

***Private & Confidential***

## **Golden Son Limited**

Khowaj Nagar, Ajimpara,  
Karnaphuli, Chittagong.

For the year ended June 30, 2019

### **AUDITOR:**

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**Ahmed Zaker & Co.** Chartered Accountants  
Green City Edge (Level-10), 89 Kakrail, Dhaka-1000 Tel: 88-2-8300504-3,  
Fax: 88-2-8300509, E-mail:azcbangladesh@gmail.com.



**Independent Auditor's Report**

To the Shareholders of Golden Son Limited

Report on the Audit of the Consolidated and Separate Financial Statements

**Opinion**

We have audited the consolidated financial statements of **Golden Son Limited**, its subsidiary as well as the separate financial statements of **Golden Son Limited** (the 'Company'), which comprise the consolidated and separate statement of financial position as at 30 June 2019, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give true and fair view of the consolidated financial position of the Company as at 30 June 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**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 Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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 consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Inventory Valuation   |   |
|---|---|
| Key audit matter  | How the matter was addressed in our audit   |
| See Notes - 7 & 7A to the financial statements  |   |
| As at 30 June, 2019 inventory to the value of Tk. 1,376,919,976 is held on the consolidated financial position. Inventory is disclosed in notes- 7 & 7.A – "Inventories". | Our procedures included the following to assess inventory Valuation:<br>➤ Assessing the reasonableness of the methodologies applied by management for consistency with prior years and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current year. |

|   |   |
|---|---|
| <p>In order to carry inventory at the lower of cost and net realizable value, management has required certain estimates and assumptions.</p> <p>The measurements of the inventories involve significant management judgments and estimates as it involves the consideration of a number of factors at the reporting date.</p> | <ul style="list-style-type: none"> <li>➤ Understanding, evaluating and testing key internal controls with particular focus on management's monitoring and review of provision for inventories.</li> <li>➤ Recalculating the arithmetical accuracy of the computations.</li> <li>➤ Testing, on a sample basis, the stock aging profile, expiry dates and the market price used in assessing the net realizable values of inventories to the related supporting documents.</li> </ul>   |
| <b>Revenue recognition</b>  |   |
| <b>Key audit matter</b>   | <b>How the matter was addressed in our audit</b>  |
| See Notes-24 & 24A to the financial statements  |   |
| <p>At year end the Group reported total revenue of BDT 733,599,254. Revenue is measured in accordance with IFRS-15. "Revenue from Contracts with Customers"</p>   | <p>Our audit procedures included the following to test the design and operating effectiveness of key control focusing on:</p> <ul style="list-style-type: none"> <li>➤ Segregation of duties in invoice creation and modification;</li> <li>➤ Timing of revenue recognition considering point of recognition;</li> </ul> <p>Our substantive procedures in relation to the revenue recognition and measurement comprises the following:</p> <ul style="list-style-type: none"> <li>➤ Obtaining and documenting a thorough understanding of the complete procedures followed and controls performed by the Company from initiation of proforma invoice (PI) to realization of export proceeds.</li> <li>➤ Inspecting selected sample sales transactions recognized during the year with source documents such as commercial invoice, packing list, delivery challan, EXP form, back to back L/C and proforma invoice (PI) to verify occurrence and accuracy of recorded sales revenue.</li> <li>➤ Inspecting supporting documents such as bank statement, bank rate sheet of foreign exchange rate and proceeds realization certificate (PRC) to verify realization of proceeds.</li> </ul> |

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>➤ Critically assessing appropriateness of any manually posted journal entries and identifying any unusual or irregular adjustments made;</li> <li>➤ Finally assessing the appropriateness and presentation of disclosure notes with IFRS 15: Revenue from contracts with customers.</li> </ul> |
|--|---|

#### **Other Matter**

Our opinion on the consolidated and the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 consolidated and the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain 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 to 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 consolidated and separate financial statements of the current year 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, we also report the following:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the consolidated, associate and the separate statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dhaka  
29 October, 2019

