

**Auditors' Report
and
Audited Financial Statements
of
Bangladesh Lamps Limited
For the period ended 30 June 2016**

**Independent Auditors' Report
to the Shareholders
of
Bangladesh Lamps Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Bangladesh Lamps Limited, 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 then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bangladesh Lamps Limited as at 30 June 2016, and its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements also comply with the applicable sections of the Companies Act 1994 and other applicable laws and regulations.

We also report that:

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

Dhaka, Bangladesh
Dated: 24 October 2016



Nurul Faruk Hasan & Co.
Chartered Accountants

Bangladesh Lamps Limited
Statement of Financial Position
as at 30 June 2016

	Notes	30 June 2016 Taka	31 December 2015 Taka
Assets			
Property, plant and equipment	4	121,963,207	126,333,274
Intangible assets	5	-	176,774
Investments:			
At cost	6	55,346,673	55,346,673
Fair value adjustment	7	326,404,505	364,774,914
		381,751,178	420,121,587
Loans and deposits	8	7,063,353	5,298,163
Total non-current assets		510,777,738	551,929,798
Inventories	9	290,689,030	345,043,563
Trade and other debtors	10	204,750,940	179,600,980
Advances, deposits and prepayments	11	12,429,064	8,023,827
Advance income tax	12	196,650,793	181,756,982
Cash and cash equivalents	13	108,143,187	114,702,132
Total current assets		812,663,014	829,127,484
Total assets		1,323,440,752	1,381,057,282
Equity			
Share capital	14	93,706,080	93,706,080
Reserves and surplus	15	538,995,817	569,238,120
Total equity		632,701,897	662,944,200
Liabilities			
Deferred liability - gratuity payable	16	52,579,346	47,756,030
Deferred tax liability	17	1,304,895	3,468,341
Total non-current liabilities		53,884,241	51,224,371
Current portion of long term loan	18	-	7,789,803
Short term finance	19	294,719,937	318,913,518
Trade and other creditors	20	151,367,713	162,302,919
Other liabilities	21	56,609,603	54,196,494
Provision for tax	22	134,157,361	123,685,977
Total current liabilities and provisions		636,854,614	666,888,711
Total liabilities		690,738,855	718,113,082
Total equity and liabilities		1,323,440,752	1,381,057,282

The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammad Ruhan Miah
Company Secretary



Atiqur Rahman
Director



Latifur Rahman
Managing Director

As per our report of same date.



Nurul Faruk Hasan & Co.
Chartered Accountants

Bangladesh Lamps Limited
Statement of Profit or Loss and Other Comprehensive Income
for the 6 months ended 30 June 2016

		<u>1 January to 30 June 2016</u>	<u>1 January to 30 June 2015</u>
	<u>Notes</u>	<u>Taka</u>	<u>Taka</u>
Revenue	23	624,034,809	670,188,607
Cost of sales	24	(475,950,255)	(516,129,484)
Gross profit		148,084,554	154,059,123
Other income	25	25,831,304	16,921,262
Operating expenses	26	(131,214,424)	(141,776,722)
Profit from operation		42,701,434	29,203,663
Finance expense	27	(8,732,675)	(6,912,630)
Finance income	28	2,967,364	5,548,656
<i>Net finance expense</i>		<i>(5,765,311)</i>	<i>(1,363,974)</i>
Profit before contribution to WPPF		36,936,123	27,839,689
Contribution to WPPF		(1,758,863)	(1,325,699)
Profit before income tax		35,177,260	26,513,990
Income tax expenses	22.1	(8,307,938)	(6,319,364)
Net profit for the period		26,869,322	20,194,626
Other comprehensive income			
Changes in fair value of shares available for sale	7	(38,370,409)	(61,968,771)
Total comprehensive income		(11,501,087)	(41,774,145)
Earnings per share (par value Tk 10 each)	29	2.87	2.16

The annexed notes 1 to 40 form an integral part of these financial statements.


Mohammad Ruhan Miah
Company Secretary


Atiqur Rahman
Director


Latifur Rahman
Managing Director

As per our report of same date.

Dhaka, Bangladesh
Dated: 24 October 2016


Nurul Faruk Hasan & Co.
Chartered Accountants

Bangladesh Lamps Limited
Statement of Changes in Equity
for the 6 months ended 30 June 2016



Particulars	Share capital	Reserves and surplus					Total
		Capital reserve	General reserve	Fair value reserve	Retained earnings	Total	
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as at 1 January 2016	93,706,080	2,305,167	171,299,487	364,774,914	30,858,552	569,238,120	662,944,200
Dividend	-	-	-	-	(18,741,216)	(18,741,216)	(18,741,216)
Total net profit and other comprehensive income for the half year:							
Net profit after tax for the half year 2016	-	-	-	-	26,869,322	26,869,322	26,869,322
Other comprehensive income	-	-	-	(38,370,409)	-	(38,370,409)	(38,370,409)
Transferred to general reserve	-	-	12,117,336	-	(12,117,336)	-	-
Balance as at 30 June 2016	93,706,080	2,305,167	183,416,823	326,404,505	26,869,322	538,995,817	632,701,897
Balance as at 1 January 2015	93,706,080	2,305,167	171,299,487	330,756,187	18,741,216	523,102,057	616,808,137
Dividend	-	-	-	-	(18,741,216)	(18,741,216)	(18,741,216)
Total comprehensive income for the year:							
Net profit after tax for the year 2015	-	-	-	-	30,858,552	30,858,552	30,858,552
Other comprehensive income	-	-	-	34,018,727	-	34,018,727	34,018,727
Transferred to general reserve	-	-	-	-	-	-	-
Balance as at 31 December 2015	93,706,080	2,305,167	171,299,487	364,774,914	30,858,552	569,238,120	662,944,200

Bangladesh Lamps Limited
Statement of Cash Flows
for the 6 months ended 30 June 2016

