

Annual

Report

2003-04



CHITTAGONG UREA FERTILIZER LIMITED

A GOVERNMENT ENTERPRISE UNDER
BANGLADESH CHEMICAL INDUSTRIES CORPORATION

ANNUAL REPORT

2003-2004



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CHITTAGONG UREA FERTILIZER LIMITED

RANGADIA, CHITTAGONG.

BACKGROUND

Chittagong Urea Fertilizer Limited (CUFL) is a Public Sector Enterprise engaged in manufacturing Nitrogenous Fertilizer, under administrative control of Bangladesh Chemical Industries Corporation (BCIC), a statutory autonomous corporation under the Government of the People's Republic of Bangladesh. It is managed by a Company Board constituted by BCIC. The Managing Director is the Chief Executive Officer (CEO).

It is located at Rangadia, Chittagong, on the Southern Bank of the Karnaphuli River, meets the Bay of Bengal. Total area of land occupied by the Company at Rangadia is 390.73 acres in addition to 3.77 acres occupied for water intake installation located at 30 kilometers away up stream at Kalurghat Bridge of Karnaphuli River.

The Government of Bangladesh (GOB) set up this company in 1980 having annual installed capacity of 5,61,000 MT Urea and 3,30,000 MT Ammonia based on indigenous natural gas as main raw material and fuel to be piped from Bakhrabad Gas Field, Comilla located at a distance of 20 Kilometers from Chittagong City. Ammonia is produced in Kellogg Process whereas Urea is produced by utilizing TOYO, MITSUBISHI TOATSU total Recycle process.

Total Capital cost incurred Tk. 15,663 million (US\$ 489 million) consisting of Tk. 4064 million in local currency financed by the Govt. of Bangladesh from its own source and Tk. 11599 million in foreign currency financed by Seven donors namely, (1) International Development Association (IDA), (2) Canadian International Development Association (CIDA), (3) Asian Development Bank (ADB), (4) Abu Dhabi Fund for Arab Economic Development (ADFAED), (5) Islamic Development Bank (ISDB), (6) Overseas Economic Co-operation Fund of Japan (OECF) and (7) Saudi Fund for Development (SFD).

Objectives of the Company are to meet the domestic demand of Nitrogenous fertilizer for increasing crop production, saving of foreign currency.



FOREWORD

It is indeed a great pleasure for me to present this Annual Report of Chittagong Urea Fertilizer Limited for the year 2003-2004. It incorporates the operating performance, financial position, Audited Accounts & Reports and other activities of the Company for the year mentioned above.

The Company produced 5,44,451 MT of Urea against the target of 5,40,000 MT in 2003-2004, achievement was 101% of target & 107% of the last years production. The Company sold 6,05,546 MT of Urea, worth Tk. 298.34 crore in the same year.

I am really happy to mention here that the company earned a net profit (Before Tax & CPPF) of Tk. 6.00 crore during the year under review. The Company contributed an amount of Tk. 118.14 crore to Government exchequer during the year.

With deep sense of gratitude, I would like to extend my heartfelt thanks to all officials of various Ministries, all Directors of the BCIC Board & CUFL Company Board, Officers and Staff of BCIC and also to all concerned agencies, both public & private without whose kind assistance and Co-operation it would not have been possible to run the Company successfully.

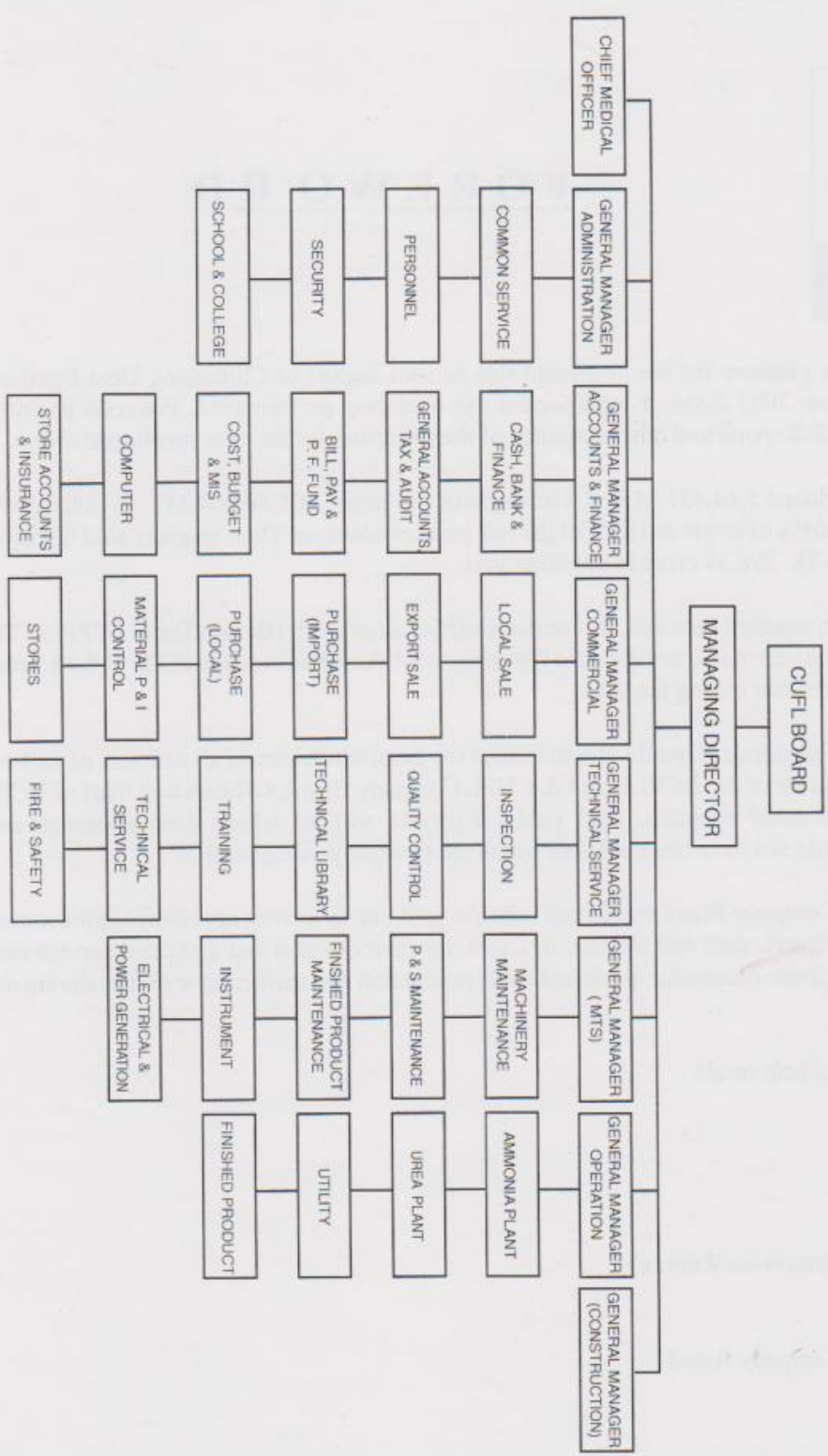
I, on behalf of the Company Board and on my behalf would like to convey my sincere appreciation and thanks to all officers, staff and workers of CUFL for their devoted and dedicated service rendered for achieving these successful performance in production and marketing activities during the year.

May Allah bless and help us all.

(Maj. Gen (Retd) Imam-uz-Zaman)
Chairman, BCIC
&
Chairman, CUFL Company Board.



ORGANIZATION CHART OF CUFL 2003-2004





BOARD OF DIRECTORS OF CUFL

DATE OF AGM : 23-03-2005



Major Gen. (Rtd.) Imam-uz-Zaman
Chairman,
BCIC, Dhaka & CUFL Company Board



Mr. Dhiraj Malaker
Joint Secretary, Ministry of Industries
& Director, CUFL Company Board



Mr. Mostafizur Rahman
Director (Commercial),
BCIC, Dhaka & Director,
CUFL Company Board



Mr. Zaheed Kabir
Director (Prod. & Engg.),
BCIC, Dhaka & Director,
CUFL Company Board



Mr. Dipak Ranjan Dutta
St. General Manager (Commercial),
BCIC, Dhaka & Director,
CUFL Company Board



Mr. Md. Quamrul Ahsan
Managing Director,
Chittagong Urea Fertilizer Ltd. &
Director, CUFL Company Board



Mr. Md. Sohrab Hossain Chowdhury
Managing Director,
TSP Complex Limited &
Director, CUFL Company Board



Mr. I. C. Basman
General Manger (A & F),
Chittagong Urea Fertilizer Limited &
Secretary, CUFL Company Board





NAME OF MANAGING DIRECTORS OF CUFL

<u>SL. NO.</u>	<u>NAME</u>	<u>DURATION</u>
01.	Mr. A. Mannan	05-07-1980 To 30-11-1981
02.	Mr. Sayed Shamim Ahasan	31-11-1981 To 29-11-1982
03.	Dr. Aminul Huq	30-11-1982 To 07-09-1983
04.	Mr. A. Momin	06-09-1983 To 06-02-1989
05.	Mr. M. A. Hamid	06-02-1989 To 22-03-1990
06.	Dr. Shafiqur Rahman	22-03-1990 To 23-07-1994
07.	Mr. K. M. Zuhurul Islam	23-07-1994 To 25-11-2000
08.	Mr. Abdul Hafiz	25-11-2000 To 14-06-2003
09.	Mr. Mohshin Uddin Talukder	14-06-2003 To 15-08-2004
10.	Mr. Md. Quamrul Ahsan	15-08-2004 To Till Date



SOME INFORMATION FROM BEGINNING NAME OF CHAIRMEN OF CUFL COMPANY BOARD

<u>SL. NO.</u>	<u>NAME AND DESIGNATION</u>	<u>DURATION</u>
01.	Mr. A. K. M. Mosharraf Hossain Chairman, BCIC, Dhaka.	05-07-1980 To 18-10-1981
02.	Mr. M. Motiul Islam Secretary, MOI, Dhaka.	19-10-1981 To 02-03-1982
03.	Mr. A.B.M. Golam Mostafa Secretary, MOI, Dhaka.	03-03-1982 To 03-08-1982
04.	Mr. S. M. Al-Hussainy Secretary, MOI, Dhaka.	04-08-1982 To 09-07-1983
05.	Mr. Munzur Murshed Secretary, MOI, Dhaka.	10-07-1983 To 21-07-1984
06.	Mr. Khurshed Alam Secretary, MOI, Dhaka.	22-07-1984 To 15-07-1985
07.	Mr. AKM Mosharraf Hossain Chairman, BCIC, Dhaka.	16-07-1985 To 14-6-1988
08.	Mr. Mohammad Toha Chairman (Incharge), BCIC, Dhaka.	15-06-1988 To 21-01-1989
09.	Col. Sayed Shahabuddin Ahmed Chairman, BCIC, Dhaka.	22-01-1989 To 15-02-1989
10.	Mr. Mohammad Toha Chairman, BCIC, Dhaka.	16-02-1989 to 20-04-1990



11. **Mr. E. R. Chowdhury**
Director (P & I),
BCIC, Dhaka. 21-04-1990 To 12-08-1991
12. **Mr. Nefaur Rahman**
Chairman,
BCIC, Dhaka. 13-08-1991 To 06-12-1991
13. **Mr. Kazi Rakibuddin Ahmed**
Chairman,
BCIC, Dhaka. 07-12-1991 To 29-09-1992
14. **Mr. Wasaq-Al-Azad**
Chairman,
BCIC, Dhaka. 30-09-1992 To 29-04-1995
15. **Mr. Ayub Quaderi**
Chairman,
BCIC, Dhaka. 30-04-1995 To 13-09-1995
16. **Mr. A. I. M. Nazmul Alam**
Chairman,
BCIC, Dhaka. 14-09-1995 To 05-05-1997
17. **Mr. M. Anwarul Hoque**
Chairman,
BCIC, Dhaka. 06-05-1997 To 21-08-2001
18. **Mr. Md. Monwar Hossain Chowdhury**
Chairman,
BCIC, Dhaka. 22-08-2001 To 23-03-2002
19. **Mr. Hasanul Morshed**
Chairman,
BCIC, Dhaka. 24-03-2002 To 11-11-2003
20. **Major Gen. (Rtd.) Imam-Uz-Zaman**
Chairman,
BCIC, Dhaka. 16-11-2003 To 27.08.05
21. **Mr. Zahed Kabir**
Director (Production & Engineering)
BCIC, Dhaka. 27.08.05 To Till Date



