Fortune Shoes Limited

ANNUAL REPORT 2019



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LETTER OF TRANSMITTAL

The Shareholders
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint Stock Companies & Firms (RJSC)
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)

Subject: Annual Report for the year ended 30th June, 2019.

Dear Sir/Madam,

We are pleased to enclose a copy of Annual Report together with the Audited Financial Statements including Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year ended 30th June, 2019 along with notes to thereon of Fortune Shoes Limited for your information and records.

Sincerely yours,
By the order of Board

Sd/
Riaz Uddin Bhuiya
Company Secretary

Fortune Shoes Limited

BSCIC Kawnia, Barishal

NOTICE OF THE 9th ANNUAL GENERAL MEETING

Notice is hereby given that the 9th Annual General Meeting (AGM) of the shareholders of Fortune Shoes Limited will be held on Tuesday, December 24, 2019 at 10.30 A.M at Party House, Shaw Road, Baklar More, Barishal City, Barishal to transect the following business:

AGENDA

1. To receive, consider and adopt the Director's Report and approve the Auditor's Report and Financial Statements for the period ended 1st July, 2018 to 30 th June, 2019.
2. To approve the dividend for the period ended 1st July, 2018 to 30th June, 2019. As recommended by the Board of Directors.
3. To approve retirement/appointment of Directors as per terms of the relevant provision.
4. To appoint/re-appointment the Auditors of the company and fixation of their remuneration for the year ended 2019-2020.
5. To appoint professionals for reporting on Corporate Governance Code of the Company and fix their remuneration.
6. Other business if any.

By the order of Board

Sd/
Riaz Uddin Bhuiya
Company Secretary

NOTES

1. The Share holders whose name will be appeared in the share register of the company or in the depository register on the record date, i.e.,November 24,2019 will be entitled to attend the AGM and to receive the dividend.
2. A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf. Proxy form must be affixed with requisite revenue stamp and must be submitted at the Head office of the Company, not more than 48 hours before the time fixed for the meeting.
3. Admission to the annual general meeting will be allowed strictly on production of the attendance slip sent with the notice as well as verification of signature of member(s) and/of Proxy-holder(s).
4. In compliance with Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no gift/gift coupon/food box/benefit in cash or in kind shall be distributed/paid to the Share holders for attending the 9th Annual General Meeting.

OUR VISION

To become the market leader by exporting world-class footwear through advanced technological innovation and customer satisfaction and leveraging on the strengths of our well experienced professionals and infrastructural advantages.

OUR MISSION

Manufacture and export of world-class footwear to meet international demand.

OUR VALUES

Customers are always the first priority. It is our continuous effort to ensure complete satisfaction for our customers. After customers, employees are the most valuable assets we take care. Through concerted teamwork we reach to our goal based on innovation, product diversification. Moreover, we care environmental safety.

OUR STRENGTH

Quality Products

Modern Technology

Skilled Human Resource

Loyal Customers



Award



Chairman of Fortune Shoes Limited is receiving IFIC- Samakal Business & Industry award from Hon'ble minister Abdur Razzaque MP

CORPORATE DIRECTORY

Fortune Shoes Ltd. was incorporated on 14 March, 2010 vide registration no.CH-7590/10 as a private limited company in Bangladesh under the Companies Act 1994. The company changed its name from "Furtune Shoes Ltd." To "Fortune Shoes Ltd." on 29 December 2014. Further it was converted into Public Limited Company on 14 January 2015 with Registrar of Joint Stock Companies and Firms (RJSC) in Bangladesh under the Companies Act, 1994. The company has been listed in the Dhaka Stock Exchange and Chattogram Stock Exchange during the financial year 2016.

Name of the Company	:	Fortune Shoes Limited (FSL)
Company Logo	:	
Legal Position	:	A Private Limited Company by shares registered under Compa nies Act, 1994 vide Registration no. CH- 7590/10 dated on March 14, 2010. The Company Converted into public Limited Company on January 14, 2015 and split of Share value from Tk. 100 to Tk. 10 dated on January 14, 2015.
Date of Incorporation	:	March 14, 2010
Date of Commercial Operation	:	September 07, 2011
Authorized Capital	:	Tk.1,500,000,000 divided into 150,000,000 Ordinary Share of Tk.10.00 each
Paid up Capital	:	Tk. 1249,360,000 divided into 124,936,000 Ordinary Share of Tk. 10.00 each
Registered Office & Factory	:	Plot No. 66-68, BSCIC Industrial Estate, Kawnia, Barisal, Bangladesh.
Head Office	:	Moon Island, Suite# C-03, Plot No. 34 &36,Road- 8, Block-E, Niketon, Gulshan-1, Dhaka-1212.
Board of Directors	:	5 Directors
Auditors	:	Ashraf Uddin & Co, Chartered Accountants,142/B, Green Road (3rd & 4th Floor), Dhaka-1215
Tax Consultants	:	Mr. Md. Tafazzal Hossain Forhad Green Delta AIMS Tower, 51-52, Motijheel, C/A, Dhaka.
Legal Advisors	:	Advocate Salena Akhter & Associates 3/E, New Baily Road, Dhaka.
Banker of the Company	:	Islami Bank Bangladesh Limited, Mutual Trust Bank Limited, Al ArafaIslami Bank Ltd.
Compliance Officer	:	Riaz Uddin Bhuiya, Company Secretary
Web & mail Address	:	web: www. Fortuneshoesbd.com e-mail: info@fortuneshoesbd.com

MANAGEMENT OF THE COMPANY

Board of Directors

Chairman	: Md. Mizanur Rahman
Managing Director	: Mrs. Rokshana Rahman
Director	: Md. Amanur Rahman
Director	: Md. Robiul Islam
Independent Director	: Md. Ruhul Amin Molla

Audit Committee

Chairman	: Md. Ruhul Amin Molla
Member	: Md. Amanur Rahman
Member	: Md. Robiul Islam
Secretary to the committee	: Riaz Uddin Bhuiya

Nomination and Remuneration Committee (NRC)

Chairman	: Md. Ruhul Amin Molla, Independent Director
Member	: Md. Amanur Rahman, Director
Member	: Md. Robiul Islam, Director
Secretary	: Riaz Uddin Bhuiya, Company Secretary

Senior Corporate officials

Company Secretary	: Riaz Uddin Bhuiya
Chief Financial Officer	: Md. Mahbubul Alam
Head of Internal Audit	: Md. Meherab Hosen
Sr. DGM Marketing & Sales	: Md. Safiul Azam
DGM Commercial	: Md. Sayed Gias Uddin
DGM Marketing	: Ms. Kamrunnahar
Sr. DGM Production	: Md. Enamul Kabir Polash
Head of HR & Compliance	: Md. Shahidul Islam

BRIEF PROFILE OF BOARD OF DIRECTORS

MD. MIZANUR RAHMAN:

Chairman, Fortune Shoes Limited

Md. Mizanur Rahman is Chairman of Fortune Shoes Ltd. He is a 46 years old dynamic and successful entrepreneur. He has over 23 years of experience in footwear manufacturing and export. He completed his masters in physics from Chittagong University. Mr. Rahman is founder of Fortune Shoes Ltd. Being a successful entrepreneur; he has established various businesses; i.e. Uniworld Footwear Technology Limited, MJ Industries, Bangladesh Shoes Industries Ltd, MJ Carton & Premier Footwear Ltd. Mr. Rahman is widely travelled person and visited many countries to attend meeting, seminar and trade fairs.

MRS. ROKSHANA RAHMAN:

Managing Director, Fortune Shoes Limited

Mrs. Rokshana Rahman is the Managing Director of Fortune Shoes Limited and Chairman of Uniworld Footwear Technology Ltd and Director of Premier Footwear Limited. She has 9 years of professional experience of shoes manufacturing industry.

MD. AMANUR RAHMAN:

Director, Fortune Shoes Limited

Mr. Md. Amanur Rahman has Marine Engineering degree, age of 40. He has 9 years of professional experience in shoes manufacturing industry. He visited many countries in association of business and he earned vast knowledge in modern method of production, technology and marketing of footwear manufacturing.

MD. ROBIUL ISLAM:

Director, Fortune Shoes Limited

Md. Robiul Islam, director of the company born in well-known business family in 1987 in Barishal. Md. Robiul Islam obtained his Masters in Management and engaged in business. He thrived in business career with his sincerity, honesty and application of his conceptual knowledge in footwear industry.

MD. RUHUL AMIN MOLLA

Independent Director, Fortune Shoes Limited

Mr. Ruhul Amin Molla is an Independent Director of Fortune Shoes Ltd. He is Chairman of Audit committee and Nomination and Remuneration Committee.

He has immense experience in the field of Footwear Manufacturing and export. Mr. Molla completed his masters in Finance from University of Dhaka. He has diverse educational background specialized in marketing, finance and information technology (IT); gained expertise through several national and international training in various fields of management. He has 22 years of proven experience, professionally groomed in the field of Footwear Sales & Marketing, Finance and Supply Chain.



CHAIRMAN'S STATEMENT

Bismillahir Rahmanir Rahim

Respected Members, Shareholders and other Stakeholders,

It gives me immense pleasure to be able to welcome you to the 9th Annual General Meeting of Fortune Shoes Limited (FSL). I would like to begin this address by expressing my heartfelt gratitude to all of you for your sincere cooperation and trust over the years. Your continued faith and support has helped boost the Fortune Shoes Ltd forward.

Fortune Shoes Limited has established itself as a benchmark in the Footwear industry. The company has been listed in the Dhaka Stock Exchange and Chattogram Stock Exchange during the financial year 2016. FSL thanks its valued shareholders for their trust and patience that has enabled us to achieve these feats.

The upward growth of the company in exports has remained constant during the financial year 2018-2019 at 5%; whereas the national growth was 12% negative in this sector. As we guide into the coming years, we look forward to newer challenges and scopes of further expansion and export. I am optimistic about the Footwear export of Bangladesh and see an exciting future ahead.

At Fortune Shoes Limited we are continuously working together to better ourselves. Every employee is considered part of the Fortune family.

I would like to extend my gratitude to the Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies and Firms, National Board of Revenue, Central Depository Bangladesh Limited and our shareholders for their valuable guidance, support and cooperation at the time of our needs.

Sincerely Yours

Sd/-
Md. Mizanur Rahman
Chairman



Message from the Managing Director

Bismillahir Rahmanir Rahim

Respected Members, Shareholders and other Stakeholders,

Assalamualaikum

It is an honor and a privilege to welcome you all to the 9th Annual General Meeting of Fortune Shoes Ltd. The main object of our company is to maximize the shareholder's wealth by making profits. From very beginning the company's management has been committed to maintain a sustainable growth and a stable profit of the company.

Although nationally footwear export's growth was negative over the last year, we the fortune shoes ltd achieved a remarkable growth in generation of profit and revenue. It attained in result of solid efforts of its workers and employees, support of stakeholders and partners.

In conclusion, I would like to say that our company has continued its revenue growth through the years and in the coming days we are aimed to further improve our revenue and profit through new revenue channel and improve productivity of existing operation.

Thanking You

Sd/-
Mrs. Rokshana Rahman
Managing Director

Corporate Governance Statement

The Board of Directors of Fortune Shoes Limited (FSL) is responsible for proper governance which includes setting out Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardships.

Fortune Shoes Ltd. is committed to continually reviewing all corporate governance policies and practices to ensure the ongoing transparency of the company's practices and the delivery of high standards and quality information to stakeholders. The maintenance of effective corporate governance remains a key priority of the Board of Fortune Shoes Limited. To exercise clarity about directors' responsibilities towards the shareholders, corporate governance must be dynamic and remain focused on the business objectives of the Company and create a culture of openness and accountability. Keeping this in mind, clear structure and accountabilities supported by well understood policies and procedures to guide the activities of the Company's management have been instituted.

Statement of Compliance

Bangladesh Securities and Exchange Commission's notification on Corporate Governance Code

As Fortune Shoes Ltd. is listed with the Stock Exchanges in Bangladesh, we comply with the BSEC's notification No. BSEC/CMRRCD/2006- 158/207/Admin/80 dated 3 June 2018. For the year ended 30th June 2019, we have complied with the relevant provisions set out in Annexure - A of this report.

Corporate Governance Framework

The Company operates within a comprehensive governance framework. The Board continuously reviews its corporate governance framework to ensure its relevance, effectiveness and sustainability in addressing the future business challenges.

Board Practices

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and accountable to the Shareholders. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled. The Directors of the Board keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board also ensures that FSL Policies & Procedures and Codes of Conduct are implemented and maintained, and the Company adheres to generally accepted principles for good governance and effective control of Company activities.

Roles and Responsibilities of the Board

The Board of Directors is responsible for protecting the rights and interests of all shareholders and also accountable for the overall management of the entity. Besides its usual legal and statutory responsibilities, the Board is responsible for the following:

- Reviewing and adopting a strategic plan for the company;
- Overseeing the conduct of the company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation and where appropriate, replacing senior management;
- Reviewing the adequacy and the integrity of the company's internal control systems and management information systems, including systems for compliance with applicable laws, and regulations, rules, directives and guidelines;
- Approving the financial statements and accounting policies of the company;
- Approving changes in the policy;
- Recommending dividend for declaration in AGM;
- Establishing committees including the Audit Committee
- Receiving and reviewing reports from committees of the Board;
- Establishing and monitoring compliance with the company's standards of business conduct and other policies of the company;
- Establishing appropriate systems of corporate governance in the company;
- Constantly guide and assist the company in external stakeholder management.

Board Composition
The Board in FSL is comprised of five Directors, including the Chairman who is elected from amongst the members. In compliance with the BSEC's Corporate Governance Code the Board of Directors has appointed one Independent Director. We believe that our Board has the optimum level of knowledge, composure and technical understanding about Company's business which, combined with its diversity of culture and background stands as the perfect platform to perform and deliver.
Please refer to pages 06 to 07 for details of the Board of Directors, their profile and their respective membership.

Retirement and Re-election of Directors
As per the Article of Association of the company, one-third of the directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree themselves) be determined by lot, but remains eligible for re-election.

