

# ***PRIVATE AND CONFIDENTIAL***

## **NIALCO ALLOYS LIMITED**

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

=====  
**For the year ended 30 June, 2020**



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

**Head Office :**

**SADHARAN BIMA SADAN (5TH FLOOR)  
24-25, DILKUSHA COMMERCIAL-AERA  
DHAKA-1000, BANGLADESH**

**Branch Office :**

**Plot 51, Floor-2, Road 14, Block-G Niketon  
Gulshan-1, Dhaka-1212**

**TEL OFF : +88 02 9568071, 9570717, 9575324, 9553630**

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# **NIALCO ALLOYS LIMITED**

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

=====

**For the year ended 30 June, 2020**



**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 2020, 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 2020, 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. 324,709,673/-</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/20-21/A/083

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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**

The inventory of Tk .288,038,349 at 30 June, 2020 held in warehouses and across multiple product lines in factory.

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.



We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provision by:

- Evaluating the design and implementation of key inventory controls operating across the factory and warehouse.
- Attending inventory counts and reconciling the count results to the inventory listing to test the completeness of data.
- 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.
- 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;
- Opening and closing inventory were properly checked along with purchase of raw materials and consumption determined as balancing figure which seems more rationale.

See note no. 5.00 to the financial position

**Measurement of deferred tax liability**

The net deferred tax liability totaling Tk. 377,688 as at 30 June, 2020.

Significant judgment is required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability over a number of years.

We additionally carried out the following substantive testing for this item:

- 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.
- We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.
- We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities.
- We also assessed the appropriateness of presentation of disclosures against IAS-12 income tax.

See note no.11.00 to the financial statements

**Valuation of Property, Plant and Equipment**

The carrying value of the PPE amounted to Tk. 22,161,335 at 30 June, 2020. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.

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.

Our audit included the following procedures:

- We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.
- We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.
- 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.

See note no. 3.00 to the financial statements

**Workers Profit participation Fund**

Workers Profit Participation Fund (WPPF) provision totaling Tk. 1,008,791 as at 30 June, 2020.

Management of the company has opened a separate bank account for the WPPF. Management has created provision for WPPF as per respective law.

Our audit included the following procedures:

- We assess whether adequate provision has been created against profit as per regulatory requirement.

See note no. 14.02 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.



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.



## Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, and the Securities and Exchange Rules 1987 and relevant notifications issues 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  
14 September, 2020

  
Sultan Moheuddin, FCA  
Partner  
G. KIBRIA & CO.  
Chartered Accountants





**NIALCO ALLOYS LIMITED**  
**Statement of Financial Position**  
**As at 30 June 2020**

Amount in Taka

Particulars	Notes	As at	
		30 June 2020	30 June 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant & Equipment	3.00	22,161,335	14,284,725
Capital Work In Progress	4.00	9,285,500	-
		<b>31,446,835</b>	<b>14,284,725</b>
<b>Current Assets</b>			
Inventories	5.00	288,038,349	48,181,608
Accounts Receivable	6.00	50,021,929	4,331,600
Advance, Deposit & Prepayments	7.00	8,149,439	436,938
Cash & Cash Equivalents	8.00	30,862,945	39,781,423
		<b>377,072,662</b>	<b>92,731,570</b>
<b>TOTAL ASSETS</b>		<b>408,519,497</b>	<b>107,016,295</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>Shareholders Equity</b>			
Share Capital	9.00	150,000,000	20,000,000
Retained Earnings	10.00	37,074,547	21,927,983
		<b>187,074,547</b>	<b>41,927,983</b>
<b>Non-Current Liabilities</b>			
Long Term Loan		-	-
Deferred Tax Liabilities	11.00	377,688	276,574
		<b>377,688</b>	<b>276,574</b>
<b>Current Liabilities</b>			
Current Maturity of Term Loan		-	-
Short Term Borrowings	12.00	210,776,454	53,187,033
Accounts payable	13.00	5,687,305	6,243,941
Liabilities for Expenses	14.00	4,603,501	5,380,765
		<b>221,067,261</b>	<b>64,811,739</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<b>408,519,497</b>	<b>107,016,295</b>
Net Asset Value (NAV) Per Share	23.00	12.47	20.96

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: 14 September, 2020  
 Place: Dhaka

