

# ***PRIVATE AND CONFIDENTIAL***

## ***NIALCO ALLOYS LIMITED***

*Plot: 28/B, Block: A, BISIC Industrial Area,  
Sagorika Road, Pahartali, Chittagong*

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**For the year ended June 30, 2019**



**G. KIBRIA & CO.**  
CHARTERED ACCOUNTANTS

SADHARAN BIMA SADAN ( 5TH FLOOR)  
24-25, DILKUSHA COMMERCIAL-AERA  
DHAKA-1000, BANGLADESH  
TEL OFF : +88 02 9568071, 9570717, 9575324, 9553630  
E-mail : kibria03@hotmail.com  
: gkibria@gkibriaandco.com  
Web : www.gkibriaandco.com

***NIALCO ALLOYS LIMITED***

*Plot: 28/B, Block: A, BISIC Industrial Area,  
Sagorika Road, Pahartali, Chittagong*

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**For the year ended June 30, 2019**

**Independent Auditor's Report**  
**To the shareholders of**  
**NIALCO ALLOYS LIMITED**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of NIALCO ALLOYS LIMITED (the Company), which comprise the Statement of Financial Position as at 30 June 2019, and Statement of profit or loss & other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the company as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the securities and Exchange Rules 1987 and other applicable laws and regulations.

**Basis for Opinion**

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

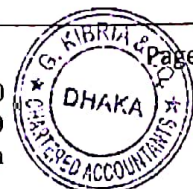
**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period. 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 opinion on these matters.

Risk	Our response to the risk
<b>Revenue-Export</b>	
<p>At year end the reported total revenue of Tk. 387,277,040</p> <p>The company generates revenue from sale of goods to export customers. The timing of the revenue recognised and realised increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the timing of the opening of letter of credit and timing of goods exported.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company, which give rise to an inherent risk of the existence and the accuracy of the revenue.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>➤ Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognised in the appropriate accounting period.</li> <li>➤ Segregation of duties in invoice creation and modification and timing of revenue recognition.</li> <li>➤ Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards.</li> </ul>

Ref: GKC/19-20/A/61

Sadharan Bima Sadan (5th Floor), 24-25, Dilkusha C/A, Dhaka - 1000  
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	<ul style="list-style-type: none"> <li>➤ Obtain supporting documentation for sale transaction recorded either side of year end to determine whether revenue was recognized in the current period.</li> <li>➤ Comparing a sample of revenue transactions recognised during the year with the sale invoices and other relevant underlying documentation.</li> <li>➤ Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>
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See note no 15.00 to the statement of profit or loss & other comprehensive income.

**Valuation of inventory**

<p>The inventory of Tk .48,181,608 at 30 June, 2019 held in warehouses and across multiple product lines in factory.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Schedule-XI, Part-II, Para-3(1)(d)(i) is not properly presented.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provision by:</p> <ul style="list-style-type: none"> <li>➤ Evaluating the design and implementation of key inventory controls operating across the factory and warehouse.</li> <li>➤ Attending inventory counts and reconciling the count results to the inventory listing to test the completeness of data.</li> <li>➤ Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year; and challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow- moving/obsolete stock are valid and complete.</li> <li>➤ Comparing the net realizable value obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;</li> <li>➤ Opening and closing inventory were properly checked along with purchase of raw materials and consumption determined as balancing figure which seems more rationale.</li> </ul>
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See note no. 6.00 to the financial position

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<b>Measurement of deferred tax liability</b>	
<p>The net deferred tax liability totaling Tk. 276,574 as at 30 June, 2019.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability over a number of years.</p>	<p>We additionally carried out the following substantive testing for this item:</p> <ul style="list-style-type: none"> <li>➤ We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used in estimating the company's future taxable income.</li> <li>➤ We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</li> <li>➤ We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities.</li> <li>➤ We also assessed the appropriateness of presentation of disclosures against IAS-12 income tax.</li> </ul>
See note no. 12.00 to the financial statements	
<b>Valuation of Property, Plant and Equipment</b>	
<p>The carrying value of the PPE amounted to Tk. 14,284,725 at 30 June, 2019. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>Expenditures are capitalized if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> <li>➤ We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.</li> <li>➤ We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.</li> <li>➤ We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital in progress to ready for use, with the date of the act of completion of the work.</li> </ul>
See note no. 3.00 to the financial statements	
<b>Workers Profit participation Fund</b>	
<p>Workers Profit Participation Fund (WPPF) provision totaling Tk. 1,222,759 as at 30 June, 2019.</p> <p>Management of the company has not opened a separate bank account for the WPPF. Management has created provision for WPPF as per respective law.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> <li>➤ We assess whether adequate provision has been created against profit as per regulatory requirement.</li> </ul>
See note no. 14.01 to the financial statements	

#### Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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 and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations 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. The companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the company

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances.
- 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 accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and event in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statement we are responsible for the direction, supervision and performance of the group audit. We solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

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### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, and the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received by us;
- c) The information and explanations required by us have been received and found satisfactory;
- d) The statement of Financial Position, Statement of profit or loss & other Comprehensive Income and Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of account and returns;
- e) The expenditure was incurred for the purpose of the Company's business.