Independent Director
The Company has complied with the notification of the Bangladesh Securities and Exchange Commission with regard to appointment of independent Director to the Board.

Board Committees
The Board has established two Board Committees to which it has delegated some of its responsibilities. They are the Audit Committee and Nomination and Remuneration Committee

a) Audit Committee
The Audit Committee of Fortune Shoes Limited is a sub-committee of the Board of Directors and is appointed and authorized by the Board in pursuance of BSEC Circular to review the activities of business. The role of the Audit Committee is to monitor the integrity of the financial statements of the company and review when appropriate, make recommendations to the Board of Directors on business risks, internal controls, governance issues and compliance. The committee satisfies itself by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the company's business is conducted in a proper and prudent manner.

The Audit Committee comprises of four members. The chairman of the board is independent director.

b) Nomination and Remuneration Committee
The Nomination and Remuneration Committee consists of three Directors including one Independent Director. Md. Ruhul Amin Molla is the Chairman of the Nomination and Remuneration Committee. The Committee acts as per the terms and conditions of the Corporate Governance Code of BSEC.

Board Meetings
The meetings of the Board of Directors of Fortune Shoes Ltd are generally held at the registered office of the Company. The meetings are held frequently, at least once in a quarter, to discharge its responsibilities and functions as mentioned above. Meeting is scheduled well in advance and the notice of each Board meeting is given, in writing to each director by the Company Secretary. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention.

The details of Board Meeting and attendance are given in the Directors' Report.

Division of work for the Board and Managing Director
The role of the Board and Managing Director are separate and delegation of responsibilities is clearly established to ensure transparency and better corporate governance. The Managing Director is the authoritative head for day to-day management in FSL. He acts to reasonably ensure that FSL operates business as per the Articles of Association (AoA), decisions made by the Board and Shareholders, as well as according to FSL policies and procedures and applicable regulatory legislations.

Role of the Chairman
The Chairman leads the Board in determination of its strategy and achievement of its objectives. The Chairman is responsible for organizing the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information. The Chairman facilitates the effective contribution of Independent Directors and ensures that constructive relations exist amongst the Directors.

Role of the Managing Director
The Managing Director is responsible for running the business and for formulating and implementing Board strategy and policy. She also has direct charge and overall control of the Company on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Company.

She is to certify to the board regarding financial statements and financial transactions of the company according to the corporate governance guidelines as issued by Bangladesh Securities and Exchange Commission (BSEC).

Role of Company Secretary
The Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) also require a listed company to appoint a Company Secretary, as distinct from other managers of the Company. In pursuance of the same, the Board of Directors has appointed a Company Secretary and defined his roles & responsibilities. In FSL, among other functions, the Company Secretary;

- Advises and assists the members of the Board with respect to their duties and responsibilities as Directors and compliance with their obligations under the Companies Act, Stock Exchange requirements and issues on corporate governance.
- Acts as a channel of communication and information.
- Ensures that the Board's decisions are properly implemented and communicated by assisting in the implementation of corporate strategies and policies.
- Ensures proper compliance with all relevant statutory and regulatory requirements.
- Communicates with the stakeholders of the company.

Secretarial Standards
The Company has complied with the Bangladesh Secretarial Standards (BSS) as adopted by The Institute of Chartered Secretaries of Bangladesh (ICSB).

Role of Chief Financial Officer
The Chief Financial Officer is a versatile individual with the talent to meet a continually changing set of circumstances. He is responsible for accounts and treasury functions of the company. In addition he attends board meetings and presents quarterly and periodical results.

He is to certify to the board regarding financial statements and financial transactions of the company according to the corporate governance guidelines as issued by Bangladesh Securities and Exchange Commission (BSEC).

Role of the Head of Internal Audit
The Head of Internal Audit is responsible for reporting to the Board/ Audit Committee regarding any deviation from accounting and internal control systems of the Company. He is also responsible for ensuring regulatory compliance of the Company.

Price Sensitive Information
The Board of Fortune Shoes Limited through the company secretary ensures to inform all price sensitive information within 30 minutes of the decision or immediately upon getting such information to the BSEC and the Stock Exchanges and also ensure immediate publication of such information/decision in two widely circulated daily newspapers, one in Bangla and the other in English as well as in one online daily news site. The communication is done through Fax, E-mail, by special messenger and through courier service in special cases.

Disclosure on the performance and prospect of the Company
Fortune Shoes Ltd. attaches high priority on timely publication of quarterly, half-yearly and annual report with comprehensive details in excess of regulatory requirements. Mediums of publication include printed materials, newspapers and the website of the Company. Price Sensitive information is released to the regulators within half an hour of the decision. The Financial Statements are prepared in accordance with IAS and IFRS as adopted by Bangladesh Accounting Standards.

Dividend Policy
The Board of Directors has a Dividend Policy which is based on company's performance and company's long term objectives.

Statement of Internal Control
The internal control system of Fortune Shoes Limited is designed to manage risks that may impede the achievement of the company's business objectives rather than eliminates these risks. The ultimate facilitator of the internal control system is the Board of Directors in order to ensure that the importance of internal controls is understood across the company and that adequate resource allocations are available. Internal control is the process by which the company's directors, management and staff obtain reasonable assurance as to the achievement of specified objectives including:-

- Efficiency and effectiveness of operations,
- Maintenance of assets,
- Reliability of financial and other management information,
- The prevention of fraud,
- Compliance with relevant national laws and Companies Act. BSEC Rules, Stock Exchanges Rules and Regulations. Fortune Shoes Limited continues to ensure the presence of the following components that would create an effective internal control system.

Control Environment
The Board of Directors sets the tone for an effective control environment through regular exchange views and reviews of the processes for identifying, evaluating and managing the significant risks. An effective control environment is set by top management that cascades across all business functions.

Risk Management
The company has an ongoing risk management process to identify key business risks. Process risks are also assessed at the planning stages whereby objectives are reviewed along with the associated risks that may potentially affect the achievement of objectives. Appropriate risk responses are articulated to enable the company to achieve its objectives effectively. In Fortune Shoes risks can come from uncertainty in form of failure in time export, legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attack from an adversary, or events of uncertain or unpredictable root-cause.

Control Activities
Control activities are the policies and the procedure to help ensure that management directives are carried out, and the necessary actions are taken to minimize the risks of failing to meet objectives. Policies and procedures are effectively established within the company and continuously reviewed for compliance, adequacy and improvement.

Information and Communication
The company ensures the effective flow of information on internal activities and external factors across the management levels. All individuals receive a clear message from senior management that control responsibilities must be taken seriously.

Monitoring
The system of internal control is monitored regularly through both ongoing activities and separate evaluations. Ongoing monitoring activities are conducted through regular management activities. An Internal Audit Team has been setup with five members during the year under review. The internal audit function is responsible for providing an objective and independent view of the effectiveness of operational and financial controls and procedures, as well as management action in dealing with issues of control. The internal audit function monitors the presence of the components of internal controlsystem and reports to the audit committee.

Accountability and Audit
In implementing and ensuring the right Governance in FSL, the Board and Executive Committee ensure the following:

Financial Reporting
FSL has strong financial reporting procedures in line with the requirements of Bangladesh Financial Reporting Standard (BFRS), Bangladesh Accounting Standard (BAS) and other related local legislations.

Financial Review
Financial Reviews are conducted quarterly. Financial Review provides the internal quarterly results follow-up for the Company. The purpose is to provide an analysis of the economic and financial situations, which will then form the basis for externalreporting and presentations, and to provide quality assurance for the financial reporting. In addition, internal review on monthly financial results is conducted by Managing Director on a monthly basis.

Statutory Audit
Statutory Audit of the Company is governed by the Companies Act, 1994 and Securities and Exchange Rules 1987. As per these regulations, auditors are appointed at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the AGM. Appropriate structure is in place as per corporate governance best practices to ensure independence of statutory auditors.

Internal Audit
The Internal Audit department is independent of business operations. It undertakes a programme to address internal controland risk management processes with particular reference to the FSL Audit Charter.

It operates a risk-based methodology, ensuring that the Company's key risks receive appropriate regular examination. Its responsibilities include reviewing and reporting on the effectiveness of risk management systems and internal control withthe Executive Committee, the Audit Committee and ultimately to the Board. Internal Audit facilitates oversight of risk and control systems across the company.

Compliance with Rules and Regulations
In this context, the Company provides complete set of financial statements and relevant documents to the BangladeshSecurities and Exchange Commission (BSEC), CDBL, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE). The CFO and Company Secretary always accommodate any queries that are raised by regulators.

Going Concern
The company has adequate resources to continue its operational existence in the foreseeable future. For this reason, the financial statements are prepared based on the going concern concept.

Related Party Transactions
Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The Company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard 24: "Related Party Disclosures."

Details of these transactions are set out under Notes to the Financial Statements.

Employees
Employees' remuneration Policy
The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Company, and do not give rise to conflicts between the objectives of the Company and the interests of individual Directors and key executives.

In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. To ensure that its remuneration package is competitive, the Company regularly reviews its base salary ranges and benefits package based on market data.

Code of Conduct
In accordance with approved and agreed Code of Conduct, Fortune Shoes employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the company. Fortune Shoes employees must not seek gain for themselves or others through misuse of their positions.

Restriction on dealings in FSL Shares by Insiders

The Company has established policy relating to trading of FSL shares by Directors, Employees and other Insiders. The securities laws also impose restrictions on similar transactions. All the Insiders are prohibited from trading in the FSL shares, while in possession of unpublished price sensitive information in relation to the Company during prescribed restricted trading period. Directors and Employees are also required to notify their intention to trade in the FSL shares prior to initiating the same.

Communications with Shareholders

FSL is continuously striving to improve relations with its shareholders. The Company encourages communications with shareholders throughout the year and welcomes their participation at the shareholders' meeting. The quarterly financial results and all other information are published in widely circulated dailies in both Bengali and English newspaper and one in On-line newspaper. The information is also made available in the company website. Annual Reports are sent to the shareholders by post. The soft copy of the Annual Report is also made available in the company' website.

All information provided to the BSEC and Stock Exchanges are immediately made available to the Shareholders on our company website: www.fortuneshoesbd.com

Website

The Company has an official website linked with the website of the stock exchanges. All financial results are posted on the Investor Relations section of the Company's website: www.fortuneshoesbd.com

Shareholders Queries

FSL has set up a separate share division at Plot#34 & 36, Suite#C-3, Road#8, Block-E, Niketon, Gulshan-1. In addition we have special queries telephone lines and an email address. Shareholders can contact +(8802)9851132 or mail to FSL Share Office: cs@fortuneshoesbd.com for any queries and/or grievances.



FINANCIAL HIGHLIGHTS

Operational Result	Amount in Taka				
	30- June-2019	**30- June-2018**	**30- June-2017**	**30- June-2016**	**31-May-2015**
Turn Over	1,540,815,769	1,378,425,988	1,428,439,660	1,003,860,261	915,488,698
Gross Profit	303,711,582	274,409,730	284,477,220	176,966,584	161,880,416
Profit from Operation	249,880,806	231,304,171	243,886,328	136,615,456	120,962,970
Profit before Income Tax	249,776,266	230,941,178	243,307,890	130,906,838	113,105,400
Profit for the Year	218,554,232	228,119,331	200,522,280	107,998,142	93,311,956
Net Cash Flow from Operation	164,648,021	50,705,066	46,919,509	47,044,835	33,484,385
Financial Position	**30- June-2019**	**30- June-2018**	**30- June-2017**	**30- June-2016**	**31-May-2015**
Non-Current Assets	927,027,219	854,433,867	831,578,828	637,432,932	658,826,978
Current Assets	1,164,945,436	999,491,033	828,492,812	610,743,928	531,244,496
Shareholder's Equity	1,908,998,083	1,690,443,851	1,475,366,572	1,071,571,340	959,651,428
Non-Current Liabilities	45,375,079	41,184,423	59,173,993	57,573,810	58,531,898
Key Financial Ratio	**30- June-2019**	**30- June-2018**	**30- June-2017**	**30- June-2016**	**31-May-2015**
Current Ratio	8.47	9.15	6.76	5.13	3.09
Quick Ratio	4.73	5.34	4.13	3.21	1.88
Debt to Equity Ratio	0.01	0.02	0.01	0.02	0.19
Net Income Ratio	14.19%	16.55%	13.07%	10.76%	10.19%
Return on Equity Ratio	12.15%	14.35%	14.65%	10.63%	39.44%
Adjusted EPS	1.75	1.98	1.72	1.44	1.24



DIRECTORS' REPORT

Dear Shareholders,

The Directors have the pleasure in presenting to the shareholders their Report together with the audited financial statements of the Company for the year ended June 30, 2019. This report has been prepared in compliance with section 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.

Principal Activities
The principal activity of Fortune Shoes Ltd. is footwear manufacture and export.

Industry outlook and possible future developments in the industry
Footwear exports are the second highest contributor to the national exports after apparel. The footwear export is now set to be the next to the ready-made garment (RMG) sector of the country. Bangladesh's footwear sector has built a strong position in the international market appreciations to the quality Bangladeshi products and competitive prices.

The country's footwear exports to Canada, Italy, Poland, Netherlands, Spain, Germany, and USA are on a rising trend with a growing demand. The Country's footwear industry experienced a meteoric rise in the past decade. Total footwear exports grew from $68 million in 2004 to $870 million in 2018-19 fiscal. The government is targeting footwear and leather exports of more than $5 billion by 2021. Beside, in last 10 years FY-2010 to FY2019, Bangladesh footwear exports achieved a growth rate of 342%.

Although China maintains its ranking as the biggest footwear manufacturer worldwide, its solid and leading position is starting to show the first signs of stress and difficulty. In fact, in recent years, it has experienced a significant slowdown in growth, and even registered a downtrend in 2019: Bangladesh has a great market opportunity in USA due to looming trade war with China. If China drops its 10% of international market share then most of them must be redirected to the Asian countries. Essentially, it has been divided up between India, Indonesia, Vietnam and Bangladesh. It's a great opportunity for Bangladeshi footwear exporters to capture transmitted market share of China.

