

**Independent Auditors' Report
On
Financial Statements
Of**

**han Brothers PP Woven Bag Industries Ltd
For the year ended 30th June, 2024**



ISLAM AFTAB KAMRUL & CO.

Chartered Accountants

www.audit.com.bd

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On
Financial Statements
Of
Khan Brothers PP Woven Bag Industries Ltd.
For the year ended 30th June, 2024**

October 28, 2024



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KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.
FOR THE YEAR ENDED JUNE 30, 2024

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Independent Auditor's Report
To the Shareholders of Khan Brothers PP Woven Bag Industries Ltd.
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **Khan Brothers PP Woven Bag Industries Ltd.** (the "Company"), which comprise the Statement of Financial Position as at 30th June 2024 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30th June, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Qualified Opinion

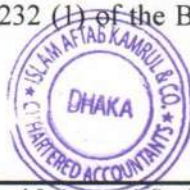
1. The financial statement shows Tk. 140,887,199 against value of 461.5 decimal land in the name of the company under Land and Land Development and Tk. 142,664,719 against WDV of Building and Other Constructions, but we were not provided with any documents, statements, registers of those line items for our verification. During our visit to the factory, it revealed that, other two factories in the name of i) Khan Brothers Bag Industries Ltd. and ii) Khan Brothers Marble & Granite Ltd. are established and operating in full swing within the same premises having single and common entry and approach road. As such we were unable to confirm whether the physical as well legal custody of those are lying to the company or not. Management of the company were also unable to provide sufficient appropriate audit evidence together with the original copies of ownership documents, khazna receipts, approved layout plan etc. for our review and satisfaction for providing our opinion, and conclude ourselves that, there are no undetected material misstatements in the financial statement in this regard using alternative approach.
2. The financial statement shows Inventories of Raw Materials Tk. 553,314,755, and Finished Goods of Tk. 44,145,422 (Total Tk. 597,460,177) as shown under note # 5.00 as on 30 June 2024, which are being carrying forward since last couple of years. Item wise breakup of which have been shown under note # 20.06 & 20.07. As we have been appointed after the year end so we could not confirm the physical inventory position as on 30 June 2024. However, to confirm the physical inventory of the Company we visited the factory of the Company where we found raw material in the bonded warehouse but no proper register has been maintained for the movement of the inventory except for a list along with quality, value in excel format. As a result, we could not confirm the actual quantity and value of the inventory under the control of the Company. In addition to that a similar sister concern is also operating in the same premises and the Company is operating under sub-contract agreement with the sister concern so the ownership of the inventory could not be identified.

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3. Cash and Cash Equivalent of the financial statement shows Fixed Deposits of Tk. 30,000,000 in Note # 08, lying with Peoples Leasing and Financial Services Ltd since long, in Note # 08. The scam of that NBFIs is very widely known to all depositors and to the peoples in home and abroad, against which no provision for Impairment loss of the financial instrument have been recognized by the company as per IFRS-9. Under note # 06, The financial statement shows Export Bills Receivable Tk. 62,212,203 as on 30 June 2024, which have been carried forward from the year 2020-21 without any movement, against which no provision for bad debts have been created in the financial statements. Whereas the management were unable to produce us with any communication documents within a couple of year relating to follow up and progress for realization of the amount.
4. The company have not paid any VAT and AIT against the Sub-Contract Income during the year according to the Value Added Tax and Supplementary Duty Act 2012, Value Added Tax and Supplementary Duty Rule 2016 and Income Tax Act 2023. The amount of unpaid VAT on the revenue shown in the Financial Statement during the year under audit would be Tk. $(74,807,500 \times 15\%) = \text{Tk. } 11,221,125$ which is a misstatement as well as non-compliance of the related Acts & Rules. They were also not provided with any copy of monthly Withholding Tax Return for the year under audit. The entire income has been arisen from a sub-contract agreement with Khan Brothers Bag Industries Ltd. and no income is realized in Banking channel except for the loan installment amount Tk. 8,948,000.

Matter of Emphasis:

1. To the best of our understanding the company is running through subcontract works on cancellation of export orders. Recovery from the finished goods as showing in the financial statements is looking very remote and insignificant. The company is suffering from severe working capital crisis which has laid down the company's dependency on the related party subcontract works. All those have ultimately created going concern threats to the company though the financial statement of the company has prepared by considering it as a going concern, but we were not provided with any written management plan to effectuate and ensuring this. Notwithstanding our opinion on the financial statements, we would recommend to set up proper management plan in this regard ensure going concern of the entity.
2. During our audit we found that factory overhead and wages and salaries Tk. 58,610,375, operating expenses 12,505,067 of the company has been paid from one of its sister concerns named "Khan Brothers Bag Industries Ltd" as per the Subcontract Agreement as part of realization of revenue. As a result, we could not confirm whether the sister concern deduct any TDS or VDS against the expenses during the financial year.
3. The company have not yet introduced employee provident fund, Workers Profit Participation Fund, Welfare Fund and Gratuity/Compensation benefit as per guideline of Bangladesh Labor Rules 2015 and according to the Sec 232 (1) of the Bangladesh Labor Act 2006 (Amended in 2018).



