

2. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised for issue by the Company's board of directors on ...0 9 MAY 2022

Details of the Company's accounting policies are included in note 34.

3. Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT) which is also the functional currency of the Company. All amounts of financial statements have been rounded to the nearest Taka, unless otherwise indicated.

4. Use of judgments and estimates

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

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

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

- Leases: whether an arrangement contains a lease *Note 29*

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Movement in deferred tax balances;	*Note 13(C)*
- Inventories;	*Note 15*
- Contingent liabilities;	*Note 31*
- Useful life of property, plant and equipment	*Note 34(A)(iii)*
- Useful life of intangible assets	*Note 34(D)*
- Measurement of defined benefit obligations;	*Note 34(H)*
- Provision for income tax	*Note 34(I)*

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5. Revenue

See accounting policies in note 34L.

In Taka	*Note*	2021	2020
Revenue from customers	*5(A)*	**9,966,199,503**	5,467,869,360
Vessel operations	*5(B)*	**41,510,571**	38,415,557
		10,007,710,074	5,506,284,917

A. Revenue from customers

In Taka	*Note*	2021	2020
Local sales	*5(A)(i)*	**11,300,248,468**	6,073,950,673
Export sales	*5(A)(ii)*	**141,192,634**	189,250,395
Gross sales		**11,441,441,102**	6,263,201,068
Value added tax (VAT)		**(1,475,241,599)**	-795,331,708
		9,966,199,503	5,467,869,360

i Local sales

	2021		2020	
Types of products sold	Quantity MT	Sale value Taka	Quantity MT	Sale value Taka
Consumer packed:				
Soyabean oil	**12,067**	**1,766,374,241**	11,230	1,193,799,746
Palm oil	**15,293**	**1,963,469,949**	4,136	379,561,105
Loose oil:				
RBD olein	**22,812**	**2,593,704,440**	6,926	538,314,023
Super refined palm olein	**32,149**	**3,697,205,647**	20,325	1,511,897,211
Soyabean oil	**6,305**	**844,530,003**	18,656	1,639,527,009
Crude degummed soyabean oil	**1,820**	**188,397,739**	6,211	541,644,478
By-products:				
Soy fatty acid distillate (SFAD)	**52**	**4,066,400**	86	6,725,200
Acid oil	**273**	**11,375,455**	363	12,277,525
Hard olein (HOL)	**1,784**	**216,030,993**	3,048	240,283,327
Palm fatty acid distillate (PFAD)	**131**	**14,492,600**	150	9,777,974
Sludge	**40**	**601,002**	14	143,075
	92,726	**11,300,248,468**	78,525	6,073,950,673

ii Export sales

	2021		2020	
Types of products sold	Quantity MT	Sale value Taka	Quantity MT	Sale value Taka
Consumer packed:				
Soyabean oil	**905**	**141,192,634**	1,980	189,250,395
	905	**141,192,634**	1,980	189,250,395

**MT: Metric Ton*

B. Vessel Operations

In Taka	*Note*	2021	2020
Gross sales	*5(B)(i)*	**45,661,628**	42,216,996
Value added tax (VAT)		**(4,151,057)**	(3,801,439)
		41,510,571	38,415,557

i. Vessel Operations (Gross)

In Taka	2021	2020
OT Veola	**20,674,425**	23,215,435
OT Olein	**24,987,203**	19,001,561
	45,661,628	42,216,996

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6. Cost of sales

In Taka	*Note*	2021	2020
Revenue from contracts with customers	*6(A)*	**9,697,251,164**	5,224,988,562
Vessel operation	*6(B)*	**32,818,916**	34,525,706
		9,730,070,080	**5,259,514,268**

A. Cost of sales - Revenue from customers

In Taka	*Note*	2021	2020
Raw materials			
Opening stock of raw materials		**149,388,609**	77,910,001
Purchase during the year			
Crude oil		**9,393,904,943**	4,653,575,358
		9,543,293,552	4,731,485,359
Closing stock of raw materials	*15*	**-86,127,969**	(149,388,609)
Raw materials consumed	6A(i)	**9,457,165,583**	4,582,096,750
Production overheads			
Indirect materials consumed		**226,118,380**	310,901,549
Overhead expenses		**281,035,378**	181,988,441
Depreciation on property, plant and equipment	*19(B)*	**181,331,899**	132,410,627
Depreciation on right-of-use of assets	*19(B)*	**478,286**	478,286
Salary and wages		**59,906,972**	48,064,088
		748,870,915	673,842,991
Cost of goods manufactured		**10,206,036,498**	5,255,939,741
Opening stock of finished goods	*15*	**157,499,419**	126,548,240
		10,363,535,917	5,382,487,981
Local purchase/ import during the year	*6(A)(ii)*	**141,420,725**	-
		10,504,956,642	5,382,487,981
Closing stock of finished goods	*15*	**(807,705,478)**	(157,499,419)
		9,697,251,164	5,224,988,562

i. Raw materials consumed

	Crude soyabean oil		Crude palm oil		Total
	Quantity MT	**Value Taka**	**Quantity MT**	**Value Taka**	**Value Taka**
2021:					
Opening balance	**755**	**55,137,349**	**1,243**	**94,251,260**	**149,388,609**
Purchase	**19,605**	**2,357,089,560**	**63,447**	**7,036,815,383**	**9,393,904,943**
	20,360	**2,412,226,909**	**64,690**	**7,131,066,643**	**9,543,293,552**
Closing stock	**(58)**	**(7,237,691)**	**(661)**	**(78,890,278)**	**(86,127,969)**
	20,302	**2,404,989,218**	**64,029**	**7,052,176,365**	**9,457,165,583**

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6. Cost of sales (continued)

A. Cost of sales - Revenue from customers (continued)

i. Raw materials consumed (continued)

	Crude soyabean oil		Crude palm oil		Total
	Quantity MT	Value Taka	Quantity MT	Value Taka	Value Taka
2020:					
Opening balance	-	-	1,601	77,910,001	77,910,001
Purchase	26,967	1,824,684,783	45,001	2,828,890,575	4,653,575,358
	26,967	1,824,684,783	46,602	2,906,800,576	4,731,485,359
Closing stock	(755)	(55,137,349)	(1,243)	(94,251,260)	(149,388,609)
	26,212	1,769,547,434	45,359	2,812,549,316	4,582,096,750