Dated, Dhaka  
24 September, 2019

  
**A. K. Gulam Kibria, FCA**  
Managing Partner  
**G. KIBRIA & CO.**  
Chartered Accountants





**NIALCO ALLOYS LIMITED**  
**Statement of Financial Position**  
**As at 30 June 2019**

Amount in Taka

Particulars	Notes	As at	
		30 June 2019	30 June 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant & Equipment	3.00	14,284,725	15,871,918
Pre-operative expenses	4.00	-	-
Preliminary expenses		-	115,700
		<b>14,284,725</b>	<b>15,987,618</b>
<b>Investment</b>			
Investment in FDR	5.00	39,277,136	-
		<b>39,277,136</b>	<b>-</b>
<b>Current Assets</b>			
Inventories	6.00	48,181,608	6,809,983
Trade Receivable	7.00	4,331,600	5,073,942
Advance, Deposit & Prepayments	8.00	436,938	58,858
Cash & Cash Equivalents	9.00	504,287	2,315,093
		<b>53,454,433</b>	<b>14,257,876</b>
<b>TOTAL ASSETS</b>		<b>107,016,295</b>	<b>30,245,494</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>Shareholders Equity</b>			
Share Capital	10.00	20,000,000	20,000,000
Retained Earnings	11.00	21,927,983	2,346,258
		<b>41,927,983</b>	<b>22,346,258</b>
<b>Non-Current Liabilities</b>			
Long Term Loan		-	-
Deferred Tax Liabilities	12.00	276,574	-
		<b>276,574</b>	<b>-</b>
<b>Current Liabilities</b>			
Current Maturity of Term Loan		-	-
Short Term Borrowings	13.00	53,187,033	-
Creditors & Accruals	14.00	11,624,706	7,899,236
		<b>64,811,739</b>	<b>7,899,236</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<b>107,016,295</b>	<b>30,245,494</b>
<b>Net Asset Value (NAV) Per Share</b>	22.00	209.64	111.73

The accounting policies and annexed notes form an integral part of the financial statements.

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

  
 Managing Director

Signed as per our annexed report of even date.

Dated: 24 September 2019  
 Place: Dhaka  
 Ref: GKC/19-20/A/61

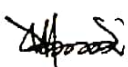


  
**G. KIBRIA & CO.**  
 Chartered Accountants

**NIALCO ALLOYS LIMITED**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 30 June 2019**

Particulars	Notes	Amount in Taka	
		For the year ended	
		30 June 2019	30 June 2018
Revenue	15.00	387,277,040	115,175,825
Less: Cost of Goods Sold	16.00	340,317,529	107,088,955
<b>Gross Profit</b>		<b>46,959,511</b>	<b>8,086,870</b>
<b>Less: Operating Expenses</b>		<b>18,002,195</b>	<b>5,779,167</b>
Administrative Expenses	17.00	5,499,431	2,940,836
Selling & Distributing Expenses	18.00	12,502,764	2,838,331
<b>Profit from Operation</b>		<b>28,957,316</b>	<b>2,307,703</b>
Less: Financial Expenses	19.00	5,092,125	43,782
Add: Non operating Income	20.00	1,812,758	-
<b>Profit/(Loss) before Contribution to WPPF</b>		<b>25,677,949</b>	<b>2,263,921</b>
<b>Less: WPPF Expenses</b>		<b>1,222,759</b>	<b>-</b>
<b>Profit/(Loss) before Tax</b>		<b>24,455,190</b>	<b>2,263,921</b>
<b>Less: Income Tax Expenses</b>		<b>4,873,465</b>	<b>792,372</b>
Current Tax	21.00	4,596,891	792,372
Deferred Tax		276,574	-
<b>Profit after tax for the year</b>		<b>19,581,725</b>	<b>1,471,549</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>19,581,725</b>	<b>1,471,549</b>
<b>Earnings per share (EPS)</b>	22.00	<b>97.91</b>	<b>7.36</b>

The accounting policies and annexed notes form an integral part of the financial statements.

  
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 Chief Financial Officer

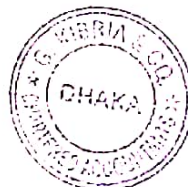
  
 \_\_\_\_\_  
 Company Secretary

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Managing Director

Signed as per our annexed report of even date.

Dated: 24 September 2019  
 Place: Dhaka  
 Ref: GKC/19-20/A/61



  
**G. KIBRIA & CO**  
 Chartered Accountants

**NIALCO ALLOYS LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2019**

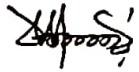
Amount in Taka

Particulars	Share Capital	Retained Earnings	Total
Balance as at 01 July 2018	20,000,000	2,346,258	22,346,258
Net Profit for the year	-	19,581,725	19,581,725
<b>Balance as on 30 June 2019</b>	<b>20,000,000</b>	<b>21,927,983</b>	<b>41,927,983</b>

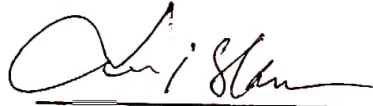
**For the year ended 30 June 2018**

Amount in Taka

Particulars	Share Capital	Retained Earnings	Total
Balance as at 01 July 2017	20,000,000	874,709	20,874,709
Net Profit for the year	-	1,471,549	1,471,549
<b>Balance as on 30 June 2018</b>	<b>20,000,000</b>	<b>2,346,258</b>	<b>22,346,258</b>