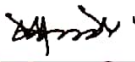


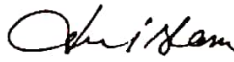
  
 G. KIBRIA & CO.  
 Chartered Accountants

**NIALCO ALLOYS LIMITED**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 30th June 2020**

Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
Revenue	15.00	324,709,673	387,277,040
Less: Cost of Goods Sold	16.00	285,023,873	340,317,529
<b>Gross Profit</b>		<b>39,685,800</b>	<b>46,959,511</b>
<b>Less: Operating Expenses</b>		<b>16,814,889</b>	<b>18,002,195</b>
Administrative Expenses	17.00	4,687,177	5,499,431
Selling & Distributing Expenses	18.00	12,127,712	12,502,764
<b>Profit from Operation</b>		<b>22,870,911</b>	<b>28,957,316</b>
Less: Financial Expenses	19.00	5,011,319	5,092,125
Add: Non operating Income	20.00	1,350,969	1,812,758
<b>Profit/(Loss) before Contribution to WPPF</b>		<b>19,210,562</b>	<b>25,677,949</b>
<b>Less: Contribution to WPPF</b>		<b>914,789</b>	<b>1,222,759</b>
<b>Profit/(Loss) before Tax</b>		<b>18,295,773</b>	<b>24,455,190</b>
<b>Less: Income Tax</b>		<b>3,149,208</b>	<b>4,873,465</b>
Current Tax	21.01	3,048,093	4,596,891
Deferred Tax	11.00	101,114	276,574
<b>Profit after tax for the period</b>		<b>15,146,565</b>	<b>19,581,725</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>15,146,565</b>	<b>19,581,725</b>
<b>Earnings per share (EPS)</b>	22.00	<b>1.42</b>	<b>1.31</b>

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: 14 September, 2020  
 Place: Dhaka



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

**NIALCO ALLOYS LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2020**

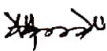
(Amount in Taka)


Particulars	Share Capital	Retained Earnings	Total Equity
Balance as at 01 July 2019	20,000,000	21,927,983	41,927,983
New share Issued	130,000,000	-	130,000,000
Net Profit for the Year	-	15,146,565	15,146,565
<b>Balance as on 30 June 2020</b>	<b>150,000,000</b>	<b>37,074,547</b>	<b>187,074,547</b>


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

(Amount in Taka)

Particulars	Share Capital	Retained Earnings	Total Equity
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>

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

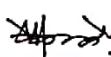
  
 Managing Director

Dated: 14 September, 2020  
 Place: Dhaka



**NIALCO ALLOYS LIMITED**  
**Statement of Cash Flows**  
**For the year ended 30th June 2020**

Particulars	Note	Amount in Taka	
		2019-2020	2018-2019
<b>A. Cash Flows from Operating Activities</b>			
Receipts from customers		279,019,344	388,019,382
Receipts from others Income		1,350,969	1,812,758
Payment to Suppliers	29.00	(520,780,153)	(373,860,034)
Operating expenses paid	30.00	(30,814,300)	(25,503,236)
Finance expenses paid		(5,011,319)	(5,092,125)
<b>Cash Generate from Operation</b>		<b>(276,235,459)</b>	<b>(14,623,255)</b>
Payment against Income Tax		(1,642,941)	(1,097,446)
<b>Net Cash Generate from Operating Activities</b>		<b>(277,878,400)</b>	<b>(15,720,701)</b>
<b>B. Cash Flows from Investing Activities</b>			
Acquisition of Property, Plant and Equipment		(18,629,500)	-
<b>Net Cash used in Investing Activities</b>		<b>(18,629,500)</b>	<b>-</b>
<b>C. Cash Flows from Financing Activities</b>			
Increase/(Decrease) Share Capital		130,000,000	-
Increase/(Decrease) Short Term Borrowing		157,589,421	53,187,033
Increase/(Decreases) Loan Liabilities (Long term)		-	-
<b>Net Cash Provided by Financing Activities</b>		<b>287,589,421</b>	<b>53,187,033</b>
<b>D. Net increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b>		<b>(8,918,479)</b>	<b>37,466,330</b>
<b>E. Cash and Bank Balances at beginning the period (30-06-2019)</b>		<b>39,781,423</b>	<b>2,315,093</b>
<b>F. Cash and Bank Balances at end of the period (D+E)</b>		<b>30,862,945</b>	<b>39,781,423</b>
<b>Net Operating Cash Flows (NOCF) Per Share</b>	24	<b>(25.99)</b>	<b>(7.86)</b>

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

  
 Managing Director

Dated: 14 September, 2020  
 Place: Dhaka



## NIALCO ALLOYS LIMITED.

### Notes, summary of significant accounting policies and other explanatory information For the year ended June 30, 2020

#### 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, Haliashahar 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. conforming 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.



**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, 2020;
- b) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2020;
- c) Statement of Changes in Equity for the year ended June 30, 2020;
- d) Statement of Cash Flows for the year ended June 30, 2020; 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 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 2019 to 30 June 2020.

**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
	2020	2019
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.



### 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:

(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.