**MT: Metric Ton*

ii. Other material consumed (In Taka)

	Oil Packed	Total
2021		
Local	**141,420,725**	**141,420,725**
	141,420,725	**141,420,725**

	Oil Packed	Total
2020		
Local	-	-
	-	-

B. Cost of sales - Vessel Operation

In Taka	*Note*	2021	2020
Depreciation on property, plant and equipment	*19(B)*	**5,604,658**	6,028,025
Insurance		**2,219,602**	2,399,790
Sub-contracting employees		**6,067,802**	6,143,049
Licence and membership fees		**370,095**	711,136
Fuel, lubricant and others		**15,615,507**	15,544,471
Repair & maintenance		**1,494,299**	2,173,175
Line expenses		**1,446,953**	1,526,060
		32,818,916	34,525,706

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7. Other income

In Taka	2021	2020
Gain/(loss) on sale of property, plant and equipment	**(25,500)**	(20,826)
Others	**43,971**	1,095,363
	18,471	1,074,537

8. Administrative expenses

In Taka	*Note*	2021	2020
Amortization	*20(B)*	**6,422,349**	6,416,157
Communication expenses		**1,087,144**	1,318,081
Depreciation on property, plant and equipment	*19(B)*	**242,397**	153,685
Employee related costs		**4,322,152**	2,625,097
Entertainment		**635,253**	142,918
General expenses		**25,408**	151,985
Government statutory charges		**90,874**	52,339
Insurance		**10,305**	7,380
Legal and professional fees		**4,884,575**	5,450,400
Licence and membership fees		**5,658**	89,700
Printing, stationery and postage		**7,336**	22,953
Recruitment and advertisement expenses		**152,600**	31,650
Repairs and maintenance		**139,129**	89,109
Freight and Transport		**2,571,705**	2,432,034
Software expenses		**3,534,286**	2,617,261
Staff welfare expenses		**19,400**	791,940
Travelling and conveyance		**2,070**	11,521
		24,152,641	22,404,210

9. Selling and distribution expenses

In Taka	*Note*	2021	2020
Amortization	*20(B)*	**355,640**	148,183
Communication expenses		**16,833**	15,228
Depreciation on property, plant and equipment		**1,827,393**	11,985
Freight and Transport		**69,258,747**	18,924,488
Employee related costs		**1,470,464**	1,225,013
External worker		**2,688,558**	1,363,357
Entertainment		**6,075**	5,925
General expenses		**63,660**	10,000
Printing, stationery and postage		**-**	1,065
Repairs and maintenance		**268,505**	282,791
Travelling and conveyance		**3,561**	600
		75,959,436	21,988,635

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10. Finance income

See accounting policies in note 34N.

In Taka	2021	2020
Interest on bank deposit	**8,950,769**	9,861,663
	8,950,769	9,861,663

11. Finance costs

See accounting policies in note 34M.

In Taka	2021	2020
Interest on bank overdraft	**407,669**	1,324,383
Interest on loan against financing purchases	**38,487,018**	15,240,932
Interest on short term loan	**2,212,222**	20,072,934
Interest on long term loan	**43,705,901**	13,671,916
Interest on lease liabilities	**460,870**	453,039
Net foreign exchange loss/(gain)	**-**	(13,200)
Bank charges	**699,870**	883,202
	85,973,550	51,633,206

12. Contribution to WPPF

See accounting policies in note 34H.

In Taka	*Note*	2021	2020
Contribution to WPPF	*12(A)*	**5,026,180**	8,084,040

A. Computation of contribution to WPPF

Profit before tax and contribution to WPPF	**100,523,607**	161,680,798
Applicable contribution rate	**5%**	5%
Amount of contribution to WPPF	**5,026,180**	8,084,040

RAHMAN RAHMAN HUQ KPMG DHAKA

13. Income tax expense

See accounting policies in note 34I.

A. Amount recognised in profit or loss

In Taka	2021	2020
Current tax		
Current year	**49,017,898**	53,308,474
Current tax expense	**49,017,898**	53,308,474
Deferred tax		
Deferred tax expense/(income)	-	-
Total income tax expense	**49,017,898**	53,308,474

B. Reconciliation of effective tax rate

In Taka	2021	2020
Profit before tax	**95,497,427**	153,596,758
Applicable tax rate	**30%**	32.5%
Income tax using applicable tax rate	**28,649,228**	49,918,946

Factors affecting the tax charge during the year:

	Percentage	Amount	Percentage	Amount
Excess of accounting depreciation over fiscal depreciation	**-229.29%**	**(65,688,715)**	1.16%	(19,488,284)
Non deductible expenses	**5.90%**	**1,689,951**	-0.01%	261,376
Provision for gratuity (net of payment)	**5.45%**	**1,561,227**	-0.02%	444,088
Excess of fiscal (loss)/gain over accounting loss	**-0.03%**	**(7,650)**	0.00%	(38,957)
Total income tax expenses (A)		**(33,795,959)**		31,097,169
Minimum tax				
Current year (B)		**49,017,898**		53,308,474
Total income tax expenses [Higher of (A & B)]		**49,017,898**		53,308,474
Change in recognised temporary differences		**-**		-
Total income tax expenses for current year		**49,017,898**		53,308,474
Effective Tax Rate (ETR)		**51%**		35%

As per the applicable tax law, SSEOL has to pay tax at the rate applicable to the company subject to a minimum tax which is higher of (a) at the rate of 0.6% of total gross receipts (b) tax deducted at source for export u/s 53BBBB and tax deducted at source for corporate sales u/s 52 (as covered by section 82C).