Chief Financial Officer



Company Secretary



Director



Managing Director


Dated: 24 September 2019

Place: Dhaka



**NIALCO ALLOYS LIMITED**  
**Statement of Cash Flows**  
**For the year ended 30 June 2019**

Particulars	Amount in Taka	
	For the year ended	
	30 June 2019	30 June 2018
<b>A. Cash Flows from Operating Activities</b>		
Cash receipts from customers	388,019,382	112,101,883
Cash receipts from others Income	1,812,758	-
Cash payment to Suppliers	(373,860,034)	(102,236,689)
Operating expenses paid	(25,503,236)	(7,011,385)
Finance expenses paid	(5,092,125)	(43,782)
<b>Cash Generate from Operation</b>	<b>(14,623,256)</b>	<b>2,810,027</b>
Cash payment against Income Tax	(1,097,446)	(792,372)
<b>Net Cash Generate from Operating Activities</b>	<b>(15,720,701)</b>	<b>2,017,655</b>
<b>B. Cash Flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment	-	-
Investment in FDR	(39,277,136)	-
<b>Net Cash used in Investing Activities</b>	<b>(39,277,136)</b>	<b>-</b>
<b>C. Cash Flows from Financing Activities</b>		
Increase/(Decrease) Share Capital	-	-
Increase/(Decrease) Short Term Borrowing	53,187,033	-
Increase/(Decreases) Loan Liabilities (Long term)	-	-
<b>Net Cash Provided by Financing Activities</b>	<b>53,187,033</b>	<b>-</b>
<b>D. Net increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b>	<b>(1,810,805)</b>	<b>2,017,655</b>
<b>E. Cash and Bank Balances at beginning the year</b>	<b>2,315,093</b>	<b>297,438</b>
<b>F. Cash and Bank Balances at end of the year (D+E)</b>	<b>504,288</b>	<b>2,315,093</b>
<b>Net Operating Cash Flows (NOCF) Per Share</b>	<b>23.00</b>	<b>(78.60)</b>
	<b>(78.60)</b>	<b>10.09</b>

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

  
 Managing Director

Dated: 24 September 2019  
 Place: Dhaka



Ref: GKC/19-20/A/61



**NIALCO ALLOYS LIMITED.**  
**Notes, summary of significant accounting policies and other explanatory information**  
**For the year ended June 30, 2019**

**1.00 REPORTING ENTITY:**

**1.01 Background of the Company**

The company "NIALCO ALLOYS LIMITED" as "NIALCO" or "The Company" was incorporated on 21<sup>ST</sup> June, 2011 vide registration No.CH-8784 as a public limited company in Bangladesh under the Companies Act 1994.

**1.02 Registered Office of the Company**

The registered office & factory of the Company are located at House No. 01, Road No. 02, Lane No. 01, Block No. L, Haflishahar H/E, Chittagong, and Jahanabad, Bhatary Shitakunda, Chittagong respectively. The corporate office of the company located at Plot: 28/B, Block: A, BISIC Industrial Area, Sagorika Road, Pahartali, Chittagong.

**1.03 Nature of the Business**

The principal activities of NIALCO ALLOYS LIMITED are to manufacture of high grade Bronze and Brass Ingots including Gun Metal, Phosphorus Bronze, Leaded Bronze, Aluminum Bronze, Manganese Bronze, Sand Cast Brass (SCB), High Tensile Brass (HTB), Die Cast Brass (DCB), Master Alloys, Phosphorus Copper etc. confirming to BS, IS, JIS, DIN, ASTM, UNI and as per all other International Standards.

**2.00 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

**2.01 Statements of Compliance:**

The Financial Statements of the Company are prepared on a going concern basis under historical cost convention and in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws & regulation in Bangladesh.

**2.02 Going Concern:**

The company has adequate resources to continue its operation for the foreseeable future. As such, the directors intended to adopt the going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

**2.03 Accrual Basis:**

The financial statements have been prepared, except cash flow information, using the accrual basis of accounting.



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## 2.04 Components of the Financial Statements:

According to IAS-1 "presentation of the Financial Statements" the complete set of financial statement includes the following components

- a) Statement of Financial Position as at June 30, 2019;
- b) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2019;
- c) Statement of Changes in Equity for the year ended June 30, 2019;
- d) Statement of Cash Flows for the year ended June 30, 2019; and
- e) Notes, summary of significant accounting policies and other explanatory information

## 2.05 Accounting Policies & Estimates:

The preparation of these financial statements is in conformity with IASs/IFRSs which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis and used for accounting of certain terms such as provision for expenses and depreciation.

## 2.06 Responsibility for Preparation and Presentation of Financial Statements:

The Board of Directors is responsible for the preparation of financial statements under section 183 of the Companies Act, 1994 and as per the provision of "the Framework for the preparation and Presentation of Financial Statements" issued by the International Accounting Standards (IASs).

## 2.07 Statement of Cash flows:

Statement of Cash flows have been prepared in accordance with IAS-7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented under direct method considering the provisions of Paragraph 19 of IAS-7 which provides that "Enterprises are Encouraged to Report Cash Flows from Operating Activities Using the Direct Method".

