

**EASTERN CABLES LIMITED**

FACTORY & REGISTERED OFFICE: NORTH PATENGA, CHITTAGONG.

We forward herewith the un-audited Financial Statement of the Company for the first quarter ended, 30 September, 2019.

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER, 2019

PARTICULARS	Note no.	TK.IN LAC As at 30.09.2019	TK.IN LAC As at 30.06.2019
ASSETS:			
Non-Current Assets		1,892.20	1,897.99
Property, Plant & Equipments	5.00	1,740.58	1,749.49
Capital Work in progress	6.00	47.81	47.81
Deferred Tax	7.00	103.81	100.69
Current Assets		16,678.99	14,873.48
Inventories	8.00	6,089.91	3,524.79
Trade and other Receivable	9.00	882.68	1,497.21
Current A/c with Enterprise/Head Office	10.00	91.51	86.52
BSEC Dis-investment by Govt.	11.00	161.04	161.04
Advance, Deposits & Pre-payments	12.00	9,425.32	9,554.43
Cash & Cash Equivalents	13.00	28.53	49.49
Total Assets		18,571.19	16,771.47
SHAREHOLDER'S EQUITY & LIABILITIES:			
SHAREHOLDER'S EQUITY		5,431.72	5,825.93
Share Capital	14.00	2,640.00	2,640.00
Assets Revaluation Reserve	15.00	180.44	180.44
Reserve & Surplus	16.00	4,240.47	4,240.47
Retaining Earning		(1,629.19)	(1,234.98)
Liabilities:			
Non- Current Liabilities		1,804.22	1,783.14
Long Term Loans	17.00	774.37	774.37
Defined Benefit Obligations-Gratuity	18.00	1,029.85	1,008.77
Current Liabilities		11,335.25	9,162.40
Short Term Loans	19.00	6,174.68	4,338.33
Creditors and Accruals	20.00	1,582.22	1,287.14
Current Account with BSEC	21.00	251.29	228.83
Advances from the Parties	22.00	118.25	101.93
Provision for Income Tax	23.00	3,208.81	3,206.17
Total Shareholders' Equity & Liabilities		18,571.19	16,771.47
Net Asset Value (NAV) per share in Taka	28.00	<u>20.57</u>	<u>22.07</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2019.

PARTICULARS	Note no.	TK.IN LAC 01.07.19-30.09.19	TK.IN LAC 01.07.18-30.09.18
Net Sales	24.00	431.99	507.59
Less: Cost of Goods sold	25.00	(518.17)	(662.90)
Gross Profit/(loss)		(86.18)	(155.31)
Less: Adm., Selling & Financial Expenses	26.00	(315.51)	(239.39)
Net Operating Profit / (loss)		(401.69)	(394.70)
Add: Non Operating Income	27.00	6.99	2.69
Net Profit Before Provision for WPPF & Tax		(394.70)	(392.01)
Less: Contribution to WPPF and WWF		-	-
Net Profit Before Tax		(394.70)	(392.01)
Less: Corporate Tax		(2.63)	(3.05)
Add/(Less): Deferred Tax		3.12	-
Net Profit / (loss) after Tax		(394.21)	(395.06)
Basic Earning Per Share (EPS) in Taka	29.00	<u>(1.49)</u>	<u>(1.65)</u>
Basic Earning Per Share (EPS)-Restated in Tk.	29.00		<u>(1.50)</u>

STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2019.

PARTICULARS	TAKA IN LAC July-'19 to Sep-'19	TAKA IN LAC July-'18 to Sep-'18
A) Cash Flows from Operating Activities:		
Cash collection from turnover & others	1,391.64	1,094.28
Cash payment for cost & expenses	(3,109.37)	(1,210.39)
	(1,717.73)	(116.11)
Income Tax Paid	(0.39)	(1.00)
Net Cash Flows from Operating Activities	(1,718.12)	(117.11)
B) Cash Flows from Investing Activities:		
Acquisition of Fixed Assets	(16.29)	(7.35)
Net Cash Flows from Investing Activities	(16.29)	(7.35)
C) Cash Flows from Financing Activities:		
Cash Credit	1,836.35	278.62
Financial Expenses/Others	(122.90)	(21.86)
Net Cash Flows from Financing Activities	1,713.45	256.76
Net (decrease) /increase in cash & equivalent (a+b+c)	(20.96)	132.30
Cash & bank balance at beginning of the period	49.49	81.69
Cash & bank balance at the end of the period	28.53	213.99
Net operating cash flows Per Share (NOCFPS) in Taka (Note-30.00)	(6.51)	(0.49)

STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER, 2019. (TK. IN LAK)

PARTICULARS	Share Capital	Bonus Share	Revenue Reserves	Un appropriated Profit	Total Amount
Opening Balance(01.07.2019)	2,000.00	640.00	4,420.91	(1,234.98)	5,825.93
Net Profit/Loss after Income Tax	-	-	-	(394.21)	(394.21)
Closing Balance (30.09.2019)	2,000.00	640.00	4,420.91	(1,629.19)	5,431.72
Opening Balance(01.07.2018)	2,000.00	400.00	4,660.91	250.73	7,311.64
Net Profit/Loss after Income Tax	-	-	-	(395.06)	(395.06)
Closing Balance (30.09.2018)	2,000.00	4,000.00	4,660.91	(144.33)	6,916.58
			30.09.2019		30.09.2018
Number of Ordinary shares			20,000,000		2,00,00,000
Number of Bonus shares			4,000,000		40,00,000
Number of Bonus shares(2017-2018)			2,400,000		-
Total			26,400,000		24,000,000
Value per share (Taka)			10.00		10.00
Shareholder's equity per share (Taka)			20.57		28.82

Sd/...
(GANASH CHANDRA BISWAS)
CHIEF FINANCIAL OFFICER (Incharge)Sd/...
(MD. AMDADUL HAQUE)
COMPANY SECRETARYSd/...
(ENGR. USHAMOY CHAKMA)
MANAGING DIRECTORSd/...
(MD. MOFIZUR RAHMAN)
DIRECTORSd/...
(SHANAJ PARVEN RANI)
DIRECTOR

The detail of the published first quarter financial statements is also available in the website. The address of the website is www.easterncables.gov.bd

EASTERN CABLES LIMITED

NOTE TO THE FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER, 2019

1 Reporting Entity

1.1 Legal Form of Company

Eastern cable was an enterprise of Bangladesh Steel & Engineering Company. It was incorporated on 18th December, 1986 under the then companies Act, as a Public Limited company & took over all assets and liabilities of eastern cable limited as per vendor's agreement. It offloaded its 49% share to the general public & employees of the company in 1987. The shares of the company were listed in the Dhaka Stock Exchange limited and Chittagong Stock Exchange limited respectively on 18-12-1987 and 19-06-1997.

1.2 Address of Registered Office:

The Registered office of the Company is situated at North Patenga, Chittagong.

1.3 Principal activities of the Company:

The Company is primarily engaged in production and sales of electrical cables.

2 Going Concern

The Directors have a reasonable expectation, through internal and external assessment, that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to be on going concern basis in preparing the Financial Statements based on the current revenue generation and resources of the company provide sufficient fund to meet the present requirement of its existing business and operation. A long-term planning has been undertaken for business expansion and diversification.

3 Basis of Preparation

3.1 Statement of Compliance

The financial statements of the company under reporting have been prepared on a going concern Basis following accrual basis of accounting except for cash flow statement in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRSs)

3.2 Basis of Reporting

The financial statements are prepared and presented for external users by the company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of IAS 1 - "Presentation of Financial Statements". The financial statements comprise of:

- A statement of financial position as at 30th September, 2019;
- A statement of Comprehensive Income for the first quarter ended 30th September, 2019;
- A statement of changes in equity for the first quarter ended 30th September, 2019;
- A statement of cash flows for the first quarter ended 30th September, 2019; and
- Notes, comprising summary of significant accounting policies and explanatory information.

3.3 Other Regulatory Compliances

The company is also required to comply with the following major laws and regulations along with the Companies Act 1994.

- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- The Value Added Tax Act 1991;
- The Value Added Tax Rules 1991;
- The Securities and Exchange Rules 1987;
- The Securities and Exchange Ordinance 1969;
- The Customs Act, 1969.

