



# Golden Son Limited

Registered Office: Khowaj Nagar, P.O. : Ajimpara, P.S. : Karnaphuli, Chattogram, Bangladesh.

Tel: + 880 31 2864526, 617934, Fax: 031-610911

## Half Yearly Financial Statements

### Consolidated Statement of Financial Position (Un-audited) as at 31 December 2021

Particulars	Notes	31 December 2021 Taka	30 June 2021 Taka
<b>Assets</b>			
<b>Non-Current Assets:</b>			
		<b>3,464,488,367</b>	<b>3,505,258,967</b>
Property, Plant and Equipment	2.a	2,723,189,687	2,769,814,422
Capital Work-in-Progress	3.a	538,293,410	437,409,100
Investment	4.a	203,005,270	298,035,445
<b>Current Assets:</b>			
		<b>4,287,588,891</b>	<b>4,307,969,870</b>
Inventories	5.a	1,195,843,632	1,173,683,527
Trade Receivables		1,732,829,392	1,732,593,143
Other Receivables		794,703,607	828,068,397
Investment in Shares & Securities		6,894,669	8,110,669
Advances, Deposits and Prepayments		489,014,229	453,900,027
Cash and Cash Equivalents	6.a	68,303,362	111,614,107
<b>Total Assets</b>		<b>7,752,077,258</b>	<b>7,813,228,837</b>
<b>Equity and Liabilities</b>			
<b>Capital and Reserves:</b>			
Paid Up Share Capital	7	1,717,297,720	1,717,297,720
Share Premium		1,090,156,184	1,090,156,184
Tax Holiday Reserve		50,567,296	50,567,296
Revaluation Reserve		346,284,660	349,393,212
AFS Reserve		(2,181,237)	1,093,001
Retained Earnings	8.a	296,125,326	263,173,854
<b>Equity attributable to shareholders' of the company</b>		<b>3,498,249,949</b>	<b>3,471,681,267</b>
Non-controlling interest		570	744
		<b>3,498,250,519</b>	<b>3,471,682,011</b>
<b>Non-Current Liabilities:</b>			
		<b>2,242,640,540</b>	<b>1,823,854,449</b>
Deferred Tax	9.a	169,365,403	167,262,856
Long Term Loan		2,073,275,137	1,655,985,241
Lease Finance	10.a	-	606,352
<b>Current Liabilities:</b>			
		<b>2,011,186,199</b>	<b>2,517,692,377</b>
Short Term Borrowings	11.a	830,290,104	1,416,554,025
Provisions for Expenses and other Liabilities		276,606,931	263,316,334
Liabilities for other Finance		32,369,902	57,752,517
Current Portion of Long Term Loan		620,376,077	574,054,426
Current Portion of Lease Finance		317,267	3,386,272
Unclaimed Dividend		114,602,274	95,279,259
Unearned Revenue		68,600,904	61,540,506
Liabilities for Income Tax		68,022,740	45,809,038
<b>Total Liabilities</b>		<b>4,253,826,739</b>	<b>4,341,546,826</b>
<b>Total Equity and Liabilities</b>		<b>7,752,077,258</b>	<b>7,813,228,837</b>
<b>Net Asset Value Per Share (NAVPS)</b>	17.a	<b>20.37</b>	<b>20.22</b>

 Chairman     
  Managing Director     
  Director     
  CFO (Acting)     
  Company Secretary

# Golden Son Limited

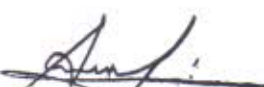
## Consolidated Statement of Profit or Loss and Other Comprehensive Income (Un-audited) For the half year ended 31 December 2021