RAHMAN RAHMAN HUQ KPMG ★ DHAKA ★

13. Income taxes (continued)

C. Movement in deferred tax balances

31 December 2021

In Taka	Accounting carrying amount	Tax carrying amount	(Taxable)/ deductible temporary difference
Property, plant and equipment	2,417,017,533	1,139,898,777	(1,277,118,756)
Intangible asset	17,508,187	25,006,918	7,498,731
ROU assets and lease liabilities	(4,087,019)	-	4,087,019
Provision for gratuity	(5,452,843)	-	5,452,843
Other provisions	(1,739,255)	-	1,739,255
Unabsorbed depreciation	-	1,007,512,650	1,007,512,650
Carry forward business loss	-	343,588,504	343,588,504
Total temporary differences			92,760,247
Applicable tax rate			30%
Deferred tax assets/(liabilities)			27,828,074

31 December 2020

In Taka	Accounting carrying amount	Tax carrying amount	(Taxable)/ deductible temporary difference
Property, plant and equipment	1,734,674,272	651,790,527	(1,082,883,745)
ROU assets and lease liabilities	(3,502,943)	-	3,502,943
Provision for gratuity	(2,742,890)	-	2,742,890
Other provisions	(1,622,717)	-	1,622,717
Unabsorbed depreciation	-	624,408,929	624,408,929
Carry forward business loss	-	822,701,824	822,701,824
Total temporary differences			372,095,558
Applicable tax rate			32.5%
Deferred tax assets/(liabilities)			120,931,056

D. Current tax liabilities/(assets)

In Taka	*Note*	2021	*2020*
Provision for income tax	*13(D)(i)*	318,963,879	269,945,980
Advance tax deposits and claims with tax authority	*13(D)(ii)*	(195,414,391)	(127,362,379)
Balance as at 31 December		123,549,488	142,583,601

i. Provision for income tax

In Taka	2021	2020
Balance at 1 January	269,945,981	216,637,507
Provision made during the year	49,017,898	53,308,474
	318,963,879	269,945,981
Adjustments made during the year	-	-
Balance at 31 December	318,963,879	269,945,981

ii. Advance tax deposits and claims with tax authority

In Taka	2021	2020
Balance at 1 January	127,362,380	69,389,569
Paid during the year	68,052,011	57,972,811
	195,414,391	127,362,380
Adjustments made during the year	-	-
Balance at 31 December	195,414,391	127,362,380

RAHMAN RAHMAN HUQ KPMG DHAKA

14. Employee benefits

Deferred liability-gratuity payable

See accounting policies in note 34H.

In Taka	**2021**	**2020**
Balance at 1 January	**12,093,017**	9,794,215
Provision made during the year	**5,452,843**	2,742,890
	17,545,860	12,537,105
Paid during the year	**(248,752)**	(444,088)
Balance at 31 December	**17,297,108**	12,093,017

15. Inventories

See accounting policies in note 34E

In Taka	***Note***	**2021**	**2020**
Raw materials		**86,127,969**	149,388,609
Goods in transit	*15(A)*	**4,271,816**	1,071,102,277
Finished goods		**807,705,478**	157,499,419
Packing materials, store materials, spares and others		**182,789,211**	119,678,152
		1,080,894,474	1,497,668,457

Details break-up of inventories could not be given as it is quite difficult to quantify each item in a separate and distinct category due to large variety of items. Information in detailed form may not be useful for the users.

A. Goods in transit

In Taka	**2021**	**2020**
Raw materials in transit - trade	-	1,051,116,993
Other materials in transit - non trade	**4,271,816**	19,985,284
	4,271,816	1,071,102,277

Risk and rewards of goods in transit have been transferred to the Company but are yet to be received in factory warehouse for production.

16. Trade and other receivables

See accounting policies in note 34F.

In Taka	***Note***	**2021**	2020
Trade receivables	*16(A)*	**1,019,566**	3,170,598
Trade receivables due from related party	*16(B)*	**2,919,900,324**	1,041,791,955
Other receivables	*16(C)*	**15,497,128**	9,276,571
		2,936,417,018	1,054,239,124

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16. Trade and other receivables (continued)

A. Trade receivables

In Taka	**2021**	2020
Transcom Consumer Products Limited	-	2,748,200
Pan Marine Lines Ltd	**1,019,566**	422,398
	1,019,566	3,170,598

B. Trade receivables due from related party

In Taka	**2021**	**2020**
Adani Wilmar Limited	**460,000**	-
Bangladesh Edible Oil Limited	**2,919,440,324**	1,041,791,955
	2,919,900,324	1,041,791,955

C. Other receivables

In Taka	**2021**	**2020**
Claim with the insurer	**15,497,128**	9,276,571
	15,497,128	9,276,571

17. Advances, deposits and prepayments

See accounting policies in note 34F.

In Taka	***Note***	**2021**	**2020**
Advances	*17(A)*	**4,021,474**	12,485,461
Deposits	*17(B)*	**223,423,232**	130,625,052
Prepayments	*17(C)*	**6,708,982**	4,405,392
		234,153,688	147,515,905

A. Advances

In Taka	**2021**	**2020**
Employees against expenses	-	22,310
Contractors and suppliers	**4,021,474**	12,463,151
	4,021,474	12,485,461

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17. Advances, deposits and prepayments (continued)

B. Deposits

In Taka	2021	2020
VAT deposits	**218,471,143**	125,520,971
Customs duty deposits	**1,513,179**	1,665,172
West Zone Power Company Ltd	**2,400,000**	2,400,000
BFDC	**500,000**	500,000
Mongla Port Authority	**300,000**	300,000
Linde Bangladesh Ltd	**238,910**	238,909
	223,423,232	130,625,052

C. Prepayments

In Taka	2021	2020
Insurance premium	**4,208,578**	4,090,392
BSTI fees	**2,500,404**	-
Municipal tax	**-**	315,000
	6,708,982	4,405,392

D. Current and non-current classification of advances, deposits and prepayments

In Taka	2021	2020
Non-current	**3,438,910**	3,438,909
Current	**230,714,778**	144,076,996
	234,153,688	147,515,905

18. Cash and cash equivalents

In Taka	*Note*	2021	2020
Cash in hand		**8,521**	87,376
Cash at bank	*18(A)*	**810,964,335**	35,594,806
		810,972,856	35,682,182

A. Cash at bank

In Taka	2021	2020
Balance with banks on current account	**11,503,947**	3,595,506
Balance with banks on interest bearing account	**799,460,388**	31,999,300
	810,964,335	35,594,806

RAHMAN RAHMAN HUQ KPMG DHAKA

19. Property, plant and equipment

See accounting policies in note 34A.