	<u>1 January to</u> <u>30 June 2016</u>	<u>1 January to</u> <u>30 June 2015</u>
	<u>Taka</u>	<u>Taka</u>
A. Cash flows from operating activities		
Collection from customers	652,279,813	627,470,639
Payment to suppliers	(339,344,815)	(356,223,961)
Payment to employees	(74,888,491)	(63,461,423)
Payment for services received	(133,315,523)	(121,056,415)
VAT paid	(50,717,218)	(56,448,357)
Contribution to WPPF	(2,091,572)	-
Contribution to provident fund	(1,484,595)	(1,346,945)
<i>Cash generated from operation</i>	<u>50,437,599</u>	<u>28,933,538</u>
Cost recovery	606,000	609,000
Collection from sale of scrap and others	2,368,538	2,005,443
Interest paid	(7,753,085)	(2,679,955)
Income tax paid	(14,893,810)	(14,963,481)
<i>Net cash generated from/(used to) operating activities</i>	<u>30,765,242</u>	<u>13,904,545</u>
B. Cash flows from investing activities		
Dividend received	19,909,434	12,803,153
Payment for acquisition of property, plant and equipment	(7,470,082)	(748,951)
<i>Net cash inflows/(outflows) from investing activities</i>	<u>12,439,352</u>	<u>12,054,202</u>
C. Cash flows from financing activities		
Dividend paid	(17,780,155)	(16,950,222)
Repayment of long term loan	(7,789,803)	(8,074,153)
<i>Net cash inflows/(outflows) from financing activities</i>	<u>(25,569,958)</u>	<u>(25,024,375)</u>
D. Net cash inflows/(outflows) for the period (A+B+C)	17,634,636	934,372
E. Opening cash and cash equivalents as at 01 January	(204,211,386)	(193,783,287)
Cash and cash equivalents	114,702,132	59,806,653
Short term finance	(318,913,518)	(253,589,940)
F. Closing cash and cash equivalents as at 30 June (D+E)	(186,576,750)	(192,848,915)
Cash and cash equivalents	108,143,187	49,860,532
Short term finance	(294,719,937)	(242,709,447)

Bangladesh Lamps Limited
Notes to the Financial Statements
as at and for the 6 months ended 30 June 2016

1. Reporting entity

1.1 Company profile

Bangladesh Lamps Limited ("the company") is a public limited company incorporated in 1960 in Bangladesh under the Companies Act 1913. The authorised capital of the company is Taka 500 million divided into 50 million ordinary shares of Taka 10 each. The shares of the company are publicly traded in Dhaka and Chittagong Stock Exchanges.

The entire shareholding of Philips Netherland was sold and transferred on 4 March 1993 to Transcom Limited, a company incorporated in Bangladesh, thus making Bangladesh Lamps Limited a subsidiary of Transcom Limited. At present 61.03% shares are held by Transcom Limited and its subsidiary Transcom Electronics Limited. Remaining 38.97% shares are held by institutional and general public including foreign investors.

The address of the head office of the company is Sadar Road, Mohakhali, Dhaka-1206.

1.2 Nature of business

The company produces and sells Philips and Transtec brand electric bulbs, Transtec brand Compact Fluorescent Lamps (CFL), Halogen, Luminaire, Fluorescent Tube Lights (FTL), Starters and Light-emitting diodes (LED) in local market. It also import and sell ballasts to the local market.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

The financial statements were authorised for issue by the Board of Directors on 24/10/2016.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except investment available for sale that measured at fair value.

2.3 Reporting period

Financial period for the company covers from 01 January 2016 to 30 June 2016. Figures in the Statement of Profit or Loss and Other Comprehensive Income and related notes are for the period from 01 January to 30 June. Comparative figures in the Statement of Profit or Loss and Other Comprehensive Income have been reported in the half yearly report submitted to Security Exchange Commission as per rule 13 of BSEC rules. The financial year from next year and onwards will be from July to June.

2.4 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), unless otherwise stated, which is the company's functional currency. All financial information are presented in Taka and have been rounded off to the nearest integer.

2.5 Use of estimates and judgements

The preparation of financial statements 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. The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 16: Deferred liability - gratuity payable

Note 17: Deferred tax liability

Note 20: Trade and other creditors (for expenses)

Note 22: Provision for tax

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are translated at the rates prevailing at the date of statement of financial position. Non-monetary assets and liabilities are reported using the exchange rate at the date of transaction. Differences arising on conversion are charged or credited to the statement of profit or loss and other comprehensive income.

3.2 Financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash on hand, cheques on hand, balance with banks, short term finance and other payables.

3.2.1 Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale financial assets. Available for sale financial assets are recognised initially at fair value plus any directly attributable transactions costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain and loss accumulated in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity security.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

Items of property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of property, plant and equipment and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset included the cost of material and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use.

3.3.2 Subsequent costs

The cost of replacing 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 costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

3.3.3 Depreciation

Depreciation is charged on all items of property, plant and equipment on straight line method over their estimated useful lives. Depreciation on assets added during the six months are charged from the date on which it is purchased. The rates of depreciation are summarised as below:

Leasehold buildings	10-33 years or lease term whichever is shorter
Machinery	5-20 years
Tools and equipments	5-20 years
Electrical equipments	3-15 years
Office equipments	5-7 years
Vehicles	5 years
Furniture and fittings	4-7 years

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 the statement of profit or loss and other comprehensive income.

3.3.4 Impairment

Recognition

The carrying value of the company's assets, other than inventories, are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss will be recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

3.4 Intangible assets

3.4.1 Recognition

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment loss, (if any). Intangible asset is recognised when all the conditions for recognition as per *BAS 38: Intangible assets* are met. The cost of the intangible assets comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

3.4.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other expenditures are recognised in the statement of profit or loss and other comprehensive income when incurred.

3.4.3 Amortisation

Intangible assets are amortised on straight line basis to the statement of comprehensive income from the date when the asset is available for use over its best estimated economic life. Intangible assets i.e., acquisition cost of the accounting software will fully amortised within 5 years of acquisition.

3.5 Investments

Investments are made in the share of different companies. These shares are non derivative financial assets that are designated as available for sale financial assets. Subsequent to initial recognition (i.e., at cost), they are measured at fair value and changes therein are recognised in statement of profit or loss and other comprehensive income and presented in the fair value reserve in equity.

3.6 Inventories

Inventories include raw materials, raw materials in transit, work-in-process, finished goods and spare parts. These are valued at the lower of cost and net realisable value, with appropriate provisions for obsolete and slow-moving items. Cost is determined using the normal average method and includes all expenses incurred 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 of completion and the estimated costs necessary to make the sale.

3.7 Trade and other debtors

Trade and other debtors at the date of statement of financial position are stated at amounts which are considered realisable. Almost entire trade debtors amounts are secured by bank guarantee received from customers.

3.8 Payable and accruals

Liabilities are recognised for amounts to be paid in future for goods and services received.

3.9 Employee benefit costs

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits depending on the length of services and last drawn basic salary. The Company calculated the provisions for maximum exposures as at the reporting date for all eligible employees. Since there are no significant uncertainties/estimations with respect to gratuity payments, management considers, if actuarial valuation was made, the resulting difference, if any, would not be material.

The company also maintains a contributory provident fund for its permanent employees which is administered by the Board of Trustees.

3.10 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.

3.11 Borrowing cost

Interest is payable on facilities from banks and overdrafts at normal commercial rates. Borrowing costs are recognised as expense in the year in which they are incurred. Borrowing costs relating to property, plant and equipment up to the period of completion of erection are capitalised, and those for the subsequent period is charged in statement of profit or loss and other comprehensive income.