## 2.08 Applicable accounting standards:

The following IASs and IFRSs are applicable for the financial statements for the year under review:

### IASs:

IAS-1	Presentation of Financial Statements;
IAS-2	Inventories;
IAS-7	Statements of Cash flows;
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors;
IAS 10	Events after the reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 33	Earnings per Share
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets





**IFRSs:**

IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IFRS 9	Financial Instruments
IFRS 13	Fair Value Measurement
IFRS 15	Revenue from Contracts with Customers

**2.09 Reporting Period**

The financial period of the Company under audit covers 12 months period from 01 July 2018 to 30 June 2019.

**2.10 Property, Plant and Equipment:****2.10.1 Recognition and Measurement**

All Property, Plant and Equipment are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises of its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The cost of the day to day maintaining cost on PPE is recognized in the Statements of Profit or Loss and other Comprehensive Income as incurred.

**2.10.2 Depreciation:**

Depreciation on Property, Plant and Equipment other than Land and Land development has been computed during the year using the reducing balance method. Depreciation has been charged on addition of assets when the related Property, Plant and Equipment are available for use as per management intention. Depreciation has charged as following rate:

Name of Assets	Rate	Rate
	2019	2018
Plant & Machinery	10%	10%
Computer and Printer	10%	10%
Furniture & Fixtures	10%	10%

**2.10.3 Retirement and Disposals:**

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

**2.10.4 Impairment:**

In accordance with the provision of IAS - 36, the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in the statement of comprehensive income. No such indication of impairment has been observed till the end of the year.

Ref: GKC/19-20/A/61

### 2.11 **Borrowing Cost:**

Interest and other cost incurred in the company in connection with the borrowing of fund are recognized as expenses in the year in which they are incurred unless such borrowings cost related to acquisition/construction of assets in progress that are required to be capitalized as per IAS-23: Borrowing Cost.

### 2.12 **Revenue Recognition:**

The Company has applied IFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18:

(a) Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer.

(b) The company recognizes revenue when it satisfies a performance obligation by transferring control over goods or services to a customer.

(c) The company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes. Revenue was recognized when goods were delivered or services rendered, to the extent it was probable that the economic benefits from the transactions would flow to the company and the revenue could be reliably measured.

### 2.13 **Valuation of Current Assets:**

#### **Trade and Other Receivable:**

These are carried forward at their original invoiced value amount and represents net realizable value. Management considered the entire bills receivable as good and is collectable and therefore, no amount has been provided for as bad debt in the current period's account.

#### **Inventories:**

In compliance with the requirements of IAS-2 Inventories, the Inventories have been valued at Cost or Net Realizable value whichever is lower, which is consistent with the previous period's practice. Net realizable value is based on estimated selling price in the ordinary course of business less any further cost expected to be incurred to make the sale.

### 2.14 **Provisions:**

A provision is recognized on the balance sheet date if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.





## 2.15 Employees' Benefit

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits.

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

### a) Short Term Employee Benefits

Short-term employee benefits include wages, salaries, festival bonuses etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

### b) Contribution to Workers' Profit Participation and Welfare Funds

This represents 5% of net profit before tax, contributed by the company as per provisions of the Bangladesh Labor (amendment) Act, 2013. The Company recognizes contribution to Workers Profit Participation and Welfare Fund in the accounts from the year 2017. The fund transfer is under process and will be paid after completion of necessary legal process.

## 2.16 Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory etc.

## 2.17 Functional and Presentational Currency:

The financial statements are prepared in Bangladeshi Taka which is the Company's functional currency.

## 2.18 Income Tax:

### Current Tax:

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or subsequently enacted after the reporting date and any adjustment to tax payable in respect of previous years. Provision for taxation is calculated on the basis of applicable current tax rate in compliance with Finance Act, 2019.

Provision for corporate income tax is made in accordance with the income tax laws. The corporate income tax assessment of the company is completed up to the assessment year 2018-2019.



**Deferred Tax:**

The company recognized deferred tax as per IAS 12 Income Tax. Deferred tax is recognized for all temporary timing difference arising between the carrying value of assets and liabilities and its tax base values. The rate prevailing at the Financial Position date is used for determine the deferred tax.

**2.19 Earnings per share:**

The company calculates Earnings per Share (EPS) in accordance with IAS-33 "Earnings per Share" which has been shown on the face of the Profit or Loss and other Comprehensive Income.

**Basic Earnings**

This represents profit or loss at the end of the period attributable to ordinary shareholders of the entity

**Basic Earnings Per Share**

This has been calculated by dividing profit or loss attributable to ordinary shareholders of the entity by the weighted average number of ordinary shares outstanding during the period.

**Diluted Earnings Per Share**

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, no dilution of EPS is applicable for these financial statements as there were no potential ordinary shares during the relevant period.

**2.20 Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity as per IAS-39 "Financial Instruments Recognition and Measurement."

**Financial Assets:**

Financial assets of the company include cash and cash equivalents, equity instrument to another entity, Trade receivables and other receivables. The company initially recognize a financial asset in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument. The company derecognize a financial asset when, and only when; the contractual rights to the cash flows from the financial asset expire or transfer the contractual rights to receive the cash flows of the financial asset.

**Financial Liabilities:**

The company initially recognize a financial liability in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument. The company derecognize a financial liability from its statement of financial position when, and only when, it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires.



**2.21 Cash and Cash Equivalents:**

According to IAS 7 Statement of Cash Flows, cash comprises cash in hand, short term deposit and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

**2.22 Events after the Reporting Period:**

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

Adjusting Events - those that provide evidence of conditions that existed at the end of the reporting period.

