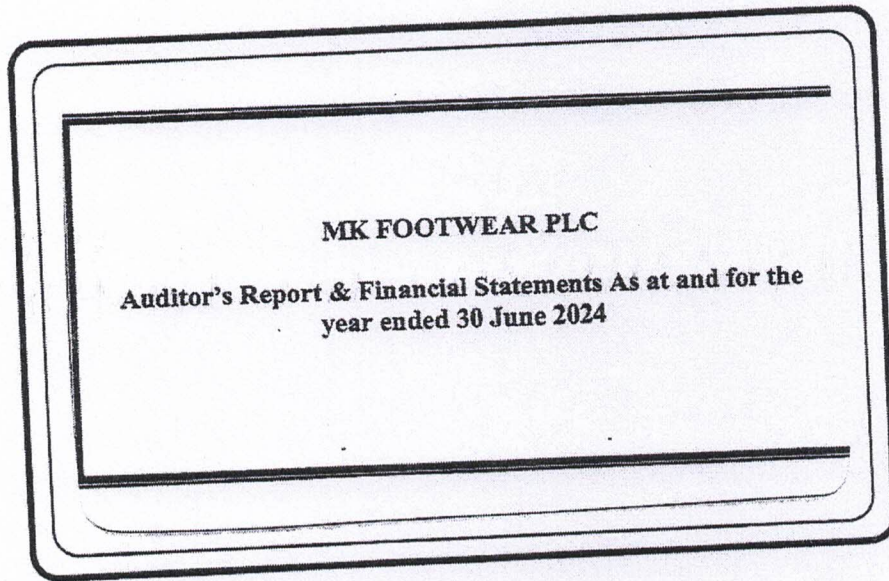


PRIVATE AND CONFIDENTIAL



G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

Head Office:
SADHARAN BIMA SADAN (5TH FLOOR)
24-25, DILKUSHA COMMERCIAL AREA,
DHAKA-1000, BANGLADESH

Branch Office :
Plot 51, Floor-2 & 4, Road 14, Block-G, Niketon
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**Independent Auditor's Report
To the shareholders of
MK FOOTWEAR PLC**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MK FOOTWEAR PLC** (the Company), which comprise the Statement of Financial Position as at 30 June 2024, and Statement of profit or loss & 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 and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the company as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), the Companies Act 1994, the securities and Exchange Rules 2020 and other applicable laws and regulations.

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 Auditors' 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 the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, 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.

Emphasis of Matters

Without qualifying our opinion, we would like to draw the attention of the following matters:

1. With reference to the Note #23 we state that the section 232 & 234 of the Bangladesh Labour Act 2006 requires the Company is to pay 5% of its profit before tax to the worker profit participation fund (WPPF). The Company has made provision for BDT 3,057,205 for WPPF in the statement of Profit or Loss and Other Comprehensive Income for the year 2022-2023. 10% of this amount i.e. Tk, 305,721 were deposited in sromik kallan foundation fund on 31 march 2024, rest 90% i.e 2,751,484 were deposited on 30 October 2024.

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TEL OFF : 02-223388071, 02-223355324, 48812330, 48812331
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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide opinion on these matters.

Risk	Our response to the risk
Revenue-Export, Cash Incentive & Accounts & Other Receivables	
<p>For the year-end, the Company reported total Export revenue of Tk. 779,712,628 in Note 25, cash Incentive in Note 30 Tk. 23,685,107 & Accounts & Other Receivables in Note 11 Tk. 656,975,594 of the financial statements.</p> <p>The company generates revenue from export sale & received cash incentive from Bangladesh Government. The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the timing of the opening of letter of credit and timing of goods exported.</p> <p>Revenue recognition as key audit matter as it is one of the key performance indicators of the Company, which give rise to an inherent risk of the existence and the accuracy of the revenue.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> ➤ Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period. ➤ Assessed whether the revenue recognition policy is appropriate and is in line with IFRS 15 - Revenue from contracts with customers. ➤ Performed walkthrough tests to understand the adequacy and the design of the revenue cycle. ➤ Obtaining Sales Ledger. ➤ Collect Sample of Sales Contract, Sales invoice, Bill of export, Bill of leading Its match with Vat Return & Sales Ledger. ➤ For Cash Incentive Obtaining Ledger, Cash Incentive Certificate from Chartered Accountants Firm, Proceed realization certificate, application submitted to the bank, Collect certificate from bank for cash incentive realization. ➤ Collect Certificate from Bank regarding Export, Export Realization, PRC for Subsequent receivable realization

	<ul style="list-style-type: none"> ➤ For Accounts and other receivable collect ledger, collect Bill of export for Outstanding Invoice, Collect PRC for receivable subsequent Realization. ➤ Finally, assessed the appropriateness and presentation of disclosures related to relevant accounting standards
Valuation of inventory & Purchase	
<p>The inventory of Tk. 430,112,239 at 30 June, 2024 held in Factory warehouses and across multiple product lines in factory & Purchase were Made Tk. 396,407,321 for the period from 01 July 2023 to 30 June 2024.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Purchase is rightly recorded in the financial statements</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provision by:</p> <ul style="list-style-type: none"> ➤ Evaluating the design and implementation of key inventory controls operating across the factory and warehouse; ➤ The Company made most of the purchase through import. For the confirmation of purchase we collect the ledger, collect sample of bill of entry, Invoice, Lc, Match with vat return & Ledger and subsequent LC payment from bank Statements. ➤ Physically count of inventory at the reporting date was done by management. We verify the inventory physically on the test basis during the counting which was counted by management ➤ Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year; and challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete ➤ Evaluated, on a sample basis, whether inventories were stated at the lower of cost and net realizable value at the reporting date by comparing the sales prices of

	<p>inventories subsequent to the reporting date;</p> <ul style="list-style-type: none"> ➤ 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; ➤ Finally, assessed the appropriateness and presentation of disclosures related to relevant accounting standards.
Measurement of deferred tax Assets	
<p>The net deferred tax liability totaling Tk. 39,177,876 as at 30 June, 2024 in annex V.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability over a number of years.</p>	<p>We additionally carried out the following substantive testing for this item:</p> <ul style="list-style-type: none"> ➤ We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used in estimating the company's future taxable income. ➤ We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. ➤ We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities. ➤ We also assessed the appropriateness of presentation of disclosures against IAS-12 income tax.
Valuation of Property, Plant and Equipment	
<p>The Written Down Value (WDV) of the PPE amounted to Tk. 1,133,938,482 at 30 June, 2024. The valuation of PPE was identified as a key audit matter due to the significance of this</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> ➤ Reviewed basis of recognition, Measurement and valuation of assets;

<p>balance to the financial statements.</p> <p>Expenditures are capitalized if they create new or enhance the existing assets, and expanded if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p> <p>Apparently, the carrying value of PPE represents a significant portion of the Company's assets and therefore is a function of charging depreciation that involved estimation. Therefore, it has been considered a significant area of auditor's judgment and special attention. There is also a risk that the impairment charges) not have been recognized.</p>	<ul style="list-style-type: none"> ➤ Observed procedures of assets acquisition, depreciation and disposal; ➤ Checked ownership of the major assets; ➤ Performed physical asset verification at the year end. ➤ Critically reviewed the Company's assumptions in relation to recoverable amounts of the major PPE to identify if there is any requirement of recognition of impairment. ➤ We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice. ➤ We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital in progress to ready for use, with the date of the act of completion of the work.
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<p>Short- & Long-Term Loan</p>	
<p>As at 30 June 2024, the reported amount of total long-term loan is Tk. 554,855,156 (Note:18), Short Term Loan Tk. 419,171,794 (Note:21) and Accepted Liability (Note:20) 269,314,520 respectively. The company borrowed fund from Rupali Bank Ltd.</p> <p>The company may face difficulties due to unfavorable movement in interest rate, monetary policy and adverse variance between Import & export that may result in short-term cash flow crisis.</p>	<p>In order to obtain the completeness and accuracy of the measurement of said loan, we have tested the following key control activities:</p> <ul style="list-style-type: none"> ➤ Attends the actual position of loan. ➤ Checking the bank statement. ➤ Checking the loan Section letter. <p>Our substantive procedure in relating to these Loan recognition and measurements are following:</p> <ul style="list-style-type: none"> ➤ Checked the bank statement also with the opening balance.

	<ul style="list-style-type: none"> ➤ Checked the recording of the transaction ➤ We verified sanction letter, loan schedule and bank statements to confirm the loan outstanding and found that the balance had been reported in the financial statements accurately. ➤ We also checked the financial expenses obtaining bank certificate and recalculated the interest expenses. ➤ Classification of loan and repayment schedule as well. and ➤ Received third party balance confirmation letter from Rupali Bank Ltd. ➤ Finally, assessed the appropriateness and presentation of disclosures related to relevant accounting standards.
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Other Information

Management is responsible for information other than financial statements and auditor's report. The other information comprises of the Director's Report, Corporate Governance Compliance Report, Business Responsibility & Sustainability Report and Management Discussion and Analysis. We expect to receive this other information after the date of our 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 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, 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 and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 2020 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.

The companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the company

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 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 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 circumstances.

- 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 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 auditor's 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 auditor's 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 event in a manner that achieves fair presentation.

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 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 2020 and relevant notifications issues by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations 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 accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received by us;
- c) The statement of Financial Position, Statement of profit or loss & other Comprehensive Income and Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of account and returns;
- d) The expenditure was incurred for the purpose of the Company's business.

G. Kibria & Co.
Chartered Accountants



Sultan Moheuddin, FCA

Partner

Enrollment No- 1530

DVC: 241111530ASZC5157

Location: Dhaka,

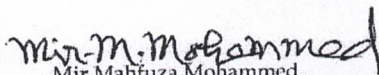
Dated: 31/10/2024

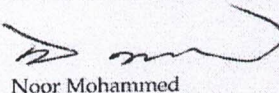
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MK FOOTWEAR PLC
Statement of Financial Position
As on 30 June, 2024

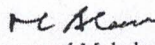
Particulars	Notes	30-Jun-2024 BDT	30-Jun-2023 BDT
Assets			
Non-Current Assets:			
Property, Plant and Equipment	5	1,133,938,482	1,132,951,786
Intangible Assets	6	56,595	80,850
Investment	7	111,952,500	183,367,500
Right-of-use (ROU) assets	8	9,613,949	10,094,786
Non-Current Security Deposits	9	1,195,000	1,195,000
Total Non-Current Assets		1,256,756,526	1,327,689,922
Current Assets:			
Inventories	10	430,112,239	395,313,603
Accounts & Other Receivables	11	656,975,594	275,676,676
Inter-Company Receivable	12	6,147,000	100,326,000
Advance Income Tax	13	15,251,804	10,659,081
Cash & Cash Equivalent	14	71,008,542	141,625,186
Total Current Assets		1,179,495,179	923,600,546
Total Assets		2,436,251,705	2,251,290,468
Equity and Liabilities			
Shareholders' Equity:			
Share Capital	15	478,472,000	478,472,000
Fair value Gain/(Loss)	16	80,497,125	149,505,750
Retained Earnings	17	169,340,703	152,218,607
		728,309,828	780,196,357
Non-Current Liabilities:			
Long Term Loan-Non Current Maturity	18	554,855,156	588,355,429
Lease liability (non-current portion)	19	5,156,126	6,481,796
Deferred Tax Liabilities/(Assets)	Annex-V	39,177,876	25,036,042
Total Non-Current Liabilities		599,189,158	619,873,267
Current Liabilities:			
Trade and Other Payables	20	269,314,520	140,216,244
Term Loan-Current Maturity	18	359,754,137	260,823,243
Lease liability (current portion)	19	3,252,513	1,416,253
Short Term Loan	21	419,171,794	422,832,006
Liabilities for Expenses	22	36,234,959	12,267,659
Provision for WPPF	23	5,826,215	3,057,205
Provision for Tax	24	15,052,548	10,608,235
Dividend Payable		146,033	-
Total Current Liabilities		1,108,752,719	851,220,845
Total Equity and Liabilities		2,436,251,705	2,251,290,468
Net Asset Value Per Share	34	15.22	16.31


The annexed notes (1 to 47.05) form an integral part of these Financial Statements.


Mir Mahfuza Mohammed
Chairman

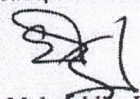

Noor Mohanmed
Managing Director


F.M.Hasan Mahfuz Russell
Director


Mohammad Mahabub Alam
Chief Financial Officer


Mohammed Tobiidul Islam
Company Secretary

See annexed report of the date

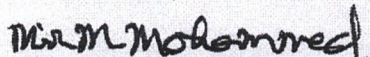

Sultan Moheuddin, FCA
Enrollment No- 1530
Partner, G. Kibria & Co.
Chartered Accountants
DVC: 241111530 AS 265157

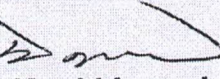
Location: Dhaka
Dated: 31 October 2024
Ref:GKC/24-25/A/180

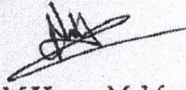
MK FOOTWEAR PLC
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June, 2024

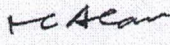
Particulars	Notes	2023-2024 BDT	2022-2023 BDT
Revenue	25	779,712,628	824,675,259
Cost of Goods sold	26	(592,927,490)	(706,543,271)
Gross Profit/(Loss)		186,785,138	118,131,988
Foreign Exchange Gain/ (Loss)	27	15,763,645	(3,477,533)
Administrative Expenses	28	(20,500,317)	(15,010,273)
Distribution Expenses	29	(7,566,093)	(7,520,339)
Operating Profit/ (Loss)		174,482,373	92,123,844
Non-Operating Income	30	23,873,668	69,264,304
Profit/(Loss) before interest & Tax		198,356,041	161,388,147
Financial Expenses	31	(133,786,692)	(97,186,848)
Profit/(Loss) before WPPF & Tax		64,569,349	64,201,299
Workers' Profit Participation Fund (WPPF)		(3,074,731)	(3,057,205)
Profit/(Loss) before Tax		61,494,618	61,144,094
Income Tax Expenses:		(20,992,522)	(20,477,785)
Current Tax Expense	24	(4,444,313)	(10,693,160)
Deferred Tax (Expenses)/ Income	Annex-V	(16,548,209)	(9,784,625)
Net Profit/(Loss) after Tax		40,502,097	40,666,309
Other Comprehensive Income:		(69,008,625)	149,505,750
Fair value Gain/ (Loss) on Investment	7	(71,415,000)	166,117,500
Deferred Tax (Expenses)/ Income	Annex-V	2,406,375	(16,611,750)
Total Comprehensive Income		(28,506,528)	190,172,059
Basic Earnings Per Share (EPS)	32	0.85	1.07
Diluted Earnings Per Share (DEPS)	32	0.85	1.07

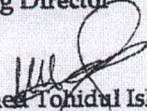
The annexed notes (1 to 47.05) form an integral part of these Financial Statements.


Mir Mahfuza Mohammed
Chairman


Noor Mohammed
Managing Director


F.M.Hasan Mahfuz Russell
Director

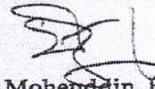

Mohammad Mahabub Alam
Chief Financial Officer


Mohammed Tofiqul Islam
Company Secretary

See annexed report of the date

Location: Dhaka
Dated: 31 October 2024
Ref:GKC/24-25/A/180

11


Sultan Moheuddin, FCA
Enrollment No- 1530
Partner, G. Kibria & Co.
Chartered Accountants
DVC: 241111530 AS2 65157

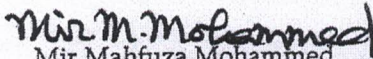
MK FOOTWEAR PLC
Statement of Changes in Equity
For the year ended 30 June, 2024

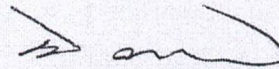
Particulars	Share Capital	Fair Value Gain/(Loss)	Retained Earnings	Amount in BDT
Balance as at 01 July, 2023	478,472,000	149,505,750	152,218,606	780,196,356
Addition During the Period	-	(71,415,000)	40,502,097	(30,912,903)
Dividend			(23,380,000)	(23,380,000)
Add/(Less) Deferred Tax (Expenses)/ Income	-	2,406,375	-	2,406,375
Balance as at 30 June, 2024	478,472,000	80,497,125	169,340,703	728,309,828


MK FOOTWEAR PLC
Statement of Changes in Equity
For the year ended 30 June, 2023

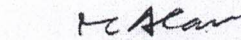
Particulars	Share Capital	Fair Value Gain/(Loss)	Retained Earnings	Amount in BDT
Balance as at 01 July, 2022	378,472,000	-	111,552,297	490,024,297
Addition During the Period	100,000,000	166,117,500	40,666,309	306,783,809
Add/(Less) Deferred Tax (Expenses)/ Income	-	(16,611,750)	-	(16,611,750)
Balance as at 30 June, 2023	478,472,000	149,505,750	152,218,606	780,196,356

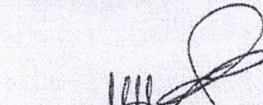
The annexed notes (1 to 47.05) form an integral part of these Financial Statements.


