

Daily Market Update

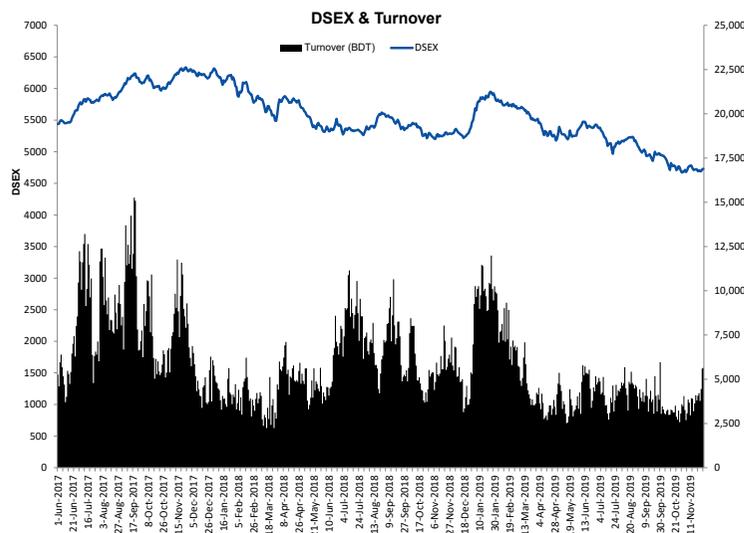
Market closed in green today. The benchmark index DSEX (+0.17%) gained 8.04 points and closed at 4,730.35 points. Both the blue chip index DS30 (+0.71%) and the Shariah-based index DSES (+0.63%) closed in green. The large cap sectors showed mixed performance today. Telecommunication booked the highest gain of 4.28% followed by Power (+0.31%), Engineering (+0.21%), and Banks (+0.04%). NBFIs experienced the highest loss of 0.43% followed by Pharmaceuticals (-0.28%) and Food & Allied (-0.26%). Turnover stood at BDT 5.6 billion (USD 67.9 million). LafargeHolcim Bangladesh Limited (+9.7%) was the most traded share with a turnover of BDT 447.9 million.

Sector Index	Closing	Opening	Δ(Pts)	Δ%	No. of Cos	Sectoral Mcap	% of Total Mcap	Sectoral Turnover	% of Total Turnover
Banks	1,347.04	1,346.53	0.50	0.04%	30	549,800.9	18.26%	593.7	10.77%
NBFIs	1,661.41	1,668.55	-7.14	-0.43%	23	153,594.9	5.10%	291.0	5.28%
Mutual Funds	603.20	601.34	1.87	0.31%	37	31,347.0	1.04%	76.3	1.38%
General Insurance	1,920.89	1,958.57	-37.68	-1.92%	35	52,031.6	1.73%	529.7	9.61%
Life Insurance	2,107.33	2,108.27	-0.94	-0.04%	12	58,755.4	1.95%	79.5	1.44%
Telecommunication	4,473.38	4,289.98	183.40	4.28%	2	449,605.9	14.93%	140.8	2.55%
Pharmaceuticals	2,685.64	2,693.18	-7.53	-0.28%	32	506,523.4	16.82%	789.6	14.32%
Fuel & Power	1,658.60	1,653.43	5.17	0.31%	20	411,164.6	13.65%	461.2	8.37%
Cement	1,188.41	1,124.06	64.35	5.73%	7	72,272.8	2.40%	479.7	8.70%
Services & Real Estate	929.21	937.21	-8.01	-0.85%	8	36,407.6	1.21%	70.6	1.28%
Engineering	2,452.22	2,447.10	5.12	0.21%	39	159,134.4	5.28%	583.9	10.59%
Food & Allied	13,448.41	13,483.68	-35.27	-0.26%	17	248,384.6	8.25%	153.4	2.78%
IT	1,686.05	1,711.10	-25.05	-1.46%	9	18,641.3	0.62%	80.4	1.46%
Textiles	1,103.45	1,103.51	-0.06	-0.01%	55	107,015.9	3.55%	705.0	12.79%
Paper & Printing	5,408.38	5,348.51	59.87	1.12%	3	10,340.3	0.34%	25.9	0.47%
Tannery	1,838.32	1,835.99	2.33	0.13%	6	19,795.6	0.66%	206.2	3.74%
Jute	12,522.98	12,601.66	-78.67	-0.62%	3	2,767.6	0.09%	8.7	0.16%
Ceramics	479.56	481.03	-1.47	-0.31%	5	23,162.5	0.77%	57.6	1.04%
Miscellaneous	1,818.62	1,826.65	-8.03	-0.44%	13	100,909.3	3.35%	179.5	3.26%

