

hp:d4:aamra/aamra network ltd. 2019

aamra networks limited
Safura Tower (12th Floor)
20, Kemal Ataturk Avenue
Banani Commercial Area
Dhaka-1213

aamra networks limited
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2019

Contents	Page No.
* Auditor's Report	1-2
* Statement of Financial Position	3
* Statement of profit or loss and other comprehensive income	4
* Statement of Changes in Equity	5
* Statement of Cash Flows	6
* Notes to the Financial Statements	7-25
* Schedule of Property, Plant and Equipment (Annexure - A)	26
* Schedule of Intangible Assets (Annexure - B)	27
* Schedule of Calculation of Deferred Tax Liability (Annexure - C)	28

K. M. HASAN & CO.
Chartered Accountants
Home Town Apartment (8th & 9th Floor)
87, New Eskaton Road, Dhaka-1000
Phone : 0152-331811, 9351457
Fax : 00-08-9351564
E-mail: info@kmhasan.com.bd
Web: www.kmhasan.com.bd



কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants

Hometown Apartments (8th & 9th Floor) 87,
New Eskaton Road, Dhaka-1000 Phone:
58311559, 9351564, 9351457,
Fax: 88-02-9345792
E-mail: info@kmhasan.com.bd
website: www.kmhasan.com.bd



McMillan Woods
International
Professionalism at the forefront

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF aamra networks Limited

Report on the audit of the Financial Statements

Disclaimer of Opinion

We have audited the financial statements of **aamra networks Limited**, which comprise the statement of financial position as at 30 June 2019 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.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. We could not confirm revenue amounting to Tk. 697,793,571 as management could not provide us original sales invoice due to loss of relevant documents caused by fire (Note: 1.3). However company provided us with system printed invoices from NBR approved VAT software.
2. We could not confirm cost of goods sold amounting to Tk. 341,729,677 as management could not provide us original Purchase order due to loss of relevant document caused by fire (Note: 1.3). However company provided us with system printed purchase order. In addition to that we could not confirm operating expenses amounting to Tk. 57,107,555 as management could not provide us documents due to loss of relevant document caused by fire (Note: 1.3).

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 International Financial Reporting Standards (IFRSs), the Companies Act, 1994, The Securities and Exchange Rules 1987, relevant notifications issued by Bangladesh Securities and Exchange Commission and other applicable laws and regulation 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 responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 except those mentioned in basis for disclaimer of opinion 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 account except those mentioned in basis for disclaimer of opinion 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 return; and
- d) The expenditure incurred was for the purposes of the company's business except those mentioned in basis for disclaimer of opinion.

Place: Dhaka
Dated: 29 October 2019



K.M. Hasan
K.M. HASAN & CO.
Chartered Accountants

aamra networks limited
STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	Amount in Taka	
		30 June 2019	30 June 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,013,795,561	957,496,957
Intangible assets	5	13,847,826	17,309,783
Advance, deposit & prepayments	8.1	11,755,010	9,857,510
Total non-current assets		1,039,398,397	984,664,250
Current assets			
Inventories	6	340,996,779	274,652,675
Trade and other receivables	7	323,477,346	293,133,078
Advance, deposit and prepayments	8.2	318,142,659	229,686,755
Cash and cash equivalents	9	31,441,308	109,621,323
Total current assets		1,014,058,092	907,093,831
TOTAL ASSETS		2,053,456,489	1,891,758,081
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholders equity			
Share capital	10	530,412,090	530,412,090
Share premium	11	542,488,192	542,488,192
Retained earnings	12	800,684,416	641,695,458
Total equity		1,873,584,698	1,714,595,740
Non-current liabilities			
Deferred tax liability	13	19,520,087	15,418,851
Current liabilities			
Lease liabilities	14	2,537,647	3,172,106
Short term loan	15	55,207,684	53,457,234
Accrued expenses	16	24,508,196	21,920,103
Dividend payable		8,543,004	7,419,260
Provision for Beneficiaries' Profit Participation & Welfare Fund (BPP&WF)	17	15,569,254	21,178,055
Trade and other payables	18	35,951,709	27,072,895
Provision for tax	19	18,034,211	27,523,836
Total current liabilities		160,351,704	161,743,489
Total liabilities		179,871,791	177,162,340
TOTAL EQUITIES AND LIABILITIES		2,053,456,489	1,891,758,081
Net Asset Value (NAV) per share	29.4	35.32	32.33

The annexed notes form an integral part of these financial statements.