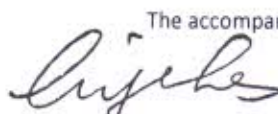





**Ahmed Zaker & Co.**  
Chartered Accountants  
(AKM Mohitul Haq, FCA)  
Senior Partner

**Golden Son Limited**  
**Consolidated Statement of Financial Position**  
 As at 30 June 2019

| Particulars  | Notes | Amount in Taka       |                      |
|--|-------|----------------------|----------------------|
|  |       | 30.06.2019           | 30.06.2018           |
| <b>Assets</b>  |       |                      |                      |
| <b>Non-Current Assets:</b>                                 |       |                      |                      |
|  |       | <b>3,730,525,165</b> | <b>3,716,784,086</b> |
| Property, Plant and Equipment                              | 4.a   | 3,167,050,959        | 1,771,453,772        |
| Capital Work-in-Progress                                   | 5.a   | 158,379,371          | 1,521,395,383        |
| Investment   | 6.a   | 405,094,835          | 423,934,931          |
| <b>Current Assets:</b>                                     |       |                      |                      |
|  |       | <b>3,414,113,973</b> | <b>3,319,049,912</b> |
| Inventories  | 7.a   | 1,376,919,976        | 1,370,313,038        |
| Trade and other Receivables                                | 8.a   | 1,628,640,131        | 1,509,341,577        |
| Investment in Shares & Securities                          | 9     | 8,081,845            | 7,894,508            |
| Advances, Deposits and Prepayments                         | 10.a  | 368,506,061          | 408,675,797          |
| Cash and Cash Equivalents                                  | 11.a  | 31,965,960           | 22,824,992           |
| <b>Total Assets</b>  |       | <b>7,144,639,138</b> | <b>7,035,833,998</b> |
| <b>Equity and Liabilities</b>                              |       |                      |                      |
| <b>Capital and Reserves:</b>                               |       |                      |                      |
| Paid Up Share Capital                                      | 12    | 1,717,297,720        | 1,717,297,720        |
| Share Premium  | 13    | 1,090,156,184        | 1,090,156,184        |
| Tax Holiday Reserve  | 14    | 50,567,296           | 50,567,296           |
| AFS Reserve  | 9.1.1 | (3,168,321)          | (3,336,925)          |
| Revaluation Reserve  | 15    | 367,695,994          | 380,216,366          |
| Retained Earnings  | 16.a  | 396,778,977          | 552,356,495          |
| <b>Equity attributable to shareholders' of the company</b> |       | <b>3,619,327,850</b> | <b>3,787,257,136</b> |
| Non-controlling Interest                                   |       | 2,818                | 3,125                |
| <b>Total shareholders' equity</b>                          |       | <b>3,619,330,668</b> | <b>3,787,260,261</b> |
| <b>Non-Current Liabilities:</b>                            |       |                      |                      |
|  |       | <b>1,563,455,862</b> | <b>1,034,273,655</b> |
| Deferred Tax   | 17    | 132,736,424          | 135,388,941          |
| Long Term Loan   | 18.a  | 1,427,406,084        | 892,515,087          |
| Lease Finance  | 19.a  | 3,313,354            | 6,369,627            |
| <b>Current Liabilities:</b>                                |       |                      |                      |
|  |       | <b>1,961,852,608</b> | <b>2,214,300,082</b> |
| Short Term Borrowings                                      | 20.a  | 1,139,870,428        | 1,545,598,037        |
| Provisions for Expenses and other Liabilities              | 21.a  | 457,508,016          | 388,390,745          |
| Liabilities for other Finance                              | 22    | 37,361,931           | 17,084,387           |
| Current Portion of Long Term Loan                          | 18.b  | 318,180,505          | 255,840,000          |
| Current Portion of Lease Finance                           |       | 3,177,738            | 2,758,339            |
| Liabilities for Income Tax                                 | 23.a  | 5,753,990            | 4,628,574            |
| <b>Total Liabilities</b>                                   |       | <b>3,525,308,470</b> | <b>3,248,573,737</b> |
| <b>Total Equity and Liabilities</b>                        |       | <b>7,144,639,138</b> | <b>7,035,833,998</b> |
| <b>Net Asset Value Per Share (NAVPS)</b>                   |       | <b>21.08</b>         | <b>22.05</b>         |

The accompanying policies & explanatory notes 1-37 form an integral part of these Financial Statements.