Segment Reporting
The Company operates its business in single segment i.e. produced only "Shoes".

Revenue
As you are aware the company is 100% export oriented and the principal activities of the company are to carry on the business of manufacturing and exporting of all kinds of leather shoes, footwear etc. The sale proceeds stood at Tk. 1,540,815,769 during the last financial years. The efficient and prudent management of process control has enabled the company to avoid financial catastrophe and earn substantial profit instead.

The operating financial results of the Company for the period 2018-19 as compared to previous year are summarized hereunder:

Particular	2019	2018
Turnover	1,540,815,769	1,378,425,988
Gross Profit	303,711,582	274,409,730
Net Profit (BT)	249,776,266	230,941,178
Provision for Taxation	31,222,034	15,863,899
Net Profit (AT)	218,554,232	215,077,279
Gross Margin (Turnover)	19.71%	19.91%
Net Margin (BT)	16.21%	16.75%
Net Margin (AT)	14.18%	15.60%
Earnings Per Share (EPS) (Tk.)	1.75	1.98

Risk and Concerns

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike of raw materials due to change in policy in the international market might hamper the production and profitability.

Moreover, the performance of the company may be affected by the political and economic instability both in Bangladesh and worldwide. Any instance of political turmoil and disturbance in the country may adversely affect the economy in general.

Similarly, risks and concern of the industry depends on the upcoming Government policy as well. However, garments being the major foreign currency earner have always enjoyed special consideration from all the successive Governments and expectation is that it will continue in the future.

We have a separate Legal department and an Internal Control and Compliance department to identify different business risks. In case of complexities we consult outside expert/ legal adviser.

A discussion on cost of goods sold, gross margin and net profit margin

Particulars	30-June-2019		30-June-2018	
	Amount	%	Amount	%
Sales	1,540,815,769	100.00	1,378,425,988	100.00
Cost of Goods Sold	1,237,104,187	80.29	1,104,016,258	80.09
Gross Profit	303,711,582	19.71	274,409,730	19.91
Net Profit for the year	218,554,232	14.18	215,077,279	15.60

Discussion on continuity of extra-ordinary gain or loss

There is no significant extra-ordinary gain or loss during the financial year.

Related Party Transactions

This is not applicable for FSL as no such event of collecting fund from public issues took place which would require adjustment or disclosure in the annual report

Related party transactions are presented in note no. 26 of the financial statements.

Utilization of Proceeds from Public Issue

This is not applicable for Fortune Shoes Ltd as no such event of collecting fund from public issues took place which would require adjustment or disclosure in the annual report.

Significant variance of financial statements

There is no significant variance in the financial statements during the period ended on 30th June, 2019.

Remuneration to Directors including Independent Director

Directors draw Board and Audit Committee Meeting attendance fees. The details are given in presented in note no. 26 of the financial statements.

Board Size:

The number of members of the Board of Directors stands at 05 (including One Independent Director) which are within the limits given by the BSEC Notification.

Independent Directors

Md. Ruhul Amin Molla

In order to comply with the Bangladesh Securities and Exchange Commission notification, the Board in its meeting held on 30th January 2019 decided to re-appoint the existing Independent Director, Mr. Ruhul Amin Molla for a further term of 3 (three) years subject to approval of the shareholders in the 9th Annual General Meeting

Chief Financial Officer, Company Secretary, Head of Internal Audit

As per corporate governance of BSEC, the company has allocated the responsibilities as follows:

Company Secretary : Riaz Uddin Bhuiya
Chief Financial Officer : Md. Mahbubul Alam
Head of Internal Audit : Md. Meherab Hosen

Audit Committee

The Audit Committee, as a subcommittee of the Board of Director, has been constituted with the Independent Director as Chairman and two other Directors. The company Secretary acts as Secretary to the Audit Committee. This committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. Audit committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee, as a sub-committee of the Board of Director,has been constituted with three-member in the board of directors with one Independent director as a chairman. The company Secretary acts as Secretary to the Committee. The Nomination and Remuneration Committee assists the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive of the company. NRC is responsible to the Board of Directors and its roles and responsibilities are clearly set forth.

External Statutory Auditors

The BSEC guidelines are being followed in engaging statutory Auditors.

Subsidiary Company

The company has no subsidiary company.

Reporting and Compliance of Corporate Governance Code

Fortune Shoes Ltd adheres to good corporate governance practices, as described in this annual report.

The company also complied with all the requirements of corporate governance as required by the security and exchange commission (BSEC). In accordance with the BSEC notification Compliance Governance Compliance Report is shown in Annexure-1 of annual report.

Directors' Appointment and Re-Appointment

With regard to the appointment, retirement and re-appointment of directors, the company is governed by its Articles of Association, the Companies Act. 1994 and other related legislations. Accordingly, the following Directors of the Board retire at the annual general meeting and re-electedthemselves:

S.I	Name of Director	Present Status
01	Mrs Rokshana Rahman	Retirement & Re-Elected for the Director
02	Md. Robiul Islam	Retirement & Re-Elected for the Director

Shareholding pattern

The shareholding of directors at the period end of 30 June,2019 is shown as bellow:

Name of Directors	Position	30.06.2019	
		No of Share	% of Share
1. Parent/Subsidiary/Associate companies and other related parties.	-	-	-
2. Directors, CEO, CS, CFO, HIA and their spouses and minor children:			
2. A. Directors			
Mr. Md. Mizanur Rahman	Chairman	28,014,000	22.42
Mrs. Rokshana Rahman	Managing Director	35,42,000	2.84
Md. Amanur Rahman	Director	35,42,000	2.84
Md. Robiul Islam	Director	35,42,000	2.84
Md. Ruhul Amin Molla	Independent Director	-	-
2. B. CEO, CS, CFO, HIA:			
Riaz Uddin Bhuiya	Company Secretary	-	-
Md. Mahbubul Alam	Chief Financial Officer		
Md. Meherab Hosen	Head of Internal Audit	-	-
3. Executive			
Md. Safiul Azam	Sr. DGM Marketing & Sales	-	-
Md. Sayed Gias Uddin	DGM-Commercial		
Md. Enamul Kabir Polash	Sr. DGM-Production		
Ms. Kamnurnahar	DGM-Marketing & Sales		
Md. Shahidul Islam	Head of HR & Compliance		
4. Shareholding 10% or more voting right	Chairman	28,014,000	22.42

Directors involved in other Companies:

SL	Name	Designation in FSL	Directorship/Sponsorship/ Ownership with other companies	Position
1	Md. Mizanur Rahman	Chairman	Bangladesh Shoes Industries Limited	Chairman
			Uniworld Footwear Technology Ltd.	Managing Director
			Premier Footwear Ltd.	Chairman
2	Mrs. Rokshana Rahman	Managing Director	Uniworld Footwear Technology Ltd.	Chairman
			Premier Footwear Ltd.	Director
3	Md. Amanur Rahman	Director	-	-
4	Md. Robiul Islam	Director	-	-
5	Md. Ruhul Amin Molla	Independent Director	-	-

Board Meeting and Attendance

During the year 5(Five) Board Meetings were held. The attendance record of the directors is as given below:

Name of Directors	Attendance
Md. Mizanur Rahman	05
Mrs. Rokshana Rahman	05
Md. Amanur Rahman	04
Md. Robiul Islam	05
Md. Ruhul Amin Molla (Independent Director)	05

Statement of Directors on Financial Reports

In accordance with the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018, the Directors are pleased to confirm the following:

a) The financial statements together with notes thereon have been drawn up in conformity with the Companies Act. 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the company's state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in the preparation of the financial statements.

e) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

f) The system of internal control is sound and has been implemented and monitored effectively.

g) No bonus shares or stock dividend has been or shall be declared as interim dividend.

h) Management discussion and analysis signed by MD presenting detailed analysis of the company's position and operations along with a brief discussion on changes in the financial statements.

The key operating and financial data for the last five years is given at the page no. 16.

Internal Control

The Board has ultimate responsibilities to establish the effective system of internal control. To ensure internal control regarding risk management, financial control and compliance legislation, the company already has a strong internal audit department to ensure internal control and compliance in place.

Going Concern

While approving the financial statements, the directors have made appropriate enquiries and analysed the significant financial, operating as well as other indicators for enabling them to understand the ability of the company to continue its operation for a foreseeable period. Directors are convinced and have a reasonable expectation that the company has adequate resource to continue its operation consistently for the foreseeable future. Therefore, the company adopted the going concern basis in preparing the financial statements.

Significant deviation of Operating Result

There is no significant deviation from the last year's operating result of the Company.

Dividend

The Board of Directors has recommended 5% cash and15% stock dividend for the existing shareholders for the period ended 30 June, 2019. The board considers a part of generated profit should reinvest the capital in the business rather than paying the full cash dividend. As a result company would be more profitable and the shareholders would be rewarded with a higher stock price in the future.

Statutory Auditors

The Auditors of the Company M/S Ashraf Uddin & Co., Chartered Accountants, 142/B, Green Road (3rd Floor & 4th Floor), Dhaka-1215, has carried out the audit of the company for the year ended 30 June 2019.

As per Bangladesh Securities and Exchange Commission (BSEC) Order no. SEC/CMRRCD/2009-193/104/Admin dated July 27, 2011, the retiring Auditors M/S Ashraf Uddin & Co., Chartered Accountants being eligible for reappointment, expressed their willingness to be re-appointed for the year 2019-2020. The Board of Directors endorsed the recommendation of the Audit Committee for appointment of M/S Ashraf Uddin & Co., Chartered Accountants as the auditors for the Company for the year 2019-20 for a fee of Tk. 200,000.00 (Two lac) only subject to approval of the shareholders in the 9th Annual General Meeting.

Acknowledgment

The Company express its sincere thanks and gratitude to the respected shareholders, valued clients, Banks and well-wishers home and aboard for their wholehearted co-operation and active support.

We are thankful to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd (DSE), Chittagong Stock Exchange Ltd (CSE), Registrar of Joint Stock Companies & Firms (RJSC), Government and private sector Organization and many others for extending their co-operation to our company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which we could not have achieved this result.

Thanks are also due to all directors, all executives, officers, staff and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year under review.

To ensure financial security we always welcome your suggestions and opinion to improve present and future services of the company.

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2018-19 and Directors' Report placed before you.

Thanking you.

On behalf of the Board of Directors

Sd/-
Mizanur Rahman
Chairman

Management Discussion and Analysis on Financial Position and Performance

Over the last five years the company is in a steady in terms of positive sales growth and steady profit. In 2015, the sales revenue was Tk. 915 million whereas it registered to Tk. 1540 million in 2019. In line with sales, net profit before tax had been increased from around Tk. 113.10 million in 2015 to Tk. 249.77 million in 2019. In the last five financial years, net operating cash flow per share was positive. In the backdrop of above scenario, it indicates the company is moving forward and it has good promise in the long run.

Accounting policy and estimation for preparing financial statements have been remained same as it was before. Hence, there is no effect in this regard.

As far as risks are concerned, Fortune Shoes Ltd. is exposed to foreign exchange risk, inflation risk. Foreign exchange risk is trade-off between export and import. As we have to make less payment against export earning, foreign exchange risk is mitigated. In terms of inflation, this is adjusted in sales price. Hence, company can mitigate this risk as well.

Sd/-
Mrs. Rokshana Rahman
Managing Director



MANAGING DIRECTOR & CFO'S DECLARATION TO THE BOARD OF DIRECTORS

Annexure- A
[As per condition No. 1(5)(xxvi)]

Fortune Shoes Limited
Declaration by Managing Director and CFO

The Board of Directors
Fortune Shoes Limited
Plot No-66,67 & 68 BSCIC I/E
Kawnia, Barishal, Bangladesh.

Subject : Managing Director& CFO's Declaration to the Board of Directors

Dear Sirs,
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of Fortune Shoes Limited for the year ended on 30 June 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;

(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;

(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenancef accounting records;

(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and

(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

(i) We have reviewed the financial statements for the year ended on 30 June 2019 and that to the best of our knowledge and belief:
(a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Sd/-
(Mrs. Rokshana Rahman)
Managing Director

Sd/-
(Md. Mahbubul Alam)
Chief Financial Officer

Application of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)

Name of the Accounting Standards	Ref. No.	Status of Application
Financial Instruments : Disclosure	IFRS-7	Applied
Revenue from Contacts with Customers	IFRS-15	Applied
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Lease	IAS-17	Applied
Employee Benefits	IAS-19	Applied
The effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Financial Instruments: Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Financial Instruments: Recognition & Measurement	IAS-39	Applied

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED JUNE 30, 2019

Fortune Shoes Limited established an audit committee as a sub-committee of the Board of Directors. The committee supports the Board in fulfilling its oversight responsibilities.

The audit committee of Fortune Shoes Limited of the following Board members:

Md. Ruhul Amin Molla (Independent Director)	: Chairman
Md. Amanur Rahman (Director)	: Member
Md. Robiul Islam	: Member
Riaz Uddin Bhuiya	: Secretary of the Committee

Terms of Reference

The terms of reference of the committee has been agreed upon as follows:

- To review all internal and external audit report.
- To recommend the statutory annual audited financial statements to the Board of Directors for approval.
- To review the finding of the internal and external auditors.
- To review and approve the Annual "Audit Plant" of the Internal Audit Department.
- To monitor the implementation of the recommendations of the Internal and External auditors.
- To review the performance of the external auditors and make recommendations to the Board regarding their appointment and fees.
- To review the quarterly, half yearly and annual financial statements before submission to the Board, focusing particularly on.
- To review the company's statement on internal control systems prior to endorsement by the Board.
- The company secretary shall be the secretary of the audit committee.

Activities carried out during the year

The committee reviewed the integrity of the quarterly and annual financial statement and recommended to the Board for consideration, the Committee had overseen, reviewed and approved he procedure and task of the internal audit, financial report preparation and the external audit report, the Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

Recommendation

The audit committee recommended to the Board of Directors that:

1. The Financial Statements for the year ended 30th June, 2019 be approved.
2. M/S Ashraf Uddin & Co., Chartered Accountants be appointed as the auditor of the company for the year ended 30th June, , 2020 at BDT 2,00,000 (Two lac taka) only including VAT and TAX subject to the approval of the members at the 9th Annual General Meeting of the company.

