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10. Refund will be made only through "ACCOUNT PAYEE" Cheque(s) with Bank A/C No. and name of Bank Branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.

11. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).

12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information will make the application liable to rejection and subject to forfeiture of application money. The said application money may be deposited in account specified by the SEC. This may be in addition to any other penalties as may be provided for by law.

13. Applications, which do not meet the above requirements, or applications which are incomplete, shall NOT be considered for allotment purpose.

BANKERS TO THE ISSUE

Particulars	Share (Tk.)
100% to applicants for 500 Ordinary Shares	Tk. 13,500,000.00
Total	Tk. 13,500,000.00

LEGACY FOOTWEAR LIMITED

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHIS
(To be sent to the Company's Head Office)

WARNING: Please read the instructions at the back of this form. Incorrectly filled applications may be rejected.

The Directors
Legacy Footwear Limited
64, Bijoy Nagar, Kakrail, Dhaka

Dear Sir(s),
I/we apply for and request you to allot me/us the following number of shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon terms of the Company's approved prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company as the holder(s) of ordinary shares allotted to me/us pursuant to this application and to send Allotment Letter in respect thereof and/or a crossed (account payee only) Cheque in respect of any application money returnable by post/courier at my/our risk to the first applicant's address stated below.

1. No. of shares of Tk. 10/- each at per
2. Amount of Tk. (in figure) Tk. (in words) only
convertible into US Dollar 100 = Tk. 49.06 and UK Pound Sterling 100 = Tk. 81.05
3. Payment by Draft/Cheque No. date drawn on Bank branch of
4. I/we agree to fully abide by the instructions given herein
5. Particulars of Applicant(s):

Sole/First Applicant: Mr./Mrs./Ms
Father's/Husband's Name
Mailing Address
Occupation
Passport No.
Date of Birth
Nationality

For Refund Warrant: Applicant's Bank A/C No.
Name of the Bank Branch

Second Applicant: Mr./Mrs./Ms
Father's/Husband's Name
Mailing Address
Occupation
Passport No.
Date of Birth
Nationality

Specimen Signatures:
Sole/First Applicant
Second Applicant
Nominee

INSTRUCTIONS
1. All information must be written or typed or in Block Letters in English and must NOT be abbreviated.

2. Application must not be for less than 500 Ordinary shares and must be for a multiple of 500 Ordinary Shares. Any application not meeting this criteria will not be considered for allotment purpose.

3. Application must be accompanied by a foreign demand draft drawn on a Bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favouring "LEGACY FOOTWEAR LIMITED" and crossed "ACCOUNT PAYEE ONLY".

4. Application shall be sent by the applicant directly to the Company within 16th November, 1999 so as to reach the Company within 25th November, 1999. No application sent after 16th November, 1999 or received by the Company after 25th November, 1999 will be considered for allotment purpose.

5. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant through Account Payee Cheque payable at Dhaka with Bank account number, Bank's name and Branch.

6. In case of over-subscription, allotment shall be made proportionately solely in accordance with the instructions by SEC.

7. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.

8. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.

9. Application must be made by an individual, a corporation or company, a trust or a society and not a firm, minor or persons of unsound mind.

10. Making of any false statement or supplying incorrect information or suppressing any relevant information in the application shall make it liable to rejection and subject to forfeiture of the application money.

11. The intending NRB applicants shall deposit share money by US \$/GBP Pound draft drawn on and payable in Dhaka, Bangladesh, so that the issuing collecting Bank can clear that proceeds and deposit the same into issuer Bank account in time.

THE NRB APPLICATION ALONG WITH THE FOREIGN DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECT

AUDITORS' REPORT

TO THE SHAREHOLDERS OF LEGACY FOOTWEAR LIMITED

We have audited the accompanying Balance Sheet of Legacy Footwear Limited as of April 30, 1999 and the related Cash Flow Statement for the period from January 01, 1999 to April 30, 1999 these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of April 30, 1999 and of the result of its operation and its cash flows for the period from January 01, 1999 to April 30, 1999 and comply with the Companies Act, 1994 and other applicable laws and regulations.

We further report that:

a) we have obtained all the information and explanations which were necessary for the purpose of our audit and made due verification thereof;

b) proper books of account as required by law were kept by the Company so far as it appeared from our examination; and

c) the Balance Sheet and Cash Flow Statement dealt with by the report are in agreement with the books of account maintained by the Company and examined by us.

