



শফিক বসাক এন্ড কোং SHAFIQ BASAK & CO.

CHARTERED ACCOUNTANTS

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Ref. No-SB-CTG-1-28/1297/2020

Dated: 09th November, 2020

INDEPENDENT AUDITOR'S REPORT **TO THE SHAREHOLDERS OF** **ARAMIT LIMITED**

Reports on the Audit of the Financial Statements for the year ended June 30, 2020.

Qualified Opinion

We have audited the financial statements of **ARAMIT LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Company Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Qualified 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

- As disclosed in note 5.2 to the financial statements, Investment in Associates amounting Tk. 126,859,200 have been valued at cost price but it should be valued applying Equity methods as required by IAS-28.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter (KAM)	How our Audit Addressed the Key Audit Matter
<i>Appropriateness of Revenue Recognition and Disclosures on the Impact of the Initial Application of IFRS 15</i>	
Revenue of BDT 457,624,059 is recognized in the statement of profit or loss and other comprehensive income for the year ended	In light of the fact that the high degree of complexity and estimates and assumptions give rise to and increased risk of accounting misstatements, we assessed the Company's



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30 June 2020 by the company. This material item is subject to considerable inherent risk due to the complexity of the system necessary for proper recognition, measurement, and recording considering the application of the new standard on revenue recognition, International Financial Reporting Standard 15 "Revenue from Contracts with Customers". Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives, rebates and exchange rates.

There is also a risk that revenue may be overstated due to fraud through manipulation of the invoices, discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.

processes and controls for recognizing revenue as part of our audit. Furthermore, in order to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:

- Assessing the environment of the measurement as well as other relevant systems supporting the accounting of revenue.
- Assessing controls for systems and procedures supporting revenue recognition.
- Assessing the invoicing and measurement system up to entries in the general ledger.
- Examining customer invoices and receipts of payment on a test basis in accordance with contract.
- Testing the revenue recognition in line with contract and reporting standard.

Furthermore, we assessed the accounting effects of new business and price models. We assured ourselves of the appropriateness of the systems, Processes, and Controls in place and that the estimates and assumptions made by management are sufficiently documented and substantiated to ensure that revenue is properly recognized.

See note no. 03.14 and 21.00 to the financial statements.

Valuation of Inventory

The company had inventory of BDT 149,145,971 as at 30th June, 2020, held in distribution centers, warehouses and numerous branches.

Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgement in determining the appropriate values for slow-moving or obsolete items.

The provision is calculated within the company's accounting systems using an automated process.

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

- Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of distribution centers, warehouses and branches;
- Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;
- Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;
- Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete inventories are valid and complete.

See note no. 03.04.02 and 6.00 to the financial statements.

Property, Plant & Equipment

The company has large amount and numbers of property, plant & equipment

In light of the fact that the high degree of complexity and estimates and assumptions give rise to and increased risk of



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items. Due to technological and time obsolescence, impairment may exist.

Management has concluded that there is no impairment in respect of all assets. This conclusion required significant management judgement. Hence, we considered this to be a key audit matter.

accounting misstatements. We assessed the Company's processes and controls procedure for recognizing Property, Plant & Equipment as part of our audit. Furthermore, in order to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:

- Assessing the consistency of methodologies use for depreciating the assets.
- Review the management's review regarding remaining useful lives of assets.
- Checking on a sample basis, the accuracy and relevance of the accounting of Property, Plant & Equipment.

Furthermore, we assessed the accounting effects of assets addition & depreciation. We assured ourselves of the appropriateness of the systems, Processes, and Controls in place and that the estimates and assumptions made by management are sufficiently documented and substantiated to ensure that Property, Plant & Equipment is properly recognized

See note no. 03.02 and 4.00 to the financial statements.

Other Matters

- Financial statements of the company for the year ended June 30, 2019 have been audited by **Rahman Mostafa Alam & Co. (Chartered Accountants.)** They have given qualified opinion for that year on two qualification points. One of the qualification points has been solved by management of the company during the year in its 48th Annual General Meeting.

Emphasis of matter

We draw attention to note 03.10.03 of the financial statements, which describes matters related to Proportionate transfer of workers profit participation (10% of WPPF) fund to Govt. exchequer in accordance with section 234 of Labor Act 2006, (amended 2015). Our opinion is not modified in respect of this matter.