Mir Mahfuza Mohammed
Chairman


Noor Mohammed
Managing Director


F.M.Hasan Mahfuz Russell
Director


Mohammad Mahabub Alam
Chief Financial Officer

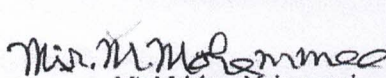
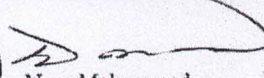
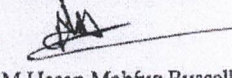

Mohammed Tohidul Islam
Company Secretary

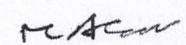

Location: Dhaka
Dated: 31 October 2024
Ref:GKC/24-25/A/180

MK FOOTWEAR PLC
Statement of Cash Flows
For the year ended 30 June, 2024

Particulars	Notes	2023-2024 BDT	2022-2023 BDT
Cash flows from operating activities:			
Cash Received from Customers and others income	35	438,824,804	891,049,224
Cash Paid to Suppliers, employees & others expenses	36	(406,782,823)	(717,250,455)
Income tax paid	37	(4,592,723)	(10,596,950)
Net Cash (used in)/generated by operating activities (A)		27,449,258	163,201,819
Cash flows from investing activities:			
Property Plant and Equipment / Capital in Working Progress	38	(97,619,900)	(8,337,813)
ROU Assets		-	5,951,929
Investment		-	(17,250,000)
Inter-Company Receivable		94,179,000	16,550,000
Intangible Assets		-	-
Net Cash used (used in)/generated by investing activities (B)		(3,440,900)	(3,085,884)
Cash flows from financing activities:			
Long term Bank Loan Received/(Re-paid)		65,430,621	27,139,943
Short term Bank Loan Received/(Re-paid)		(3,660,212)	(141,481,062)
Share Capital/Share Money Deposit Received		-	100,000,000
Dividend Paid		(23,233,967)	
Lease Payment		(2,791,461)	(8,727,046)
Financial Expenses		(132,259,659)	(96,321,363)
Net cash flows from financing activities (C)		(96,514,678)	(119,389,528)
Net changes increase/(decrease) in cash and cash equivalents (A+B+C)		(72,506,320)	40,726,406
Unrealized Foreign Exchange Gain/(Loss)		1,889,676	205,146
Cash & cash equivalents at the beginning of the period		141,625,186	100,693,633
Cash & cash equivalents at the end of the period		71,008,542	141,625,186
Net Operating Cash Flow per share (NOCFPS)	33	0.57	4.28

The annexed notes (1 to 47.05) form an integral part of these Financial Statements.




Mir Mahfuza Mohammed Noor Mohammed F.M.Hasan Mahfuz Russell
Chairman Managing Director Director



Mohammad Mahabub Alam Mohammed Tohidul Islam
Chief Financial Officer Company Secretary

Location: Dhaka
Dated: 31 October 2024
Ref:GKC/24-25/A/180

MK FOOTWEAR PLC

Notes, Summary of Significant accounting policies & other explanatory information

For the year ended 30 June, 2024

1 REPORTING ENTITY

MK Footwear Ltd. was incorporated as a private limited company in Bangladesh on 12 November, 2015 under the Companies Act-1994 and vide Registration No C-126912/2015. It is a 100% export oriented company. The company converted into public limited company vide Special Resolution in EGM dated May 29, 2022 and duly filed with & passed by RJSC. It has started commercial operation on 02 July, 2020. Bangladesh Security Exchange Commission vide letter BSEC/CI/QIO/SC-37/2022/1251 dated 3rd May 2023 MK Footwear PLC got permission for Qualified Investor Offer by Small Capital Company Rules, 2022.

Address of registered office of the company and factory of the company

Corporate office: The Corporate office of the company is located at Apt-1B, House No-17/A, Road No-3, DOHS Banani, Dhaka-1206

Registered Address: Nayonpur Bazar, Chalkpara, Medical more, Mawna - Dulivita Rd, Mawna Union 1740, Gazipur.

Factory Address: The factory is situated at Nayonpur Bazar, Chalkpara, Medical more, Mawna - Dulivita Rd, Mawna Union 1740, Gazipur.

Nature of business

The company is engaged in the production of all types of quality leather/synthetic footwear and export 100% of its produce to international market.

2.00 Basis of preparation of Financial statements

Significant Accounting Policy for the presentation of the financial Statements

The specific accounting policies selected and applied by the company's management for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

2.01 Corporate financial statements and reporting

This comprises Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and other explanatory notes covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the International Accounting Standards (IASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at reporting date. Due to the inherent uncertainty involved in making estimates, actual result could differ from those estimates.

2.02 Fundamental accounting concepts/ assumptions

The financial statements have been prepared based on Going concern assumption, Consistency concept, Accrual basis and such other convention as required by IAS-1 for fair presentation of financial statements.

2.03 Going concern

The company has adequate resources to continue its operation for the foreseeable future. For this reasons, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

2.04 Compliance with IAS & IFRS

The following IAS is applicable to the financial statements for the year under review:

IAS	Title	Remark
IAS 1	Presentation of Financial Statements	Applied
IAS 2	Inventories	Applied
IAS 7	Statement of Cash Flows	Applied
IAS 8	Accounting policies, Changes in Accounting Estimates & Errors	Applied
IAS 10	Events after the Reporting period	Applied
IAS 12	Income Taxes	Applied
IAS 16	Property, Plant And Equipment	Applied
IAS 19	Employee Benefits	Applied
IAS 21	The Effects of Changes in Foreign Exchange Rates	Applied
IAS 23	Borrowing Costs	Applied
IAS 24	Related Party Disclosures	Applied
IAS 32	Financial Instruments: Presentation	Applied
IAS 33	Earnings Per Share	Applied
IAS 36	Impairment of Assets	Applied
IAS 37	Provision , Contingent Liabilities and Contingent Assets	Applied
IAS 38	Intangible Assets	Applied

The following IFRS is applicable to the financial statements for the year under review:

IFRS	Title	Remark
IFRS 1	First-time Adoption of Bangladesh Financial Reporting Standard	Applied
IFRS 7	Financial Instruments: Disclosures	Applied
IFRS 8	Operating Segments	Not Applicable
IFRS 9	Financial Instruments	Applied
IFRS 15	Revenue From Contracts with Customers	Applied
IFRS 16	Leases	Applied

2.05 Reporting period

The period of the financial statements covers from 01 July, 2023 to 30 June, 2024

2.06 Comparative information and rearrangements thereof:

In accordance with the provisions of IAS- 1: "Presentation of Financial Statements", Comparative information that is available has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements.

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements. Interest expenses are paid for obtaining financial resource and as such management decided to disclose it under Financing Activities of Statement of Cash Flows.

2.07 Offsetting:

An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by IFRS.

2.08 Leases

An entity shall assess a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In line with IFRS-16 Leases, an entity shall determine the lease term as the non-cancellable period of a lease together with both:

- I. Period covered by the option to extend the lease and;
- II. Period covered by the option to terminate the lease.

Initial measurement of right of use asset shall be measured at cost and subsequently either by fair value or follow revaluation model See annex Annex-III & Note 8)

IFRS-16 leases has not been applied for Generator Rent and Factory Rent as these lease are for short term lease as per para 5 of IFRS-16

2.09 Events after the reporting period.

In Compliance with the requirements of IAS 10 Events After the Reporting Period that Period that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when material.

2.10 Functional and presentational (Reporting) currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

2.11 Comparative information and rearrangement thereof

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

2.12 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are revised when there is material impact on the financial results of the company.

2.13 Approval of these Financial Statements by Board of Directors

The Board of Directors has approved these Financial Statements on 31 October 2024.

2.14 Regulatory Compliance

The financial Statements have been prepared in compliance with the following laws and regulations;

The Companies Act, 1994

The Bangladesh Securities and Exchange Rules, 2020

The Bangladesh Securities and Exchange Commission (Qualified Investor Offer by Small Capital Company) Rules, 2022

The Bangladesh Securities and Exchange Commission Ordinance, 1969

The Bangladesh Securities and Exchange Commission Act 1993.

The Income Tax Act, 2023

The Income Tax Rules, 2023

The Value Added Tax (VAT) & Supplementary Duty Act, 2012

The Value Added Tax (VAT) & Supplementary Duty Rules, 2016

2.15 Summary of significant accounting policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in prior periods.

For a proper understanding of the financial statements, these accounting policies are set out in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

2.16 Recognition of Property, Plant & Equipment's

Property, Plant & Equipment's have been stated at cost less accumulated depreciation (Written down value). The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended used. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of assets and the net sales proceeds.

2.17 Depreciation on Property, Plant & Equipment's

Depreciation on all Property, Plant & Equipment's is computed using the reducing balance method so as to write off the assets over their expected useful life from the date when the corresponding assets are available for use as per management intention. No depreciation have been charged after the date of retirement.

After considering the useful life of assets as per IAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

<u>Category of fixed assets</u>	<u>Rate of Depreciation</u>
Land and Land Development	0%
Building & Other Civil Constructions	5%
Plant & Machineries	10%
Electrical Equipment's & Installations	10%
Solar Power Plant	10%
Fire Fighting Equipment's & Installation	10%
Furniture & Fixture	10%
Motor Vehicles	20%

2.18 Revenue recognition

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligations in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation.

2.19 Liabilities for expenses and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

2.20 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the Average Cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment of Inventories:

Impairment of inventory is made as and when inventory became obsolete or unusable or for slow moving items for which the management of the company is giving decisions from time to time. Based on sales cycle of slow-moving items, the sales prices of the products may decrease over time. The management of the Company reviews the carrying amounts of its inventory (Balance Sheet Date) to determine whether there is any indication of impairment in accordance with IAS-2: 'Inventories'. When the sales price moves below the inventory cost prices, the loss on sales is recognized immediately in the Financial Statements. However, the management was confident, buyer will be received all the goods as per sales contract, no indication of impairment of inventory during the year; and as such, no adjustment was given in the Financial Statements for impairment.