On behalf of the Audit Committee

Sd/-
Md. Ruhul Amin Molla
Chairman
Audit Committee

CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCE

Annexure-B

[Certificate as per condition No. 1(5)(xxvii)]

Report to the Shareholders of Fortune Shoes Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Fortune Shoes Limited for the year ended on June 30, 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission.

(b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

(c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws ; and

(d) The governance of the company is satisfactory.

Place -Dhaka.
Date- November 10 , 2019

For ABS Chowdhury & Co.
Chartered Accountants

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2019/277

BAPLC

Date of issue : December 5, 2019

Renewed Certificate

This is to certify that

FORTUNE SHOES LIMITED

is an Ordinary Member of **Bangladesh Association of Publicly Listed Companies** *and is entitled to all the rights and privileges appertaining thereto.*

This certificate remains current until 31st December 2019.

BAPLC

Secretary-General

Our Major Customers



Photo Gallery








FORTUNE SHOES LIMITED




FORTUNE SHOES LIMITED



A B S Chowdhury & Co.
Chartered Accountants

Report to the Shareholders of FORTUNE SHOES LIMITED on compliance on the Corporate Governance Codes for the year ended on 30 June 2019

We have examined the compliance status to the Corporate Governance Code by Fortune Shoes Limited for the year ended on 30 June 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/08 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission (BSEC).

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;

(b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh(ICSB) as required by this Code;

(c) Proper books and records have been kept by the company as required under the Companies Act 1994, the securities laws and other relevant laws; and

(d) The governance of the company is satisfactory.

Place: Dhaka,
Dated: 10 November 2019

(ABS Chowdhury & Co)
Chartered Accountants

A B S Chowdhury & Co. Dhaka Chartered Accountants

Flat No. 2-D (1st Floor), 982 East Shewrapara, Dhaka-1216

Annexure-C

[As per condition No. 1(5) (xxvii)]

Reporting and Compliance of Corporate Governance (CGC)

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/ CMRRCD/ 2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No.9)

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1	**Board of Directors.**			
1(1)	**Size of the Board of Directors**			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		
1(2)	**Independent Directors**			
1(2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		
1(2)(b)	**For the purpose of this clause "independent director" means a director**			
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:	✓		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		The board has appointed independent director, subject to approve in AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	✓		
1(3)(a)	**Qualification of Independent Director** Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)	**Independent director shall have following qualifications:**			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company;	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d))	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			No such issue arose

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.**			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;.	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1(5)	**The Directors' Report to Shareholders**			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			No such issue arose
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		Presented in the Finacial Statements
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	✓		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			No such issue arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		No such issue arose
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		Presented in the Finacial Statements

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			No such matter to explain
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			The BOD declared dividend
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives; and	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1(5)(xxiv)(a)	a brief resume of the director;	✓		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	✓		
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;			
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per **Annexure-A;**	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per **Annexure-B** and Annexure-C.	✓		
1(6)	**Meetings of the Board of Directors**			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(7)	**Code of Conduct for the Chairperson, other Board members and Chief Executive Officer**			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		
2	**Governance of Board of Directors of Subsidiary Company**			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
3	**Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).**			
3(1)	**Appointment**			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3(2)	**Requirement to attend Board of Directors'**			
	MeetingsThe MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3(3)	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	**Board of Directors' Committee.** For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee;	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
5	**Audit Committee**			
5(1)	**Responsibility to the Board of Directors.**			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	**Constitution of the Audit Committee**			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 12 (twelve) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			No such matter to explain
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	**Chairperson of the Audit Committee**			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such incident arose
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		
5(4)	**Meeting of the Audit Committee**			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)	**Role of Audit Committee** **The Audit Committee shall:**			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	monitor choice of accounting policies and principles;	✓		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	oversee hiring and performance of external auditors;	✓		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	review the adequacy of internal audit function;	✓		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report	✓		
5(5)(j)	review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
5(6)	**Reporting of the Audit Committee**			
5(6)(a)	**Reporting to the Board of Directors**			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5(6)(a)(ii)(a)	report on conflicts of interest			No such incident arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such incident arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			No such incident arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such incident arose
5(6)(b)	**Reporting to the Authorities**			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such incident report arose
5(7)	**Reporting to the Shareholders and General Investors**			
5(7)	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	**Nomination and Remuneration Committee (NRC).**			
6(1)	**Responsibility to the Board of Directors**			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6(2)	**Constitution of the NRC**			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No such incident arose
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			No such incident arose
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6(3)	**Chairperson of the NRC**			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No such incident arose
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	✓		Will attend in upcoming AGM
6(4)	**Meeting of the NRC**			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			No such incident arose
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6(5)	**Role of the NRC**			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	✓		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	✓		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7	**External or Statutory Auditors**			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:	✓		
7(1)(i)	appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	financial information systems design and implementation;	✓		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	broker-dealer services;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
7(1)(v)	actuarial services;	✓		
7(1)(vi)	internal audit services or special audit services;	✓		
7(1)(vii)	any service that the Audit Committee determines;	✓		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1);	✓		
7(1)(ix)	any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	✓		
8	**Maintaining a website by the Company.**			
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	**Reporting and Compliance of Corporate Governance.**			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.			Will appoint in the next AGM
9(3)	The directors of the company shall state, in accordance with the **Annexure-C** attached, in the directors' report whether the company has complied with these conditions or not.	✓		

Sd/-
Managing Director
Fortune Shoes Limited

Ashraf Uddin & Co.
CHARTERED ACCOUNTANTS

Antea

Independent Auditors' Report
To the Shareholders of Fortune Shoes Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fortune Shoes Limited ('the company) which comprise the Statement of Financial Position as on 30th June, 2019 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and other Explanatory Notes to the Financial Statement.

In our opinion, the financial statements prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) give a true and fair view of the financial position of **Fortune Shoes Limited** as of 30th June, 2019 and results of its financial performance and its cash flows for the year then ended & comply with the Companies Act 1994, & other applicable laws & 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 ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgments, were of most significant in our audit of the financial statements 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 a separate opinion on these matters.

1.Revenue Recognition **Ref: Note 14.00**	
Key audit matters	**How our audit address the matter**
The company recognized export revenue Tk.1,540,815,769/- for the year. Revenue recognition have significant and widespread influence over the financial statements and plays a vital role in calculating Corporate Tax.Since,revenue recognition is one of the performance indicator in almost all sector, there always exist risk of revenue smoothing or window dressing.	- We clearly encoded the total procedure of export process starting from receipt of customer order to realization of export revenue. - We tested the key controls over approval of export order, signing off documents by appropriate personnel and input sales data into system in a complete & accurate manner. - On sample basis, we tested the export proceed documents and other supporting like bill of lading, bill of export, challan, BTB L/C documents and also check some receivables balances of material figure to match against balance sheet date. We also reviewed the sales contract agreements with different buyer. - We tested the correctness of journal entries and recalculate the amount shown in sales ledger and make sure that the carry forward figure is accurate.

As per IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service.	- We carefully checked that, no unusual journal entries were made at the period end and also check the transactions/entries just before and after the balance sheet date to confirm cut off. - We also considered the bank confirmation letter stating the actual sales revenue collected by the bank on behalf of the company and the actual amount of AIT against export revenue.

2.Inventory Valuation
Ref: Note 5.00

Key audit matters	How our audit address the matter
The company has shown sum of Tk. 488,264,261/- as closing inventory which represents 23% of total assets. Inventories are usually carried in financial statements at the lower of cost and net realizable value. Since frequent changes in customer demand is unavoidable in manufacturing industry and a large quantity of raw material is held. As a result, there is risk that the carrying value of inventory exceeds net realizable value.	-We made sure that closing balances care carried forward correctly and current year purchase amounts are in agreement with ledger balances. - There were large numbers with different sizes of shoe manufacturing items held at stores which was hard for us to quantify at balance sheet date. But we have checked the inventory lists along with the valuation process. - We reviewed the company's policy of accounting for obsolete, damaged & slow moving items along with procedure for disposal. -We have checked the physical safeguard of equipments, machineries & parts held at store of the company. - We also reviewed the requisition process of inventory and control on dispatch of items. -We have also considered the adequacy of the company's disclosures in respect of the levels of provisions against inventory.

3.Deferred Tax Liability
Ref: Note 20.00

Key audit matters	How our audit address the matter
As per IAS 12 Income Taxes, the two components of the company's estimated tax is Current Tax & Deferred Tax. There is a deferred tax liability of 40,020,329/- which is almost equivalent to 2% compared to total assets of the company. The temporary difference of deferred tax consists critical calculation and forecast. The uncertainty in forecasting or lack of expertise may results in material misstatements which may have an impact on corporate tax.	-We verified that right opening balances are carried forward in deferred tax account. -We made sure that ,the tax base is according to 3rd schedule of ITO 1984 and the accountant of the company have clear understanding of posting the associated journal entries. - We recalculated the figures presented in the financial statements and made sure they are in agreement with general ledger. -We evaluated the adequacy of financial statement disclosures including key assumptions, judgments and sensitivities.

4. Capital work in progress Ref: Note 4.00	
Key audit matters	**How our audit address the matter**
In the year ended 30th June, 2019 the company accounted for Capital project in progress of Tk.176,363,705/- among which Tk.85,948,184/- & Tk. 98,462,375/- has been capitalized as addition to factory building and Plant & Machinery respectively in current year. The total amount represents 8.46% of total assets and there is chances of over/under statement.	-We have checked that the correct account balances are carried forward in Capital Work in Progress account and calculate the mathematical accuracy of the total amount presented. -We reviewed the documents in support of the total amount of investment in capital project and make sure none of them is irrelevant with current year (cut off). -We inspected the physical existence of the assets capitalized in current year along with the verification of company's legal rights on those assets. -We evaluate the appropriateness of disclosures in financial statements.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncer tainty 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 events 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.

Report on Other Legal and Regulatory Requirements

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

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

Place : Dhaka
Date : October 24, 2019

Sd/-
Ashraf Uddin & Co.
Chartered Accountants

FORTUNE SHOES LTD.
Statement of Financial Position
As at June 30, 2019

Particulars	Notes	Amount in Taka		
		30-Jun-2019	30-Jun-2018	30-Jun-2017
ASSETS			Re-Stated	Re-Stated
Non Current Assets		**927,027,219**	**854,433,867**	**831,578,828**
Property, Plant and Equipment	3.00	750,663,514	614,134,456	630,757,905
Capital Work in Progress	4.00	176,363,705	240,299,411	200,820,923
Current Assets		**1,164,945,436**	**999,491,033**	**828,492,812**
Inventories	5.00	488,264,261	394,057,262	288,429,315
Trade Receivables	6.00	618,700,347	575,029,657	492,493,719
Advance, Deposits and Prepayments	7.00	26,279,667	22,335,654	12,046,141
Cash and Cash Equivalents	8.00	31,701,161	8,068,460	35,523,637
Total Assets		**2,091,972,655**	**1,853,924,900**	**1,660,071,640**
EQUITY AND LIABILITIES				
Shareholder's Equity		**1,908,998,083**	**1,690,443,851**	**1,475,366,572**
Share Capital	9.00	1,249,360,000	1,086,400,000	970,000,000
Retained Earnings		659,638,083	604,043,851	505,366,572
Non-Current Liabilities		**45,375,079**	**41,184,423**	**59,173,993**
Long Term Loan net off Current Maturity	10.00	5,354,750	5,730,043	13,526,812
Deferred Tax Liability	20.00	40,020,329	35,454,380	45,647,181
Current Liabilities		**137,599,493**	**122,296,627**	**125,531,075**
Current Maturity of Long Term Loan	10.00	1,019,952	1,091,437	2,576,535
Short Term Loan	11.00	17,046,418	19,143,062	16,167,024
Trade and Other Payable	12.00	119,177,871	101,706,373	106,426,914
Share money Refundable	13.00	355,252	355,755	360,602
Total Liabilities		**182,974,572**	**163,481,050**	**184,705,068**
Total Equity and Liabilities		**2,091,972,655**	**1,853,924,900**	**1,660,071,640**
Net Asset Value (NAV) per share	22.00	**15.28**	**15.56**	**15.21**

The annexed notes are (1-33) form an integral part of these financial statements.

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

Signed as per our annexed report on even date

Date : 24/10/2019
Place: Dhaka

Sd/-
Ashraf Uddin & Co.
Chartered Accountants

FORTUNE SHOES LTD.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2019

Particulars	Notes	Restated Amount in Taka	
		01.07.2018 to 30.06.2019	01.07.2017 to 30.06.2018
Revenue	14.00	1,540,815,769	1,378,425,988
Less: Cost of Goods Sold	15.00	1,237,104,187	1,104,016,258
Gross Profit		**303,711,582**	**274,409,730**
Less: Operating Expenses		**53,830,776**	**43,105,559**
Administrative & Selling Expenses	16.00	53,830,776	43,105,559
Profit from Operation		**249,880,806**	**231,304,171**
Less: Financial Expenses	17.00	3,396,512	2,963,316
Add: Foreign Exchange Gain/(Loss)		3,291,972	2,293,894
Add: Other Income	18.00	-	306,429
Profit before Income Tax		**249,776,266**	**230,941,178**
Less: Provision for income tax expenses		31,222,034	15,863,899
Current Tax Expense	19.00	26,656,085	26,056,700
Deferred Tax Expense/(Income)	20.00	4,565,949	(10,192,801)
Profit for the Year		**218,554,232**	**215,077,279**
Add: Other Comprehensive Income		**-**	**-**
Total Comprehensive Income for the Year		**218,554,232**	**215,077,279**
Earnings per Share (EPS)	**21.00**	**1.75**	**1.98**

The annexed notes are (1-33) form an integral part of these financial statements.