3.12 Revenue recognition

Revenue from the sale of goods is measured at fair value of the consideration received or receivable and is exclusive of VAT. Revenue from sale of goods is recognised in the statement of profit or loss and other comprehensive income when the significant risks and rewards of ownership are transferred to the buyer. Transfer of risks and rewards occurs for the sale of goods, when invoices are raised and accepted by the customers, which is when the product is loaded at the point of shipment along with dispatch documents.

3.13 Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the net profit for the period (other than impact on changes in fair value of available-for-sale financial assets) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the period end.

3.14 Taxation

3.14.1 Current tax

Current tax has been provided in the financial statements at the rate applicable for the company as per the Income Tax Ordinance 1984.

3.14.2 Deferred tax

Deferred tax is recognised in accordance with the provision of *BAS 12: Income Taxes*, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. 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 benefit will be realised.

3.15 Events after the reporting period

Events after the reporting date that provide additional information about the company's position at the reporting date are reflected in the financial statements. Material events after the reporting date that are not adjusting events are disclosed in the notes when material.

3.16 General

Previous period's figures have been rearranged, wherever necessary, to conform to current period's presentation.

4 Property, plant and equipment

30 June 2016

Particulars	Leasehold buildings (Note 4.1)	Machinery	Tools and equipments	Electrical equipments	Office equipments	Vehicles	Furniture and fittings	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Cost:								
As at 1 January 2016	91,477,631	475,482,839	9,588,737	25,585,388	3,293,566	3,672,201	3,527,168	612,627,530
Additions during the period	-	6,692,280	-	527,039	250,763	-	-	7,470,082
Disposals during the period	-	-	-	-	-	-	-	-
As at 30 June 2016	91,477,631	482,175,119	9,588,737	26,112,427	3,544,329	3,672,201	3,527,168	620,097,612
Depreciation:								
As at 1 January 2016	46,722,424	406,754,224	7,915,680	15,390,869	2,919,147	3,386,353	3,205,559	486,294,256
Charge during the period (Note 4.2)	3,044,770	6,239,956	212,589	2,020,525	118,005	131,495	72,809	11,840,149
Adjustments for disposals	-	-	-	-	-	-	-	-
As at 30 June 2016	49,767,194	412,994,180	8,128,269	17,411,394	3,037,152	3,517,848	3,278,368	498,134,405
Net book value:								
As at 30 June 2016	41,710,437	69,180,939	1,460,468	8,701,033	507,177	154,353	248,800	121,963,207
As at 31 December 2015	44,755,207	68,728,615	1,673,057	10,194,519	374,419	285,848	321,609	126,333,274

4.1 The buildings have been constructed on the land leased from Sena Kalyan Sangstha for a period of 38 years commencing from 29 March 1983 expiring in 2021.

4.2 Depreciation allocated to:

	<u>Jan-Jun 2016</u>	<u>Jan-Jun 2015</u>
	<u>Taka</u>	<u>Taka</u>
Cost of sales (Note 24)	11,696,420	11,143,376
Operating expenses (Note 26)	143,729	320,766
	<u>11,840,149</u>	<u>11,464,142</u>

		30 June 2016	31 December 2015
		Taka	Taka
5	Intangible assets		
	Balance as at 1 January	176,774	600,998
	Add: Acquisition during the period	-	-
		176,774	600,998
	Less: Amortization during the period	176,774	424,224
	Closing balance	-	176,774
6	Investments		
	Investment (at cost)		
	Quoted		
	Reliance Insurance Limited	2,593,478	2,593,478
	Pubali Bank Limited	322,520	322,520
	IDLC Finance Limited	9,702,000	9,702,000
	National Housing Finance and Investment Limited (NHFIL)	41,159,225	41,159,225
		53,777,223	53,777,223
	Unquoted		
	Central Depository Bangladesh Limited (CDBL)	1,569,450	1,569,450
		55,346,673	55,346,673
	Quoted (at fair value)		
	Reliance Insurance Limited (913,717 shares) (Note: 6.1)	35,620,196	35,298,430
	Pubali Bank Limited (1,427,437 shares) (Note: 6.2)	25,854,587	27,781,627
	IDLC Finance Limited (3,318,046 shares) (Note: 6.3)	176,262,570	190,895,153
	National Housing Finance and Investment Limited (NHFIL) (5,123,276 shares) (Note: 6.4)	142,444,375	164,576,927
		380,181,728	418,552,137
	Unquoted - at cost:		
	Central Depository Bangladesh Limited (CDBL) (571,181 ordinary shares)	1,569,450	1,569,450
		381,751,178	420,121,587
6.1	During the period Company received total 119,180 bonus shares from Reliance Insurance Limited. Fair value of the share as at 30 June 2016 was Tk 43.00 each, being quoted market price on that day. Fair values of shares has been presented net of potential capital gain tax @ 10%.		
6.2	Fair value of the shares as at 30 June 2016 of Pubali Bank Limited was Tk 20.10 each, being quoted market price on that day. Fair values of shares has been presented net of potential capital gain tax @ 10%.		
6.3	Fair value of the shares as at 30 June 2016 of IDLC Finance Limited was Tk 58.70 each, being quoted market price on that day. Fair values of shares has been presented net of potential capital gain tax @ 10%.		
6.4	Fair value of the shares as at 30 June 2016 of National Housing Finance & Investment Limited (NHFIL) was Tk 30.00 each, being quoted market price on that day. Fair values of shares has been presented net of potential capital gain tax @ 10%.		
7	Changes in fair value of the available for sale financial assets		
		30 June 2016	31 December 2015
		Taka	Taka
	Fair value of the investment (Quoted shares) (Note 6)	380,181,728	418,552,137
	Less: Cost price of the investment (Quoted shares) (Note 6)	53,777,223	53,777,223
		326,404,505	364,774,914
	Less: Fair value reserve at 1 January	364,774,914	330,756,187
	Fair value adjustment for the period	(38,370,409)	34,018,727

	30 June 2016	31 December 2015
	Taka	Taka
8 Loans and deposits		
Cash and article loan to employees	7,505,309	5,460,143
Security and guarantee deposits	1,963,600	1,817,800
	9,468,909	7,277,943
Less : Current portion classified as current assets (Note 11)	2,405,556	1,979,780
	<u>7,063,353</u>	<u>5,298,163</u>

9 Inventories		
Raw materials	130,377,926	226,277,220
Raw materials in transit	66,431,177	12,496,424
Work-in-process	608,668	2,222,223
Finished goods	79,873,100	90,644,740
Promotional goods	1,823,596	2,065,956
Spare parts (Note 9.1)	11,574,563	11,337,000
	<u>290,689,030</u>	<u>345,043,563</u>

9.1 Spare parts

Description	Balance as at 1 January 2016	Purchase during the period		Consumption	Balance as at 30 June 2016
		C & F value	Cost		
	Taka	USD	Taka	Taka	Taka
Imported	5,074,549	19,650	1,722,605	391,939	6,405,215
Local	6,262,451	-	1,925,520	3,018,623	5,169,348
	<u>11,337,000</u>	<u>19,650</u>	<u>3,648,125</u>	<u>3,410,562</u>	<u>11,574,563</u>

Out of the total spare parts consumed, 11% were imported and the rest 89% were procured from local sources.