Non adjusting Events- those that are indicative of conditions that arose after the reporting period.

Management of the company has taken close look whether any events after the reporting period exist that need to take into account during the preparation of Financial Reports. No event after the reporting period exists and management of the company has prepared the financial reports in accordance.

**2.23 Authorization date for issuing Financial Statements**

The financial statements were authorized by the Board of Directors on September 22, 2019.

**2.24 Comparative Information**

Comparative information has been disclosed in the respect of previous year for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statement.

**2.25 Segmental Reporting:**

As required by IFRS-8 "Operating Segments", if an entity operates business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available

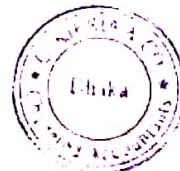
The company considers the operation on aggregate basis and manages the operations as a single operating segment. Hence it is felt that such segment reporting is not required to be disclosed.

**2.26 Related Party Disclosure**

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by IAS-24: Related Party Disclosures has been disclosed in a separate note to the accounts.

**2.27 General:**

- i) The figure has been rounded off to the nearest taka.



Ref: GKC/19-20/A/61



Amount in Taka	
30 June 2019	30 June 2018

### 3.00 Property, Plant and Equipment

#### A. At Cost

Opening Balance	20,097,395	20,097,395
Add: Addition during the year	-	-
Less: Disposal during the year		
<b>Total Cost</b>	<b>20,097,395</b>	<b>20,097,395</b>

#### B. Accumulated Depreciation

Opening Balance	4,225,477	2,461,931
Add: Depreciation charged for the year	1,587,193	1,763,546
Less: Adjustment on disposal		
<b>Total Charge</b>	<b>5,812,670</b>	<b>4,225,477</b>
<b>Written down value (A-B)</b>	<b>14,284,725</b>	<b>15,871,918</b>

Details are shown in Annexure-A

### 4.00 Pre-operative expenses

Opening balance	-	147,142
Add: Addition during the year	-	-
	-	147,142
Less: written off	-	147,142
	-	-

### 5.00 Investment

Eastern Bank Ltd. - FDR	4,872,000	-
Mutual Trust Bank Ltd. - FDR	34,405,136	-
	<b>39,277,136</b>	<b>-</b>

These balance represents the amount of FDR maintained with the Banks and the balances are liened with Short-term loan facility availed by the company.

### 6.00 Inventories

Raw Material	Note- 16.01	42,771,019	6,809,983
Work in Progress	Note- 16.00	2,164,874	-
Finished Goods	Note- 16.00	3,245,715	-
		<b>48,181,608</b>	<b>6,809,983</b>

Inventories are valued at lower of cost price and net realizable value. Inventory count of the above stock and stores was conducted by the management at the end of the year. The valuation of inventory was done and certified by the

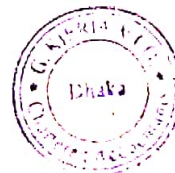
### 7.00 Trade Receivable

Receivable from Customers	4,331,600	5,073,942
	<b>4,331,600</b>	<b>5,073,942</b>

#### Ageing of Trade Receivables

More than six months	-	-
Less than six months	4,331,600	5,073,942
	<b>4,331,600</b>	<b>5,073,942</b>

The magnitude of Unrealized Foreign Exchange gain/loss is small because the Accounts Receivable reported was recognized very close to year end so the fluctuation is very minor.





Amount in Taka	
30 June 2019	30 June 2018

The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

i) Receivables considered good and in respect of which the company is fully secured.		-
ii) Receivables considered good for which the company holds no security other than the debtor's personal security.	4,331,600	5,073,942
iii) Receivables considered doubtful or bad.		-
iv) Receivable due by directors or other officers of the company or any of them either severally or jointly with any other person or receivables due by firms or private companies respectively in which any director is a partner or a director or a member.		-
v) Receivables due by companies under the same management.		-
vi) The maximum amount due by directors or other officers of the company at any time during the year.		-
<b>Total</b>	<b>4,331,600</b>	<b>5,073,942</b>

#### 8.00 Advance, Deposit & Prepayments

Advance Income Tax	Note-	8.01	-	-
Advance to Employees			150,000	58,858
L/C Margin in MTB			286,938	
			<b>436,938</b>	<b>58,858</b>

#### 8.01 Advance Income Tax

Income Tax deduction at source - opening		-	
Add: Advance income tax during the year		1,097,446	792,372
		<b>1,097,446</b>	<b>792,372</b>
Less: Adjustment/offset during the year		1,097,446	792,372
		-	-

#### Disclosure as per Schedule XI, Part I, Para 4 of the Companies Act, 1994

i) Advance, deposits & prepayment considered good and in respect of which the company is fully secured.	286,938	58,858
ii) Advance, deposits & prepayment considered good for which the company holds no security.		-
iii) Advance, deposits & prepayment considered doubtful or bad.		-
iv) Advance, deposits & prepayment due by directors or other officers of the company or any of them either severally or jointly with any other person or Advance, deposits & prepayment due by firms or private companies respectively in which any director is a partner or a director or a member.	150,000	-
v) Advance, deposits & prepayment due by companies under the same		-
vi) The maximum amount due by directors or other officers of the company at any time during the year.		-
<b>Total</b>	<b>436,938</b>	<b>58,858</b>

#### 9.00 Cash and cash equivalents

Cash in hand	453,254	
<b>Cash at bank:</b>		
Mutual Trust Bank Ltd. A/C No. 0005-0210020220	10,731	
Mutual Trust Bank Ltd. A/C No. 0005-0260001264	45	
City Bank Ltd. A/c No. 1101784511001	312	
Eastern Bank Ltd. A/c No. 0011060785567	39,946	
<b>Total</b>	<b>504,287</b>	<b>2,315,093</b>

The above balances are supported by bank statement with reconciliation and the cash balance has been physically verified and certified by management.