Particulars	Notes	01 July to 31 December 2021 Taka	01 July to 31 December 2020 Taka	01 October to 31 December 2021 Taka	01 October to 31 December 2020 Taka
Turnover		397,122,740	426,260,708	204,176,396	248,327,816
Cost of Sales	12.a	280,165,734	302,985,132	135,389,446	180,927,230
<b>Gross Profit</b>		<b>116,957,006</b>	<b>123,275,576</b>	<b>68,786,950</b>	<b>67,400,586</b>
Operating Expenses	13.a	32,882,013	42,960,315	15,374,909	21,856,280
<b>Trading Profit</b>		<b>84,074,993</b>	<b>80,315,261</b>	<b>53,412,041</b>	<b>45,544,306</b>
Financial Expenses	14.a	50,804,618	98,130,796	25,543,116	30,553,597
<b>Gross Operating Profit/ (Loss)</b>		<b>33,270,375</b>	<b>(17,815,535)</b>	<b>27,868,925</b>	<b>14,990,709</b>
Non Operating Income		53,255,259	27,305,012	14,012,412	13,442,997
<b>Profit before Tax for the Period</b>		<b>86,525,634</b>	<b>9,489,477</b>	<b>41,881,337</b>	<b>28,433,706</b>
Current Tax	16.a	25,397,485	3,353,805	12,782,881	2,190,611
Deferred Tax		3,014,920	4,358,093	1,525,061	2,119,784
		28,412,405	7,711,898	14,307,942	4,310,395
<b>Net Profit after Tax for the Period</b>		<b>58,113,229</b>	<b>1,777,579</b>	<b>27,573,395</b>	<b>24,123,311</b>
<b>Other Comprehensive Income/Loss :</b>					
Unrealized Gain on securities available for sale		(3,638,043)	6,505,488	(3,403,881)	4,713,835
Related Deferred Tax		363,805	(650,549)	340,388	(471,384)
<b>Total Comprehensive Income</b>		<b>54,838,991</b>	<b>7,632,518</b>	<b>24,509,902</b>	<b>28,365,762</b>
<b>Loss Attributable to:</b>					
Owners of the company		54,839,165	7,632,523	24,510,069	28,365,415
Non-controlling interest		(174)	(5)	(167)	347
<b>Total Comprehensive Income</b>		<b>54,838,991</b>	<b>7,632,518</b>	<b>24,509,902</b>	<b>28,365,762</b>
<b>Earnings Per Share (EPS)</b>	18.a	<b>0.34</b>	<b>0.01</b>	<b>0.16</b>	<b>0.14</b>
Number of shares used to compute EPS		171,729,772	171,729,772	171,729,772	171,729,772

  
Chairman

  
Managing Director

  
Director

  
CFO (Acting)

  
Company Secretary

Golden Son Limited

Consolidated Statement of Changes in Equity (Un-audited)

For the half year ended 31 December 2021

Particulars	Share Capital Taka	Share Premium Taka	Tax holiday Reserve Taka	Revaluation Reserve Taka	AFS Reserve Taka	Retained Earnings Taka	Non-Controlling Interest	Total Taka
<b>Balance as at 01 July, 2021.</b>	1,717,297,720	1,090,156,184	50,567,296	349,393,212	1,093,001	263,173,854	744	3,471,682,011
Transferred Revaluation Reserve	-	-	-	(3,657,120)	-	3,657,120	-	-
Cash Dividend (2.75%)	-	-	-	-	-	(28,819,051)	-	(28,819,051)
Deferred Tax	-	-	-	548,568	-	-	-	548,568
Other comprehensive income/loss for the period: (unrealised loss on securities available for sale)	-	-	-	-	(3,638,043)	-	-	(3,638,043)
Related Deferred Tax	-	-	-	-	363,805	-	-	363,805
Net Loss after tax for the period	-	-	-	-	-	58,113,403	(174)	58,113,229
<b>Balance as at 31 December, 2021.</b>	1,717,297,720	1,090,156,184	50,567,296	346,284,660	(2,181,237)	296,125,326	570	3,498,250,519