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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial 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.

| Description of key audit matters | Our response to key audit matters |
|---|---|
| Valuation of Property, Plant and Equipment (PPE) | |
| <p>The carrying value of the PPE amounted to Tk. 453,075,270 as at 30th June 2024. 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 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 reviewed the opening balances of PPE which was audited by other auditors including assessed the addition during the year under our audit, checked the related accounting treatment and associated deferred tax as recognized by the company. We reviewed the calculation of depreciation charged during the year. We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market price; We have visited the factory and observe the fixed assets but management could not produce any register, statements of those to cross check physically. <p><i>[See note number 3.00 for details]</i></p> |
| Impairment of Property, Plant and Equipment | |
| <p>The economic climate and levels of competition remain challenging for the Company. The Company has completed a Strategic Review and as a result has decided to close or curtail some of its operations. There is therefore a risk that the impairment charge may be misstated.</p> <p>Determining the level of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgmental areas that our audit has concentrated on.</p> | <p>Our audit procedures including, among others, considering the impairment risk associated with the following different types of assets:</p> <ul style="list-style-type: none"> Assets within factory area and in the office which continue to trade - we critically assessed and challenged the Company's impairment model. The included consideration of the discounted cash flow forecasts on a shop-by-shop basis and assessing the cash flow forecasts against the historical performance of those shops and against similar national retailers. We also recalculated the impairment model of assess the sensitivity of the key assumptions including growth rate and discount rate; Fixtures and fitting within the premises which had either been closed or were identified by the Company for closure - we |

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| | |
|---|--|
| | <p>critically assessed the Company's identification of assets that were obsolete, using our experience of the Company and review of historical experience, whether such assets have any recoverable value;</p> <ul style="list-style-type: none"> • We have also considered the adequacy of the Company's disclosures about the degree of estimation involved in the determining the amount of impairment and the sensitivity to key assumptions involved. |
| <p>Measurement of Deferred Tax Liabilities</p> | |
| <p>The Company reported net deferred tax liabilities to totaling BDT as at 31,115,128.</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> | <p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the company over the recognition and measurement and the assumptions used in estimating the future taxable income.</p> <ul style="list-style-type: none"> • We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. • We involved our tax expertise to assess key assumptions, controls, recognition and measurement of Taxes. • Finally, assessed the appropriateness and presentation of disclosure against IAS 12 Income Tax. <p>[See note number 13.00 for details]</p> |
| <p>Revenue Recognition</p> | |
| <p>At year end the Company reported total revenue of BDT 74,807,500 comprising with Subcontract Income Tk. 74,807,500.</p> <p>Revenue is measured net of discounts, incentives and rebates earned by customers on the Company's sales.</p> | <p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Calculation of discounts, incentives and rebates; • Segregation of duties in invoice creation and modification; and • Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether |

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| | |
|---|---|
| | <p>revenue was recognized in the correct period;</p> <ul style="list-style-type: none"> • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Finally assessed the appropriateness and presentation of disclosure against relevant accounting standards. <p><i>[See note number 19.00 for details]</i></p> |
| <p>Employee Benefits</p> | |
| <p>(a) Short-term employee benefits, such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:</p> <ul style="list-style-type: none"> (i) wages, salaries and social security contributions; (ii) paid annual leave and paid sick leave; (iii) profit sharing and bonuses; and (iv) non-monetary benefits (such as medical care, housing, cars and free of subsidized goods or services) for current employees; <p>(b) Other long-term employee benefits, such as following:</p> <ul style="list-style-type: none"> (i) long-term paid absences such as long-service leave. (ii) jubilee or other long-service benefits; and (iii) long-term disability benefits; and <p>(c) Termination benefits</p> | <p>The objectives of this standard are to prescribe the accounting and disclosure for employee benefits. The standard requires an entity to recognize;</p> <ul style="list-style-type: none"> (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and (b) an expense when the entity consumes the economic benefit arising from service provided by (c) an employee in exchange for employee benefits. |

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal controls management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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

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



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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.
- 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 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 separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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.



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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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 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 account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the consolidated statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dhaka

Dated: October 28, 2024




AKM Kamrul Islam, FCA
Enrollment No- 0670 (ICAB)
Senior Partner
Islam Aftab Kamrul & Co.
Chartered Accountants
DVC: 2410300670AS435998

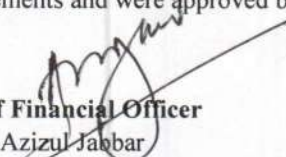


KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.
STATEMENT OF FINANCIAL POSITION
As on June 30, 2024