Obsolete and Damaged Inventory:

The Company policy for damaged or obsolete items of inventory is to write down their recoverable amount and charge them as an expense in the cost of goods sold (COGS) account in the relevant year.

In the financial statement as of 30.06.2024, the company did not account for any write-down of inventory due to damage or obsolescence. During the year-end count by the management team, no such item of inventory was identified that might fall under obsolete/damaged criteria.

The company conducted yearend inventory count held at 30/06/2024 as per accepted guideline set by management. A management expert team consisting of members with adequate knowledge & expertise was engaged in counting and valuation of inventory. The breakdown of the components of inventory is disclosed in note no 10. As per accepted practice within the industry, management has made adequate declaration regarding the value & quantity of inventory as at 30/06/2024

2.21 Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was no significant risk of changes in value of the same.

2.22 Statements of Cash Flows:

Statement of Cash Flows is prepared principally in accordance with IAS-7 "Statement of Cash Flows " and the cash flows from the operating activities have been presented under direct method.

2.23 Accounting Policies, Changes in Accounting Estimates and Errors:

Changes in accounting policies:

An entity shall change an accounting policy only if the change:

- (a) is required by an IFRS; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, Financial performance or cash flows.

2.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.25 Income-tax expense

Current Tax:

Income tax is calculated and provision is made in compliance with the provisions of Finance Act 2024 and the Income Tax Act 2023.

Deferred tax

Deferred tax arises due to temporary difference deductible or taxable for the events or transactions which is recognized in the statement of profit or loss and other comprehensive income. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount, reported amount in the statement of financial position. Deferred tax assets or liability is the amount of income tax recoverable or payable in the future periods recognized in the current year as per IAS 12- Income tax.

2.26 Foreign Currency Transaction:

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of IAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary Items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

3.00 Related party disclosures

IAS 24 *Related Party Disclosures* requires disclosures about transactions and outstanding balances with an entity's related parties. The standard defines various classes of entities and people as related parties and sets out the disclosures required in respect of those parties, including the compensation of key management personnel.

The details of related party transactions have been disclosed in Note - 41.00

4.00 Financial Instruments

A financial instrument is any contract that gives rise to financial assets and a financial liability or equity instrument of another entity.

Financial assets:

Financial assets of the company include cash and cash equivalents, accounts receivable, other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

As per requirements of IFRS 9: Classification and measurement of investment in equity instruments depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors, it would generally fall either under 'at fair value through profit and loss account' or under 'at fair value through other comprehensive income' where any change in the fair value (measured in accordance with IFRS 13) at the year-end is taken to the profit and loss account or other comprehensive income, respectively. The Company has recognized investments in shares which are on a quoted market are designated at fair value (market price) through other comprehensive income (FVTOCI). Gains or Losses arising from a change in the fair value of such financial assets are recognized in other comprehensive income. Market value is determined by taking the closing price of the securities at the Dhaka Stock Exchange Ltd. as of financial position date; and Stock dividend (Bonus shares) are added with existing shares with at zero cost which results in decrease of per unit cost price of the existing shares. However, bonus shares are shown at fair value on the statement of financial position date. Investment in non-marketable securities have been valued at cost.

Financial liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes the financial liabilities when its contractual obligations are discharged or cancelled or expired. Financial liabilities includes payable for expense, liability for capital expenditure and other current liabilities.

4.01 Earnings Per Share & Diluted Earning Per Share

Earnings Per Share:

This has been calculated in compliance with the requirement of IAS-33 : Earnings per share by dividing the net earnings attributable to the share holders by the weighted average number of ordinary shares outstanding during the year .

Basic Earnings per share (Numerator / Denominator)

Earnings (Numerator)

This represents earning for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents weighted average number of ordinary share outstanding

Diluted Earning Per Share:

Diluted earnings per share (diluted EPS) calculates a company's earnings per share if all convertible securities were converted

Diluted Earning per Share=Net Income/Weighted number of Share

4.02 Impairment of Assets:

I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indicates that a debtor or issuer will enter bankruptcy etc. No such impairment has been raised till the reporting date.

II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset shall be treated as a revaluation decrease. No such impairment has been raised till the reporting date.

4.03 Provision, Contingent Liabilities and Contingent Assets :

Contingent Liabilities and Contingents Assets are present or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with IAS-37.

4.04 Intangible Assets

In Compliance with the requirements of IAS, 38 Intangibles Assets'

The following terms are used in this Standard with the meanings pacified:

Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An asset is a resource:

- (a) controlled by an entity as a result as past events; and
- (b) From which future economic benefits are expected to flow to the entity.

An intangible asset shall be recognized if, and only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and
- (b) the cost of the asset can be measured reliably

4.05 Financial statements comprises:

- a) Statement of Financial Position as on 30 June 2024
- b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2024
- c) Statement of Cash Flows For the year ended 30 June 2024
- d) Statement of Changes in Equity as on 30 June 2024
- e) Notes to the financial statements as on 30 June 2024

4.06 Employee Benefits

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS-19: Employee Benefits.

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

Worker's Profit & Participation Fund:

The company has decided to provide 5% WPPF on net profit before tax as per chapter-15 of Labour Law 2006 as amended up to 2013.

Short Term Employee Benefits

These includes better working conditions in line with overseas customer's requirement, Day care center, Health care facility, Transportation for admin and management employee, Advance against salary, Festival bonus etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided. This period company provide salary & wages and director remuneration BDT 130,728,832.

4.07 Risk Factors and Management's Perceptions about the Risks

The Company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on its business, result of its operations and financial condition, as follows:

I. Interest rate risks:

Interest rate is concerned with borrowed funds of short term & long-term maturity. Interest rate risk is the risk that the company faces due to unfavourable movements in the interest rates. Volatility in money market & increased demand for loans/ investment funds raise the rate of interest. A change in the government's policy also tends to increase the interest rate. High rate of interest enhances the cost of fund of a company. Such rises in interest rates however mostly affect companies having floating rate loans

Management perception:

The Company maintains a reasonable debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation will not adversely affect the Company's performance as the Company emphasizes on equity base financing to reduce the dependency on borrowing. Therefore, management perceives that the fluctuation of interest rate on borrowing would have little impact upon the performance of the Company.

II. Exchange rate risks:

If exchange rate increases against local currency opportunity is created for getting more revenue against sale in local currency. On the other hand, if exchange rate goes down, margin is squeezed in local currency.

Management perception:

The products of the company are sold in foreign currency and payment for raw materials are made mostly in foreign currency. Therefore, volatility of exchange rate will have little impact on profitability of the Company.

III. Input Cost Risks:

Input cost risk is the risk of a business when procuring materials or commodities in high global demand. Increasing demand and supply shortages create volatility in these commodity values; and therefore, the timing, quantity and price of purchase must be closely planned.

Management perception:

Management of the Company would hedge their exposure to input price volatility by adjusting its selling price.

MK FOOTWEAR PLC
Note to the Financial Statement
As on and For the year ended 30 June, 2024

Particulars	30-Jun-2024 BDT	30-Jun-2023 BDT
5.00 Property, Plant & Equipment		
Cost		
Opening Balance	1,394,012,275	1,385,674,462
Addition during the year	97,619,900	8,337,813
Adjustment/Disposal during the year	(4,108,907)	-
	<u>1,487,523,269</u>	<u>1,394,012,275</u>
	<u>1,487,523,269</u>	<u>1,394,012,275</u>
Accumulated Depreciation		
Opening Balance	261,060,489	165,958,757
Addition during the year	92,866,707	95,101,732
Adjustment during the year	(342,409)	-
	<u>353,584,787</u>	<u>261,060,489</u>
	<u>353,584,787</u>	<u>261,060,489</u>
Written Down Value (WDV)	<u>1,133,938,482</u>	<u>1,132,951,786</u>
Details are in Annex-I		
<i>[Above Disposal is relating to transfer of a vehicle. Registration of this transfer with BRTA has not completed.]</i>		
6 Intangible Asset		
Cost		
Opening Balance	165,000	165,000
Addition during the year	-	-
	<u>165,000</u>	<u>165,000</u>
	<u>165,000</u>	<u>165,000</u>
Disposal during the year	-	-
	<u>165,000</u>	<u>165,000</u>
	<u>165,000</u>	<u>165,000</u>
Accumulated Depreciation		
Opening Balance	84,150	49,500
Addition during the year	24,255	34,650
	<u>108,405</u>	<u>84,150</u>
	<u>108,405</u>	<u>84,150</u>
Written Down Value (WDV)	<u>56,595</u>	<u>80,850</u>
Details are in Annex-II		
7 Investment		
Legacy Footwear Ltd.:		
Cost (1,725,000 no. share having 10 Tk. cost Per share)	17,250,000	17,250,000
Fair Value Gain/(Loss)	94,702,500	166,117,500
Market value (1,725,000 no. share having market value of 64.90 Tk. Each)	111,952,500	183,367,500
	<u>111,952,500</u>	<u>183,367,500</u>
	<u>111,952,500</u>	<u>183,367,500</u>
8 Right-of-use (ROU) assets		
Opening balance	10,094,786	10,143,068
Addition during the year	2,358,510	10,265,884
Paid off during the year	-	(8,217,813)
	<u>12,453,296</u>	<u>12,191,139</u>
	<u>12,453,296</u>	<u>12,191,139</u>
Depreciation during the year	(2,839,347)	(2,096,353)
Closing balance	<u>9,613,949</u>	<u>10,094,786</u>
	<u>9,613,949</u>	<u>10,094,786</u>
Details are in Annex-III		