### 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.

**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, 2021.

Provision for corporate income tax is made in accordance with the income tax laws.

**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 13, 2020.

## 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.



**Amount in Taka**

30 June 2020	30 June 2019
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**3.00 Property, Plant and Equipment**

**A. At Cost**

Opening Balance

20,097,395	20,097,395
------------	------------

Add: Addition during the period

9,344,000	-
-----------	---

Less: Disposal during the period

-	-
---	---

**Total Cost**

<b>29,441,395</b>	<b>20,097,395</b>
-------------------	-------------------

**B. Accumulated Depreciation**

Opening Balance

5,812,670	4,225,477
-----------	-----------

Add: Depreciation charged for the period

1,467,390	1,587,193
-----------	-----------

Less: Adjustment on disposal

-	-
---	---

**Total Charge**

<b>7,280,060</b>	<b>5,812,670</b>
------------------	------------------

**Written down value (A=B)**

<b>22,161,335</b>	<b>14,284,725</b>
-------------------	-------------------

Details are shown in Annexure-A

**4.00 Capital Work in Progress**

Opening Balance

-	-
---	---

Add: Addition during the period

9,285,500	-
-----------	---

Less: Transferred to appropriate asset category

-	-
---	---

**Closing Balance**

<b>9,285,500</b>	<b>-</b>
------------------	----------

Capital work in progress represents costs incurred to date for land development purposes which is still under construction at the balance sheet date. Capital work in progress will be transferred to appropriate asset category after completion of

**5.00 Inventories**

Raw Material

Note- 16.01

259,087,364	42,771,019
-------------	------------

Work in Progress

Note- 16.00

14,265,350	2,164,874
------------	-----------

Finished Goods

Note- 16.00

14,685,635	3,245,715
------------	-----------

<b>288,038,349</b>	<b>48,181,608</b>
--------------------	-------------------

Inventories increased due to purchase in bulk quantity of various items. 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 period. The valuation of inventory was done and certified by the management. Details are given in Annexure - B.

**6.00 Accounts Receivables**

Trade Receivables

Note- 6.01

49,769,371	-
------------	---

FDR Interest Receivables

Note- 6.02

252,558	-
---------	---

<b>50,021,929</b>	<b>-</b>
-------------------	----------

**6.01 Trade Receivable**

Opening Balance

4,331,600	5,073,942.00
-----------	--------------

Add: Sales During the Year

324,709,673	387,277,040
-------------	-------------

Less: Received From Customer

279,271,902	388,019,382
-------------	-------------

**Closing Balance**

<b>49,769,371</b>	<b>4,331,600</b>
-------------------	------------------

**Ageing of Trade Receivables**

More than six months

-	-
---	---

Less than six months

49,769,371	4,331,600
------------	-----------

<b>49,769,371</b>	<b>4,331,600</b>
-------------------	------------------



## Amount in Taka

30 June 2020	30 June 2019
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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.	49,769,371	4,331,600
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 period.		
<b>Total</b>	<b>49,769,371</b>	<b>4,331,600</b>

Details are as follows:

Name of the customers	Amount
SOJITZ KYUSHU CORPORATION, JAPAN	41,825,908
OHGITANI CORPORATION, OSAKA, JAPAN	7,943,463
<b>Total</b>	<b>49,769,371</b>

#### 6.02 FDR Interest Receivables

Accrued Interest on FDR

252,558	-
-	-
<b>252,558</b>	<b>-</b>

#### 7.00 Advance, Deposit & Prepayments

Advance Income Tax

Note- 7.01

Advance to Employees

L/C Margin in MTB

-	-
186,635	150,000
7,962,804	286,938
<b>8,149,439</b>	<b>436,938</b>

#### 7.01 Advance Income Tax

Income Tax deduction at source - opening

Add: Advance income tax during the period

Less: Adjustment during the period

-	-
1,642,941	1,097,446
<b>1,642,941</b>	<b>1,097,446</b>
<b>1,642,941</b>	<b>1,097,446</b>
-	-

#### 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.	7,962,804	286,938
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.	186,635	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 period.		