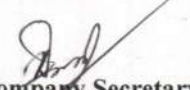
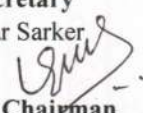
| Particulars | Notes | Amount in Taka | |
|---|-------|----------------------|----------------------|
| | | 30 June 2024 | 30 June 2023 |
| ASSETS: | | | |
| Non -Current Assets (A) | | | |
| Property, Plant and Equipments | 3 | 453,075,270 | 480,944,696 |
| Investment in Share | 4 | 1,050,000 | 1,050,000 |
| Total Non -Currents Assets | | 454,125,270 | 481,994,696 |
| Current Assets (B) | | | |
| Inventories | 5 | 597,579,917 | 597,579,917 |
| Trade and other Receivables | 6 | 107,398,597 | 88,992,129 |
| Advances, Deposits & Pre-Payments | 7 | 12,391,378 | 12,082,529 |
| Cash and Cash Equivalents | 8 | 61,495,709 | 60,199,881 |
| | | 778,865,601 | 758,854,456 |
| Total Assets (A+B) | | 1,232,990,872 | 1,240,849,152 |
| EQUITY AND LIABILITIES: | | | |
| Shareholder's Equity (C) | | | |
| Share Capital | 9 | 980,798,770 | 980,798,770 |
| Revaluation Reserve | 10 | 88,494,066 | 88,647,297 |
| Retained Earnings | 11 | 95,837,257 | 94,821,411 |
| Total shareholders' Equity | | 1,165,130,093 | 1,164,267,479 |
| LONG TERM LIABILITIES (D) | | | |
| Non Current Portion of Long Term Loan | 12 | 9,633,472 | 15,824,894 |
| Deferred Tax Liability | 13 | 31,115,128 | 30,475,749 |
| Total Long Term Liabilities | | 40,748,600 | 46,300,643 |
| Current Liabilities (E) | | | |
| Trade and other Payables | 14 | - | - |
| Current Portion of Long Term Loan | 15 | 8,585,868 | 8,585,868 |
| Accrued Expenses | 16 | 3,571,894 | 5,642,204 |
| Provision for Taxation | 17 | 13,483,886 | 14,580,625 |
| Dividend Payable | 18 | 1,470,530 | 1,472,333 |
| Total Current Liabilities | | 27,112,178 | 30,281,030 |
| Total Shareholder's Equity and Liabilities (C+D+E) | | 1,232,990,872 | 1,240,849,152 |
| Net Asset Value Per Share including Revaluation Surplus | 27 | 11.88 | 11.87 |
| Net Asset Value Per Share excluding Revaluation Surplus | 27 | 10.98 | 10.97 |

These Financial Statements should be read in conjunction with the annexed note No. 1 to 36 which are an integral part of these financial statements and were approved by the board of directors on 28 October 2024 and were signed


Director
Md. Ruhul Kabir Khan


Chief Financial Officer
Azizul Jabbar


Managing Director
Tofayel Kabir Khan


Company Secretary
Tapan Kumar Sarker

Chairman
Mohammed Enamul Kabir Khan

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



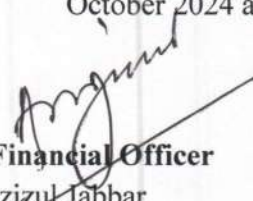

AKM Kamrul Islam, FCA
Enrolment No:- 0670 (ICAB)
Senior Partner
Islam Aftab Kamrul & Co.
Chartered Accountants
DVC: 2410300670AS435998

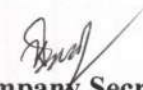
Place: Dhaka
Date: 28 October, 2024

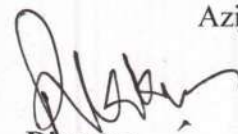
KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.
TATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMI
For the Year ended 30 June, 2024

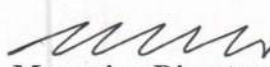
| Particulars | Notes | Amount in Taka | |
|--|-------|-------------------|--------------------|
| | | 30 June 2024 | 30 June 2023 |
| Revenue | | | |
| Turnover/Sub-Contract Revenue | 19 | 74,807,500 | 100,941,193 |
| Less: Cost of Sales/Service | 20 | 58,610,375 | 89,032,245 |
| Gross Profit | | 16,197,125 | 11,908,948 |
| Operating Expenses: | | 12,505,067 | 15,711,445 |
| Administrative Expenses | 21 | 11,034,125 | 13,963,952 |
| Marketing, Selling and Distribution Expenses | 22 | 1,470,942 | 1,747,493 |
| Operating Profit/(Loss) | | 3,692,058 | (3,802,497) |
| Add: Non Operating Income | 25 | 1,207,787 | 1,167,979 |
| Less : Financial Expenses | 23 | 2,494,591 | 2,706,818 |
| Net Income/ (Loss) before Tax | | 2,405,254 | (5,341,336) |
| Provision for Income Tax | 24 | 1,542,639 | 1,007,883 |
| Current Tax | 17 | 903,260 | 897,642 |
| Deferred Tax | 13 | 639,379 | 110,241 |
| Net Profit/ (Loss) after Tax | | 862,615 | (6,349,219) |
| Earnings Per Share | 26 | 0.01 | (0.06) |

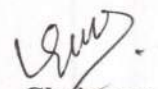
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Chief Financial Officer
Azizul Jabbar


Company Secretary
Tapan Kumar Sarker

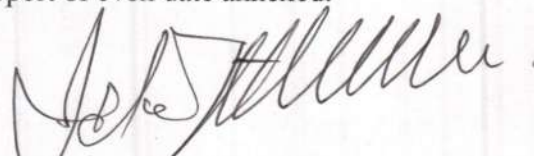

Director
Md. Ruhul Kabir Khan


Managing Director
Tofayel Kabir Khan


Chairman
Mohammed Enamul Kabir Khan

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





AKM Kamrul Islam, FCA
Enrolment No:- 0670 (ICAB)
Senior Partner
Islam Aftab Kamrul & Co.
Chartered Accountants
DVC: 2410300670AS435998