9 Non-Current Security Deposits

Security Deposit-REB	1,000,000	1,000,000
Advance for Office Rent	195,000	195,000
	<u>1,195,000</u>	<u>1,195,000</u>

10 Inventories

Material	146,361,761	126,729,191
Work-in-Process	62,176,160	62,977,494
Finished Goods	218,545,142	202,702,263
Stores & Spares	3,029,176	2,904,655
	<u>430,112,239</u>	<u>395,313,603</u>

a) Quantity reconciliation of products were done properly.

b) The valuation of closing inventory has been made on the basis of lower of cost and net realizable value as per IAS-2.

c) The company has conducted a test (physical verification/stock taking) of above inventories as on 30 June, 2024

11 Accounts & Other Receivables:

Trade Receivables (*)	566,654,677	209,040,866
Interest Receivable	10,733	10,733
Incentive Receivable	90,310,184	66,625,077
	<u>656,975,594</u>	<u>275,676,676</u>

The above receivables are considered good for which no provision for expected credit loss has been recognised in the financial statements

(*) Details of Trade Receivables are in Annex VI

Classification schedule as required by Schedule XI of Companies Act 1994 is as follows:

I)	Debts considered good and in respect of which the company is fully secured.	656,975,594	275,676,676
II)	Debts considered good for which the company holds no security other than the debtors personal security and	-	-
III)	Debts considered doubtful or bad.		-
IV)	Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or Debts due by firms or private companies respectively in which any director is a partner or a director or a member to be separately stated.	-	-
V)	Debts due by companies under the same management to be disclosed with the names of the companies.	-	-
VI)	The maximum amount due by directors or other officers of the company at any time during the year to be shown by way of a note.	-	-

Aging of Accounts Receivable is given below:

Particulars		
1-3 Months	127,223,019	142,271,416
3-6 Months	39,738,834	29,982,735
More than 6 Months	399,692,824	103,422,525
	<u>566,654,677</u>	<u>275,676,676</u>

12 Inter-Company Receivable

Moynakuti Agro Industries Limited	6,147,000	100,326,000
	<u>6,147,000</u>	<u>100,326,000</u>

13 Advance Income Tax

Opening Balance	10,659,081	10,814,490
Addition during the year (note 13.1)	4,592,723	10,596,950
	<u>15,251,804</u>	<u>21,411,440</u>
Adjustment made during the year	-	(10,752,359)
Closing Balance	<u>15,251,804</u>	<u>10,659,081</u>

13.1 Tax paid during the year

Tax paid on Cash Incentive Income	-	1,871,000
Tax paid on Motor Vehicle	150,000	-
Tax paid on Interest Income	60,368	10,000
Tax Paid U/S 173	11,804	-
Tax Paid on Dividend Income	17,250	-
Tax Paid on Export realization/Advance against Export	4,353,301	8,715,950
	<u>4,592,723</u>	<u>10,596,950</u>

14 Cash and Cash Equivalents:

Cash in Hand	24,147	140,009
Brac Bank, CD A/C 10001	248,956	100,056,379
Standard Bank, CD A/C 805	53,762	3,767
FDR (IPDC)	1,270,587	1,200,000
Short Notice Deposit A/c- 18024000235	733,824	4,168
FBR Margin Account	36,493,311	19,959,954
FCBTB A/C 18371000013	30,590,417	-
Sundry Deposit Account	587,549	1,758,004
Rupali Bank Ltd, FC A/c No - 18027005037	908,215	18,494,952
Southeast Bank Ltd, CD A/c No - 211100048890	5,387	5,387
Brac Bank Dividend A/C 2023	88,033	-
Shahjalal Islami Bank CD A/C- 1343	2,635	-
Rupali Bank Ltd, CD A/C No-20009691	1,719	2,566
	<u>71,008,542</u>	<u>141,625,186</u>

Cash in hand was physically verified by the Auditor. Bank balances were reconciled & confirmed.

15 Share Capital:

Authorized Share Capital:

100,000,000 Ordinary shares @ of Tk. 10/- each	1,000,000,000	1,000,000,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>

The authorized capital of the company has been increased to BDT 100.00 crore vide Extra Ordinary Resolution in EGM dated March 28, 2022 and duly filed with & passed by RJSC.

Issued, Subscribed and Paid-up Capital:

47,847,200 Ordinary shares @ of Tk. 10/- each fully paid in cash	478,472,000	478,472,000
	<u>478,472,000</u>	<u>478,472,000</u>

	30 June, 2024		
	No. of Shares	Value of Shares	% of Shares
Sponsors & Directors	24,467,200	244,672,000	51.14%
Institute	6,761,974	67,619,740	14.13%
General Public	16,618,026	166,180,260	34.73%
Total	47,847,200	478,472,000	100.00%

	30 June, 2023		
	No. of Shares	Value of Shares	% of Shares
Sponsors & Directors	24,467,200	244,672,000	51.136%
Placement Shareholder	13,380,000	133,800,000	27.96%
Institute	3,277,077	32,770,770	6.85%
General Public	6,722,923	67,229,230	14.05%
Total	47,847,200	478,472,000	100%

Bangladesh Security Exchange Commission vide letter No. SEC/CI/QIO/SC-37/2022/1251, dated 3rd May 2023 permitted MK Footwear PLC under Qualified Investor Offer by Small Capital Company Rules, 2022 to increase paid up capital by Tk. 100,000,000 through issue of 10,000,000 number of ordinary share having face value of Tk. 10 per share.

16 Fair Value Gain/(Loss)		
Opening Balance	149,505,750	-
Add: Addition during the year		166,117,500
	149,505,750	166,117,500
Less Adjustment during the year	(71,415,000)	-
Add/(Less) Deferred Tax (Expenses)/Income	2,406,375	(16,611,750)
Closing Balance	80,497,125	149,505,750
17 Retained Earnings		
Opening Balance	152,218,606	111,552,297
Net Profit/(Loss) during the year	40,502,097	40,666,309
Dividend	(23,380,000)	-
	169,340,703	152,218,606
18 Long Term Loan-Non Current Maturity:		
Project Loan, A/c No - 18067000284	639,033,495	580,118,061
Project Loan, A/c No - 18067000201	232,121,188	215,744,957
IDCP (Interest During Construction Period)	43,454,610	46,100,610
Block Interest	-	7,215,044
	914,609,293	849,178,672
Less: Transfer to Term Loan-Current Maturity	(359,754,137)	(260,823,243)
	554,855,156	588,355,429

Disclosure about long term loan -As per Schedule XI, Part I, Para-a (4) of the Company Act, 1994

Particulars	Project Loan	Project Loan (18067000201)
Purpose	Import Barnd New Machine	Import Barnd New Machine and Construction of Factory Building
Tenure:	Ten Years from the date of disbursement	Ten Years from the date of disbursement
Repayment:	From proceed realization	From proceed realization
Rate of Interest:	9%	9%
Security:	Imported Machineries, Projects Land and Building	A) 350.88 decimal land and Building and Machineries of that Land located Dhonua (Muaza), Shrepur, Gazipur,

19 Lease liability		
Opening balance	7,898,049	8,276,371
Addition during the year	2,358,510	8,000,000
Finance cost	943,541	348,724
	<u>11,200,100</u>	<u>16,625,095</u>
Rent paid	(2,791,461)	(8,727,046)
Closing balance	<u>8,408,639</u>	<u>7,898,049</u>
<i>Allocated to:</i>		
Non-current liabilities	5,156,126	6,481,796
Current liabilities	3,252,513	1,416,253
	<u>8,408,639</u>	<u>7,898,049</u>

Details are in Annex-IV

20 Trade and Other Payables:		
Advance Against Export(**)	-	24,491,844
Trade Payable (*)	269,314,520	115,724,400
	<u>269,314,520</u>	<u>140,216,244</u>

(*) Details of Trade Payable Details are in Annex VII

(**) Advance against Export represent, amount received in advance for sales contract against which no product is delivered during the year.