	Amount in Taka	
	30 June 2020	30 June 2019
<b>Total</b>	<b>8,149,439</b>	<b>436,938</b>

**8.00 Cash and cash equivalents**

(i) Cash in hand	522,266	453,254
(ii) Cash at bank:		
Mutual Trust Bank Ltd. A/C No. 0005-0210020220	42,582	10,731
Mutual Trust Bank Ltd. A/C No. 0005-0260001264	158,747	45
City Bank Ltd. A/c No. 1101784511001	312	312
Eastern Bank Ltd. A/c No. 0011060785567	767,193	39,946
Midland Bank Ltd. A/c No. 0003-1090001613	7,975	-
Mutual Trust Bank Ltd. A/C No. 0005-0320003791	42,581	-
(iii) FDR		
Eastern Bank Ltd.	-	4,872,000
Mutual Trust Bank Ltd.	29,321,289	34,405,136
<b>Total</b>	<b>30,862,945</b>	<b>39,781,423</b>

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

**9.00 Share Capital**

**A. Authorized Capital**

80,000,000 Ordinary Shares of Tk. 10/- each	800,000,000	200,000,000
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**B. Issued, Subscribed & Paid-up Capital**

15,000,000 Ordinary Shares of Tk. 10/- each fully paid up	150,000,000	20,000,000
---	-------------	------------

**C. Shareholding Position**

	Percentage	No. of Share	Amount
Sponsor/Director	98.97%	14,845,000	148,450,000
Companies and Financial Institution	0.00%	-	-
Other Shareholders	1.03%	155,000	1,550,000
<b>Total:</b>	<b>100.00%</b>	<b>15,000,000</b>	<b>150,000,000</b>

Details are shown in Annexure-C

**10.00 Retained Earnings**

Opening Balance	21,927,983	2,346,258
Net profit for the period	15,146,565	19,581,725
	<b>37,074,547</b>	<b>21,927,983</b>

**11.00 Deferred Tax Liability**

Opening Balance	276,574	-
Add: Addition During the period	101,114	276,574
	<b>377,688</b>	<b>276,574</b>

**12.00 Short Term Borrowings**

Bank Loan	12.01	210,776,454	53,187,033
		<b>210,776,454</b>	<b>53,187,033</b>

**12.01 Bank Loan**

Accepted liability	207,676,558	
Trust Receipt	3,099,896	53,187,033



## Amount in Taka

30 June 2020	30 June 2019
210,776,454	53,187,033

## Terms and Conditions

Name of Bank	Mutual Trust Bank Ltd.
Nature	Short Term
Sanction Limit	450 Million
Purpose of Loan	To import ferrous and non ferrous items like aluminum, nickel, copper, bronze, brass scrap, zinc and other permissible items.
Margin	10%
Rate of Interest	9.00%
Mode of Adjustment	120 days to 360 days

<b>13.00 Accounts Payable</b>			
Intercompany payable	13.01	5,687,305	6,243,941
		<u>5,687,305</u>	<u>6,243,941</u>
<b>13.01 Intercompany payable</b>			
Opening Balance		6,243,941	7,737,310
Add: Addition during the period		129,034,131	8,132,465
Less: Adjustment during the period		(129,590,767)	(9,625,834)
		<u>5,687,305</u>	<u>6,243,941</u>
<b>14.00 Liabilities for Expenses</b>			
Salary & Allowance		693,183	533,670
Income Tax provision	14.01	1,405,152	3,499,445
WPPF	14.02	1,008,791	1,222,759
Security guard salary		25,000	20,000
Utility Bill		25,420	19,465
Audit Fees		120,000	70,000
Other Expenses		40,455	15,426
Payble Against Capital Work-In-Progress ( CWIP)	14.03	1,285,500	-
		<u>4,603,501</u>	<u>5,380,765</u>
<b>14.01 Income Tax provision</b>			
Opening Balance		3,499,445	-
Add: Addition during the period		3,048,093	4,596,891
Less: Adjustment during the period		5,142,386	1,097,446
		<u>1,405,152</u>	<u>3,499,445</u>
<b>14.02 Workers profit participation fund(WPPF)</b>			
Opening Balance		1,222,759	-
Add: Addition during the period		914,789	1,222,759
Add: Interest accrued on undistributed amount of last year		94,002	-
Less: Adjustment during the period		1,222,759	-
		<u>1,008,791</u>	<u>1,222,759</u>
<b>14.03 Payble Against Capital Work-In-Progress ( CWIP)</b>			
Opening Balance		-	-
Add: Addition during the period		9,285,500	-
Less: Adjustment during the period		(8,000,000)	-
		<u>1,285,500</u>	<u>-</u>
		<b>30 June 2020</b>	<b>30 June 2019</b>