3.4 Functional and Presentation Currency

These financial statements are presented in Bangladesh Taka (BDT) which is the company's functional currency. All the financial information presented in Bangladesh Taka in Lac except when otherwise indicated.

3.5 Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are on an ongoing Basis.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, in the year of revision and future years if the revision affects both current and future years.

3.6 Reporting Period

The financial statements cover one financial year from 01st July, 2019 to 30th September, 2019.

4 Significant accounting policies:

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

A. Property, plant and equipment

Recognition and measurement

In accordance with "IAS 16: Property, Plant and Equipment" items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. The cost of self-constructed asset includes the cost of material, direct labor and any other cost directly attributable to bringing the assets to a working condition for their intended use. It also includes any costs directly attributable to the asset to the location and condition necessary.

Any gain or loss on disposal of an item or property, plant and equipment are recognized in profit or loss, if any.

Subsequent costs

The costs 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 servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment over their estimated useful lives and is generally recognized in profit or loss.

Items of property, plant and equipment are depreciated using the straight-line method over the estimated useful lives. Depreciation on addition of property, plant and equipment are charged from the date of operation.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

SL No.	Nature	Depreciation rate
1	Building & Other Constructions	2.5 - 7.5%
2	Communication	5%
3	Expansions including installation	5 - 6%

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4	Plant & Machineries (B.M.R)	6%
5	Plant & Machineries	7.5%
6	Loose Tools	6 - 10%
7	Appreciated Assets (P&M)	6%
8	Furniture & Fixture	6%
9	Office Equipment	6 - 20%
10	Refrigerators	-
11	Intercom Telephones	15%
12	Color Television	15%
13	Crockery's & Cutleries	-
14	Appreciated Assets (F&F)	15%
15	Transport & Vehicles	5% - 20%

Retirement and disposals

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined by the difference between the net disposal proceeds and the carrying amount of an asset and is recognized in profit or loss.

Capital work in progress

Property, plant and equipment that is in the process of acquisition/import is accounted for as capital work in progress until acquisition/import is completed and measured at cost.

Revaluation of Property, Plant and Equipment

Since Inception, the company revalued its property, plant and equipment for the first time on 31st March, 1987. As a public limited company, it took over all assets and liabilities of Eastern Cables Limited as per vendor's agreement.

B. Inventories

Inventories are carried at the lower of cost and net realizable value as prescribed by "IAS 2: Inventories". Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

C. Financial Assets

The Company initially recognizes receivables and deposits on the date that they are originated. All Other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale financial assets.

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At fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the company's documented risk management or investment Strategy. Attributable transactions costs are recognized in profit and loss as incurred.

(a) Trade and Other Receivable

Trade receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses, if any, due to un-collectability of any amount so recognized. There is no fixed company policy regarding provision for impairment loss on receivables, if any receivables are not realized within the credit period. It has been dealt with on case to case Basis.

(b) 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 Property, Plant and Equipment, Inventory or Expenses. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant rise of changes in value.

Financial Liabilities

The company initially recognizes all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument. The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The company classifies non-derivative financial liabilities into the other financial liability's category, such financial liabilities are recognized initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost: Other financial liabilities comprise loans and borrowings, bank overdrafts and creditors and accruals.

(a) Creditors and Accruals

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

D. Impairment of Assets

The carrying amount of the company's assets are revalued at each reporting date to determine whether there is any indication of impairment's any such indication exists then the assets recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The management has made assessment of impairment and found no impairment.

Trade and Other Receivable

Company policy is to provide for impairment loss on debtors, except Government Organizations, if any receivables are not realized within three years from due date.

E. Employee benefits

(i) Short-term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Following benefits are provided as short-term benefits

- Absences: Paid annual leave and sick leave, recreation leave.
- Basic Pay: Salary as per national pay scale.
- Non-monetary Benefit: Car facilities, telephone.
- Performance Pay: Profit Bonus.



