



**BHUTAN BOARD
PRODUCTS LIMITED**



2025 *Annual* REPORT

HO, Phuentsholing
Board Factory: Darla
RTAF Factory: Pasakha
Furniture Showroom: Phuentsholing - Thimphu

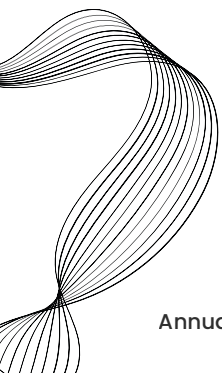
✉ info@bhutanboard.com

🌐 www.bhutanboard.com

TABLE OF CONTENTS

Sl. Nos.	Table of Contents	Page Nos.
1	Year in Review	1 - 14
1.1	From the Desk of Chief Executive Officer	2
1.2	About the Company	3 - 5
1.3	Board of Directors	8 - 12
1.4	Management Team	13 - 14
2	Director's Report	15 - 22
3	Corporate Goveranace Report	28 - 32
4	Audited Financial Statement 2025	34 - 91

1. YEAR IN REVIEW





1.1. FROM THE DESK OF CHIEF EXECUTIVE OFFICER

The Financial Year 2025 has been one of the most testing periods in the recent history of Bhutan Board Products Limited. The eight-month suspension of export operations, arising from delays in obtaining BIS certification, had a significant impact on our revenue and profitability, particularly given our heavy reliance on export markets.

This external disruption, coupled with ageing plant infrastructure and escalating input costs, led to a considerable performance shortfall and a net operating loss for the year.

Notwithstanding these challenges, the company demonstrated resilience and took purposeful steps to stabilize operations. We enforced strict cost discipline, optimized production in line with prevailing conditions, and capitalized on non-core revenue streams, which delivered strong results. Concurrently, we continued to invest in strengthening workforce capabilities, improving operational efficiency, and advancing sustainable forestry initiatives to underpin long-term growth.

With BIS certification now secured, we are well-positioned to resume export operations and rebuild our market presence. Our focus for the year ahead will be on expanding distribution networks, introducing new products, modernizing critical plant and machinery, and further strengthening our furniture and forestry businesses.

While challenges persist, we move forward with cautious optimism. Guided by a renewed operational focus, we remain committed to restoring performance, enhancing competitiveness, and delivering sustainable value to our stakeholders in the year ahead.

With warm regards,

A handwritten signature in black ink, appearing to read 'Yeshey Dorji', written over a horizontal line.

Yeshey Dorji
Chief Executive Officer

1.2 About the Company

About BBPL

1. Background

The company was incorporated under the Companies Act in 1983 as one of the largest manufacturing units in Bhutan. The Tala factory was operationalized in 1988 and the Pasakha Furniture Factory was operationalized in 1991.

Bhutan Board Products Limited (BBPL) is a DHI linked Company. It was established with primary mandate of value addition to scarce forest resources, as a Joint Venture Undertaking between Royal Government of Bhutan and private promoter Company, M/s H& K Co., on the basis of 80:20 ownership.

2. Share Capital

S/N	Particulars	No. of Shares	Value (in Nu.)	%
1	Authorized Capital	-	500,000,000.00	-
2	Face Value of each share	-	10.00	-
3	Total No. of Shares issued	21,000,210	210,002,100.00	
4	Druk Holding and Investments (DHI)	10,025,010	100,250,100.00	47.74
5	Bank of Bhutan (BOB)	2,586,000	25,860,000.00	12.31
6	Royal Insurance Corporation of Bhutan (RICB)	177,450	1,774,500.00	0.84
7	Bhutan National Bank (BNB)	21,000	210,000.00	0.10
8	Gerab Nyed Yon Ltd.	1,002,450	10,024,500.00	5.92
9	Hing & Kong Company (H&K Co)	720,000	7,200,000.00	3.43
10	Royal Bhutan Army	441,000	4,410,000.00	2.10
11	BBPL Employees.	17,250	172,500.00	0.08
12	Others	6,010,085	60,100,850.00	28.63
		21,000,245	210,002,450.00	100.00

3. Factories

The Particle Board Factory in Darla is equipped with sophisticated machineries imported from SIEMPELKAMP, Germany. The Plant consumes raw wood extracted from forest land leased to the Company as the primary raw material to produce medium density (graded) plain particleboards and pre-laminated particleboards conforming to German DIN and Indian BIS standards. The products are also certified by Bhutan Standards Bureau.

BBPL's Furniture Factory is located at Balujhora, Pasakha about 15 Kms away from Phuentsholing. The Unit produces two ranges of furniture prefabricated from particleboards- Home and Office range with knockdown features and hardware imported from Malaysia and India. The furniture is designed on machinery and equipment from BIESSE, Italy.

4. Human Resources

The company currently employs 246 people with bulk of the employees being skilled but primary and secondary education. Except for two employees in the export market, rest of the employees are Bhutanese.

The company currently engages about 19 contractors, including wood raw material suppliers, firewood transporters and 6 machine operators to extract firewood from the plantation areas managed by the company, executing works worth Nu.32.20 million during the year.

5. Key Markets

The two primary finished products - Particleboards and Furniture- are marketed mostly in India (about 85%) and the balance 15% in the local market of Bhutan.

6. Other projects

The company's foray into timber extraction and supply, along with its diversified revenue streams in organic manure production, tree sapling sales and exemplifies its commitment to sustainable business practices and environmental stewardship. Through these strategic initiatives, the company not only aims to enhance its revenue but also contributes to forest conservation, soil fertility enhancement, and sustainable development goals. By aligning its business activities with societal and environmental needs, the company positions itself as a responsible corporate entity driving positive change in the community.

----- End -----



Executing MoU with GBCL



Executing MoU with FCBL



Welcoming our new CEO



Offtg.General Manager handing over the charge to the new CEO

1.3 Board Directors



**BHUTAN
BOARD**

BBPL BOARD OF DIRECTORS



Left to right: Mr. Payma Juntsho Wangchuk, Dr. Damber S. Kharka, Mr. Ugyen Penjore (Board Chairman), Mrs. Karma Choden, Mr. Yeshey Dorji, Mr. Druyang Dorji Hing, Mr. Phuntsho Rabsel Dorji

2025

MR. UGYEN PENJORE
Chairman



Mr. Ugyen Penjore has a Bachelor Degree in Science from University of Adelaide, West Australia and a Master Degree in the same discipline from Cranfield University, United Kingdom. He joined Ministry of Agriculture and Forests as Assistant Research Officer in April 1992. He served as Director, Department of Cottage and Small Industry ,Ministry of Economic Affairs from July 2011 till July 2016. Prior to his current position, he served as the Director General in Department of Agriculture Marketing and Co-operatives, Ministry of Agriculture and Forests. Currently, he is the Director General, Competition and Consumer Affairs Authority under the Ministry of Industry, Commerce and Employment. He has long year of experience as board directors in several agencies. Mr. Ugyen Penjore serves as the Chairman on BBPL Board.

MRS. KARMA CHODEN
Board Director

Ms. Karma Choden is the General Counsel of Druk Holding and Investments Limited. She earned her LL.M from Queensland University of Technology from Brisbane, Australia in July 2010 and Post Graduate Diploma in National Laws from Royal Institute of Management, Semtokha in June 2006. She completed her B.A,LLB(Honors), from Govt. Law College, Mumbai.

She serves as non-executive director on the board.



MR. PHUNTSHO RABSEL DORJI
Board Director

Mr. Phuntsho Rabssel Dorji works for the Gelephu Mindfulness City project under His Majesty's Secretariat. He was previously an entrepreneur and consultant with interests in social entrepreneurship, education, and tourism. He is passionate about the issues around Bhutan's transformation and arrival on the global stage, including the development of entrepreneurship education, advancement of emerging technologies, and the creation of new industries. He has a Bachelor's Degree from St. Stephen's College in India, and an MBA from the University of Geneva in Switzerland. He serves as non-executive director on the board.



DR. DAMBER S KHARKA
Board Director



Dr. Damber S Kharka has a PhD in Financial Economics. Prior to his current position, he served for 13 years at DHI as the Director of Corporate Performance Department, and Royal Institute of Management (RIM) for 19 years as a faculty member. He is an economist by profession and a certified trainer in Corporate Governance and several other management disciplines. He has long years of experience as board director in several companies across industries in Bhutan and has significantly contributed to the growth of the companies. He serves as the Independent Director on BBPL Board.

MR. PAYMA JUMTSO WANGCHUK
Board Director

An IT professional by trade and over 15 years of diverse experience, he worked in the private sector, corporations and own entrepreneurial ventures from 2008. He has experiences in various roles, spanning from application development, ERP implementation, project management and leadership positions. He is currently working in Gerab Nyed-Yon Limited as Senior Analyst. He serves as non-executive director on the board.



MR. DRUYANG DORJI
Board Director



Mr. Druyang Dorji works in a family business, M/S Shangrila Enterprise, which is one of the biggest cold stores set ups in the country, from 2006. He also serves as a Director on board of M/s Shangri-La Enterprise Private Limited and now heads a new FDI Project, M/s Thai Bhutan Biotech Project for production of medicinal mushrooms and manufacture of medicinal mushroom products.

He serves as the non-independent director on BBPL Board.

MR. YESHEY DORJI

Chief Executive Officer



Mr. Yeshey Dorji is a seasoned finance and corporate leader with extensive experience across government institutions, state-owned enterprises, and private organizations in Bhutan. His career reflects progressive leadership roles in investment management, financial strategy, and executive administration.

He began his senior professional journey as Head of the Investment Division at Druk Green Corporation in Thimphu, where he contributed to strategic investment planning and portfolio management.

He subsequently served as a Financial Analyst/Consultant at His Majesty's Secretariat in Thimphu, providing financial analysis and advisory support to strengthen institutional decision-making.

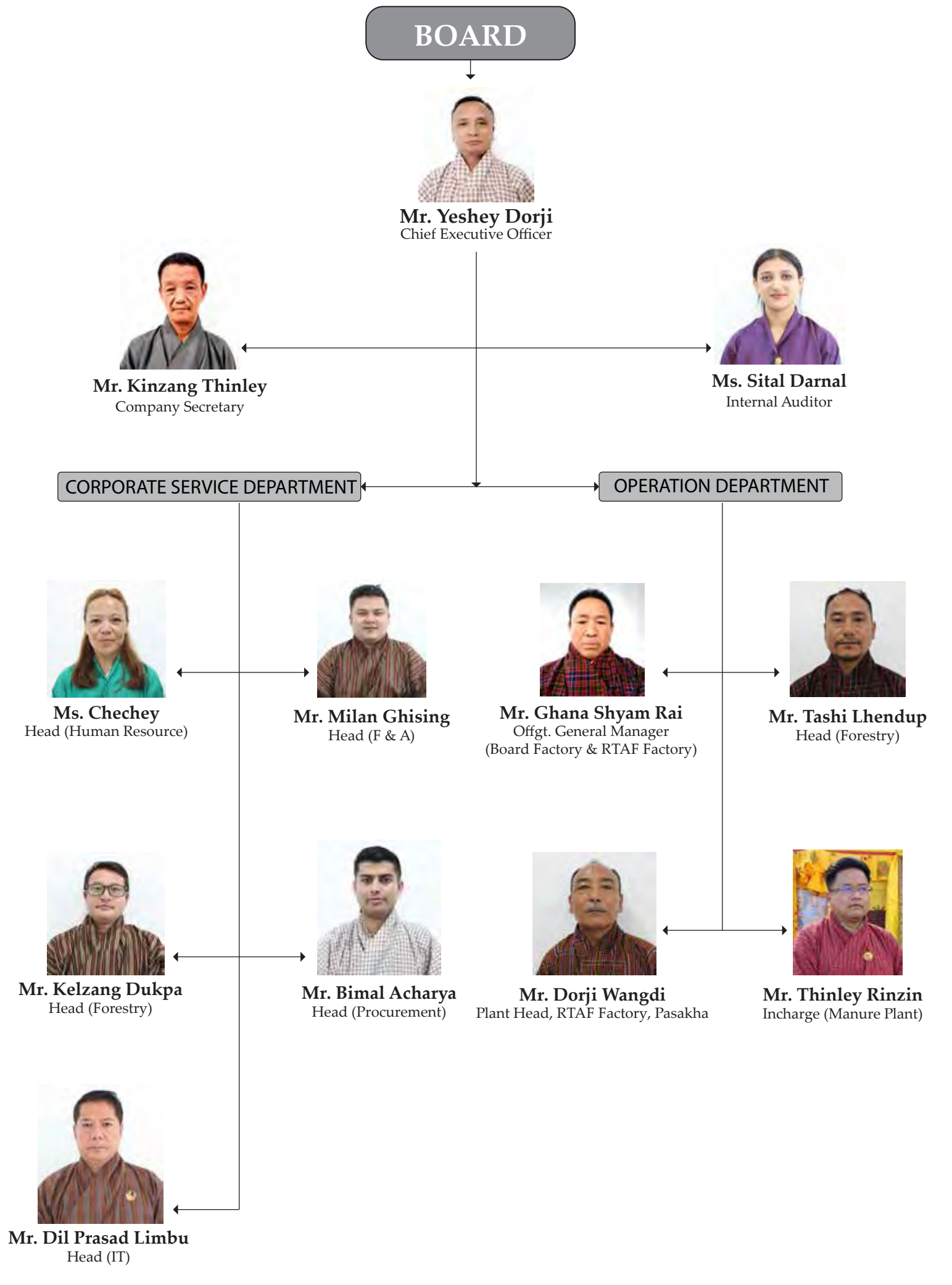
Mr. Yeshey Dorji later assumed the role of Chief Financial Officer at Bhutan Airlines, where he oversaw financial planning, budgeting, and corporate financial governance. He then worked as a Financial Consultant and Visiting Faculty (Self-Employed) in Thimphu, contributing to professional development and financial advisory services.

From January 2022 to July 2025, he served as Director (Finance & Investment Department) at Penden Cement Authority Limited in Gomtu, Samtse, leading financial strategy, investment oversight, and institutional strengthening initiatives.

Currently, he serves as the Chief Executive Officer of Bhutan Board Products Limited in Phuentsholing, where he is responsible for overall corporate leadership, strategic direction, operational performance, and sustainable growth.

With a strong background in finance, investment management, and executive governance, Mr. Dorji brings strategic insight, analytical expertise, and results-oriented leadership to every organization he serves.

1.4 Management Team



2. Director's Report



FINANCIAL YEAR 2025

Bhutan Board Products Limited

Dear Shareholders,

I am honoured to present the Directors' Report for Bhutan Board Products Limited (BBPL) for the Financial Year 2025. This report provides a candid account of the year's performance, the key challenges our business faced, and the strategic path we are charting to restore and strengthen the company's position. Financial Year 2025 was one of the most demanding in BBPL's recent history. The suspension of our export operations for eight months — from March to October — as a consequence of delays in obtaining the mandatory Bureau of Indian Standards (BIS/ISI) certification for our particleboard products had a profound impact on the company's revenues and profitability. As a business in which export sales account for approximately 79% of total revenue, this disruption was deeply significant. Compounding these external headwinds were operational challenges stemming from ageing plant infrastructure and machinery, as well as persistent pressure from rising raw material and input costs.

Despite these considerable difficulties, we have taken deliberate and structured steps to stabilize the business and position it for recovery. I outline these below.

FINANCIAL PERFORMANCE

Key Financial Outcomes — FY 2025

- **Total Revenue: Nu. 168.90M | Budget: Nu. 326.44M | Shortfall: 48%**
- **Net Operating Loss: Nu. 92.80M vs. Budgeted Profit After Tax: Nu. 16.37M**
- **Finance Costs surged 103% to Nu. 14.48M due to elevated overdraft utilization**
- **Other Revenue (manure, nursery, rentals) outperformed budget by 293%**

The financial results for FY 2025 reflect the severe impact of the BIS certification-related export suspension. Total operational revenue reached Nu. 168.90 million, representing a shortfall of 48.26% against the budgeted Nu. 326.44 million.