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

Signed as per our annexed report on even date

Date : 24/10/2019
Place: Dhaka

Sd/-
Ashraf Uddin & Co.
Chartered Accountants

FORTUNE SHOES LTD.
Statement of Changes in Equity
For the year ended June 30, 2019

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as on July 01, 2018	1,086,400,000	604,043,851	**1,690,443,851**
Issue of Bonus Shares	162,960,000	(162,960,000)	**-**
Total Comprehensive Income for the Year	-	218,554,232	**218,554,232**
Balance as on June 30, 2019	**1,249,360,000**	**659,638,083**	**1,908,998,083**

FORTUNE SHOES LTD.
Statement of Changes in Equity
For the year ended June 30, 2018

Re-Stated

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as on July 01, 2017	970,000,000	505,366,572	**1,475,366,572**
Issue of Bonus Shares	116,400,000	(116,400,000)	**-**
Total Comprehensive Income for the Year	-	215,077,279	**215,077,279**
Balance as on June 30, 2018	**1,086,400,000**	**604,043,851**	**1,690,443,851**

FORTUNE SHOES LTD.
Statement of Changes in Equity
For the year ended June 30, 2017

Re-Stated

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as on July 01, 2016	750,000,000	321,571,340	**1,071,571,340**
Issue of Share Capital	220,000,000	-	**220,000,000**
IPO Expenses		(16,727,048)	**(16,727,048)**
Total Comprehensive Income for the Year	-	200,522,280	**200,522,280**
Balance as on June 30, 2017	**970,000,000**	**505,366,572**	**1,475,366,572**

Signed as per our annexed report on even date.

Sd/-	Sd/-	Sd/-
Company Secretary	**Managing Director**	**Chairman**

FORTUNE SHOES LTD.
Statement of Cash Flows
For the year ended June 30, 2019

Particulars	Amount in Taka	
	01 July 2018 to 30 June 2019	01 July 2017 to 30 June 2018
A. Cash Flows from Operating Activities		
Collection from Turnover	1,497,145,079	1,296,196,479
Payment to Suppliers, Employees and Others	(1,325,137,581)	(1,235,720,185)
Cash Generated from Operation	**172,007,497**	**60,476,294**
Income Tax paid	(7,254,755)	(9,101,806)
Foreign Exchange Gain	3,291,789	2,293,894
Payment for financial Expenses	(3,396,512)	(2,963,316)
Net cash generated from Operating activities	**164,648,021**	**50,705,066**
B. Cash Flows from Investing Activities		
Acquisition of Property Plant and Equipment	(10,741,970)	(9,503,516)
Payment for Capital Work in Progress	(127,729,608)	(62,346,052)
Net cash used from Investing activities	**(138,471,578)**	**(71,849,568)**
C. Cash Flows from Financing Activities		
Net Received/(Repayment) in Short term loan from bank	(2,096,644)	2,976,038
Net Received/(Repayment) in Long term loan from bank	(446,778)	(9,281,867)
Share money refund	(503)	(4,847)
Net Cash generated/(used) from financing activities (A+B+C)	**(2,543,925)**	**(6,310,676)**
D. Net Increase/(Decrease) cash and cash equivalents	23,632,518	(27,455,177)
E. Opening cash and cash equivalents	8,068,460	35,523,637
F Effect of Exchange rate changes	183	
G Closing cash and cash equivalents (D+E+F)	**31,701,161**	**8,068,460**
Net Operating Cash Flows per Share (Notes-23.00)	**1.32**	**0.47**

Signed as per our annexed report on even date.

Sd/-	Sd/-	Sd/-
Company Secretary	**Managing Director**	**Chairman**

FORTUNE SHOES LTD.
Notes, summary of significant accounting policies and other explanatory information
For the year ended on 30 June 2019

1.00 SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION:

1.01 Legal form of the Enterprise

Fortune Shoes Ltd. was incorporated on 14 March, 2010 vide registration no. CH-7590/10 as a private limited company in Bangladesh under the Companies Act 1994. The company changed its name from "Furtune Shoes Ltd." to "Fortune Shoes Ltd." on 29 December 2014. Further it was converted into Public Limited Company on 14 January 2015. The company raised Tk. 220,000,000 divided into 22,000,000 ordinary shares of Tk. 10 each through IPO on September 21, 2016. The shares of the company were listed with Dhaka Stock Exchange on October 04, 2016 and Chittagong Stock Exchange on October 09, 2016. The trading of shares of the company was started from October 20, 2016 in both Stock Exchange.

1.02 Registered Office, Factory office and Corporate office of the Company

The registered office and factory office of the Company is located at Factory of the company is situated at Plot # 66, 67, & 68 BSCIC Industrial area, Kawnia, Barisal.

The corporate office of the company is located at Moon Island (suit #C-3), Plot No-34 & 36, Road#8, Block E, Niketon, Gulshan-1, Dhaka 1212, Bangladesh.

1.03 Principal activities and nature of the business

The company is 100% export oriented and the principal activities of the company are to carry on the business of manufacturing and exporting of all kinds of leather shoes, footwear etc.

2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Preparation of Financial Statements

The Financial Statements of the Company are prepared on a going concern basis under historical cost convention and in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws & regulations in Bangladesh.

Going Concern

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

2.1 Principal Accounting Policies

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements. The previous years' figures were presented according to the same accounting principles. Compared to the previous year, there were no significant changes in the accounting and valuation principles affecting the financial position and performance of the company. However, changes if any made to the presentation are explained in the note for each respective item.

2.2 Changes in Accounting Policies & Estimates

The preparation of these financial statements is in conformity with IASs and IFRSs which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis and used for accounting of certain terms such as provision for expenses and depreciation.

2.3 Application of Bangladesh Accounting Standards

The following IASs and IFRSs are applicable for the financial statements for the year under review:

IASs:
IAS 1 Presentation of Financial Statements
IAS 2 Inventories
IAS 7 Statement of Cash Flows
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 Events After the Reporting Period
IAS 12 Income Taxes
IAS 16 Property, Plant and Equipment
IAS 17 Leases
IAS 19 Employee Benefits
IAS 21 The Effects of Changes in Foreign Exchange Rates
IAS 23 Borrowing Costs
IAS 24 Related Party Disclosure
IAS 32 Financial Instruments: Presentation
IAS 33 Earnings per Share
IAS 37 Provisions, Contingent Liabilities and Contingent Assets
IAS 39 Financial Instruments: Recognition and Measurement

IFRSs:
IFRS 7 Financial Instruments: Disclosures
IFRS 15 Revenue from Contracts with Customers

2.4 Statement of Cash Flows

Statement of Cash flows is prepared in accordance with IAS-7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method considering the provisions of Paragraph 19 of IAS-7 which provides that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method".

2.5 Property, Plant and Equipment

All property, plant and equipment are initially accounted for at cost and depreciated over their expected useful life in accordance with IAS-16. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and nonrefundable taxes. Expenses capitalized also include applicable borrowing cost.

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 statement of profit or loss and comprehensive income which is determined with reference to the net book value of the assets and the net sales proceeds.

2.5.01 Depreciation

No depreciation is charged on leasehold land. Depreciation is charged on all fixed assets on a reducing balance method. Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on Land Development has been charged from this year.
The annual rates of depreciation applicable to the principal categories of fixed assets are:

Particulars	Rate of Depreciation	
	2019	2018
Land	0%	0%
Land Development	2%	2%
Factory Buildings	2.50%	2.50%
Office Building	10%	10%
Plant & Machinery	10%	10%
Substation, Electrical Installation & Equipment	10%	10%
Generator	10%	10%
Vehicles	20%	20%
Furniture and Fixture	10%	10%

Office Equipment	20%	20%
Fire Equipment	10%	10%
Air Conditions and Air Cooler	20%	20%

2.6 Revenue Recognition

Revenue represents the invoice value of goods supplied to the customers during the year and it recognized in the statement of profit or loss and other comprehensive income when the significant risk and rewards of ownership have been transferred to the buyer and by when the delivery certificate is raised against confirmed orders from the buyer. Revenue is measured at the fair value of the consideration received or receivable as per IFRS 15.

2.7 Presentation of Current Assets

2.7.01 Trade Receivable

These are carried forward at their original invoiced value amount and represents net realizable value. Management considered the entire bills receivable as good and is collectable and therefore, no amount was provided for as bad debt in the current year's account.

2.7.02 Inventories

Inventories are measured at the lower of cost and net realizable value as prescribed by IAS-2. The cost of inventories is based on the FIFO method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate allocation of production overheads based on normal operation capacity.

2.7.03 Cash & Cash Equivalents

According to IAS-7 'Statement of Cash Flows ' cash comprises of cash in hand, demand deposits and cash equivalents which are short term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. IAS-1 "Presentation of Financial Statements" provides that Cash & Cash Equivalents are not restricted in use. Considering the provision of IAS-7 & IAS-1, Cash in Hand & Bank Balances have been treated as Cash & Cash Equivalents.

2.8 Employee Benefit Plan

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:

Short Term Employee Benefits

Short-term employee benefits include salaries, bonuses etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

2.8.1 Workers' Profit participation Fund

The company is a 100% export oriented shoe industry and member of Leather Footwear Manufacturer and Export Association of Bangladesh (LFMEAB). As per Sub-Section 3 of Section 232 of Bangladesh Labour Act 2006 re-placed by the Act No 30, Para 63 of the year 2013 as follows:

"in case of a 100% export-oriented industrial sector or for any industry investing 100% foreign exchange, the Government, through enactment of Rule, shall adopt required provisions with regard to formation of sector-based central fund comprising of buyers and owners, from a Board to execute that fund,determine contributions

and their realization procedure and provisions for utilizations of the money for the welfare of the beneficiaries in the sector."

The company didn't start making provision for WPPF because of not yet forming Board for fund raise and utilization by the government. The board shall format the rules of determination of subscription, procedure of collection and utilization of fund. The company is a 100% export oriented industry also the member of LFMEAB, that's why the company didn't recognize WPPF before forming Board for fund and utilization by the Authority.

2.9 Liabilities & basis of their measurement

2.9.1. Accrued Expenses and Other Payables

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

2.9.2. Provisions

In accordance with the guidelines as prescribed by IAS-37: Provisions, Contingent Liabilities and Contingent Assets are recognized in the following situations:

a) when the company has an obligation (legal or constructive) as a result of past events;
b) when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
c) when reliable estimates can be made of the amount of the obligation.

2.9.3 Contingent Liabilities and Contingents Assets

Contingent liability:

A contingent liability is:
a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the company; or
b) a present obligation arising from past events but not recognized because:
i) an outflow of resources to settle the obligation is not probable; or
ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent asset:
A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the company.

The Company has no contingent liabilities & assets as per IAS 37 as on 30 June 2019.

2.10 Borrowing Costs
Financial Expenses (Borrowing Costs) incurred during the year is recognized as revenue expenses in accordance with IAS-23 "Borrowing Costs".

2.11. Related Party Disclosures
Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.
The Company in normal course of business carried out a number of transactions with other entities and Directors that fall within the definition of related party contained in IAS 24: Related Party Disclosures. Details of related party disclosures are shown in Note-24.

2.12. Events after the Reporting Period
In compliance with the requirements of IAS 10: Events After the Reporting 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.

2.13 Income Tax

2.13.1 Current tax

Current income tax is expected tax payable on the taxable income for the year. During the year provision for taxation has been made as per rates prescribed in Finance Act 2018 and the Income Tax Ordinance, 1984 on the taxable income made by the company.

2.13.2 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.

2.14 Earnings per Share

This has been calculated in compliance with the requirements of IAS 33: Earnings per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

2.14.1 Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. As there were no irredeemable preference shares, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

2.14.2 Weighted Average Number of Ordinary Shares Outstanding during the year

The basis of computation of number of shares is in line with the provisions of IAS-33: Earnings per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

2.14.3 Diluted Earnings Per Share

No diluted earnings per share is required to be calculated for the period as there was no dilution scope for the year

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, no dilution of EPS is applicable for these financial statements as there were no potential ordinary shares during the relevant period.

2.15 Foreign Currency Transaction

Transactions in Foreign Currencies are translated into BDT at the rate of exchange ruling on date of transaction in accordance with IAS-21. Monetary assets and liabilities expressed in foreign currencies are translated into BDT at the rate of exchange ruling at the Statement of Financial Position date. Gains or losses resulting from foreign currency transactions are taken to the Statement of Profit or Loss and other comprehensive Income.

2.16 Segmental Reporting

No segmental reporting is applicable for the company as required by IFRS 8: "Operating Segments" as the company operates in a single industry segment and within a single operational unit.

2.17 Financial Instruments

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

Derivative:

According to IFRS 7: " Financial Instruments : Disclosures", the Company was not a Party to any derivative contract (financial instruments) at the financial statement date, such as forward contracts, future contracts to hedge risks arising from borrowings, future purchase, etc.

Non-Derivative:

Non-derivative financial instruments comprise of trade and other receivables, borrowings and other payables and are shown at transaction cost as per IAS 39 "Financial Instruments: Recognition and Measurement".

2.18 Responsibility for preparation and presentation of financial statements:

The company's management and the Board of Directors are responsible for the preparation and presentation of Financial Statements as per section 183 of the companies Act 1994.

2.19 Authorization date for issuing Financial Statements:

The financial statements were authorized for issue by the Board of Directors on 24th October 2019.

2.20 Components of the Financial Statements:

According to IAS –1 "Presentation of the Financial Statements" the complete set of financial statement includes the following components

a. Statement of Financial Position as at 30 June, 2019
b. Statement of Profit or Loss and Comprehensive Income for the year ended 30 June, 2019
c. Statement of Changes in Equity for the year ended 30 June, 2019
d. Statement of Cash Flows for the year ended 30 June, 2019
e. Notes, summary of significant accounting policies and other explanatory information

2.21 Comparative Information:

Comparative information have been disclosed in respect of the previous year for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

2.22 General:

i) The figure has been rounded off to the nearest taka.
ii) The financial Statements have been prepared for one year from 01 July 2018 to 30 June 2019.