(ii) Defined contributions plan

a) Employee Gratuity Scheme

i) Management Gratuity Scheme

The Company operates a funded gratuity scheme for the management employees. The Company contributes 35% of basic salary as contribution to the fund for the management employees from the date of joining. The fund is managed by a Board of Trustees. Members of this fund become eligible to receive gratuity on completion of 5 years of continuous services with the Company.

b) Employee Gratuity Scheme

The Company operates funded gratuity scheme for the non-management employees whereby the Company contributes 25% of basic salary as contribution to the fund for the non-management employees from the date of joining. The Fund is managed by a Board of Trustees. Members of this fund become eligible to receive gratuity on completion of 5 years of continuous services with the Company.

b) Provident Fund

The company operates two types of provident funds:

i) Contributory provident fund

Contributory provident fund for its all staff, workers and junior officers which were recognized on 30th June, 1967 under the Income Tax Ordinance 1984. Contribution to the fund is made equally by employee and employer @ 10% of basic pay for eligible permanent employees. The said fund is managed by a duly constituted four-member board of trustees. Assets of provident fund are held in a separate trustee fund as per the relevant rules and are funded by payments from employee and by the company. The company's contributions to the provident fund are charged as revenue expenditure in the period to which the contributions relate.

ii) General provident funds

Included all branch officer and above who bear national pay scale 2015 grade nine and above. It is constituted under general provident fund rules 1979.

c) Workers' Profit Participation Fund

The Company operates fund for workers as "Workers' Profit Participation Fund" and 5% of the profit before charging such expense has been transferred to this fund as per section 234 of Bangladesh Labor Act 2006 (amended in 2013).

The Company recognizes a contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for the contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

d) Share Based Payment

No Share based payment has been made during the year.

F. Creditors and Accruals

Creditors

The company has recognized creditors as expenses that have already been incurred by the company for goods and services received and which are going to be due for payment in the future.

Accruals

Accruals are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

G. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits is required to settle the obligation, the provisions are reversed.

H. Related Party Disclosure

Parties are considered to be related if one of the Parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties. Related party disclosures have given in notes – 31 in notes to the financial statements.

I. Revenue from contract with customers

Eastern Cables Limited 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. Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognizes revenue when it satisfies a performance obligation by transferring control over services/goods to a customer.

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. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue was recognized when good 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.

Nature of Services

The following is a description of the principal activities from which the company generates its revenue.

Local Sales of Wire

Sales are recognized at the time of actual delivery to the users and dealers from factory godown, Chittagong and Dhaka Sales Center.

J. Finance income and finance costs

The Eastern Cables Limited finance income and finance costs include:

- Interest income;
- Interest expense;

Interest income or expense is recognized using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross Basis.

K. Borrowing Costs

Interest and other costs incurred by the company in with the borrowing of funds are recognized as expense in the year in which they are incurred, unless such borrowing cost relates to acquisition/construction of assets in progress that are capitalized as per IAS 23 "Borrowing Costs". Borrowing Cost incurred against short term loan has been capitalized under effective interest rate method.

L. Income taxes

The income tax expense represents the sum of the tax currently payable and deferred tax.

Corporate tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for corporate tax is calculated using tax rates (25%) that have been enacted or substantively enacted by Finance Act 2019 and applicable at the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Corporate tax and deferred tax for the year

Corporate and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the corporate and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where corporate tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

M. Earnings per Share (EPS)

The company calculates Earning/ (Loss) per share (EPS) in accordance with IAS-33 "Earning per Share".

Basic Earning

The company calculates earning for the year attributable of the ordinary shareholders. As there is no preference dividend, Minority interest or extra ordinary items. The net profit after tax for the year has been considered or fully attributable to ordinary.

Basic Earnings per Share

This has been calculated by divided the basic earning by the weighted average number of ordinary share outstanding during the year.

Diluted Earnings per Share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

N. Contingencies

Contingent assets

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.



Contingent liabilities

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

O. Financial Risk Management

Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

a) Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligation and arise principally from the company's debtors. Management has a credit policy in place and exposure to credit risk is monitoring ongoing basis. Risk exposure from financial assets, i.e., cash at bank and other external receivables are nominal.

b) Liquidity Risk

Liquidity risk is the risk at the company will not be able to meet the financial obligation as they fall due. The company approach to management liquidity (Cash & Cash Equivalent) is to ensure as per as possible, that it will always has sufficient liquidity to meets its liabilities when, due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company reputation. Typically, the company ensures that it has sufficient cash & cash equivalents to meet the expected operational expenses, including financial obligation through preparation of cash flow. Forecast, prepared base on timeline of payment of the financial obligations and accordingly arranged for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the company may get support from the related company in the form of short-term financing.

c) Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest that affect the company income or values of its holding of financial instrument. The objectives of the market risk management are to manage and control market risk exposures within acceptable parameters.

i) Currency Risk:

As on 30th September, 2019 there was no exposure to currency risk as there were no foreign currency transactions made during year under review.

ii) Interest rate risk:

Interest rate risk is the risk that arises due to change in interest rate on borrowing. There was no loan which to subject floating rates of interest. The company has not entered into any type of derivate instruments in order to hedge interest rate as at the reporting date.