Amount in Taka	
30 June 2019	30 June 2018

### 10.00 Share Capital

#### A. Authorized Capital

2,000,000 Ordinary Shares of Tk. 100/- each

200,000,000	200,000,000
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#### B. Issued, Subscribed & Paid-up Capital

200,000 Ordinary Shares of Tk. 100/- each fully paid up

20,000,000	20,000,000
------------	------------

#### C. Shareholding Position

	Percentage	No. of Share	Amount	Amount
Sponsor/Director	100	200,000	100	20,000,000
Companies and Financial Institution	0	-	-	-
Other Shareholders	0	-	-	-
<b>Total:</b>	<b>100.00%</b>	<b>200,000</b>		<b>20,000,000</b>

### 11.00 Retained Earnings

Opening Balance

2,346,258	874,709
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Net profit for the year

19,581,725	1,471,549
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<b>21,927,983</b>	<b>2,346,258</b>
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### 12.00 Deferred Tax Liability

Opening Balance

-	-
---	---

Add: Addition During the year

276,574	-
---------	---

<b>276,574</b>	<b>-</b>
----------------	----------

The Company has filed their income tax returns in the past years under Section 82 BB which is considered a self-assessment and the NBR has not raised any observations in regards to the carrying value or tax base of the assets. As a result, the Company did not record any deferred taxes related to temporary differences between carrying value and tax value of assets and liabilities. For the current year, the Company has recalculated the tax bases of assets and liabilities and has recognized a deferred tax liability resulting from temporary differences.

### 13.00 Short Term Borrowings

Bank Loan

53,187,033	-
------------	---

<b>53,187,033</b>	<b>-</b>
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#### 13.01 Bank Loan

Mutual Trust Bank Limited: Trust Receipt

Trust Receipt

53,187,033	-
------------	---

<b>53,187,033</b>	<b>-</b>
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#### Terms and Conditions

Name of Bank	Mutual Trust Bank Ltd.
Nature	Short Term
Sanction Limit	450 Million
Purpose of Loan	To import of raw materials such as scrap of ferrous and non ferrous items and other permissible items
Margin	0.1
Rate of Interest	0.11
Mode of Adjustment	120 days to 180 days

### 14.00 Creditors & Accruals

Liabilities for Expenses

14.01

5,380,765	161,926
-----------	---------

Due to related parties

14.02

6,243,941	7,737,310
-----------	-----------

<b>11,624,706</b>	<b>7,899,236</b>
-------------------	------------------

#### 14.01 Liabilities for Expenses

Salary & Allowance

533,670	120,000
---------	---------

Income Tax provision

3,499,445	-
-----------	---

WPPF

1,222,759	-
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Security guard salary

20,000	10,000
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Utility Bill

19,465	14,763
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Audit Fees

70,000	5,000
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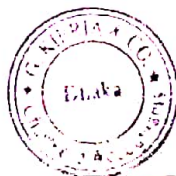
Other Expenses

15,426	12,163
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<b>5,380,765</b>	<b>161,926</b>
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		Amount in Taka	
		30 June 2019	30 June 2018
<b>14.02 Due to related parties</b>			
Opening Balance		7,737,310	11,737,310
Add: Addition during the year		8,132,465	-
Less: Adjustment during the year		(9,625,834)	(4,000,000)
		<u>6,243,941</u>	<u>7,737,310</u>
<b>15.00 Revenue</b>			
Gross Sales (Export)		387,277,040	115,175,825
Less: VAT		-	-
		<u>387,277,040</u>	<u>115,175,825</u>
<b>16.00 Cost of Goods Sold</b>			
Raw Materials Consumption	16.01	338,125,023	103,403,365
Manufacturing overhead	16.02	7,603,095	3,685,590
<b>Cost of Manufacturing</b>		<u>345,728,118</u>	<u>107,088,955</u>
Work in Progress-Opening		-	-
Work in Progress-Closing		(2,164,874)	-
<b>Cost of goods Manufactured</b>		<u>343,563,244</u>	<u>107,088,955</u>
Finished goods-Opening		-	-
Sample expense		-	-
Finished goods-Closing		(3,245,715)	-
		<u>340,317,529</u>	<u>107,088,955</u>
<b>16.01 Raw Materials Consumption</b>			
Opening Balance		6,809,983	12,480,000
Add: Purchase during the year		374,086,059	97,733,348
		<u>380,896,042</u>	<u>110,213,348</u>
Less: Purchase discount		-	-
<b>Raw materials available for production</b>		<u>380,896,042</u>	<u>110,213,348</u>
Raw Materials-Closing		42,771,019	6,809,983
<b>Less: Consumption during the year</b>		<u>338,125,023</u>	<u>103,403,365</u>
<b>16.02 Manufacturing overhead</b>			
Wages, Salary & Allowance		1,822,359	563,500
Conveyance		245,367	-
Tours & Travel		383,471	-
Carriage Inward		383,672	-
Utility Bill Expenses		1,155,871	-
Entertainment		104,616	87,180
Internet Expenses		24,000	-
License & Renewal		203,672	-
Loading & Unloading Expenses		273,673	-
Medical Expenses		68,489	-
Mobile, Telephone & Fax Expenses		85,732	-
Printing & Stationery		73,933	-
Repairs & Maintenance		273,842	-
Store & Spares		184,930	-
Cutting Expenses		665,622	443,748
L/C Commission & other charge		-	805,070
Scale charge		36,362	22,726
Uniform & Gloves		13,212	7,340
Miscellaneous Expenses		23,848	-
Depreciation (Annexure-A)		1,580,424	1,756,026
		<u>7,603,095</u>	<u>3,685,590</u>