21 Short Term Loan:		
Cash Credit Hypothecation	157,659,028	152,250,725
COVID 19 Revolving Refinancing Scheme	26,036,556	24,513,428
Export Development Fund (EDF)	-	165,363,214
Rescheduling-18200000120	121,110,009	-
Purchase Against Documents (PAD)	15,573,460	29,148,512
OD against Cash Incentive (32)	15,641,119	26,434,769
OD against Cash Incentive (33)	7,230,209	8,067,582
CC-Temporary	21,477,248	-
COVID 19 Stimulus Funds Workers Salary	10,494,165	17,053,776
Unsecured Loan	43,950,000	-
	<u>419,171,794</u>	<u>422,832,006</u>

Particulars	Cash Credit	COVID 19 Revolving
Purpose:	Import Raw Material	Working Capital
Tenure:	One year	One year
Repayment:	Export Bill Collection and Company's own fund	Export Collection and Fund
Rate of Interest:	9%	9%
Security:	Original Export Master Letter of Credit (L/C)	Stock Inventory

22 Liabilities for Expenses:		
Audit Fee	402,500	345,000
Electricity Bill	5,650,529	664,624
Directors' Remuneration	700,000	1,799,000
Salary & Wages Payable	11,396,980	9,119,132
Other Payable	18,084,950	339,903
	<u>36,234,959</u>	<u>12,267,659</u>

23 Provision for WPPF		
Opening Balance	3,057,205	5,564,995
Add Addition During the Period	3,074,731	3,057,205
Less Paid During the Period	(305,721)	(5,564,995)
Closing Balance	<u>5,826,215</u>	<u>3,057,205</u>
24 Provision for Income Tax		
Opening Balance	10,608,235	10,667,434
Addition during the year:		
Tax on Business income (note 24.1)	4,353,301	8,715,950
Tax on other income (note 24.2)	91,012	1,892,285
Prior year Adjustment		84,925
	<u>15,052,548</u>	<u>21,360,594</u>
Paid/ Adjusted during the year	-	(10,752,359)
	<u>15,052,548</u>	<u>10,608,235</u>
24.1 Tax on Business Income		
Net Profit before Tax	61,494,618	61,144,094
Less: Other income	(23,873,668)	(69,264,304)
Less: Unrealised Foreign Exchange gain/(Loss)	(18,011,660)	(1,310,170)
Add: Accounting Depreciation & Amortization	92,890,962	95,136,382
Add: WPPF	3,074,731	3,057,205
Less: WPPF (paid)	(305,721)	(5,564,995)
Less: Tax Depreciation	(95,548,857)	(95,800,170)
Business Income	<u>19,720,406</u>	<u>(12,601,959)</u>
Tax rate on Business Income	12%	12%
Tax on Business Income (A)	2,366,449	-
TDS on Export received (B)	4,353,301	8,715,950
Tax on Gross receipt (C) @ 0.2618% (12/27.5*.6)	2,103,789	2,340,334
Tax liabilities on business income (Higher of A, B,&C)	<u>4,353,301</u>	<u>8,715,950</u>
Un-used Tax Loss:		
Opening Balance	143,241,656	130,639,697
Addition during the year	(19,720,406)	12,601,959
	<u>123,521,250</u>	<u>143,241,656</u>
Less: use of unused tax	-	-
Un-used Tax Loss	<u>123,521,250</u>	<u>143,241,656</u>
24.2 Tax on other Income		
Tax on Cash Incentive Income	-	1,871,000
Tax on Dividend Income @ 20%	17,250	-
Tax on Interest income @ 20%	73,762	21,285
	<u>91,012</u>	<u>1,892,285</u>
Tax on Cash Incentive Income:		
Opening Incentive Receivable	66,625,077	16,153,360
Cash Incentive Income	23,685,107	69,186,905
Less: Unrealized during the year	(90,310,184)	(66,625,077)
Cash Incentive Received during the year	-	18,715,188
Income Tax Rate	10%	10%
Tax on Cash Incentive Income	-	1,871,000

Particulars	2023-2024 BDT	2022-2023 BDT
25 Revenue:		
Export Sale	778,718,438	821,421,417
Export-Sample	994,190	3,253,842
	<u>779,712,628</u>	<u>824,675,259</u>
26 Cost of Goods Sold:		
Material Consumed (note 26.01)	376,774,751	452,706,708
Manufacturing Overhead (note 26.02)	231,194,284	292,718,474
	607,969,035	745,425,181
Opening Work in Process	62,977,494	47,976,262
	670,946,529	793,401,443
Closing Work in Process	(62,176,160)	(62,977,494)
	608,770,369	730,423,949
Opening Finished Goods	202,702,263	178,821,585
Cost of Goods available for sale	811,472,632	909,245,534
Closing Finished Goods	(218,545,142)	(202,702,263)
Cost of Sales	<u>592,927,490</u>	<u>706,543,271</u>
26.01 Material Consumed:		
Opening Stock	126,729,191	105,006,598
Add: Purchase during the year	396,407,321	474,429,301
Less: Closing Stock	(146,361,761)	(126,729,191)
	<u>376,774,751</u>	<u>452,706,708</u>
26.02 Manufacturing Overheads:		
Wages & Salaries	114,304,638	176,262,496
Depreciation	93,653,962	93,936,651
Electricity Bill	13,309,099	9,630,821
Generator Rent	-	4,000,000
Fuel & Lubricant	1,787,174	1,983,118
Repairs & Maintenance	4,103,099	1,021,831
Workers Tiffin	2,101,524	2,668,531
Loading Unloading	828,124	839,157
Medical & Welfare	66,425	78,711
Workers' Transportation	-	306,927
Inspection Expenses	293,863	119,060
Conveyance	116,245	151,161
Internet Bill	148,056	177,702
Mobile Bill	48,650	100,967
Fire Extinguishing Expenses	425,025	124,073
Training Expenses	-	5,000
Insurance	-	1,210,114
Others	8,400	102,154

	<u>231,194,284</u>	<u>292,718,474</u>
27 Foreign Exchange Gain/(Loss)		
Realised FC Gain/(Loss)	(2,248,015)	(4,787,703)
Unrealised FC Gain/(Loss)	18,011,660	1,310,170
	<u>15,763,645</u>	<u>(3,477,533)</u>
27.10 Realised FC Gain/(Loss)		
Realised Gain/(Loss) on Export	2,540,453	13,880,267
Realised Gain/(Loss) on Import	(4,788,468)	(18,667,970)
	<u>(2,248,015)</u>	<u>(4,787,703)</u>
27.20 Unrealised FC Gain/(Loss)		
Unrealised Gain/(Loss) on Receivable	35,305,811	3,282,065
Unrealized Gain/(Loss) on A/C's & Other Pa	(19,183,828)	(2,177,041)
Unrealised Gain/(Loss) on FC 5047	1,889,676	205,146
	<u>18,011,660</u>	<u>1,310,170</u>
28 Administrative Expenses:		
Salaries & Allowances	10,718,562	4,720,329
Depreciation on ROU assets	786,170	1,925,255
Directors' Remuneration	3,600,000	3,600,000
Registration & Renewal	485,493	831,811
RJSC Expenses	-	40,000
Depreciation	1,265,922	1,336,179
Amortization of Intangible Assets	24,255	34,650
Audit Fees	402,500	345,000
Audit Fees-Use of Proceed	31,945	-
Conveyance	42,418	66,571
Entertainment	15,676	27,223
Vehicle Expenses	11,024	37,500
Stationery	96,797	117,081
Postage & Courier Service	23,154	29,373
Electricity Bill	156,650	111,864
Telephone, Mobile and Internet	64,088	55,211
IPO/Bond Expenses	1,995,533	1,644,683
Advertisement Expenses	158,680	-
Others	621,450	87,543
	<u>20,500,317</u>	<u>15,010,273</u>
29 Distribution Expenses:		
Conveyance	42,154	50,125

Entertainment	29,745	42,142
Export Expenses	5,293,141	5,349,788
Salaries & Allowances	2,105,632	1,954,872
Stationeries	95,421	123,412
	<u>7,566,093</u>	<u>7,520,339</u>

30 Non-Operating Income:

Cash Incentive	23,685,107	69,186,905
Dividend Income	86,250.00	-
Profit/(Loss) from sale of 1 No. of Car	(266,498)	
Interest Income	368,808	77,399
	<u>23,873,668</u>	<u>69,264,304</u>

31 Financial Expenses:

Export Bill Realization Expenses/Income	583,492	516,761
Interest on Short Term Loan	35,917,707	25,190,029
Bank Charges & Commissions	2,082,331	1,293,962
Finance costs-lease liability	943,541	348,724
Interest on Long Term Loan	94,259,621	69,837,372
	<u>133,786,692</u>	<u>97,186,848</u>

	2023-2024 BDT	2022-2023 BDT
32 Earning per share (EPS)		
Basic earnings per share:		
Profit after tax	40,502,097	40,666,309
Profit attributable to ordinary shareholders	40,502,097	40,666,309
Total weighted average number of shares	47,847,200	38,121,173
Basic earnings per share (Tk 10/= per Share)	0.85	1.07
Diluted earnings per share:		
Profit attributable to ordinary shareholders	40,502,097	40,666,309
Weighted-average number of ordinary shares outstanding during the year	47,847,200	38,121,173
Diluted potential number of ordinary shares	-	-
Total number of shares as dilutive potential ordinary shares	47,847,200	38,121,173
Diluted earnings per share (Tk 10/= per Share)	0.85	1.07

Weighted-average number of ordinary shares outstanding during the year

Particulars	Amount	No of Days use capital	No Day in a year	Weight	Price per Share	weighted number of share
Share Capital	478,472,000	365	365	1.00	10	47,847,200
Total	478,472,000					47,847,200

33 Net Operating Cash Flow per Share (NOCFPS)

Net Operating Cash Flow	27,449,259	163,201,819
Total weighted average number of shares	47,847,200	38,121,173
Potential No. of Share for Share Money Deposit	-	-
Total No of Share to Calculate Net Asset Value Per Share	47,847,200	38,121,173
Net Operating Cash Flow per share	0.57	4.28

34 Net Asset Value Per Share (NAVPS)

Shareholders' Equity	728,309,828	780,196,356
No. of Share for Share Capital	47,847,200	47,847,200
Total No of Share to Calculate Net Asset Value Per Share	47,847,200	47,847,200
NAVPS (Net Asset Value Per Share)	15.22	16.31

During the year, NAV per share has been reduced by taka 1.08 per share, the major reason of which is fair value of non current investment in Legacy Footware Limited has been reduced by Taka 7.14 Crore.