Top Ten Gainers	Close	Δ%	Turnover (mn BDT)
Progressive Life Ins	95.00	9.8%	16.9
LafargeHolcim Bangladesh Limited	35.00	9.7%	447.9
Zaheen Spinning Limited	7.30	9.0%	20.1
Doreen Power Generations and Systems Limited	61.80	8.4%	104.3
First Finance Limited	4.10	7.9%	.2
Tosrifia Industries Limited	13.70	7.9%	11.4
EXIM Bank 1st Mutual Fund	4.70	6.8%	1.3
Salvo Chemical Industry Limited	11.40	6.5%	4.6
Tallu Spinning	3.80	5.6%	.1
R.N. Spinning Mills Limited	3.90	5.4%	8.9

Top Ten Losers	Close	Δ%	Turnover (mn BDT)
Sonar Bangla Ins	46.50	-9.7%	158.0
Legacy Footwear	71.40	-9.5%	50.5
Al-Haj Textile Mills Limited	44.00	-9.5%	25.7
Dulamia Cotton	40.50	-8.2%	.6
Mozaffar Hossain Spinning Mills Ltd.	10.80	-6.9%	6.4
United Airways (BD) Ltd.	1.40	-6.7%	.6
Ambee Pharmaceuticals Ltd.	500.90	-6.3%	7.7
Khan Brothers PP Woven Bag Industries Limited	5.00	-5.7%	1.0
Meghna Pet Industries	8.40	-5.6%	.1
Silco Pharmaceuticals Limited	32.20	-5.3%	6.1

Most Traded Share	Close	Δ%	Turnover (mn BDT)
LafargeHolcim Bangladesh Limited	35.00	9.7%	447.9
Square Pharmaceuticals	211.80	-0.3%	192.0
Sonar Bangla Ins	46.50	-9.7%	158.0
Fortune Shoes Limited	27.50	1.1%	138.0
Beximco Pharmaceuticals	80.50	1.6%	112.4
Shurwid Industries Limited	31.40	0.3%	110.4
Stylecraft Limited	714.20	-1.4%	109.2
Doreen Power Generations and Systems Limited	61.80	8.4%	104.3
Lankabangla Finance	18.40	-1.6%	100.9
City Bank	22.60	1.3%	91.8



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Index	Closing	Opening	Δ(Pts)	Δ%	%ΔYTD
DSEX	4,730.35	4,722.31	8.04	0.17%	-12.17%
DS30	1,646.34	1,634.80	11.54	0.71%	-12.47%
DSES	1,081.98	1,075.24	6.73	0.63%	-12.24%

	Advanced	Declined	Unchanged	Total
All Category	118	189	42	349
A Category (Equity)	88	137	32	257
B Category (Equity)	5	27	2	34
N Category (Equity)	3	5	1	9
Z Category (Equity)	22	20	7	49
Mutual Funds	10	9	18	37
Corporate Bonds	1	0	0	1

Market Stat	Today	Last Day	% Change	
Mcap	Mn BDT	3,571,178.3	3,551,794.0	
	Mn USD	42,959.0	42,725.8	0.5%
Turnover	Mn BDT	5,642.2	5,603.6	0.7%
	Mn USD	67.9	67.4	
Volume	Mn Shares	215.8	227.5	-5.1%
Trade		150,229	153,010	-1.8%

Top Ten Market Cap	Mcap (mn BDT)	% of Total Mcap	Turnover (mn BDT)	PE	PB
Grameenphone Ltd.	432.0	14.3%	69.28	12.4x	10.2x
British American Tobacco Bangladesh Company Limited	194.2	6.4%	34.25	22.5x	8.0x
Square Pharmaceuticals	178.8	5.9%	191.99	13.9x	2.7x
United Power Generation & Distribution Company Ltd	139.3	4.6%	63.84	16.4x	9.5x
Renata Ltd.	103.6	3.4%	14.40	26.3x	5.7x
BRAC Bank	71.9	2.4%	20.79	14.0x	1.9x
Berger Paints	65.7	2.2%	1.98	28.3x	9.8x
Investment Corporation of Bangladesh	63.8	2.1%	1.87	NM	2.2x
Marico Bangladesh Limited	53.7	1.8%	13.42	21.4x	36.5x
LafargeHolcim Bangladesh Limited	40.6	1.3%	447.86	22.6x	2.7x