 Chairman  
 Managing Director  
 Director  
 Company Secretary

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
 Date: October 29, 2019

  
**Ahmed Zaker & Co.**  
 Chartered Accountants



**Golden Son Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2019**

| Particulars                                      | Notes | Amount in Taka       |                      |
|--|-------|----------------------|----------------------|
|  |       | 2018-2019            | 2017-2018            |
| Turnover   | 24.a  | 733,599,254          | 642,213,950          |
| Cost of Sales                                    | 25.a  | 635,935,388          | 615,574,578          |
| <b>Gross Profit</b>                              |       | <b>97,663,866</b>    | <b>26,639,372</b>    |
| Operating, Administrative & Selling Expenses     | 26.a  | 67,224,674           | 68,019,771           |
| <b>Trading Loss</b>                              |       | <b>30,439,192</b>    | <b>(41,380,399)</b>  |
| Financial Expenses                               | 27.a  | 254,396,515          | 191,116,954          |
| <b>Gross Operating Loss</b>                      |       | <b>(223,957,323)</b> | <b>(232,497,353)</b> |
| Non Operating Income                             | 28    | 57,981,505           | 58,156,743           |
|  |       | <b>57,981,505</b>    | <b>58,156,743</b>    |
| <b>Loss before Tax</b>                           |       | <b>(165,975,818)</b> | <b>(174,340,610)</b> |
| Current Tax expenses                             | 29.a  | 4,793,629            | 4,455,837            |
| Deferred Tax                                     | 17    | (461,772)            | (221,813)            |
| <b>Provision for Tax</b>                         |       | <b>4,331,857</b>     | <b>4,234,024</b>     |
| <b>Net Loss after Tax</b>                        |       | <b>(170,307,675)</b> | <b>(178,574,634)</b> |
| <b>Other Comprehensive Income/(Loss) :</b>       |       |                      |                      |
| Unrealized Loss on Securities Available for Sale |       | 187,337              | (1,486,102)          |
| Related Deferred Tax                             |       | (18,733)             | 148,610              |
| <b>Total Comprehensive Loss</b>                  |       | <b>(170,139,071)</b> | <b>(179,912,126)</b> |
| <b>Profit/(Loss) Attributable to :</b>           |       |                      |                      |
| Owners of the company                            |       | (170,138,764)        | (179,911,779)        |
| Non-controlling Interest                         |       | (307)                | (347)                |
| <b>Total Comprehensive Loss</b>                  |       | <b>(170,139,071)</b> | <b>(179,912,126)</b> |
| <b>Earnings Per Share (EPS)</b>                  | 30.a  | <b>(0.99)</b>        | <b>(1.04)</b>        |

The accompanying policies & explanatory notes 1-37 form an integral part of these Financial Statements.

Chairman

Managing Director

Director

Company Secretary

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
Date: October 29, 2019

**Ahmed Zaker & Co.**  
Chartered Accountants






Golden Son Limited  
Consolidated Statement of Changes in Equity  
For the year ended 30 June 2019

| Particulars  | Amount in Taka       |                      |                     |                     |                    |                    | Total                |
|--|----------------------|----------------------|---------------------|---------------------|--------------------|--------------------|----------------------|
|  | Share capital        | Share premium        | Tax holiday reserve | Revaluation reserve | AFS Reserve        | Retained earnings  |                      |
| <b>Balance as at 01 July 2018</b>  | <b>1,717,297,720</b> | <b>1,090,156,184</b> | <b>50,567,296</b>   | <b>380,216,366</b>  | <b>(3,336,925)</b> | <b>552,356,495</b> | <b>3,787,260,261</b> |
| Transferred Revaluation Reserve  | -                    | -                    | -                   | (14,729,850)        | -                  | 14,729,850         | -                    |
| Deferred Tax   | -                    | -                    | -                   | 2,209,478           | -                  | -                  | 2,209,478            |
| Other Comprehensive Income/(Loss) for the year<br>(Unrealised Loss on Securities Available for Sale) | -                    | -                    | -                   | -                   | 187,337            | -                  | 187,337              |
| Related deferred Tax   | -                    | -                    | -                   | -                   | (18,733)           | -                  | (18,733)             |
| Net Loss after Tax   | -                    | -                    | -                   | -                   | -                  | (170,307,368)      | (170,307,368)        |
| <b>Balance as at 30 June 2019</b>  | <b>1,717,297,720</b> | <b>1,090,156,184</b> | <b>50,567,296</b>   | <b>367,695,994</b>  | <b>(3,168,321)</b> | <b>396,778,977</b> | <b>3,619,330,668</b> |