For the half year ended 31 December 2020

Particulars	Share Capital Taka	Share Premium Taka	Tax holiday Reserve Taka	Revaluation Reserve Taka	AFS Reserve Taka	Retained Earnings Taka	Non-Controlling Interest	Total Taka
<b>Balance as at 01 July, 2020.</b>	1,717,297,720	1,090,156,184	50,567,296	355,900,824	(5,326,542)	230,541,525	1,112	3,439,138,119
Transferred Revaluation Reserve	-	-	-	(6,538,909)	-	6,538,909	-	-
Deferred Tax	-	-	-	980,836	-	-	-	980,836
Other comprehensive income/loss for the period: (unrealised loss on securities available for sale)	-	-	-	-	6,505,488	-	-	6,505,488
Related Deferred Tax	-	-	-	-	(650,549)	-	-	(650,549)
Cash Dividend (2.5%)	-	-	-	-	-	(26,199,150)	-	(26,199,150)
Net Loss after tax for the period	-	-	-	-	-	1,777,584	(5)	1,777,579
<b>Balance as at 31 December, 2020.</b>	1,717,297,720	1,090,156,184	50,567,296	350,342,751	528,397	212,658,868	1,107	3,421,552,323

  
Chairman

  
Director

  
CFO (Acting)

  
Company Secretary

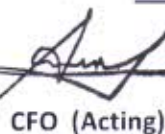
**Golden Son Limited**  
**Consolidated Statement of Cash Flows (Un-audited)**  
**For the half year ended 31 December 2021**

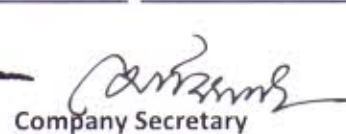
Particulars	Notes	01 July to 31 December 2021 Taka	01 July to 31 December 2020 Taka
<b>A. Cash Flows from Operating Activities</b>			
Cash Receipts from Customers	20.a	403,946,889	309,914,199
Cash Paid to Suppliers and Employees	21.a	<u>(288,196,982)</u>	<u>(237,074,566)</u>
Cash Generated from Operations		<b>115,749,907</b>	<b>72,839,633</b>
Income Tax Paid		(9,244,396)	(1,488,478)
Receipt of Bank interest		<u>71,074,511</u>	<u>302,760</u>
<b>Net cash flows from Operating Activities</b>	<b>22.a</b>	<b><u>177,580,022</u></b>	<b><u>71,653,915</u></b>
<b>B. Cash Flows from Investing Activities</b>			
Acquisition of Property, Plant & Equipment		(3,189,743)	(40,277,227)
Payment for Capital Work-in-Progress		(100,884,310)	(34,685,554)
Dividend received on Shares & Securities		380,400	229,500
Encashment of FDR(s)		94,750,000	-
Received from sale of Share securities		<u>63,886</u>	<u>-</u>
<b>Net cash used in Investing Activities</b>		<b><u>(8,879,767)</u></b>	<b><u>(74,733,281)</u></b>
<b>C. Cash Flows from Financing Activities</b>			
Receipt of Short term Borrowings		688,236,381	546,923,464
Repayment of Short term Borrowings		(1,274,500,302)	(442,423,316)
Receipt from Long term Loans		1,488,170,894	1,021,891,131
Repayment of Long term Loans		(1,024,559,347)	(975,002,034)
Payment of Interest		(50,804,618)	(98,130,796)
(Repaid) / Received of Other finance		(25,382,615)	8,412,148
Repayment of Lease Finance		(3,675,357)	(1,227,280)
Dividend Paid		<u>(9,496,036)</u>	<u>(1,700)</u>
<b>Net cash (used in) / flows from Financing Activities</b>		<b><u>(212,011,000)</u></b>	<b><u>60,441,617</u></b>
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(43,310,745)	57,362,251
Cash and cash equivalents at Beginning of the Period		<u>111,614,107</u>	<u>39,716,756</u>
<b>Cash and Cash Equivalents at End of the Period</b>		<b><u>68,303,362</u></b>	<b><u>97,079,007</u></b>
<b>Net Operating Cash Flows Per Share (NOCFPS)</b>	<b>19.a</b>	<b><u>1.03</u></b>	<b><u>0.42</u></b>