## Amount in Taka

30 June 2020	30 June 2019
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<b>15.00 Revenue</b>			
Gross Sales (Export)		324,709,673	387,277,040
Less: VAT		-	-
		<u>324,709,673</u>	<u>387,277,040</u>
<b>Details are shown in Annexure-D</b>			
<b>16.00 Cost of Goods Sold</b>			
Raw Materials Consumption	16.01	301,724,757	338,125,023
Manufacturing overhead	16.02	6,839,512	7,603,095
<b>Cost of Manufacturing</b>		<u>308,564,269</u>	<u>345,728,118</u>
Work in Progress-Opening		2,164,874	-
Work in Progress-Closing		(14,265,350)	(2,164,874)
<b>Cost of goods Manufactured</b>		<u>296,463,793</u>	<u>343,563,244</u>
Finished goods-Opening		3,245,715	-
Finished goods-Closing		(14,685,635)	(3,245,715)
		<u>285,023,873</u>	<u>340,317,529</u>
<b>16.01 Raw Materials Consumption</b>			
Opening Balance		42,771,019	6,809,983
Add: Purchase during the period		518,041,102	374,086,059
		<u>560,812,121</u>	<u>380,896,042</u>
Less: Purchase discount		-	-
<b>Raw materials available for production</b>		<u>560,812,121</u>	<u>380,896,042</u>
Raw Materials-Closing		(259,087,364)	(42,771,019)
<b>Less: Consumption during the period</b>		<u>301,724,757</u>	<u>338,125,023</u>





## Amount in Taka

**16.02 Manufacturing overhead**

Wages, Salary & Allowance
Conveyance
Tours & Travel
Carriage Inward
Utility Bill Expenses
Entertainment
Internet Expenses
License & Renewal
Loading & Unloading Expenses
Medical Expenses
Mobile, Telephone & Fax Expenses
Printing & Stationery
Repairs & Maintenance
Store & Spares
Cutting Expenses
Scale charge
Uniform & Gloves
Miscellaneous Expenses
Depreciation (Annexure-A)

30 June 2020	30 June 2019
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1,824,522	1,822,359
205,150	245,367
304,854	383,471
322,350	383,672
721,979	1,155,871
52,656	104,616
24,000	24,000
204,778	203,672
250,152	273,673
70,321	68,489
78,522	85,732
52,585	73,933
252,655	273,842
254,122	184,930
678,954	665,622
45,244	36,362
10,132	13,212
64,155	23,848
1,422,381	1,580,424
<b>6,839,512</b>	<b>7,603,095</b>

**17.00 Administrative Expenses**

Salary & Allowance
Conveyance
Paper & Periodical
Entertainment
Printing & Stationery
Fees and Renewals
Utility Bill
Audit Fee
Telephone, Mobile & Internet bill
Business Development expenses
Postage & Courier
Repairs & Maintenance
Photocopy charges
Preliminary expenses written off
Medical Expenses
Miscellaneous Expenses
Depreciation (Annexure-A)

2,685,545	2,687,546
812,914	1,463,819
24,158	12,958
110,024	210,837
36,500	46,478
156,888	127,080
180,495	128,431
80,000	70,000
58,644	54,188
342,362	443,394
32,522	28,992
45,965	40,930
16,241	11,100
-	115,700
31,655	28,362
28,255	22,848
45,009	6,769
<b>4,687,177</b>	<b>5,499,431</b>



## Amount in Taka

30 June 2020	30 June 2019
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		30 June 2020	30 June 2019
<b>18.00</b>	<b>Selling &amp; Distributing Expenses</b>		
	Salary & Allowance	1,888,132	1,894,132
	C & F Expenses-export	2,996,500	2,891,000
	Conveyance	128,562	183,632
	Entertainment	102,322	92,363
	Packing Expenses	659,622	689,271
	Sales Promotion Expense	425,620	589,372
	Carriage Outward	1,689,244	1,779,535
	Export expenses	1,265,200	1,185,458
	Freight charges	2,145,366	2,295,578
	Postage & Courier	102,750	93,732
	Loading & Unloading	280,755	363,823
	Miscellaneous Expenses	17,900	12,844
	Mobile, Telephone & Fax Expenses	102,785	93,632
	Sample Expense	322,954	338,392
	Depreciation (Annexure-A)	-	-
		<u>12,127,712</u>	<u>12,502,764</u>
<b>19.00</b>	<b>Financial Expenses</b>		
	Bank Charges and Interest	4,917,318	5,092,125
	Interest on WPPF (undistributed amount for the FY 2018-19)	94,002	-
		<u>5,011,319</u>	<u>5,092,125</u>
<b>20.00</b>	<b>Non operating Income</b>		
	FDR interest	2,240,214	1,214,556
	Realized gain / (loss)	Note	20.01 (526,761) 598,202
	Unrealized gain / (loss)	Note	20.02 (362,483) -
		<u>1,350,969</u>	<u>1,812,758</u>
<b>20.01</b>	<b>Realized gain / (loss)</b>		
	Value of export collection on average sales booking rate USD 32,292,257.92@ 84.76	279,051,781	386,530,822
	Value of export collection on average realized rate USD 38,30,930.55@ 84.60	278,525,020	387,129,025
		<u>(526,761)</u>	<u>598,202</u>
<b>20.02</b>	<b>Unrealized gain / (loss)</b>		
	Value Import Payable on average rate USD 24,44,691.68@ 84.95	207,676,558	-
	Value of Import Bill Payment on average rate USD 24,44,691.68@ 85.12	208,092,156	-
		<u>(415,598)</u>	<u>-</u>
	Value of closing receivable on sales booking rate	50,021,929	-
	Value of closing receivable on year end rate	50,075,044	-
		<u>53,114</u>	<u>-</u>
		<u>(362,483)</u>	<u>-</u>
<b>21.00</b>	<b>Income Tax</b>		
	Current Tax	21.01 3,048,093	4,596,891
	Deferred Tax	21.02 377,688	276,574
		<u>3,425,782</u>	<u>4,873,465</u>