Sd
(Shamsul Alam & CO.)
Chartered Accountants

Dhaka, October 3rd, 1999 A. K. M. Shamsul Alam, FCA

Legacy Footwear Limited

64, Bijoy Nagar, Kakrail, Dhaka

Balance Sheet

As at April 30, 1999

Note	As on 30.04.99	As on 31.12.98
Taka	Taka	Taka
SOURCE OF FUNDS:		
1 Share Capital	37,500,000.00	37,500,000.00
2 Loan Funds:		
a) Long term Loan (with Rupali Bank)	52,373,133.00	49,007,629.00
b) Bridge Loan (with Sonali Bank)	10,330,415.00	10,251,259.00
Sub-total	62,703,548.00	59,258,888.00
TOTAL (1+2):	100,203,548.00	96,758,888.00
APPLICATION OF FUNDS:		
1 Fixed Assets (Schedule - A)	88,117,332.00	86,578,539.00
2 Security Deposit	152,000.00	152,000.00
3 Preliminary & Pre-operating Expenses	3,819,576.00	3,230,916.00
4 IDC	6,202,612.00	6,202,612.00
5 Current Assets, Loans & Advances	419,989.00	419,989.00
6 Current Liabilities & Provisions	732,546.00	705,481.00
7 Net Current Assets other than Cash & Bank Balance (4-6)	139,585.00	139,585.00
8 Cash and Bank Balance	139,585.00	139,585.00
TOTAL (1+2+3+4+7+8):	100,203,548.00	96,758,888.00

The annexed notes form an integral part of these accounts

Sd (Managing Director) Sd (Director) Sd (Company Secretary)

This is the Balance Sheet referred to in our report of the same date
Figures have been rounded off to the nearest taka

Sd
(Shamsul Alam & CO.)
Chartered Accountants
Dhaka, October 3rd, 1999 A. K. M. Shamsul Alam, FCA

Legacy Footwear Limited

64, Bijoy Nagar, Kakrail, Dhaka

Cash Flow Statement

From January 01, 1999 to April 30, 1999

Particulars	Taka
(a) Cash Flows from Operating Activities:	
Collection from turnover and other income	Nil
Loans & Advances	Nil
Cash flows from operating activities	Nil
(b) Cash Flows from Investing Activities:	
Acquisition of Fixed Assets	(1,538,793.00)
Preliminary & Pre-operating Expenses	(588,660.00)
IDCP	(1,667,156.00)
Security Deposit	---
Cash flows from investing activities	(3,794,609.00)
(c) Cash Flows from Financing Activities:	
Share Capital	2,544,660.00
Increase in Loan Funds	27,065.00
Decrease in Net Current Assets	2,571,725.00
Cash flows from financing activities	(1,222,884.00)
(d) Net Cash Inflows / (Outflows) (a+b+c)	1,362,469.00
(e) Opening Cash and Bank Balance	139,585.00
(f) Closing Cash and Bank Balance (d+e)	139,585.00

Sd (Managing Director) Sd (Director) Sd (Company Secretary)

This is the Cash Flow Statement referred to in our report of the same date

Sd
(Shamsul Alam & CO.)
Chartered Accountants
Dhaka, October 3rd, 1999 A. K. M. Shamsul Alam, FCA

LEGACY FOOTWEAR LIMITED
64, Bijoy Nagar, Kakrail, Dhaka

SIGNIFICANT ACCOUNTING POLICIES AND RELEVANT INFORMATION

i) **Legal Form of the Enterprise:**

a) The "Legacy Footwear Limited" a Public Limited Company was incorporated on 23rd July 1996 under the Companies Act (Act XVIII) 1994

b) **Registered Office:** Registered Office of the Company is at 64, Bijoy Nagar, Kakrail, Dhaka

c) The Factory of the Company is located at Mouza Mauchak, P.S. Kalakhor, District Gazipur

d) **Joint Venture Partner:** The Joint Venture Partner of the Company is ENGENHARIA, P.E. MADEIRA S. A. RUA DOS MURCAS, 68 9000 FUNCHAL - PORTUGAL

ii) **Nature of the Business Activities:**

The Company owns and operates a 100% export oriented leather footwear manufacturing unit and intends to sell its products in international market

iii) **Commencement of Commercial Production:**

The Company has started its commercial production in June 1999

iv) **Accounting Policies:**

a) **Basic of Accounting:**

The Accounts have been prepared on Going Concern Concept basis under the Historical Cost Convention and in accordance with Bangladesh Accounting Standard (BAS).

b) **Accounting Period:**

Accounting period of the Company starts from January 01 and ends on December 31 in a year.

c) **Changes in Accounting Policies:**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the previous periods.

d) **Fixed Assets:**

The Fixed Assets are stated at historical cost

e) **Liabilities:**

All the liabilities have been stated at their anticipated amount payable

f) **General:**

Figures have been rounded off to the nearest Taka

2. **DIRECTORS OF THE COMPANY:**

a) **Number of Directors:**

The directors of the Company are five (05) during the period ended April 30, 1999.

b) **Directors' remuneration:**

As per Company's board resolution, remuneration of the three directors per month were paid as under:

Managing Director Tk. 12,500.00
Director (two) Tk. 10,000.00 (each)

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED APRIL 30, 1999:

3. **SHARE CAPITAL:**

a) **Authorized Capital:**

20,000,000 Ordinary shares of Tk. 10/- each 200,000,000.00

b) **Issued, Subscribed and Paid up Capital:**

Number of Shares Face value per share Mode of Subscription Taka

Local Sponsors

(i) 90,000 Tk. 10.00 Other than cash 900,000.00

(ii) 3,216,600 Tk. 10.00 Cash 32,166,000.00

Foreign Sponsor

(i) 443,400 Tk. 10.00 Cash 4,434,000.00

Total 3,759,000 37,500,000.00

We observed that the amount of share capital mentioned in 3(b)(ii) above was paid up by the sponsor/director in various dates and was utilized for the purpose of major part of civil construction, local machineries, pre-operating expenses and other costs and shares were issued against that capital.