Top Ten Free Float Mcap	Free Float Mcap (mn BDT)	% of Total Free Float	Turnover (mn BDT)	PE	PB
Square Pharmaceuticals	117.2	9.7%	191.99	13.9x	2.7x
British American Tobacco Bangladesh Company Limited	51.4	4.2%	34.25	22.5x	8.0x
Renata Ltd.	50.6	4.2%	14.40	26.3x	5.7x
Grameenphone Ltd.	43.2	3.6%	69.28	12.4x	10.2x
BRAC Bank	40.1	3.3%	20.79	14.0x	1.9x
Beximco Pharmaceuticals	28.3	2.3%	112.44	10.4x	1.2x
Olympic Industries	26.5	2.2%	16.07	18.8x	5.8x
Eastern Bank	19.1	1.6%	5.62	8.5x	1.2x
Pubali Bank	18.1	1.5%	1.29	6.9x	0.9x
City Bank	16.6	1.4%	91.82	8.9x	0.8x

Block Trade	Maximum Price	Minimum Price	Turnover (mn BDT)	Quantity	Trade
Asia Insurance Limited	29.50	29.50	0.64	21,635	1
Baraka Power Limited	25.50	25.50	2.55	100,000	1
BRAC Bank	59.00	59.00	0.59	10,000	1
Beximco Pharmaceuticals	80.70	80.70	4.71	58,314	1
Khulna Power Company Limited	38.90	38.90	31.12	800,000	1
Kattali Textile Limited	14.30	14.30	0.50	35,000	1
Mercantile Insurance	36.00	36.00	54.83	1,523,000	8
Silco Pharmaceuticals Limited	37.00	36.00	31.89	870,000	3
Silva Pharmaceuticals Limited	19.40	19.40	0.87	45,000	1
Standard Insurance	37.00	37.00	1.18	32,000	1
Yeakin Polymer Limited	10.30	10.30	0.67	65,000	1

Corporate Actions: Upcoming Record Dates

DSE Ticker	Company Name	Rights	Stock	Cash	Year End	Record Date
ORIONPHARM	Orion Pharma Ltd.		0.0%	15.0%	30-Jun-2019	28-Nov-2019
STYLECRAFT	Stylecraft Limited		150.0%	0.0%	30-Jun-2019	28-Nov-2019
QUEENSOUTH	Queen South Textile Mills Limited		10.0%	8.0%	30-Jun-2019	28-Nov-2019
OAL	Olympic Accessories Ltd.		0.0%	2.0%	30-Jun-2019	28-Nov-2019
HWAWELLTEX	HWA Well Textiles (BD) Limited		0.0%	17.0%	30-Jun-2019	28-Nov-2019
OLYMPIC	Olympic Industries		0.0%	50.0%	30-Jun-2019	28-Nov-2019
HFL	Hamid Fabrics Ltd.		0.0%	10.0%	30-Jun-2019	28-Nov-2019
SINOBANGLA	Sinobangla Industries Ltd.		0.0%	10.0%	30-Jun-2019	28-Nov-2019
SAVAREFR	Savar Refractories Limited		0.0%	0.0%	30-Jun-2019	28-Nov-2019

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Important DSE News

AMBEEPHA

The Board of Directors has recommended 30% cash dividend for the year ended on June 30, 2019. Date of AGM: 31.12.2019, Time: 10:00 AM, Venue: Factory Premises, 184/1 Tejgaon Industrial Area, Dhaka-1208. Record date: 17.12.2019. The Company has also reported EPS of Tk. 1.40, NAV per share of Tk. 24.09 and NOCFPS of Tk. 16.42 for the year ended on June 30, 2019 as against Tk. 3.44, Tk. 25.68 and Tk. 7.76 respectively for the same period of the previous year. The Company has also informed that EPS decreased by Tk. 2.04 due to profit after tax decreased by Tk. 4,896,965.00 this year than last year. During the year earlier year income taxes of Tk. 5,586,300.00 and interest on WPPF Fund of Tk. 940,672.00 which relates to previous year have been charged as expenses for the year resulting decrease of EPS. NOCFPS increased in this year by Tk. 8.66 due to increase of collection against sales by 3.05% than last year and decrease of operating expenses against sales in this year by 1.07 % than last year.