			Amount in Taka	
			30 June 2019	30 June 2018
3.00	**Property, Plant and Equipment :Tk. 750,663,514**			
	Opening Balance		884,760,240	852,389,160
	Addition During the year		195,152,529	32,371,080
	Total Assets Value at cost		**1,079,912,769**	**884,760,240**
	Accumulated Depreciation as at 30.06.2019		329,249,255	270,625,784
	Written Down Value as at 30.06.2019		**750,663,514**	**614,134,456**
4.00	**Capital Work in Progress: Tk. 176,363,705**			
	Factory Building	4.01	94,363,139	96,349,184
	Plant and Machinery	4.02	82,000,566	143,950,227
			176,363,705	**240,299,411**
4.01	**Factory Building: Tk. 94,363,139**			
	Opening Balance		96,349,184	81,985,454
	Add: Addition during the Year		83,962,139	21,385,474
			180,311,323	**103,370,928**
	Less: Transferred to fixed assets during the year		85,948,184	7,021,744
			94,363,139	**96,349,184**
4.02	**Plant and Machinery: Tk. 82,000,566**			
	Opening Balance		143,950,227	118,835,469
	Add: Addition during the Year		36,512,714	40,960,578
			180,462,941	**159,796,047**
	Less: Transferred to fixed assets during the year		98,462,375	15,845,820
			82,000,566	**143,950,227**
5.00	**Inventories : Tk. 488,264,261**			
	Raw Materials	15.01	347,364,915	278,042,293
	Work in process	15.00	53,126,587	51,126,587
	Finished Goods	15.00	59,361,602	48,349,245
	Store Items	15.02(a)	28,411,157	16,539,137
			488,264,261	**394,057,262**
	Details of Inventories movement during the year are shown in Annexure 2			
6.00	**Trade Receivables : Tk. 618,700,347**			
	Bills Receivable		618,700,347	575,029,657
			618,700,347	**575,029,657**
	Ageing of Accounts Receivable			
	More than six months		142,301,080	-
	Less than six months		476,399,267	575,029,657
			618,700,347	**575,029,657**

The classification of receivables as required by the Schedule XI , Part I, Para 4 of the Companies Act,1994 are given below:

Particulars	30-Jun-19	30-Jun-18
Receivables considered good and in respect of which the company is fully secured.	618,700,347	575,029,657
Receivables considered good for which the company holds no security other than the debtor's personal security.	-	-
Receivables considered doubtful or bad.	-	-
Receivable due by directors or other officers of the company or any of them either severally or jointly with any other person or receivables due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-

Receivables due by companies under the same management.	-	-
The maximum amount due by directors or other officers of the company at any time during the year.	-	-

7.00 Advances, Deposits & Prepayments : Tk.26,279,667

Advance & Prepayments			
Advance to Employees and others		8,581,121	1,945,870
Advance Income Tax	**7.01**	17,698,546	18,889,784
Advance Insurance Premium	**7.02**	-	1,500,000
		26,279,667	**22,335,654**

7.01 Advance Income Tax : Tk. 17,698,546

Opening Balance	18,889,784	9,787,978
Add: Tax deduction at source		
Against Interest Income		30,576
Against Export	7,254,755	9,071,230
	26,144,539	**18,889,784**
Less: Assessement has been completed in the year of 2018	8,445,993	-
	17,698,546	**18,889,784**

7.02 Advance Insurance Premium : Tk. 0

Opening Balance	1,500,000	987,608
Add: Addition during the Year	-	3,000,000
	1,500,000	**3,987,608**
Less: Adjustment during the year	1,500,000	2,487,608
	-	**1,500,000**

The classification of Advances, Deposits & Prepayments as required by the Schedule XI , Part 1,Para 6 of the Companies Act, 1994 are given below:

Particulars	30-Jun-19	30-Jun-18
Advances, deposits & prepayments considered good and in respect of which the company is fully secured.	-	-
Advances, deposits & prepayment considered good for which the company holds no security.	26,279,667	22,335,654
Advance, deposits & prepayment considered doubtful or bad.	-	-
Advances, deposits & prepayments due by directors or other officers of the company or any of them either severally or jointly with any other person or Advance, deposits & prepayment due by firms or private companies respectively in which any director is a partner or a director or a member.respectively in which any director is a partner or a director or a member.	-	-
Advances, deposits & prepayments due by companies under the same management.	-	-
The maximum amount due by directors or other officers of the company at any time during the year.	8,581,121	1,945,870

8.00 Cash and Cash Equivalent : Tk. 31,701,161

Cash in hand	**7,521,082**	**6,066,319**
Cash at Bank	**23,818,514**	**1,640,014**
Mutual Trust Bank Ltd.	1,239	3,804
Prime Bank Ltd	425	-
Islami Bank Bangladesh Ltd.	23,114,863	31,548
Islami Bank Bangladesh Ltd.	84,517	1,314,059
Islami Bank Bangladesh Ltd.	617,470	289,731

Al-Arafah Islami Bank Ltd.		-	872
IPO Account		**361,565**	**362,127**
Eastern Bank ltd, Principal Br.	STD	6,313	6,372
Eastern Bank ltd, Principal Br.	USD	196,345	196,401
Eastern Bank ltd, Principal Br.	GBP	86,761	87,521
Eastern Bank ltd, Principal Br.	EURO	72,146	71,833
		31,701,161	**8,068,460**

9.00 Share Capital : Tk. 1,249,360,000

9.01 Authorized Share Capital : Tk. 1,500,000,000

150,000,000 ordinary shares of Taka 10/= each.	1,500,000,000	1,500,000,000

9.02 Issued, Subscribed and Paid-up Share Capital : Tk. 1,249,360,000

97,000,000 ordinary shares of Tk 10/= each fully paid-up	970,000,000	970,000,000
116,400,000 Bonus shares of Tk 10/= each Issued in 2017	116,400,000	116,400,000
16,296,000 Bonus shares of Tk 10/= each Issued in 2018	162,960,000	-
	1,249,360,000	**1,086,400,000**

Name	Designation	No. of Share	Rate (%)	Amount in Taka
Md. Mizanur Rahman	Chairman	28,014,000	22.42	280,140,000
Mrs. Rokshana Rahman	Managing Director	3,542,000	2.84	35,420,000
Md.Amanaur Rahman	Director	3,542,000	2.84	35,420,000
Md. Robiul Islam	Director	3,542,000	2.84	35,420,000
Others	Shareholder	86,296,000	69.07	862,960,000
Total		**124,936,000**	**100.00**	**1,249,360,000**

10.00 Long Term Loan net off Current Maturity : Tk. 5,354,750

Long Term Loan (Islami Bank Ltd.)	6,374,702	6,821,480
Less: Current Maturity	(1,019,952)	(1,091,437)
	5,354,750	**5,730,043**

Interest payable on Long term loan is included in the current portion of Long term loan.

11.00 Short Term Loan : Tk 17,046,418

Islami Bank Ltd.		
Bai-Salam	8,518,183	1,475,000
Murabaha	686,393	4,800,600
Bai-as-sarf	3,630,200	-
FBP	-	9,048,462
Bai-Muajjal	4,211,642	3,819,000
	17,046,418	**19,143,062**

12.00 Trade and Other Payables: Tk 119,177,871

Trade Payable and Creditors	12.01	26,362,552	26,295,830
Liabilities for Expenses	12.02	92,815,319	75,410,543
		119,177,871	**101,706,373**

12.01 Trade Payable and Creditors: Tk 26,362,552

Accepted L/C Liability		26,177,106	26,096,718
Creditors	12.01(a)	185,446	199,112
		26,362,552	**26,295,830**

12.01(a) Creditors: Tk 185,446

Ms Engineering Suppliers	26,897	-
Ms Shan Enterprize	31,567	-
Bismillah Electronics	-	28,257
Poly Traders	-	13,015
Other Liabilities	126,982	157,840
	185,446	**199,112**

12.02 Liabilities for Expenses: Tk 92,815,319

Utilities Bills		434,114	1,142,587
Salary & Wages		9,422,639	8,890,527
Directors remuneration & Board Meeting Fee		55,000	55,000
Income Tax Payable	12.02(a)	81,674,931	63,464,839
Audit Fees		172,500	172,500
Fees and Forms		1,056,135	1,685,090
		92,815,319	**75,410,543**

12.02(a) Income Tax Payable : Tk 81,674,931

Opening Balance	63,464,839	37,408,138
Add: Charge for the year	26,656,085	26,056,700
	90,120,924	**63,464,839**
Less: Payment/Adjustment during the year	8,445,993	-
	81,674,931	**63,464,839**

Assessement has been completed in the year of 2018

13.00 Share money Refundable : Tk. 355,252

Share money Refundable	355,252	355,755
	355,252	**355,755**

14.00 Revenue : Tk. 1,540,815,769

Sales/ Export	1,540,815,769	1,378,425,988
	1,540,815,769	**1,378,425,988**

This is made up as follows:

Particulars	**Quantity in Pair (shoes)**	**Amount in Tk**
Men Shoes	1,429,919	840,792,349
Kids Shoes	546,338	284,095,611
Women Shoes	576,992	305,805,706
Others (Common for all)	236,822	110,122,103
Total	**2,790,070**	**1,540,815,769**

15.00 Cost of Goods Sold : Tk. 1,237,104,187

Raw materials consumed	15.01	1,042,247,330	920,350,459
Manufacturing Overhead	15.02	210,380,349	169,608,287
Cost of Manufacturing		**1,252,627,679**	**1,089,958,746**
Add:Work in process- Opening		51,126,587	59,349,420
Less:Work in process- Closing		(53,126,587)	(51,126,587)
Cost of Goods Manufactured		**1,250,627,679**	**1,098,181,579**
Finished goods - Opening		48,349,245	56,349,167
Sample Expenses		(2,511,135)	(2,165,243)
Finished goods - Closing		(59,361,602)	(48,349,245)
		1,237,104,187	**1,104,016,258**

15.01	**Raw Materials : Tk. 347,364,915**			
	Opening Balance		278,042,293	170,081,591
	Add: Purchase during the year		1,111,569,952	1,028,311,161
	Raw materials available for Production		**1,389,612,245**	**1,198,392,752**
	Less: Consumption during the year		1,042,247,330	920,350,459
	Closing balance		**347,364,915**	**278,042,293**
15.02	**Manufacturing overhead : Tk. 210,380,349**			
	Wages, Salaries and allowances		103,477,387	78,625,574
	Carrying Charge		7,856,611	6,497,629
	Power & Fuel		1,455,685	780,416
	Utilities Bills		12,331,507	12,590,773
	Freight & Forwarding		10,779,187	9,422,205
	Medical Expenses		125,185	105,833
	Fooding		740,983	510,658
	Labor Charge		3,974,086	1,770,832
	Production Incentives		1,979,523	1,431,668
	Telephone and Mobile Bill		64,788	58,530
	Printing & Stationery Expenses		137,658	87,197
	Store Items	**15.02(a)**	10,468,685	8,834,580
	Conveyance		47,359	33,672
	Insurance premium		1,500,000	2,487,608
	Postage & Stamp		91,591	78,895
	Miscellaneous Expenses		25,683	26,027
	Repairs, Maintenance and Service Charges		218,368	211,332
	Depreciation		55,106,063	46,054,858
			210,380,349	**169,608,287**
15.02(a)	**Store Items : Tk. 28,411,157**			
	Opening		16,539,137	2,649,137
	Add: Purchase during the year		22,340,705	22,724,580
			38,879,842	**25,373,717**
	Less: Consumption during the year		10,468,685	8,834,580
	Closing balance		**28,411,157**	**16,539,137**
16.00	**Administrative and selling Expenses : Tk. 53,830,776**			
	Salaries and Allowances		40,913,770	30,799,970
	MD's Remuneration		240,000	240,000
	Director's Remuneration		360,000	360,000
	Conveyance, Tours and Travells Expenses		873,541	744,600
	Sample Expenses		2,511,135	2,165,243
	Delivery Expenses		1,774,177	1,482,308
	Phone, Fax and Mobile Bill		684,402	548,330
	Postage & Stamps		42,708	34,817
	Printing & Stationary		396,488	402,125
	Registration, Renewal & Legal Expenses		162,476	162,476
	Entertainment		120,191	104,804
	Utilities Bills		103,205	122,480
	Fees and Forms		1,086,735	1,960,220
	Audit fees		172,500	172,500
	Miscellaneous Expenses		53,620	13,170
	Vehicles Fuel and Oil Expenses		215,763	215,763
	AGM Expenses		543,257	604,631
	Repairs & Maintenance and Service Charges		59,400	32,450
	Depreciation		3,517,408	2,939,672
			53,830,776	**43,105,559**

17.00	**Financial Expenses : Tk. 3,396,512**			
	Interest on Loan	17.01	3,344,960	2,924,756
	Bank Charge		51,552	38,560
			3,396,512	**2,963,316**
17.01	**Interest on Loan : Tk. 3,344,960**			
	Interest on Short Term Loan		1,359,996	1,453,315
	Interest on Long Term Loan		1,984,964	1,471,441
			3,344,960	**2,924,756**
18.00	**Other Income : Tk. 0**			
	Interest income from IPO fund		-	306,429
			-	**306,429**
19.00	**Current Tax Expenses : Tk. 26,656,085**			**Re-Stated**
	Income Tax Expense		26,656,085	26,056,700
			26,656,085	**26,056,700**
20.00	**Deferred Tax Expense : Tk. 4,565,949**			**Re-Stated**
	Carrying amount of PPE (Accounting Base)		750,663,515	614,134,456
	Carrying amount of PPE (Tax Base)		430,500,883	330,499,411
	Taxable Temporary Difference		**320,162,632**	**283,635,045**
	Tax Rate		12.50%	12.50%
	Opening Deferred Tax Liability		35,454,380	45,647,181
	Closing Deferred Tax Liability		40,020,329	35,454,380
	Deferred Tax Expense/ (Income)		**4,565,949**	**(10,192,801)**
21.00	**Earnings per Share: Tk. 1.75**			**Re-Stated**
	Profit for the Year		218,554,232	215,077,280
	Weighted Average Number of Ordinary Shares		124,936,000	108,640,000
	Earnings per Share (Basic)		**1.75**	**1.98**