04. **LONG TERM LOAN:**

Loan from Rupali Bank Tk. 52,373,133.00

a) The loan is secured by legal mortgage of project land, factory building and machineries of the Company.

b) **Terms of repayment:**

The loan is repayable in 22 quarterly installments starting from the 6th month of commencing commercial production.

c) **Rate of interest:**

The loan bears interest @ 13.50% at quarterly rate.

d) **Use of loan:**

The loan is utilized for importing the machinery of the Company and a minor part of the civil construction.

05. **BRIDGE LOAN, Tk. 10,330,415.00**

The disbursement was made by Sonali Bank, Head Office, Motiphal, Dhaka, as Bridge Finance loan under Bridge Finance Scheme.

(a) The loan is secured by part passu charge with the Rupali Bank Limited.

(b) **Terms of repayment:** The loan is repayable within 18 months from the date of sanction.

(c) The loan bears interest @ 15% with half yearly rate.

(d) **Use of loan:** The loan is used for procurement part of local machineries and to meet part of the initial working capital.

Independent confirmation of the balances of long term loan and bridge loan of the Banks could not be obtained.

06. **LAND & LAND DEVELOPMENT - Tk. 2,660,127.00**

The Company acquired 163 decimals or 5(five) Bighas of Land at a cost of Tk. 900,000.00. The land was acquired from sponsors in consideration of the Company shares. Tk. 93,500.00 was spent as Registration cost and Tk. 18,000.00 was paid for the purpose of development of the land. Tk. 1,646,182.00 has been expended. The land is situated at Mauchak, P.S. Kalakhor, Dist. Gazipur.

07. **BUILDING & OTHER CIVIL WORKS - Tk. 24,667,950.00**

Tk. 24,667,950.00 was spent towards construction of main Factory Building, Raw Materials

Godown, Finished Goods Godown, Bonded Ware house, Staircase, Sub-station room, Compressor room, Lobby, Ladies & Gents' toilet, Administrative Office, Quality Control and Store room, Pump house and Guard room and other construction works for setting up of a footwear factory.

08. **SECURITY DEPOSIT - Tk. 152,000.00**

The amount represent security deposit to REB.

09. **PRELIMINARY & PRE-OPERATING EXPENSES - Tk. 3,819,576.00**

Figures in Taka

a) Preliminary expenses 498,340.00

b) Pre-operating expenses 3,321,236.00

Total 3,819,576.00

The break up of pre-operating expenses are as follows:

i) Stationery 42,264.00

ii) Electricity Expenses 92,562.00

iii) Telephone Bill 95,790.00

iv) Staff / Workers salary 1,319,834.00

v) Entertainment 135,734.00

vi) Office Rent 111,000.00

vii) Directors Remuneration 1,072,500.00

viii) Water 2,400.00

ix) Conveyance 47,348.00

x) Misc. Expenses 24,533.00

xi) Interest on Short term Loan 330,415.00

xii) Audit Fee 10,000.00

xiii) Legal expenses 24,356.00

xiv) Association Membership Fee 22,500.00

Total Pre-operating Expenses 3,321,236.00

10. **CURRENT ASSETS, LOANS AND ADVANCE - Tk. 419,989.00**

The amount relates to advance payments as under:

AAA Consultants & Financial Advisers 200,000.00

Fire Insurance Premium 219,989.00

419,989.00

11. **CURRENT LIABILITIES AND PROVISIONS - Tk. 732,546.00**

i) Outstanding expenses 257,365.00

ii) Interest free Loan from the directors 475,181.00

Details of outstanding expenses are as follows:

Electricity 11,194.00

Telephone 6,863.00

Staff/Workers salary 200,508.00

Office rent 6,000.00

Directors' remuneration 32,500.00

water 300.00

Total 257,365.00

12. **CASH AND BANK BALANCES - Tk. 139,585.00**

Bank Balance (Standard Chartered Bank) 133,894.00

Cash in Hand 5,691.00

139,585.00

Physical cash has been verified and bank balances have been reconciled and confirmed by the management.

GENERAL

1. There was no claim against the Company not acknowledged as debt as on 30.04.99.

2. There is no sum for which the Company is contingently liable as on 30.04.99.

3. There is no credit facility available to the Company under any contract as on 30.04.99.

4. During the period under review no foreign currency payment was made by the Company.

5. The rate at which directors are entitled to draw board meeting attendance fee is Tk. 750.00 per director per meeting. During the period under review no such amount was taken by the directors.

6. No amount of money was expended by the Company for compensating any member of the Board for special services rendered other than directors remuneration as mentioned in the Note-09.

7. There was no capital expenditure contracted but not provided for as on 30.04.99.

8. There was no material capital expenditure authorized by the Board but not contracted for as on 30.04.99.

9. **Production Capacity:**

The Company has the capacity to produce 450,000 pairs of shoes annually in different product mix.

Events after the Balance Sheet date

i) **Tax Status:**