Revenue and Cost Summary

Item	Actual (Nu. M)	Budget (Nu. M)	Variance
Total Operational Revenue	168.90	326.44	−48%
Board Sales	105.30	235.51	−55%
Furniture Sales	30.43	56.00	−46%
Timber Sales	9.50	28.83	−67%
Other Revenue	23.67	6.02	293%
Cost of Sales	119.43	153.66	−22%
Employee Costs	86.55	94.20	−8%
Finance Costs	14.48	7.15	103%
Net Operating Loss	(92.80)	16.37 profit	-667%

Board sales of Nu. 105.30 million were 55% below budget, reflecting the near-total disruption to export trade for the greater part of the year. Furniture sales of Nu. 30.43 million fell 46% short of target, driven by reduced institutional procurement. Timber sales of Nu. 9.50 million were also materially below budget, constrained by species-related export regulations and logistical disruptions.

A positive note was the strong performance of non-core revenue streams. Revenue from manure, nursery saplings, miscellaneous sales, rental income, and firewood reached Nu. 23.67 million — nearly four times the budgeted Nu. 6.02 million — demonstrating the latent value of the company's supplementary operations.

The cost of sales of Nu. 119.43 million was 22% below budget, partly reflecting the lower production volumes. Employee costs were maintained at Nu. 86.55 million, 8% under budget. Administrative expenses were well-controlled at Nu. 11.18 million, 40% below the budgeted amount.

Finance costs rose sharply to Nu. 14.48 million — more than double the budgeted figure — as the company drew heavily on its overdraft facilities to sustain operations during the extended period without export income.

OPERATIONAL REVIEW

Particleboard Manufacturing — Darla Board Factory

The Darla Board Factory faced significant production constraints in FY 2025. The eight-month export suspension necessitated a sharp curtailment of output, while plant downtime increased substantially due to the age and condition of the machinery.

Particulars	FY 2025	FY 2024	Variance
Raw Boards Produced (sheets)	91,069.00	170,322.00	–47%
Laminated Boards Produced (sheets)	62,230.00	143,683.00	–56%
Plant Capacity Utilization – Laminated	77.37%	64.94%	12%
Total Downtime (hours)	6,685.97	5,572.25	+1,113.72 hrs

Raw board production of 91,069 sheets declined by approximately 47% year-on-year, while laminated board output of 62,230 sheets fell by approximately 56%. Plant capacity utilization for laminated boards increased to 77.37%, from 64.94% in the prior year. Total downtime increased by over 1,100 hours to 6,685.97 hours, reflecting the dual impact of production stoppages and mechanical breakdowns.

2.2 Furniture Manufacturing — Pasakha RTAF Factory

The Pasakha RTAF factory produced a total of 6,474 furniture sets during the year, comprising 5,038 standard sets and 359 (1,436) sets standard considering conversion ratio of 1 customized equal to 4 standard furniture) customized sets.

Particulars	FY 2025	FY 2024	Variance
Standard Furniture (sets)	5,038	8,781	–42%
Customised Furniture (sets)	1,436	313	+358%
Total Furniture (sets)	6,474	9,094	–28%

While standard furniture production contracted by 42% due to a reduction in institutional orders, the customised segment demonstrated resilience with a 358% increase in output. We view growth in the customised segment as a positive indicator of the factory's ability to respond to evolving market needs.

2.3 Forestry Operations

The company's forestry operations are critical to securing a stable and cost-effective supply of wood raw materials for the particleboard factory. Total raw material procurement in FY 2025 amounted to 11,848 metric tonnes (MT), a decline of approximately 23% compared to 15,368 MT in FY 2024.

Source	FY 2025 (MT)	FY 2024 (MT)	Change
Leased State Reserve Forests (incl. scientific thinning)	4,027.15	7,948.26	–49%
Sawmill Off-cuts	319.82	37.02	+764%
Private Land	6,048.38	7,025.88	–14%
Billet Collection (Sanitisation)	1,099.81	356.70	+208%
Wood Chips	152.87	–	N/A
Total	11,848.03	15,367.87	–23%

The decline in supply from leased state forests reflects a deliberate decision to moderate procurement during the export suspension in order to avoid overstocking and material spoilage at the log yard. Additional contributing factors included road blockades at the Chanachen thinning site in October and access disruptions to Chongaykha during the monsoon season.

Encouragingly, sawmill off-cut procurement increased dramatically, and billet collection volumes more than tripled year-on-year, demonstrating progress in diversifying the company's sourcing base. The scientific thinning programme, commenced in 2024, continues to yield sustainable supplies of lops and tops at a comparatively lower cost.

On the sustainability front, the forestry team raised 35,747 new seedlings in its nursery, undertook maintenance of 46,265 seedlings planted in 2024, and established 47.94 acres (19.41 hectares) of new forest in leased areas. These initiatives are central to our long-term strategy of reducing dependence on private forest land and managing raw material costs more effectively.

PEOPLE AND ORGANISATION

Our people remain the company's most valued asset. BBPL's workforce, drawn almost entirely from Bhutanese nationals, brings considerable technical expertise — most notably in the maintenance and fabrication of critical machinery components at the Darla factory. Two non-Bhutanese employees manage export-related operations in India.

No.	Location	FY 2025	FY 2024	Change
1	Board Factory (Darla)	150	174	–24
2	RTAF Furniture Factory (Pasakha)	21	25	–4
3	Forestry Sector	29	32	–3
4	Head Office	41	36	5
5	Thimphu Furniture Showroom	3	5	–2
6	Zones	2	2	–
	Total	246	274	–28

Total headcount reduced from 274 to 246 employees during FY 2025, a decrease of 28, reflecting a combination of resignations and retirements. The company has not sought to replace all departing staff, opting instead to absorb workloads through multi-skilling of the existing team.

The average employee age is 42.73 years. Recognizing the risk of knowledge loss as experienced staff approach retirement, management has implemented a succession planning framework to ensure continuity in key roles. The overall attrition rate of 21.44% is attributable primarily to the voluntary departures and retirements noted above.

CORPORATE SOCIAL RESPONSIBILITY

BBPL maintains a strong commitment to balancing economic objectives with environmental stewardship and social responsibility. The following initiatives were undertaken during FY 2025:

- **Community Employment:** The company engaged 19 local contractors — covering wood raw material supply and plantation establishment and maintenance — with contracts totaling Nu. 13.15 million, providing sustainable livelihoods in the communities surrounding our operations.
- **Donations and Community Support:** BBPL donated old furniture valued at Nu. 101,748 and 66 pieces of reject particleboards valued at Nu. 38,500 to schools, dzongkhag offices, local government bodies, monasteries, and community organizations across the region.
- **National and Religious Events:** The company and its employees actively participated in key national and religious events, contributing Nu. 260,000 to DHI for the purchase of umbrellas at the Global Peace Prayer Festival in Thimphu.
- **Environmental Stewardship:** BBPL continued its 'Gedu Zero to Dungna Zero' highway cleanliness initiative, conducting quarterly cleaning of a 10-kilometre stretch of the national highway, with employees from the Darla factory and forestry division leading the effort.
- **Zero Waste Participation:** BBPL participates in the 'Zero Waste Hour' initiative in Phuentsholing on the second day of every month.
- **GMC Development:** In 2025, the company participated as a volunteer in the second and third cohorts of the GMC development programme alongside other national volunteers.

PRINCIPAL CHALLENGES

The Board wishes to ensure shareholders have a clear view of the principal risks and challenges facing BBPL:

- **Ageing Plant and Machinery:** The Darla Board Factory has been in continuous operation for over 37 years. Frequent breakdowns, long lead times for spare parts, and the rising cost of maintenance have materially increased downtime and constrained production capacity. Sustained capital investment in critical plant replacements remains a priority.
- **Competitive Market Dynamics:** Particleboard competes against plywood, medium-density fibreboard (MDF), and PVC-based products, many of which are offered on more attractive commercial terms. Significant capacity additions by major producers in Gujarat, Tamil Nadu, Karnataka, and Maharashtra have intensified pricing pressure in the Indian export market.
- **Raw Material Availability and Cost:** The company's reliance on lops, tops, and off-cuts from leased and private forests exposes it to fluctuations in supply and cost. Transportation costs and fuel price movements further affect production economics.
- **Export Regulatory Constraints:** Timber exports continue to be limited by species restrictions and phytosanitary requirements under India's Plant Quarantine Order. The efficiency of cable crane operations is constrained by equipment age, and timber recovery from scientific thinning sites remains sub-optimal.
- **Environmental Compliance:** Tightening emissions and waste management regulations require ongoing investment in process upgrades, adding to operating costs.

OUTLOOK AND STRATEGIC PRIORITIES

Despite a difficult year, the Board and Management approach FY 2026 with measured confidence. BBPL's particleboard carries a well-regarded brand and proven quality reputation in the Indian market. The following strategic initiatives will guide our recovery and growth:

- **Export Market Recovery:** With BIS certification now secured, we expect to resume normal export operations and to qualify for procurement programmes run by government agencies and public sector projects in India.
- **New Product Introduction:** The launch of 16mm plain particleboard from November 2025, with estimated monthly demand of 10,000 pieces, will broaden our product range and support revenue growth.
- **Distribution Expansion:** The company will actively pursue the appointment of additional distributors across Maharashtra, Kerala, and the Delhi/NCR region. Discussions are progressing with DHI India Ltd — established in India on 28 February 2025 — regarding a formal off-take agreement. Domestic distribution is also being expanded, with prospective appointments in Thimphu, Phuentsholing, Gelephu, and Nanglam.
- **Plant Modernization:** Management will continue targeted investment in the replacement of critical machinery components at the Darla factory to improve reliability and production capacity.
- **Furniture Factory Development:** The Pasakha RTAF factory will be strengthened to produce a broader range of modern furniture designs, targeting growth in the domestic market.
- **Forestry and Timber:** The company will pursue timber extraction from the Chanachen thinning site and Chongaykha leased forest, and is actively identifying a successor thinning site in preparation for the conclusion of current operations.
- **Cost Discipline:** Rigorous cost management will be maintained across all business units, recognising that competitive market conditions limit the ability to pass internal cost increases through to customers.
- **Diversification:** The Board is exploring investment in core veneer production and, as a longer-term objective, engineered wood products, to reduce the company's dependence on the particleboard segment.





ACKNOWLEDGEMENTS

On behalf of the Board of Directors and the Management team, I wish to express our sincere gratitude to the many institutions and individuals whose support has been invaluable throughout FY 2025.

We extend particular appreciation to DHI, Chukha Dzongkhag, the Divisional Forestry Office in Gedu, and local government officials for their steadfast engagement with our operations. We are grateful to the Department of Trade (MoICE), the Department of Bilateral Trade and the Embassy Office in Delhi (MoFEAT), and the Embassy of India for their critical assistance in securing BIS certification approvals.

We thank our channel partners, suppliers, and trade counterparts in Bhutan, India, and Bangladesh for their continued collaboration. Our appreciation is also extended to the Bank of Bhutan for its unwavering financial support.

The Registrar of Companies, the Royal Securities Exchange of Bhutan, and our external auditors deserve recognition for their commitment to sound corporate governance and regulatory compliance.

In closing, the Board reaffirms its commitment to professionalism, transparency, and ethical stewardship of the company. We look forward to reporting improved results in the year ahead.

Ugyen Penjore
Chairman, Board of Directors
Bhutan Board Products Limited







Distributors Meet



Distributors Meet



BBPL Furniture Showroom in Phuentsholing





DHI 10X ROADMAP

Excited to dive into Bhutan's bold future at the DHI 10X Roadmap Launch!

3. CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE REPORT

Bhutan Board Products Limited has complied with the requirements of the Companies Act of Bhutan 2016, Corporate Governance Code and Ownership Policy of Druk Holding & Investments Limited (DHI) and other statutory requirements.

BOARD

1. Board Charter

The Board charter outlines the guidelines governing the operations of the Board of Directors, including their roles and responsibilities, and specifies the board's functions and powers to ensure that all members are fully informed of their duties. During board meetings, the Directors are actively engaged and participate in discussions, contributing their professional expertise and opinions.

Table 1: Board Members, 2025

The details of the Board Directors and their date of appointment are:

Name	Designation	Date of initial appointment	Date of reappointment	Status	Term	Board on other Companies
Mr. Ugyen Penjore	Director General, CCAA MOICE	29.04.2024		Non-independent	First term	None
Ms Karma Choden	Associate Director, DHI	02.04.2024	28.03.2025	Non-independent	First Term	None
Dr. Damber S Kharka	Private Business	21.04.2020	28.03.2025	Independent	Reappointed	None
Mr. Phuntsho Rabtsel Dorji	GMC	02.04.2024	-	Non-independent	First term	None
Mr. Payma J Wangchuk	Sr. Analyst Gerab Nyed-Yon Limited	15.03.2024	-	Non-independent	First term	None
Mr. Druyang Dorji	M/s: Shangrila Enterprise Phuentsholing	21.04.2021	28.03.2025	Non-independent	Reappointed	M/s Shangrila Private Limited
Mr. Yeshey Dorji	Chief Executive Officer BBPL Phuentsholing	01.07.2025		Executive	First term	-

(2) Board Composition

The Board is composed of seven directors, one of whom is the Chief Executive Officer. DHI appoints three members, while two members are nominated by minority shareholders, and there is one independent director. All director appointments are approved during the General Meetings.

(3) Board Meetings

Six Board Meetings were held in the year 2025, adhering to the quorum requirements and the minimum gaps between meetings as specified by the Companies Act of Bhutan 2016. The following are the dates of the meetings and the attendance records of the Directors:

(a) Dates of Board Meetings held in 2025

S/N	Board Meeting Dates	Board Meeting Nos
1	March 22,2025	171 st Board Meeting
2	May 23, 2025	172 nd Board Meeting
3	July 18, 2025	173 rd Board Meeting
4	August 25,2025	174 th Board Meeting
5	October 17, 2025	175 th Board Meeting
6	December 4,2025	176 th Board Meeting

(b) Attendance of Board Directors from 22nd March 2025 till 4th December 2025.

S/N	Board Directors	171	172	173	174	175	176	Remarks
1	Mr. Ugyen Penjore	Y	Y	Y	Y	Y	Y	6/6
2	Ms Karma Choden	Y	N	Y	Y	Y	Y	5/6
3	Mr. Phuntsho Rabtsel Dorji	Y	Y	Y	Y	Y	Y	6/6
4	Dr Damber S Kharka	Y	Y	Y	Y	Y	Y	6/6
5	Mr. Payma J Wangchuk	Y	Y	Y	Y	Y	N	5/6
6	Mr. Druyang Dorji	Y	Y	Y	Y	Y	Y	6/6
7	Mr. Yeshey Dorji	N	N	Y	Y	Y	Y	4/6

The Directors are sent meeting notices, usually at least five working days in advance, along with a comprehensive agenda and a full set of board papers containing adequate information about the topics to be discussed. The Company Secretary is responsible for accurately recording and securely maintaining all minutes of the Board meetings, including decisions made through circular passed resolutions.

BOARD AUDIT COMMITTEE

In 2025, the Board Audit Committee comprised two Non-Independent Directors and one Independent Director. To ensure the highest standards of corporate governance, an independent Director chairs the Board Audit Committee, and the Managing Director does not sit on the BAC to maintain the committee's independence.