35 Cash Received from Customers and others income

Revenue	779,712,628	824,675,259
Foreign Exchange Gain/(Loss) Related to Accounts & Other Receivables	37,846,265	17,162,332
Other Income	27,640,165	69,264,304
Add: Accounts Receivables balance b/d	275,676,676	297,667,172
Less: Accounts Receivables balance c/d	(656,975,594)	(275,676,676)
Add: Advance Against Sale C/d	-	24,491,844
Less: Advance Against Sale b/d	(24,491,844)	(66,018,250)
Less: Export Bill Collection Charge	(583,492)	(516,761)
	438,824,804	891,049,224

	2023-2024 BDT	2022-2023 BDT
36 Cash Paid to Suppliers, employees and others expenses		
Cost of Goods Sold	(592,927,490)	(706,543,271)
Administrative expenses	(20,500,317)	(15,010,273)
Selling and distribution Expenses	(7,566,093)	(7,520,339)
Adjustment for Depreciation	94,919,884	95,272,830
Adjustment for Amortization	24,255	34,650
Depreciation on ROU assets	786,170	1,925,255
Increase/Decrease Trade Payables	153,590,121	10,373,196
Foreign Exchange Gain/(Loss) Related to Accounts & Other Payables	(23,972,296)	(20,845,011)
Increase/Decrease Liability for expenses	23,967,300	(8,175,814)
Increase/(Decrease) Workers' Profit Participation Fund (WPPF)	(305,721)	(5,564,995)
Increase/(Decrease) Advance Deposit and Prepayment	-	-
Increase/Decrease Inventory	(34,798,636)	(61,196,683)
	<u>(406,782,823)</u>	<u>(717,250,455)</u>
37 Income Tax paid		
Opening AIT	10,659,081	10,814,490
Closing AIT	(15,251,804)	(10,659,081)
Current year Provision	(4,444,313)	(10,693,160)
Opening Provision for Tax	(10,608,235)	(10,667,434)
Closing Provision for Tax	15,052,548	10,608,235
	<u>(4,592,723)</u>	<u>(10,596,950)</u>
38 Cash flow for Property Plant and Equipment / Capital in Working Progress		
Addition to Property Plant & Equipment's	(97,619,900)	(8,337,813)
Sale Value of 1 No. of Car	-	-
	<u>(97,619,900)</u>	<u>(8,337,813)</u>
39 Reconciliation of Net profit before tax with Cash flow from operating activities		
Net profit before income tax	61,494,618	61,144,094
Add: Finance Cost	133,203,200	96,670,087
Adjustment for Depreciation	94,919,884	95,272,830
Adjustment for Amortization	24,255	34,650
Depreciation on ROU assets	786,170	1,925,255
Increase/(Decrease) Workers' Profit Participation Fund (WPPF)	2,769,010	(2,507,790)
(Increase)/Decrease Inventory	(34,798,636)	(61,196,683)
(Increase)/Decrease Receivable	(381,298,918)	21,990,496
Increase/Decrease Advance deposits and prepayments	-	-
Increase/(Decrease) Accounts Payables	129,098,276	(31,153,210)
Increase/Decrease Liability for expenses	23,967,300	(8,175,814)
Unrealized Foreign Exchange Gain/(Loss)	(1,889,676)	(205,146)
Adjustment for Sale of Car	3,766,498	-
Income Tax Paid	(4,592,723)	(10,596,950)
Net Cash (used in)/generated by operating activities	<u>27,449,259</u>	<u>163,201,818</u>

40.00 Events After The Reporting Period

Mk Footware PLC has proposed 10% cash dividend other than the sponsors and directors for the FY2023-24. The meeting held on 31st October, 2024.

41.00 Related Party Disclosure:

During the year, The Company carried out a numbers of transactions with related parties in the normal course of business. The names of the related parties and nature of these transaction have been set out in accordance with the provisions of IAS -24: "Related Party Disclosure".

Name of Party	Relationship	Nature of Transaction	Opening Balance as at 01 July, 2023 Dr./(Cr.)	Transaction during the year		Closing Balance as at 30 June, 2024 Dr./(Cr.)
				Dr.	Cr.	
Moynakuti Agro Industries Limited	Common Directorship	Inter Company Receivable	100,326,000	25,883,000	120,062,000	6,147,000
Noor Mohammed	Managing Director & Sponsor	Directors' Remuneration	1,799,000	3,600,000	4,699,000	700,000
F. M. Hasan Mafuz Russell	Director & CEO	Salary	-	550,000	550,000	-
Mohammed Tohidul Islam	Company Secretary & Shareholder	Salary	110,000	1,392,100	1,277,100	225,000
Md.Masud Rana	Manager Finance & Shareholder	Salary	30,458	472,433	442,391	60,500
			102,265,458	31,897,533	127,030,491	7,132,500

42.00 Capacity Utilization :

Disclosure as per requirement of schedule XI, part II, para 7 of Company Act 1994

Section	Installed Capacity		Utilization Per day (Per Shift) Pcs.	Utilization
	Per day (Per Shift)			
	Pcs.		Pcs.	
Period ended 30 June 2024				
Finishing - Shoes (Pcs)	18,000	5,818		32.32%

42.01 Disclosure as per requirement of schedule XI, Part II, Para 8 of Company Act 1994

a) During the period no import in respect of raw materials and capital machineries on CIF basis has been made. The company import raw materials and capital machineries on CFR basis.

b) No Expenditure in foreign currency during the financial year on account of royalty, know-how, professional consultation fee, interest and other matters.

c) Value of all imported raw materials, spare parts and components consumed during the period and the value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption are as under:

Item Names	Consumed	% of Consumption
Raw Materials	376,774,751	100%

d) The company has not remitted any amount during the period in foreign currencies on account of dividend.

e) The company has not earned in foreign exchange from royalty, know-how, professional and consultation fee, dividend and other income except exports for goods calculated on FOB basis. Details are given below:

Particulars	Amount in (USD)	Amount in (BDT)
FOB Value of Export	\$ 7,045,769.52	778,718,438

43.00 Disclosures regarding Sales as per Para 3, Part -II, Schedule XI of the Companies Act 1994 are as follows:

a Quantity-wise sales for the period is as follows:

Name of product	Quantity (pcs)	Rate(Taka)	Taka
Shoes (PCS)	1,489,260	522.89	778,718,438
Total	1,489,260		778,718,438

b The company do not give any brokerage and discount on sales other than usual trade discount.

c Quantitative details of opening stock, purchases / production, consumption / sales and closing stock of raw materials and finished goods are as under:

Item	Unit	Opening Stock	Purchases/ Transfer In	Wastage	Transfer Out/ Sales	Closing Stock
		Qty	Qty	Qty	Qty	Qty
Raw material: Period ended 30 June 2024	PCS/KG/YRD	1,819,022	3,930,641	-	4,025,346	1,724,316
Work in Process: Period ended 30 June 2024	Pair	246,442	1,515,096	43,774	1,570,942	146,822
Finished goods: Period ended 30 June 2024	Pair	309,791	1,570,942	-	1,489,260	391,472

44.00 Employee position of MK Footwear PLC (as at June 30, 2024)

Disclosure as per requirement of schedule XI part II, Para 3 of the company Act 1994

All the employees receive salary/wages in excess of Tk. 8,200 per

Number of permanent staff	26
Number of permanent workers	1,038
Total:	1064

45.00 Disclosure as per requirement of schedule XI, Part II, Para 4 of Company Act 1994

As per Company Act, 1994 part-II, Schedule-XI (4) The profit and loss account will give by way of a note detailed information, showing separately the following payments provided or made during the financial period to the directors, including managing director, the managing agents or manager, if any, by the company, subsidiaries of the company and any other person:-

No.	Particulars	2023-2024	2022-2023
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	11,967,631	9,605,500
(b)	Expenses reimbursed to Managing Agent	Nil	Nil
(c)	Commission or Remuneration payable separately to a managing agent or his associate	Nil	Nil
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	Nil	Nil
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.	Nil	Nil
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil	Nil
(g)	Other allowances and commission including guarantee commission	Nil	Nil
(h)	Pensions etc.		
	(i) Pensions	Nil	Nil
	(ii) Gratuities	Nil	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil	Nil
(i)	Share Based payments	Nil	Nil

46.00 Additional Disclosures

46.01 Revenue

During the reporting year Revenue of the company has been decreased by Tk. 44,962,631 that is 5.45% corresponding with last year due to economic recession in Europe and Russia-Ukraine war. Most of the brands in Europe is suffering with over stock for which there is significant drop in new orders and as a result the whole Footwear industry in Bangladesh have struggled to get new order from European buyers and as a result of decreased in Revenue, Cash Incentive under non-operation income is also decreased by 65.77%.