GLIMPSES FROM THE PAST



First Chairman of CUFL Company Board
Mr. A. K. M. Mosharraf Hossain,
Hon'ble MP



First Managing Director of CUFL
Mr. A. Mannan
Hon'ble MP

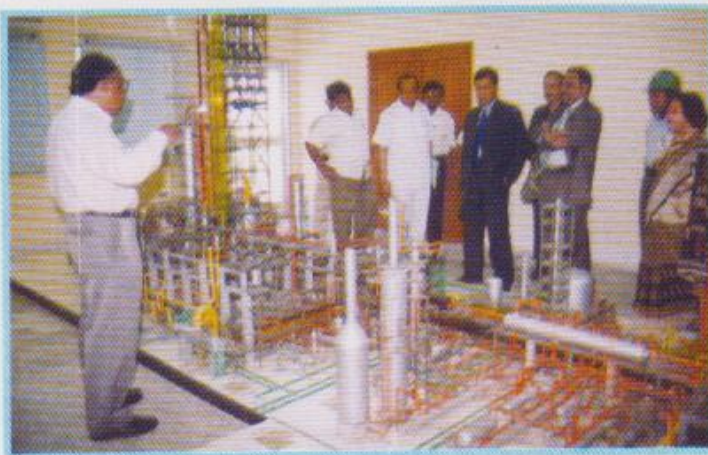


ALBUM



Hon'ble Minister for Industries Mr. Motiur Rahman Nizami visited CUFL. Hon'ble Mr. Sarwar Jamal Nizam Hon'ble MP, Mr. Shahjahan Chowdhury Hon'ble MP, and Chairman, BCIC Major General (Rtd.) Imam-uz-zaman and the then Managing Director, CUFL also seen in the picture.

Md. Quamrul Ahsan, Managing Director CUFL seen taking over the charge from Mr. M. U. Talukder the outgoing Managing Director CUFL.



Secretary, Ministry of Industries Mr. Nurul Amin visited CUFL. Chairman, BCIC, MD, CUFL and other Senior Officers of CUFL are also seen in the model room of CUFL.



Chairman, BCIC Major General (Rtd.) Imam-uz-zaman visited CUFL during Overhauling, 2005 and other officers of the factory seen in the picture.

Chairperson and other office bearers of Ladies Club of CUFL seen placing wreath on the occasion of Independence day.



Managing Director CUFL seen distributing prizes among the winner of games on the occasion of Victory day. President and General Secretary of CBA, General Manater (Adm), Chairperson Ladies Club and Commander, Muktijuddaha Command Council, CUFL command seen in the picture.



Company Board Meeting : Chairman : Mr. A. K. M. Mosharraf Hussain, MD. Mr. A. Momin



Mr. Ahmed Mohammad Ali Ex. President of Islam, Development Board, Dr. Aminul Huq, Ex. MD and Mr. E.R. Choudhury P.D.



Mr. Morad Waiz, Director (Com.), BCIC, Mr. M. A. Hamid, MD and Mr. K. M. Jahirul Islam COM. DIR.



Mr. Waseq-Al-Azad, Chairman BCIC and Dr. Shahfiqur Rahman, MD.



Mr. K. M. Zuhurul Islam, Director (P & I), BCIC and ex MD, CUFL and Mr. Abdul Hafiz, MD, CUFL seen along with their wives.



Outgoing Managing Director Mr. Mohsinuddin Talukdar and New Managing Director Mr. Quamrul Ahsan seen along with their wives.



CHITTAGONG UREA FERTILIZER LTD. RANGADIA, ANOWARA, CHITTAGONG.

DIRECTORS' REPORT

BISMILLAHIR RAHMANIR RAHIM
HONOURABLE SHAREHOLDERS,
ASSALAMU ALAIKUM,

The Board of Directors of Chittagong Urea Fertilizer Limited is pleased to submit in its 24th Annual General Meeting, the Annual Report along with Audited Accounts and Report thereon for the Financial year ended on 30th June, 2004 containing performance of the Company in respect of production, marketing, financial and other remarkable activities for consideration & adoption.

Production Performance :

The financial year 2003-2004 is the 16th commercial operation year of the Company. The company produced 5,44,451 MT Urea during 2003-04 as against the target of 5,40,000 M.T. which is 101% of target and 107% of the last year's production. The Production achieved during the year was 97.05% of installed capacity. During the year the company suffered suspension of production for 18 times involving 39 days for unforeseen shut down for shortage of Gas supply, High salinity in river water, Electrical/Instrument, Mechanical and process problems. Prompt action of the local management in each shut down helped resumption of production within shortest possible time and eventually achieving the production target.

Sales Performance :

In compliance with the national policy in respect of distribution of fertilizer, the Company sold 6,05,546.00 MT of urea through its 1023 appointed dealers spread over 22 administrative districts of the country known as Command Area as per MOA's demand, the value of which was Tk. 29834.38 lacs and its intermediate product Ammonia, to industrial consumers valuing Tk. 9.47 lacs. The achievement was 111.22% of production and 135.87% of last year's actual sales. During the year 2002-2003 actual sale of urea was 4,45,694.95 MT amounting to Tk. 21707.36 Lacs.

Down time :

Preventive maintenance is the sine-qua-non for smooth and uninterrupted production. During the year under report total number of unforeseen shut-down days were 39 days. Therefore, stream day's production was 1670.45 MT against 1672.45 MT of last year. Stream day's production was 97.05% of installed capacity during the year.

Shortage of bulk urea in Bulk Urea Godown :

An in house committee of CUFL took physical inventory of bulk urea on 31--08-2004 and found shortage of 15,278 MT (fifteen thousand two hundred seventy eight) of bulk urea in the Godown.



This was referred to BCIC for investigation. A high powered Committee investigated the matter and submitted their report to the Ministry of Industries. On instruction from the Ministry, BCIC has already taken action on this issue.

Financial Performance :

This is another successful operation year of the company inspite of adverse effect of currency exchange fluctuation, increase in gas price and input costs affecting cost of production. Company management expects that during the FY 2004-2005 the activities of the company will also be remarkable.

Cost of Production :

During the year actual cost of production per MT was Tk. 4,956.03 against budgeted cost of production of Tk. 4985.83 based on production target of 5,40,000 MT. The difference between actual and budgeted cost of production per MT is Tk. 29.80 which is analysed and summarised as under :-

VARIABLE COST VARIANCE (PER MT)		
NG :	Usage variance	(Tk. 75.19)
Chemicals :	Price variance	Tk 1.03
	Usage variance	Tk. (2.54)
Packing Materials :		
	Price variance	Tk. 2.45
	Usage variance	(Tk. 0.46)
Other variable expense variance		<u>Tk. 26.98</u>
TOTAL VARIABLE COST VARIANCE		<u>(Tk. 47.73)</u>
Fixed Expenses Spending variance		Tk. 58.13
Volume variance for higher production of 4451 MT		<u>Tk. 19.40</u>
NET COST VARIANCE PER MT		<u><u>Tk. 29.80</u></u>

Profitability :

During the year, the company earned a profit of Tk. 600.59 Lacs providing Tk. 654.42 Lacs as Provision for Inventory shortage against budgeted profit of Tk. 1344.63 Lacs. The achievement is 44.67% of budget and 112.06% of last year. The reasons for decrease of profit is analysed and summarised below:-

Excess Variable Cost incurred beyond budget	(Tk. 236.02 lacs)
Cost incurred due to Excess Bagging (38,982.40 X 515.84)	Tk. 201.09 lacs
Excess variable cost incurred for production of 4451MT beyond Target.	(Tk. 116.32 lacs)
Excess variable cost incurred over budget	<u>(Tk. 553.43 lacs)</u>
Savings of fixed cost	Tk. 316.51 lacs
Stock adjustment	(Tk.2735.52 lacs)
Sales income increased due to price variance	Tk. 207.45 lacs



Sales income increased due to Addl sales of 65,546.61 MT	Tk. 3206.93 lacs
Weighted sales price adjustment	(Tk. 302.35 lacs)
Ammonia Sales Revenue decreased	
Actual - Tk. 9.47 lacs	
Budget - <u>Tk. 10.00 lacs</u>	(Tk. 0.53 lacs)
Less misc. Income decreased	
Actual - Tk. 1609.42 lacs	
Budget- <u>Tk. 1838.10 lacs</u>	(Tk. 228.68 lacs)
Provision for inventory shortage	(Tk. 654.42 lacs)
Total Profit decreased	(Tk. 744.04 lacs)
Budgeted Profit for 2003-2004	Tk. 1344.63 lacs
Actual Profit for 2003-2004	<u>Tk. 600.59 lacs</u>

Contribution to National Exchequer :

The Company during the year 2003-04 contributed to Govt. exchequer an amount of Tk. 518.81 Lacs as Custom duty, VAT, Income tax on salaries etc, and also paid an amount of Tk. 5836.78 Lacs as excise duty, VAT, on purchase of N. gas. The company during the year 2002-03 contributed to Govt. exchequer an amount of Tk. 356.04 Lacs as Custom duty, VAT, Income tax on salaries etc. and also paid an amount of Tk. 5,101.62 Lacs as excise Duty, VAT, on purchase of gas.

Manpower and Training :

A total number of 962 & 994 skilled and dedicated employees worked for the Company at the close of the year 2003-04 and 2002-2003 respectively. The details are as under :

	Set up		30-6-2004 (Actual)	30-6-2003 (Actual)
	Approved	Revised		
Officer	300	271	318	346
Staff	375	200	304	304
Workers	425	256	340	344
Total	1100	727	962	994

To improve working efficiency and skill of the existing employees and to acquaint them with new technology, local training programme were arranged during the year 2003-04 and 74 number of officers for 858 mandays and 11 number of workers & staffs for 61 mandays respectively were given training on different courses of level development namely, Basic Industrial Management, Productivity Management, Safety Management, Public Procurement, Environmental Pollution Control, Steam turbine & turbine operated Machinery, Inspection & Trouble Shooting etc. Under TICI, BUET, BIM, Atomic Energy Commission. Besides, 13 BUET and 5 Dhaka University Students completed their In-plant Training at CUFL for 3 Weeks during the FY 2003-2004.



During the year 2002-2003 local training programme were also arranged and 74 number of officers for 642 mandays and 5 number of workers & staff for 60 mandays respectively were given training on different courses of level development namely, Safety Management, Personnel management, Maintenance Management, Environmental Pollution Control, Marketing Management, Financial Management, Quality Control, Labour Law etc.

Welfare Activities:

It has been the persistent policy of the Company to be generous in embarking on welfare activities to ensure an excellent living condition and healthy working environment for the employees. The facilities provided by the Company are :

Housing.

The Management provides substantial accommodation facilities to all levels of officers, staff and workers with utility services at nominal charges.

School & College.

The Management of Company with a view to providing proper education to the children and dependants of the employees has established a well-equipped college appointing experienced and highly qualified team of teachers. The results of SSC, HSC and Scholarship Examinations were excellent.

The table below shows the H.S.C & S. S. C results of financial year 2003-2004 in brief :

Name of Exam.	No. of students appeared	No. of students passed						Total	% of Pass
		GPA A+ 5.00	GPA- 4.50 to below 5.00	GPA- 4.00 to below 4.50	GPA- 3.00 to below 4.00	GPA- 2.00 to below 3.00	GPA- 1.00 to below 2.00		
1	2	3	4	5	6	7	8	9	10
H.S.C	46	-	7	7	7	10	1	32	69.57
S.S.C	91	4	19	17	17	4	2	72	79.12

This year 6 students got talent pool and 11 students got general grade scholarship in the Junior Scholarship Examination. In the same year 4 students got talent pool while 2 others got general grade scholarship in the Primary Scholarship Examination.

Medical.