Note No.	Particulars	Amounts TAKA IN LAC	
		30-Sep-19	30-Jun-19
5.00	Property, Plant and Equipment		
	(A) Historical Cost		
	Opening Balance	5,155.77	4,940.40
	Addition/(Disposal) during the year	16.29	215.37
	Closing Balance	5,172.06	5,155.77
	(B) Accumulated Depreciation		
	Opening Balance	3,406.28	3,312.61
	Charged during the year	25.20	93.67
	Closing Balance	3,431.48	3,406.28
	Carrying Amount (A-B)	1,740.58	1,749.49
6.00	Capital Work-In-Progress:		
	XLPE	47.81	47.81
	Equipment Installation	-	-
		47.81	47.81
7.00	Deferred Tax Assets:		
	Opening Balance	(100.69)	(77.65)
	(Increase)/Decrease of Deferred Tax Assets	(3.12)	(23.04)
	Closing Balance	(103.81)	(100.69)
	<i>***Details shown in Annexure - B</i>		
8.00	Inventories		
	Stock of Raw Materials	2,667.37	1,392.56
	Sectional Stock of Raw Materials	89.45	-
	Work-In-Progress	1,213.87	707.60
	Intermediate Products	282.44	288.09
	Stock of Finished Goods	1,196.81	480.00
	Stores & Sundry Stock	466.66	467.60
	Goods in Transit	184.15	199.78
		6,100.75	3,535.63
	Less: Amount considered obsolete/damaged	(10.84)	(10.84)
		6,089.91	3,524.79
9.00	Debtors:		
	Trade Debtors	1,053.42	1,667.95
	Less: Amount considered Bad & Doubtful	(170.74)	(170.74)
		882.68	1,497.21
10.00	Current Account With Project Under BSEC:		
	G. E. M. Co. Ltd.	73.91	70.58
	Chittagong Dry Dock Ltd.	10.62	8.96
	Eastern Tubes Ltd.	2.60	2.60
	Bangladesh Blade Factory Ltd.	9.02	9.02
	Prantik Traders	0.02	0.02
	Gazi Wires Ltd.	2.04	2.04
	Atlas (BD) Ltd.	3.31	3.31
		101.52	96.53
	Less: Amount considered Bad & Doubtful	(10.01)	(10.01)
		91.51	86.52
11.00	Current Accounts With Projects Under BSEC Dis-Invested by Govt.:		
	Ispahani Marshal Ltd.	9.95	9.95
	Bangladesh Cycle Industries Ltd.	23.75	23.75
	Metalex Corporation Ltd.	3.14	3.14
	Dock Yard & Eng. Works Ltd.	9.85	9.85
	Chittagong Steel Mills Ltd.	114.35	114.35
		161.04	161.04
12.00	Advances, Deposits & Pre- payments:		
	Advances	81.15	123.94
	Advance Income Tax	9,207.03	9,206.64
	Deposit	61.43	65.43
	Pre-payments (Prepaid VAT)	75.71	158.42
		9,425.32	9,554.43
13.00	Cash and Cash Equivalents:		
	Cash at Bank	23.15	49.39
	Cash in Hand	5.36	0.08
	Stamp	0.02	0.02
		28.53	49.49

