

(a) the financial statements prepared and audited in adherence to the provisions of the Securities and Exchange Rules, 2020

**Independent Auditor's Report
To the Shareholders of
Brain Station 23 Ltd.
Report on the Audit of the Financial Statements**

Opinion:

We have audited the accompanying financial statements of **Brain Station 23 Ltd.** (the Company), which comprise the Statement of Financial Position as at 30th September 2023 and the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30th September 2023 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. 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 judgment, were of most significance 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.

Revenue Recognition	
Risk	Our Response to the risk
The revenue during the period represents revenue mainly arising from software development, web hosting and IT support. We have identified the head 'revenue' as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to	Our audit included the following procedures: <ul style="list-style-type: none"> • We tested certain internal controls within the revenue process including controls over the calculation of the units invoiced for; • We checked the process to get assurance that revenue has been recognized at the correct time by testing a sample of transactions against which the revenue has been recognized. • We tested a sample of revenue which comprised
meet specific targets or expectations. There is also a risk that revenue may be overstated through misstatement of the measurement units. Further, there is a risk that the provisions of IFRS 15 may not be properly complied with. The application of IFRS 15 involves certain key judgments relating to the identification of distinct performance obligations, determination of transaction price of the identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period.	of software development and web hosting as main components and compared to underlying documentation, including the contracts. <ul style="list-style-type: none"> • We critically assessed journals posted to revenue to identify unusual or irregular items and obtained underlying documentation. We ascertained the revenue recognition process and tested the same through recalculation of revenue, and evaluation of recognition, measurement, presentation and disclosures in the financial statements in accordance with the related IFRS 15.
Please see note # 20 to the financial statements.	

Valuation of Property, Plant & Equipment	
Risk	Our Response to the risk
<p>The carrying value of the PPE amounted to Tk. 363,483,380 at 30 September 2023. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>Expenditures are capitalized if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> • We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent. • We obtained a listing of capital expenditures incurred during the period and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals. • We inspected a sample of invoices and to determine whether the classification between capital and operating expenditure was appropriate. • We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice. • We checked whether the depreciation of PPE items was commenced namely, by comparing the date of the reclassification from capital in progress to ready for use, with the date of the act of completion of the work.
Please see note # 4 to the financial statements.	

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, the Companies Act, 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in 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 uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's 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 gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 2020, we also report the following:

- We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts returns; and,
- The expenditure incurred was for the purposes of the Company's business.

Signed for & on behalf of
MABS & J Partners
Chartered Accountants

Sd/-
Ummay Sumaya Jahan
FCA, ACMA (UK), CGMA
Partner
ICAB Enrolment No: 1818
DVC No: 2311141818AO957007

Place: Dhaka, Bangladesh
Dated: 14 November 2023

Brain Station 23 Ltd.
Statement of financial position
As at 30 September 2023

Amount in BDT

	Note	30 September 2023	30 June 2023
ASSETS			
Non-current assets		455,068,147	459,297,379
Property, plant and equipment	4	363,483,380	360,969,722
Right-of-use assets (RoU)	5	88,434,767	95,177,657
Advance, deposit and prepayments	9	3,150,000	3,150,000
Current assets		647,165,642	559,817,296
Inventories	6	-	1,140,000
Trade and other receivables	7	217,402,293	152,586,900
Short term investments	8	202,881,594	166,537,338
Advance, deposit and prepayments	9	25,742,877	23,288,889
Cash and cash equivalents	10	201,138,878	216,264,170
Total assets		1,102,233,789	1,019,114,675
EQUITY AND LIABILITIES			
Equity		824,316,168	756,458,570
Share capital	11	427,577,090	285,051,390
Share premium	12	17,500,000	17,500,000
Retained earnings	13	379,239,078	453,907,180
Non-current liabilities		96,061,319	97,688,229
Lease liabilities	14	66,822,928	73,683,707
Employee benefits	15	29,238,391	24,004,522
Current Liabilities		181,856,302	164,967,877
Lease liabilities	14	25,685,230	24,678,614
Trade and other payables	16	29,515,439	34,407,343
Deferred income	17	62,892,455	65,055,512
Provisions	18	48,782,491	29,356,736
Current tax liabilities	19	14,980,687	11,469,672
Total equity and liabilities		1,102,233,789	1,019,114,675
Net Asset Value (NAV) per Share	28	19.28	26.54

These financial statements are to be read in conjunction with notes attached.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Signed for & on behalf of
MABS & J Partners
Chartered Accountants

Sd/-
Ummay Sumaya Jahan
FCA, ACMA (UK), CGMA
Partner
ICAB Enrolment No: 1818
DVC No: 2311141818AO957007

Place: Dhaka, Bangladesh
Dated: 14 November 2023