The Company is alert of the importance of health need of all the employees and their dependants. For this purpose, the company is running a well equipped medical centre staffed with qualified doctors to provide free medical facilities to all officers, staff and workers. The company spent an amount of Tk 14.82 Lacs and Tk.18.33 Lacs as medical expenses during the year 2003-2004 and 2002-2003 respectively.

Club.

The Management of the company in order to provide rest & recreation and foster fellowship among the employees, has sponsored three clubs for the officers, employees and ladies separately. The company during the year 2003-2004 and 2002-2003 spent Tk 6.58 lacs & Tk. 7.18 lacs respectively for the Clubs.



Canteen Facilities.

The Management has provide an excellent canteen facility to the employees. The Company during the year 2003-2004 and 2002-2003 spent Tk 2.84 lacs and Tk 2.78 lacs respectively as canteen subsidy.

P F & Gratuity.

The Company operates a Contributory Porvident Fund Trust for all its permanent employees. Company's contribution to the Fund is 10% of the basic pay and wages. Equivalent contribution is made by employees to the Fund. The Fund is invested in National Securities.

Similarly, the Company also operates Gratuity Fund Trust. Provision for gratuity is made annually equivalent to two months basic pay/wages of the employees on payroll of the Company on the balance sheet date and the amount is transferred to the Fund to cover retirement obligations of the permanent employees by the Company. The fund is also invested in National Securities.

Integrated family planning programme.

The management of CUFL, in order to combat the menacing problems of population explosion and at the same time elevate the living condition of the less fortunate members of the society, has embarked on several activities under family planning programme. Notable activities successfully executed during the year are :

- i) Free distribution of contraceptives.
- ii) Activities of "Shukhee Paribar Club" (Happy Family Club).
- iii) Immunization Programme.
- iv) Collection and distribution of different types of booklets regrading family planning and birth control and its effect in the eye of Islam. Health care of Child and mother etc.

Plantation.

Horticulture and tree planting activities stepped up and 300 & 500 saplings were planted in and around the complex in the year 2003-04 and 2002-2003 respectively. Studies on experimental farming using the liquid effluent after treatment is being considered.

Conclusion :

We extend our profound thanks & gratitude to the officials of the Ministries and various Govt. Agencies, Chairman & Board of Directors, BCIC, Divisional Heads and concerned officials of the Corporation for their un-flinching support, co-operation and valuable guidance.

We also thank all officers, staff and workers of the company whose endeavour and commitment contributed towards achievement of this success of the company.

Finally we pray to Almighty Allah for His blessing in attaining further prosperity of the company in time to come.

On behalf of the Board of Directors

(Md. Quamrul Ahsan)

Managing Director

&

Director, CUFL Company Board.



CHITTAGONG UREA FERTILIZER LTD.

RANGADIA, CHITTAGONG.

Management Information

Performance at a glance

Sl. No.	Particulars	Unit	2003-04	2002-03	2001-02	2000-01	1999-00
1	2	3	4	5	6	7	8
1.	Production	M. T.	544451	508425	492204	502600	460337
2.	Sales	M. T.	605546	445694	576663	471436	496660
3.	Sales Revenue	Lac Tk.	29843.85	21717.65	27517.92	23096.39	24459.67
4.	Net Profit / (Loss) before Income Tax & CPPF	Lac Tk.	600.60	535.96	1579.44	439.09	1223.50
5.	Fixed Assets (WDV)	Lac Tk.	73207.45	79347.34	84943.66	91127.69	95215.83
6.	Current Assets	Lac Tk.	50433.11	51932.51	48623.57	51646.59	41397.16
7.	Authorised Capital	Lac Tk.	100000.00	100000.00	100000.00	100000.00	100000.00
8.	Equity	Lac Tk.	50053.67	58896.81	65719.64	77035.65	76617.47
9.	Debt	Lac Tk.	79622.32	79050.32	78539.89	73591.14	72169.89
10.	Current Liabilities	Lac Tk.	5275.50	5552.10	3957.28	4342.09	3990.51
11.	Working Capital	Lac Tk.	45157.61	46380.41	44666.29	47304.50	37407.25
12.	Finished Goods Stock	Lac Tk.	3677.81	6455.58	3686.24	7536.99	6051.81
13.	Contribution to National Exchequer	Lac Tk.	6360.18	5951.18	5281.12	5816.97	4305.26
14.	Stream days	No.	327	304	303	311	291
15.	Manpower Employed	<u>Set-up</u>					
	- Officer	No.	318	346	296	295	298
	- Staff	No.	304	304	310	304	301
	- Worker	No.	340	344	380	385	386
	Total (No).		962	994	986	984	985



CHITTAGONG UREA FERTILIZER LTD.

RANGADIA, CHITTAGONG.

PERFORMANCE ANALYSIS

The Operational & financial performance and major activities of the company are as follows :

1. Production Performance :

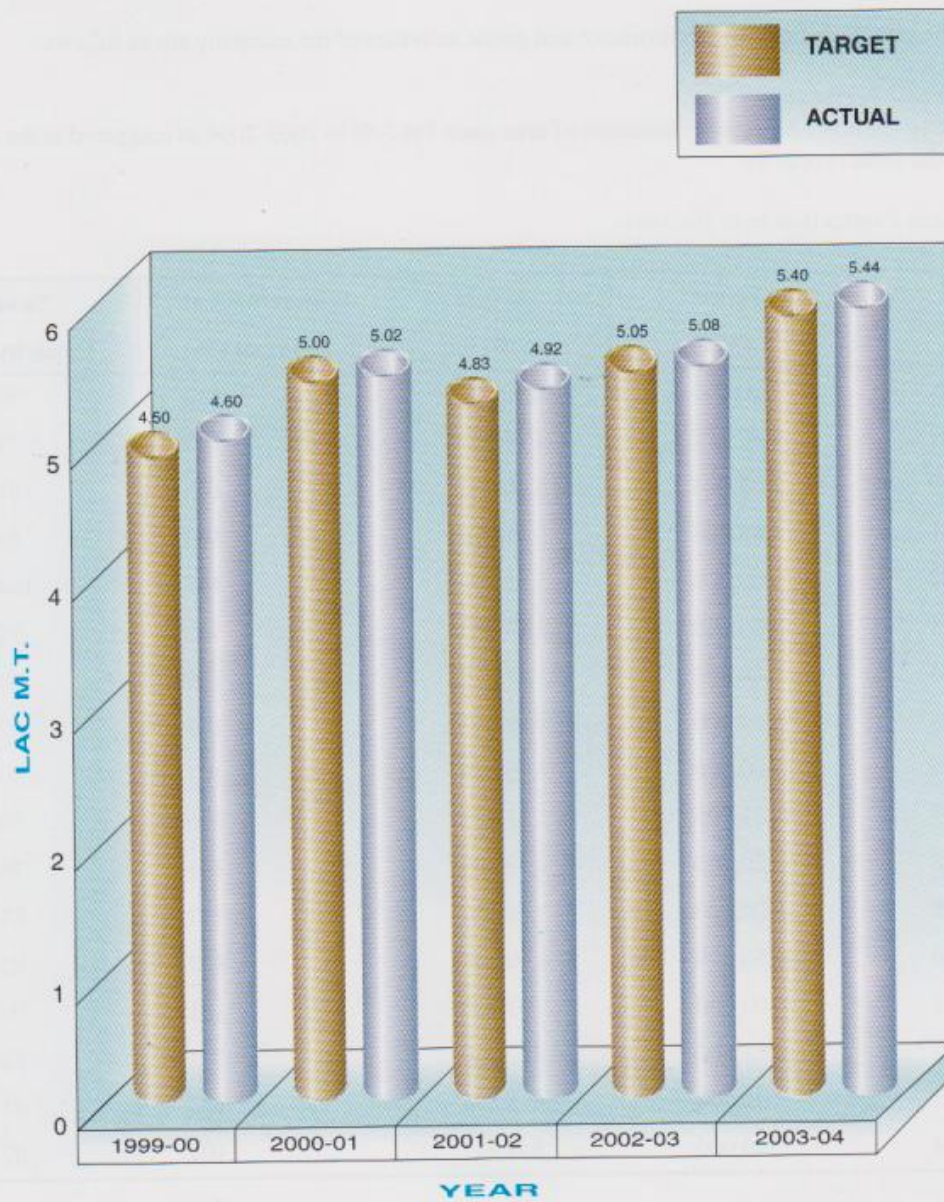
The Table -1 Shows the actual production of urea since 1987-88 to 2003-2004 as compared to the target and to the install capacity.

Table-1 : Urea Production over the years.

Year	Target (MT)	Actual (MT)	Achievement of Target (%)	% of Capacity
1987-88	2,50,000	2,80,976	112	50
1988-89	4,00,000	4,10,867	102	73
1989-90	5,25,000	5,66,882	108	101
1990-91	4,85,000	5,01,495	103	89
1991-92	5,50,000	5,85,791	107	104
1992-93	5,00,000	5,09,652	102	91
1993-94	5,10,000	5,54,919	109	99
1994-95	5,00,000	5,43,082	109	97
1995-96	5,00,000	5,05,689	101	90
1996-97	2,21,305	2,21,277	100	39
1997-98	4,20,000	4,23,909	101	76
1998-99	3,00,000	3,50,867	117	63
1999-00	4,50,000	4,60,337	102	82
2000-01	5,00,000	5,02,600	101	90
2001-02	483,000	492,200	102	88
2002-03	505,000	508,425	101	91
2003-04	540,000	544,451	101	97



Fig-1 : CUFL : 5-year's PRODUCTION





2. DOWN-TIME

Table-2 : Down-time over the years

Year	Days Available	Stream Days	Down-time Days	% of Down-time
1987-88	245	187	58	24
1988-89	365	258	** 72	20
1989-90	365	343	22	6
1990-91	365	297	* 15	4
1991-92	366	346	20	5
1992-93	365	305	** 25	7
1993-94	365	325	40	11
1994-95	365	319	46	13
1995-96	366	300	*** 30	8
1996-97	365	145	**** 220	60
1997-98	365	296	N 69	19
1998-99	365	229	V 136	37
1999-00	366	291	75	20
2000-01	365	311	54	15
2001-02	365	303	62	17
2002-03	365	304	# 61	17
2003-04	366	327	39	11

* Excluding 35 days for scheduled Turn-Around and 18 days due to Cyclone.

** Excluding 35 days for scheduled Turn-Around.

*** Excluding 36 days for scheduled Turn-Around.

**** Production was suspended for 204 days due to non-supply of N. Gas, 10 days for problem of Ammonia feed water pump, 4 days for problem of urea scrapper & 2 days for Utility boiler problem.