LEGACYFOOT

(Q1 Un-audited): EPS was Tk. 0.18 for July-September 2019 as against Tk. 1.81 for July-September 2018; NOCFPS was Tk. 1.85 for July-September 2019 as against Tk. (0.37) for July-September 2018. NAV per share was Tk. 17.99 as on September 30, 2019 and Tk. 17.80 as on June 30, 2019.

PTL

The Company has informed that the Board of Directors has decided to invest around USD 9.75 million in Thermosol dyeing, Solid dyeing, Continuous washing, bleaching unit etc. through installing few brand new capital machineries for enhancing and upgrading existing production capacities & business to meet up the buyers choice & demand and the post import facilities will be settle down under the credit facilities of Pubali Bank Limited.

SEMLFBSLGF

FBL Securities Ltd., one of the Corporate Sponsors of the Fund, has expressed its intention to sell 5,00,000 units out of its total holding of 2,75,00,000 units of the Fund at prevailing market price (In the Public Market) through Stock Exchange (DSE) within next 30 working days.

TITASGAS

Qualified Opinion: a. Long-term liabilities as disclosed under Note # 24 to the financial statements include customers' security deposit of Tk. 1,842.39 crore as on 30 June 2019. The Head Office of the Company maintains control ledgers with the information received from zone offices. But during our audit at zone offices we could not check and confirm such balances with the records of zone offices as the zone offices' general ledgers were not updated. Further, any list, address or any other particulars of the parties could not be made available to us. As a result, we could not ensure by accuracy of the balances from the records of the zone offices as well as sending balance confirmation letters to the parties. Note: 24: Customers' security deposits: Customers' security deposits as on 30.06.2019 was Tk. 18,423,868,986 and as on 30.06.2018 was Tk. 15,197,892,280. b. Required provision for pension fund of the entitled employees of the Company as on 30 June 2018 was Tk. 819.74 crore as per actuarial valuation done by M/S Z Halim & Associates. As on the said date the Company's provision for the pension fund was only Tk.30.00 crore resulting in a shortfall of provision of Tk. 789.74 crore for the said fund. The actuary firm, M/ S. Z Halim & Associates recommended to make an annual provision of Tk. 188.90 crore for next five years to make up the said deficit. Further, for the year under audit the required provision for