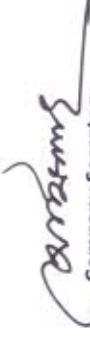
For the year ended 30 June 2018

| Particulars  | Amount in Taka       |                      |                     |                     |                    |                    | Total                |
|--|----------------------|----------------------|---------------------|---------------------|--------------------|--------------------|----------------------|
|  | Share capital        | Share premium        | Tax holiday reserve | Revaluation reserve | AFS Reserve        | Retained earnings  |                      |
| <b>Balance as at 01 July 2017</b>  | <b>1,717,297,720</b> | <b>1,090,156,184</b> | <b>50,567,296</b>   | <b>393,511,710</b>  | <b>(1,999,433)</b> | <b>715,289,200</b> | <b>3,964,826,149</b> |
| Transferred Revaluation Reserve  | -                    | -                    | -                   | (15,641,582)        | -                  | 15,641,582         | -                    |
| Deferred Tax   | -                    | -                    | -                   | 2,346,238           | -                  | -                  | 2,346,238            |
| Other Comprehensive Income/(Loss) for the year<br>(Unrealised Loss on Securities Available for Sale) | -                    | -                    | -                   | -                   | (1,486,102)        | -                  | (1,486,102)          |
| Related deferred Tax   | -                    | -                    | -                   | -                   | 148,610            | -                  | 148,610              |
| Net Loss after Tax   | -                    | -                    | -                   | -                   | -                  | (178,574,287)      | (178,574,287)        |
| <b>Balance as at 30 June 2018</b>  | <b>1,717,297,720</b> | <b>1,090,156,184</b> | <b>50,567,296</b>   | <b>380,216,366</b>  | <b>(3,336,925)</b> | <b>552,356,495</b> | <b>3,787,260,261</b> |

  
Chairman

  
Managing Director

  
Director

  
Company Secretary

  
Ahmed Zaker & Co.  
Chartered Accountants

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
Date: October 29, 2019



**Golden Son Limited**  
**Consolidated Statement of Cash Flows**  
For the year ended 30 June 2019

| Particulars   | Notes | Amount in Taka              |                             |
|---|-------|-----------------------------|-----------------------------|
|   |       | 2018-2019                   | 2017-2018                   |
| <b>A. Cash Flows from Operating Activities</b>              |       |                             |                             |
| Cash receipts from customers                                | 31.a  | 636,870,963                 | 516,577,929                 |
| Cash paid to suppliers and employees                        | 32.a  | <u>(481,297,106)</u>        | <u>(875,138,409)</u>        |
| Cash generated from operations                              |       | 155,573,857                 | (358,560,480)               |
| Income tax paid   |       | (5,458,200)                 | (11,908,256)                |
| Receipt of bank interest                                    |       | 23,290,634                  | 3,875,292                   |
| <b>Net Cash Flows from / (Used in) Operating Activities</b> |       | <b><u>173,406,291</u></b>   | <b><u>(366,593,444)</u></b> |
| <b>B. Cash Flows from Investing Activities</b>              |       |                             |                             |
| Acquisition of property, plant & equipment                  | 33.a  | (75,721,039)                | (84,611,085)                |
| Payment for capital work-in-progress                        |       | (62,398,323)                | (110,017,537)               |
| Dividend received on Share & Securities Investment          |       | 332,500                     | 226,600                     |
| Sales of Shares/Investment in shares                        |       | 18,840,096                  | (1,343,067)                 |
|   |       | -                           | 1,534,000                   |
| <b>Net Cash Used in Investing Activities</b>                |       | <b><u>(118,946,766)</u></b> | <b><u>(194,211,089)</u></b> |
| <b>C. Cash Flows from Financing Activities</b>              |       |                             |                             |
| Receipt from short term borrowings                          |       | 655,055,412                 | 1,373,584,964               |
| Repayment of short term borrowings                          |       | (1,060,783,021)             | (1,189,434,119)             |
| Receipt / (Repayment) from other finance                    |       | 20,277,544                  | (10,176,131)                |
| Receipt from Long Term Loan                                 |       | 1,106,543,904               | 1,176,655,851               |
| Repayment of Long Term Loan                                 |       | (509,312,402)               | (588,744,254)               |
| Payment of interest   |       | (254,396,515)               | (191,116,954)               |
| Dividend paid   |       | (66,605)                    | (5,460,560)                 |
| Repayment of Lease Finance                                  |       | (2,636,874)                 | (1,517,471)                 |
| Receipt from Lease Finance                                  |       | -                           | 2,301,514                   |
| <b>Net Cash (Used in) / Flows from Financing Activities</b> |       | <b><u>(45,318,557)</u></b>  | <b><u>566,092,840</u></b>   |
| Net surplus in cash and cash equivalents (A+B+C)            |       | 9,140,968                   | 5,288,307                   |
| Cash and cash equivalents at the beginning of the year      |       | 22,824,992                  | 17,536,685                  |
| <b>Cash and Cash Equivalents at the end of the year</b>     |       | <b><u>31,965,960</u></b>    | <b><u>22,824,992</u></b>    |
| <b>Net Operating Cash Flows Per Share (NOCFPS)</b>          |       | <b><u>1.01</u></b>          | <b><u>(2.13)</u></b>        |

  
Chairman

  
Managing Director

  
Director

  
Company Secretary

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
Date: October 29, 2019

  
Ahmed Zaker & Co.  
Chartered Accountants