Dates of Board Audit Committee Meetings

S/N	BAC Meeting Dates	Board Audit Committee Nos
1	19 th March 2025	19 th BAC Meeting
2	21 st May 2025	20 th BAC Meeting
3	14 th July 2025	21 st BAC Meeting
4	10 th October 2025	22 nd BAC Meeting
5	29 th November 2025	23 rd BAC Meeting

b) Attendance of Board Directors in the Board Audit Committee Meetings:

In 2025, the Board Audit Committee met four times.

S/N	BAC Members	19 th BAC	20 th BAC	21 st BAC	22 nd BAC	23 rd BAC	Remarks
1	Dr. Dambar S Kharka	Y	Y	Y	Y	Y	5/5
2	Ms Karma Choden	Y	Y	Y	Y	Y	5/5
3	Mr. Phuntsho Rabtsel Dorji	Y	Y	Y	Y	N	4/5

BOARD GOVERNANCE COMMITTEE

The Board Governance Committee comprising of four Directors, one Independent and three Non-Independent Directors met only once in 2025.

(a) Dates of Board Governance Committee Meeting

S/N	Dates of BGC Meeting	BGC Nos
1	13th October 2025	2nd BGC Meeting

(b) Attendance of Board Directors in BGC Meeting

In 2025, the Board Governance Committee met once.

S/N	BGC Members	2 nd BGC	Remarks
1	Dr. Damber S Kharka	Y	1/1
2	Mr. Payma Juntsho Wangchuk	Y	1/1
3	Mr. Druyang Dorji	Y	1/1
4	Mr. Yeshey Dorji	Y	1/1

DIRECTOR'S REMUNERATION

The Sitting Fees of Board Directors for the year 2025 is as follows:

S/N	Directors	Fees
1	Board Meetings	Nu.435,000.00
2	Board Audit Committee Meetings	Nu.82,500.00
3	Board Governance Committee Meeting	Nu.22,500.00
4	Annual General Meeting	Nu.77,500.00

ANNUAL GENERAL MEETING

The 41st Annual General of the company was held on 24th March, 2026 at 2.30pm in Conference Hall, Thimphu.

Key highlights of the meetings:

The AGM endorsed the appointment and resignation of following Directors-

- The Shareholders approved the resignation of Director Payma Juntsho Wangchuk and DHI nominee Director Karma Choden.
- The Shareholders approved the reappointment of Ms. Karma Choden, Associate Director, as a DHI nominee Director, in compliance with Section 138 of the Companies Act 2016, which requires not less than one-third of the total number of directors of a public company to retire by rotation.
- The Shareholders endorsed the appointment of Ms. Samten Zangmo as Gerab Nyed Yon Limited's nominee Director, in place of Director Payma J. Wangchuk.

Executing performance compact with the HoDs



Active compact review session

4. AUDITED FINANCIAL REPORT 2025

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF
BHUTAN BOARD PRODUCTS LIMITED FOR THE YEAR 2025**

To the shareholders of Bhutan Board Products Limited, Phuentsholing

Opinion

We have audited the Financial Statements of Bhutan Board Products Limited (BBPL - The Company) which comprise the Statement of Financial Position as at 31 December 2025, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 of its financial performance and its cash flows for the year then ended in accordance with the Bhutanese Accounting Standards (BAS).

Basis for Opinion

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

Emphasis of Matter

Without qualifying our report, we solicit your attention to the following matters:

1. The Company had carried out an actuarial valuation on Carriage and Repatriation expenses for the first time and had resulted into adjustment of Nu.4,752,533 which had negative impacted its Retained Earnings (*Refer Note 1.15(C) for details*);
2. A statutory obligation Nu.10,690,513.00 of Gratuity Payable, as disclosed under *Note 13: Other Current Liabilities*, which was pending as outstanding liability for an interminable period as emphasized in the previous year's Audit Report is still payable as of the current reporting date. The Company has already opened a Gratuity Account but has not been able to transfer the funds due to shortage of cash (*Refer Note 1.25 for details*);
3. Following the merger of BBPL and its subsidiary company, Bhutan Board Export Ltd. (BBEL), in 2022, a sum of Nu.13,818,020.55 had remained unadjusted in the books. The same had been written-off with approval from the Board of Directors during the year. This has again resulted into reduction of the Retained Earnings by that amount (*Refer Note 1.26 for details*);

4. The Company's Retained Earnings for the reporting period had been further reduced by Nu.6,748,965.09 under *Prior-Period Adjustments*, which was carried out by the management as corrections to clean up historical records, remove overstatements, and to ensure that the Company's financial statements reflect a true and fair position (*Refer Note 1.29 for details*);
5. The Company has made total provisions of Nu.18,046,433.50 against security deposits, margin money, advances, and prepaid expenses (*Refer Note 1.27 details*). The provisions consist of Nu.1,814,721.00 against Security Deposit (*Refer Note 3: Trade and Other Receivables*) and Nu.16,231,712.50 against Margin Money, Advances and Prepaid Expenses (*Refer Note 9: Prepayments*);
6. During the year, the Company had reclassified and transferred Nu.12,000,000.00 from Dividend Equalization Reserve and Nu. 27,986,451.00 from the Replacement and Maintenance Reserve to the General Reserve, as these two Reserves had remained unutilized for a considerable period (*Refer Note 1.18 for details*).

Our opinion on these matters is not modified.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the period under audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements:

As required by Section 266 of the Companies Act of Bhutan, 2016, we enclose the Minimum Audit Examination and Reporting Requirements as *Appendix - I* with statements on the matters specified therein to the extent applicable.

Further, as required by Section 265 of the Act, we report that:

- a) We have obtained all the information and explanations to the best of our knowledge and belief were necessary, for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and
- d) Based on the information, explanations and management representations received during the course of our audit, the Company has complied with other legal and regulatory requirements to the extent applicable to the Company.


Jigmi Rinzin FCCA
(Membership No. 0283308)
Partner

Date: 28 April 2026

Commemorating World Environment Day (Riverbank cleanup)



Phuentsholing - Thimphu Highway Cleaning(CSR)





Annual health check-up of Factory Employees



New JCB for factory and forestry operation

**REPORT ON MINIMUM AUDIT EXAMINATIONS AND REPORTING
REQUIREMENTS**

MINIMUM AUDIT EXAMINATIONS AND REPORTING REQUIREMENTS

As required by Section 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we report, to the extent applicable, that:

1. The Company has maintained proper records of Property, Plant & Equipment (PPEs) under the ERP system showing full particulars including quantitative details and situation of the fixed assets. As explained to us, the PPEs have been physically verified by the management, which in our opinion is reasonable having regard to the size of Company and nature of its assets. As informed, no material discrepancies were noted in the physical verification.
2. None of the PPEs of the Company have been revalued during the year;
3. Physical verification of stocks was conducted at reasonable intervals in respect of finished goods, stores, spare parts and raw materials by the management. As informed to us, no material discrepancies were noticed on physical verification of stocks;
4. Procedures of such physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
5. The Company has a reasonable system of recording receipts, issues and consumption of materials of stores in the system which is commensurate with the size and nature of its business;
6. Quantitative reconciliation is generally carried out at the end of the accounting year in respect of all major items of inventories, i.e., finished goods and raw materials;
7. In our opinion, the method of valuation of stock, including the finished goods, raw materials, work in progress and stores and consumables, is fair and proper in line with the applicable Accounting Standards issued by AASBB;
8. The basis of valuation of stock is adequate and no deviation from the preceding financial year has been observed;
9. In our observations, the Company has the process to determine the obsolete, damaged, slow moving and surplus inventories (Spare Parts) and on the event that the value is significant, adequate provisions are been made. On the examination, the Company had identified the dead stock or slow-moving spare parts. Provision for the loss is not been made in the books of account because the approval from management is not been received. For other raw materials and the finished goods, the treatments are given in the financial statements wherever necessary.
10. Obsolete, damaged, slow-moving, and surplus inventories (spare parts) are disposed of, and some of the damaged inventories are reused for the production of other finished goods. At every stage of production, there are damaged goods, some of which are reused in the production of secondary goods, addressing the damage in the process. The Company is following a reorder inventory level Excel manual template to address slow-moving items.



Inventories are maintained only if required and no as such excess Inventories are been maintained.

11. There is a reasonable system of ascertaining and identifying a point of occurrence of breakage/ damaged raw materials, packaging materials, and finished products i.e., while in transit, during processing, during loading/ unloading, in storage and during handling etc. so that responsibility could be fixed and compensation sought from those responsible.
12. Approval of Board/appropriate authority is obtained for writing off amounts due to material loss/ discrepancies in physical/book balances of inventories including finished goods, raw materials, stores and spares.
13. The Company had year-end closing balance of loan outstanding, as under:

Sl. No.	Name of Bank	Type of Account	Account Number	31.12.2025 (Nu.)	31.12.2024 (Nu.)
1	Bank of Bhutan	Term Loan	219820969	15,930,820.11	16,208,550.43
2	Bank of Bhutan	Overdraft	100234140	109,040,423.66	22,682,983.96
3	Bank of Bhutan	Bridge Loan	219821033	26,737,354.72	27,492,328.60
4	DCCL	ICL	-	60,017,260.27	60,407,377.00
Total loan outstanding				211,725,858.76	126,791,239.99

The interest and the other terms and conditions for the loans are not prejudicial to the interest of the company.

14. The company has not granted any loans to other parties, which *Ultra-Vires* the Articles of Incorporation and other relevant Acts and regulations;
15. Advances granted to officers/staff are generally in accordance with the provisions of the service rules and no excessive/frequent advances are granted and accumulation of large advances against any particular individual is avoided;
16. In our opinion, the company has generally established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the company as well as to ensure adherence to the rules and regulations, system and procedures;
17. In our opinion, there is a reasonable system of authorization at proper levels and an adequate system of internal control commensurate with the size of the company and nature of its business, on issue of stores and allocation of materials and labour to jobs;
18. There is a proper system of competitive biddings, commensurate with the size of the company and the nature of its business, for the purchase of goods and services including stores, raw materials, plant and machinery, equipment and other assets, and for the sale of goods and services except for frequent office and administrative expenses;
19. As explained to us, the Company has not entered into transactions for purchases and sales of goods and services during the year in pursuance of the contracts or arrangements entered into with the company in which the director(s) are directly or indirectly interested at the prices which are reasonable considering the prevailing market conditions;



20. We have neither come across any personal expenses (other than contractual and/or as per customary business practices), which have been charged to the Statement of Comprehensive Income nor have we been informed about such cases by the management;
21. The Company is maintaining reasonable records for production of finished goods, by-products and they have maintained the adequate physical safeguards to prevent unauthorized or irregular movement of goods from the Company.
22. The Company is maintaining reasonable records for sales and disposal of realizable by-products scraps;
23. In our opinion, the company is regular in depositing rates, taxes, duties, royalties, provident funds, and other statutory dues with the appropriate authorities. Provision for corporate tax is adequate and that necessary adjustments have been made to compute amount of tax as per the prevailing tax laws, rules and regulations;
24. Insofar as it appears from the examination of the books, there were no undisputed amounts payable in respect of rates and taxes, provident fund, and other statutory dues as on the last day of Financial Year 2025;
25. The company has a reasonable system of allocating man hours utilized to the respective jobs, commensurate with the size and nature of its business;
26. In our opinion, there is a reasonable system of price fixation taking into account the cost of production and market conditions;
27. The credit sales policy is reasonable and proper credit rating of customers are carried out. The management has framed the credit sales policy for the year 2022 and onwards;
28. No commission agent has been engaged by the Company except distributors;
29. There is a reasonable system for continuous follow-up with debtors and other parties for recovery of outstanding amounts. Age-wise analysis of outstanding amounts is carried out for management information and follow-up action;
30. In our opinion, management of liquid resources, particularly cash/bank etc. is reasonably adequate and no excessive amounts are lying idle in non-interest-bearing accounts, and the withdrawals of loan amounts are made after assessing the requirements of funds from time to time and no excess amounts are withdrawn leading to avoidable interest burden on the company;
31. In our opinion, business activities carried out by the Company are lawful and *Intra-Vires* its Articles of Incorporation;
32. In our opinion, the company has a system of approval of the Board for all major capital investment decisions. As informed, all the directives of the board have been complied with;
33. In our opinion, the company has established an effective budgetary control system;



34. Details of remuneration, commission and other payments made to the Managing Director cum Chief Executive Officer of the company and Directors are disclosed in *Note 27(c)* to Financial Statements;
35. Price sensitive information, to the best of our knowledge, have not been transmitted by any official of the Company, unauthorized to any other person with intent to benefit themselves;
36. The company maintains proper records for inter-unit transactions/services and arrangement for services made with other agencies engaged in similar activities; and
37. Proper agreements are executed and that the terms and conditions of lease are reasonable and the same are applied when machineries and equipment are acquired on lease or leased out to others.

COMPUTERISED ACCOUNTING ENVIRONMENT

1. The Company has transitioned from *Tally 9.0*, a multiuser ready-made package software, to *ERP Next* for general financial accounting.
2. Adequate safeguard measures and backup facilities exist (the data is maintained by TTPL data storage center at Thimphu).
3. Operational controls are adequate and automatic to ensure the correctness and validity of input data and output information.
4. Measures taken by the Company to prevent unauthorized access over the computer installations and files are adequate, providing different access facilities to different levels of management according to roles assigned.
5. For the year ended 31 December 2025, books of account were maintained in *ERP Next*, and accordingly, financial statements were prepared.

GENERAL

1. Going Concern Issues

Based on the net asset position reflected in the Statement of Financial Position as at 31 December 2025 and on the basis of tests conducted during the audit as we considered necessary and further, based on the forecast by the management, in our opinion the Company is a *Going Concern*. In addition, we have also not identified any material uncertainty that would have bearing on the *Going Concern*.

2. Ratio Analysis

Significant ratios indicating the financial health and performance of the Company are provided separately in this Report.

3. Compliances with the Companies Act of Bhutan, 2016

The Company has complied with the applicable provisions of the Companies Act of Bhutan, 2016. Details of Compliance calendar and Compliance checklist are provided separately in this Report.



4. Adherence to Laws, Rules and Regulations

The audit of the Company is governed by the Companies Act of Bhutan, 2016, and the scope of audit is limited to examination and review of the financial statements, as produced to us by the management. In the course of the audit, we have considered the compliance of provisions of the said Companies Act, its Articles of Incorporation and the applicable BAS.

For JIGMI Audit & Financials Pvt. Ltd.



Jigmi Rinzin FCCA
(Membership No. 0283308)
Partner

Date: 28/ April / 2026



Observing Women's Day



FINANCIAL STATEMENTS

Bhutan Board Products Limited

Statement of Financial Position as at 31 December 2025

Particulars	Notes	31/12/2025 (Nu.)	31/12/2024 (Nu.)
ASSETS			
Non-Current Assets			
Property, Plants & Equipment	2A	156,247,576.53	151,744,493.72
ROU Assets	2B	5,697,017.08	10,057,073.14
Trade & Other Receivables	3	41,548.20	1,843,082.20
Other Bank Balances	4	-	1,154,619.41
Deferred Tax Assets	5	5,889,792.00	6,488,066.00
Biological Asset	1.19	831,830,000.00	891,820,000.00
Total Non-Current Assets (A)		999,705,933.81	1,063,107,334.47
Current Assets			
Cash & Cash Equivalents	6	3,778,516.98	5,751,628.68
Inventories	7	137,402,845.59	125,137,470.36
Trade & Other Receivables	8	23,140,055.78	34,167,496.44
Prepayments	9	11,943,901.81	41,444,206.19
Other Current Tax Assets	10	1,974,526.47	1,072,621.65
Total Current Assets (B)		178,239,846.63	207,573,423.32
TOTAL ASSETS (A+B)		1,177,945,780.44	1,270,680,757.79
EQUITY AND LIABILITIES			
Equity			
Share Capital	11	210,002,100.00	140,001,400.00
General Reserve		69,135,663.00	29,149,212.00
Dividend Equalisation Reserve		-	12,000,000.00
Replacement & Maintenance Reserve		-	27,986,451.00
Revaluation of Land Reserve		346,640,049.61	406,630,049.61
Retained Earnings		253,423,236.28	438,730,879.45
Total Equity (C)		879,201,048.89	1,054,497,992.06
Liabilities			
Non-Current Liabilities			
Borrowings	12	213,557,940.76	128,880,121.99
Employee Benefit Liabilities	13	41,652,321.13	38,897,029.34
Non-Current Lease Liability	1.31(b)	8,426,747.52	13,490,553.60
Other Non-Current Payables	14	2,856,748.00	5,125,178.41
Total Non-Current Liabilities (D)		266,493,757.41	186,392,883.34
Current Liabilities			
Trade & Other Payables	15	16,166,956.78	15,965,314.12
Other Current Liabilities	16	14,851,624.60	13,824,568.27
Current Lease Liabilities	1.31(b)	1,232,392.73	-
Total Current Liabilities (E)		32,250,974.11	29,789,882.39
Total Liabilities (F=D+E)		298,744,731.52	216,182,765.73
TOTAL EQUITY AND LIABILITIES (C+F)		1,177,945,780.41	1,270,680,757.78

For JIGMI Audit & Financials Pvt. Ltd.