A. Reconciliation of carrying amount

In Taka	Land and development	Building and improvement	Tank and piping	Jetty, pier and facilities	Plant and machineries	Tools and equipment	Furniture and fixtures	Motor vehicles	Marine vessels	Assets under construction	Right-of-use assets*	Total
Cost												
Balance at 1 January 2020	17,726,333	368,663,089	337,130,167	53,908,374	1,536,277,370	31,534,342	8,693,653	12,977,144	160,971,536	435,066,561	5,205,193	2,968,153,762
Addition	-	79,214,882	40,843,706	-	85,977,880	908,111	118,500	-	1,179,819	782,236,091	-	990,478,989
Transfer from asset under construction	-	-	-	-	-	-	-	-	-	(208,242,897)	-	(208,242,897)
Disposal	-	-	-	-	-	(76,087)	-	-	-	-	-	(76,087)
Balance at 31 December 2020	17,726,333	447,877,971	377,973,873	53,908,374	1,622,255,250	32,366,366	8,812,153	12,977,144	162,151,355	1,009,059,755	5,205,193	3,750,313,767
Balance at 1 January 2021	**17,726,333**	**447,877,971**	**377,973,873**	**53,908,374**	**1,622,255,250**	**32,366,366**	**8,812,153**	**12,977,144**	**162,151,355**	**1,009,059,755**	**5,205,193**	**3,750,313,767**
Addition	-	-	-	-	-	-	-	-	-	**144,829,754**	-	**144,829,754**
Transfer from asset under construction	-	**353,622,062**	**6,687,712**	-	**499,087,358**	**36,078,391**	-	-	-	**(895,475,524)**	-	-
Disposal	-	-	-	-	-	**(2,913,377)**	-	-	-	-	-	**(2,913,377)**
Balance at 31 December 2021	**17,726,333**	**801,500,033**	**384,661,585**	**53,908,374**	**2,121,342,608**	**65,531,380**	**8,812,153**	**12,977,144**	**162,151,355**	**258,413,985**	**5,205,193**	**3,892,230,144**
Accumulated depreciation												
Balance at 1 January 2020	-	129,263,928	128,290,652	20,407,157	506,436,744	26,657,292	5,722,592	12,977,144	39,444,062	-	2,962,162	872,161,733
Depreciation	-	20,888,927	19,532,610	2,796,026	84,485,292	2,042,598	720,687	-	8,138,180	-	478,285	139,082,605
Disposal	-	-	-	-	-	(55,261)	-	-	-	-	-	(55,261)
Balance at 31 December 2020	-	150,152,855	147,823,262	23,203,183	590,922,036	28,644,629	6,443,279	12,977,144	47,582,242	-	3,440,447	1,011,189,077
Balance at 1 January 2021	-	**150,152,855**	**147,823,262**	**23,203,183**	**590,922,036**	**28,644,629**	**6,443,279**	**12,977,144**	**47,582,242**	-	**3,440,447**	**1,011,189,077**
Depreciation	-	**26,515,943**	**19,811,265**	**2,796,026**	**123,550,778**	**7,289,762**	**727,420**	-	**8,315,153**	-	**478,286**	**189,484,633**
Disposal	-	-	-	-	-	**(2,887,877)**	-	-	-	-	-	**(2,887,877)**
Balance at 31 December 2021	-	**176,668,798**	**167,634,527**	**25,999,209**	**714,472,814**	**33,046,514**	**7,170,699**	**12,977,144**	**55,897,395**	-	**3,918,733**	**1,197,785,833**
Carrying amount												
At 1 January 2020	17,726,333	239,399,161	208,839,515	33,501,217	1,029,840,626	4,877,050	2,971,061	-	121,527,474	435,066,561	2,243,031	2,095,992,029
At 31 December 2020	17,726,333	297,725,116	230,150,611	30,705,191	1,031,333,214	3,721,737	2,368,874	-	114,569,113	1,009,059,755	1,764,746	2,739,124,690
At 31 December 2021	**17,726,333**	**624,831,235**	**217,027,059**	**27,909,165**	**1,406,869,793**	**32,484,867**	**1,641,454**	-	**106,253,960**	**258,413,985**	**1,286,460**	**2,694,444,311**

* Right of use assets include land and buildings related to leased properties. As per IAS 16.59, depreciation has been applied on right of use asset based on lease period of land.

B. Allocation of depreciation

In Taka	2021	2020
Depreciation of property, plant and equipment		
Cost of sales - Revenue from customers	**181,331,899**	132,410,627
Cost of sales - Vessel Operation	**5,604,658**	6,028,025
Administrative expenses	**242,397**	153,685
Selling and distribution expenses	**1,827,393**	11,985
	189,006,347	138,604,322
Depreciation on right-of-use of assets		
Cost of sales - Revenue from customers	**478,286**	478,286
	478,286	478,286
	189,484,633	139,082,608

RAHMAN RAHMAN HUQ KPMG DHAKA

20. Intangible assets

See accounting policies in note 34D.

A. Reconciliation of carrying amount

In Taka	ERP installation and development	Asset under construction	Total
Cost			
Balance at 1 January 2020	33,680,786	-	33,680,786
Addition	1,778,200	-	1,778,200
Transfer from asset under construction	-	-	-
Disposal	-	-	-
Balance at 31 December 2020	35,458,986	-	35,458,986
Balance at 1 January 2021	**35,458,986**	**-**	**35,458,986**
Addition	**-**	**185,760**	**185,760**
Transfer from asset under construction	**185,760**	**(185,760)**	**-**
Disposal	**-**	**-**	**-**
Balance at 31 December 2021	**35,644,746**	**-**	**35,644,746**
Accumulated amortisation			
Balance at 1 January 2020	4,794,229	-	4,794,229
Amortisation	6,564,341	-	6,564,341
Impairment	-	-	-
Disposal	-	-	-
Balance at 31 December 2020	11,358,570	-	11,358,570
Balance at 1 January 2021	**11,358,570**	**-**	**11,358,570**
Amortisation	**6,777,989**	**-**	**6,777,989**
Impairment	**-**	**-**	**-**
Disposal	**-**	**-**	**-**
Balance at 31 December 2021	**18,136,559**	**-**	**18,136,559**
Carrying amount			
At 1 January 2020	-	-	-
At 31 December 2020	24,100,416	-	24,100,416
At 31 December 2021	**17,508,187**	**-**	**17,508,187**

B. Allocation of amortisation

In Taka	*Note*	2021	2020
Amortisation of Intangible assets			
Administrative expenses	*8*	**6,422,349**	6,416,157
Selling and distribution expenses	*9*	**355,640**	148,183
		6,777,989	6,564,340

RAHMAN RAHMAN HUQ
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21. Share capital

See accounting policies in note 34O.