the said fund has increased by an amount of Tk. 59.62 crore and an amount of Tk. 51.58 crore has been paid by the Company to the outgoing employees as final settlement. As such, the required provision for pension fund as on 30 June 2019 has stood at Tk. 827.78 crore. But the management of the Company on the ground of inadequacy of fund as well as insufficient yearly profit decided to initially provide Tk. 188.90 crore in three years commencing from 2018-19 and thereafter will further review the provision amount for the subsequent years. Accordingly, the Company has provided only Tk. 62.00 crore in the year 2018-19 against the deficit up to 30 June 2018 and further Tk. 24.84 crore for the current year. As a result, the provision for pension fund has remained short by Tk. 740.94 crore in the accounts as on 30 June 2019. c. Due to delay in payment of bills by the bulk customers (Power- PDB) the Company calculates and charges penal interest on the bill amounts of the respective customers. As such a total amount of Tk. 51.36 crore has been recognized as interest income up to 30 June 2019 and included in Trade & other-receivables shown under Note # 11. On the other hand, the company accounted for meter rent charges on its customer namely, PDB for Tk.43.08 crore up to the year 2018-19. The Company has been recognizing these income and receivables since the year 2002. Out of the said aggregated amount of Tk. 94.44 crore, there is no realization till date. On a query we came to know that the said customers are not interested to pay such penal interest as well as meter rent charges which remain unrealized for long. As a result, there is a substantial doubt as regards realization of the said penal interest and meter rent receivable which require full provision in the accounts. Note: 11: Trade & other receivables: Trade & other receivables as on 30.06.2019 was Tk. 41,717,329,898 and as on 30.06.2018 was Tk. 36,395,306,588. d. During the year under audit the Company has incurred system loss of gas for a quantity of 1,003,834,042 CM equivalent to the value of Tk. 769.85 crore. But the allowable rates of system loss for distributable quantity of gas transmitting through the pipelines of Titas Gas Transmission and Distribution Company Limited (TGTDCL) and Gas Transmission Company Limited (GTCL) are 2% and 2.25% respectively as per order # 2018/03 dated 16 October 2018 of Bangladesh Energy Regulatory Commission (BERC). As such the allowable system loss of gas for the year under audit should have been 310,833,899 CM against the value of Tk. 238.38 crore. As a result, the Company has incurred a loss of revenue of Tk. 531.47 crore due to excess system loss of gas for the year ended 30.06.2019. This excess loss of gas/revenue might be caused due to unlawful consumption of gas through connection of unrecorded/illegal gas lines. Moreover, as disclosed in Note # 33 to the financial statements, the Company has occurred 'Disconnection & Reduction of system loss cost' for an amount of Tk. 0.955 crore. This expense was incurred for disconnection & reduction of illegal gas connections during the year under audit, which indicates that the Company has illegal gas connections for which the Company is losing substantial amount of revenue every year. Note: 33: Transmission & Distribution Expenses: Transmissions & Distribution expenses for the year ended on 30.06.2019 was Tk.102,251,394 and for the year ended on 30.06.2018 was Tk.98,385,470. Transmission & distribution expenses include repair and maintenance of property, plant & equipments, transmission and distribution related gas line pipe, disconnection & reduction of system loss, publicity of reduction of system loss and operational advertisement. e. The carrying amount of inventories as shown in the statement of financial position as on 30 June 2019 is Tk. 199.72 crore. But the accounting policies of the Company state that inventories are valued at cost which is a non-compliance with International Accounting Standard (IAS) 2: Inventories. IAS 2 requires valuation of inventories at the lower of cost and net realizable value. The Company did not conduct physical verification of inventories as on 30 June 2019. Last physical verification of inventories was done for the year ended 30 June 2013. As per the said verification, dead stock worth Tk. 10.44 crore and obsolete stock worth Tk. 3.33 crore were identified by the inventory committee at that time. But the Company did not make any adjustment in the accounts for the said items. It indicates that the inventories as on 30 June 2019 may include huge quantities of dead and obsolete items which could not be identified

including determination values thereof due to lack of information. Thus the carrying amount of inventories of the Company as on 30 June 2019 appears to overstated.

QUEENSOUTH

Emphasis of Matter: According to the rule no. 212 of the Bangladesh Labour Rules 2015 read with the section no. 232 of the Bangladesh Labour Law 2006 (amended 2013), the Company was supposed to introduce Worker's Profit Participation Fund (WPPF) with effect from 15th March 2016. But no such fund was introduced with retrospective effect from that date on the reason of being an units under EPZ. However necessary provision @ 0.03% against each and every export order as per rule 214 with retrospective effect need be introduced without further delay.

SAMATALETH

Qualified Opinion: 1. Charges of depreciation has not been properly made in the profit or loss and other comprehensive income in accordance with para 48 of IAS 16. 2. Para 31 and 34 of IAS 16 for sufficient regularity and frequency of revaluation respectively. 3. Annual transfer of revaluation reserve to retained earnings on the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost has not been made in accordance with para 41 of IAS 16. 4. Transfer of Workers Profit Participation Fund (WPPF) previously made (30 June 2018) attributable to Workers Welfare Foundation Fund established under section of 14 of Bangladesh Workers Welfare Foundation Act, 2006, has not been made in accordance with section 234 of Labor Act 2006 (amended in 2013). 5. Deferred tax liability/(Asset) in accordance with IAS 12 "Income Taxes" has not been recognised in the financial statements. 6. Turnover and purchase of raw materials as disclosed in notes # 14 and 15 are not supported by documents (Mushak-19) made available to us. Note: 14.00: Turnover & Other Income: Turnover for the year ended on 30 June 2019 was Tk. 90,423,860 and for the year ended on 30 June 2018 was Tk. 63,588,768. Note: 15.00: Cost of Sales: Purchase of raw materials for the year ended on 30 June 2019 was i) Materials Consumed (Cow) Tk. 34,839,178 ii) Work in Progress Tk. 0. 7. iii) Chemical Consumed Tk. 2,864,925. It is apparent from the statement of comprehensive income that the company made export sale during the year. But effects of changes in foreign exchange rates has not been made in the financial statements in accordance with para 28 of IAS 21. 8. Full years depreciation has been charged on addition to property, plant and equipment rather complying para 55 of IAS 16 as such excess depreciation has been charged resulting understatement of profit. 9. Without paying instalment against land amounting to Tk. 1,818,000 the amount has been recognized as advance instalment against land (note 9b) by crediting liability. Note: 9(b): Deposit and Pre-payments: Installment against Land (Tannery Estate-Dhaka) as on 30 June 2019 was Tk. 18,109,599 and as on 30 Jun 2018 was Tk. 18,109,599. 10. Disclosures regarding the calculation of Net Asset Value (NAV) per share and Net Operating Cash Flow (NOCF) per share as required by BSEC notification no. BSEC/CMRRCD/2006-158/208/admin/81 dated 20 June 2018 has not been provided in notes to the financial statements.