		Amount in Taka	
		30 June 2019	30 June 2018
<b>17.00 Administrative Expenses</b>			
Salary & Allowance		2,687,546	1,036,000
Conveyance		1,463,819	975,879
Paper & Periodical		12,958	6,820
Entertainment		210,837	95,835
Printing & Stationery		46,478	27,340
Fees and Renewals		127,080	70,600
Utility Bill		128,431	233,856
Audit Fee		70,000	5,000
Telephone, Mobile & Internet bill		54,188	28,520
Business Development expenses		443,394	260,820
Postage & Courier		28,992	18,120
Repairs & Maintenance		40,930	21,542
Photocopy charges		11,100	5,842
Pre-operative expenses written off		-	147,142
Preliminary expenses written off		115,700	-
Medical Expenses		28,362	-
Miscellaneous Expenses		22,848	-
Depreciation (Annexure-A)		6,769	7,520
		<b>5,499,431</b>	<b>2,940,836</b>
<b>18.00 Selling &amp; Distributing Expenses</b>			
Salary & Allowance		1,894,132	180,000
C & F Expenses -Export		2,891,000	741,253
Conveyance		183,632	
Entertainment		92,363	
Packing Expenses		689,271	
Sales Promotion Expense		589,372	
Carriage Outward		1,779,535	673,425
Export expenses		1,185,458	497,841
Freight charges		2,295,578	745,812
Postage & Courier		93,732	
Loading & Unloading		363,823	
Miscellaneous Expenses		12,844	
Mobile, Telephone & Fax Expenses		93,632	
Sample Expense		338,392	
Depreciation (Annexure-A)		-	-
		<b>12,502,764</b>	<b>2,838,331</b>
<b>19.00 Financial Expenses</b>			
Bank Interest		2,585,845	
Bank Charges		2,506,280	43,782
		<b>5,092,125</b>	<b>43,782</b>
<b>20.00 Non operating Income</b>			
FDR interest		1,214,555	-
Foreign exchange gain / (loss)		598,202	-
		<b>1,812,758</b>	<b>-</b>
<b>20.01 Foreign exchange gain / (loss)</b>			
Value export on average rate USD 4,601,557.41@ 84.00		386,530,822	-
Value of export realization on average rate USD 4,601,557.41@ 84.13		387,129,025	-
		<b>598,202</b>	<b>-</b>

The magnitude of Unrealized Foreign Exchange gain/loss is small because the Accounts Receivable reported was recognized very close to year end so the fluctuation is very minor.

Ref: GKC/19/20/A/61





	Amount in Taka	
	30 June 2019	30 June 2018
<b>21.00 Income Tax Expenses</b>		
Current Tax	21.01 4,596,891	792,372
Deferred Tax	21.02 276,574	-
	<u>4,873,465</u>	<u>792,372</u>
<b>21.01 Current Tax</b>		
Profit before tax as per account	24,455,190	2,263,921
Profit from business (export)	22,642,432	2,263,921
Profit from Non-business source (other income)	1,812,758	-
Tax on profit from business (export) @ 50% exclusion from total income under:	3,962,426	792,372
Tax on profit from non-business source in regular rate @35%	634,465	-
<b>A. Current Tax</b>	<u>4,596,891</u>	<u>792,372</u>
Minimum Tax:		
Gross Receipts	387,277,040	115,175,825
<b>B. Minimum Tax @ 0.6%</b>	2,323,662	691,055
<b>C. TDS at Source</b>	1,097,446	792,372
Whichever is Higher from above calculation (A, B & C)	<u>4,596,891</u>	<u>792,372</u>
<b>21.02 Deferred Tax</b>		
Depreciation charged as per 3rd schedule of ITO 1984	3,167,616	
Depreciation charged as per financial statements	(1,587,193)	
Temporary difference	1,580,423	
Current Tax rate on Export Business Income (35/2=17.5%)	17.50%	
Deferred Tax during the year	<u>276,574</u>	<u>-</u>
<b>22.00 Earnings per share (Basic)</b>		
A. Earnings attributable to the ordinary shareholders	19,581,725	1,471,549
B. Weighted average number of ordinary share outstanding during the period	200,000	200,000
Basic Earnings Per Share (A/B)	<u>97.91</u>	<u>7.36</u>
No diluted EPS is required to be calculated for the period as there was no scope		