10 Trade and other debtors	30 June 2016	31 December 2015
	Taka	Taka
Trade debtors (Note 10.1)	200,133,923	178,497,420
Other debtors (Note 10.2)	4,617,017	1,103,560
	<u>204,750,940</u>	<u>179,600,980</u>

10.1 Trade debtors

Transcom Electronics Ltd. :		
Due below six months	-	-
Due more than six months	33,388	33,388
	<u>33,388</u>	<u>33,388</u>
Sales to customers :		
Due below six months	194,142,438	171,814,288
Due more than six months	5,958,097	6,649,744
	<u>200,100,535</u>	<u>178,464,032</u>
	<u>200,133,923</u>	<u>178,497,420</u>

10.2 Other debtors

Bangladesh Electrical Industries Ltd.	2,063,973	73,966
Transcom Foods Ltd.	459,256	139,276
Transcom Distribution Company Ltd.	1,575,267	350,425
Sena Kalyan Sangstha	131,732	131,732
Transcom Mobile Ltd.	30,000	-
Miscellaneous	356,789	408,161
	<u>4,617,017</u>	<u>1,103,560</u>

	30 June 2016	31 December 2015
	Taka	Taka
11 Advances, deposits and prepayments		
Advances:		
Current portion of cash and article loan to employees (Note 8)	2,405,556	1,979,780
VAT current account	1,137,357	301,648
To employees	3,633,976	1,263,912
To suppliers	524,030	141,374
	7,700,919	3,686,714
Deposits:		
Customs deposits	216	216
Prepayment:		
Prepaid expenses	4,727,929	4,336,897
	12,429,064	8,023,827
12 Advance income tax		
Balance as at 1 January	181,756,982	149,615,412
Add: Advance income tax paid u/s 64 of Income Tax Ordinance 1984	-	-
Tax deducted at source	14,893,811	32,141,570
	14,893,811	32,141,570
	196,650,793	181,756,982
Less: Adjustment for completed assessments	-	-
Closing Balance	196,650,793	181,756,982
13 Cash and cash equivalents		
Cash in hand	43,128	268,913
Balance with banks:		
Standard Chartered Bank Ltd. - Kawran Bazar, Dhaka - C/A - 01133949401	35,102	39,841
Eastern Bank Ltd. - Principal Br., Dhaka - O/D - 01012040000174	-	8,696,703
South East Bank Ltd. - Kawran Bazar, Dhaka - C/A - 001511100000945	3,482	58,700
South East Bank Ltd. - Banani, Dhaka - C/A - 11100007583	526,182	744,101
South East Bank Ltd. - Kawran Bazar, Dhaka - C/A - 001511100002375	1,072,216	-
AB bank Ltd-Kawran Bazar Dhaka C/A No- 4002774344000	26,552,521	26,497,662
Dutch-Bangla Bank Ltd. - Banani, Dhaka - C/A - 10311019889	1,758,965	2,187,449
Dhaka Bank Ltd. - Kawran Bazar, Dhaka - C/A - 2071000007781	1,210,611	568,168
BRAC Bank Ltd. - Gulshan, Dhaka - C/A - 1501201990731001	960,500	1,958,474
The City Bank Ltd. - Gulshan, Dhaka - C/A - 1101237275001	279,903	633,748
Cash at fixed deposit:		
IDLC Finance Limited	20,714,639	20,000,000
National Housing Finance and Investment Limited (NHFIL)	54,985,938	53,048,373
Cash and cash equivalents	108,143,187	114,702,132
14 Share capital		
Authorized:		
50,000,000 ordinary shares of Tk 10 each	500,000,000	500,000,000
Issued and fully paid up:		
9,370,608 ordinary shares of Tk 10 each (Note 14.1)	93,706,080	93,706,080
Out of 9,370,608 ordinary shares issued and paid up; 675,400 shares were allotted for cash; 826,300 shares for consideration other than cash and the remaining 7,868,908 shares were issued as fully paid bonus shares.		

14.1 Composition of shareholding

	30 June 2016		31 December 2015	
	No. of shares	Percentage	No. of shares	Percentage
Transcom Ltd.	5,068,336	54.09%	5,068,336	54.09%
Transcom Electronics Ltd.	650,000	6.94%	650,000	6.94%
ICB	110,643	1.18%	112,220	1.20%
Foreign investors (Note 35)	2,665	0.03%	2,665	0.03%
Individuals	1,624,789	17.34%	1,553,560	16.58%
Other institutional investors	1,914,175	20.42%	1,983,827	21.16%
	<u>9,370,608</u>	<u>100%</u>	<u>9,370,608</u>	<u>100%</u>

The foreign investors have already sold their shares, but those shares have not been transferred in the name of buyers as at 30 June 2016.

Classification of shares by holding:

Holdings	Number of holders		% of total holding	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
1 to 500 shares	2,077	2,006	3.2	3.0
501 to 5000 shares	488	440	7.5	6.7
5,001 to 10,000 shares	40	50	2.8	3.6
10,001 to 20,000 shares	18	26	2.8	4.1
20,001 to 30,000 shares	6	3	1.5	0.8
30,001 to 40,000 shares	1	1	0.4	0.4
40,001 to 50,000 shares	-	1	-	0.4
50,001 to 100,000 shares	5	4	3.9	3.6
100,001 to 1,000,000 shares	5	5	23.8	23.3
Over 1,000,000 shares	1	1	54.1	54.1
	<u>2,641</u>	<u>2,537</u>	<u>100.0</u>	<u>100.0</u>

15 Reserves and surplus

	30 June 2016	31 December 2015
	Taka	Taka
Capital reserve (Note 15.1)	2,305,167	2,305,167
General reserve	183,416,823	171,299,487
Fair value reserve	326,404,505	364,774,914
Retained earnings	26,869,322	30,858,552
	<u>538,995,817</u>	<u>569,238,120</u>

15.1 Capital reserve

Capital reserve was created in 1982 on restructuring of the business.