***** Excluding 30 days for scheduled Turn-Around.

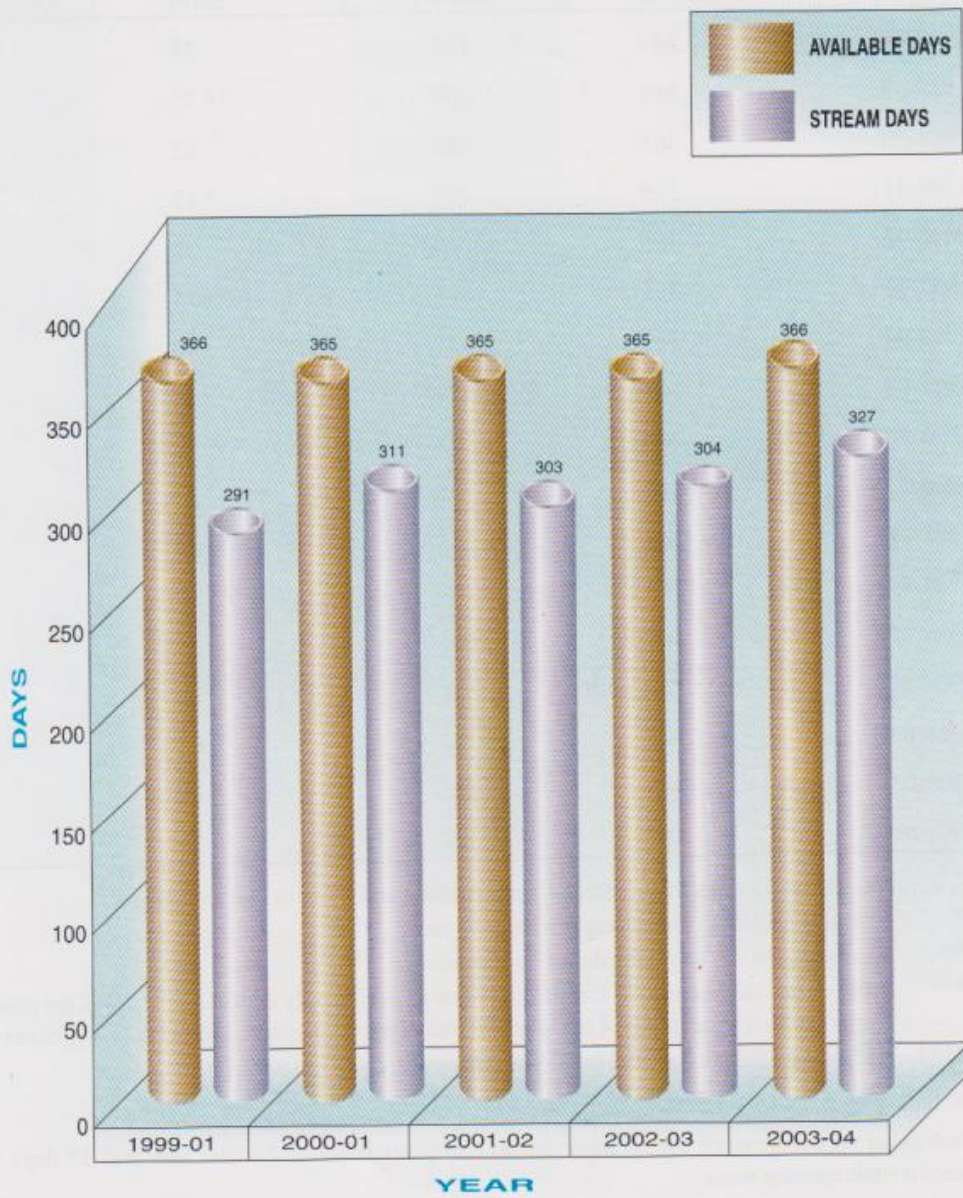
Excluding 16 days for scheduled Turn-Around.

N. Production was suspended for 28 days due to non-availability of Natural Gas and 35 days for Urea Reactor maintenance work.

V. Production was suspended for 111 days due to non supply of Natural Gas, 11 days for catalyst replacement in Ammonia plant, 8 days for short-circuit in Primary Reformer, Absorber switch level failure in Ammonia plant and 6 days for problem in start up of urea plant.



Fig-2 : CUFL : 5-year's DOWN TIME





3. Sales Performance :

The Table-3 shows sales achievement during the year 2003-2004 as compared to the target and to that of the previous years.

Table-3 : Sales against Target.

Year	A C T U A L (MT)			Target (MT)	Achievement%
	Local	Export	Total		
1988-89	1,04,568	3,38,805	4,43,373	4,00,000	111
1989-90	4,38,134	1,05,439	5,43,573	5,40,000	101
1990-91	2,79,829	2,20,783	5,00,612	4,85,000	103
1991-92	5,25,552	1,00,866	6,26,418	5,50,000	114
1992-93	2,72,067	1,96,489	4,68,556	5,00,000	94
1993-94	3,15,861	2,34,971	5,50,832	5,10,000	108
1994-95	4,03,804	1,52,320	5,56,124	5,00,000	111
1995-96	4,59,185	20,000	4,79,185	5,00,000	96
1996-97	3,18,604	-	3,18,604	3,95,000	81
1997-98	2,93,142	-	2,93,142	2,93,142	100
1998-99	2,85,632	24,260	3,09,892	3,00,000	103
1999-00	4,96,660	-	4,96,660	4,50,000	110
2000-01	4,71,436	-	4,71,436	5,00,000	94
2001-02	576,663	-	576,663	483,000	119
2002-03	445,694	-	445,694	505,000	88
2003-04	605,546	-	605,546	540,000	112



Fig-3 : CUFL : 5-year's SALES

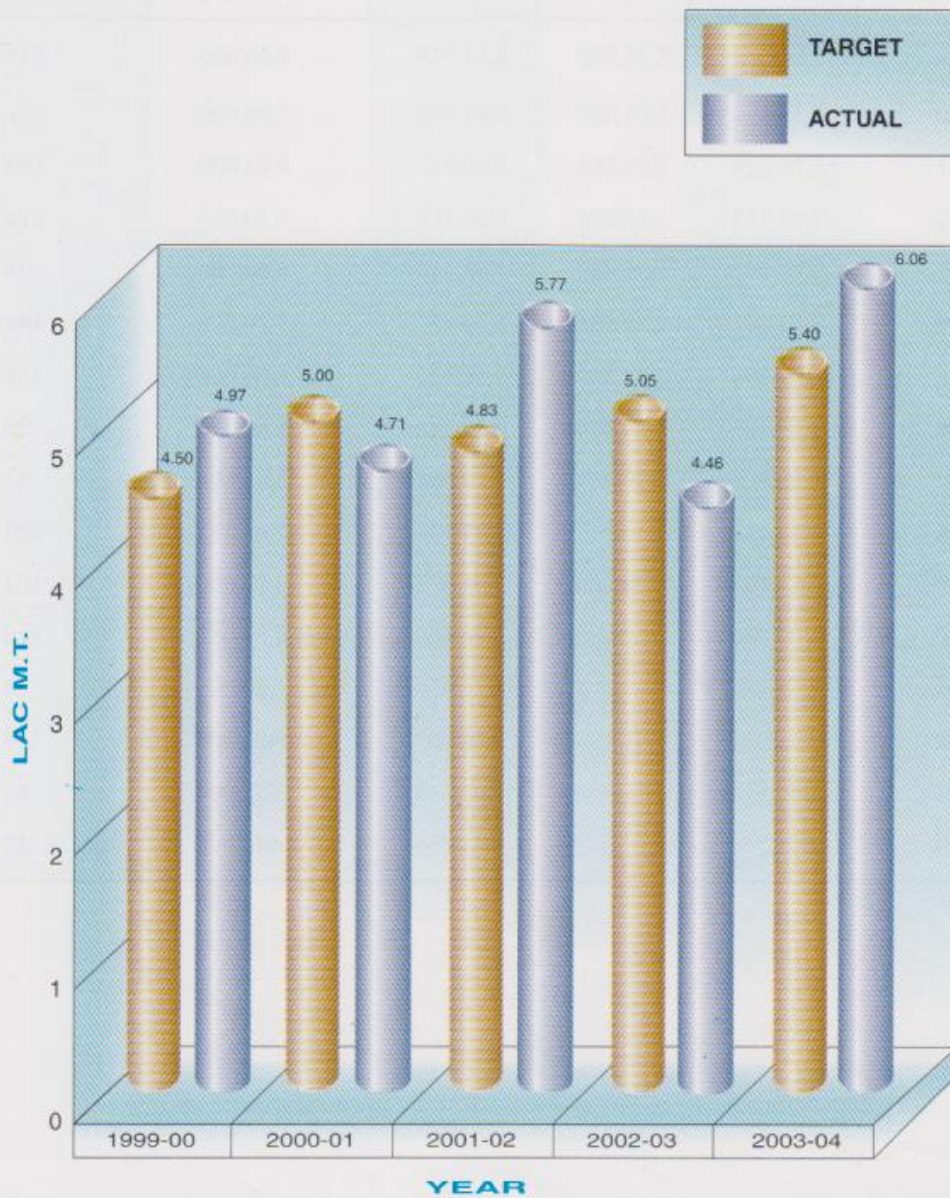




Table-4 : Stock, Production and Sales

Year	Unit	Opening Stock (MT)	Production (MT)	Sales (MT)	Closing Stock (MT)
1989-90	MT	55,352	5,66,882	5,43,573	78,661
1990-91	MT	78,661	5,01,495	5,00,612	79,544
1991-92	MT	79,544	5,85,791	6,26,418	38,917
1992-93	MT	38,917	5,09,652	4,68,556	80,013
1993-94	MT	80,013	5,54,919	5,50,832	84,100
1994-95	MT	84,100	5,43,082	5,56,124	71,058
1995-96	MT	71,058	5,05,689	4,79,185	97,562
1996-97	MT	97,562	2,21,277	3,18,604	235
1997-98	MT	235	4,23,909	2,93,142	1,31,002
1998-99	MT	1,31,002	3,50,867	3,09,892	1,71,977
1999-00	MT	1,71,977	4,60,337	4,96,660	1,35,654
2000-01	MT	1,35,654	5,02,600	4,71,436	1,66,818
2001-02	MT	1,66,818	4,92,204	5,76,663	82,359
2002-03	MT	82,358	5,08,425	4,45,694	1,45,089
2003-04	MT	1,45,088	5,44,451	6,05,546	83,993

Table-5 : Country - wise Export

Year	Country	Quantity (MT)	Value (Lac Tk.)
1988-89	China, Vietnam, Srilanka, Thailand Malaysia, Nepal	3,38,805	13,451.10
1989-90	Nepal, China, Singapore	1,05,439	4,826.50
1990-91	China, Srilanka, Nepal, Singapore, Australia, Vietnam, Philiphinc,	2,20,783	10,510.80
1991-92	Malaysia, Thailand, Hongkong, Korea, Philippine, Sudan	1,00,866	5,290.50
1992-93	Malaysia, Vietnam, Hongkong, India, Srilanka, Singapore Mayanmar, Nepal	1,96,489	9,641.70
1993-94	U.S.A, Vietnam, Hongkong, India, Srilanka, Singapore, Mayanmar, Japan	2,34,971	11,767.30
1994-95	Srilanka, Philippine, India, Vietnam, Taiwan, Malaysia, Singapore	1,52,530	9,620.50
1995-96	Nepal	20,000	1,671.90
1996-97	Nil	-	-
1997-98	Nil	-	-
1998-99	Nepal	24,260	1,045.35
1999-00	Nil	-	-
2000-01	Nil	-	-
2001-02	Nil	-	-
2002-03	Nil	-	-
2003-04	Nil	-	-



Fig-4 : CUFL : 5-year's STOCK, PRODUCTION & SALES

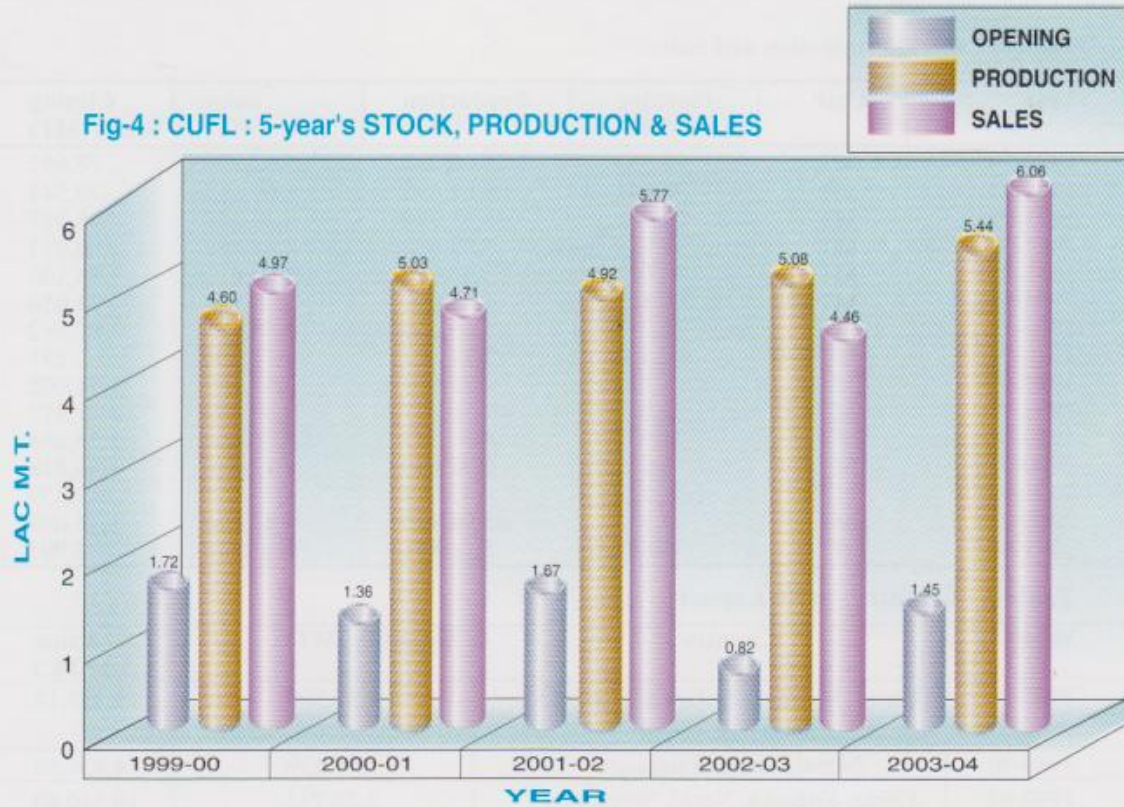


Table-6 : Sales Value (In Million)