Particulars	Number of Share	Weight	Weighted average no of Shares	Weighted average no of Shares
Opening No. of Shares	200,000	365/365	200,000	200,000
<b>Total</b>	<b>200,000</b>		<b>200,000</b>	<b>200,000</b>

<b>23.00 Net Asset Value (NAV) Per Share</b>		
Total Assets	107,016,295	30,245,494
Less: Total Liabilities	65,088,303	7,899,236
<b>A. Net Asset Value (NAV)</b>	<u>41,927,982</u>	<u>22,346,258</u>
B. Total Number of Share outstanding	200,000	200,000
<b>Net Asset Value (NAV) Per Share (A/B)</b>	<u>209.64</u>	<u>111.73</u>



Amount in Taka	
30 June 2019	30 June 2018
(15,720,701)	2,017,655
200,000	200,000
<u>(78.60)</u>	<u>10.09</u>

**23.00 Net Operating Cash Flows Per Share (NOCFPS)**

Net Operating Cash Flows (Numerator)

Number of Ordinary Shares (Denominator)

Net Operating Cash Flow Per Share (NOCFPS)

**24.00 Disclosure as per requirement of Schedule XI, Part II, Note 5 of Para 3:**

Employee position of the company as at June 30, 2019:

Salary (Monthly)	Officer & Staff		Worker
	Factory	Head Office	
Number of employees whose salary below Tk. 3,000 per month	0	0	0
Number of employees whose salary above Tk.	9	12	24
<b>Total</b>	<b>9</b>	<b>12</b>	<b>24</b>

**25.00 Related Party Transaction:**

As per IAS 24: Related party disclosure and as defined in the Securities & Exchange Rules 1987 the related party transaction are as follows :

The Company carried out a number of transactions with related parties in the normal course of business, The nature of transactions and their values are shown below:

Name	Nature of transaction	Received	Payment	Balance
Marine Safety System	Intercompany loan	8,132,465	9,625,834	6,243,941

**26.00 Cash flow generated from operating activities under Indirect Method:**

Particulars	Amount (TK.)
Profit before Tax	24,455,190
Add: Depreciation	1,587,193
Add:Preliminary expenses	115,700
	<u>26,158,083</u>
(Increase)/Decrease in Inventories	(41,371,625)
(Increase)/Decrease in Trade Receivable	742,342
(Increase)/Decrease in Advance, Deposit & Prepayn	(378,080)
Increase/(Decrease) in Creditors & Accruals	226,025
	<u>(14,623,256)</u>
Cash payment against Income Tax	<u>(1,097,446)</u>
<b>Net Cash Generate from Operating Activities</b>	<b><u>(15,720,701)</u></b>

**27.00 Events after reporting period**

There is no significant events between financial statements closing date and auditors report signing date.

**28.00 Bank Guarantee**

The company have no Bank Guarantee on the reporting date.

**29.00 Contingent liabilities and contingent assets**

There is a contingent liabilities amount in TK. 2,869,380/- agianst L/C opened for import of raw materials.

**30.00 Claim Acknowledgement**

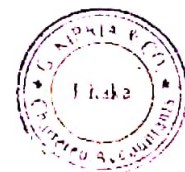
There was no claim against the Company not acknowledged as debt as on June 30, 2019.

**31.00 Foreign currency earned**

The company has earned the entire sales proceeds in the form of foreign currency against export sales.

**32.00 Foreign currency payment**

The company incurred foreign currency expenses through import of raw materials.



**NIALCO ALLOYS LIMITED**  
**Schedule of Property, Plant & Equipment**  
As at 30 June 2019

Particulars	Cost		Rate of Dep.	Depreciation		Annexure-A Written Down Value as on 30.06.2019
	Balance as at 01.07.2018	Addition this year		Balance as on 30.06.2019	Charged during the year	
Plant & Machineries	20,011,695	-	10%	1,580,424	5,787,882	14,223,813
Computer & Printer	38,500	-	10%	3,041	11,136	27,364
Furniture & Fixture	47,200	-	10%	3,728	13,652	33,548
<b>Balance as on 30 June 2019</b>	<b>20,097,395</b>	<b>-</b>		<b>1,587,193</b>	<b>5,812,670</b>	<b>14,284,725</b>

**Allocation of Depreciation:**

Manufacturing overhead	1,580,424
Administrative expenses	6,769
<b>Total</b>	<u><u>1,587,193</u></u>

**Schedule of Property, Plant & Equipment**  
As at 30 June 2018

Particulars	Cost		Rate of Dep.	Depreciation		Annexure-A Written Down Value as on 30.06.2018
	Balance as at 01.07.2017	Addition this year		Balance as on 30.06.2018	Charged during the year	
Plant & Machineries	20,011,695	-	10%	1,756,026	4,207,458	15,804,237
Computer & Printer	38,500	-	10%	3,378	8,095	30,405
Furniture & Fixture	47,200	-	10%	4,142	9,924	37,276
<b>Balance as on 30 June 2018</b>	<b>20,097,395</b>	<b>-</b>		<b>1,763,546</b>	<b>4,225,477</b>	<b>15,871,918</b>
<b>Balance as on 30 June 2017</b>						

**Allocation of Depreciation:**

Manufacturing	1,756,026
Administration	7,520
<b>Total</b>	<u><u>1,763,546</u></u>