14.00 Issued, Subscribed and Paid-up Capital			
The made up as follows:			
10,200,000 Ordinary shares of Tk 10 each (Fully Paid-up for consideration otherwise than in cash.)		1,020.00	1,020.00
9,800,000 Ordinary shares of Tk 10 each (Fully Paid-up for consideration in cash.)		980.00	980.00
4,000,000 Ordinary shares of Tk 10 each (Fully Paid-up as Bonus Share (For the year 1996-1997.)		400.00	400.00
2,400,000 Ordinary shares of Tk 10 each (Fully Paid-up as Bonus Share (For the year 2017-2018.)		240.00	-
		2,640.00	2,400.00
15.00 Assets Revaluation Reserve			
Opening Balance		180.44	180.44
Revaluated During the year		-	-
		180.44	180.44
Transferred During the year		-	-
Closing Balance		180.44	180.44
16.00 Reserve & Surplus:			
Reserve for XLPE (High Voltage Insulated Cables)		420.00	420.00
Redemption Reserve		225.00	225.00
Reserve for Replacement of Machinery		2,158.00	2,158.00
Dividend Equalisation Reserve		1,437.47	1,437.47
		4,240.47	4,240.47
17.00 Long Term Loans:			
A.D. P Loan		14.68	14.68
Quasi-Equity Loan (Interest. free)		672.52	672.52
Govt. Loan for Manpower Equalisation (Interest. free)		87.17	87.17
		774.37	774.37
There is no current portion of long-term loan.			
18.00 Defined Benefit Obligations - Gratuity			
Opening Balance		1,008.77	1,065.69
Provision made during the year		21.08	190.06
		1,029.85	1,255.75
Paid during the year		-	(246.98)
Closing Balance		1,029.85	1,008.77
19.00 Cash Credit:			
Sonali Bank North patenga, Ctg.		2,791.04	999.26
UCBL Agrabad Br. Ctg.		967.20	1,018.42
Basic Bank Ltd., Agrabad, Ctg., CC A/c		787.85	787.85
UPAS L/C Liability(UCBL Agrabad)		1,628.59	1,532.80
		6,174.68	4,338.33
20.00 Creditors and Accruals			
Accounts Payable to BSEC	20.01	3.21	3.21
Liabilities for Goods Supplied	20.02	138.13	97.77
Liabilities for Expenses	20.03	251.80	202.00
Other Financial Liabilities and Provisions		763.03	558.11
Dividend Payable	20.04	364.46	364.46
Workers' Profit Participation Fund and WWF	20.05	61.59	61.59
		1,582.22	1,287.14
20.01 Accounts Payable to BSEC			
Projects under BSEC:	20.01A	3.15	3.15
Projects under BSEC Dis-Invested by Govt.	20.01B	0.06	0.06
		3.21	3.21
20.01A Projects under BSEC:			
Pragati Industries Ltd.		2.70	2.70
National Tube		0.36	0.36
Bangladesh Diesel plant Ltd.		0.02	0.02
Dhaka Steel Works Ltd.		0.07	0.07
		3.15	3.15
20.01B Projects under BSEC Dis-Invested by Govt.			
Petro Synthetic Products Ltd.		0.02	0.02
General Iron & Steel Industries Ltd.		0.03	0.03
Khulna Industrial & Trading Co. Ltd.		0.01	0.01
		0.06	0.06
20.02 Liabilities for Goods Supplied:			
Present Liability (Local)		138.13	97.77
		138.13	97.77
20.03 Liabilities for Expenses			
Liabilities against Sundry outstanding Expenses		251.80	202.00
		251.80	202.00

20.04	Dividend Payable		
	Opening Balance	364.46	349.58
	Dividend declared for the year	-	240.00
		364.46	589.58
	Paid during the year	-	(225.12)
	Closing Balance	364.46	364.46
20.05	Workers Profit Participation Fund & Workers Welfare Fund:		
	Opening Balance	61.59	63.62
	Add: Provision made during the period	-	-
	Paid during the period	-	-
	Adjusted during the period	-	(2.03)
	Closing Balance	61.59	61.59
21.00	Current Account with BSEC		
	Bangladesh Steel & Engineering Corporation (BSEC)	21.01	
		(251.29)	(228.83)
		(251.29)	(228.83)
21.01	Bangladesh Steel & Engineering Corporation (BSEC)		
	Opening Balance	(228.83)	(197.64)
	Addition during the year	-	-
		(228.83)	(197.64)
	Adjustment during the year	(22.46)	(31.19)
	Closing Balance	(251.29)	(228.83)
22.00	Advances from the Parties:		
		118.25	101.93
		118.25	101.93
23.00	Provision for Income TAX:		
	Opening Balance	3,206.17	3,179.03
	Add: Provision for the year	2.64	27.14
		3,208.81	3,206.17
	Less: Adjustment during the year	-	-
	Closing Balance	3,208.81	3,206.17