Year	S A L E S V A L U E			Eqvt. US\$
	Local	Export	Total Sales (Taka)	
1992-93	1300.57	964.17	2264.74	56.71
1993-94	1233.15	1176.73	2409.88	60.61
1994-95	1508.03	962.05	2470.08	61.26
1995-96	1711.19	167.19	* 1878.38	44.78
1996-97	1187.80	-	* 1187.80	27.09
1997-98	1462.17	-	* 1462.17	31.41
1998-99	1449.94	107.77	* 1557.71	31.95
1999-00	2445.97	-	* 2445.97	47.72
2000-01	2309.64	-	* 2309.64	40.09
2001-02	2751.79	-	* 2751.79	47.03
2002-03	2171.77	-	* 2171.77	37.09
2003-04	2984.39	-	* 2984.39	50.40

* Includes nominal Sales amount of Ammonia.

June '96 = US\$ 1 = Tk. 41.951

June '97 = US\$ 1 = Tk. 43.851

June '98 = US\$ 1 = Tk. 46.5495

June '99 = US\$ 1 = Tk. 48.75

June 2000=US\$1 = Tk. 51.26

June 2000-2001 = Tk. 57.61



4. Cost of Production :

The Table below indicates the actual cost of production compared to that of last year.

Table-7 (i) : cost of Production for 2003-2004.

Cost Element	2003-04			2002-2003		
	Total Cost (Lac Tk.)	Cost per MT (Tk.)	%	Total Cost (Lac Tk.)	Cost per MT (Tk.)	%
A) Varibale Cost :						
Natural Gas	10622.31	1951.01	39	9830.49	1933.52	37
Process Chem.	224.37	41.21	1	213.75	42.04	1
Packing Mat.	2971.45	513.22	11	2308.15	494.70	10
Other V. Cost	847.38	155.64	3	887.92	174.64	3
Total V. Cost	14665.51	2661.08	54	13240.31	2644.90	51
B) Fixed Cost :						
Salaries & Wages	1552.52	285.15	6	1506.82	296.37	6
Insurance	202.57	37.21	1	217.74	42.83	1
Depreciation	6900.74	1267.47	25	6807.78	1338.99	26
Interest Exp.	620.49	113.97	2	1186.69	233.41	4
Other F. Cost	3218.52	591.15	12	3164.27	622.36	12
Total F. Cost	12494.84	2294.95	46	12883.30	2533.96	49
Total Cost	27160.35	4956.03	100	26123.61	5178.86	100

Table - 7 (ii) : Element - wise Cost of Production (%)

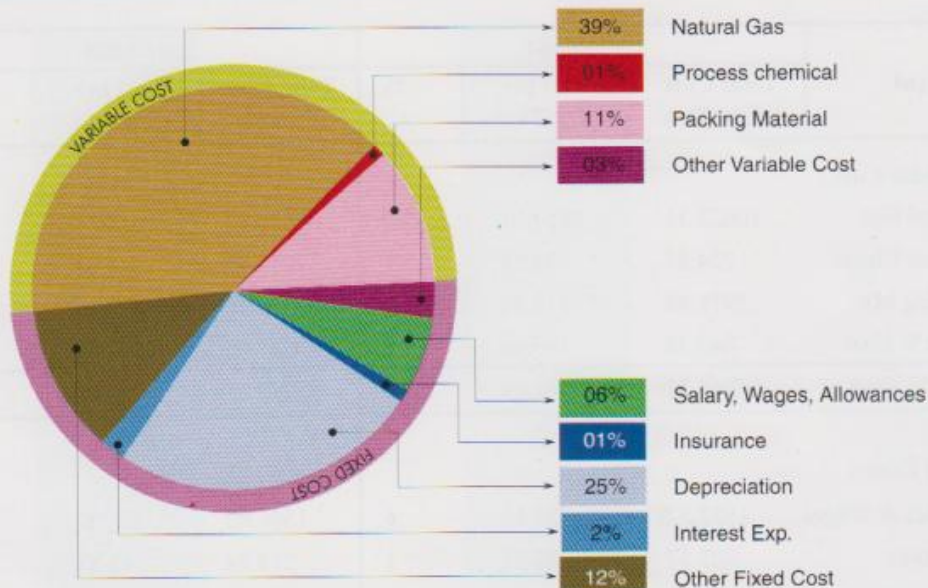
Sl. No.	Element of Cost	2003-04	2002-03
1.	Natural Gas	39%	37%
2.	Process Chemicals	1%	1%
3.	Packing Materials	11%	10%
4.	Other Variable Cost	3%	3%
5.	Salary, Wages, Allowances	6%	6%
6.	Insurance	1%	1%
7.	Depreciation	25%	26%
8.	Interest Expense	2%	4%
9.	Other Fixed Cost	12%	12%
Total		100%	100%



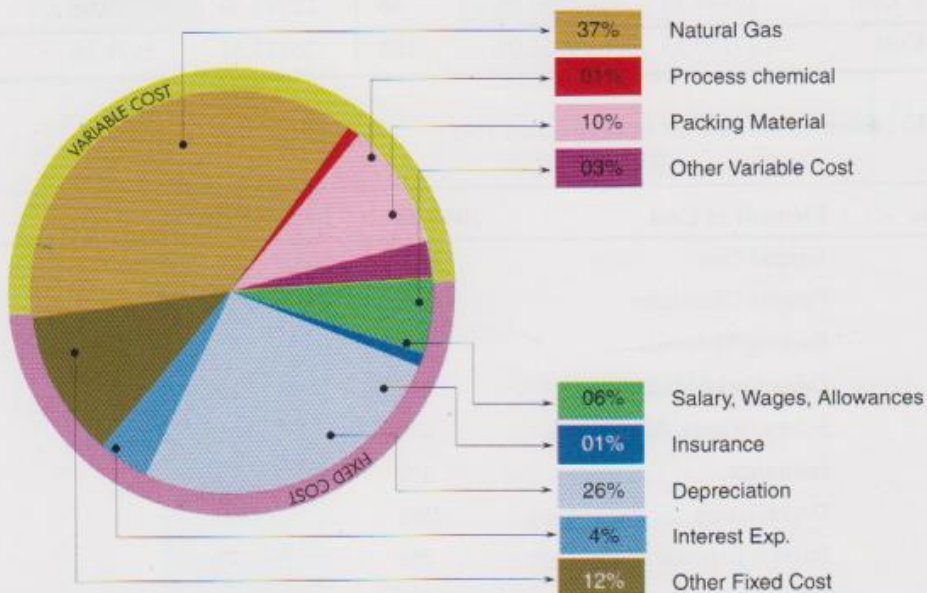
FIG 7(i) : CUFL : COST OF PRODUCTION (2003-04)

ELEMENT OF COST

%



CUFL : COST OF PRODUCTION (2002-03)



TOTAL COST

100%

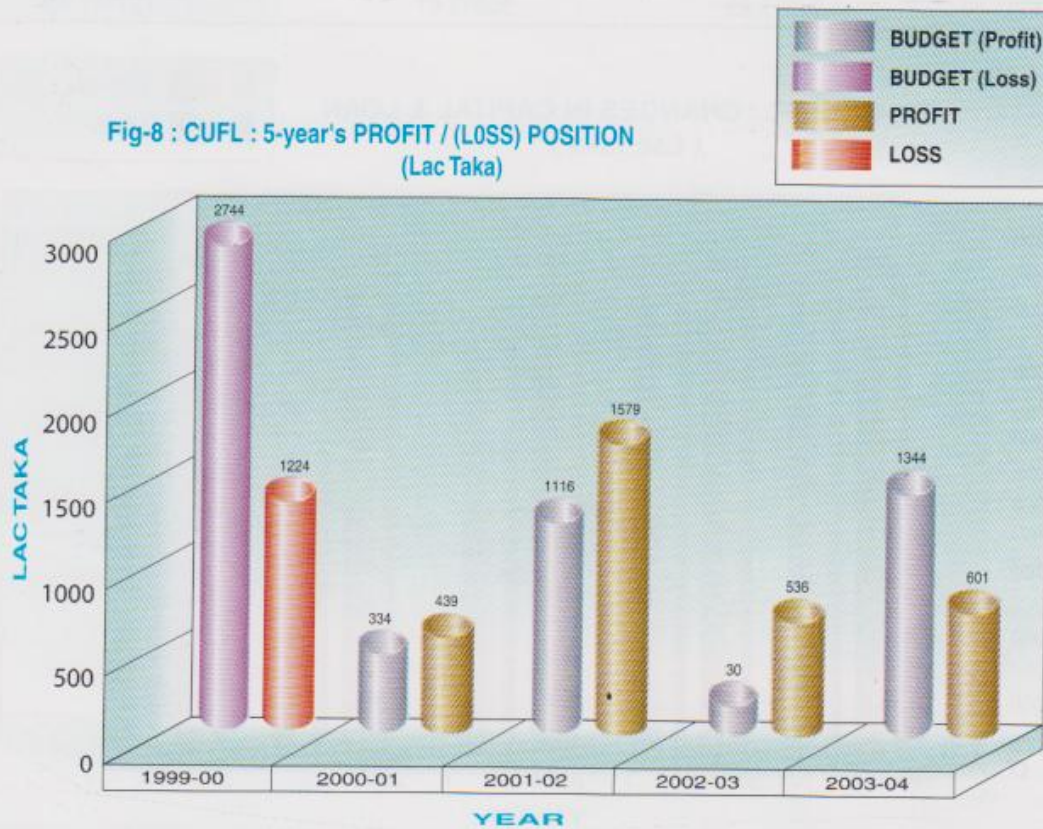


5. Financial Performance :

Table-8 : Profit/(Loss) Position (In Lac Taka)

Year	Actual (Before WPPF & IT)	Budget
1988-89	(2317.09)	(4907.88)
1989-90	(478.82)	(1013.14)
1990-91	(1227.87)	(1976.75)
1991-92	447.44	(25.08)
1992-93	2351.43	(507.60)
1993-94	3863.51	2415.49
1994-95	4005.05	1228.82
1995-96	505.61	172.83
1996-97	(6617.48)	(7155.73)
1997-98	2150.98	1230.22
1998-99	(854.93)	(3423.21)
1999-00	1223.50	(2743.61)
2000-01	439.09	334.09
2001-02	1579.44	1116.18
2002-03	535.96	30.42
2003-04	600.60	1344.63

**Fig-8 : CUFL : 5-year's PROFIT / (LOSS) POSITION
(Lac Taka)**





Changes in Capital and Loan :

Table 9 : Changes in Capital and loan are as follows :

Year	Capital (Lac Tk)	Loan (Lac Tk)	Total Capital (Lac Taka)
1988-89	32306.31	115934.38	148240.69
1989-90	31827.48	119688.17	151515.65
1990-91	30599.61	117186.42	147786.03
1991-92	31025.74	117911.95	148937.69
1992-93	32990.20	108282.23	141272.43
1993-94	36369.74	106158.94	142528.68
1994-95	40184.07	101450.49	141634.56
1995-96	74833.88	49599.74	124433.62
1996-97	74833.88	47479.64	122313.52
1997-98	74833.88	48299.70	123133.58
1998-99	74833.88	46112.88	120946.76
1999-00	74833.88	72169.89	147003.77
2000-01	74833.88	73591.14	148425.02
2001-02	74833.88	65719.64	140553.52
2002-03	74833.88	58896.81	133730.79
2003-04	74833.88	50053.67	124887.55