  
Chairman

  
Managing Director

  
Director

  
CFO (Acting)

  
Company Secretary



# Golden Son Limited

## Half Yearly Financial Statements

Statement of Financial Position (Un-audited)  
as at 31 December 2021

Particulars	Notes	31 December 2021 Taka	30 June 2021 Taka
<b>Assets</b>			
<b>Non-Current Assets:</b>			
Property, Plant and Equipment	2	2,191,189,426	2,225,378,676
Capital Work-in-Progress	3	325,104,309	261,095,142
Investment	4	253,000,270	348,030,445
		<b>2,769,294,005</b>	<b>2,834,504,263</b>
<b>Current Assets:</b>			
Inventories	5	762,749,966	758,589,861
Trade Receivables		1,683,071,922	1,694,867,021
Other Receivables		794,703,607	828,068,397
Investment in Shares & Securities		6,894,669	8,110,669
Advances, Deposits and Prepayments		840,149,376	803,223,800
Cash and Cash Equivalents	6	60,327,442	105,384,895
		<b>4,147,896,982</b>	<b>4,198,244,643</b>
<b>Total Assets</b>		<b>6,917,190,987</b>	<b>7,032,748,906</b>
<b>Equity and Liabilities</b>			
<b>Capital and Reserves:</b>			
Paid Up Issued Share Capital	7	1,717,297,720	1,717,297,720
Share Premium		1,090,156,184	1,090,156,184
Tax Holiday Reserve		50,567,296	50,567,296
Revaluation Reserve		346,284,660	349,393,212
AFS Reserve		(2,181,237)	1,093,001
Retained Earnings	8	340,420,363	305,731,884
		<b>3,542,544,986</b>	<b>3,514,239,297</b>
<b>Non-Current Liabilities:</b>			
Deferred Tax	9	169,365,403	167,262,856
Long Term Loan		1,637,728,829	1,225,928,451
Lease Finance	10	-	-
		<b>1,807,094,232</b>	<b>1,393,191,307</b>
<b>Current Liabilities:</b>			
Short Term Borrowings	11	762,069,378	1,349,008,050
Provisions for Expenses and other Liabilities		197,181,085	232,121,245
Liabilities for other Finance		32,369,902	57,752,517
Current Portion of Long Term Loan		330,011,872	287,349,900
Current Portion of Lease Finance		-	2,809,127
Unclaimed Dividend		114,602,274	95,279,259
Unearned Revenue		66,429,392	58,117,200
Liabilities for Income Tax		64,887,866	42,881,004
		<b>1,567,551,769</b>	<b>2,125,318,302</b>
<b>Total Liabilities</b>		<b>3,374,646,001</b>	<b>3,518,509,609</b>
<b>Total Equity and Liabilities</b>		<b>6,917,190,987</b>	<b>7,032,748,906</b>
<b>Net Asset Value Per Share (NAVPS)</b>	17	<b>20.63</b>	<b>20.46</b>

  
Chairman

Managing Director

  
Director

CFO(Acting)

  
Company Secretary

**Golden Son Limited**  
**Statement of Profit or Loss and Other Comprehensive Income (Un-audited)**  
**For the half year ended 31 December 2021**