46.02 EPS

During the year Earning Per Share of the company decreased by Tk. 0.22 Per share with corresponding to previous year, the major reason of which the revenue of the company has been decreased by 5.45%, Cash incentive under non-operating income decreased by 65.77%, Financial Expenses increased by 37.66%.

46.03 Net Operating Cash Flow Per Share (NOCFPS)

Net Operating Cash Flow Per Share (NOCFPS) decreased by Tk. 3.71 per share with corresponding to previous year, the major reason of which Cash received from Customer and others income decrease by 50.75% though Paid to Suppliers, employees & others expenses decreased by 45.29%.

47.00 General

47.01 Segment Reporting

As the company operates as a single business and geographic segment no segment reporting is felt necessary.

47.02 Contingent liability

There is no contingent liability as of the balance sheet date.

47.03 Receivable from Directors

Nothing is receivable from the director.

47.04 Last year's figures have been rearranged wherever it was found necessary.

47.05 Figures appearing in the financial statements have been rounded off to the nearest BDT.

MK FOOTWEAR PLC
Schedule of Property, Plant & Equipment
 As on 30 June, 2024

Annex-1

Particulars	Cost			Depreciation				Written Down Value as on 30 June, 2024		
	Balance as on 01 July, 2023	Addition During the Period	Adjustment During the Period	Balance as on 30 June, 2024	Rate	Balance as on 01 July, 2023	Charged During the Period		Adjustment During the Period	Balance as on 30 June, 2024
Land and Land Development	97,930,742	-	-	97,930,742	0%	-	-	-	-	97,930,742
Building & Other Civil Constructions	386,785,225	-	-	386,785,225	5%	48,828,746	16,897,824	-	65,726,570	321,058,655
Plant & Machineries	754,836,237	97,619,900	-	852,456,137	10%	188,993,539	62,894,698	-	251,888,237	600,567,900
Electrical Equipment's & Installations	31,475,421	-	-	31,475,421	10%	6,288,601	2,518,682	-	8,807,283	22,668,138
Solar Power Plant	76,905,140	-	-	76,905,140	10%	8,844,091	6,806,105	-	15,650,196	61,254,944
Fire Fighting Equipment's & Installation	30,660,197	-	-	30,660,197	10%	5,825,438	2,483,476	-	8,308,914	22,351,283
Furniture & Fixture	6,801,500	-	-	6,801,500	10%	1,400,056	540,144	-	1,940,200	4,861,300
Motor Vehicles	8,617,813	-	4,108,907	4,508,907	20%	880,018	725,778	342,409	1,263,387	3,245,520
Balance at 30 June, 2024	1,394,012,275	97,619,900	4,108,907	1,497,523,269		261,060,489	92,866,707	342,409	353,584,787	1,133,938,482
Balance at 30 June, 2023	1,385,674,462	8,337,813	-	1,394,012,275		165,958,757	95,101,732	-	261,060,489	1,132,951,786

Depreciation Allocated to:
 Manufacturing Overheads: 91,600,785
 Administrative Expenses: 1,265,922
92,866,707

MK FOOTWEAR PLC

Schedule of Intangible Assets

As on 30 June, 2024

Annex-II

Particular's	Cost			Rate	Depreciation			Written Down Value as on 30 June, 2024
	Balance as on 01 July, 2023	Addition During the Period	Balance as on 30 June, 2024		Balance as on 01 July, 2023	Charged During the Period	Balance as on 30 June, 2024	
Software	165,000		165,000	30%	84,150	24,255	108,405	56,595
Balance as at As on 30 June, 2024	165,000	-	165,000		84,150	24,255	108,405	56,595

MK FOOTWEAR PLC

Details of right-of-use assets

As on 30 June, 2024

Annex-III

Asset category	Cost			Months	Depreciation			Written down value as at 30 June'24	
	Balance at 01 July'23	Addition during the period	Adjustment during the period		Total at 30 June'24	Charge for the period	Adjustment during the period		Total at 30 June'24
	BDT	BDT	BDT		BDT	BDT	BDT		BDT
Dhaka Office		2,358,510	-	12/36		786,170	-	786,170	1,572,340
Generator	10,265,884			13/60	171,098	2,053,177	-	2,224,275	8,041,609
Total Jun'24	10,265,884	2,358,510	-		171,098	2,839,347	-	3,010,445	9,613,949
Total Jun'23	12,122,099	10,265,884	(8,217,813.00)		1,979,031	2,096,353	-	4,075,384	10,094,786

Depreciation Allocated to:

Manufacturing Overheads: 2,053,177
 Administrative Expenses: 786,170
 2,839,347

MK FOOTWEAR PLC
Details of lease liability
As on 30 June, 2024

Particulars	Date of commencement		Date of ending		Lease period (months)		Total Lease value		Discount rate (%)		PV of lease payment		Interest for the year		Lease payment during the year		Net lease liabilities as at 30 June, 2024	
	BDT		BDT		BDT		BDT		(%)		BDT		BDT		BDT		BDT	
Dhaka Office	Jul-23		Jun-26		36		2,700,000		9.00%		2,358,510		183,176		(900,000)		1,641,686	
Generator	Jun'23		May'28		60		8,000,000		9.00%		7,898,049		760,365		(1,891,461)		6,766,953	
Total Mar'24							10,700,000				10,256,559		943,541		(2,791,461)		8,408,639	
Total Jun'23							20,205,338				16,276,372		348,724		(8,727,046)		7,898,049	

Particulars	Lease current portion	Lease non-current portion	Total
Dhaka Office	1,641,686	-	1,641,686
Generator	1,610,827	5,156,126	6,766,953
Total	3,252,513	5,156,126	8,408,639

Annex-IV

MK FOOTWEAR PLC
Calculation of Deferred tax

As at 30 June, 2024

Annex-V

Particulars	Amount in BDT	Amount in BDT
	30-Jun-2024	30-Jun-2023
A. Deferred Tax (Income)/Expenses to be recognised in Profit and Loss A/C		
Carrying value (Accounting Base)		
Property , Plant and Equipment	1,133,938,482	1,132,951,786
Intangible Assets	24,255	34,650
WPPF	(5,826,215)	(3,057,205)
Unrealized Foreign exchange Gain/(Loss)	18,011,660	1,310,170
Cash Incentive	23,685,107	69,186,905
Un-Used Tax Loss	-	-
	<u>1,169,833,288</u>	<u>1,200,426,307</u>
Carrying value (Tax Base)		
Property , Plant and Equipment	958,063,060	959,820,427
Intangible Assets	24,255	34,650
WPPF	(305,721)	-
Cash Incentive	-	18,715,188
Un-Used Tax Loss	-	143,241,656
	<u>957,781,594</u>	<u>1,121,811,921</u>
A. Taxable /(Deductible)temporary difference	212,051,695	78,614,385
Income Tax rate of Operation Except Cash Incentive	12%	12%
Income Tax rate for Cash Incentive	10%	10%
Deferred Tax Liabilities/(Assets) at the end of the year	24,972,501	8,424,292
Closing Deferred Tax (Asset)/Liabilities	24,972,501	8,424,292
Opening Deferred Tax (Asset)/Liabilities	8,424,292	(1,360,333)
Deferred Tax (Income)/Expenses to be recognised in Profit and Loss A/C	16,548,209	9,784,625
B. Deferred Tax on Fair Value Gain/(Loss) to be recognised on Other Comprehensive Income		
Carrying value of Investment (Accounting Base)	111,952,500	183,367,500
Carrying value of Investment (Tax Base)	17,250,000	17,250,000
Taxable /(Deductible) temporary difference	94,702,500	166,117,500
Income Tax rate for Fair Value Gain/(Loss)	15%	10%
Deferred Tax Liabilities/(Assets) at the end of the year	14,205,375	16,611,750
Closing Deferred Tax (Asset)/Liabilities	14,205,375	16,611,750
Opening Deferred Tax (Asset)/Liabilities	16,611,750	-
Deferred Tax (Income)/Expenses to be recognised in Other Comprehensive Income	(2,406,375)	16,611,750
Total Closing Deferred Tax (Asset)/Liabilities (A+B)	39,177,876	25,036,042