Weighted Average Number of Shares

Particulars	No. of Shares	Days	Factor	Weighted Average No. of Share	
				30.06.2019	30.06.2018
Opening	108,640,000	365	1.00000	108,640,000	97,000,000
Issuance of Stock Dividend	11,640,000	365	1.00000	16,296,000	11,640,000
Total				**124,936,000**	**108,640,000**

22.00	**Net Asset Value (NAV) per share**		
	Net Asset Value (NAV)	1,908,998,083	1,690,443,851
	No. of ordinary shares outstanding	124,936,000	108,640,000
	Net Asset Value per Share (NAV)	**15.28**	**15.56**
23.00	**Net Operating Cash Flow per Share**		
	Operating cash inflow during the year	164,648,021	50,705,066
	Weighted Average Number of Ordinary Shares	124,936,000	108,640,000
		1.32	**0.47**

24.00 Re-statement of IPO Expenses

The Company made a proper adjustment for IPO expenses in the Stetement of Changes in Equity from administrativeand selling expenses. As a consequence the profit before tax and EPS has been restates

		Reported 30-Jun-17	Adjustment	Re-Stated 30-Jun-17
(a)	Administrative and selling expenses	57,317,940	(16,727,048)	40,590,892
(b)	Profit from operation	227,159,280	16,727,048	243,886,328
(c)	Current Tax Expense	34,480,905	2,927,233	37,408,138
(d)	Net profit after Tax	186,722,465	13,799,815	200,522,280
(e)	Earning Per Share (EPS)	2.03	0.15	2.18

25.00 Comparative information Rearagement and thereof Re-Statement

(a) IPO Expenses

In accordance with para 37 of IAS-32: Financial instruments: Presentation the transaction costs of an equity transaction are accounted for as a deduction from equity to extend they are incremental c osts directly attributable to equity transaction that otherwise would have avoided. In the financial year 2016 -201 7, the company recognized IPO expenses of Taka 16,727,048 as revenue expenses in the statement of profit or loss and other comprehensive income under the head of Administrative and selling expenses. During the year IPO Expenses have been deducted as per IAS -32 from retained earnings shown in statement of changes in equity for the year ended 2016-217. As a result, Administrative and selling expenses for the year ended 30 June 2017 have been decreased by Taka 16,727,048 , Net profit before tax increased by Taka 16,727,048 . Current tax increased by Taka 2,927,233/- and net profit after tax for the year then ended increased by Taka 13,799,815. Accordingly Earning Per Share (EPS) increased by Taka 0.15

(b) Deferred Tax

According to para 80(h) of IAS 12 income Tax : presentation the amount of Tax expenses or income relating to those Changes in Accounting Policies and Errors that are included in profit or loss in accordance with IAS 8, because they cannot accounted for retrospectively adjustment for the under or over provision of tax. In the financial year 2017-2018 , the company has increased retained earnings by Taka 13,042,052 in as adjustment for deferred tax for Tax rate changes from 17.50% to 12.50%. During the year retained earnings have been deducted by taka 13,042,052 as per IAS-8 from retained earnings shown in statement of profit or loss and other comprehensive income for the year ended 2017 - 2018 . As a result , Current Tax expense decreased by Taka 13,042,052 for the year ended 30 June 2018, Deferred Tax expense has been decreased by Taka 13,042,052 Net profit after Tax increased by Taka 26, 084, 104. Accordingly earning per share (EPS) increased by Taka 0.24

26.00 Related Party Disclosure

Name	Designation	Nature of Transaction	Transaction during the Year	Paid during the year	Balance as on 30.06.2019	Balance as on 30.06.2018
Md. Mizanur Rahman	Chairman	Remuneration	-	-	-	-
		Board Meeting	5,000	4,000	1,000	1,000
Mrs. Rokshana Rahman	Managing Director	Remuneration	240,000	220,000	20,000	20,000
		Board Meeting	5,000	4,000	1,000	1,000
Md. Amanaur Rahman	Director	Remuneration	180,000	165,000	15,000	15,000
		Board Meeting	4,000	3,000	1,000	1,000
Md. Robiul Islam	Director	Remuneration	180,000	165,000	15,000	15,000
		Board Meeting	5,000	4,000	1,000	1,000
Md. Ruhul Amin Molla	Independent Director	Remuneration	-	-	-	-
		Board Meeting	5,000	4,000	1,000	1,000
Total			**624,000**	**569,000**	**55,000**	**55,000**

Transaction with Key Management Personnel of the entity:

a. Managerial Remuneration paid or payable during the year to the directors, including managing directors, a managing agent or manager.	569,000
b. Expenses reimbursed to Managing Agent	Nil
c. Commission or Remuneration payable separately to a managing agent or his associate	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
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 year.	Nil
f. Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil
g. Other allowances and commission including guarantee commission	Nil
h Pensions etc.	
(i) Pensions	Nil
(ii) Gratuities	Nil
(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
i. Share Based payments	Nil

As per Para-17, IAS- 24:

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

(a) Short-term employee benefits	620,000
(b) Post-employee benefits	Nil
(c) Other long term benefits	Nil
(d) Termination benefits and	Nil
(e) share-based payment	Nil

As per Para-18, IAS- 24:

Disclosure requirements of BAS 24 Para 18 minimum disclosure shall include:

a) the amount of transaction	620,000
b) the amount of outstanding balance, including commitments	55,000
i) their terms & condition, including whether they are secured, and the nature of the consideration to be provided in settlement"	Remuneration
ii) details of any guarantee given or received	Nil
c) Provisions for doubtful debts related to the amount of outstanding balance	Nil
d) the expenses recognized during the period in respect of bad or doubtful debts due from related parties	Nil

27.00 Production Capacity

The production capacity and utilization of its are as follows:

	Quantity in Pair	
Particulars	**30.06.2019**	**30.06.2018**
Installed Capacity	3,504,000	3,504,000
Actual Production	2,806,271	2,797,176
Capacity Utilization (%)	80.09%	79.83%

28.00 No. of Employees

Total number of employees are as follows:

	No. of Employees	
Particulars	**30.06.2019**	**30.06.2018**
Salary within Tk. 6,000 per month	-	-
Salary range above Tk. 6,000 per month	1,723	1,610
Total	1,723	1,587

29.00 Quantity wise schedule of sales as required under Para 3, Schedule XI, Part II of the Companies Act 1994

Quantity wise schedule of sales, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the year ended 30 June 2018 as requird under Para 3, Schedule XI, Part II of the companies Act 1994 are given below:

(a) Sales

Particulars	30.06.2019		30.06.2018	
	Quantity in Pair	Amount in Taka	Quantity in Pair	Amount in Taka
Domestic Sales	-	-	-	-
Export Sales	2,790,070	1,540,815,769	2,737,792	1,428,439,660
Total	**2,790,070**	**1,540,815,769**	**2,737,792**	**1,428,439,660**

(b) Raw Materials Consumed in Quantities (Pcs, Yrds, Kg, Sqft,Set)	30.06.2019	30.06.2018
Opening Stock	51,830,495	37,822,408
Add: Purchase	223,993,230	213,368,474
Raw Material available for consumption	275,823,725	251,190,882
Less: Closing Stock	77,621,164	51,830,495
Raw Material Consumed	**198,202,561**	**199,360,387**

(C) Particulars in respect of opening stock, sales and closing of finished goods:

Particulars	30.06.2019		30.06.2018	
	Qty in pair	Amount in Taka	Qty in pair	Amount in Taka
Opening Stock	105,107	48,349,245	133,533	56,349,167
Closing Stock	107,168	59,361,602	105,107	48,349,245
Sales	2,790,070	1,540,815,769	2,686,494	1,378,425,988

(d) Particulars in respect of Opening Stock and Closing Stock of Inventories

Particulars	30.06.2019		30.06.2018	
	Qty in pair/yds/kg	Amount in Taka	Qty in pair/yds/kg	Amount in Taka
Raw Materials	77,621,164	347,364,915	51,830,495	278,042,293
Work in Process	7,639,165	53,126,587	11,470,173	51,126,587
Finished goods	107,168	59,361,602	105,107	48,349,245

30.00 Information as per requirement of Para 8, Schedule XI, Part II of the Companies Act 1994:

Disclosure under Para 8, Schedule XI, Part II of the companies Act 1994 are as under:

Particulars	30.06.2019		30.06.2018	
	US Dollar	Amount in Taka	US Dollar	Amount in Taka
Import (CIF Basis)	13,170,260	1,111,569,952	12,088,642	1,028,311,161
Export (FOB Basis)	18,234,506	1,540,815,769	16,240,315	1,378,425,988

31.00 Financial Risk Management

The management of company has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risk for its use of financial instruments.

Credit Risk
Liquidity Risk
Market Risk

Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place that are controlled and monitored in accordance with terms and conditions prescribed in export letter of credit. As at 30th June 2019 the entire part of the receivables are related to export of goods and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach in managing liquidity (cash and cash equivalents) is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses including financial obligation through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

Market Risk

Market risk is the risk that any changes in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Currency risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw materials, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad.

(b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rate risk . The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

32.00 Events after the reporting period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

Adjusting Events - those that provide evidence of conditions that existed at the end of the reporting period.

Non adjusting Events- those that are indicative of conditions that arose after the reporting period.

Management of the company has taken close look whether any events after the reporting period exist that need to take into account during the preparation of Financial Reports. No event after the reporting period exists and management of the company has prepared the financial reports in accordance.

33.00 Reconciliation of net income or net profit with cash flow from Operating Activities

Particulars	Amount in Taka	
	01 July 2018 to 30 June 2019	01 July 2017 to 30 June 2018
Cash Flows from Operating Activities:		
Profit before Tax	249,776,266	230,941,178
Adjustment for:		
Depreciation on property, plant and equipment	58,623,471	50,687,985
Financial Expenses	3,396,512	2,963,316
Foreign Exchange Gain	(3,291,789)	(2,293,894)
Other Income	-	306,429
	308,504,460	**282,605,014**
Less: Increase in Accounts Receivable	(43,670,690)	(82,535,938)
Less: Increase in Inventory	(94,206,999)	(105,627,947)
Less: Increase/(Decrease) in Trade and Other Payables	(738,594)	(31,638,012)
Add: Decrease/(Increase) in Advance, Deposit & Prepayments	2,119,504	(2,020,394)
	172,007,681	**60,782,723**
Financial Expenses	(3,396,512)	(2,963,316)
Foreign Exchange Gain	3,291,789	2,293,894
Effect of Exchange rate changes	(183)	-
Other Income	-	(306,429)
Income Tax Paid	(7,254,755)	(9,101,806)
Net cash generated from operating activities	**164,648,021**	**50,705,066**

FORTUNE SHOES LTD.
Schedule of Property, Plant and Equipment
As at June 30, 2019

Annexure-A

Amount in Taka

Particulars	Cost			Rate of Dep (%)	Depreciation			Written Down Value as at 30.06.2019	Written Down Value as at 30.06.2018
	Balance as on 01 July 2018	Addition during the year	Balance as on 30 June 2019		Balance as on 01 July 2018	Charge during the year	Balance as on 30 June 2019		
Land	681,818	-	681,818	-	-	-	-	681,818	681,818
Land Development	39,393,459	8,528,650	47,922,109	2%	4,907,486	860,292	5,767,778	42,154,331	34,485,973
Factory Buildings	209,878,225	85,948,184	295,826,409	2.50%	27,545,007	6,707,035	34,252,042	261,574,367	182,333,218
Office Building	27,501,150	-	27,501,150	10%	8,448,267	1,905,288	10,353,555	17,147,595	19,052,883
Plant & Machinery	475,036,217	98,462,375	573,498,592	10%	173,037,486	40,046,111	213,083,597	360,414,995	301,998,731
Substation, Electrical									
Installation& Equipment	76,061,784	1,243,589	77,305,373	10%	27,195,043	5,011,033	32,206,076	45,099,297	48,866,741
Generator	9,920,000	-	9,920,000	10%	4,323,585	559,641	4,883,227	5,036,773	5,596,415
Vehicles	8,600,000	-	8,600,000	20%	5,881,682	543,664	6,425,346	2,174,654	2,718,318
Furniture and Fixture	10,363,525	586,980	10,950,505	10%	3,837,420	711,308	4,548,729	6,401,776	6,526,105
Office Equipment	10,159,186	256,875	10,416,061	20%	6,046,578	873,897	6,920,474	3,495,587	4,112,608
Fire Equipment	2,431,445	125,876	2,557,321	10%	834,287	172,303	1,006,590	1,550,731	1,597,158
Air Conditions and Air Cooler	14,733,431	-	14,733,431	20%	8,568,943	1,232,898	9,801,841	4,931,590	6,164,488
Balance as on 30.06.2019	**884,760,240**	**195,152,529**	**1,079,912,769**		**270,625,784**	**58,623,471**	**329,249,255**	**750,663,515**	**614,134,45**

Balance as on 30.06.2018	**852,389,160**	**32,371,080**	**884,760,240**	**-**	**221,631,255**	**48,994,529**	**270,625,784**	**614,134,456**	**630,757,905**

Allocation of depreciation

Manufacturing Expenses	94%	55,106,063
Administrative Expenses	6%	3,517,408
	100%	**58,623,471**