Particulars	Notes	01 July to 31 December 2021 Taka	01 July to 31 December 2020 Taka	01 October to 31 December 2021 Taka	01 October to 31 December 2020 Taka
Turnover		362,649,486	358,909,592	194,457,020	208,759,671
Cost of Sales	12	<u>255,023,727</u>	<u>255,324,569</u>	<u>129,036,245</u>	<u>150,767,431</u>
<b>Gross Profit</b>		<b>107,625,759</b>	<b>103,585,023</b>	<b>65,420,775</b>	<b>57,992,240</b>
Operating Expenses	13	<u>25,573,409</u>	<u>36,194,082</u>	<u>12,219,562</u>	<u>18,472,248</u>
<b>Trading profit</b>		<b>82,052,350</b>	<b>67,390,941</b>	<b>53,201,213</b>	<b>39,519,992</b>
Financial Expenses	14	<u>47,251,634</u>	<u>85,561,544</u>	<u>23,723,721</u>	<u>28,240,092</u>
<b>Gross Operating Profit / (Loss)</b>		<b>34,800,716</b>	<b>(18,170,603)</b>	<b>29,477,492</b>	<b>11,279,900</b>
Non Operating Income	15	<u>53,255,259</u>	<u>27,305,012</u>	<u>14,012,412</u>	<u>13,442,997</u>
<b>Profit before Tax for the Period</b>		<b>88,055,975</b>	<b>9,134,409</b>	<b>43,489,904</b>	<b>24,722,897</b>
Current Tax	16	<u>25,190,645</u>	<u>2,949,698</u>	<u>12,724,565</u>	<u>1,953,201</u>
Deferred Tax		<u>3,014,920</u>	<u>4,358,093</u>	<u>1,525,061</u>	<u>2,119,784</u>
		<u>28,205,565</u>	<u>7,307,791</u>	<u>14,249,626</u>	<u>4,072,985</u>
<b>Net Profit after Tax for the Period</b>		<b>59,850,410</b>	<b>1,826,618</b>	<b>29,240,278</b>	<b>20,649,912</b>
<b>Other Comprehensive Income/(Loss) :</b>					
Unrealized profit/ (loss) on securities available for sale		(3,638,043)	6,505,488	(3,403,881)	4,713,835
Related Deferred Tax		363,805	(650,549)	340,388	(471,384)
<b>Total Comprehensive Income</b>		<b>56,576,172</b>	<b>7,681,557</b>	<b>26,176,785</b>	<b>24,892,363</b>
<b>Earnings Per Share (EPS)</b>	18	<b>0.35</b>	<b>0.01</b>	<b>0.17</b>	<b>0.12</b>
<b>Number of shares used to compute EPS</b>		<u>171,729,772</u>	<u>171,729,772</u>	<u>171,729,772</u>	<u>171,729,772</u>

  
Chairman

Managing Director

  
Director

CFO(Acting)

  
Company Secretary

Golden Son Limited

Statement of Changes in Equity (Un-audited)  
For the half year ended 31 December 2021


Particulars	Share Capital Taka	Share Premium Taka	Tax holiday Reserve Taka	Revaluation Reserve Taka	AFS Reserve Taka	Retained Earnings Taka	Total Taka
<b>Balance as at 01 July 2021</b>	1,717,297,720	1,090,156,184	50,567,296	349,393,212	1,093,001	305,731,884	3,514,239,297
Transferred Revaluation Reserve	-	-	-	(3,657,120)	-	3,657,120	-
Cash Dividend (2.75%)	-	-	-	-	-	(28,819,051)	(28,819,051)
Deferred Tax	-	-	-	548,568	-	-	548,568
Other comprehensive income/loss for the period:							
(unrealised loss on securities available for sale)	-	-	-	-	(3,638,043)	-	(3,638,043)
Related Deferred Tax	-	-	-	-	363,805	-	363,805
Net Loss after tax for the period	-	-	-	-	-	59,850,410	59,850,410
<b>Balance as at 31 December 2021</b>	1,717,297,720	1,090,156,184	50,567,296	346,284,660	(2,181,237)	340,420,363	3,542,544,986

For the half year ended 31 December 2020

Particulars	Share Capital Taka	Share Premium Taka	Tax holiday Reserve Taka	Revaluation Reserve Taka	AFS Reserve Taka	Retained Earnings Taka	Total Taka
<b>Balance as at 01 July 2020</b>	1,717,297,720	1,090,156,184	50,567,296	355,900,824	(5,326,542)	269,416,888	3,478,012,370
Transferred Revaluation Reserve	-	-	-	(6,538,909)	-	6,538,909	-
Deferred Tax	-	-	-	980,836	-	-	980,836
Other comprehensive income/loss for the period:							
(unrealised loss on securities available for sale)	-	-	-	-	6,505,488	-	6,505,488
Related Deferred Tax	-	-	-	-	(650,549)	-	(650,549)
Cash Dividend(2.5%)	-	-	-	-	-	(26,199,150)	(26,199,150)
Net Loss after tax for the period	-	-	-	-	-	1,826,618	1,826,618
<b>Balance as at 31 December 2020</b>	1,717,297,720	1,090,156,184	50,567,296	350,342,751	528,397	251,583,265	3,460,475,613