Note No.	Particulars	Amounts TAKA IN LAC	
		01.07.2019- 30.09.2019	01.07.2018- 30.09.2018
24.00	Net Sales:		
	Gross Sales	559.61	631.46
	Less: VAT	(127.62)	(123.87)
	Net Sales	431.99	507.59
25.00	Cost of Goods Sold:		
26.00	Administrative, Selling & Financial Expenses:		
	Administrative Salary, Allowance & Expenses	128.58	136.29
	Selling Salary, Allowance & Expenses	58.14	74.19
	Managing Director's Salaries & Allowances	4.96	5.43
	Director's Fee & Expenses	0.93	1.62
	Financial Expenses	122.90	21.86
		315.51	239.39
27.00	MISC. Income:		
	Lease of Land, Pond etc.	0.17	-
	Recovery from House Rent	5.33	2.36
	Sales of Schedules & Tender Forms	0.08	0.17
	Sale of Empty Drums & Bags etc	1.23	-
	Forfeiture (Security money encashment)	-	0.01
	Received from Furniture & Vehicle facilities	0.18	0.15
		6.99	2.69
28.00	Net Assets Value Per Share (NAV)		
	i) Net Assets Value (NAV) (Note - 28.01)	5,431.72	5,825.93
	ii) Number of Ordinary Shares Outstanding	26,400,000	26,400,000
	iii) Net Assets Value per Share (NAV)	20.57	22.07
28.01	Net Assets Value (NAV)		
	i) Total Assets	18,571.19	16,771.47
	ii) Total Liabilities	(13,139.47)	(10,945.54)
	iii) Net Assets Value	5,431.72	5,825.93

BS

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29.00 Basic Earning Per Share

1) Net Profit/(Loss) After Tax		(394.21)	(395.06)
2) Weighted Average Number of Ordinary Shares Outstanding(Note - 29.01)	26,400,000	26,400,000	24,000,000
3) Number of Ordinary Shares Outstanding	26,400,000	26,400,000	24,000,000
4) Basic Earning Per Share (EPS)		<u>(1.49)</u>	<u>(1.65)</u>
5) Basic Earning Per Share (EPS)-Restated			<u>(1.50)</u>

*** Basic Earning Per Share(EPS) has been computed by dividing net profit/(loss) after tax by the weighted average number of share outstanding as on 30th September, 2019 as per IAS - 33:"Earning Per Share" and Basic Earning Per Share for the First Quarter financial year 2018-2019 has been restated based on new weighted average number of share outstanding in accordance with paragraph 64 of IAS - 33.

29.01 Calculation of Weighted Average Number of Ordinary Shares

Particulars	Number of Share	Day Outstanding	Weighted Average No. of Shares at 30th September,2019	Weighted Average No. of Shares at 30th September,2018
Opening Ordinary Share	24,000,000	90/90	24,000,000	24,000,000
Bonus Share Issue	2,400,000	90/90	2,400,000	-
	<u>26,400,000</u>		<u>26,400,000</u>	<u>24,000,000</u>

30.00 Net Operating Cash Flows Per Share (NOCFPS):

1) Net Operating Cash Flows	(1,718.12)	(117.11)
2) Weighted Average Number of Ordinary Shares Outstanding(Note - 29.01)	26,400,000	24,000,000
Net Operating Cash Flows Per Share (NOCFPS)	<u>(6.51)</u>	<u>(0.49)</u>

***Net Operating Cash Flows of comparative period has been increased because of the company purchase of raw materials for expected order as a result Net Operating Cash Flows Per Share (NOCFPS) of comparative period has been increased.