16 Deferred liability - gratuity payable

Balance as at 1 January	47,756,030	45,217,818
Add: Provision/transfer during the period	6,837,468	9,105,623
	<u>54,593,498</u>	<u>54,323,441</u>
Less: Payment during the period	2,014,152	6,567,411
	<u>52,579,346</u>	<u>47,756,030</u>

17 Deferred tax liability

Deferred tax liability is arrived at as follows:

	Carrying amount on balance <u>sheet date</u> <u>Taka</u>	<u>Tax base</u> <u>Taka</u>	Taxable/ (deductible) temporary difference <u>Taka</u>
30 June 2016			
Property, plant and equipment	121,963,207	64,164,280	57,798,927
Gratuity payable	52,579,346	-	(52,579,346)
Total temporary difference			5,219,581
Applicable tax rate			25%
Deferred tax liability			1,304,895
31 December 2015			
Property, plant and equipment	126,333,274	64,703,879	61,629,395
Gratuity payable	47,756,030	-	(47,756,030)
Total temporary difference			13,873,365
Applicable tax rate			25%
Deferred tax liability			3,468,341
Movement of deferred tax liability:			
	30 June 2016	31 December 2015	
	<u>Taka</u>	<u>Taka</u>	
Opening balance	3,468,341	5,129,676	
Provision/(reversal) during the period	(2,163,446)	(1,661,335)	
Closing balance	1,304,895	3,468,341	
18 Current portion of long term loan			
Payable within one year	-	7,789,803	
Payable after one year	-	-	
	-	7,789,803	

Long term loan of Tk. 11 million and Tk. 7.085 million was taken from Eastern Bank Ltd. in November and December 2010 respectively. Subsequently in 2011 Tk 71.888 million has been taken from Eastern Bank Ltd. for the new arrangement of FTL (Fluorescent Tube Light) plant. This loan has been repaid in 18 quarterly installments within June 2016.

19 Short term finance

Southeast Bank Limited (Note 19.1)

Bank overdraft

Import loan

28,952,717	-
-	30,297,983
28,952,717	30,297,983

Eastern Bank Limited (Note 19.2)

Bank overdraft

Import loan

48,226,284	-
217,540,936	288,615,535
265,767,220	288,615,535
294,719,937	318,913,518

- 19.1 Total bank overdraft and import loan/LC facility limit with Southeast Bank Limited, Dhaka at 30 June 2016 were Tk 50 million and Tk 60 million respectively with interest @ 10.50 % p.a., for both the facilities subject to revision from time to time. Interest is charged on quarterly basis.

However, most of the imports of the company are financed through offshore loans (UPAS L/C) of six months tenure which bear confirmations, arrangement fees and LIBOR @ 5.50% p.a.

- 19.2 Total bank overdraft, import loan/LC and demand loan facility limit with Eastern Bank Limited, Dhaka at 30 June 2016 were Tk 50 million, Tk 355 million and Tk 45 million respectively with interest @ 10.00 % p.a., for the facilities subject to revision from time to time. Interest is charged on quarterly basis.

However, most of the imports of the company are financed through offshore loans (UPAS L/C) of six months tenure which bear LIBOR plus confirmations and arrangement fees @ 4.25% p.a.

19.3 Securities against overdraft and import loans

These loans are secured by registered first charge jointly between Eastern Bank Limited, Principal Branch, Dhaka, and Southeast Bank Limited, Kawran Bazar Branch, Dhaka on the basis of pari-passu security sharing agreement as under.

- i) Registered hypothecation over duly insured stocks of all moveable assets including raw materials, work-in-process and finished goods covering the risks for fire, riots, strike, devastation and cyclone.
- ii) Registered hypothecation over book debts of the company.
- iii) Corporate guarantee of Transcom Limited.
- iv) Registered hypothecation over duly insured plant and machinery covering the risks for fire, riots, strike, devastation and cyclone.

20 Trade and other creditors

	30 June 2016	31 December 2015
	Taka	Taka
For goods	43,012,944	44,376,722
For expenses	108,354,769	117,926,197
	<u>151,367,713</u>	<u>162,302,919</u>

21 Other liabilities

WPPF contribution	1,758,863	2,091,572
Wages and salaries	5,861,255	6,821,511
Canteen expenses	1,133,165	917,733
Energy cost	2,591,859	4,019,688
Telephone and fax	1,161,815	1,045,216
Audit fees (including WPPF and PF audit)	431,250	373,750
Legal advisor's fees	491,796	461,796
Unclaimed dividend	10,791,287	9,830,226
Provision for royalty (Note 21.1)	30,983,736	27,761,693
Security deposit	363,067	338,067
Withholding tax	1,041,510	535,242
	<u>56,609,603</u>	<u>54,196,494</u>

21.1 Provision for royalty

Balance as at 1 January	27,761,693	19,967,136
Add: Provision during the period	3,222,043	7,794,557
	<u>30,983,736</u>	<u>27,761,693</u>
Less: Payment during the period	-	-
Closing balance	<u>30,983,736</u>	<u>27,761,693</u>

This represents amount payable to Koninklijke Philips Electronics N.V. (previously known as Philips International B.V.), the Netherlands, as royalty 3.6% on net sales of Philips brand electric bulbs (GLS).

22 Provision for tax

Balance as at 1 January	123,685,977	111,051,763
Add: Provision for the period	10,471,384	12,634,214
	<u>134,157,361</u>	<u>123,685,977</u>
Less: Adjustment for completed assessments	-	-
	<u>134,157,361</u>	<u>123,685,977</u>

22.1 Income tax expenses

Current tax
Deferred tax

<u>Jan-Jun 2016</u>	<u>Jan-Jun 2015</u>
<u>Taka</u>	<u>Taka</u>
(10,471,384)	(8,711,430)
2,163,446	2,392,066
<u>(8,307,938)</u>	<u>(6,319,364)</u>

23 Revenue

Electric bulbs (Note: 23.1)

Sales
Less: VAT

165,096,394	213,636,808
24,455,255	29,517,753
140,641,139	184,119,055

Energy saving lamps

Sales
Less: VAT

418,272,062	435,101,657
16,886,213	15,101,841
401,385,849	419,999,816

Fluorescent tube lights

Sales
Less: VAT

53,576,553	59,459,263
3,066,936	7,424,698
50,509,617	52,034,565

Starter

Sales
Less: VAT

6,127,590	4,613,058
915,944	798,706
5,211,646	3,814,352

Ballast

Sales
Less: VAT

7,414,672	2,605,163
1,018,936	411,431
6,395,736	2,193,732

LED

Sales
Less: VAT

23,373,047	8,885,951
3,531,834	866,168
19,841,213	8,019,783

Luminaire

Sales
Less: VAT

56,000	8,400
6,391	1,096
49,609	7,304

Net sales

<u>624,034,809</u>	<u>670,188,607</u>
--------------------	--------------------

23.1 This includes net sales of Philips Brand GLS bulbs of Taka 89,501,208 and Taka 114,451,947 for the period of six months (January to June) 2016 and 2015 respectively.