**Fig-9 : CUFL : CHANGES IN CAPITAL & LOAN
(Lac Taka)**





Particulars			Position 2002-03		Position 2003-04	
Sl. No.	Name of Donor	Loan in US\$	Repayment	Balance	Repayment	Balance
1	2	3	4 (3-5)	5	6 (3-7)	7
1.	ADB-541	68.995	55.196	13.799	62.096	6.899
2.	ADB-796	22.350	17.782	4.568	19.117	3.233
3.	OEFC (Loan)	2.636	2.157	0.479	2.280	0.356
4.	S F D	74.601	58.826	15.775	64.931	9.670
5.	I D A	18.126	13.707	4.419	15.179	2.947
6.	A D F A E D	23.100	21.373	1.727	21.947	1.153
7.	CIDA (Loan)	8.867	8.867		8.867	
8.	OEFC (Equity)	105.088	105.088		105.088	
9.	CIDA (Equity)	5.359	5.359		5.359	
10.	ISDB	19.863	19.863		19.863	
11.	GOB (Equity)	1.286	1.286			
	Sub-Total	350.271	309.504	40.767	324.727	24.258
12.	GOB (2003-04)	0.076	-	-	-	0.076
	Grand Total	350.347	309.504	40.767	324.727	24.334

Fig-10 : CUFL : DONOR-WISE LOAN POSITION AS ON 2003-04 (MILLION US \$)

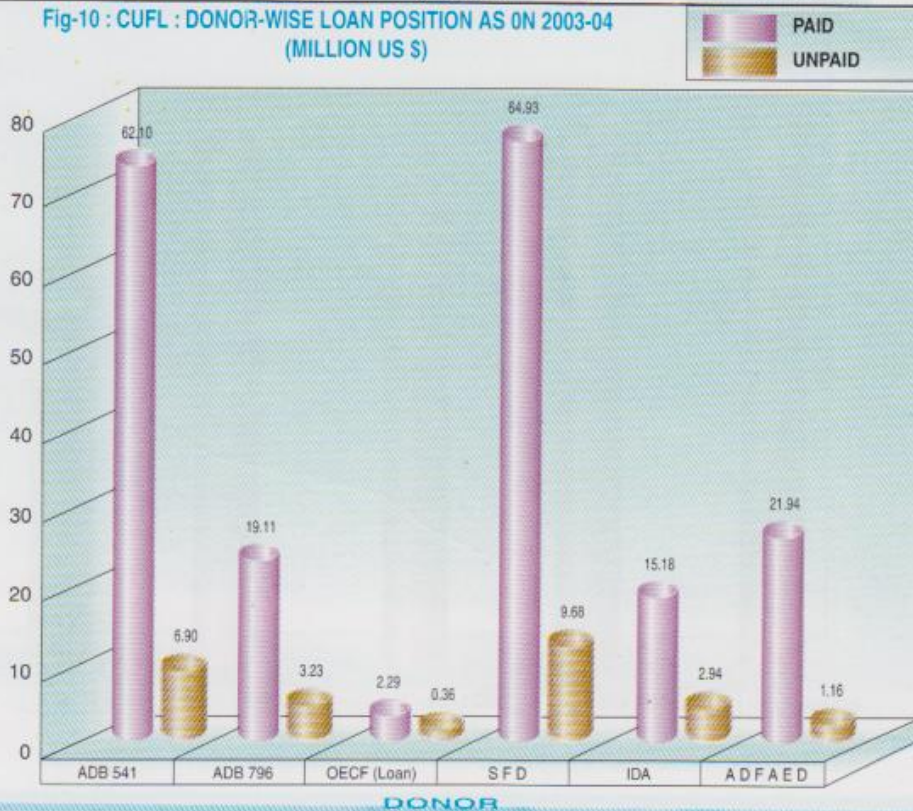
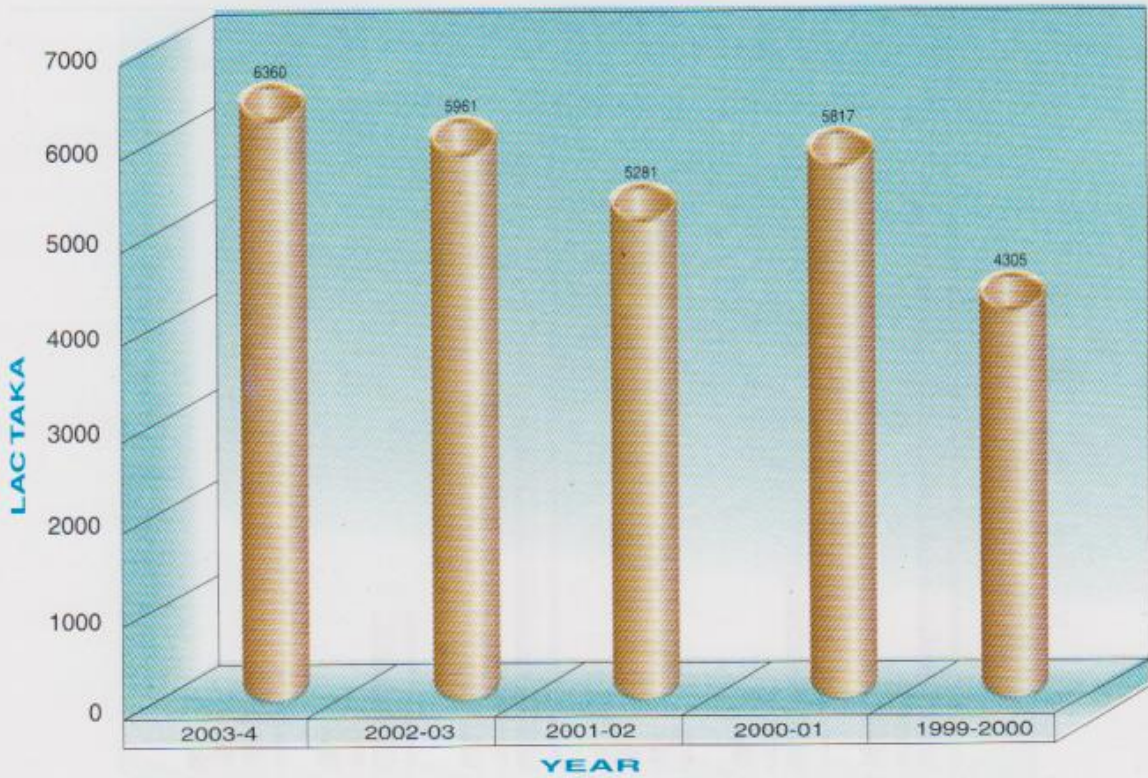




Table 11 : Contribution to Govt. Exchequer :

		[Taka in Lac]				
Sl. No.	Particulars	2003-04	2002-2003	2001-2002	2000-2001	1999-2000
1	2	3	4	5	6	7
1.	Custom Duty, L/C Fee etc.	205.18	144.77	142.27	367.85	191.20
2.	VAT on Import	247.32	323.73	139.05	273.28	118.01
3.	Income Tax on Salaries	11.67	11.07	14.53	11.81	11.08
4.	VAT on Jute Bag	-			235.25	216.98
5.	VAT on Natural Gas	5836.78	5401.62	4906.34	4853.06	3637.80
6.	Land Revenue	30.44	41.40	34.05	39.24	59.99
7.	Taxes on Transport	4.59	7.36	7.27	4.65	4.66
8.	Others	24.20	21.23	37.61	31.83	65.48
	Total	6360.18	5961.18	5281.12	5816.97	4305.20

**Fig-11 : CUFL : CONTRIBUTION TO Govt. EXCHEQUER
(Lac Taka)**





FINANCIAL DISCLOSURES

a) Natural Gas :

The consumption of Natural Gas including Power Generation per MT of Urea was 919.4767 SM³ during the year 2003-2004 as against consumption of 916.6732 SM³ in the year 2002-2003.

The cost of Gas per MT of Urea was Tk. 1933.52 in 2003-2004 as against Tk. 1814.40 in 2002-03.

b) Packing Materials :

The packing cost per MT of Urea was Tk. 513.22 during the year 2003-2004 as against Tk. 494.70 in the year 2002-2003.

c) Depreciation :

Depreciation in the year 2003-2004 was Tk. 7055.93 lac as against Tk. 6963.08 lac of the previous year. The reason for increase is due to adjustment of depreciation on Exchange Rate fluctuation during the year 2003-2004.

d) Selling & Distribution Expenses :

The Selling & Distribution Expenses was Tk. 1150.80 lac in the year 2003-2004 as against Tk. 522.40 lacs of the previous year. The increase is due to Depot expenses and Urea Transportation cost by establishing Buffer Dept at different places of the country as per Govt. decision.

e) Interest & Financial Expenses :

In the year 2003-2004 interest and financial expenses was Tk. 1186.69 lac as against Tk. 620.49 lac of 2002-2003. The decrease of 566.20 lac is mainly due to timely repayment of foreign loan.

f) Profitability :

The company earned a net profit of Tk. 600.60 lac in 2003-2004 as against Tk. 535.96 lac in 2002-2003.



**VALUE ADDED STATEMENT FOR THE YEAR
ENDED 30TH JUNE 2000 TO JUNE 2004**

Particulars	2003-04	2002-2003	2001-02	2000-01	1999-00
<u>FUND AVAILABLE</u>					
Turnover	29843.85	21717.65	27517.92	23096.38	24459.67
Less : bought in goods & Services	21623.73	13886.44	18301.95	13381.32	14812.25
Value Added	8220.12	7831.21	9215.97	9715.06	9647.42
Add : Misc. Income	1609.42	2361.34	2578.26	2929.27	2604.45
Total Fund available for allocation	9829.54	10192.55	11794.23	12644.33	12251.87
<u>APPLIED IN THE FOLLOWING WAYS</u>					
To Employees :					
a) Salaries, Wages & Other Benefits	1552.52	1506.82	1483.94	1474.36	1318.87
b) Profit Participation Fund	28.60	25.52	75.21	20.91	58.26
To provide of capital					
a) Interest on Loan	620.49	1186.69	1505.27	1881.55	2087.48
Retained in the Co.					
a) Depreciation	7055.93	6963.08	7225.58	8849.33	7622.02
b) Retained	572.00	510.44	1504.23	418.18	1165.24
Total Allocation of Fund	9829.54	10192.55	11794.23	12644.33	12251.87



ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.