Place: Dhaka
Date: 28 October, 2024

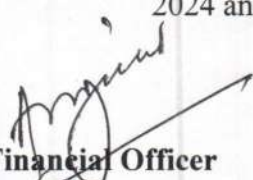
KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.
STATEMENT OF CHANGES IN EQUITY
 For the Year ended 30 June, 2024

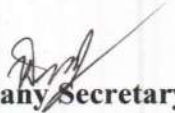
| Particulars | Share Capital | Revaluation Reserve | Retained Earnings | Total |
|------------------------------------|--------------------|---------------------|-------------------|----------------------|
| Balance as on 01 July, 2023 | 980,798,770 | 88,647,297 | 94,821,411 | 1,164,267,479 |
| Net Income for the year | - | - | 862,615 | 862,615 |
| Dividend for the year | - | - | - | - |
| Dep. on Revaluation Surplus | - | (153,231) | 153,231 | - |
| Balance as on 30 June, 2024 | 980,798,770 | 88,494,065 | 95,837,257 | 1,165,130,094 |

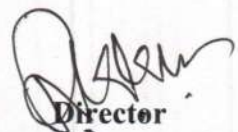
KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.
STATEMENT OF CHANGES IN EQUITY
 For the Year ended 30 June, 2023

| Particulars | Share Capital | Revaluation Reserve | Retained Earnings | Total |
|------------------------------------|--------------------|---------------------|-------------------|----------------------|
| Balance as on 01 July, 2022 | 980,798,770 | 88,815,155 | 101,002,773 | 1,170,616,698 |
| Net Income for the year | - | - | (6,349,219) | (6,349,219) |
| Dividend for the year | - | - | - | - |
| Dep. on Revaluation Surplus | - | (167,858) | 167,858 | - |
| Balance as on 30 June, 2023 | 980,798,770 | 88,647,297 | 94,821,411 | 1,164,267,479 |


These Financial Statements should be read in conjunction with the annexed note No. 1 to 36 which are an integral part of these financial statements and were approved by the board of directors on 28 October 2024 and were signed on its behalf by:


Chief Financial Officer
 Azizul Jabbar


Company Secretary
 Tapan Kumar Sarker


Director
 Md. Ruhul Kabir Khan


Managing Director
 Tofayel Kabir Khan

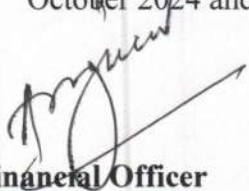

Chairman
 Mohammed Enemul Kabir Khan




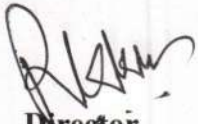
KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.
STATEMENT OF CASH FLOWS
For the Year ended 30 June, 2024

| Particulars | Amount in Taka | |
|--|--------------------|--------------------|
| | 30 June, 2024 | 30 June, 2023 |
| A. Cash Flows from Operating Activities : | | |
| Collection from Turnover | 56,401,032 | 74,349,794 |
| Payment to suppliers and creditors for expenses | (45,625,175) | (73,085,853) |
| Payment for Financial Expenses | (2,494,591) | (2,706,818) |
| Payment for Income Tax | (2,000,000) | - |
| Add: Receipt From Other Sources | 1,207,787 | 1,167,979 |
| Add: Gain/(Loss) on Foreign Currency Fluctuation | - | - |
| Net cash generated from operating activities | 7,489,054 | (274,899) |
| B. Cash flow from Investing Activities: | | |
| Acquisition of Property, Plant & Equipment | - | - |
| Net cash used in Investing Activities | - | - |
| C. Cash flow from Financing Activities: | | |
| Receipts from ordinary shares issued | - | - |
| Payment of Cash Dividend | (1,802) | (232,698) |
| Payment of Unclaimed Dividend to Capital Market Stabilization | - | - |
| Payment of IPO Fund to Capital Market Stabilization Fund | - | - |
| Short term loan Received/(Re-paid) | - | (20,000) |
| Long term loan Received/(Re-paid) | (6,191,422) | (2,769,977) |
| Net cash used in financing activities | (6,193,224) | (3,022,675) |
| D. Increase/ (Decrease) in Cash and Cash Equivalent (A+B+C) | 1,295,829 | (3,297,573) |
| E. Opening Cash and Cash Equivalent | 60,199,880 | 63,497,454 |
| F. Ending Cash and Cash Equivalent (D+E) | 61,495,709 | 60,199,880 |
| Net Operating Cash flows per Shares (NOCFPS) | 0.08 | (0.00) |

These Financial Statements should be read in conjunction with the annexed note No. 1 to 36 which are an integral part of these financial statements and were approved by the board of directors on 28 October 2024 and were signed on its behalf by:

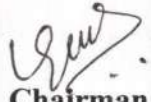

Chief Financial Officer
Azizul Jabbar


Company Secretary
Tapan Kumar Sarker


Director
Md. Ruhul Kabir Khan




Managing Director
Tofayel Kabir Khan


Chairman
Mohammed Enamul Kabir Khan

KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

Notes to the Financial Statements As at and for the year ended June 30, 2024

1.00 Corporate History of the Reporting Entity

1.01 Legal Status of the Entity

Khan Brothers PP Woven Bag Industries Ltd. (The Company) was incorporated in Bangladesh as a Private Limited Company under The Companies Act, 1994 vide Registration No. C-61800(3809)/2006 dated 18 May, 2006 subsequently converted into a public limited company vide special resolution dated 26.10.2011. The company applied for Initial Public Offering and consent has been accorded by Bangladesh Securities and Exchange Commission vide their letter no. SSC/CI/IPO-208/2012/447 dated 24 June 2014. The company is listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and its shares are traded in the regular market.