FORTUNE SHOES LTD
FIXED ASSETS SCHEDULE
AS PER 3RD SCHEDULE OF IT. ORDINANCE, 1984
AS AT JUNE 30, 2019

Particulars	Written Down Value as at 30-06-2018	Addition during the year	Balance as on 30-06-2019	Rate of Dep. / Amortization (%)	Depreciation Charge during the Year	Written Down Value as at 30-06-2019	Written Down Value as at 30-06-2018
Land	681,818	-	681,818	0.00%	-	681,818	681,818
Land Development	34,467,226	8,528,650	42,995,876	2.00%	859,918	42,135,959	34,467,226
Factory Buildings	59,968,070	85,948,184	145,916,254	20.00%	29,183,251	116,733,003	59,968,070
Office Building	17,893,142	-	17,893,142	10.00%	1,789,314	16,103,828	17,893,142
Plant & Machinery	170,198,381	98,462,375	268,660,756	20.00%	53,732,151	214,928,605	170,198,381
Electrical Installation & Equipment	28,273,514	1,243,589	29,517,103	20.00%	5,903,421	23,613,683	28,273,514
Generator	1,898,388	-	1,898,388	25.00%	474,597	1,423,791	1,898,388
Vehicles	2,558,416	-	2,558,416	20.00%	511,683	2,046,733	2,558,416
Furniture and Fixture	6,230,711	586,980	6,817,691	10.00%	681,769	6,135,922	6,230,711
Office Equipment	3,700,134	256,875	3,957,009	20.00%	791,402	3,165,607	3,700,134
Fire Equipment	567,733	125,876	693,609	30.00%	208,083	485,526	567,733
Air Conditions	4,061,879	-	4,061,879	25.00%	1,015,470	3,046,409	4,061,879
Total	**330,499,411**	**195,152,529**	**525,651,940**		**95,151,058**	**430,500,883**	**330,499,411**

Fortune Shoes Ltd.
Details of Inventories
For the year ended June 30, 2019

1. Raw Materials

Annnexure-B

SL	Name of Raw Materials	Unite	Opening		Purchases		Consumption		Closing Balance	
			Quantity	Taka	Quantity	Taka	Quantity	Taka	Quantity	Taka
1	Outer sole and heels of rubber	Pair	55,884	5,722,221	376,821	55,279,641	287,586	42,188,866	145,119	18,812,995
2	Uppers and parts thereof	Pair	7,286	1,532,025	104,814	35,007,876	75,864	25,338,576	36,236	11,201,325
3	Shoe lace	Pair	2,681,013	13,845,104	4,837,862	36,767,751	4,415,706	33,559,366	3,103,169	17,053,489
4	Inner box	Pair	78,753	1,632,713	375,867	10,561,863	371,587	10,441,595	83,033	1,752,981
5	Silver pen	Pair	3,046,097	557,756	34,386,176	6,533,373	34,681,578	6,583,500	2,750,695	507,630
6	Nylon string	Pair	1,070,839	86,379	36,678,529	2,934,282	36,586,941	2,926,955	1,162,427	93,706
7	Eva 4mm	Pair	249,624	13,480,024	302,879	18,081,876	225,417	13,457,395	327,086	18,104,505
8	Pvc scrn	Pcs	68,382	1,798,126	364,725	18,710,393	201,396	10,331,615	231,711	10,176,903
9	T/T paper	Pcs	1,644,976	251,983	21,748,246	8,264,333	18,582,473	7,061,340	4,810,749	1,454,977
10	Swing machine needle	Pcs	7,380,800	4,577,059	18,475,861	26,789,998	14,961,734	21,694,514	10,894,927	9,672,543
11	Lavel	Pcs	15,303,156	925,069	13,596,475	1,019,736	12,864,871	964,865	16,034,760	979,939
12	Eyelet	Pcs	2,530,168	926,399	48,618,237	40,353,137	42,568,792	35,332,097	8,579,613	5,947,439
13	Last	Pcs	2,349	836,870	30,768	10,882,642	28,486	10,075,498	4,631	1,644,013
14	Micro pac	Pcs	63,862	866,708	2,939,614	13,816,186	2,812,785	13,220,090	190,691	1,462,805
15	Adesive tape	Pcs	209,531	6,686,587	351,837	13,482,394	257,473	9,608,892	303,895	10,560,089
16	Zipper	KG	124,637	3,499,702	164,582	4,624,754	55,817	1,512,641	233,402	6,611,815
17	Stitching glue	KG	66,548	12,649,481	138,957	29,736,798	157,682	33,270,902	47,823	9,115,377
18	Pu print	KG	1,358	775,608	18,761	17,466,491	18,241	16,909,407	1,878	1,332,692
19	Polyether poliol glue	KG	23,911	4,929,566	118,968	27,124,704	124,697	28,430,916	18,182	3,623,354
20	Lamination glue	KG	95,880	16,284,340	174,617	29,527,735	192,583	32,180,619	77,914	13,631,456
21	Solvent difftyps	KG	40,214	7,350,386	99,872	20,583,619	98,962	20,396,068	41,124	7,537,937
22	Upper primer	KG	10,315	1,955,898	43,876	9,687,821	52,318	11,551,814	1,873	91,905
23	Tpr primer	KG	53,920	10,053,956	383,591	80,715,218	398,961	83,151,452	38,550	7,617,722
24	Latex	KG	66,073	8,547,962	214,967	28,805,578	221,183	29,638,522	59,857	7,715,018
25	Toulien	KG	85,121	9,430,064	167,956	19,684,443	146,681	17,191,013	106,396	11,923,494
26	Pu upper	Yards	30,114	10,444,164	126,875	43,113,394	135,837	46,158,771	21,152	7,398,787
27	Pu collar tow tone	Yards	36,894	8,626,141	135,158	31,062,392	146,583	33,689,171	25,469	5,999,362
28	Lining Mesh	Yards	123,063	6,474,942	146,792	7,728,599	33,026	1,705,793	236,829	12,497,748
29	Mesh syntitic	Yards	60,180	11,546,696	204,783	39,174,988	193,284	36,975,229	71,679	13,746,455
30	Luny suede diff.	Yards	28,832	6,714,150	139,367	32,305,271	132,864	30,797,875	35,335	8,221,546
31	Two tone pu	Yards	41,110	15,790,979	98,897	38,035,786	129,687	49,540,434	10,320	4,286,331
32	Canvas	Yards	66,758	12,964,370	141,287	27,635,737	127,469	24,677,998	80,576	15,922,109
33	Embossing mould	Yards	10,432	11,946,572	19,261	22,122,799	17,281	19,814,049	12,412	14,255,323
34	Non woven	Yards	142,698	3,307,672	276,824	7,778,754	186,943	5,253,098	232,579	5,833,328
35	Magic tape	Yards	82,243	4,293,023	158,269	8,071,719	119,372	6,087,972	121,140	6,276,770
36	1.4 mm eva	Yards	73,109	4,564,774	576,821	26,176,137	148,694	25,929,260	501,236	4,811,651
37	Pu tone	Yards	24,329	9,121,387	71,924	27,474,968	83,617	31,938,204	12,636	4,658,151
38	Binding materials difftyp	Yards	47,638	8,773,450	103,876	20,401,246	97,309	18,683,419	54,205	10,491,278
39	Fu long	Yards	139,837	2,887,917	501,486	10,872,216	368,158	7,981,665	273,165	5,778,468
40	Shank metal	Yards	4,535,468	987,323	10,468,790	21,775,083	8,512,374	17,705,738	6,491,884	5,056,669
41	Thermo plastic	Yards	34,278	3,598,866	133,387	20,915,082	128,691	19,689,723	38,974	4,824,225
42	Webbing	Yards	445,543	1,675,594	1,058,796	3,028,157	901,587	2,578,539	602,752	2,125,212
43	Elastic gore	Yards	10,629,348	312,063	23,157,896	16,442,106	14,659,932	10,408,552	19,127,312	6,345,617
44	Force tape	Yards	113,318	11,949,925	286,985	32,544,099	243,615	27,625,941	156,688	16,868,083
45	Tricot	Yards	30,532	437,890	374,867	8,359,534	337,286	7,521,478	68,113	1,275,946
46	Leather	sft	10,051	1,665,398	731,579	77,327,900	686,892	72,604,484	54,738	6,388,813
47	Newtex	Sheet	93,191	7,526,887	95,687	7,549,704	178,059	13,763,961	10,819	1,312,630
48	Red sheet	Sheet	8,395	694,426	71,894	7,498,544	76,928	7,862,042	3,361	330,928
49	Thread	Cone	62,437	2,535,697	196,871	7,733,093	167,259	6,235,416	92,049	4,033,374
	Total		**51,830,495**	**278,042,293**	**223,993,230**	**1,111,569,952**	**198,202,561**	**1,042,247,330**	**77,621,164**	**347,364,915**

Fortune Shoes Ltd.
Details of Inventories
For the year ended June 30, 2019

(ii.) Work-In-Progress

SL	Name of Raw Materials	Unit	Closing Balance	
			Quantity	Taka
1	Outer sole and heels of rubber	Pair	22,867	2,508,510
2	Uppers and parts thereof	Pair	12,394	2,881,605
3	Shoe lace	Pair	35,681	278,312
4	Inner box	Pair	31,527	1,043,544
5	Silver pen	Pair	983,952	157,432
6	Nylon string	Pair	2,315,729	185,258
7	Eva 4mm	Pair	27,186	1,435,421
8	Pvc scrn	Pcs	11,284	555,173
9	T/T paper	Pcs	604,567	604,567
10	Swing machine needle	Pcs	75,261	184,389
11	Lavel	Pcs	2,825,352	536,817
12	Eyelet	Pcs	51,873	38,905
13	Last	Pcs	4,887	1,534,029
14	Micro pac	Pcs	68,268	586,422
15	Adesive tape	Pcs	23,461	1,987,147
16	Zipper	KG	7,528	221,323
17	Stitching glue	KG	5,789	787,304
18	Pu print	KG	2,891	10,986
19	Polyether poliol glue	KG	3,167	480,434
20	Lamination glue	KG	7,587	872,505
21	Solvent difftyps	KG	6,171	880,602
22	Upper primer	KG	4,948	727,851
23	Tpr primer	KG	1,286	187,370
24	Latex	KG	4,961	467,326
25	Toulien	KG	53,287	4,337,562
26	Pu upper	Yards	6,384	1,492,579
27	Pu collar tow tone	Yards	6,182	997,157
28	Lining Mesh	Yards	11,592	517,003
29	Mesh syntitic	Yards	6,158	824,556
30	Luny suede diff.	Yards	9,764	1,432,379
31	Two tone pu	Yards	9,238	1,835,591
32	Canvas	Yards	11,628	1,567,454
33	Embossing mould	Yards	10,381	7,549,063
34	Non woven	Yards	15,487	387,949
35	Magic tape	Yards	14,583	562,904
36	1.4 mm eva	Yards	6,582	256,698
37	Pu tone	Yards	12,481	3,180,159
38	Binding materials difftyp	Yards	5,397	711,648
39	Fu long	Yards	39,621	706,046
40	Shank metal	Yards	48,943	281,912
41	Thermo plastic	Yards	19,285	2,019,818
42	Webbing	Yards	31,693	114,145
43	Elastic gore	Yards	57,285	282,475
44	Force tape	Yards	13,081	990,523
45	Tricot	Yards	63,164	1,253,830
46	Leather	sft	8,317	625,442
47	Newtex	Sheet	14,654	918,806
48	Red sheet	Sheet	8,093	632,063
49	Thread	Cone	17,268	495,592
	Total		**7,639,165**	**53,126,587**

Fortune Shoes Ltd.
Details of Inventories
For the year ended June 30, 2019

(iii.) Finished goods

Particulars	Quantity (Pair of Shoes)	Amount in Tk
Men Shoes	56,511	33,229,798
Kids Shoes	20,738	10,783,749
Women Shoes	22,088	11,706,640
Others (Common for all)	7,831	3,641,415
Total	**107,168**	**59,361,602**

Fortune Shoes Ltd.
Details of Inventories
For the year ended June 30, 2019

(iv) Store Items

Opening Balance	Purchases	Consumption	Closing Balance
Taka	Taka	Taka	Taka
16,539,137	22,340,705	10,468,685	**28,411,157**

Fortune Shoes Ltd.
Curent Tax Calculation
For the year ended June 30, 2019

	Annnexure-C
Profit before Tax	249,776,266
Less: other Income	-
Profit before Tax from Export Sales	249,776,266
Add: Accounting Depreciation	58,623,471
Less: Tax base Depreciation	95,151,058
	213,248,680
Adjusted Profit before Tax	213,248,680
Tax @ 12.50% on export	26,656,085
Tax @ 25% on other income	-
Income Tax provission	**26,656,085**

FORTUNE SHOES LIMITED

Registered Office, Plot-66-68 BSCIC I/E, Kawnia, Barishal

PROXY FORM

I/ We .....of.....

.....being a Shareholder of **Fortune Shoes Limited**

and entitled to vote hereby appoint Mr./Mrs./Miss .....

as my/our proxy to attend and vote for me/us and on my/our behalf at the 9th Annual General Meeting of the Company to be held on Tuesday, 24th December, 2019 at 10.30 a.m. at the Party House, Shaw Road, Baklar More,Barishal City or at any adjournment thereof or at any ballot to be taken in consequence thereof.

As witness my/ our hand this. .....day of 2019

Revenue Stamp Tk. 20.00

(Signature of the Shareholder)

(Signature of Proxy)

BO ID No.																

No. of Shares held ..... Dated.....

Note:

01. A member entitled to attend and vote at the meeting may appoint any person as his/ her Proxy to attend and vote on his / her behalf.

02. Stamp Proxy Form must be deposited at the Company's Dhaka Office before 48 hours of the meeting.

FORTUNE SHOES LIMITED

Registered Office, Plot-66-68 BSCIC I/E, Kawnia, Barishal

ATTENDANCE SLIP

I hereby record my attendance at 9th Annual General Meeting of the Company being held on Tuesday, 24th December, 2019 at 10.30 a.m. at the at the Party House, Shaw Road, Baklar More , Barishal City.

BO ID No.																

No. of Shares held ..... Dated.....

(Signature of Proxy)

(Signature of the Shareholder)

Date .....

N.B.: Please present this slip duly signed at the entrance of the Meeting Place.

Fortune Shoes Limited

www.fortuneshoesbd.com

Head Office : Moon Island, Suite # C-03, Plot # 34 & 36, Road # 08, Block # E

Niketon, Gulshan-01, Dhaka-1212, Phone : +880-02-9851132

Factory & Registered Office : Plot No. 66-68, BSCIC Industrial Estate, Kawnia, Barishal, Bangladesh

Production
Galaxy Corporation
Phone : 7192877