POWERGRID

Basis for Qualified Opinion: 1. In note # 2.1 to the financial statements, the Company has reported an amount of BDT 489,606,950 as addition to property, plant and equipment (PPE) resulting from increase in Bangladesh currency equivalent to the foreign currency loan liabilities, relating to acquisition of such PPE, due to change in exchange rates during the year ended on 30 June 2019. Again, the Company capitalized BDT 1,968,449,324 as an addition to capital work in progress for the ongoing projects resulting from the increase in Bangladesh currency equivalent to the foreign currency loan liabilities, relating to the acquisition of such capital work in progress, due to change in exchange rates during the year ended on 30 June 2019. As per Para 28 of IAS

21: Effects of Changes in Foreign Exchange Rate, the said amount should be recognized as a loss in the Statement of Profit or Loss and Other Comprehensive Income. The Company describes the reason for such capitalization in note # 2.1. Note. 2.1: Statement of compliance: Except as detailed below, the financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), the Companies Act, 1994, Bangladesh Security Exchange Commission (BSEC) Acts & Rules and other applicable laws and regulations. (Continuation news of POWERGRID): Foreign currency exchange difference of BDT 489,606,950 arising from foreign currency denominated loans and borrowings taken by the Company for acquisition of property, plant and equipment has been added with the carrying amount of capital works-in-progress and property, plant and equipment as required under the provision of Section 185, read with, Part-1, Schedule XI of the Companies Act 1994 since the loans were used in the projects that were accounted for in capital works in progress. While IAS 21: The Effects of Changes in Foreign Exchange Rates does not allow capitalization of foreign exchange difference, the company recognized the foreign exchange loss/(gain) as part of its property, plant and equipment as allowed under the Companies Act, 1994. The Company carries an unfunded gratuity scheme for its employees and provision is made as per the Company's gratuity policy for which no actuarial valuation has been done though required under IAS 19: Employee Benefits. 2. As disclosed in Note # 4 to the financial statements, the carrying amount of PPE was reported at BDT 144,494,665,501. No fixed assets register with the required information was available. Some items of PPE have been received by the Company from Bangladesh Power Development Board (BPDB, previously PDB) and Dhaka Power Development Company (DPDC, previously DESA) without conducting physical verification and valuation thereof. It is also noted that no physical verification of PPE was conducted either at the year-end or any time during the year under audit. As such we are unable to confirm the authenticity of the physical existence of PPE as of 30 June 2019. Out of the total assets of the Company, PPE is 58.76% which remained unverified as to its quantity. Moreover, the Company has never performed impairment test of its PPE which is also a non-compliance with IAS 36: Impairment of Assets. Note. 4: The carrying amount of PPE was reported at BDT 144,494,665,501 as on 30 June 2019. 3. Note # 5 to the financial statements includes inter-alia inventory in transit (under capital work in progress) amounting to BDT 2,063,539,050 out of which we have checked, on a sample basis, inventory in transit amounting to BDT 362,696,086 (18% of the total inventory in transit) and found that 3 lots having carrying value of BDT 234,620,563 in total were delivered to respective GMDs during the prior years. One lot for BDT 83,937,832 was delivered during the year 2013-2016, one lot for BDT 86,618,334 was delivered during the year 2015-2016 and one lot for BDT 64,064,397 was delivered during the year 2017-2018. But the Company has not yet transferred such inventory in transit to inventory. The management could not provide us any documents related to inventory in transit amounting to BDT 118,580,523. As a result, we could not confirm the same. The remaining amount of BDT 9,495,000 was found to be in inventory in transit. Note. 5: Capital Work- in-progress: Capital Work- in-progress is Tk.68,590,309,163 as on 30 June 2019 and Tk.63,269,033,237 as on 30 June 2018. 4. in note # 7 to the financial statements, the Company disclosed BDT 1,137,052,392 as inventories. Movement of inventories was not properly recorded, and mismatches were found between store ledger and accounts ledger balances at the cost centers we visited. During our visit to 5 GMDs, we observed that the physical store statement showed the inventory of BDT 365,739,960 as against BDT 350,555,591 as per the accounts ledger, the difference being BDT 15,184,369. As a result, the physical existence and value of the inventory could not be confirmed. We had no other practical alternative auditing procedure that we could apply to confirm the physical existence as well as the value thereof as on 30 June 2019. Note. 7: Inventories: Inventories is Tk. 1,137,052,392 for the year ended on 30 June 2019 and Tk. 1,011,360,681 for the year ended on 30 June 2018. These represent the closing inventory of electrical goods as at 30 June