In Taka	2021	2020
Authorised:		
15,000,000 ordinary shares of Tk 100 each	**1,500,000,000**	1,500,000,000
Issued, subscribed and paid up:		
9,905,630 ordinary shares of Tk 100 each	**990,563,000**	990,563,000

Name of the shareholders	Percentage of holding	Number of shares	Face value Taka	Total Face Value
Bangladesh Edible Oil Limited	**99.975%**	**9,903,130**	**100**	990,313,000
Adani Wilmar Pte. Ltd.	**0.025%**	**2,500**	**100**	250,000
	100.00%	**9,905,630**		990,563,000

22. Loans and borrowings

In Taka	*Note*	2021	2020
Non Current Liabilities	*22(A)*	**548,292,536**	416,137,165
Current Liabilities	*22(B)*	**1,096,003,469**	1,654,212,765
		1,644,296,005	2,070,349,930

A. Non Current Liabilities

In Taka	*Note*	2021	2020
Non current portion of long term loan	*22(A)(i)*	**543,387,677**	411,195,296
Lease liabilities	*22(C)*	**4,904,859**	4,941,869
		548,292,536	416,137,165

i. Long term loan

In Taka	2021	2020
City Bank Limited		
Non current portion	**543,387,677**	411,195,296
Current portion	**169,053,416**	100,535,977
	712,441,093	511,731,273

RAHMAN RAHMAN HUQ KPMG DHAKA

22. Loans and borrowings (continued)

B. Current Liabilities

In Taka	*Note*	2021	2020
Current portion of long term loan	22(A)(i)	**169,053,416**	100,535,977
Usance payable at sight / Usance acceptance under import LC (UPAS)	22(B)	**926,481,433**	1,553,350,969
Lease liabilities	22(C)	**468,620**	325,819
		1,096,003,469	1,654,212,765

Usance payable at sight / Usance acceptance under import LC (UPAS)

In Taka	2021	2020
The Hongkong and Shanghai Banking Corporation Ltd. (HSBC)	**306,457,136**	569,463,351
The City Bank Limited	**620,024,297**	983,887,618
	926,481,433	1,553,350,969

C. Lease liabilities

In Taka	*Note*	2021	2020
Non-current	22(A)	**4,904,859**	4,941,869
Current	22(B)	**468,620**	325,819
		5,373,479	5,267,688

23. Trade and other payables

See accounting policies in note 34F.

In Taka	*Note*	2021	2020
Trade payables due to related party	23(A)	**5,780,705,759**	3,275,202,754
Accrued expenses	23(B)	**85,370,632**	105,966,695
Other trade payables	23(C)	**50,527,672**	5,653,889
Other payables	23(D)	**299,435,252**	157,502,343
Workers' profit participation fund	23(E)	**6,100,756**	8,350,212
		6,222,140,071	3,552,675,893

A. Trade payables due to related party

In Taka	2021	*2020*
Wilmar Trading Pte. Ltd. Singapore	**2,762,486,939**	305,159,630
Pasir Gudang Edible Oils	**-**	732,269
Bangladesh Edible Oil Limited	**3,018,218,820**	2,969,310,855
	5,780,705,759	3,275,202,754

RAHMAN RAHMAN HUQ KPMG DHAKA

23. Trade and other payables (continued)

B. Accrued expenses

In Taka	**2021**	2020
Accrued audit fees	**1,437,000**	1,365,280
Accrued interest	**8,646,012**	17,492,400
Clearing and forwarding	**77,767**	(57,040)
Construction contractors	**3,331,008**	29,994,883
Creditors store supply and import purchase	**6,977,371**	28,104,852
Creditors - Packaging Materials	**4,113,725**	831,000
External workers	**5,621,517**	2,694,703
Gas and electricity	**3,573,575**	1,875,814
Professional fees and expenses	**5,931,425**	4,607,325
Provision for annual leave encashment	**2,933,960**	2,486,545
Repairs and maintenance - accruals	**3,186,843**	175,750
Sales promotion and advertising	**18,077,662**	8,729,682
Sundry creditors	**3,611,864**	3,156,845
Telephone	**30,853**	29,785
Transport	**17,820,050**	4,478,871
	85,370,632	105,966,695

C. Other trade payables

In Taka	**2021**	2020
Payable for supply of crude oils and other materials	**50,527,672**	5,653,889
	50,527,672	5,653,889

D. Other payables

In Taka	**2021**	2020
Provision for provident fund	**-**	15,769,006
Retention from suppliers	**17,392,528**	12,855,262
Advance received against sales	**260,030,866**	128,818,123
VAT payable	**327,827**	15,856
Withholding tax	**21,684,031**	44,096
	299,435,252	157,502,343

E. Worker's profit participation fund

In Taka	**2021**	2020
Balance at 1 January	**8,350,212**	2,661,126
Provision made during the year	**5,026,180**	8,084,040
	13,376,392	10,745,166
Paid during the year	**(7,275,636)**	(2,394,954)
	6,100,756	8,350,212

24. Production capacity

The Company processed during the year 20,302 MT (2020: 26,212 MT) Crude Soyabean Oil and 64,029 MT (2020: 45,359 MT) Crude Palm Oil out of its purchased crude oil.

25. Number of employees

The number of employees engaged during the year who received a total remuneration of Tk 36,000 or above was 100 (2020: 89).

RAHMAN RAHMAN HUQ KPMG DHAKA

26. Financial instruments - Fair values and risk management

See accounting policies in note 34F.

Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. The Company has not disclosed the fair values for financial instruments such as trade and other receivables and trade and other payables, because their carrying amounts are a reasonable approximation of fair values.