Jigmi Rinzin FOC
(Membership No. 0283308)
Partner

Date: 28/ April 2026

For Bhutan Board Products Ltd

Milan Ghising Tamang
Head - Finance

Yeshey Dorji
Chief Executive Officer

Ugyen Penjore
Chairman

Bhutan Board Products Limited

Statement of Comprehensive Income for the year ended 31 December 2025

Particulars	Note	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Revenue	17	158,363,702.41	270,770,731.69
Cost of Sales	18	<u>205,978,545.45</u>	<u>231,593,258.19</u>
Gross Profit/(Loss)		(47,614,843.04)	39,177,473.50
Other Incomes	19	10,534,979.36	1,826,537.19
Selling & Distribution Expenses	20	(10,787,251.90)	(14,587,352.37)
Administrative Expenses	21	(11,181,043.54)	(10,253,470.35)
Other Expenses	22	<u>(18,670,077.09)</u>	<u>(149,531.24)</u>
Results from Operating Activities		(77,718,236.21)	16,013,656.73
Finance Cost	23	<u>(14,479,740.31)</u>	<u>(12,698,201.24)</u>
Profit Before Tax		(92,197,976.52)	3,315,455.49
Tax Expenses			
Current Tax		-	(994,636.65)
Deferred Tax	5	<u>(598,274.00)</u>	<u>2,561,505.00</u>
Profit/(Loss) For the Year		<u>(92,796,250.52)</u>	<u>4,882,323.85</u>
Other Comprehensive Income	24		
- Gain or Loss on Revaluation of Biological Assets	1.19	(59,990,000.00)	239,613,766.96
- Loss on Re-measurement of Defined Benefit plan	26	2,808,826.00	(7,931,639.00)
- Tax on Other Comprehensive Income (30% of DBA)	-	-	<u>2,379,491.70</u>
Net Other Comprehensive Income		<u>(57,181,174.00)</u>	<u>234,061,619.66</u>
Total Comprehensive Income for the Year		<u>(149,977,424.52)</u>	<u>238,943,943.51</u>
Earnings per Share:	25		
Basic Earnings per Share		(0.44)	0.35
Diluted Earnings per Share		(0.44)	0.35

For JIGMI Audit & Financials Pvt. Ltd.



Jigmi Rinzin FCCA
(Membership No. 0283308)
Partner

For Bhutan Board Products Ltd.

Milan Ghising Tamang
Head - Finance

Yeshey Dorji
Chief Executive Officer

Date: 28 April 2026

Ugyen Penjore
Chairman

Bhutan Board Products Limited
Statement of Cash Flow for the year ended 31 December 2025
(All in Ngultrum)

Particulars	31/12/2025	31/12/2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the Year	(92,197,976.52)	238,943,943.51
Adjustment for:		
Add: Depreciation & Amortisation	8,500,780.79	7,999,077.67
Add: Net Finance Costs	14,479,740.31	12,698,201.24
Add: Provision for Leave Encashment	-	1,077,421.47
Less: Revaluation Reserves	-	(239,613,766.96)
Add: Loss on re-measurement of Employee Benefit plan	-	7,931,639.00
Less: Provision for tax	-	(3,374,128.35)
Net Cash Flow from Operating Activities before changes in Working Capital	(69,217,455.42)	25,662,387.57
Changes in Current Assets and Current Liabilities		
- Inventories	(12,265,375.23)	4,222,875.73
- Trade & Other Receivables	11,027,440.66	(20,333,791.40)
- Prepayments	29,500,304.38	6,773,754.90
- Deferred Tax Assets (Net)	598,274.00	(738,542.36)
- Trade & Other Payables	-	(17,973,239.18)
- Other Current Liabilities	1,228,698.99	(2,275,724.21)
Net Cash Generated from Operating Activities	30,089,342.80	(30,324,666.52)
Less: Taxes paid	(1,500,178.82)	-
Net Cash Flow from Operating Activities (A)	(40,628,291.44)	(4,662,278.94)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed Assets	(10,864,513.97)	(33,841,198.49)
Changes in ROU (Net)	2,220,706.43	-
Other non-current assets	2,956,153.41	2,561,505.00
Net Cash Flow from Investing Activities (B)	(5,687,654.13)	(31,279,693.49)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Payment	(14,479,740.31)	(11,459,903.45)
Lease Payment	(3,831,413.35)	(1,137,842.40)
Proceeds from Loans & Borrowings	84,677,818.77	46,566,288.11
Non-Current Liabilities	486,861.38	-
Changes in Net Equity (Ref SOCE)	(22,510,692.62)	-
Net Cash Flow from Financing Activities (C)	44,342,833.87	33,968,542.26
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (A+B+C)	(1,973,111.70)	(1,973,430.17)
Opening Balance of Cash & Cash Equivalent	5,751,628.68	7,725,058.85
Closing Balance of Cash & Cash Equivalent	3,778,516.98	5,751,628.68

For JGMI Audit & Financials Pvt. Ltd.

Jigmi Rinzin FCCA
(Membership No. 02833087)
Partner

Date: 28/12/2025 2026

For Bhutan Board Products Ltd.

Milan Ghising Tamang
Head - Finance

Yeshey Dorji
Chief Executive Officer

Ugyen Penjore
Chairman

Bhutan Board Products Limited
Statement of Changes in Equity for the year ended 31 December 2025
(All in Ngultrum)

Description	Equity share Capital	General Reserve	Dividend Equalisation Reserve	Replacement & Maintenance Reserve	Revaluation Reserve	Retained Earnings	Total equity
Balance at 1 January 2024	140,001,400.00	29,149,212.00	12,000,000.00	27,986,451.00	167,016,282.65	462,804,667.89	838,958,013.54
Profit for the year	-	-	-	-	-	4,882,323.85	4,882,323.85
Adjustment for Prior Periods	-	-	-	-	-	(21,024,473.29)	(21,024,473.29)
Revaluation of Biological Assets	-	-	-	-	239,613,766.96	-	239,613,766.96
Loss on re-measurement of Defined benefit plan (Net)	-	-	-	-	-	(5,552,147.30)	(5,552,147.30)
Tax effects on above item	-	-	-	-	-	(2,379,491.70)	(2,379,491.70)
Balance as at 31 December 2024	140,001,400.00	29,149,212.00	12,000,000.00	27,986,451.00	406,630,049.61	438,730,879.45	1,054,497,992.06
2024 Carriage Expenses	-	-	-	-	-	(1,631,548.00)	(1,631,548.00)
2024 Repatriation Allowance	-	-	-	-	-	(3,120,985.00)	(3,120,985.00)
Profit for the year	-	-	-	-	-	(92,796,250.52)	(92,796,250.52)
Bonus Share (1:2)	70,000,700.00	-	-	-	-	(70,000,700.00)	-
Adjustment of Reserves and Write off of BBEL Account	-	39,986,451.00	(12,000,000.00)	(27,986,451.00)	-	(13,818,020.55)	(13,818,020.55)
Prior Period Adjustment (Refer Note 1.31 below)	-	-	-	-	-	(6,748,965.09)	(6,748,965.09)
Revaluation of Biological Assets	-	-	-	-	(59,990,000.00)	-	(59,990,000.00)
Loss on re-measurement of Defined benefit plan (Net)	-	-	-	-	-	2,808,826.00	2,808,826.00
Balance as at 31 December 2025	210,002,100.00	69,135,663.00	-	-	346,640,049.61	253,423,236.28	879,201,048.89

For Jigmi Audit & Financials Pvt. Ltd.



Milan Ghising Tamang
Head - Finance

For Bhutan Board Products Ltd.

Yeshey Dorji
Chief Executive Officer

Ugyen Penjore
Chairman

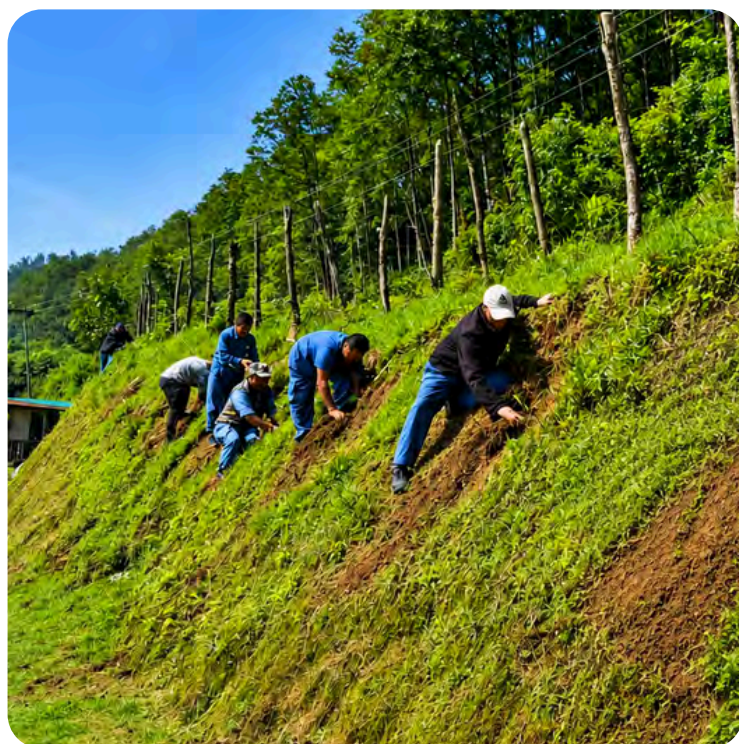
Date: 28 April 2026



2025



Employees observing Social
Forestry Day on 2nd June



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICY

1.1 Background of an entity

The principal activities of Bhutan Board Products Limited (the "Company" or "BBPL.") cover all significant operations that have taken place in Bhutan and in India. The ultimate parent is the Royal Government of Bhutan.

The Company is a limited liability company incorporated under the Companies Act of the Kingdom of Bhutan 1989 (Amendments, 2000 and 2016) vide Certificate of Incorporation Registration No. L19901227BHU05 dated 27 December 1990 and is domiciled in Bhutan. The address of its principal place of business is Phuentsholing, Bhutan.

These financial statements relate to the year ended 31 December 2025 and were authorized for issue by the board of directors on 17th March 2026

1.2 Basis of preparation

The financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards. The statements have been prepared under the accrual, historical cost, and going concern conventions.

The preparation of financial statements in conformity with BAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Fixed assets: critical judgments are expected period of use, condition of the asset, technological advances, regulation, and residual values; and
- Actuarial valuation of employee benefits: expected uptake of the gratuities and the discount rate used in the valuation.

The functional currency of preparation is the Bhutanese Ngultrum.

1.3 Application of Bhutanese Accounting Standards

The Financial Statements have been prepared in line with Bhutanese Accounting Standards. The summarized impact of the introduction of BAS is:

- a) The company has presented Statements of Comprehensive Income and Changes in Equity as required by BAS 1. These statements show information that was previously disclosed in the schedules to the financial statements. Generally, the disclosure norms adopted by the company are as per function which is in confirmation with group accounting policies.
- b) Depreciation has been calculated using an assumed useful life of Fixed Assets including additions during the year using the rates applicable as per DHI Group Accounting Policy and which are in line with BAS 16.
- c) Employee retirement benefits are valued on an actuarial basis which reflects the estimated liability at the balance sheet date.



- d) The company has recognized Biological Assets in 2020 as a first-time recognition and fair value gain or loss has been presented through Other Comprehensive Income as the company doesn't have control over biological assets (log) until 2024. Accordingly, Para 12 of BAS 41 regarding a subsequent change in fair value

1.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments has been identified as the Board of Directors

1.5 Foreign currency translation

- a) Foreign currency transactions that are completed within the accounting period are translated into Bhutan Ngultrum using the exchange rates prevailing at the date of settlement. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date.
- b) Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Income.

1.6 Property, Plant and Equipment

All property, plant, and equipment (PPE) are stated at historical cost less depreciation and impairment, if any. Costs include purchase price, taxes and duties, Labor cost, direct financing costs, direct overheads for self-constructed assets, borrowing costs, and other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost. Subsequent costs are included in the assets carrying amount of assets or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other Assets has been calculated using an assumed useful life of Fixed Assets including additions during the year using the rates applicable as per DHI Group Accounting Policy which in line with BAS 16. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other Income" or "Other Expenses" as the case may be, in the income statement.

1.7 Intangible assets

- a) Costs associated with maintaining computer software programmers are recognized as an expense incurred.
- b) The Company does not recognize the internally generated technical know-how and hence recognition criteria and amortization policy are not defined by the entity.



1.8 Research and Development costs

Research costs are recognized as an expense in the year in which they are incurred. Development costs are only capitalized when a potentially profitable product has been found and management has given approval to further develop the product.

On the event the Company decides to proceed and market the product, development costs will be amortized over the expected profitable period of marketing the product, not exceeding 5 years. Other development costs are expensed immediately when the decision is made not to proceed to market the product.

1.9 Receivables and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise "advance to party", "trade and other receivables" and "cash & cash equivalents" in the Statement of Financial Position.

1.10 Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined using the weighted average method. The cost of finished goods and work-in-progress includes design costs, raw materials, direct labor, other direct costs, and related production overheads, allocated based on normal operating capacity.

The company conducts physical inventory counts on a monthly basis. As part of its internal policy, the responsibility for verifying inventory balances is formally assigned to respective Heads of Departments (HODs), ensuring accountability and accuracy in inventory management. The physical counts are manually reconciled at month-end for closing inventory calculations. The amount of inventory taken in the Financial Statements has been taken from the summary statements calculated after the manual reconciliation of inventory. The system (ERP) amount regarding inventories is not taken as that amount does not match with the amount found through manual reconciling. The Company takes the amount calculated from manual reconciling as the true value for inventories.

1.11 Trade and other receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment.

The company has applied ECL model for impairment of trade receivables.

1.12 Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents include cash in hand, deposits held at calls with banks, and other short-term highly liquid investments with original maturities of three months or less.



1.13 Trade and other payables

Trade and other payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payments are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

1.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in Other Comprehensive Income, and in this case, the tax is also recognized in other comprehensive income. The current income tax charge is calculated based on the tax laws enacted on the balance sheet date in Bhutan. Management periodically evaluates computations made in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions wherever appropriate based on amounts expected to be paid to the tax authorities. Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled for which it is disclosed in Note 5.1: Calculation of Deferred Tax.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

1.15 Employee benefits

a) Retirement Benefits

Defined Contribution Scheme

Employees belong to a defined contribution benefit plan managed by a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees, the benefits relating to employee service in the current and prior periods.