Other Information included in the Company's 2020 Annual Report

Other information consists of the information included in the Company's 2020 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of issue of this auditor's Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Company Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the statement 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 account; and
- d) the expenditure incurred was for the purposes of the company business.

Place, Chattogram
November 09, 2020




SHAFIQ BASAK & CO.
Chartered Accountants
Signed by:
S K Basak FCA
Partner

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ARAMIT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

ASSETS

NON CURRENT ASSETS

Property, Plant & Equipment
Investment

CURRENT ASSETS

Inventories
Trade Receivables
Advances, Deposits and Prepayments
Short Term Investments
Interest Receivable
Due from Associated Companies
Cash and Cash Equivalents

Total Asset

SHAREHOLDERS' EQUITY & LIABILITIES

EQUITY

Share Capital
Reserves
Dividend Equalisation Fund
Retained Earnings
Unrealised Surplus of Financial Assets

NON CURRENT LIABILITIES

Provision for Employees' Retiral Gratuity
Deferred Income Tax

CURRENT LIABILITIES

Creditors and Accruals
Provision for WPP & WF
Provision for Taxation
Unclaimed Dividend

TOTAL SHAREHOLDERS' EQUITY & LIABILITIES

NET ASSETS VALUE PER SHARE

Notes	TAKA 30.06.2020	TAKA 30.06.2019
04.00	117,907,291	115,088,094
05.00	213,627,597	256,122,580
	331,534,888	371,210,674
06.00	149,145,971	141,728,197
07.00	26,089,908	22,958,882
08.00	117,906,422	98,513,764
09.00	48,666,039	63,803,903
10.00	406,891	855,616
11.00	322,367,169	296,892,067
12.00	62,594,821	25,631,672
	727,177,221	650,384,101
	1,058,712,109	1,021,594,775
13.00	60,000,000	60,000,000
14.00	385,488,028	385,488,028
	50,738,247	50,738,247
	327,521,143	337,367,522
	2,207,495	41,152,203
	825,954,913	874,746,000
15.00	32,619,040	28,442,959
16.00	23,960	4,072,885
	32,643,000	32,515,844
17.00	191,580,905	104,215,121
18.00	1,433,817	126,254
19.00	(6,511,993)	-
20.00	13,611,467	9,991,556
	200,114,196	114,332,931
	1,058,712,109	1,021,594,775
30.00	137.66	145.79

The annexed notes 1 to 42 form an integral part of these Financial Statements.


COMPANY SECRETARY

As per our annexed report of same date.


DIRECTOR


MANAGING DIRECTOR


(SHAFIQ BASAK & CO.)
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ARAMIT LIMITED
STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Notes	TAKA 2019-2020	TAKA 2018-2019
Revenue	21.00	457,624,059	439,982,607
Cost Goods Sold	22.00	(384,080,667)	(375,839,341)
Gross Profit		73,543,392	64,143,266
General & Administration Expenses	23.00	(61,015,703)	(63,028,220)
Selling & Distribution Expenses	24.00	(32,293,349)	(35,185,736)
Other Income - Operating	25.00	48,655,954	58,331,739
Profit from Operating Activities		28,890,294	24,261,049
Financial Expenses	26.00	(664,926)	(227,246)
Non Operating Income / (Loss)	27.00	450,963	617,727
Profit before WPP and Welfare Fund		28,676,331	24,651,530
Contribution to WPP & Welfare Fund	18.00	(1,433,817)	(1,232,577)
Profit before Income Tax		27,242,514	23,418,953
Provision for Income Tax:			
Current Income Tax	19.00	(6,810,629)	(7,891,920)
Deferred Tax Income/(Expenses)	16.00	(278,264)	4,105,507
Profit for the year after tax		20,153,621	19,632,540
Realized Gain/(Loss) on Available-for-Sale of Financial Assets	05.01	-	12,326,256
Unrealized Gain/(Loss) on Available-for-Sale of Financial Assets		(43,271,897)	(35,157,124)
Deferred Tax on Unrealized Gain/(Loss) @ 10%		4,327,189	3,515,712
Total Comprehensive Income		(18,791,087)	317,385
Earning Per Share (EPS):			
Basic Earnings per share	28.00	3.36	3.27

The annexed notes 1 to 42 form an integral part of these Financial Statements.