31 December 2021 *In Taka*	*Note*	Carrying amount: Fair value - hedging instruments	Mandatorily FVTPL - others	FVOCI-debt instruments	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Fair value: Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-				
Financial assets not measured at fair value												
Trade and other receivables	*16*	-	-	-	-	**2,936,417,018**	-	**2,936,417,018**	-	-	-	-
Cash and cash equivalents	*18*	-	-	-	-	**810,972,856**	-	**810,972,856**	-	-	-	-
		-	-	-	-	**3,747,389,874**	-	**3,747,389,874**				
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-				
Financial liabilities not measured at fair value												
Loans and borrowings	*22*	-	-	-	-	-	**1,644,296,005**	**1,644,296,005**	-	-	-	-
Trade and other payables	*23*	-	-	-	-	-	**6,222,140,071**	**6,222,140,071**	-	-	-	-
		-	-	-	-	-	**7,866,436,076**	**7,866,436,076**				

31 December 2020 *In Taka*	*Note*	Carrying amount: Fair value hedging instruments	Mandatorily FVTPL - others	FVOCI-debt instruments	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Fair value: Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-				
Financial assets not measured at fair value												
Trade and other receivables	*16*	-	-	-	-	1,054,239,124	-	1,054,239,124	-	-	-	-
Cash and cash equivalents	*18*	-	-	-	-	35,682,182	-	35,682,182	-	-	-	-
		-	-	-	-	1,089,921,306	-	1,089,921,306				
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-				
Financial liabilities not measured at fair value												
Loans and borrowings	*22*	-	-	-	-	-	2,070,349,930	2,070,349,930	-	-	-	-
Trade and other payables	*23*	-	-	-	-	-	3,552,675,893	3,552,675,893	-	-	-	-
		-	-	-	-	-	5,623,025,823	5,623,025,823				

RAHMAN RAHMAN HUQ KPMG DHAKA

27. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

A. Credit risk

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

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 and other receivables are mainly related to the Company's buyers. The Company's exposure to credit risk on trade receivables is mainly influenced by the individual payment characteristics of credit purchaser. Credit risk does not arise in respect of any other receivables.

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

i) 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:

In Taka	*Note*	2021	2020
Trade receivables	*16(A)*	**1,019,566**	3,170,598
Trade receivables due from related party	*16(B)*	**2,919,900,324**	1,041,791,955
Cash at bank	*18*	**810,964,335**	35,594,806
		3,731,884,225	1,080,557,359

RAHMAN RAHMAN HUQ KPMG DHAKA

27. Financial risk management (continued)

A. Credit risk (continued)

Ageing of trade receivables

In Taka	**2021**	**2020**
Trade receivables	**1,019,566**	3,170,598
Trade receivables due from related party	**2,919,900,324**	1,041,791,955
	2,920,919,890	1,044,962,553

a) The ageing of trade receivables at 31 December was:

Invoiced 0-30 days	**1,019,566**	3,170,598
Invoiced 31-60 days	-	-
Invoiced 61-90 days	-	-
Invoiced 91-120 days	-	-
Invoiced 121-365 days	-	-
Invoiced over 365 days	-	-
	1,019,566	3,170,598

b) The ageing of trade receivables due from related party at 31 December was:

Invoiced 0-30 days	**819,409,069**	1,041,791,955
Invoiced 31-60 days	-	-
Invoiced 61-90 days	-	-
Invoiced 91-120 days	-	-
Invoiced 121-365 days	**460,000**	-
Invoiced over 365 days	**2,100,031,255**	-
	2,919,900,324	1,041,791,955

This aging is based on the company's credit terms to different customers.

RAHMAN RAHMAN HUQ KPMG * DHAKA *

27. Financial risk management (continued)

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity (cash and cash equivalents) 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.

Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly. In extremely stressed conditions, the Company may get support from the parent Company in the form of shareholder's loan.

Exposure to liquidity risk

The followings are the contractual maturities of financial liabilities :

31 December 2021 *In Taka*	*Note*	Carrying amount	Expected cash flow	Contractual cash flows 6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Loans and borrowings								
Lease liabilities	22(C)	5,373,479	(5,373,479)	(307,409)	(161,210)	(430,726)	(3,409,133)	(1,065,000)
Other	22	1,638,922,526	(1,638,922,526)	-	-	-	-	-
		1,644,296,005	(1,644,296,005)	(307,409)	(161,210)	(430,726)	(3,409,133)	(1,065,000)
Trade and other payables	23	6,222,140,071	(6,222,140,071)	(6,222,140,071)	-	-	-	-
		7,866,436,076	(7,866,436,076)	(6,222,447,480)	(161,210)	(430,726)	(3,409,133)	(1,065,000)
Derivative financial liabilities		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

31 December 2020 *In Taka*	*Note*	Carrying amount	Expected cash flow	Contractual cash flows 6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Loans and borrowings								
Lease liabilities	22(C)	5,267,688	(5,267,688)	(159,259)	(166,562)	(146,199)	(1,389,991)	(3,405,679)
Other	22	2,065,082,242	(2,065,082,242)	(1,603,618,957)	(50,267,989)	(100,535,976)	(310,659,319)	-
		2,070,349,930	(2,070,349,930)	(1,603,778,216)	(50,434,551)	(100,682,175)	(312,049,310)	(3,405,679)
Trade and other payables	23	3,552,675,893	(3,552,675,893)	(3,552,675,893)	-	-	-	-
		5,623,025,823	(5,623,025,823)	(5,156,454,109)	(50,434,551)	(100,682,175)	(312,049,310)	(3,405,679)
Derivative financial liabilities		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

RAHMAN RAHMAN HUQ KPMG DHAKA

27. Financial risk management (continued)

C. Market risk

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

i. Currency risk

The Company is exposed to currency risk on certain revenues and import purchases. Majority of the Company's foreign currency transactions are denominated in USD and relates to procurement of crude soyabean oil, crude palm oil, machinaries and spare part items from abroad.