Chairman


Managing Director & CEO


Director


Company Secretary


Chief Financial Officer

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

Place: Dhaka
Date: 29 October 2019




K. M. HASAN & CO.
Chartered Accountants

aamra networks limited
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2019

	Notes	Amount in Taka	
		Jul'18-Jun'19	Jul'17-Jun'18
Revenue	21	1,132,418,024	949,509,019
Cost of goods sold & services	22	(693,389,922)	(543,182,984)
Gross Profit		439,028,102	406,326,034
Operating expenses	23	(189,387,091)	(164,853,899)
Operating Profit		249,641,010	241,472,135
Financial expenses	24	(8,677,083)	(14,451,140)
Other income	25	794,235	6,749,327
Loss on fire	26	(3,751,668)	-
Profit before WPPF		238,006,495	233,770,322
Beneficiaries' Profit Participation & Welfare Fund (BPP&WF)	17	(11,333,643)	(11,131,920)
Profit before income tax		226,672,853	222,638,402
Income tax expenses			
Current tax	27	(10,541,449)	(11,030,414)
Deferred tax	13	(4,101,236)	828,717
		(14,642,685)	(10,201,697)
Net Profit after income tax		212,030,167	212,436,705
Other comprehensive income		-	-
Total comprehensive income		212,030,167	212,436,705
Earnings per share (EPS)	29.1	4.00	4.01

The annexed notes form an integral part of these financial statements.


Chairman


Managing Director & CEO


Director


Company Secretary


Chief Financial Officer

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

Place: Dhaka
Date: 29 October 2019




K. M. HASAN & CO.
Chartered Accountants

aamra networks limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

Amount in Taka

Particulars	Ordinary Share Capital	Share Premium	Retained Earnings	Total
Balance at 01 July 2018	530,412,090	542,488,192	641,695,458	1,714,595,740
Dividend paid during the year	-	-	(53,041,209)	(53,041,209)
Net profit after tax during the year	-	-	212,030,167	212,030,167
Balance at 30 June 2019	530,412,090	542,488,192	800,684,416	1,873,584,698

For the year ended 30 June 2018

Amount in Taka

Particulars	Ordinary Share Capital	Share Premium	Retained Earnings	Total
Balance at 01 July 2017	380,000,000	159,131,807	482,299,963	1,021,431,770
Dividend paid during the year	-	-	(53,041,209)	(53,041,209)
Addition during the year	150,412,090	412,087,910	-	562,500,000
Adjustment during the year	-	(28,731,525)	-	(28,731,525)
Net profit after tax during the year	-	-	212,436,705	212,436,705
Balance at 30 June 2018	530,412,090	542,488,192	641,695,458	1,714,595,740


Chairman


Managing Director & CEO


Director

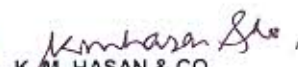

Company Secretary


Chief Financial Officer

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

Place: Dhaka
Date: 29 October 2019




K.M. HASAN & CO.
Chartered Accountants

aamra networks limited
STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

	Notes	Amount in Taka	
		Jul'18-Jun'19	Jul'17-Jun'18
A. Cash flows from operating activities			
Cash received from customers & others		1,102,867,991	790,445,706
Cash paid to suppliers and employees		(621,247,166)	(479,559,872)
Operating expenses paid		(257,395,740)	(165,932,027)
Finance expenses paid	24	(8,677,083)	(14,451,140)
Income tax paid		(17,878,657)	(12,461,813)
Loss due to fire (Cash in hand)		(246,222)	-
Net cash provided from operating activities	30	197,423,123	118,040,854
B. Cash flows from investing activities			
Acquisition of property, plant & equipment		(224,801,663)	(350,397,114)
Acquisition of intangible assets		-	(200,000)
Net cash used in investing activities		(224,801,663)	(350,597,114)
C. Cash flows from financing activities			
Short-term loan (paid)/received	15	1,750,449	(184,446,119)
Lease liabilities (paid)/received	14	(634,459)	(899,367)
Proceeds from issue of share capital		-	533,768,475
Dividend paid		(51,917,435)	(45,621,949)
Net cash provided from financing activities		(50,801,475)	302,801,041
D. Net increase/ (decrease) in Cash and cash equivalents (A+B+C)			
		(78,180,015)	70,244,781
Cash and cash equivalents at the beginning of the year		109,621,323	39,376,541
Cash and cash equivalents at the end of the year	9	31,441,308	109,621,323
Net Operating Cash Flow Per Share (NOCFPS)	31	3.72	2.23

The annexed notes form an integral part of these financial statements.