  
Chairman

  
Managing Director

  
Director

  
CFO (Acting)

  
Company Secretary

**Golden Son Limited**  
**Statement of Cash Flows (Un-audited)**  
**For the half year ended 31 December 2021**

Particulars	Notes	01 July to 31 December 2021 Taka	1 July to 31 December 2020 Taka
<b>A. Cash Flows from Operating Activities</b>			
Cash Received from Customers	20	382,756,777	250,836,131
Cash Paid to Suppliers and Employees	21	<u>(301,196,717)</u>	<u>(201,483,085)</u>
Cash Generated from Operations		<b>81,560,060</b>	<b>49,353,046</b>
Income Tax Paid		(9,142,416)	(1,049,483)
Receipt of Bank interest		<u>71,074,511</u>	<u>302,760</u>
<b>Net cash flows from Operating Activities</b>	<b>22</b>	<b><u>143,492,155</u></b>	<b><u>48,606,323</u></b>
<b>B. Cash Flows from Investing Activities</b>			
Acquisition of Property, Plant & Equipment		(2,318,993)	(40,058,527)
Payment for Capital Work-in-Progress		(64,009,167)	(17,647,184)
Dividend received on Shares & Securities		380,400	229,500
Encashment of FDR(s)		94,750,000	-
Received from sale of Share securities		<u>63,886</u>	<u>-</u>
<b>Net cash flows / (used in) Investing Activities</b>		<b><u>28,866,126</u></b>	<b><u>(57,476,211)</u></b>
<b>C. Cash Flows from Financing Activities</b>			
Receipt of Short term Borrowings		684,701,630	522,803,086
Repayment of Short term Borrowings		(1,271,640,302)	(413,815,465)
Receipt from Long term loans		1,456,081,697	993,754,948
Repayment of Long term loans		(1,001,619,347)	(966,240,219)
Payment of Interest		(47,251,634)	(85,561,544)
(Repaid) / Received of Other finance		(25,382,615)	8,412,148
Dividend Paid		(9,496,036)	(1,700)
Repaid of Lease Finance		<u>(2,809,127)</u>	<u>(630,523)</u>
<b>Net cash (used in) /flows from Financing Activities</b>		<b><u>(217,415,734)</u></b>	<b><u>58,720,731</u></b>
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(45,057,453)	49,850,843
Cash and cash equivalents at Beginning of the Period		<u>105,384,895</u>	<u>38,540,778</u>
<b>Cash and Cash Equivalents at End of the Period</b>		<b><u>60,327,442</u></b>	<b><u>88,391,621</u></b>
<b>Net Operating Cash Flows Per Share (NOCFPS)</b>	<b>19</b>	<b><u>0.84</u></b>	<b><u>0.28</u></b>

  
 Chairman      Managing Director      Director      CFO(Acting)      Company Secretary



**Golden Son Limited**  
**Selected Notes to the Financial Statements (Un-Audited)**  
**For the Half Year ended 31 December 2021**

**1. Incorporation and Business Activities**

Golden Son Limited was incorporated as a private company limited by shares under the Companies Act, 1994 vide registration # C-50117 (412) dated 05 August 2003. Subsequently the company was converted into a Public Limited Company with effect from 30 April 2005. It had started commercial operations since January 2005. The registered office and factory of the company is situated at Khawajanagar, Ajimpara, Karnaphuli, Chattogram. Golden Son Limited is basically an export oriented company. Its principal activities include manufacturing of household electronics and electrical goods, twill tape, hotpots and various types of toys, etc. Further the company has taken initiatives to set up two new projects namely solar based energy project and computer casing manufacturing project. The construction of expansion is under progress.