Exposure to currency risk

The Company's exposure to foreign currency risk, based on notional amounts, was as follows:

In USD	2021	2020
Foreign currency denominated assets		
Trade receivables due from related party	**5,358**	-
Foreign currency denominated liabilities		
Trade payables due to related parties	**32,178,066**	3,592,226
Usance payable at sight / Usance acceptance under import LC (UPAS)	**10,791,863**	**18,285,473**
	32,178,066	3,592,226

The following significant exchange rates are applied at 31 December:

	Average rate		Year-end spot rate	
In Taka	2021	2020	2021	2020
USD 1	**85.20**	84.95	**85.85**	84.95

ii. Foreign exchange rate sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

A 1% change in foreign exchange rates would have increased/(decreased) equity and profits or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit/(loss)		Equity	
Effect in Taka	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
31 December 2021				
USD (1% movement)	**27,624,869**	**(27,624,869)**	**27,624,869**	**(27,624,869)**
31 December 2020				
USD (1% movement)	3,051,596	(3,051,596)	3,051,596	(3,051,596)

iii. Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates. The Company is not exposed to fluctuations in interest rates as it has no floating interest rate bearing financial liability as at the reporting date. The Company has not entered into any agreement involving derivative instrument at the reporting date.

As at 31 December 2021, the interest rate profile of the Company's interest bearing financial instruments was:

In Taka	2021	2020
Fixed rate instruments		
Financial assets	**799,460,388**	31,999,300
Financial liabilities	**926,481,433**	1,553,350,969
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

RAHMAN RAHMAN HUQ KPMG * DHAKA *

28. Related party transactions

A. Parent and ultimate controlling party

Bangladesh Edible Oil Limited has 99.975% shareholding of the Company and remaining 0.025% shareholding goes to Adani Wilmar Pte Ltd. The ultimate controlling party of the Company is Adani Wilmar Limited.

B. Key management personnel compensation (included in operating expenses)

No such compensation is made to the key management personnel during the year.

C. Other related party transactions

Name of related party	Country	Nature of relationship	Nature of transaction	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
				2021	2020	2021	2020
Wilmar Trading Pte. Limited	Singapore	Related company	Purchase of ROL/CDSO	**(4,034,582,838)**	(1,448,975,681)	**(2,762,486,939)**	(305,159,630)
Wilmar Trading (Hong Kong) Limited	Hong Kong	Related company	Purchase of spare parts & capital machineries	**(46,647,384)**	(1,806,887)	-	-
Adani Wilmar Limited	India	Parent Company	Reimbursement of expenses	**460,000**	-	**460,000**	-
Pasir Gudang Edible Oils	Malaysia	Related company	Purchase of spare parts & capital machineries	-	732,269	-	(732,269)
Leverian Holdings Pte Ltd.	Singapore	Related company	Purchase of ROL / CDSO	**963,201,321**	-	-	-
Bangladesh Edible Oil Limited	Bangladesh	Parent Company	Purchase of CDSO	**(1,388,989,601)**	(2,047,086,555)	**(3,018,218,820)**	(2,969,310,855)
			Purchase of Consumer Pack	**(162,633,500)**	(1,001,661,190)		
			Sale of Consumer Pack	**3,251,471,452**	741,753,980	**2,919,440,324**	1,041,791,955
			Sale of Bulk Product	**884,927,033**	780,609,210		
			Sale of By Product	**13,505,926**	17,451,825		

The Company purchases raw materials from the ultimate holding Company. The purchases are on the same terms and conditions as those entered into with other suppliers and payable under normal payment terms.

RAHMAN RAHMAN HUQ KPMG DHAKA

29. Leases

See accounting policies in note 34P.

A. Leases as lessee (IFRS 16)

The company leases a Guest House. The lease term has started from July 2019 and will end on June 2022.

The Company also has a lease contract with Mongla port authority. Under this lease contract, the company paid the full amount up to June 2021. The lease contract is valid till February 2030, unless renewed.

i. Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (*see Note 19*)

In Taka	2021	2020
Balance at 1 January	**1,764,746**	2,243,031
Depreciation charge for the year	**(478,286)**	(478,285)
Additions to right-of-use assets	-	-
Derecognition of right-of-use assets	-	-
Balance at 31 December	**1,286,460**	1,764,746

ii. Amounts recognised in profit or loss

In Taka	2021	2020
Interest on lease liabilities	**460,870**	453,039
	460,870	453,039

iii. Amounts recognised in profit or loss

In Taka	2021	2020
Total cash outflow for leases	**786,507**	2,133,148

A maturity analysis of lease liabilities is presented in note 27B.

B. Leases as lessor (IFRS 16)

The Company does not provide any lease facility to other entity.

30. Capital expenditure commitment

There was no capital expenditure commitment at 31 December 2021.

RAHMAN RAHMAN HUQ KPMG DHAKA

31. Contingent liabilities

In Taka	2021	2020
The Company has the documentary credit/letter of credit with The City Bank Limited at the year.	**(4,376,400)**	(621,066,810)
The Company has the documentary credit/letter of credit with HSBC Bank Limited at the year.	**(2,763,791)**	-
Disputed tax claim for 2015-2016 (Assessment year 2016-2017): The Company management has appeal to the HC & obtained stay order against recovery the arrear tax	**3,534,335**	(4,089,655)
Disputed tax claim for July 2016 - December 2016 (Assessment year 2017-2018): The Company management has appeal to the HC & obtained stay order against recovery the arrear tax	**56,471,358**	-
Disputed tax claim for 2017 (Assessment year 2018-2019): The company management has filed 1st appeal (CTA) against the order passed by Deputy Commissioner of Taxes (DCT)	**252,545,532**	-

The above contingent liabilities have not been recognised as the directors expect favourable outcome from appeals.

32. Subsequent events

As of the date of these financial statements, no material impact has been identified by management on the Company's financial position, results of operations and cash flows and as such the Management has decided to continuously monitor, evaluate and measure the impacts on operations by remaining alert to the changing situations during the 2022 financial year.

RAHMAN RAHMAN HUQ KPMG DHAKA

33. Basis of measurement

The financial statements have been prepared on historical cost basis except for the inventories which are measured at lower of cost and net realisable value.

34. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Certain comparative amounts in the statement of financial position and statement of profit or loss and other comprehensive income have been reclassified as a result of either changes in accounting policy or for better presentation purpose, where necessary.

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

A. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment, excluding land and land development, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and land development is measured at cost. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Assets under construction represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use at period end and are stated at cost.