2019. The electrical goods include spare parts which were received from Bangladesh Power Development Board (BPDB) along with the substations and transmission lines mentioned in note 4. 5. As disclosed in note # 8 to the financial statements, the Company reported an amount of BDT 5,542,285,929 as receivables from transmission/wheeling and optical fiber charges. It includes receivables from DPDC, DESCO, BPDB, RPC, PBS, WZPDCL, M/S Abul Khair Steel Product and BWDB GK Project (Bheramara, Kushtia) amounting to BDT 1,112,318,607, BDT 319,992,566, BDT 1,910,533,381, BDT 5,439,000, BDT 1,819,975,742, BDT 194,670,991, BDT 6,433,733 and BDT 1,560,621 respectively. The amount of BDT 5,439,000, receivable from RPC is being carried forward since FY 2004-05, though 100% provision had been made against the same. Other amounts as stated above are increasing year by year till to date. It includes disputed amounts with DPDC, DESCO, BPDB, RPC, PBS, WZPDCL, M/S Abul Khair Steel Product and BWDB GK Project (Bheramara, Kushtia) amounting to BDT 611,824,767, BDT 3,106,231, BDT 1,192,078,169, BDT 5,439,000, BDT 107,357,277, BDT 65,797, BDT 6,433,733 and BDT 1,560,621 respectively. In our opinion, the Company is very unlikely to recover the amounts in full. If adequate provisions were made for the above, the earnings per share (EPS) and net asset value (NAV) for the year 2018-19 Would have been adversely affected to that extent. Note No. 8: The Company reported an amount of BDT 5,542,285,929 as accounts and other receivables as on 30 June 2019 and Tk. 3,240,307,900 as on 30 June 2018. 6. The Company has accumulated a balance of provision against gratuity amounting to BDT 3,114,689,871 of which BDT 322,980,496 is for the current year. The Company carries an unfunded gratuity scheme for its employees and provision is made as per the Company's gratuity policy for which no actuarial valuation was done though required under IAS 19: Employee Benefits. Other Matters: 1. The financial statements of the Company as at and for the year ended 30 June 2018 were audited by other auditors who expressed a modified opinion on those statements on 01 November 2018. 2. The Company has not disclosed net asset value per share, net operating cash flow per share and reconciliation of net income or net profit with cash flow from operating activities making an adjustment for non-cash items, for non-operating items and the net changes in operating accruals. It is a non-compliance of para-5 of notification no. BSEC/CMRRCD/2006/-158/208/Admin/81 dated 20 June 2018.