30.01 Reconciliation of Net Income with Cash Flows from Operating Activities

Net Profit/(Loss) Before Tax	(394.70)	(392.01)
Adjustments for:		
Depreciation Expense	25.20	25.20
Financial Expenses	122.90	21.86
	<u>(246.60)</u>	<u>(344.95)</u>
Changes In Working Capital:		
Inventories	(2,565.12)	(182.04)
Trade and Other Receivable	614.53	223.19
Current Account with Projects under BSEC	(4.99)	(10.91)
Advances, Deposits & Pre-payments	129.50	7.07
Defined Benefit Obligations - Gratuity	21.08	22.61
Creditors and Accruals	295.08	190.34
Current Account With BSEC	22.46	(6.47)
Advances from the Parties	16.32	(9.94)
Capital Work-In-Progress:	-	(5.01)
Cash Generated from/(used in) Operations	<u>(1,717.73)</u>	<u>(116.11)</u>
Income Tax Paid	(0.39)	(1.00)
Net Cash from/(used in) Operating Activities	<u>(1,718.12)</u>	<u>(117.11)</u>



Company Secretary



Managing Director

31.00 Related Party Transaction

i) Transactions with key management personnel

Key management personnel compensation comprised the following:

Particulars	01.07.19-30.09.19	01.07.18-30.09.18
Meeting Attendance Fee	0.50	0.80
Meeting Expense	0.43	0.82
Retirement Benefit Scheme	0.80	0.80
Medical and Welfare	0.05	0.05
Housing	0.92	0.92
	2.70	3.39

ii) Related party transaction

During the 1st Quarter, the company carried out a number of transaction with related parties in the normal course of business and on arms length basis. The name of these related parties, nature of transaction and balance as 30.09.2019 in accordance with the provision of IAS-24 are presented below.

Name of the Related Parties	Relationship	Nature of the Transaction	Transaction during the year	Balance as at 30-09-2019		Balance as at 30-06-2019	
Chittagong steel Mills Limited	Subsidiary Company of BSEC	Multiple Business	-	114.35 (Cr)	114.35 (Dr)	114.35 (Dr)	
G.E.M Company Limited	Subsidiary Company of BSEC	Multiple Business	3.33	81.35 (Dr)	78.02 (Dr)	78.02 (Dr)	
Chittagong Dry Dock Ltd.	Subsidiary Company of BSEC	Multiple Business	1.66	10.62 (Dr)	8.96 (Dr)	8.96 (Dr)	
Eastern Tubes Ltd.	Subsidiary Company of BSEC	Multiple Business	-	4.37 (Dr)	4.37 (Dr)	4.37 (Dr)	
Bangladesh Can Co.Ltd.	Subsidiary Company of BSEC	Multiple Business	-	- (Dr)	- (Dr)	- (Dr)	
Bangladesh Blade Factory Ltd.	Subsidiary Company of BSEC	Multiple Business	-	9.02 (Dr)	9.02 (Dr)	9.02 (Dr)	
Prantik Traders	Subsidiary Company of BSEC	Multiple Business	-	0.02 (Dr)	0.02 (Dr)	0.02 (Dr)	
Gazi Wires Ltd.	Subsidiary Company of BSEC	Multiple Business	-	2.04 (Cr)	2.04 (Dr)	2.04 (Dr)	
Pragati Industries Ltd.	Subsidiary Company of BSEC	Multiple Business	-	2.71 (Cr)	2.71 (Cr)	2.71 (Cr)	
National Tube Ltd	Subsidiary Company of BSEC	Multiple Business	-	0.36 (Cr)	0.36 (Cr)	0.36 (Cr)	
Bangladesh Diesel plant Ltd.	Subsidiary Company of BSEC	Multiple Business	-	0.02 (Cr)	0.02 (Cr)	0.02 (Cr)	
Atlas (BD) Ltd.	Subsidiary Company of BSEC	Multiple Business	-	3.31 (Cr)	3.31 (Cr)	3.31 (Cr)	
Dhaka Steel Works Ltd.	Subsidiary Company of BSEC	Multiple Business	-	0.06 (Cr)	0.06 (Cr)	0.06 (Cr)	
BSEC Current	Parnet Concern	Multiple Business	22.46	251.29 (Cr)	228.83 (Cr)	228.83 (Cr)	
REB Dhaka Export	Common Director	Sales	-	7.05 (Dr)	7.05 (Dr)	7.05 (Dr)	
REB Dhaka Local	Common Director	Sales	-	205.58 (Dr)	205.58 (Dr)	205.58 (Dr)	



Company Secretary



Managing Director