**1.1 Information Regarding Subsidiary Companies & Associate Company**

As on 31 December 2021 Golden Son Limited has 01 (One) subsidiary and 01 (One) Associate company to include for preparation of consolidated financial statements as per Bangladesh Financial Reporting Standard (BFRS) 10, 'Consolidated Financial Statements'. A brief description of the companies is described below:

**Golden Infinity Ltd. (Subsidiary Company)**

Golden Infinity Limited is a private limited company incorporated on 29 July 2015 vide registration # C-124585/2015 in Bangladesh under the Companies Act 1994. The main objectives of the company are to manufacturing of various types of Electric Fan, Led light, Vehicle Chain Cooking Pot & Hot pot, etc. Golden Son Limited holds 99.99 percent shares in this company.

**GSL Export Ltd. (Associate Company)**

GSL Export Limited is a private limited company incorporated on dated 20 August 2013 vide registration # C-110834/13 in Bangladesh under the Companies Act 1994. The main objectives of the company are to manufacturing of various types of soft toys, ready made garments and accessories etc. Golden Son Limited holds 40 percent shares in this company.

**1.2 Basis Of Consolidation**

The financial statements of the company and its subsidiary have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10: 'Consolidated Financial Statements'. The consolidation of the financial statements has been prepared by using uniform accounting policies and after eliminating all material intra group balances, income and expenses arising from intra-group transactions.

All assets and liabilities of the company and of its subsidiary are shown in the consolidated Statement of Financial Position. The interest of minority shareholders of the subsidiary are shown separately in the consolidated Statement of Financial Position under the head 'Non-controlling Interest'.

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. The Company's investment in associates is accounted for in the financial statements using the Equity Method in accordance with International Accounting Standard 28: Accounting for investment in associates. Such investments are classified as other assets in the balance sheet and the share of profit/ loss of such investment is classified under other operating income in the profit and loss account.

**1.3 Basis of Measurement**

The financial statements of the company have been prepared on the historical cost convention method.

#### 1.4 Property, Plant & Equipment

These are recognized initially at cost and subsequently at cost and revalued amount less accumulated depreciation in compliance with IAS-16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any direct attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into use, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the assets, the expenditure is capitalized as an additional cost of the assets.

##### Depreciation

Depreciation is recognized in the statement of profit or loss and other comprehensive income using 'Reducing Balance Method' over the estimated useful lives of each fixed assets. Depreciation is charged on addition to fixed assets purchased during the period from the date when such assets is put in to use. Depreciation is allocated as 70% as production expenses and 30% as administrative expenses. The rate(s) of depreciation varies from 5% to 20% p.a. based on useful lives and nature of the assets.

#### 1.5 Capital Work in Progress

Capital work in progress is reported on the basis of the construction company report. No depreciation is charged for Capital Work in Progress. During the period no impairment has been observed till the end of the period as per IAS 36 .

#### 1.6 Accounting for Borrowing Cost

Borrowing costs relating to construction of building is capitalized as part of the cost of that asset during the period in accordance with International Accounting Standards - 23: Borrowing Costs.

#### 1.7 Valuation of Inventory

Inventories are valued in accordance with International Accounting Standards-2: Inventories i.e. at cost and estimated net realizable value whichever is lower. The cost of inventories is valued at first in first out (FIFO) cost method and includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is estimated upon selling price in the ordinary course of business less estimated cost of completion of considering the selling. When the inventories are used, the carrying amount of those inventories are recognized in the period in which the related revenue is recognized.

#### 1.8 Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to statement of profit or loss and other comprehensive income.

#### 1.9 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand, bank current accounts, other bank deposits free of encumbrance and having maturity dates of three months or less from respective dates of deposit.

#### 1.10 Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income.

##### Current Tax

The company is a publicly traded company. As per the Income Tax Ordinance, 1984, provision for tax has been made at the existing rate of 22.50% in respect of business income.