Defined Benefit Scheme

The company makes retirement payments based on the final salary and years of service. The gratuity is accrued on the basis of actuarial valuation. Changes in service and interest are charged to the Profit and Loss Account. Changes to actuarial valuation are charged to the Statement of Comprehensive Income.

b) Other benefits

Other benefits, such as leave encashment and bonuses, are accrued and provided for in the company's financial statements.

c) Carriage Expenses & Repatriation Expenses

During the financial year 2025, the Company carried out an actuarial valuation of carriage and repatriation expenses for the first time. Based on this valuation, the impact relating to prior periods was recognized as an adjustment to the opening balance of retained earnings as at the beginning of FY 2025 (closing balance of FY 2024).



1.16 Revenue recognition

Revenue is measured at the amount entity expects to be entitled in exchange for transferring promised goods or services to a customer, and represents amounts receivable for goods supplied, stated net of discounts, returns and taxes and royalty collected on behalf of government. The Company recognizes revenue when the entity satisfies a performance obligation identified in the contract by transferring a promised good (i.e., an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group. An asset is assumed to be transferred to a customer when (or as) the customer obtains control of that asset. Incremental cost incurred by the company for obtaining as contract with customer is recognized as assets if the recovery of such cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the goods to which the asset relates.

Other Sales

Under Note 17 - Revenue, the Company's revenue includes the following other sales:

Particulars	31/12/2025 (Nu.)	31/12/2024
Sale of Chairs and Tables (Other Brand)	6,969,014.00	-
Sale of Firewood and Nursery Saplings	4,539,563.31	-
Sale of Manure - BBPL	1,494,863.90	947,818.42
TOTAL -	13,003,441.21	947,818.42

Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

1.17 Comparative information

Where necessary certain comparative information has been reclassified in order to provide a more appropriate basis for comparison, comparative information has been updated to comply with the introduction of Bhutanese Accounting Standards.

1.18 General Reserve:

General reserve is referred to as the reserve fund that is created by keeping aside a part of profit earned by the business during the course of an accounting period for fulfilling various business needs. It is retained from company's profit for meeting the future needs of the business. These Reserves do not have any specific use but can be used for any purpose of the company's activities.

During the year, the Company reviewed its existing reserves and rationalized their classification. The balances of Nu.12,000,000.00 from the Dividend Equalization Reserve and Nu.27,986,451.00 from the Replacement and Maintenance Reserve have been reclassified and transferred to the General Reserve, as no specific funds or designated investments had been maintained against these reserves and they remained unutilized for a considerable period.



1.19: Biological Asset

BAS - 41: Agriculture, Paragraph 12 reads: "A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except for the case described in paragraph 30 where the fair value cannot be measured reliably".

i. Nature of Biological Assets

BBPL holds leasehold forest land located in Samtse and Chukha Dzongkhags, with a total area of 2,233.96 hectares. The land is used for the extraction of timber and firewood for commercial and internal consumption purposes.

As per national forestry norms, the biological assets are categorized as follows:

- Prime Timber (Logs) – 40%
- Lops and Tops (Firewood) – 60%

The forest consists of mixed species including Alnus, Madaney, Series, Malata, Lampatay, Bakaina, Phaledo, and Khanakpa. Among these, Alnus species form the majority due to their shorter growth cycle and suitability for harvesting.

BBPL undertakes extraction activities and utilizes the output as follows:

- Logs are sold in both domestic and export markets depending on demand and species; and
- Firewood is primarily used as a key raw-material in the production of particle boards.

ii. Measurement Basis

Biological assets are measured at *fair value less costs to sell*, in line with BAS 41.

The valuation is based on observable market prices and adjusted for costs required to bring the produce to its present location and condition. The following reference prices are used:

- Logs: Nu.190 per CFT (local market rate); and
- Firewood: Nu.2,650 per MT (inclusive of purchase cost, royalty, extraction, loading, transportation, and delivery to the log yard)

The valuation also considers:

- Direct extraction costs such as felling, cross-cutting, craning, loading, transportation, and unloading;
- Operational expenses including survey, marking, and road development;
- Internal handling and depot-related costs; and
- Plantation cost estimated at Nu.30,249 per hectare.

iii. Gain or Loss on Biological Assets

Changes in the fair value of biological assets are recognized in **Other Comprehensive Income (OCI)** and accumulated under revaluation reserve in equity.

Gain/(Loss) arising from initial recognition and changes in *fair value less costs to sell* of biological assets during the year amounted to loss of Nu.59.99 million (PY: Nu.239.61million).



iv. Quantitative Information and Cost Structure

a. Prime Timber (Logs)

- Total Quantity: 9,171,957.87 CFT
- Direct Cost: Nu. 665.17 million
- Operational Expenses: Nu. 65.58 million
- Internal Handling and Depot Costs: Nu. 146.75 million

The major cost components include felling, craning, loading, transportation, and depot management. Certain costs such as craning and loading are partially offset where company-owned machinery is used.

b. Lops and Tops (Firewood)

- Total Quantity: 71,844.67 MT
- Direct Cost: Nu. 151.95 million
- Operational Expenses: Nu. 14.07 million

Firewood extraction includes similar cost elements such as felling, craning, loading, transportation, and unloading.

v. Reconciliation of Biological Assets (Paragraph 49)

Sl. No.	Category	Area (Hectares)	% of Total Land (2,233.96 ha)	Treatment in Accounts	Remarks
1	Barred Land	91.89	4.11%	Not included in biological asset valuation	Non-productive land; restricted use; no economic output
2	Creation (0-1 year)	19.41	0.87%	Expensed / Capitalized as plantation development (not valued as biological asset)	Newly planted area; no measurable economic value yet
3	Natural Growth (0-5 years)	57.32	2.57%	Excluded from biological asset valuation	Early growth stage; high estimation uncertainty; not harvestable
4	Maintenance (2-5 years)	64.47	2.89%	Excluded from biological asset valuation	Developing stage; not yet mature for valuation
5	Under Operation	93.31	4.18%	Treated as inventory upon harvesting	Area actively harvested; value recognized through sales, not as biological asset
6	Biological Asset (Valuation Base)	1,907.56	85.38%	Included in biological asset valuation	Mature forests (6-20 years and 21+ years); measurable economic value; valued at fair value less costs to sell
Total Land Holding		2,233.96	100%	Overall land base	Land under Samtse and Chukha Dzongkhag

The Company recognizes biological assets only when they reach a stage where future economic benefits can be reliably measured and fair value can be determined. Accordingly, only mature forest areas (6 years and above), totaling 1,907.56 hectares, are recognized as biological assets. Areas under creation, natural growth, maintenance, barred land, and operational use are excluded from biological asset valuation, as they either do not meet the recognition criteria or are accounted for as inventory upon harvesting.



vi. Risks, Restrictions, and Commitments

Biological assets are exposed to several risks, including:

- **Natural risks:** fire, pests, diseases, and adverse weather conditions;
- **Regulatory risks:** restrictions imposed by forestry laws and environmental regulations; and
- **Operational risks:** terrain challenges, accessibility, and dependency on infrastructure.

The leasehold forest land is subject to government regulations, and extraction activities are carried out in compliance with national forestry policies and guidelines.

The Company continues to incur costs related to plantation, forest management, and maintenance to sustain future yields. There are no significant restrictions on title other than those imposed under applicable forestry regulations.

The Biological assets of the company's forestry was evaluated by M/s Karma & Associate, Thimphu, disclosing the year-end values of its forestry assets (trees in leased land) as tabled below:

Particulars	Fair Value (Nu.)
Opening balance as on 1 January 2024	652,206,233.00
Changes in Fair Value	239,613,766.96
Closing Balance as on 31 December 2024	891,820,000.00
Changes in Fair Value	(59,990,000.00)
Closing Balance as on 31.12.2025	831,830,000.00

1.20 Commission

No commission agent has been engaged by the Company except for distributors, for whom sales/turnover slab commission is given based on total sales. When the distributors are appointed by the company the company give a turnover slab based on the location. All distributors have different Turnover slab for which commission is given if the performance/turnover slab is achieved. Prior year the commission was adjusted with the trade receivables from distributors for which the company have started to disclose the commission from following year.

1.21 Other Receivables

Other receivables include performance security deposits deposited with parties.

1.22 Liabilities for Expenses

Liabilities for expenses are the payable to be paid to transporters for the services rendered by company to send the products to the export and domestic market. The Transporter bills the company for which the company verifies and keeps as liabilities for expenses before paying to Transporter for their services.

1.23 Other Payables

Other payables include performance security deposits deposited by parties in the form of security deposit and Bank guarantee, as detailed below:



Particulars	2025 (Nu.)	2024 (Nu.)
Security Deposits	1,436,748.00	2,915,000.00
Performance Bonds	1,420,000.00	1,470,000.00
Unclaimed Dividend	-	740,178.41
Total Other Payables	2,856,748.00	5,125,178.41

1.24 Leases

The company assesses all lease contracts at inception whether it contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a right-to-use asset is recognized, and lease liability is recognized for all future lease payments. The standard provides an exemption for short term i.e., less than 12 months and low-value leases.

1.25 An amount of Nu.10,690,513.00 for gratuity is pending for a long time and needs to be deposited in a separate bank account. The Company has already opened this account, but has not been able to transfer the funds due to shortage of cash. The Company will deposit the amount when funds are available.

1.26 After the merger in 2022, a debit balance of Nu.13,818,020.55 was still not adjusted in the books. With approval from the Board of Directors on 176th Board Meeting, this amount has been written off and adjusted against retained earnings. This does not affect the current year's profit or loss and was done to clear old balances from the merger.

1.27 Provision for Advances

The Company maintains certain balances in the nature of security deposits, margin money, advances, and prepaid expenses arising from normal business operations. These balances are reviewed periodically to assess recoverability and determine the appropriate accounting treatment.

Based on management's review as of 31 December 2025, certain balances have remained outstanding for a prolonged period and are subject to uncertainty regarding their realization. These balances continue to be carried in the books because they have not yet been formally settled, adjusted, or legally extinguished with the respective parties as of the reporting date. Where considered necessary, full provisions have been recognized, particularly for certain security deposits and margin money. Advances and prepaid expenses are being monitored as recoverable assets based on their expected future adjustment or utilization. Although the likelihood of recovery for some balances is low, they are retained in the accounts pending completion of documentation, reconciliations, and confirmations.

Supporting documents, reconciliations, and balance confirmations are in progress to determine the final recovery, adjustment, or utilization of these amounts. Details of provisions for advances are as follows:

Particulars	Amount (Nu.)
Security Deposit Receivable - BBPL	1,814,721.00
Margin Money - BBPL	320,787.00
Advance for Custom Duty - BBPL	8,957,543.00
Advance to Party - BBPL	5,709,351.50



Prepaid Expenses – BBPL	1,244,031.00
Total	18,046,433.50

1.28 Bonus Share

During the financial year 2025, the Company issued bonus shares in the ratio of 1:2, that is, one bonus shares for every two existing equity shares held, in accordance with the approval granted by the shareholders at the Annual General Meeting (AGM). The effect of bonus share was disclosed in the FY 2025.

1.29 Prior Period Adjustments

During the year ended 31 December 2025, the Company carried out a detailed review of its accounts and identified certain errors and omissions relating to earlier periods. These have been corrected through retained earnings in accordance with accounting standards and do not affect the current year's profit or loss. The adjustments mainly relate to removal of duplicate entries and correction of direct wood costs and inventory, settlement of incorrect TDS balances arising during ERP implementation, reconciliation of old creditor balances, correction of inventory recorded without proper verification, alignment of book records with physical stock, and adjustment of retained earnings for past differences and unrecorded transactions. These corrections have been made to clean up historical records, remove overstatements, and ensure that the Company's financial statements reflect a true and fair position. Details of prior-period adjustments are shown below.

Particular	Amount (Nu)
Direct Wood Cost Double Counting	(7,877,985.09)
Excess TDS Paid for old sundry creditors	(195,181.88)
Sundry Creditors adjustment	(2,148,189.83)
Stock received but not bill adjustment	(6,207,386.48)
Inventory difference	(8,096,188.58)
Past Retained Earning differences	17,775,966.77
Total	(6,748,965.09)

1.30 Initial Recognition and Measurement.

Lessee is required to recognize a right-of-use asset representing it's right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the Statement of Financial Position.

Lessee measures right-of-use assets similarly to other non-financial assets (such PPE) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognizes amortization of the right-of-use asset and interest on the lease liability. Assets and liabilities arising from a lease are initially measured on a present-value basis. The initial lease asset equals the lease liability in most cases.

At lease commencement, a lessee accounts for two elements:

- Right-of-use asset:** Initially, a right-of-use asset is measured in the amount of the lease liability and initial direct costs. Then it is adjusted by the lease payments made before or on commencement date, lease incentives received, and any estimate of dismantling and restoration costs.



- b) **Lease liability:** The lease liability is in fact all payments not paid at the commencement date discounted to present value using the interest rate implicit in the lease or incremental borrowing rate if the implicit rate cannot be determined. These payments may include fixed payments, variable payments, payments under residual value guarantees, purchase price in the event that purchase option will be exercised.

1.31 Subsequent Measurement

After commencement date, lessee needs to adjust both elements recognized initially. Lessee accretes the lease liability to reflect interest and reduce the liability to reflect lease payments made. The subsequent measurement of right-of-use, the standard provides a choice to adopt a cost model, revaluation model, or fair value model. The company will do subsequent measurements based on the cost model for leases recognized.

a) **Right-of-Use (ROU) Asset:**

Lessee shall measure the ROU asset using a cost model under BAS - 16: *Property, Plant and Equipment* and depreciate the asset over the lease term on a straight-line basis. The resulting depreciation amount is charged to the Profit or Loss (*Refer Note 2B below for details*).

The Company has entered into lease arrangements for land located in Chukha and Samtse Dzongkhags. These leased lands are utilized for log and firewood extraction, staff colony, establishment of a wet wood dust dump yard, head office operations, and timber log yard.

Lease rentals are paid annually to the Department of Revenue and Customs. In addition, lease payments in respect of land used for the head office and timber log yard, which fall under thromde jurisdiction, are paid to Phuentsholing Thromde.

The lease rental rates are determined and revised periodically by the respective Dzongkhags and relevant authorities on a year-to-year basis. The total annual lease rent incurred by the Company in the year 2025 amounts to Nu.2,853,356.51.

b) **Lease Liability:**

Lessee shall recognize an interest on the lease liability and the lease payments are recognized as a reduction of the lease liability. Interest on lease liability is charged to Profit or Loss.

BRFS 16 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognize a ROU asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.