## Amount in Taka

30 June 2020	30 June 2019
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**21.01 Current Tax**

<b>Profit before tax as per account</b>	18,295,773	24,455,190
Profit from business (export)	16,055,559	22,642,432
Profit from Non-business source (other income)	2,240,214	1,812,758
Tax on profit from business (export) @50% exclusion from total income under: para-28, Part-A, 6th schedule of ITO, 1984.	2,609,028	3,962,426
Tax on profit from non-business source in regular rate @32.5%	439,065	634,465
<b>A. Current Tax @ 32.5%</b>	<b>3,048,093</b>	<b>4,596,891</b>
Minimum Tax:		
Gross Receipts	324,709,673	387,277,040
<b>B. Minimum Tax @ 0.6%</b>	<b>1,948,258</b>	<b>2,323,662</b>
<b>C. TDS at Source</b>	<b>1,642,941</b>	<b>1,097,446</b>
Whichever is Higher from above calculation (A, B & C)	<b>3,048,093</b>	<b>4,596,891</b>

**21.02 Deferred Tax**

Written down value as per 3rd schedule of ITO 1984	89,474,615	12,704,302
Written down value as per financial statements	22,161,335	14,284,725
Unealized Gain/(Loss)	(362,483)	-
<b>Temporary difference</b>	<b>2,324,237</b>	<b>1,580,423</b>
Current Tax rate on Export Business Income (32.5/2=16.25%)	16.25%	17.50%
<b>Deferred Tax during the period</b>	<b>377,688</b>	<b>276,574</b>

**22.00 Earnings per share (Basic)**

A. Net Profit after Tax	15,146,565	19,581,725
B. Weighted average number of Share outstanding	10,690,411	2,000,000
<b>Earnings per Share (A/B)</b>	<b>1.42</b>	<b>9.79</b>

**Earnings per share (Adjusted)**

A. Net Profit after Tax	15,146,565	19,581,725
B. Total number of Share outstanding	15,000,000	15,000,000
<b>Earnings per Share (Adjusted)</b>	<b>1.01</b>	<b>1.31</b>

Particulars	Number of Share	Weight	Weighted average no of Shares	Weighted average no of Shares
Opening No. of Shares	2,000,000	365/365	2,000,000	2,000,000
New allotment No. of shares during the period (as on 30.06.2020)	13,000,000	244/365	8,690,411	-
<b>Total</b>	<b>15,000,000</b>		<b>10,690,411</b>	<b>2,000,000</b>

**23.00 Net Asset Value (NAV) Per Share**

Total Assets	408,519,497	107,016,295
Less: Total Liabilities	221,444,950	65,088,313
<b>A. Net Asset Value (NAV)</b>	<b>187,074,547</b>	<b>41,927,982</b>
B. Total Number of Share outstanding	15,000,000	2,000,000
<b>Net Asset Value (NAV) Per Share (A/B)</b>	<b>12.47</b>	<b>20.96</b>



## Amount in Taka

30 June 2020	30 June 2019
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**24.00 Net Operating Cash Flows Per Share (NOCFPS)**

Net Operating Cash Flows (Numerator)	(277,878,400)	(15,720,701)
Number of Ordinary Shares (Denominator)	10,690,411	2,000,000
<b>Net Operating Cash Flow Per Share (NOCFPS)</b>	<b>(25.99)</b>	<b>(7.86)</b>

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

Employee position of the company as at June 30, 2020:

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. 3,000 per month	9	12	25
<b>Total</b>	<b>9</b>	<b>12</b>	<b>25</b>

Besides these mentioned above in the schedule the company hire 10 to 15 daily payment basis casual worker as on requirement to whom paid cash, all these casual worker are hired from Local area in reference of internal and external source without making any fixed contract

**26.00 Payment information to Directors as per requirement of schedule XI, part II, Para 4**

No Payment has been paid to directors within the period ending 30 June, 2020 in any of the following:

(a)	Managerial Remuneration paid or payable during the financial period to the directors, including managing director, a managing agent or manager.
(b)	Expenses reimbursed to the managing agent;
(c)	Commission or other remuneration payable separately to a managing agent or his associate;
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company.;
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.
(f)	Any other perquisites or benefits in cash or in kind stating, approximate money value where practicable;
(g)	Other allowances and commission including guarantee commission.
(h)	Pensions etc.
	(i) Pensions
	(ii) Gratuities
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon
	(iv) Compensation for loss of office
	(v) Consideration in connection with retirement from office.