23.2 Sales Quantity

Electric bulbs
Energy saving lamps
Fluorescent tube lights
Starter
Ballast
LED
Luminaire

<u>Jan-Jun 2016</u>	<u>Jan-Jun 2015</u>
<u>Quantity</u>	<u>Quantity</u>
7,446,622	9,152,082
1,847,911	1,915,874
810,601	817,946
735,170	647,729
42,064	14,813
159,957	97,095
35	18

24 Cost of sales

	<u>Jan-Jun 2016</u>	<u>Jan-Jun 2015</u>
	<u>Taka</u>	<u>Taka</u>
Opening stock of raw materials as at 01 January	226,277,220	176,659,811
Purchase during the period	271,791,378	364,249,885
Closing stock of raw materials as at 30 June	(130,377,926)	(79,305,405)
Raw materials consumed (Note 24.1)	367,690,672	461,604,291
Salaries and wages	37,670,260	37,940,669
Gratuity	4,862,135	2,670,549
Contribution to provident fund	1,046,648	950,010
Medical expenses	1,126,777	883,628
Staff welfare expenses	1,812,160	1,582,891
Canteen expenses	6,426,689	6,834,414
Power and fuel	11,840,355	14,799,095
Repairs and maintenance - General	1,894,677	1,720,745
Repairs and maintenance - Machinery	749,646	1,084,495
Stores and spares consumed	3,410,562	3,013,202
Rent, rates and taxes	4,103,129	4,103,130
Insurance	800,544	964,926
Telephone and fax	358,933	364,021
Depreciation (Note 4.2)	11,696,420	11,143,376
	455,489,607	549,659,442
Opening work-in-process as at 01 January	2,222,223	2,896,465
Closing work-in-process as at 30 June (Note 24.2)	(608,668)	(2,281,537)
Cost of production	457,103,162	550,274,370
Opening stock of finished goods as at 01 January	90,644,740	54,936,406
Finished goods purchased during the period	8,075,453	6,279,968
Closing stock of finished goods as at 30 June	(79,873,100)	(95,361,260)
	475,950,255	516,129,484

24.1 Raw materials consumed

Jan-Jun 2016

Description	Opening stock	Purchase	Closing stock	Consumption
	Value	Value	Value	Value
	Taka	Taka	Taka	Taka
Imported:				
GLS	16,881,723	20,011,724	14,013,961	22,879,486
CFL	177,749,449	152,772,198	82,068,860	248,452,787
FTL	14,514,489	21,187,920	17,284,452	18,417,957
LED	-	5,532,312	477,722	5,054,590
Others	493,114	4,327,924	1,185,598	3,635,440
Imported total	209,638,775	203,832,078	115,030,593	298,440,260
Local:				
GLS	11,113,978	46,013,446	9,920,680	47,206,744
CFL	3,840,065	14,827,852	3,083,681	15,584,236
FTL	1,601,898	5,980,724	1,698,938	5,883,684
LED	-	676,632	386,509	290,123
Others	82,504	460,646	257,525	285,625
Local total	16,638,445	67,959,300	15,347,333	69,250,412
Grand total	226,277,220	271,791,378	130,377,926	367,690,672

Out of the total raw materials consumed, 81% was imported and the rest 19% was procured from local sources.

Jan-Jun 2015

Description	Opening stock	Purchase	Closing stock	Consumption
	Value	Value	Value	Value
	Taka	Taka	Taka	Taka
Imported:				
GLS	20,090,777	44,503,120	14,693,319	49,900,578
CFL	117,230,767	178,429,224	34,202,705	261,457,286
FTL	19,586,304	18,393,413	16,407,116	21,572,601
Others	301,898	2,786,031	29,129	3,058,800
Imported total	157,209,746	244,111,788	65,332,269	335,989,265
Local:				
GLS	12,448,340	73,583,019	11,094,165	74,937,194
CFL	5,465,410	28,131,166	1,457,030	32,139,546
FTL	1,494,118	18,113,792	1,351,806	18,256,104
Others	42,197	310,120	70,135	282,182
Local total	19,450,065	120,138,097	13,973,136	125,615,026
Grand total	176,659,811	364,249,885	79,305,405	461,604,291

Out of the total raw materials consumed, 73% was imported and the rest 27% was procured from local sources.

24.2 Break up of work-in-process

<u>Description</u>	<u>Balance as at 30 June 2016</u>		<u>Balance as at 30 June 2015</u>	
	<u>Quantity (Pc)</u>	<u>Value (Taka)</u>	<u>Quantity (Pc)</u>	<u>Value (Taka)</u>
GLS:				
Mounted feet lamps	-	-	-	-
Unmounted feet lamps	-	-	820	1,621
Uncapped lamps	-	-	21,342	78,268
Unpacked lamps	-	-	119,526	1,384,866
Chemicals		598,938		58,020
		598,938		1,522,775
CFL:				
Unpacked lamps	-	-	472	55,088
		-		55,088
FTL:				
Stem light	-	-	1,000	6,159
Mount light	-	-	1,100	10,795
Unpacked light	-	-	14,700	668,160
Inner sleeve	3,000	9,730	6,000	18,560
		9,730		703,674
		608,668		2,281,537

24.3 Closing stock of finished goods (In unit)

	<u>30 June 2016</u>	<u>30 June 2015</u>
	<u>Qty</u>	<u>Qty</u>
Electric bulbs	1,635,183	3,006,917
Energy saving lamps	279,126	209,008
Fluorescent tube lights	1,616	285,887
Starter	87,929	61,831
Ballast	9,358	12,485
LED	97,219	216,415
Luminaire	-	10

25 Other income

	<u>Jan-Jun 2016</u>	<u>Jan-Jun 2015</u>
	<u>Taka</u>	<u>Taka</u>
Dividend income (Note 25.1)	19,909,414	12,803,129
Cost recovery	3,553,332	2,112,666
Income from sale of scrap	2,368,538	2,005,443
Sale proceeds from fractional bonus shares	20	24
	25,831,304	16,921,262

25.1 Dividend income represents dividend received in cash from investment in share of Pubali Bank Limited, IDLC Finance Limited, National Housing Finance and Investment Limited and Reliance Insurance Limited .