1.02 Corporate Business

The Company's main business is to manufacture of different types PP Woven Bag, FIBC bag, Jumbo bag, HDPE Bag, LDPE Bag, Liner, Multi-layer Sack Kraft Paper and selling them in local and the international market.

2.00 Basis of preparation, presentation and disclosures of financial statements

2.01 Statement of Compliance

The financial statements have been prepared under historical cost convention on a going concern assumption following accrual basis of accounting in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), The Companies Act 1994 and Securities and Exchange Rules, 1987.

2.02 Other regulatory compliances

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

The Income Tax Act, 2023

The Value Added Tax & Supplementary Duty Act, 2012

The Value Added Tax and Supplementary Duty Rules, 2016

The Customs Act 1969

2.03 Corporate Financial Statements and Reporting

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

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements. The preparation of the financial statements in conformity with the International Accounting Standards (IASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and assets and liabilities at the reporting date. Uncertainty involved in making estimates and actual result reported might differ from those estimates.

2.04 Fundamental Accounting Concepts/ Assumption

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



2.05 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 reasons the directors continue to adopt going concern basis in preparing the financial statements.

2.06 Reporting Period

The period of the financial statements covered the period from July 01, 2023 to June 30, 2024 of the following year.

2.07 Provisions, Contingent Liabilities and Contingent Assets

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

- a. When the company has an obligation (legal or constructive) a sufficient provision supposed to be kept;
- b. When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. Reliable estimates can be made of the amount of the obligation.

2.08 Events after the Reporting Period

In compliance with the requirements of IAS 10: Events After the Reporting Period, post statement of financial position events 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.

2.09 Functional and Presentational (Reporting) Currency

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

Figures in brackets indicated negative balance.

2.10 Comparative Information and Rearrangement Thereof

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

2.11 Principal Accounting Policies

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

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

IAS 1 Presentation of Financial Statements

IAS 2 Inventories

IAS 7 Statement of Cash Flows

IAS 8 Accounting Policies Changes in Accounting Estimate and Errors

IAS 10 Events after the Reporting Period

IAS 12 Income Taxes

IAS 16 Property Plant & Equipment

IFRS 9 Financial Instruments

IAS 19 Employees Benefits



IAS 21 The Effect of Changes in Foreign Exchange Rate
 IAS 23 Borrowing Cost
 IAS 33 Earnings Per Share
 IAS 36 Impairment of Assets
 IAS-37 Provisions, Contingent Liabilities and Contingent Assets,
 IFRS 8 Segment Reporting's
 IFRS 15 Revenue from contract with customers

The other related BFRSs are also complied for the preparation of these financial statements.

2.12 Property, Plant & Equipment (PPE)

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

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

2.13 Revaluation of Property, Plant & Equipment (PPE)

PPE have been stated at revalued amounts in accordance with IAS 16 Property, Plant & Equipment.

i) Effective date of revaluation to the financial Statements 30.06.2010

ii) Land & Land Developments, Building (Factory), Plant & Machinery and Generator & Electric Equipment has been revalued by **G.KIBRIA & CO.** Chartered Accountants, an independent value.

Revaluation surplus of Tk. 97,975,485 has been transferred to Revaluation Reserve and distribution of such surplus to the shareholders is restricted.

2.14 Depreciation

Depreciation on Property, Plant & Equipment other than Land and land development has been computed during the year using the reducing balance method so as to write off the assets over their expected useful life. Depreciation has been charged on additions on the basis of when it is available for use.

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

| Particulars | 30-Jun-24 | 30-Jun-23 |
|----------------------------------|-----------|-----------|
| Land and Land Development | 0% | 0% |
| Building and other Constriction | 5% | 5% |
| Plant and Machinery | 10% | 10% |
| Generator and Electric Equipment | 15% | 15% |
| Motor Vehicle | 20% | 20% |
| Office Decoration and Fittings | 10% | 10% |
| Furniture and Fixture | 10% | 10% |

2.15 Impairment of assets

All assets have been reviewed and it was confirmed that no such assets have been impaired during the year and for this reason no provision has been made for impairment of assets.



2.16 Revenue Recognition

Revenue has been recognized as per IFRS 15: Revenue from contract with customers under 05 (five) step approach of recognizing revenue. According to the core principal of IFRS15, the entity has recognized revenue to the depict transfer of promise goods or service to custom in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchanging for those goods or services.

05 (five) step approach applied are as follows:

- i. Identify the contract
- ii. Identify the separate performance obligation
- iii. Determine the transaction price
- iv. Allocate the price to the performance obligations
- v. Recognize revenue.