**27.00 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	129,034,131	129,590,767	5,687,305



## Amount in Taka

30 June 2020	30 June 2019
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**28.00 Cash flow generated from operating activities under Indirect Method:**

Particulars	Amount (Tk.)
Profit before Tax	18,295,773
Add: Depreciation	1,467,390
	<u>19,763,163</u>
(Increase)/Decrease in Inventories	(239,856,741)
(Increase)/Decrease in Trade Receivable	(45,690,329)
(Increase)/Decrease in Advance, Deposit & Prepayments	(7,712,500)
Increase/(Decrease) in Creditors & Accruals	(2,739,051)
	<u>(276,235,459)</u>
Cash payment against Income Tax	(1,642,941)
<b>Net Cash Generate from Operating Activities</b>	<b><u>(277,878,400)</u></b>

**29.00 Payment to Suppliers**

COGS	285,023,873	340,317,529
Increase/(decrease) in inventory	239,856,741	41,371,625
(Increase)/decrease in Accounts payable and liabilities for expenses	2,739,051	(226,025)
Less: Manufacturing overhead	(6,839,512)	(7,603,095)
<b>Paid to Suppliers</b>	<b><u>520,780,153</u></b>	<b><u>373,860,034</u></b>

**30.00 Operating expenses paid**

Office & administrative expenses	4,687,177	5,499,431
Selling & distribution expenses	12,127,712	12,502,764
Add: Worker profit participation Fund(WPPF)	914,789	1,222,759
Add: Factory overhead	6,839,512	7,603,095
	<u>24,569,190</u>	<u>26,828,049</u>
Increase/(Decrease) In Prepaid exp.( Advance)	7,712,500	378,080
Less: Non cash Depre.	(1,467,390)	(1,587,193)
Less: Preliminary expenses written off		(115,700)
	<u>30,814,300</u>	<u>25,503,236</u>

**31.00 Events after reporting period**

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

**32.00 Production Capacity**

The production capacity and utilization of this reporting period (12 months) are as follows:

Particulars	Quantity in M. Ton
Installed Capacity	5,425
Actual Production	741
Capacity Utilization (%)	14%

Production Capacity is significantly unused due to lower quantity of export order.

**33.00 Bank Guarantee**

The company have no Bank Guarantee on the reporting date.

**34.00 Claim Acknowledgement**

There was no claim against the Company not acknowledged as debt as on June 30, 2020.

**35.00 Foreign currency earned**

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

**36.00 Foreign currency payment**

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



**Note: 37**

**Financial risk management**

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

**Credit risk**

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It mainly comprises of accounts/trade receivables, advances to suppliers and trade deposits. The Company's maximum exposure to credit risk at the reporting date is accounts receivables which is also secured by Letter of Credit issued by Customer's Bank.

**a) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	30 June 2020	30 June 2019
	Taka	Taka
Accounts receivable	50,021,929	4,331,600
Advance, Deposit & Prepayments	8,149,439	436,938
	<u>58,171,368</u>	<u>4,768,538</u>

**b) Ageing of receivables**

Accounts receivable were aged as below:

Less than six months	50,021,929	4,331,600
More than six months	-	-
	<u>50,021,929</u>	<u>4,331,600</u>

**c) Impairment losses**

The accounts receivables are secured by letter of credit issued customer's Bank. According to the company, recognition of any impairment losses were not necessary as they were fully collectible. Subsequent to period end the collectibles were realized duly.



### Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The contractual maturities of financial liabilities of the company are as follows:

Particulars	Carrying amount		Cash flows		Up to 1 year		Above 1 Year	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
As at 30 June 2020								
Short Term interest bearing loans	210,776,454	210,776,454	210,776,454	210,776,454	210,776,454	-	-	-
As at 30 June 2019								
Short Term interest bearing loans	53,187,033	53,187,033	53,187,033	53,187,033	53,187,033	-	-	-

### Market risk

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

#### a) Currency risk/foreign exchange rate risk

The Company's exposure to foreign currency risk at June 30, 2020 are as follows:

30 June 2020	30 June 2019
50,021,929	4,331,600

Receivable against export (amount in BDT)

#### b) Interest rate risk

30 June 2020	30 June 2019
in BDT	in BDT
210,776,454	53,187,033

Fixed rate instruments  
Financial liabilities  
Rate of Interest  
9.00% (variable)



**NIALCO ALLOYS LIMITED**  
**Schedule of Property, Plant & Equipment**  
**As at 30 June 2020**

Particulars	Cost		Rate of Dep.	Depreciation		Annexure-A Written Down Value as on 30.06.2020
	Balance as at 01.07.2019	Addition this period		Balance as on 30.06.2020	Charged during the period	
Land and Land Development	-	8,572,000	0%	-	-	8,572,000
Plant & Machineries	20,011,695	-	10%	1,422,381	7,210,263	12,801,432
Computer & Printer	38,500	743,500	10%	40,217	51,353	730,647
Furniture & Fixture	47,200	28,500	10%	4,792	18,444	57,256
<b>Balance as on 30 June 2020</b>	<b>20,097,395</b>	<b>9,344,000</b>		<b>1,467,390</b>	<b>7,280,060</b>	<b>22,161,335</b>

**Allocation of Depreciation:**

Manufacturing	1,422,381
Administration	45,009
<b>Total</b>	<u><b>1,467,390</b></u>

**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 period		Balance as on 30.06.2019	Charged during the period	
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	1,580,424
Administration	6,769
Selling & Distributing	-
<b>Total</b>	<u><b>1,587,193</b></u>



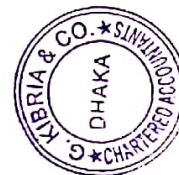


**NIALCO ALLOYS LIMITED**

For the period ended 30 June 2020

**Details Inventory Schedule**

	Opening		Purchase		Transferred To Production		Closing	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>I. Raw Material:</b>								
A. Copper Alloys Scrap	74429.96 Kg	30,367,423	822227.62 Kg	363,958,771	444385.37 Kg	173,310,295	452272.21 Kg	259,087,364
B. Brass Scrap	14184.27 Kg	5,560,232	211897.41 Kg	72,791,754	130878.97 Kg	44,760,608	95202.71 Kg	181,361,155
C. Aluminium Scrap	14449.00 Kg	2,138,550	216350.39 Kg	25,997,055	135546.69 Kg	15,587,869	95252.71 Kg	36,272,231
D. PB (Lead) Scrap	27353.00 Kg	4,704,814	357540.66 Kg	57,193,521	210049.42 Kg	26,256,178	174844.23 Kg	12,954,368
<b>2. Work-in-progress :</b>								
A. Copper Alloys Scrap	3239.21 Kg	1,298,924	444385.37 Kg	178,198,534	422722.48 Kg	172,470,770	24902.11 Kg	9,985,745
B. Brass Scrap	1136.42 Kg	432,975	130878.97 Kg	49,864,888	126773.53 Kg	49,695,223	5241.86 Kg	1,997,149
C. Aluminium Scrap	795.91 Kg	108,244	135546.69 Kg	18,434,349	131097.98 Kg	19,402,501	5244.61 Kg	713,268
D. PB (Lead) Scrap	2597.85 Kg	324,731	210049.42 Kg	34,238,056	203020.35 Kg	34,919,500	9626.92 Kg	1,569,189
<b>3. Finished Goods:</b>								
A. Sorted Copper	3126.00 Kg	1,288,056	591784.40 Kg	211,267,031	566115.04 Kg	230,596,004	28795.36 Kg	11,748,508
B. Copper Alloys (PB Brass)	4962.00 Kg	1,957,659	148878.60 Kg	51,958,631	146385.96 Kg	57,649,001	7454.64 Kg	2,937,127
<b>Total</b>								<b>288,038,349</b>



**NIALCO ALLOYS LIMITED**  
For the period ended 30 June, 2020

Annexure-C

**Name wise Shareholding position**

Sl.	Name of Subscriber	Position	No. of Share	Amount Subscribed (BDT)
1	Gazi Mokarram Ali Chowdhury	Chairman	6,640,000	66,400,000
2	Kamal Uddin Ahmed	Managing Director	7,405,000	74,050,000
3	Matin Uddin Ahmed	Director	500,000	5,000,000
4	Md. Ruhul Amin	Shareholder	300,000	3,000,000
5	Md. Belal Uddin	Shareholder	45,000	450,000
6	Farhana Islam	Shareholder	100,000	1,000,000
7	Satyajit Saha	Shareholder	10,000	100,000
	<b>Total</b>		<b>15,000,000</b>	<b>150,000,000</b>