Right of Use Asset

Particulars	As on 31-12-2025
ROU asset at 1 Jan 2025 (initial recognition)	12,936,306.98
Right-of-use asset at 31 Dec 2025 (initial recognition)	(2,220,706.43)
Total Initial Recognition	10,715,600.55
Less: Accumulated depreciation as at 31 December 2025	5,018,583.47
Net carrying amount at 31 December 2025	5,697,017.08

Depreciation charges for the period

Particulars	As on 31-12-2025
Depreciation expense recognized for the period	2,139,349.63

Lease Liability

Particulars	As on 31-12-2025
Lease Liability at 1 Jan 2025 (initial recognition)	13,490,553.60
Lease Liability at 31 Dec 2025 (initial recognition lease)	-2,220,706.43
Total initial recognition	11,269,847.17
Less: Lease Reduction during the year	1,610,706.92
Lease Liability as at 31 December 2025	9,659,140.25

Particulars	As on 31-12-2025
Current portion of Lease Liability (within 1 year)	1,232,392.73
Non-current portion of Lease Liability (beyond 1 year)	8,426,747.52
Total Lease Liability as at 31 December 2025	9,659,140.25

Particulars	As on 31-12-2025
Amortization of Right of Use Assets	2,139,349.63
Interest Expenses on Lease Liabilities	1,242,649.59
Total amount recognition in Income statement	3,381,999.22



NOTE 2A: PROPERTY, PLANT & EQUIPMENT

PARTICULARS	GROSS BLOCK VALUE (Nu.)			DEPRECIATION (Nu.)			NET BLOCK VALUE (Nu.)	
	01.01.2025	Adjustments	31.12.2025	01.01.2025	For the Year	Adjustments	31.12.2025	31.12.2024
Land and Development	80,494,261.26	-	80,494,261.26	-	-	-	80,494,261.26	80,494,261.26
Roads and Culverts	49,790,085.49	-	49,790,085.49	33,487,968.30	1,244,752.08	-	15,057,365.11	16,302,117.19
Factory Building	32,902,632.41	-	32,902,632.41	32,902,631.41	-	-	1.00	1.0
Housing Colony	7,153,373.98	-	7,153,373.98	7,110,485.98	42,851.52	-	36.48	42,888.00
Office Bldg./ Warehouse	10,306,186.55	-	10,306,186.55	8,555,963.66	257,654.69	-	1,492,568.20	1,750,222.89
Plant and Machinery	418,970,389.53	10,371,949.56	429,342,339.09	369,688,980.71	4,002,374.89	-	55,650,983.49	49,281,408.82
Electrical Installation	3,055,372.65	-	3,055,372.65	2,677,462.72	20,995.04	-	356,914.89	377,909.93
Generator	434,640.16	-	434,640.16	434,639.16	-	-	1.00	1.00
Laboratory Equipment	694,782.84	-	694,782.84	694,781.84	-	-	1.00	1.00
Tools and Implements	2,444,535.92	-	2,444,535.92	2,444,534.92	-	-	1.00	1.00
Semi-Permanent Structure	2,913,215.72	169,057.07	3,082,272.79	2,913,213.72	4,307.49	-	164,751.58	2.00
Furniture and Fixture	7,789,309.31	-	7,789,309.31	7,774,912.65	13,851.66	-	545.00	14,396.66
Office Equipment	16,960,055.93	323,507.34	17,283,563.27	16,521,499.29	156,762.61	-	605,301.37	438,556.64
Water Works	845,338.24	-	845,338.24	845,337.24	-	-	1.00	1.00
Motor Vehicles	18,510,754.72	-	18,510,754.72	16,368,029.91	317,881.21	-	1,824,843.60	2,142,724.81
Software	2,011,325.50	-	2,011,325.50	1,111,324.98	299,999.97	-	600,000.55	900,000.52
A. Total Fixed Assets	655,276,260.21	10,864,513.97	666,140,774.18	503,531,766.49	6,361,431.16	-	156,247,576.53	151,744,493.72
GRAND TOTAL	613,336,118.72	10,864,513.97	666,140,774.18	492,007,124.15	455,400,413.57	-	156,247,576.53	151,744,493.72
PREVIOUS YEAR -	621,435,061.72	33,841,198.49	655,276,260.21	497,103,264.79	6,428,501.70	-	151,744,493.72	124,331,796.93

NOTE 2B: Right of Use Assets (ROU Assets Equipment)

PARTICULARS	GROSS BLOCK VALUE (Nu.)			DEPRECIATION/AMORTIZATION (Nu.)			NET BLOCK VALUE (Nu.)	
	01.01.2025	Additions	(Deletions)	31.12.2025	01.01.2025	For the Year	31.12.2025	31.12.2024
Lease land	12,936,306.98	366,864.37	2,587,570.79	10,715,600.55	2,879,233.84	2,139,349.63	5,018,583.47	5,697,017.08
GRAND TOTAL	12,936,306.98	366,864.37	2,587,570.79	10,715,600.55	2,879,233.84	2,139,349.63	5,018,583.47	5,697,017.08
PREVIOUS YEAR	7,469,642.91	5,466,664.07	-	12,936,306.98	1,308,657.87	1,570,575.97	10,057,073.14	6,160,985.04



NOTE 2C: DEPRECIATIONS AND AMORTIZATIONS

Particulars	31.12.2025 (Nu.)	31.12.2024 (Nu.)
Roads and Culverts	1,244,752.08	1,244,752.08
Housing Colony	42,851.52	178,832.88
Office Bldg/ Warehouse	257,654.69	257,654.65
Plant and Machinery	4,002,374.89	3,810,187.56
Electrical Installation	20,995.04	20,995.03
Semi-Permanent Structure	4,307.49	-
Furniture and Fixture	13,851.66	88634.95
Office Equipment	156,762.61	132,580.14
Motor Vehicles	317,881.21	394,864.40
Software	299,999.97	300,000.01
Lease land	2,879,233.84	1,570,575.97
Grand Total	8,500,780.79	7,999,077.67

NOTE 3: TRADE & OTHER RECEIVABLES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Security deposit	-	28,361.20
Other Deposits	-	-
Other Receivables	1,856,269.20	1,814,721.00
Less: Provision for Doubtful Security Deposit	(1,814,721.00)	-
A. Total Non-Current Assets -	41,548.20	1,843,082.20

NOTE 4. OTHER BANK BALANCES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Earmarked Dividend Account	-	1,154,619.41
Public Issue Current A/c.	-	-
TOTAL	-	1,154,619

NOTE 5: DEFERRED TAX ASSETS

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Opening Balance	6,488,066.00	3,926,561.00
Charged to Income Statement	(598,274.00)	2,561,505.00
Closing Balance (Refer Note 5.1 below)	5,889,792.00	6,488,066.00

NOTE 5.1: CALCULATION OF DEFERRED TAX

Particulars	Carrying Amount	Tax Base	Temporary Timing Diff.	Deferred Tax @ 25%
1. WDV of Fixed Assets	156,247,576.53	142,097,931.95	14,149,644.58	3,537,411.00
2. ROU Assets	5,697,017.08	-	(5,697,017.08)	(1,424,254.00)
3. Provision for Gratuity	25,758,534.00	60,509,434.62	34,750,900.62	8,687,725.00
4. Provision for Leave Encashment	6,783,331.84	5,908,568.47	(874,763.37)	(218,691.00)
5. Provision on LTC	5,181,302.29	-	(5,181,302.29)	(1,295,326.00)
6. Provision for Carriage Charge	1,243,349.00	-	(1,243,349.00)	(310,837.00)
7. Provision for Repatriation Allowance	2,685,804.00	-	(2,685,804.00)	(671,451.00)
8. Lease Liability	9,659,140.25	-	(9,659,140.25)	(2,414,785.00)
Deferred Tax Assets/(Liabilities) as on 31.12.25				5,889,792.00



NOTE 6: CASH & CASH EQUIVALENTS

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
in Current Accounts Balances with Banks	3,540,945.40	5,238,262.75
Cash in Hand	237,571.58	513,365.93
Total	3,778,516.98	5,751,628.68

NOTE 7: INVENTORY**NOTE 7.1: FOR THE YEAR 2025***(All in Ngultrum)*

Particulars	As on 01-01-2025	Purchases in the Year	Issues/ Adjustments	Consumption/ Change	As on 31-12-2025
Wood	165,086.66	27,835,264.81	-	21,454,876.21	6,545,475.26
Chemicals	3,372,815.17	24,638,446.40	-	21,007,096.24	7,004,165.33
Decorative Paper	14,301,160.76	11,023,201.04	-	8,690,595.11	16,633,766.69
Board	1,889,417.74	-	-	(190,006.34)	2,079,424.08
Fittings	6,133,373.69	8,446,612.70	-	7,557,757.50	7,022,228.89
A. Raw Materials -	25,861,854.02	71,943,524.95	-	58,520,318.72	39,285,060.25
Imported	33,802,059.89	9,183,756.29	7,331,705.56	3,074,493.12	32,579,617.50
Indigenous	19,569,323.55	18,976,575.88	3,649,816.05	13,585,295.08	21,310,788.30
POL	1,150,986.86	5,843,215.80	1,074,594.23	5,096,731.28	822,877.15
B. Stores & Spares -	54,522,370.30	34,003,547.97	12,056,115.84	21,756,519.48	54,713,282.95
C. Packing Materials	-	-	-	-	-
Raw Materials and Consumables (A+B+C)-	80,384,224.32	105,947,072.92	12,056,115.84	80,276,838.20	93,998,343.20
Work-in-Progress	4,769,201.38	-	-	1,822,206.13	2,946,995.25
Finished Goods	39,984,044.66	-	-	(473,462.48)	40,457,507.14
Goods in Transit	-	-	-	-	-
GRAND TOTAL -	125,137,470.36	105,947,072.92	12,056,115.84	81,625,581.85	137,402,845.59

NOTE 7.2 FOR THE YEAR 2024*(In Ngultrum)*

Particulars	As on 01-01-2024	Purchases in the Year	Issue/ Adjustments	Consumption/ Change	As on 31-12-2024
Wood	915,662.65	35,417,882.66	-	36,168,458.65	165,086.66
Chemicals	4,988,853.91	40,706,568.26	-	42,322,607.00	3,372,815.17
Decorative Paper	12,101,946.54	19,800,523.86	-	17,601,309.64	14,301,160.76
Board	3,124,041.98	-	-	1,234,624.24	1,889,417.74
Fittings	6,455,953.64	9,270,200.03	-	9,600,279.98	6,125,873.69
A. Raw Materials	27,586,458.72	105,195,174.81	-	106,927,279.51	25,854,354.02
Imported	35,597,548.46	10,509,116.46	11,460,907.70	843,697.33	33,802,059.89
Indigenous	16,872,346.80	18,170,848.31	22,151,370.91	(6,677,499.35)	19,569,323.55
POL	717,812.11	7,050,648.69	1,969,036.19	4,648,437.75	1,150,986.86
B. Stores & Spares -	53,187,707.37	35,730,613.46	35,581,314.80	(1,185,364.27)	54,522,370.30
C. Packing Materials	-	-	-	-	-
Raw Materials and Consumables (A+B+C)-	80,774,166.09	140,925,788.27	35,581,314.80	105,741,915.24	80,376,724.32
Work-in-Progress	10,261,324.17	-	-	5,492,122.79	4,769,201.38



Finished Goods	38,324,855.83	-		(1,666,688.83)	39,991,544.66
Goods in Transit	-	-	-	-	-
GRAND TOTAL -	129,360,346.09	140,925,788.27	35,581,314.80	109,567,349.20	125,137,470.36

NOTE 8: TRADE AND OTHER RECEIVABLES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Due for more than 6 months		
- Considered Good	24,207,808.18	35,235,248.84
- Considered Doubtful	-	-
Others - Considered Good	-	-
Others - Considered Doubtful	-	-
	24,207,808.18	35,235,248.84
Less: Allowance of Impairment Loss	(1,067,752.40)	(1,067,752.40)
Total	23,140,055.78	34,167,496.44

NOTE 9: PREPAYMENTS

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Advance to Party	11,643,964.54	11,437,146.37
Advance for Customs Duty	8,957,543.00	10,172,043.09
Advance to Staffs	434,798.00	468,933.67
Advance for Company Expenses	1,371,256.92	1,468,332.20
Tour Advance	105,205.00	272,930.00
Margin Money Balances	4,413,985.85	2,278,657.48
Prepaid Expenses	1,244,031.00	1,244,031.00
BBEL A/c	-	13,818,020.55
BBPL/BBEL Employees Welfare Scheme	4,830.00	284,111.83
Less: Provision for Doubtful Margin Money	(320,787.00)	-
Less: Provision for Doubtful Advance for CD	(8,957,543.00)	-
Less: Provision for Doubtful Advance to Party	(5,709,351.50)	-
Less: Provision for Doubtful Prepaid Expenses	(1,244,031.00)	-
Total	11,943,901.81	41,444,206.19

NOTE 10: CURRENT TAX ASSETS

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Advance Tax - Opening Balance		
- TDS Credit	-	-
- Advance Corporate Tax	1,072,621.65	334,079.29
Less: TDS Credit during the Year	-	-
Add: Advance Tax Paid during the Year	901,904.82	738,542.36
Less: Adjustments made during the Year	-	-
Less: Adjustments made during the Year	-	-
Closing Balance of Advance Tax (A)	1,974,526.47	1,072,621.65
Provision for Corporate Tax - Opening Balance	-	-
Add: Provision made during the Year	-	-
Less: Provision made during the year	-	-



Less: Tax Paid during the Year	-	-
Less: Adjustments made during the Year	-	-
Closing Balance of Provision (B)	-	-
Net Current tax assets/liabilities	1,974,526.47	1,072,621.65

NOTE 11: SHARE CAPITAL

Particulars	As on 31-12-2025		As on 31-12-2024	
	No. of Shares	Nu.	No. of Shares	Nu.
Authorized Share Capital				
Equity Shares	50,000,000.00	500,000,000.00	15,000,000.00	150,000,000.00
Issued, Subscribed and Paid-up Share Capital				
Fully paid-up Equity Shares	21,000,210.00	210,002,100.00	14,000,140.00	140,001,400.00

- a) The reconciliation of the number of shares outstanding and the amount of share capital as on 31-12-2025 is set out as below:

Particulars	As on 31-12-2025		As on 31-12-2024	
	No. of Shares	Nu.	No. of Shares	Nu.
Opening Balance	14,000,140.00	140,001,400.00	14,000,140.00	140,001,400.00
Add: Issued during the year	7,000,070.00	70,000,700.00		-
Closing	21,000,210.00	210,002,100.00	14,000,140.00	140,001,400.00

- b) List of shares in the company held by its Associates are as below:

Sl. No.	Name of Shareholders	31.12.2025			31.12.2024		
		No. of Shares	Nu.	Percentage	No. of Shares	Nu.	Percentage
1	DHI	10,025,010	100,250,100.00	47.74	6,683,340	66,833,400.00	47.74
2	BoBL	2,586,000	25,860,000.00	12.31	1,724,000	17,240,000.00	12.31
3	Monk Body	1,244,250	12,442,500.00	5.92	829,500	8,295,000.00	5.92
4	H&K Co.	720,000	7,200,000.00	3.43	480,000	4,800,000.00	3.43
5	RBA	441,000	4,410,000.00	2.10	294,000	2,940,000.00	2.10
6	RICBL	177,450	1,774,500.00	0.84	118,300	1,183,000.00	0.84
7	BNBL	21,000	210,000.00	0.10	14,000	140,000.00	0.10
8	BBPL Employees	17,250	172,500.00	0.08	11,500	115,000.00	0.08
9	Others	5,768,250	57,682,500.00	27.47	3,845,500	38,455,000.00	27.47
Total		21,000,210	210,002,100.00	100.00	14,000,140	140,001,400.00	100.00

NOTE 12: BORROWINGS

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Bank of Bhutan Bridge Loan A/c No. - 219821033 - BBPL	26,737,354.72	27,492,328.60
Bank of Bhutan FEIF Loan A/c - 219821099 - BBPL	1,832,082.00	2,088,882.00
Bank of Bhutan OD A/c No. - 100234140	109,040,423.66	22,682,983.96
Bank of Bhutan Term Loan A/c No. - 219820969 - BBPL	15,930,820.11	16,208,550.43
Borrowings from Group (ICL) - BBPL	60,017,260.27	60,407,377.00
Total Borrowings	213,557,940.76	128,880,121.99



NOTE 13: EMPLOYEE BENEFITS LIABILITIES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Defined Benefit Obligation - Gratuity Liability (Refer Note 26.2)	25,758,534.00	27,212,459.00
Provision for Bonus	-	5,776,001.87
Provision for Leave Encashment	6,783,331.84	5,908,568.47
Provision for LTC	5,181,302.29	-
Provision for Carriage Charge	1,243,349.00	-
Provision for Repatriation Allowance	2,685,804.00	-
Net Employee Benefit (Assets)/Liabilities	41,652,321.13	38,897,029.34