CHITTAGONG UREA FERTILIZER LIMITED (CUFL)
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2004

BALANCE SHEET

GOVERNMENT'S EQUITY

No share has yet been allotted and issued to the Government of Bangladesh in return for the Government's contribution to the Company as envisaged in the agreement between Government and the Company to that effect Total contribution received by the Company from Government was Taka 7,483,387,000 up to 30 June 2000 and the figure has been arrived as under :

	Amount in Taka	
	At	At
	30 June 2004	30 June 2003
In cash from government	3,462,339,000	3,462,339,000
ADP loan converted to equity	51,348,000	51,348,000
OEFC loan converted to equity	3,786,800,000	3,786,800,000
CIDA loan converted to equity	182,900,000	182,900,000
Total	<u>7,483,387,000</u>	<u>7,483,387,000</u>



CHITTAGONG UREA FERTILIZER LIMITED

BALANCE SHEET AS AT 30 JUNE 2004

	2003-2004 (Tk)	2002-2003 (Tk)
SOURCE OF FUND		
A. Share capital :		
Authorized Capital		
100,000,000 Ordinary Shares of Taka 100/- each	10,000,000,000	10,000,000,000
Paid-up Capital		
7 Ordinary shares of Taka 100/- each	700	700
B. Government Equity	7,483,387,000	7,483,387,000
C. Accumulated Profits	478,844,534	421,644,953
D. Foreign Loans/Credits	5,005,367,079	5,889,680,717
Total (A+B+C+D)	<u>12,967,599,313</u>	<u>13,794,713,370</u>
APPLICATION OF FUNDS		
E. Fixed Assets		
At cost less depreciation	7,320,744,674	7,934,733,723
F. Capital Work-in Progress		57,197,098
G. Long-term Investment	487,398,382	487,398,382
H. Loans to Projects	562,292,666	509,242,666
I. Current Assets		
Inventories :		
Raw materials, chemicals and packing materials	201,952,136	162,566,316
Stores, spares and accessories	853,268,855	723,528,491
Stores-in-transit	26,645,274	5,941,669
Work-in-process (Ammonia)	12,962,569	8,737,722
Finished goods (Urea)	367,780,967	645,557,742
	1,462,609,801	1,546,331,940
Other current assets :		
Trade debtors	1,254,583	1,254,583
Other debtors	74,380,565	70,722,135
Current accounts with projects	19,818,595	42,749,607
BCIC current account	733,221,890	815,046,580
Loan to BCIC	1,277,506,587	1,246,347,890
Advances, deposits and prepayments	48,369,746	59,711,930
Advance income tax	76,208,703	76,156,786
Fixed deposits with banks	1,185,000,000	1,189,240,000
Cash and bank balances	164,940,870	146,189,378
	3,580,701,539	3,646,918,889
Total Current Assets	<u>5,043,311,340</u>	<u>5,193,250,829</u>
J. Less : Current Liabilities and Provisions:		
Creditors for goods supplies	15,027,304	8,367,250
Creditors for expenses	227,118,494	313,299,865
Creditors for others finance	265,886,642	218,686,746
Current accouts with projects	19,517,688	14,856,030
	527,550,128	555,209,891
K. Net Current Assets (I-J)	4,515,761,212	4,638,040,938
L. Deferred Expenses (expenditure to the extent not written off)	81,402,379	168,100,563
Total (E+F+G+H+K+L)	<u>12,967,599,313</u>	<u>13,794,713,370</u>

ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.



CHITTAGONG UREA FERTILIZER LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2004

	2003-2004 (Tk)	2002-2003 (Tk)
Sales of Urea		
Local	2,983,438,228	2,170,736,235
Export	-	-
	2,983,438,228	2,170,736,235
Sales of ammonia	947,000	1,029,000
Total Sales	2,984,385,228	2,171,765,235
Add/(Less): Weighted Average Price Adjustment	(30,234,762)	(22,319,950)
	2,954,150,466	2,149,445,285
Less : Cost of goods sold	2,667,314,321	2,033,260,031
Gross Profit/(Loss)	286,836,145	116,185,254
Less : Operating Expenses :		
Salary and allowances (admin)	46,575,530	45,204,463
Salary and allowances (sales)	1,552,518	1,506,815
General and administrative expenses	37,095,971	38,537,125
Audit fee	86,000	86,000
Head office management expenses	59,837,366	42,478,967
Selling and distribution overheads	115,080,448	52,240,289
	260,227,833	180,053,659
Gross Operating Profit/(Loss)	26,608,312	(63,868,405)
Less : Interest and financial expenses	62,048,800	118,668,795
Provision for inventory Shortage	65,441,785	-
Add : Non-operating income	160,941,833	236,133,668
Net Profit Before Income Tax and WPPF	60,059,560	53,596,468
Less : Provision for workers' Profit Participation Fund	2,859,979	2,552,213
Net Profit Before Taxation	57,199,581	51,044,255
Provision for Taxation	-	-
Net Profit after Taxation	57,199,581	51,044,255
Add : Accumulated profit, brought forward	421,644,953	370,600,698
Accumulated profit, transferred to Balance Sheet	478,844,534	421,644,953

ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.



CHITTAGONG UREA FERTILIZER LIMITED

Statement of Cost of Production and Goods Sold
for the year ended 30th June 2004

Particulars	2003-2004 (Tk)	2002-2003 (Tk)
1. VARIABLE COST :		
(A) Direct Material Cost :		
Raw Material Consumed (Natural gas)	588,893,731	545,027,088
Chemical Consumed	22,437,131	21,375,407
Packing Material Consumed	297,145,370	230,814,781
Total Material Cost	<u>908,476,232</u>	<u>797,217,276</u>
(B) Direct or Contract Labour	<u>4,424,971</u>	<u>3,433,105</u>
(C) Factory Overhead (variable) :		
Indirect Material Consumed	29,562,204	29,333,554
Natural gas (fuel)	473,274,956	438,021,745
Electricity Duty	-	-
Oil & Lubricants	3,418,640	5,400,747
Spares & Accessories	22,240,074	24,996,841
Stores consumed	972,653	1,004,858
Repairs & Maintenance	4,519,415	6,110,056
Other Factory Overhead	19,662,072	18,512,526
Total factory overheads	<u>553,650,014</u>	<u>523,380,327</u>
Total variable cost (A+B+C)	<u>1,466,551,217</u>	<u>1,324,030,708</u>
2. FIXED COST :		
(A) Direct Factory Salary & wages.	<u>48,128,048</u>	<u>46,711,278</u>
(B) Factory Overhead (Fixed) :		
Indirect Salary & Wages	58,995,672	57,258,986
Electricity	15,634,387	11,512,192
Oil & Lubricant	1,465,132	2,314,606
Spares & Accessories	14,826,716	16,664,561
Stores consumed	416,851	430,653
Repairs and Maintenance	10,545,302	14,256,798
Factory Insurance	20,256,546	21,774,012
Factory Depreciation	690,074,350	680,778,483
Annual Overhauling	58,441,570	129,972,701
Other Factory Overhead	8,426,602	7,933,940
Total Fixed Factory Overhead	<u>879,083,128</u>	<u>942,896,932</u>
Total Fixed Cost (A+B)	<u>927,211,176</u>	<u>989,608,210</u>
Manufacturing Cost (1+2)	<u>2,393,762,393</u>	<u>2,313,638,918</u>
Add : Opening work-in-process	8,737,722	5,292,102
Goods-in-process	<u>2,402,500,115</u>	<u>2,318,931,020</u>
Less : Closing work-in-process	12,962,569	8,737,722
Cost of goods manufactured	<u>2,389,537,546</u>	<u>2,310,193,298</u>
Add: Opening stock of finished goods	645,557,742	368,624,475
Cost of goods available for sale	<u>3,035,095,288</u>	<u>2,678,817,773</u>
Less : Closing stock of finished goods	367,780,967	645,557,742
Cost of goods Sold	<u>2,667,314,321</u>	<u>2,033,260,031</u>

ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.

FIXED ASSETS : (W. D. V)

CHITTAGONG UREA FERTILIZER LIMITED
Schedule of Fixed Assets
As of 30 June 2004

(Amount in Taka)

Category of Assets	Balance as on 01-07-2003	During the year		Balance as on 30-06-2004	Rate of dep. (%)	Balance as on 01-07-2003	Accumulated Depreciation		Balance as on 30-06-2004	Written Down Value as on 30-06-2004
		Addition	Disposal/ Adj.				For the year	Adjustment		
Land and Land Development	257,104,011	-	-	257,104,011		-	-	-	-	257,104,011
Building & Structure	3,339,791,417	51,533,278	-	3,391,324,695	4	86,854,340	-	1,346,794,489	2,044,530,206	
Other Construction	450,343,011	16,965	-	450,359,976	10	16,997,423	-	361,664,277	88,695,699	
Plant and Machinery	14,339,136,833	38,152,419	-	14,377,289,252	4	597,773,575	-	9,459,600,545	4,917,688,707	
Cost	10,795,768,168	349,076	-	10,796,117,244		428,561,808	-	7,164,367,579	3,631,749,665	
Exchange fluctuation	3,543,368,665	37,803,343	-	3,581,172,008		169,211,767	-	2,295,232,966	1,285,939,042	
Plant Equipment & Loose Tools	260,589,737	883,617	-	261,473,354	12.5	870,520	-	256,357,272	5,116,082	
Communication Equipment	49,702,823	474,721	-	50,177,544	20	497,810	-	47,618,593	2,558,951	
Other Equipment	68,080	-	-	68,080	12.5	2,951	-	50,369	17,711	
Office Equipment	11,588,903	345,653	-	11,934,556	25	308,085	-	11,470,956	463,600	
Vehicles	35,451,013	-	-	35,451,013	20	32,033,327	-	33,418,946	2,032,067	
Furniture and Fixture	47,631,995	208,427	-	48,029,221	10	45,565,270	-	36,119,901	1,909,330	
House Hold & Comm Furnishing	1,078,147	-	-	1,078,147	20	728,768	-	864,777	213,370	
Sundry Assets	3,838,862	3,358	-	3,838,520	25	3,011,247	-	3,423,580	414,940	
Total at 30 June 2004	18,796,324,132	91,618,438	9,814,191	18,878,128,379		10,861,590,409	9,799,765	11,557,383,705	7,320,744,674	
Total at 30 June 2003	18,659,649,260	136,674,872	-	18,796,324,132		10,165,283,632	696,306,777	10,861,590,409	7,934,733,723	

Particulars of allocation of depreciation

Depreciation during the year

Less : prior year adjustment

Depreciation charged to P/L A/C

Allocation of Depreciation :

a. Factory overhead (fixed)

b. Administrative overhead

Vehicle

Furniture and fixtures

Buildings

c. Total depreciation charged to profit and loss statement (a+b)

30,06,2004

705,593,061

696,306,777

696,306,777

696,306,777

680,778,483

15,528,294

1,385,619

352,983

13,780,108

705,593,061

30,06,2003

705,593,061

696,306,777

696,306,777

696,306,777

680,778,483

15,528,294

1,747,138

378,144

13,403,012

696,306,777

30,06,2003

705,593,061

696,306,777

696,306,777

696,306,777

680,778,483

15,528,294

1,747,138

378,144

13,403,012

696,306,777

ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafiqe Rahman & Co.
Chartered Accountants.

CHITTAGONG UREA FERTILIZER LIMITED

Schedule of Fixed Assets
As of 30 June 2004

FIXED ASSETS : (W. D. V)

(Amount in Taka)

Category of Assets	Balance as on 01-07-2002	Cost		Rate of dep. (%)	Balance as of 01-07-2002	Accumulated Depreciation		Balance as on 30-06-2003	Written Down Value as on 30-06-2003
		During the year Addition	Disposal/ Adj.			For the year Depreciation	Adjustment		
Land and Land Development	257,104,011	-	-	4	-	-	-	-	257,104,011
Building & Structure	3,307,691,441	32,099,976	-	4	1,174,920,882	85,019,267	-	1,259,940,149	2,079,851,288
Other Construction	450,343,011	-	-	10	325,215,104	18,451,750	-	344,666,854	105,676,157
Plant and Machinery	14,242,253,000	96,883,833	-	4	8,273,259,298	588,567,572	-	8,861,826,870	5,477,309,863
Cost	10,725,673,975	70,094,193	-		6,303,975,044	431,830,727	-	6,735,805,771	4,059,962,397
Exchange Fluctuation	3,516,579,025	26,789,640	-		1,969,284,254	156,736,945	-	2,126,021,199	1,417,347,466
Plant Equipment & Loose Tools	254,975,456	5,614,281	-	12.5	254,664,336	822,416	-	255,486,752	5,102,985
Communication Equipment	49,600,423	102,400	-	20	46,682,313	438,470	-	47,120,783	2,582,040
Other Equipment	44,470	23,610	-	12.5	44,467	2,951	-	47,418	20,662
Office Equipment	11,536,993	51,910	-	25	10,888,255	294,616	-	11,162,871	426,032
Vehicles	34,520,492	930,521	-	20	30,286,189	1,747,138	-	32,033,327	3,417,686
Furniture & Fixture	46,678,154	953,841	-	10	45,183,478	381,792	-	45,565,270	2,066,725
House Hold & Comm Furnishing	1,078,147	-	-	20	538,677	140,091	-	728,768	349,379
Sundry Assets	3,823,662	14,500	-	25	2,570,633	440,614	-	3,011,247	826,915
Total at 30 June 2003	18,659,627,260	136,674,872	-		10,165,283,632	696,306,777	-	10,861,590,409	7,934,733,723
Total at 30 June 2002	18,555,494,675	10,415,584	-		9,442,725,644	772,557,988	-	1,065,283,632	8,494,365,628

Particulars of allocation of depreciation

30.06.2003
Taka

30.06.2002
Taka

30.06.2002
Taka

30.06.2002
Taka

30.06.2002
Taka

30.06.2002
Taka

Depreciation during the year

Less : prior year adjustment

Depreciation charged to P/L A/c

Allocation of Depreciation :

a. Factory overhead (fixed)

b. Administrative overhead

Vehicle

Furniture and fixtures

Buildings

c. Total depreciation charged to profit and loss statement (a+b)

ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.