26 Operating expenses

	<u>Jan-Jun 2016</u>	<u>Jan-Jun 2015</u>
	<u>Taka</u>	<u>Taka</u>
Salaries & benefits	28,016,387	30,173,864
Gratuity	1,975,333	1,186,614
Contribution to provident fund	437,947	396,935
Medical expenses	492,659	299,217
Computer & IT expenses	1,539,474	1,789,166
Rent, rates and taxes	30,378	30,378
Fuel and power	2,280,897	2,405,746
Insurance	89,529	104,832
Repairs and maintenance	598,034	884,699
Vehicle running expenses	2,219,632	1,494,110
Travelling and conveyance	6,758,475	4,781,393
Licence and registration fees	760,500	874,666
Postage and stamps	40,933	46,736
Directors' fees	494,500	402,500
Legal and professional expenses	84,749	946,617
Auditors' remuneration	373,750	184,000
Bank charges	186,313	288,511
Periodicals and journals	280,976	186,386
Entertainment	573,217	732,874
Printing and stationery	1,688,275	1,491,474
Telephone and fax	1,965,402	1,415,016
Royalty	3,222,043	4,120,270
Selling and distribution expenses	15,943,334	21,843,901
Replacement Cost	32,033,238	25,659,948
Sales promotion and publicity	28,807,946	39,503,991
Depreciation (Note 4.2)	143,729	320,766
Amortization	176,774	212,112
	<u>131,214,424</u>	<u>141,776,722</u>

27 Finance expense

On long term loan	221,316	1,466,039
On short term finance	8,511,359	5,446,591
	<u>8,732,675</u>	<u>6,912,630</u>

28 Finance income

Interest income	2,924,745	5,508,211
Interest on cash loan to employees	42,619	40,445
	<u>2,967,364</u>	<u>5,548,656</u>

29 Earnings per share (EPS)

The computation of EPS is given below:

Earnings attributable to ordinary shareholders (net profit after tax)	<u>26,869,322</u>	<u>20,194,626</u>
Weighted average number of ordinary shares outstanding at the period end	<u>9,370,608</u>	<u>9,370,608</u>
Basic Earnings Per Share (EPS)	<u>2.87</u>	<u>2.16</u>

29.1 Diluted earnings per share

No diluted earnings per share is required to be calculated for the period as there was no scope for dilution during the period.

30 Capacity utilization

	<u>30 June 2016</u>	<u>30 June 2015</u>
	<u>Quantity</u>	<u>Quantity</u>
Electric bulbs	7,105,038	11,639,240
Energy saving lamps	1,866,486	1,919,374
Fluorescent tube lights	636,170	959,557
Starter	676,000	549,550
Luminaire	35	28
LED	58,198	422

The existing capacity of electric bulb is 35.5 million in 2 shifts, fluorescent tube light (FTL) is 2.4 million in single shift, energy saving lamp (CFL) is 4.43 million in single shift per annum and Light-emitting diodes (LED) 3.0 million in single shift per annum.

31 Remuneration of Directors and Officers

	<u>Jan-Jun 2016</u>		<u>Jan-Jun 2015</u>	
	<u>Directors</u>	<u>Officers</u>	<u>Directors</u>	<u>Officers</u>
No. of Directors & Officers	12	150	12	152
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Fees	494,500		402,500	
Remuneration	150,000	18,132,125	150,000	15,724,363
Provident fund contribution	-	425,396	-	438,725
Provision for gratuity	-	2,158,779	-	1,928,582
Housing	-	3,597,273	-	3,227,671
Other perquisites	-	2,434,300	-	2,317,500
	<u>644,500</u>	<u>26,747,873</u>	<u>552,500</u>	<u>23,636,841</u>

Remuneration of Tk 150,000 represents payment to Managing Director of the company.

32 Financial instrument disclosure

Financial Risk Management

The company's management has overall responsibility for the establishment and oversight of the company's risk management framework.

The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

The note provides information about the company's exposure of the above risks.

32.1 Credit risk

a) Exposure to credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>30 June 2016</u>	<u>31 December 2015</u>
	<u>Taka</u>	<u>Taka</u>
Trade debtors	200,133,923	178,497,420
Other debtors	4,617,017	1,103,560
Cash at bank	108,100,059	114,433,219
	<u>312,850,999</u>	<u>294,034,199</u>

The maximum exposure to credit risk for trade debtors at the reporting date by product category was:

GLS	48,032,142	51,764,252
CFL	128,085,711	112,453,374
FTL	18,012,053	14,279,794
LED	6,004,017	-
	<u>200,133,923</u>	<u>178,497,420</u>

b) Ageing of trade debtors

The ageing of gross trade debtors at the reporting date was:

Invoiced 0-30 days	132,505,088	94,045,422
Invoiced 31-60 days	10,661,737	44,159,412
Invoiced 61-90 days	33,652,888	26,847,573
Invoiced 91-120 days	11,727,460	4,421,069
Invoiced 121-180 days	5,595,265	2,340,812
Invoiced 181-365 days	784,395	944,533
Invoiced and above 365 days	5,207,090	5,738,599
	<u>200,133,923</u>	<u>178,497,420</u>

c) Ageing of other debtors

The ageing of other debtors at the reporting date was:

Invoiced 0-30 days	4,485,285	971,828
Invoiced 31-60 days	-	-
Invoiced 61-90 days	-	-
Invoiced 91-120 days	-	-
Invoiced 121-180 days	-	-
Invoiced 181-365 days	-	-
Invoiced and above 365 days	131,732	131,732
	<u>4,617,017</u>	<u>1,103,560</u>

32.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with the financial liabilities. The following are the contractual maturities of financial liabilities:



	<u>Carrying amount</u> <u>Taka</u>	<u>Contractual cash flows</u> <u>Taka</u>	<u>6 months or less</u> <u>Taka</u>	<u>6-12 months</u> <u>Taka</u>	<u>1-2 years</u> <u>Taka</u>	<u>2-5 years</u> <u>Taka</u>	<u>More than 5 years</u> <u>Taka</u>
<u>As at 30 June 2016</u>							
Non-derivative financial liabilities:							
Trade creditors	43,012,944	43,012,944	43,012,944	-	-	-	-
Creditors for expenses	108,354,769	108,354,769	105,205,833	-	-	-	3,148,936
Other liabilities	56,609,603	56,609,603	46,890,608	-	1,039,612	1,961,887	6,717,496
Derivative financial liabilities	-	-	-	-	-	-	-
	207,977,316	207,977,316	195,109,385	-	1,039,612	1,961,887	9,866,432
<u>As at 31 December 2015</u>							
Non-derivative financial liabilities:							
Trade creditors	44,376,722	44,376,722	44,376,722	-	-	-	-
Creditors for expenses	117,926,197	117,926,197	114,777,261	-	-	-	3,148,936
Other liabilities	54,196,494	54,196,494	44,366,343	1,144,764	1,138,805	1,559,926	5,986,656
Derivative financial liabilities	-	-	-	-	-	-	-
	216,499,413	216,499,413	203,520,326	1,144,764	1,138,805	1,559,926	9,135,592

32.3 Market risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in exchange rate. The company is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

The Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

i) Exposure to currency risk

	<u>As at 30 June 2016</u>		<u>As at 31 December 2015</u>	
	<u>BDT</u>	<u>USD</u>	<u>BDT</u>	<u>USD</u>
Foreign currency denominated assets	-	-	-	-
Foreign currency denominated liabilities				
Trade creditors	(59,606,706)	(760,290)	(10,797,166)	(137,544)
	(59,606,706)	(760,290)	(10,797,166)	(137,544)
Net exposure	(59,606,706)	(760,290)	(10,797,166)	(137,544)

The following significant exchange rates are applied during the period:

	<u>Exchange rates as at</u>	
	<u>30 June 2016</u>	<u>31 Dec 2015</u>
	<u>Taka</u>	<u>Taka</u>
US Dollar (USD)	78.40	78.50

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A 10% change in exchange rate of foreign currencies would have increased/(decreased) equity and profit or loss of the Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	<u>Profit or loss</u>		<u>Equity</u>	
	<u>10% increase</u>	<u>10% decrease</u>	<u>10% increase</u>	<u>10% decrease</u>
<u>30 June 2016</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Expenditures denominated in USD	(5,960,671)	5,960,671	(5,960,671)	5,960,671
Exchange rate sensitivity	(5,960,671)	5,960,671	(5,960,671)	5,960,671
<u>31 December 2015</u>				
Expenditures denominated in USD	(1,079,717)	1,079,717	(1,079,717)	1,079,717
Exchange rate sensitivity	(1,079,717)	1,079,717	(1,079,717)	1,079,717

b) Interest rate risk

The risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rate. The interest rate profile of the Company's interest bearing financial instruments were as follows:

	<u>Carrying amount</u>	
	<u>30 June 2016</u>	<u>31 December 2015</u>
	<u>Taka</u>	<u>Taka</u>
Fixed rate instruments		
<i>Financial assets</i>		
Cash at bank	108,100,059	114,433,219
<i>Financial liabilities</i>		
Long term loan	-	-
Current portion of long term loan	-	7,789,803
	<u>-</u>	<u>7,789,803</u>
Floating rate instruments		
<i>Financial assets</i>	-	-
<i>Financial liabilities</i>	-	-
Short term finance	294,719,937	318,913,518
	<u>294,719,937</u>	<u>318,913,518</u>

c) Accounting classification and fair values

Fair value of financial assets and liabilities together with carrying amount shown in the statement of financial position are as follows:

	<u>30 June 2016</u>		<u>31 December 2015</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Assets carried at fair value through profit or loss	-	-	-	-
Held to maturity assets	-	-	-	-
Loans and receivables:				
Trade and other debtor	204,750,940	204,750,940	179,600,980	179,600,980
Cash at bank	108,100,059	108,100,059	114,433,219	114,433,219
Available for sale of financial assets	-	-	-	-
Investment on shares	381,751,178	381,751,178	420,121,587	420,121,587
Liabilities carried at fair value through profit or loss	-	-	-	-
Liabilities carried at amortised costs				
Trade creditors	43,012,944	N/A*	44,376,722	N/A*
Expense creditors	108,354,769	N/A*	117,926,197	N/A*
Other Liabilities	56,609,603	N/A*	54,196,494	N/A*
Other non-current liabilities	53,884,241	N/A*	51,224,371	N/A*

* Determination of fair value is not required as per the requirements of BFRS 7 : *Financial Instruments: Disclosure* . However, fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

33 Related party transactions

The company in normal course of business has entered into transactions with other entities that fall within the definition of related party contained in *BAS: 24 Related Party Disclosure*. The Company believes that the terms of related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions during the period are as follows:

Name of related party	Relationship	Nature of transaction	Transaction			
			Opening receivable/ (payable)	Addition Amount	Adjustment Amount	Receivable/ (payable) 30 June 2016
			<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Transcom Electronics Ltd.	Shareholding company	a) Sales	33,388	-	(33,388)	-
		b) Dividend paid	-	1,040,000	(1,040,000)	-
		c) Interest on receivable, cost recovery, utilities and distribution expenses	(247,270)	(13,226,082)	10,952,091	(2,521,261)
Bangladesh Electrical Industries Ltd.	Associate company	Cost of accommodation, utility facilities and security cost recovery	73,966	4,606,972	(2,616,965)	2,063,973
Transcom Foods Ltd.	Associate company	Cost of accommodation, utility facilities and security cost recovery	139,276	775,219	(455,239)	459,256
Transcom Distribution Company Ltd.	Associate company	Cost of accommodation, utility facilities and security cost recovery	350,424	3,086,304	(1,861,461)	1,575,267
Transcom Mobile Ltd.	Associate company	Cost of accommodation, utility facilities and security cost recovery & product purchase	(1,080,649)	1,110,649	-	30,000
Transcom Limited	Holding company	a) Dividend paid	-	8,109,338	(8,109,338)	-
		b) Computer & IT expenses	(6,850,755)	(1,497,516)	25,862	(8,322,409)

34 Number of employees

The number of permanent employees receiving remuneration of Tk 36,000 or above per employee per year were 392 (2015: 337).

35 Dividend to non-resident shareholders

The company's four foreign investors, holding 2,665 shares in aggregate, have already sold their shares. However the buyers had not yet registered those shares in their names up to 30 June 2016.

36 Claims against the company not acknowledged as debt

None at 30 June 2016.

37 Contingent liability

37.1 There is a contingent liability of Tk. 4.53 million in regard to disputed tax claims for the tax assessment year 1999-2000. This matter has been referred to the High Court Division in 2004, the outcome of which is yet to be received.

37.2 Furthermore, there are contingent liabilities of Tk. 2.90 million, Tk. 7.64 million, Tk. 12.37 million and Tk. 17.56 million with regard to unresolved disputed tax claims against the tax Assessment Year (AY) 2010-2011, 2011-2012, 2012-2013 and 2013-2014 respectively. First two of these disputes are under processing for reference before the High Court Division. Appeal against tax dispute for AY 2012-2013 is filed with and waiting for hearing before the Appellate Tribunal of Taxes. Appeal against tax dispute for AY 2013-2014 is under process of filing before the Commissioner (Appeals). Disallowances of expenses being tax disputes were unjust and has no merit and accordingly no additional provision has been made for this.

37.3 There are contingent liabilities of Tk. 135.83 million and Tk. 1.77 million due to outstanding 'Letter of Credit' and 'Bank Guarantee' issued by Eastern Bank Limited and Southeast Bank Limited.

37.4 Bangladesh Lamps Limited has a pending litigation with koninklijke Philips N.V with regard to the production and distribution of Philips brand GLS lamps. Currently, the Company's business from this segment is not significant and an outcome of this litigation will not have much impact on the operation of the company. The company is also making appropriate provision for Royalty payable to Philips as per terms of the agreement.

38 Capital expenditure commitment

None.

39 Receivable from directors

None.

40 Events after the reporting period

None.