NOTE 14: TRADE & OTHER PAYABLES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
- Security Deposits	1,436,748.00	2,915,000.00
- Performance Bonds	1,420,000.00	1,470,000.00
Unclaimed Dividend - BBPL	-	740,178.41
Total	2,856,748.00	5,125,178.41

NOTE 15: TRADE AND OTHER PAYABLES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Sundry Creditors	11,526,955.86	6,637,123.53
Liabilities for Purchase	-	8,158.44
Liabilities for Expenses	4,640,000.92	2,590,545.54
Other Deposits	-	240,998.36
Unpaid Salary	-	56,566.00
Leave Encashment Payable - BBPL	-	3,160,186.25
LTC Payable - BBPL	-	3,271,736.00
Total	16,166,956.78	15,965,314.12

NOTE 16: OTHER CURRENT LIABILITIES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Advance from Customers	4,161,111.60	3,066,922.11
Other Advances Received	-	17,200.00
Health Contributions	-	2,883.00
Gratuity Fund Payable	10,690,513.00	10,690,513.00
Other Deductions	-	47,050.16
Total	14,851,624.60	13,824,568.27

NOTE 17: REVENUE

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Sale of Boards	117,083,242.60	215,863,949.65
Less: Discounts Allowed	(11,783,047.56)	(7,596,528.88)
Net Sales of Boards (A)	105,300,195.04	208,267,420.77
Sale of RTAFs	38,135,920.00	52,644,810.00
Less: Discounts Allowed	(7,708,391.84)	(6,924,566.95)
Net Sales of RTAFs (B)	30,427,528.16	45,720,243.05



Timber Sale	9,632,538.00	13,684,558.23
Net Sales of Timber (C)	9,632,538.00	13,684,558.23
Total Net Sales of Finished Goods (A+B+C)	145,360,261.20	267,672,222.05
Sale - Others	13,003,441.21	3,098,509.64
TOTAL	158,363,702.41	270,770,731.69

NOTE 18: COST OF SALES

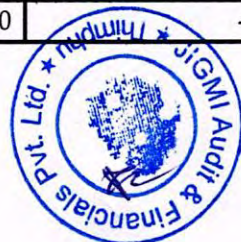
Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Changes in Inventories		
- (Increase)/Decrease in Work-in-Progress	1,822,206.13	5,492,122.79
- (Increase)/Decrease in Finished Goods	(473,462.48)	(1,666,688.83)
Raw Materials and Consumables Used		
- Raw Materials Consumed	58,520,318.72	106,927,279.51
- Stores & Spares Consumed	21,756,519.48	(1,185,364.27)
Direct Cost Incurred	10,193,737.37	
Employee Benefit Expenses (Refer Note: 18.1 below)	86,551,599.89	90,072,319.17
Depreciation & Amortisation Expenses (Refer Note: 2C above)	8,500,780.79	7,999,077.67
Other Direct Expenses (Refer Note: 18.2 below)	19,106,845.55	23,954,512.15
TOTAL	205,978,545.45	231,593,258.19

NOTE 18.1: EMPLOYEE BENEFIT EXPENSES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Salary and Wages	65,429,238.94	69,974,355.86
Extra Time Allowance	1,526.08	-
Medical Expenses	27,900.00	47,067.00
Field allowance	-	206,840.00
Gratuity	6,082,577.00	4,403,180.00
Leave Encashment	2,021,116.04	3,177,119.25
Leave Travel Concession	3,511,595.84	3,271,736.00
Contribution to Provident Fund	6,855,784.46	7,727,667.06
Directors' Remuneration, Perks and Sitting Fees	705,520.00	424,000.00
Officiating allowance	10,858.00	-
Staff Welfare	873,034.53	840,354.00
Relocation Expenses	337,321.00	-
Repatriation Allowance	695,128.00	-
TOTAL	86,551,599.89	90,072,319.17

NOTE 18.2. OTHER DIRECT EXPENSE

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Power and Fuel (Electricity)	8,140,045.00	11,408,933.72
Repairs & Maintenance:		
- Building	143,513.06	197,846.95
- Machinery	440,676.00	518,240.25
- Vehicle	2,410,763.04	888,283.62
- Road	415.00	-



Loading and Unloading Charges	87,987.00	317,997.60
Packing and forwarding	328,496.93	591,326.71
POL Expenses for Vehicles	4,148,490.72	5,971,923.25
Purchase (Others)	1,253,440.50	2,186,151.81
Afforestation Expenses	1,422,114.30	1,629,035.24
Puja Expenses	730,904.00	244,773.00
TOTAL	19,106,845.55	23,954,512.15

19. OTHER INCOME

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Forestry Oversize Deduction	1,289,092.72	-
Scrap Sale	404,713.00	-
Rent Income	1,058,790.50	-
Tax Refund from RRCO	645,156.54	-
Bonus Reversal (FY 2023)	5,776,001.87	-
Miscellaneous Receipt	1,361,224.73	1,826,537.19
TOTAL	10,534,979.36	1,826,537.19

NOTE 20: SELLING & DISTRIBUTION EXPENSES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Advertisement and Publicity	350,672.00	103,751.00
Business Promotion	1,413,009.00	72,349.00
Transportation Charges	8,374,002.00	13,022,756.53
Entertainment Expenses	276,027.80	381,102.70
Commission	373,541.10	1,007,393.14
Total	10,787,251.90	14,587,352.37

NOTE 21. ADMINISTRATIVE EXPENSES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Rent, Rates and Taxes	1,840,543.09	1,312,287.77
Office Rent	1,215,720.00	1,215,720.00
Repairs & Maintenance - Others	238,259.12	817,442.75
Audit Expenses	239,886.00	180,203.75
Audit Fees	511,362.00	186,894.00
Board Meeting Expenses	158,519.00	346,146.00
BSB Fees	400,681.19	-
Communication Expenses	439,726.05	400,466.96
Consultancy Charges	184,959.96	377,164.80
General Expenses	1,108,277.52	828,486.72
Guest house Expense	21,770.00	28,440.00
Insurance	870,530.00	841,120.00
Bank Charges	389,351.91	786,570.30
Legal Expense	39,700.00	190,000.00
Membership Fees	-	260,000.00
Printing and Stationery	354,819.90	368,716.54



Office Expense	-	186,749.00
Fine & Penalty	6,061.80	97.26
Donation & Subscription	260,000.00	-
Postage & Telegram	54,345.00	60,606.00
Vehicle Hire Charges	-	72,560.00
Travelling Expenses	2,846,531.00	1,793,798.50
Total	11,181,043.54	10,253,470.35

NOTE 22. OTHER EXPENSES

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Miscellaneous Expenses	610,415.11	70,518.31
Party Advance written-off	-	79,012.93
Provision for Doubtful Debts and Advances	18,046,433.50	-
Foreign Exchange Losses	13,228.48	-
TOTAL	18,670,077.09	149,531.24

NOTE 23. FINANCE COSTS

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Interest on lease	1,242,649.59	830,920.79
Interest on Bank loan	10,671,869.48	11,459,903.45
Interest On Inter-Corporate Bank	2,565,221.24	407,377.00
TOTAL	14,479,740.31	12,698,201.24

NOTE 24. OTHER COMPREHENSIVE INCOME

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Actuarial Gain/(Loss) on Net Defined Plan	2,808,826.00	(7,931,639.00)
Revaluation of Biological assets	59,990,000.00	239,613,766.96
TOTAL	(57,181,174.00)	231,682,127.96

NOTE 25: EARNINGS PER SHARE

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Absolute No. of Shares (A)	210,002,100.00	14,000,140.00
Diluted No. of Shares (B)	210,002,100.00	14,000,140.00
Comprehensive Income for the Year (C)	(92,796,250.52)	4,882,323.85
Income from Continuing Operation for the Year (D)	(92,796,250.52)	4,882,323.85
Basic Earnings per Share (C/A) -	(0.44)	0.35
Diluted Earnings per Share (C/B) -	(0.44)	0.35
Basic Continuing Earnings per Share (D/A) -	(0.44)	0.35
Diluted Continuing Earnings per Share (D/B) -	(0.44)	0.35



NOTE 26: EMPLOYEE BENEFITS

NOTE 26.1: NET ACTUARIAL GAIN DURING THE YEAR

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Actuarial Gain/(Loss) due to Liability Experience	(2,623,387.00)	7,693,208.00
Actuarial Gain/(Loss) due to Liability assumption charges	-	-
Actuarial (Gain) or loss due to change in assumption	-	-
Return on Plan Assets greater/(lesser) than Discount Rate	760,436.00	238,431.00
Actuarial Gain/(Loss) recognized as OCI	(1,862,951.00)	7,931,639.00
Less: Employee Benefit Cost charged to P/S Statement		
- Current Service Cost	2,817,798.00	3,225,575.00
- Past Service COST	1,558,481.00	-
- Net interest on net defined benefit liability/asset	1,706,298.00	1,177,605.00
- Actuarial gain/loss recognized in OCI Interest on (Liability)/ Assets	(1,862,952.00)	7,931,639.00
Net Gain/(Expenses) for the Year	4,219,625.00	12,334,819.00

NOTE 26.2: BALANCE POSITION AT YEAR END

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Opening Balance	13,757,496.00	13,080,306.00
Interest Income on Fund Assets	963,025.00	915,621.00
Benefits paid from the plan	-	-
Return on Plan Assets greater/(lesser) than Discount Rate	(760,436.00)	(238,431.00)
Paid into Gratuity Fund by Company	-	-
Benefits paid during the year	-	-
A. Gratuity Fund Assets at the Year-end	13,960,085.00	13,757,496.00
Opening Balance	40,969,955.00	31,848,514.00
- Current Service Cost	2,817,798.00	3,225,575.00
- Past Service Cost	1,558,481.00	-
Interest Cost on Obligation	2,669,323.00	2,093,226.00
Actuarial Gain due to Liability Experience	-	-
Actuarial gain/(loss) - Financial Assumption	-	-
Benefits paid directly by the Co. during the year	(5,673,550.00)	(3,890,568.00)
Benefits paid from Plan Assets	(2,623,387.00)	7,693,208.00
Actuarial (gain) loss due to change in assumption	-	-
B. Defined Benefit Obligation at the Year-end -	39,718,620.00	40,969,955.00
Net Employee Benefit Assets/(Liabilities)[A-B]	(25,758,535.00)	(27,212,459.00)



NOTE 26.3: OTHER INFORMATION

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
i. Discount Rate as at 31st December, 2025	0.07	0.07
ii. Effect of 0.5% increase in Discount Rate on Obligation	(1,466,446.00)	(1,319,945.00)
iii. Effect of 0.5% decrease in Discount Rate on Obligation	1,565,131.00	1,406,946.00
iv. Salary Escalation Rate	0.05	0.05
v. Effect of 0.5% increase in Salary Escalation Rate on Obligation	3,270,745.00	2,654,112.00
vi. Effect of 0.5% decrease in Salary Escalation Rate on Obligation	(2,919,202.00)	(2,435,202.00)
vii. Type of Investments for Fund Assets	RICB Bond	RICB Bond

NOTE 27: RELATED PARTY DISCLOSURE**a. List of Related Parties:**

Sl. No.	Name of the Related Parties	Nature of Relationship
1	Druk Holding & Investments Limited	Holding Company
2	CDCL	Group Associate Company
3	Dagachu Hydro Power Corporation	Group Associate Company
4	Bank of Bhutan Limited	Group Associate Company
5	Bhutan Power Corporation Limited	Group Associate Company
6	Bhutan Telecom Limited	Group Associate Company
7	Bhutan Hydro Service Ltd.	Group Associate Company
8	Dungsam Cement Corporation Limited	Group Associate Company
9	Bank of Bhutan Securities Ltd.	Group Associate Company
10	Thimphu Tech Park Ltd.	Group Associate Company
11	Tangsibji Hydro Power Ltd.	Group Associate Company
12	State Mining Corporation Ltd.	Group Associate Company
13	Druk Air Corporation Limited	Group Associate Company
14	Druk Green Power Corporation	Group Associate Company
15	Natural Resources Development Corporation Ltd.	Group Associate Company
16	State Trading Corporation of Bhutan Limited	Group Associate Company
17	Dungsam Polymers Limited	Group Associate Company

b. Transactions with Associate Companies:

Particulars	2025	2024
Sale of Finished Products	7,468,995.44	2,092,612.80
Electricity Charges	8,140,045.00	11,408,933.72
Telephone Charges	439,726.05	400,466.96
Interest on OD A/c	10,671,859.68	3,830,147.29
Other Expenses	996,279.03	996,279.03
Amount Payable at year-end	-	1,821,929.08



c. Transactions with Key Management Personnel (CEO and Board Directors)

Particulars	2025	2024
- Salary to MD	2,761,026.00	2,792,550.00
- Sitting Fees	106,000.00	60,000.00
- Other Expenses	996,279.03	996,279.03

NOTE 28: OPERATING SEGMENTS

a. Identification of Reportable Segments

The operational segments are identified by the Management based on the nature of activities. Financial information about each of the operating activities segments is sent to the board on quarterly basis.

b. Type of Products

- i. Particle Board - The particle board segment encompasses activity associated with the production and sale.
- ii. Ready to Assemble Furniture (RTAF) - The furniture segment encompasses activity associated with the production, sale and trading of related items and services.
- iii. Unallocated - Represents other corporate support services which cannot be allocated to any particular products.

c. Accounting Policies

The accounting policies used by the company in reporting segments are the same as those contained in Pt.-D of Note-31 of the Financial Statements. The Chief Executive assesses the performance of the operating segments on a measure of EBITDA. Segment EBITDA represents profit earned by each segment exclusive of any allocation of Depreciation & Amortization, Impairment Loss on Trade Receivables, Finance Costs and Income Tax Expense.



d. Primary Segment Information (Business Segment)

Particulars	Amount for the year ended 2025 (Nu.)				Amount for the year ended 2024 (Nu.)			
	Board	RTAF	Timber	TOTAL	Board	RTAF	Timber	TOTAL
A. Segment Revenue:								
Total Revenue	105,300,195.04	30,427,528.16	9,632,538.00	145,360,261.20	208,267,420.77	45,720,243.05	13,684,558.23	267,672,222.05
Inter-Segment Transfer			-	-			-	-
External Revenue	105,300,195.04	30,427,528.16	9,632,538.00	145,360,261.20	208,267,420.77	45,720,243.05	13,684,558.23	267,672,222.05
B. Segment Result:								
External Sales	105,300,195.04	30,427,528.16	9,632,538.00	145,360,261.20	208,267,420.77	45,720,243.05	13,684,558.23	267,672,222.05
Add: Other Incomes	23,538,420.57	-		23,538,420.57	4,925,046.83	-		4,925,046.83
Less: Operating Expenses	(195,255,232.50)	(30,955,097.83)	(11,905,806.86)	(238,116,137.19)	(204,389,622.62)	(33,221,174.69)	(10,973,737.17)	(248,584,534.48)
EBITDA -	(66,416,616.89)	(527,569.67)	(2,273,268.86)	(69,217,455.42)	8,802,844.98	12,499,068.36	2,710,821.06	24,012,734.40
Less: Depreciation	(6,970,640.25)	(1,105,101.50)	(425,039.04)	(8,500,780.79)	(6,576,951.66)	(1,069,007.60)	(353,118.41)	(7,999,077.67)
Less: Impairment Loss		-	-	-		-	-	-
Less: Finance Costs	(11,873,387.05)	(1,882,366.24)	(723,987.02)	(14,479,740.31)	(10,440,635.68)	(1,697,004.85)	(560,560.71)	(12,698,201.24)
Tax Expenses				-	(817,803.93)	(132,924.59)	(43,908.13)	(994,636.65)
Profit after Tax	(85,260,644.19)	(3,515,037.42)	(3,422,294.91)	(92,197,976.52)	(9,032,546.29)	9,600,131.31	1,753,233.82	2,320,818.85
C. Segment Assets:								
Non-Current Assets	999,705,933.81			999,705,933.81	1,063,107,334.47			1,063,107,334.47
Current Assets	178,239,846.63			178,239,846.63	207,573,423.32			207,573,423.32
Total Assets	1,177,945,780.44	-	-	1,177,945,780.44	1,270,680,757.79	-	-	1,270,680,757.79
D. Segment Liabilities:								
Non-Current Liabilities	44,509,069.13			44,509,069.13	44,022,207.75			44,022,207.75
Current Liabilities	254,235,662.39			254,235,662.39	172,160,557.98			172,160,557.98
Total Liabilities	298,744,731.52	-	-	298,744,731.52	216,182,765.73	-	-	216,182,765.73

e. Secondary Segment Information (Geographical Segment)