CHITTAGONG UREA FERTILIZER LIMITED (CUFL)
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2004

(Figures in Lac Tk.)

A. Cash Flows from Operating Activities	2003-2004	2002-2003
Operating profit/(loos)	266.08	(638.68)
Adjustment in non-cash items and consideration elsewhere:		
Depreciation charged	7,055.93	6,963.07
Amortization of intangible / deferred expenses	866.98	490.38
Changes in creditors and accruals (excluding interest accrued)	(276.60)	1,594.82
Changes in inventories	837.22	(2,651.55)
Changes in trade debtors and other assets	694.38	(2,143.59)
Changes in advances, deposits and prepayments	112.90	21.81
Loss on shortage of Bulk Urea	(654.42)	
Payments to workers' profit participation fund	(28.60)	(25.52)
Net cash flow operating activities (a)	8,873.87	3,610.74
B. Cash Flows from investing Activities		
Purchase of tangible fixed assets/ work-in-progress (excluding exchanges fluctuation loss)	(53815)	(1,098.85)
Sale of fixed assets	0.15	-
Decrease in Capital Work-in-progress	571.97	-
Increase in Investment and other assets	(530.50)	1,939.82
Investment in fixed deposits	42.40	2,432.60
Net cash flows from (used in) investing activities (b)	(454.13)	3,273.57
C. Cash from Financing Activities		
Long-term loan repaid	(9,883.28)	(8,275.00)
Interest received	1,535.06	2,274.17
Miscellaneous income	74.36	87.16
Interest paid	(3.38)	(2.42)
Non Development Govt. Loan Receipt	45.00	-
Net cash used in financing activities (c)	(8,232.24)	(5,916.09)
D. Net surplus/ (deficit) of cash and bank balances for the year (A+B+C)	187.50	968.22
E. Cash and bank balances at the beginning of the year	1,461.89	493.67
F. Cash and bank balances at the end of the year (D+E)	1,649.40	1,461.89

ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.



CHITTAGONG UREA FERTILIZER LIMITED (CUFL) CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2003

(Figures in Lac Tk.)

A. Cash Flows from Operating Activities	2002-2003	2001-2002
Operating profit/(loos)	(638.68)	506.45
Adjustment in non-cash items and consideration elsewhere:		
Depreciation charged	6,963.07	7,225.58
Amortization of intangible / deferred expenses	490.38	(1,585.53)
Changes in creditors and accruals (excluding interest accrued)	1,594.82	(384.81)
Changes in inventories	(2,651.55)	4,266.57
Changes in trade debtors and other receivables	(2,143.59)	3,024.99
Changes in advances, deposits and prepayments	21.81	(80.95)
Payments to workers' profit participation fund	(25.52)	(75.21)
Net cash flow operating activities (a)	3,610.74	12,897.09
B. Cash Flows from investing Activities		
Purchase of tangible fixed assets/ work-in-progress (excluding exchanges fluctuation loss)	(1,098.85)	(198.05)
Decrease in investment and other assets	1,939.82	(869.45)
Investment in fixed deposits	2,432.60	(4,375.00)
Net cash flows from (used in) investing activities (b)	3,273.57	(5,442.50)
C. Cash from Financing Activities		
Long-term loan repaid	(8,275.00)	(10,217.47)
Interest received	2,274.17	2,488.13
Miscellaneous income	87.16	90.13
Interest paid	(2.42)	(2.80)
Net cash used in financing activities (c)	(5,916.09)	(7,642.01)
D. Net surplus/ (deficit) of cash and bank balances for the year (A+B+C)	968.22	(187.42)
E. Cash and bank balances at the beginning of the year	493.67	681.09
F. Cash and bank balances at the end of the year (D+E)	1,461.89	493.67

ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.



AUDITORS' REPORT TO SHAREHOLDERS OF CHITTAGONG UREA FERTILIZER LIMITED

We have audited the accompanying Balance Sheet of Chittagong Urea Fertilizer Limited as of 30 June 2004 and the related Profit and Loss Statement and Cash Flow Statement along with Notes thereto. The preparation of these financial statements is the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the financial values of transactions and their disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Our audit revealed that:

The current portion of long-term loan liability has not been shown under current liabilities.

Subject to the consequential effects of adjustments called for by our foregoing comment, in our opinion, the said financial statements, prepared in accordance with Bangladesh accounting standards give a true and fair view of the state of the Company's affairs as of 30 June 2004 and of its operational results and cash flows for the year then ended and comply with Companies Act 1994 and other applicable laws and regulations.

We, except for the matter referred to above, further report that:

- i. We have obtained all the information and explanations which were considered necessary for the purpose of our audit;
- ii. Proper books of account as required by law were maintained by the Company so far as it appeared from our examination of those books, and
- iii. The said financial statements are in agreement with the books of account maintained by the Company and examined by us.

ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.



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Chartered Accountants.

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Chartered Accountants.

CHITTAGONG UREA FERTILIZER LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2003

1.01 CORPORATE STATUS AND ACTIVITIES

Chittagong Urea Fertilizer Limited an enterprise of Bangladesh Chemical Industries Corporation is a Private Company Limited by shares registered under the Companies Act, 1913. The authorised capital of the company is Tk. 10,000,000,000 divided into 100,000,000 ordinary shares of Tk. 100 each.

The issued subscribed and paid-up capital is Tk. 700 divided into 7 ordinary shares of Tk. 100 each fully paid in cash.

1.02 NATURE OF BUSINESS

The activities of the company through out the year were manufacturing and marketing of Urea Fertilizer.

2.00 SIGNIFICANT ACCOUNTING POLICIES

2.01 BASIS OF ACCOUNTING

The accounts have been prepared on a going concern basis under the historical cost convention.

2.02 PRINCIPLES OF VALUATION

2.02.1 FIXED ASSETS

Fixed assets except land and land development are stated at cost less accumulated depreciation. Fixed assets are depreciated on straight line method and full depreciation has been charged on addition. The depreciation rates are as follows:-

ITEMS	RATES
Building of Structure	2.5% - 4%
Other Construction	5% - 10%
Plant & Machinery	4%
Plant Equipment & Loose Tools	7.5% - 12.5%
Communication Equipment	12.5% - 20%
Office Equipment	12% - 25%
Motor Vehicles	20%
Furniture & Fixture	10%
Sundry Assets	10% - 25%
Household and Comm. Furnishing	20%
Other Equipment	12.5%



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Chartered Accountants.

2.02.2 INVENTORIES

Inventories are valued as follows :

Categories	Basis of Valuation
Raw Materials, Chemicals & packing materials, Spares	Moving average cost
Accessories & Stores	Moving average cost
Store-in-transit	Book value cost so far incurred
Work-in-process	At cost being the cost is less than selling price of Ammonia
Finished stock	At approved selling price being lower than cost price.

2.03 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into taka currency at the exchange rates ruling on the date of transaction.

2.04 FOREIGN CURRENCIES TRANSLATION

Foreign currencies other than trade debtors have been converted into taka at the rate of exchange ruling at the balance sheet date.

2.05 PROVISION FOR GRATUITY

The company operates an unfunded gratuity scheme for its permanent employees and provision there against is made for employees as per corporations rules and regulations.

3.00 GENERAL

a) Previous year's figures have been re-arranged where-ever necessary to confirm to current year presentation.

b) Figures in Balance sheet and Profit and Loss Account have been rounded off to the nearest Taka.



ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.

CHITTAGONG UREA FERTILIZER LIMITED (CUFL) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1. CORPORATE STATUS AND ITS ACTIVITIES

Chittagong Urea Fertilizer Limited (CUFL) is a Private Company Limited by shares, incorporated in Bangladesh under the Companies Act, 1913. The Company is fully owned by the Government of the People's Republic of Bangladesh and operated under the management of Bangladesh Chemical Industries Corporation (BCIC). The principal activities of CUFL are manufacturing and marketing of urea fertilizer in home and abroad.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

Accounts of the Company have been prepared on a going concern and the accrual bases under historical cost convention and in accordance with international accounting standards, including the ones so far adopted by the Institute of Chartered Accountants of Bangladesh. Wherever appropriate, such principles are explained in the succeeding notes.

2.2 PRESENTATION OF ACCOUNTS

The financial statements have been presented in the format prescribed by BCIC.

2.3 INVENTORIES AND THEIR VALUATION

Component	Basis of Valuation
Chemical and packing materials	Moving average cost
Stores, spares and accessories	Moving average cost
Stores in transit	Book value-incurred up to the year-end
Work in process	At cost being the cost is less than selling price of Ammonia
Finished Stock	At approved selling price being lower than cost price.



ACNABIN & CO.
Chartered Accountants.

Khan Wahab Shafique Rahman & Co.
Chartered Accountants.

CHITTAGONG UREA FERTILIZER LIMITED (CUFL) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

2.4 DEPRECIATION

Fixed assets are recorded in books at actual cost. Depreciation is charged on straight-line method consistent with the Company's depreciation policy at the following rates:

<u>Asset category</u>	<u>Rate of depreciation</u>
Building and Structure	2.5% - 4%
Other Construction	5% - 10%
Plant & Machinery	4%
Equipment & Loose Tools	7.5% - 12.5%
Communication Equipment	12.5% - 20%
Other equipment	12.5%
Office Equipment	12% - 25%
Motor Vehicles	20%
Furniture & Fixture	10%
Household and Comm. Furnishing	20%
Sundry Assets	10% - 25%

Full year's depreciation is charged on fixed assets during the year of acquisition and no depreciation is charged during the year of disposal.

2.5 Foreign Currency Translation

Transactions in foreign currencies are translated into Bangladesh Taka at the exchange rates prevailing on the respective dates of transactions.

2.6 Gratuity

Under the Company's gratuity fund scheme, operated for the benefit of permanent employees, payment is made equivalent to two months' basic salary to the fund.



CHITTAGONG UREA FERTILIZER LIMITED (CUFL) RATIO ANALYSIS

RATIO	Components	2003-04	2002-03	2001-02	2000-01	1999-00
A. PERFORMANCE ANALYSIS						
1. Current Ratio	Current Assets	9.56:1	9.35:1	12.29:1	11.89:1	10.37:1
	Current Liabilities					
2. Liquidity Ratio	Current Assets-Inv	6.79:1	6.57:1	9.05:1	7.96:1	6.56:1
	Current Liabilities					
3. Debt. Equity Ratio	Debt	0.63:1	0.75:1	0.84:1	0.96:1	0.94:1
	Equity					
B. BUSINESS ACTIVITIES EFFICIENCY						
4. Finished Stock Turn Over Ratio	Cost of Sales	5.26 (Times)	9.39 (Times)	4.47 (Times)	3.21 (Times)	3.10 (Times)
	Av. Stock of Fg.					
5. Working Capital Turn Over Ratio	Sales	0.66:1	0.47:1	0.62:1	0.49:1	0.65:1
	Working Capital					
6. Fixed Assets Turn Over Ratio	Sales	0.41:1	0.27:1	0.32:1	0.25:1	0.26:1
	Fixed Assets (W.D.V)					
7. Current Assets Turn Over Ratio	Sales	0.59:1	0.27:1	0.57:1	0.45:1	0.59:1
	Current Assets					
8. Gross Profit / (Loss) Percentage	Gross Profit X 100	9.61%	5.35%	8.79%	5.66%	12.28%
	Sales					
9. Operating Profit / (Loss) Percentage	Operating Profit X 100	0.89%	(2.94%)	1.84%	(2.64%)	2.89%
	Sales					
10. Net Profit / (Loss) Percentage	Net Profit X 100	1.92%	2.35%	5.47%	1.81%	4.76%
	Sales					