Chairman


Managing Director & CEO


Director


Company Secretary


Chief Financial Officer

Place: Dhaka
Date: 29 October 2019



aamra networks limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. ABOUT THE COMPANY

1.1 Reporting entity

aamra networks limited (formerly Global Online Services Limited) was incorporated in Bangladesh under The Companies Act, 1994 on 10 January 2001 vide registered No. C - 42228(1587)/2001 as a private company limited by shares. The company was converted in to a public company limited by shares on May 08, 2013 under The Companies Act 1994. The registered office of the company is situated at Safura Tower (12th floor), 20 Kemal Ataturk Avenue, Banani C/A, Dhaka - 1213.

1.2 Principal activities

Over the last decade, aamra networks limited has been consistently providing state-of-the-art IT communication solutions and services to its customers which includes Internet Access, Web Page Development and Hosting, Leased Port Internet Access, Total Network Solutions, Video Conferencing Solutions, various IT enable Support, Software Development and Maintenance Services etc.

1.3 Fire Incident at company's head office

FR Tower at Banani in Dhaka catches fire on Thursday, March 28, 2019. The fire incident, at FR Tower in Banani, caused huge losses to life and property. The companies accounts department was situated in FR Towers 9th floor. The companies nine months (from 01 July 2018 to 28 March 2019) hard copy evidences, Cash amounting to Tk. 246,222 and property, plant and equipment amounting to Tk. 3,505,446 have been destroyed by fire as mentioned in G.D at Banani Thana G.D No. 660(5) dated 10.04.2019.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below, which comply with International Financial Reporting Standards (IFRSs), have been applied consistently to all periods presented in these financial statements, and have been applied consistently by entities.

2.1 Basis of preparation of financial statements

These financial statements of aamra networks limited have been prepared on a going concern basis under historical cost convention in accordance with International Financial Reporting Standards (IFRSs). The disclosures of information are made in accordance with the requirements of the Companies Act 1994 and the financial statements have been prepared in accordance with International Accounting Standard (IAS) -1 using the accrual basis of accounting.

In the preparation of these financial statements, management used available information to make judgments, estimate and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimate.

2.2 Going concern

The Company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

It is to be mentioned that, license from BTRC is being regularly renewed by them since 2001 and aamra networks limited has already got the renewed ISP license from BTRC for the period 30 June 2015 to 29 June 2020. It is expected that BTRC will continue the renewal of license in



2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation in compliance with the requirements of International Accounting Standard (IAS) -16: "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

2.3.1 Depreciation on property, plant and equipment

Depreciation has been charged to allocate the cost of property, plant and equipment, over the period of their expected useful life, in accordance with IAS 16: "Property, Plant and Equipment". Depreciation is provided for the period in use of the assets. Acquisitions during the year are depreciated for effective month. Depreciation is charged at the following rates under reducing balance method:

<u>Category of property, plant and equipment</u>	<u>Rate (%)</u>
Furniture & Fixture	10
Office Equipment	15
Electric Installation	18
Telephone Installation	18
Computer & Computer Equipment	20
Data Centre	20
Fiber Optic Cable & Equipment	20
Radio link/infrastructure & Backbone	18
Motor Vehicle	20
Office Decoration	15
Wi-Fi Equipment & Installation	20

2.4 Intangible assets

Intangible assets (IAS - 38 Para -8) that are acquired by the Company such as computer software and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are amortized on a reducing balance method and charged in statement of profit or loss and other comprehensive income.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.5 Components of financial statements

- Statement of financial position.
- Statement of profit or loss and other comprehensive income.
- Statement of changes in equity
- Statement of cash flows.
- Notes to the financial statements

2.6 Other regulatory compliances

The Company is also required to comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

- The Income Tax Ordinance & Rules, 1984
- The Value Added Tax Act & Rules, 1991
- Bangladesh Telecommunication Regulatory Commission Act, 2001
- Securities & Exchange Rules, 1987
- DSE & CSE Listing regulation