The Geographical Segments considered for disclosure are sales within Bhutan and sales within India, as detailed under:

Particulars	31/12/2025 (Nu.)	31/12/2024 (Nu.)
Sales within India	64,307,030.52	168,132,220.38
Sales within Bhutan	104,591,651.25	104,465,048.50
Total	168,898,681.77	272,597,268.88





Kitchen
CABINET

RATIO ANALYSIS

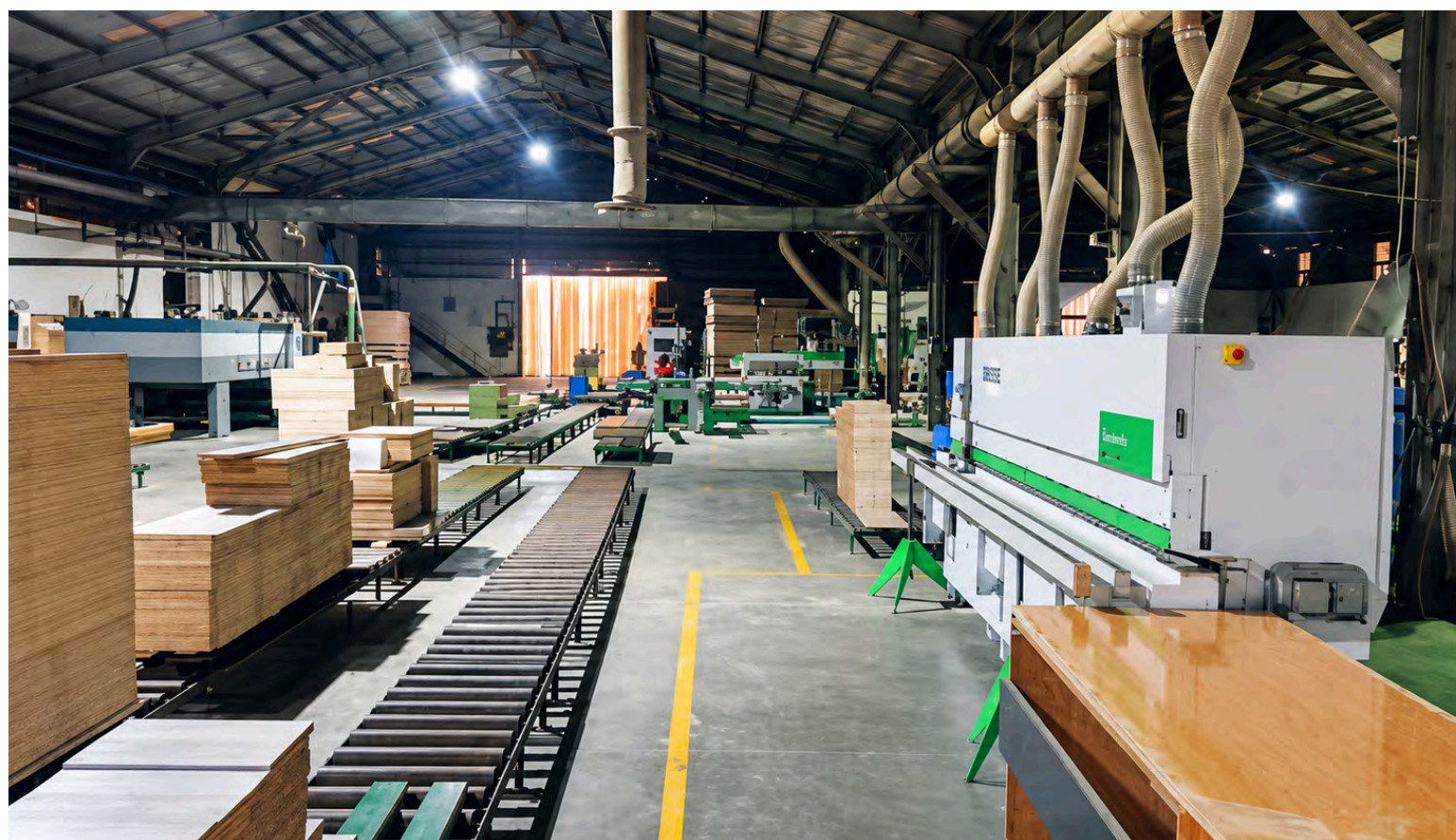
RATIO ANALYSIS

Particulars		Formula	Year 2025	Year 2024
A. Ratios for Assessing Financial Health:				
1	Capital Turnover Ratio	(Sales/Capital Employed)	0.18	0.26
2	Current Ratio	(Current Assets/Current Liabilities)	0.70	1.21
3	Acid Test Ratio	(Current Assets other than Inventories/Current Liabilities)	0.16	0.48
4	Inventory Turnover Ratio	(Sales/ Average Inventory)	1.15	2.13
5	Fixed Assets Turnover Ratio	(Sales/Fixed Asset)	1.01	1.78
6	Debtors Turnover Ratio	(Gross Debtors/Sales) X 365	53 Days	47 Days
7	Debt -Equity Ratio	(Borrowing/Equities)	0.24	0.12
B. Ratios for Assessing Profitability:				
1	Return on Investments	(Profit after Tax /Capital Employed)	-44.19%	3.49%
2	Net Profit Ratio	(Net Profit/Sales) X 100	-58.60%	1.80%
3	Operating Ratio	(All Expenses excluding Finance Cost)/Sales X 100	155.73%	94.76%





RTAF Factory, Pasakha



COMPLIANCE CALENDAR AND CHECKLIST

COMPLIANCE CALANDER

Sl. No.	Activity	Section	Remarks
1	Submission of Annual Return	267	
a)	Companies listed with Royal Securities Exchange of Bhutan Limited	On or before 31 st May	a) As per Annual Return Form for a period relating to financial year ended on 31 st December.
b)	All unlisted companies include: i) Duly filled form as per Annual Return Form; ii) Balance sheet; iii) Profit & Loss Account; iv) Cash flow statement; v) Auditor's report; and vi) Directors' report.	On or before 31 st July	b) Should be duly authenticated by at least one director and the Chief Executive Officer
2	Annual General Meeting	177	To be conducted once a year besides other meeting Board Cum AGM
a)	Listed Companies	On or before 30 th April;	
b)	Unlisted Companies	On or before 30 th June;	
c)	Government Companies	and Same timing	
3	Notice Calling General Meetings	185	21 days before the AGM
4	Payment of Dividend	204	Within 30 days of declaration in AGM
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244	By BoD
6	Filing of Documents with Register	267	
7	Appointment of auditor GCC & GC Reappointment Removal Resignation	251 Notify the Registrar within 15 days from passing the resolution 260 262 Convene the EGM within 14 days to discuss resignation.	Every year at AGM from panel of auditors-RAA AG of Bhutan. Not more than 3 years
8	Consent to act as directors	140 Within 30 days of appointment or reappointment with the registrar	
9	Board Meetings 1 st BM 2 nd BM 3 rd BM 4 th BM	146 & 149 3 months after last BM 3 months after last BM 3 months after last BM 3 months after last BM	Quorum: 2/3 of total directors or 2 directors whichever is higher.
10	Appointment of CEO	210 Every 5 years	At General Meeting



COMPLIANCE CHECKLIST
Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

NAME OF THE COMPANY:	Bhutan Board Products Limited	Date
REGISTERED NO:	L19901227BHU05	27/12/1990

No.	Ss.	Details	Yes	No	NA	REMARKS
INCORPORATION OF A COMPANY & SECURITIES						
1	28	Changes to Articles/ Approval	✓			Change in Share Capital
2	47	Change of name/ Approval			✓	No change in the name of the company
3	123	Increase or consolidation of share capital	✓			Authorized share capital increased to Nu.500 million and Paid-up Capital to Nu.210 million
4	124	Reduction of share capital			✓	There is no reduction of share capital.
5	82	License Copy and Share Certificate filing	✓			License bearing No. 2000565 renewed on 19/06/2025
6	107	Public offer of shares & Debentures-ROC Approval			✓	No shares were issued during the auditing period.
MANAGEMENT & ADMINISTRATION						
7	217	Registered Office of Company (Postal Address & Contact Number)	✓			Bhutan Board Products Limited, Phuentsholing: Bhutan Post Box No. 91, Tel.+97517120172
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	✓			The company has its name imprinted on seals, letter head and signboard.
9	241	Financial Year of Companies as of 31 December	✓			The company is following the same financial year which ends on 31 December
	242	Extension up to 15 months - ROC approval			✓	There is no such extensions.
	243	Extension up to 18 months - Authority's approval			✓	There is no such extensions.
	245	Financial Statements to follow BAS	✓			Company is following the BAS while making the financial statements
10	267	Annual Return Submission On/before 31st May for listed; others 31st July	✓			Annual returns for the year 2024 were submitted on 14.05.2025.
11	177	Annual General Meeting (Minutes)	✓			Annual general meeting of the company for the year 2024 was held on 28 March 2025.
12	180	Extraordinary General Meeting (Minutes)			✓	No extraordinary General Meeting was conducted.
13	185	Notice for calling general meeting	✓			The notice of Annual General meeting was given on 06.03.2025.
	187	listed Co. - written as well as in media Public Co/Private Co. - Written Notice	✓			The company published a notice in media.
14	190	Chairman of meeting (CEO cannot chair)	✓			The Board Chairman chairs the board meetings and AGMs.
15	192	Representation of corporations at meetings (appointed by Board Directors)	✓			The Shareholders appoint their representative to attain the AGM.

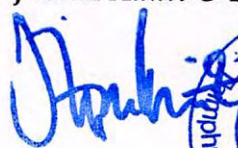


16	193	Ordinary and special resolutions (Minutes)	✓			The company maintains ordinary and special resolutions (Minutes).
17	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	✓			Every minute of the board and AGM is been maintained and is signed by the chairman, Directors and CEO.
18	199	Declaration and payment of dividend (199-209)	✓			Bonus share issued for performance of 2024 in 2025
19	232	Books of account to be kept by company (location & time)	✓			Kept at Head office of the company. The address of H.O. of the Company: Phuentsholing: Bhutan Post Box No. 91.
20		Board's report (signed by Chairman)	✓			It was signed by the Chairman.
21	252	Appointment and removal of Auditors Need to re-appoint annually (251-259)	✓			The Appointment and Reappointment of the auditor is done by the Royal Audit Authority.
22	260	Resignation of Auditors from office (Annual Resignation)			✓	No such incident.
23	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓			Auditing Standards issued by AASBB are followed.
24	133	Number of directors	✓			7 Directors (Including CEO)
25	139	Additional directors			✓	No such Director has been appointed.
26	140	Consent to act as directors	✓			Yes.
27	141	Certain persons not to be appointed as Directors			✓	No such persons have been appointed as directors.
28	142	Resignation by a director	✓			CEO resigned in 2025.
29	143	Removal of directors			✓	No removal of directors in 2025.
30	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt.)	✓			The board meetings were held on: 171 st board meeting: 22/03/2025 172 nd board meeting: 23/5/2025 173 rd board meeting: 18/07/2025 174 th Board meeting: 26/8/2025 175 th Board meeting: 17/10/2025 176 th board meeting held on 4/12/2025
31	152	General powers of the board	✓			The General power of attorney is given by the board to CEO.
32	156	Restriction on powers of Board			✓	Restrictions on the power of the Board has been defined.
33	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	✓			The current CEO has been appointed in 2025.
34	414	Appointment of selling or buying agents (govt. Approval obtained or not)			✓	There is no selling agents and buying agents in the company.
35	157	No loans to directors (only for Public Co.)			✓	There is no loan given to the Directors.
36	53	Inter-corporate investments (investments to be disclosed) apply old rule			✓	There is No Inter-Corporate Investments.
37	158	Contracts in which directors are interested			✓	No such contract was observed during the audit.
38	161	Companies to have secretaries.	✓			The Company has a Company Secretary.



39		Standard of care required by directors. (Reckless decision)	✓			Yes, in every meeting it's been taken care of.
40	228	Statutory record and inspection	✓			Record Inspected by Statutory Auditor
	(a)	Register of buy-back of shares	✓			There is register but no transactions as such is been done.
	(b)	Register of transfers	✓			Yes. Maintained in soft copy.
	(c)	Register of charges	✓			Yes. Maintained in soft copy.
	(d)	Register of inter-corporate loans	✓			Yes. Maintained in soft copy.
	(e)	Register of inter-corporate investments	✓			This is registered but no transactions as such has been done.
	(f)	Register of contracts in which directors are interested	✓			This is registered but no transactions as such has been done.
	(g)	Register of directors	✓			Register is maintained.
	(h)	Register of directors' shareholding	✓			Register is maintained.

For JIGMI Audit & Financials Pvt. Ltd.



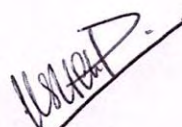
Jigmi Rinzin FCCA
(Membership No.0283308)
Partner

Date: 25/April/2026

For Bhutan Board Products Ltd.


Milan Ghising Tamang
Head - Finance


Yeshey Dorji
Chief Executive Officer


Ugyen Penjore
Chairman



PRIOR YEAR AUDIT FOLLOW UP REPORT

Summary of Follow-up Report for Statutory Audit for the year 2024

Accounting Year	Total number of recommendation provided/pending for implementation	Number of recommendations Implemented	Number of Observations partially Implemented	Balance recommendations to be implemented
2024	2	2	1	1

Detailed Follow-up Report for the year ended 31 December 2024

Para No.	Observation Title	Details of observation	Management's Response	Current Status
1	Gratuity Fund Payable (AIMS 5.2.17)	It has been observed that, Nu. 10,690,513.00 has been lying in Gratuity Payable Fund for an interminable period. It is our recommendation that this amount should be paid by the Company at the earliest as it is a statutory obligation	The matter was discussed during the 176th Board Meeting, where Management informed the Board that the outstanding gratuity amount would be deposited once the Company's financial position and cash flow improved. However, during FY 2025, BBPL incurred significant losses and continued to face cash flow constraints, which prevented the Company from settling the outstanding amount during the year. The liability therefore remains unpaid, but it continues to form part of the Company's recovery plan. Management remains committed to depositing the gratuity payable once sufficient funds are available and will continue to update the Board on the progress to ensure the matter is resolved at the earliest feasible time.	Partially Implemented
2	Unadjusted BBEL A/c (Clause 7.2.40 of AIMS Category)	It has been observed that, Nu. 13,818,020.55 has been lying for an extended period. The amount has become a fictitious asset to the Company. It is recommended that this amount should be adjusted after taking the approval of the Board of Directors	During the 176th Board Meeting, the Board reviewed the matter and directed Management to write off the balance through retained earnings. Based on this approval, an amount of Nu. 13,818,020.55 was written off from retained earnings in the FY 2025 financial statements.	Implemented



Phuentsholing, **CHUKHA, BHUTAN**