RAHMAN RAHMAN HUQ
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34. Significant accounting policies (continued)

A. Property, plant and equipment (continued)

ii. Subsequent expenditure

The cost of replacing or upgrading part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of the property, plant and equipment are recognised in the statement of comprehensive income as incurred.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

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

- Building and improvement	40 years
- Plant and machinery	5-20 years
- Tools and equipment	3-5 years
- Furniture and fixtures	10 years
- Motor vehicles	5 years
- Tank and piping	20 years
- Jetty, pier and facilities	20 years
- Marine vessels	20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Gains or losses on disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceed and the carrying amount of the asset and is recognised in profit or loss.

B. Assets under construction

Assets under construction consist of acquisition costs of capital components of building and improvement, plant and machinery for refinery and packing plant expansion project, tools and equipment, tank and piping and related installation costs incurred until the date placed in service. In case of import of components, asset under construction is recognised when risks and rewards associated with such assets are transferred to the Company, i.e. at the time shipment is confirmed by the supplier.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

C. Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

D. Intangible assets

i. Recognition and measurement

Intangible asset (ERP software) that is acquired by the Company have finite useful lives is measured at cost less accumulated amortisation and accumulated impairment losses. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current year is as follows:

- Intangible assets (SAP and HRIS)	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its continued use. Gains or losses on disposals are determined by comparing the disposal proceeds with the carrying amounts and are recognised net.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

E. Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on a weighted average basis for valuation of raw material, raw materials in transit, work in progress and finished goods, packing materials, stores and others. It also includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

F. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Recognition and initial measurement

Trade receivables when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

F. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

F. Financial instruments (continued)

Financial assets include cash and cash equivalents, trade and other receivables, and long term receivables

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities

All financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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

Financial liabilities include trade and other payables etc.

(a) Trade and other payables

The Company recognises a trade and intercompany payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

(b) Loans and borrowings

Bank overdrafts that are repayable on demand and short term loans and borrowings are stated at their costs. Short term loan repayable within twelve months from the date of statement of financial position. Those are classified as current liabilities whereas unpaid interest and other charges are classified as current liabilities.

G. Impairment

i. Non-derivative financial assets

The Company recognises loss allowances for ECLs on:
- financial assets measured at amortised cost;

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

G. Impairment (continued)

i. Non-derivative financial assets (continued)

The Company measures loss allowances at an amount equal to lifetime ECLs as there is very low chance of the loss.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ii. Non-financial assets

The carrying amounts of the Company's non financial assets, other than biological assets, inventories, and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating units (CGU) exceeds its estimated recoverable amount. For this purpose the entity is considered as single cash generating unit.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflow from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

H. Employee benefits

The Company maintains both non-funded contribution plan (provident fund and workers' profit participation fund) and defined benefit plan (unfunded gratuity fund) for its eligible permanent employees.

i. Defined contribution plan (provident fund)

Defined contribution plan is a post-employment benefit plan. The recognised Employees' Provident Fund is considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution.

The Company recognises contribution to defined contribution plan as an expense when an employee has rendered services in exchange for such contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

ii. Defined benefit plan (unfunded gratuity fund)

The Company operates an unfunded gratuity scheme, provision in respect of which is made covering all its permanent eligible employees. Gratuity payable to all eligible employees at the end of each year is determined on the basis of existing rules and regulations. Provision for gratuity payable is calculated by way of multiplying number of years served with the last drawn monthly basic salary. A service period of more than six months with the Company is considered as full year service for the purpose of gratuity calculation except for the first year of service which will have to be completed by an employee in order to become eligible for gratuity payment.

iii. Defined contribution plan (WPPF)

The Company is required to provide 5% of net profit before tax after charging such expense as WPPF in accordance with Bangladesh Labour Act, 2006.

I. Income tax

Income tax expenses comprise current and deferred tax. It is recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

i. Current tax

Current tax is expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at reporting date.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

I. Income tax (continued)

ii. Deferred tax

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

a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss,

b) Temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and

c) Taxable temporary differences arising on the initial recognition of good will.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised; such deductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

J. Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

K. Foreign currency

Transitions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

K. Foreign currency (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

L. Revenue from customers

The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer.

To achieve that core principle, this standard establishes a five-step model as follows:
- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods is considered as transfer when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

The Company applied IFRS 15 from 1 January 2018.

M. Finance costs

Finance costs comprise of interest expense on borrowings & exchange loss. Borrowing costs which are not directly attributable to the acquisition, construction or production of as qualified asset are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

N. Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in statement of comprehensive income using the effective interest method.

O. Share capital

Ordinary shares issued by the Company are classified as equity.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

P. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separation-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

P. Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

i. As a lessee (continued)

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

The Company has not leased any property as of 31 December 2021.

Q Operating Profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

R. Reporting period

The financial period of the Company covers 1 year from 1 January to 31 December and is followed consistently.

S Statement of cash flows

Cash flows from operating activities are presented under indirect method as per IAS 7: Statement of Cash Flows.

RAHMAN RAHMAN HUQ KPMG DHAKA

34. Significant accounting policies (continued)

T. Events after the reporting date

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Material events after the reporting date that are not adjusting events are disclosed in note 33.

35. Going concern

The Company earned a net profit of BDT 46,479,529 during the year ended 31 December 2021, however, the accumulated loss of the Company was BDT 1,223,455,138 up to 31 December 2021 & the total liabilities have exceeded the total assets by BDT 232,892,138.

The financial statements have been prepared on a going concern basis (not withstanding the above mentioned facts) which the directors believe to be appropriate for the following reasons:

As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern. The management do not see any issue with respect to going concern due to pandemic COVID-19 also.

Notwithstanding the abovementioned fact, the Company has credit facilities for meeting capital and working capital requirements with The City Bank Limited and HSBC. The directors consider that this should enable the Company to continue in operational existence for at least 12 months from the date of approval of the financial statements by meeting its liabilities as they fall due for payment.

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertainty may cast significant doubt on the company's ability to continue as a going concern and thereby to continue realizing its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result form the basis of preparation being inappropriate.

36. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. However, the Company has not early adopted the following new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

A. Onerous contracts - Cost of fulfilling a contract (Amendments to IAS 37).

B. Interest rate benchmark reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

C. Other standards

- COVID-19 Related Rent Concessions (Amendments to IFRS 16).
- Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

RAHMAN RAHMAN HUQ KPMG DHAKA