2.17 Accrued Expenses and Other Payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services.

2.18 Inventories

Inventories comprise of raw materials, finished yarn, stores, spares & packing materials, store- in – transit and work – in – process. They are stated at the lower of cost and net realizable value in accordance with IAS 2 “Inventories” after making due allowance for any obsolete or slow moving item. The costs of inventories are assigned by using weighted average cost formula. Net realizable value is determined after deducting the estimated cost of completion and/or cost to be incurred for effecting the sale from sales price.

2.19 Income Tax

Provision for Tax

A provision for Taxation @ 0.60% on Turnover due to incurring loss by the company during the year under audit.

Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date. The company has recognized Deferred Tax as per provision of IAS-12 (Income Taxes).

2.20 Statement of Cash Flows

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

2.21 Borrowing Costs

Financial Expenses (Borrowing Costs) incurred during the year was recognized as revenue expenses in accordance with IAS-23 “Borrowing Cost”.

2.22 Foreign currency transactions

The financial statements are presented in Taka/Tk./BDT, which is company's functional currency. Transactions

2.23 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.



2.23.1 Financial Assets

Financial assets of the company include cash and cash equivalents, equity instrument of another entity, trade

Cash and 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 and Cash Equivalents are not restricted in use. Considering the provision of IAS 7 & IAS 1, Cash in Hand & Bank Balances including FDR have been treated as Cash and Cash Equivalents.

Available for Sale of Financial Assets

During the year the company had no financial asset for sale.

Trade and other Receivables

Trade Receivable is measured at fair value without making any provision for doubtful debts, because of the fact that sales / export are based on 100% confirmed letter of credit with fixed maturity date.

2.23.2 Financial liabilities

The company initially recognizes financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. Financial liabilities are recognized initially at fair value less any directly attributable transactions costs. Subsequently to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities include loan and borrowing, trade creditors, liabilities for expenses and liabilities for other finance.

2.24 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:

a) **Short Term Employee Benefits**

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

2.25 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.

During the year the company did not have any transactions with related party other than payment to directors disclosed in note # 31.00 to the financial statements.



2.26 Segment Reporting

No segmental reporting is applicable for the company as required by IFRS 8: "Segment Reporting" as the company operates in a single industry segment. Though the company has some local sale but this is very insignificant as such the geographical territory has also been considered single.

2.27 Earnings Per Share

This has been calculated in compliance with the requirements of IAS 33 Earnings Per Share has been calculated by the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period and retrospective effect has also been given for calculation of previous year earnings as well to confirm the current year presentation.

2.28 Non-operating Income

Non-Operating income includes the interest income of IPO Fund, Interest on FDR and gain/ loss from foreign currency transactions.

2.29 General

- a) The figures appearing in these financial statements are expressed in Taka currency and rounded off to the nearest.
- b) Previous year's figures have been rearranged, where necessary, to confirm to current year's presentation.



| Amount in Taka | |
|----------------|--------------|
| 30 June 2024 | 30 June 2023 |

3.00 Property, Plant and Equipments: Tk. 453,075,270

This includes the written down value as on 30 June, 2023. Break up of the PPE is as follows :

| | | |
|--------------------------------|--------------------|--------------------|
| Land & Land Development | 140,887,199 | 140,887,199 |
| Building & Other Construction | 142,664,719 | 150,173,388 |
| Plant & Machinery | 149,496,762 | 166,107,514 |
| Generator & Electric Equipment | 7,901,547 | 9,295,938 |
| Motor Vehicle | 7,260,390 | 9,075,487 |
| Office Decoration & Fittings | 3,661,705 | 4,068,561 |
| Furniture & Fixture | 1,202,948 | 1,336,609 |
| Total | 453,075,270 | 480,944,696 |

Fixed assets have been physically verified by management as at the balance sheet date.

Details of PPE has been given in Annexure-'A'

The property, plant and equipment of the company has been pledged as security against loan with Jamuna Bank Ltd, Shantinagar Branch, Dhaka.

4.00 Investment in Share: Tk. 1,050,000

This includes the investment made in shares of associate companies under Khan Brothers Group as following:

| | | | |
|--|---------------|------------------|------------------|
| Khan Brothers Knitwear Industries Ltd. | 10,000 Shares | 1,000,000 | 1,000,000 |
| Khan Brothers Group of Industries Ltd. | 500 Shares | 50,000 | 50,000 |
| Total | | 1,050,000 | 1,050,000 |

This represents the face value of shares held by Khan Brothers PP Woven Bag Industries Ltd.

5.00 Inventories Tk. 597,579,917

Break-up of this item is as follows:

| | | |
|-----------------|--------------------|--------------------|
| Finished Goods | 44,145,422 | 44,145,422 |
| Raw Materials | 553,314,755 | 553,314,755 |
| Store Materials | 119,740 | 119,740 |
| Total | 597,579,917 | 597,579,917 |

The above Inventories are as per physical counting made by the inventory team of management staff, valued and certified by management. Inventories in hand have been valued at lower of cost and net realizable value as per IAS-2. All Inventories are hypothecated against financial facilities enjoying form banks and imported under bonded facilities.