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Qualified Opinion: 1. The Company has not been charging depreciation on the additional value resulting from revaluation of fixed assets (Note: 13) as required by IAS 16: Property, Plant & Equipment since financial year 2006-2007. In consequence the net assets value of the Company remained overstated to the extent of chargeable depreciation. The net profit after tax and earnings per share are also being shown overstated to that extent. Note: 13: Revaluation Reserve: Revaluation surplus as at 30 June 2019 was Tk. 504,310,971 and as at 30 June 2018 was Tk. 504,310,971. It represents revaluation surplus of Land, Building, Plant & Machinery etc. of the company as per revaluation report of Eastland Surveyors vide. letter no. ES/VAL-101/2007 dated 06 March 2007. 2. The Company has not done any impairment review on the revalued fixed assets (Note: 13) as required by IAS 36: Impairment of Assets. In consequence the net assets value of the Company remained overstated to the extent of chargeable impairment, if any. Note: 13: Revaluation Reserve: Revaluation surplus as at 30 June 2019 was Tk. 504,310,971 and as at 30 June 2018 was Tk. 504,310,971. It represents revaluation surplus of Land, Building, Plant & Machinery etc. of the company as per revaluation report of Eastland Surveyors vide. letter no. ES/VAL-101/2007 dated 06 March 2007. 3. Deferred Tax Liabilities has not been shown in the financial statements on the revaluation surplus of Property, Plant & Equipment from the year 2006-07 as prescribed by Para 20 of IAS 12: Income Tax (Note-15). Note: 15: Deferred Tax Liability: Deferred Tax Liability as at 30 June 2019 was Tk. 1,871,377 and as at 30 June 2018 was Tk.

2,068,397. 4. Intangible additions of Taka 55,975,625 in the account (Note 05) deviates the principle of accounting practice and have resulted in journal entries for invisible assets and corresponding unearned income, which has inflated the accumulated profit. Note: 5: Intangible Addition (Equivalent Cash): a) Intangible addition: Balance as at 30 Jun 2019 was Tk. 7,947,698. b) Export cash subsidy of Income year 2006-2007 & Assessment Year 2007-2008 claimed and assessed U/S 82(C) of Income Tax Ordinance, 1984 as at 30 Jun 2019 was Tk. 22,410,185. c) Export cash subsidy of Income year 2007-2008 & Assessment Year 2008-2009 claimed and to be assessed U/S 82(C) of Income Tax Ordinance, 1984 as at 30 Jun 2019 was Tk. 25,617,741. Thus, Total Intangible Addition (Equivalent Cash) as on 30 Jun 2019 was Tk. 55,975,624. 5. Worker's Profit Participation & Welfare fund of Taka 6,087,629 (Note: 22.3) from the financial year 2005-2006 to 2017-18 has not been distributed by the Company as per Sections 234(1) and 242(1) of the Labour Act 2006 (as amended in 2013). Furthermore, the above fund in being utilized by the Company but no interest has been credited to the fund at application rate as per Section 242(1) of the said Act. Note: 22.3: Worker's Profit Participation & Welfare Fund: Worker's Profit Participation & Welfare Fund as at 30 June 2019 was Tk. 6,228,622 and as at 30 June 2018 was Tk. 6,087,629. 6. The assessments of the financial year 1995-96 was finalized (Note: 36) but no accounting treatment has been given in the books of account for creation of additional tax provision of Taka 866,750 and adjustment of advance taxes thereof. Note: 36: Tax Assessment Status: Tax demanded by income tax authority for accounting year 1995-1996 was Tk. 866,750. 7. As per the accounting policy adopted by the Company, revenue is recognized when deliveries are made and risk of ownership has been transferred to the customer. But while making the actual transactions, the Company has recognized sales revenue (Note: 24) at the time of realization of receivables from the respective customers which is inconsistent with the policy adopted by the Company and also inconsistent with the IFRS 15 "Revenue from Contracts with Customers". Note: 24: Sales: Sales for the year ended 30 Jun 2019 was Tk. 393,411,449 and for the year ended 30 Jun 2018 was Tk. 632,084,703. 8. The effects of foreign exchange transactions (gain/loss) have not been shown in respect of sales (foreign) and trade receivables (foreign) as at 30 June 2019 in the financial statements as per IAS 21 "The Effects of Changes in Foreign Exchange Rates". 9. Included in the trade receivables (Local) (Note: 8.2), an amount of Taka 7,575,417 from 2 customers have remain uncollectible since more than four years which indicates significant doubtful of recovery but no provision has been made in the financial statements. Note: 8.2: Trade Receivables (Local): Trade Receivables (Local) as at 30 Jun 2019 was Tk. 13,181,404 and as at 30 Jun 2018 was Tk. 12,731,681.