COMPANY SECRETARY

As per our annexed report of same date.



DIRECTOR



MANAGING DIRECTOR


(SHAFIQ BASAK & CO.)
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ARAMIT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

Share Capital	Capital Reserve	General Reserve	Dividend Equalization Fund	Retained Earnings	Available-for-sale financial assets (note-5)	Total Equity
60,000,000	20,212,562	365,275,466	50,738,247	337,367,522	41,152,203	874,746,000
-	-	-	-	20,153,621	-	20,153,621
-	-	-	-	(30,000,000)	-	(30,000,000)
-	-	-	-	-	(38,944,708)	(38,944,708)
60,000,000	20,212,562	365,275,466	50,738,247	327,521,143	2,207,495	825,954,913

Balance as on 01 July 2019
Profit after Tax for 01 July 2019 to 30 June 2020
Final Cash Dividend @ 50%
Other Comprehensive Income (Unrealized
Deficit on Financial Assets Available for Sale)
Balance as on 30 June 2020

For the year ended June 30, 2019

Share Capital	Capital Reserve	General Reserve	Dividend Equalization Fund	Retained Earnings	Available-for-sale financial assets (note-5)	Total Equity
60,000,000	20,212,562	365,275,466	50,738,247	335,408,725	72,793,615	904,428,615
-	-	-	-	(30,000,000)	-	(30,000,000)
-	-	-	-	19,632,540	-	19,632,540
-	-	-	-	-	12,326,256	12,326,256
-	-	-	-	-	(35,157,124)	(35,157,124)
-	-	-	-	-	3,515,712	3,515,712
-	-	-	-	12,326,256	(12,326,256)	-
60,000,000	20,212,562	365,275,466	50,738,247	337,367,522	41,152,203	874,746,000

Balance as on 01 July 2018
Final Cash Dividend @ 50%
Profit after Tax for 01 July 2018 to 30 June 2019
Realised gain on sale of financial assets
Unrealized gain/(loss)
Deferred tax @ 10% on unrealized gain/ (loss)
Realized gain/(loss) transferred to Retained Earnings
Balance as on 30 June 2019



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COMPANY SECRETARY

As per our annexed report of same date.

[Signature]

[Signature]
DIRECTOR

[Signature]
MANAGING DIRECTOR

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ARAMIT LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customer
Cash paid to supplier
Cash paid to employee
Cash paid for operating expenses
Payment of income tax
Payment for WPP & WF
Net cash inflow from operating activities (A)

TAKA 2019-2020	TAKA 2018-2019
502,977,067	468,261,513
(249,133,098)	(268,359,275)
(92,087,064)	(103,751,004)
(48,432,173)	(33,384,155)
(13,322,622)	(14,272,770)
(126,254)	(2,710,226)
99,875,856	45,784,083

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment
Acquisition of Financial assets
Sale of Fixed Asset
Proceeds from sale of Financial Asset
Due from associated Companies
Short term investment
Dividend received
Interest received
Net cash outflow from investing activities (B)

(31,023,405)	(35,711,446)
(776,914)	(1,342,173)
450,000	-
-	21,286,575
(25,475,102)	1,656,563
15,137,864	(38,769,018)
963	617,727
2,617,289	783,217
(39,069,305)	(51,478,555)

CASH FLOWS FROM FINANCING ACTIVITIES

Cash proceeds from issuing share
Dividend paid
Cash payment for financial expenses
Net cash inflow/(outflow) from financing activities (C)

-	-
(23,178,476)	(27,198,333)
(664,926)	(227,246)
(23,843,402)	(27,425,579)

Net increase of cash and cash equivalents for the year (A+B+C)
Cash and cash equivalents at the beginning of the year
Cash and cash equivalents at the end of the year

36,963,149	(33,120,051)
25,631,672	58,751,723
62,594,821	25,631,672

Net Operating Cash Flow Per Share

16.65	7.63
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COMPANY SECRETARY

As per our annexed report of same date.

DIRECTOR

MANAGING DIRECTOR

SHAFIQ BASAK & CO.
CHARTERED ACCOUNTANTS