6.00 Trade and other Receivables: Tk. 107,398,597

Break-up of this item is as follows:

| | | |
|-----------------------------------|--------------------|-------------------|
| Export Bills Receivable | 62,212,203 | 62,212,203 |
| Khan Brothers Bag Industries Ltd. | 45,186,394 | 26,779,926 |
| Total | 107,398,597 | 88,992,129 |

These are considered good.

6.01 Ageing of Receivables: Tk. 107,398,597

Dues up to 60 days

Dues Over 60 days

| | | |
|--------------------|--------------------|-------------------|
| Dues up to 60 days | 45,186,394 | 26,779,926 |
| Dues Over 60 days | 62,212,203 | 62,212,203 |
| Total | 107,398,597 | 88,992,129 |

6.02 The classification of receivables as required by the schedule XI of the Companies Act, 1994 are given below:

Receivable considered good in respect of which the company is fully secured.

Receivable considered good in respect of which the company holds no security other than the debtor personal security.

Receivables considered doubtful bad.

| | | |
|---|--------------------|-------------------|
| Receivable considered good in respect of which the company is fully secured. | 107,398,597 | 88,992,129 |
| Receivable considered good in respect of which the company holds no security other than the debtor personal security. | - | - |
| Receivables considered doubtful bad. | - | - |
| Total | 107,398,597 | 88,992,129 |

7.00 Advances, Deposits & Pre-Payments: Tk. 12,391,378

This consist of the following:

| | | |
|--------------------------|-------------------|-------------------|
| T & T Phone | 8,000 | 8,000 |
| Titas Gas | 448,900 | 448,900 |
| Pallibidyut | 240,600 | 240,600 |
| Advance Income Tax | 11,136,378 | 10,790,029 |
| CDBL-Security deposit | 500,000 | 500,000 |
| Advance against Purchase | - | - |
| Salary Advance | 57,500 | 95,000 |
| Total | 12,391,378 | 12,082,529 |

Note- 7.01

7.01 Advance Income Tax Tk. 11,136,378

This consist of the following:

| | | |
|---|-------------------|-------------------|
| Opening Balance | 10,790,029 | 10,566,189 |
| Advance Tax on other Income (Interest Income) | 136 | - |
| Advance Tax on FDR Interest Income & others | 346,213 | 223,840 |
| Total | 11,136,378 | 10,790,029 |

7.02 Disclosures as per Schedule-XI, Part-I of the Companies Act, 1994

Advance, Deposit & Pre-payments exceeding 6 Months and considered good and secured

Advance, deposit & Pre-payments considered good without security

Advance, deposit and pre-payments due by directors or others officers

| | | |
|--|-------------------|-------------------|
| Advance, Deposit & Pre-payments exceeding 6 Months and considered good and secured | 12,333,878 | 11,987,529 |
| Advance, deposit & Pre-payments considered good without security | - | - |
| Advance, deposit and pre-payments due by directors or others officers | 57,500 | 95,000 |
| Total | 12,391,378 | 12,082,529 |



| | 30 June 2024 | 30 June 2022 |
|---|-------------------|-------------------|
| 8.00 Cash and Cash Equivalents: Tk. 61,495,709 | | |
| This consist of the following balances: | | |
| Cash in hand | 2,205,752 | 1,745,350 |
| Cash at Banks: | | |
| Mutual Trust Bank Ltd.-CD-11251 | - | 8,168 |
| Mutual Trust Bank Ltd.-STD-2508 | - | 9,034 |
| Mutual Trust Bank Ltd.-CD-0002-0210029939 | 1,452,085 | 1,457,577 |
| FDR (Mutual Trust Bank Ltd.) | 25,770,047 | 24,980,878 |
| FDR (Jamuna Bank Ltd.) | 2,067,825 | 1,998,874 |
| FDR (People's Leasing And Financial Services Ltd.) | 30,000,000 | 30,000,000 |
| Total | 59,289,957 | 58,454,531 |
| | 61,495,709 | 60,199,881 |

| | | |
|--|--------------------|--------------------|
| 9.00 Share Capital: Tk. 980,798,770 | | |
| This represents the followings: | | |
| Authorized Capital: | | |
| 150,000,000 ordinary Shares of tk 10/= each | 1,500,000,000 | 1,500,000,000 |
| Issued Subscribed and Paid up Capital: | | |
| This amount consists as follows: | | |
| 6,35,00,000 Ordinary shares of Taka 10/- each, fully paid up in cash | 635,000,000 | 635,000,000 |
| 34,579,877 Ordinary Shares Issued as Bonus (Note: 09.01) | 345,798,770 | 345,798,770 |
| Total | 980,798,770 | 980,798,770 |

| | | |
|---|--------------------|--------------------|
| 9.01 Bonus share Capital Tk. 345,798,770 | | |
| Opening Balance | | |
| 34,579,877 Ordinary Shares Issued as Bonus | 345,798,770 | 345,798,770 |
| Total | 345,798,770 | 345,798,770 |

9.02 The position of shareholders as on 30 June 2024 is as follows:

| Particulars of Investors | Number of Investors | Number of Shares | Percentage of Share Holding 2023-2024 | Percentage of Share Holding 2022-2023 |
|------------------------------|---------------------|-------------------|---------------------------------------|---------------------------------------|
| Sponsor | 5 | 29,549,807 | 30.13% | 30.13% |
| Directors other than Sponsor | - | - | - | - |
| General Public | 1,888 | 60,168,354 | 61.35% | 31.85% |
| Investor's A/c | - | - | - | - |
| Institutes | 32 | 8,361,716 | 8.53% | 38.02% |
| Total | 1,925 | 98,079,877 | 100% | 100% |

9.03 Classification of Shareholders by Holding :

| Holdings | Numbers of Holders | | Shareholdings % | |
|----------------------|--------------------|--------------|-----------------|--------------|
| | 30 June 2024 | 30 June 2023 | 30 June 2024 | 30 June 2023 |
| Less than 500 Shares | 1,025 | 2,167 | 0.12% | 0.50% |
| 501 to 5,000 | 687 | 3,775 | 0.98% | 6.42% |
| 5,001 to 10,000 | 67 | 522 | 0.51% | 4.09% |
| 10,001 to 20,000 | 32 | 290 | 0.46% | 4.32% |
| 20,001 to 30,000 | 12 | 131 | 0.31% | 3.33% |
| 30,001 to 40,000 | 8 | 58 | 0.27% | 2.08% |
| 40,001 to 50,000 | 15 | 42 | 0.68% | 1.96% |
| 50,001 to 100,000 | 13 | 84 | 0.97% | 6.13% |
| 100,001 to 1,000,000 | 38 | 70 | 16.70% | 17.19% |
| Over 1,000,000 | 28 | 10 | 79.00% | 53.98% |
| Total | 1,925 | 7,149 | 100% | 100% |

9.04 Market Price:

The shares of the company are listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Quoted market price was Tk. 98.90 at Dhaka Stock Exchange Limited and Tk. 110.90 at Chittagong Stock Exchange Limited as on 30 June 2024.

10.00 Revaluation Reserve: Tk. 88,494,066

This is made up as follows:

| | | |
|--|-------------------|-------------------|
| Opening balance | 88,647,297 | 88,815,155 |
| Dep. On Revaluation Surplus (Net off Deferred Tax) | (153,231) | (167,858) |
| Total | 88,494,066 | 88,647,297 |

11.00 Retained Earnings Tk. 95,837,257

This is made up as follows:

| | | |
|--|-------------------|-------------------|
| Opening Balance | 94,821,411 | 101,002,773 |
| Net Income/ (Loss) for the year | 862,615 | (6,349,219) |
| Dividend for the year | - | - |
| Depreciation on Revaluation Surplus (Net off Deferred Tax) | 153,231 | 167,858 |
| Closing Balance | 95,837,257 | 94,821,411 |

Note:11.01

11.01 Depreciation on Revaluation Surplus (Net off Deferred Tax)

| | | |
|--|----------------|----------------|
| Excess Depreciation of Revaluation Reserve | 180,272 | 197,480 |
| Less: Deferred Tax (15%) | 27,041 | 29,622 |
| Total | 153,231 | 167,858 |



12.00 Non Current Portion of Long Term Loan: Tk.

This is made up as follows:

MTBL A/C No: 21113002819 Total Term Loan
Less: Current portion of Long term Loan
Non Current Portion of Long Term Loan

| | |
|------------------|-------------------|
| 18,219,340 | 24,410,762 |
| 8,585,868 | 8,585,868 |
| 9,633,472 | 15,824,894 |

This represent loan from Mutual Trust Bank Ltd. against import pf machinery which is repayble within three years. The loan is secured against hypothecation of machinery. Balance of Term Loan Secured Tk. 18,219,340 has been allocated as Non Current Portion Tk. 9,633,472 & Current Portion Tk. 8,585,868 which has been shown under note no: 15.

13.00 Deferred Tax Liability Tk. 31,115,128

This has been arrived as under:

A. Temporary difference:

Carrying Amount of PPE

Tax Base Value of PPE

Taxable Timing Differences

Tax rate (25%)

Deferred Tax Liabilities Closing Balance (A)

Less: Opening balance of Deferred Tax Liabilities

Deferred Tax Expenses (C)

B. Revaluation:

Carrying value of land

Other than Land

Tax rate:

Land

Other than Land

Closing Deferred Tax Liabilities: (B)

Land

Other than Land (After adjustment of Deferred tax)

Less: Opening Deferred Tax Liabilities:

Land

Other than Land

Deferred Tax Income/ Expense (D)

Deferred Tax Liabilities at the end of the year (A+B)

Total Deferred Tax Income/Expense (C+D)

| | | |
|-------------|--------------------|--------------------|
| | 312,188,071 | 340,057,497 |
| | 103,517,570 | 128,721,317 |
| | 208,670,501 | 211,336,181 |
| | 25.00% | 25.00% |
| Note- 13.01 | 27,771,286 | 27,104,866 |
| | 27,104,866 | 26,965,003 |
| | 666,420 | 139,863 |
| | 99,430,849 | 99,430,849 |
| | 10,128,463 | 10,128,463 |
| | 2% | 2% |
| | 15% | 15% |
| | 3,343,842 | 3,370,883 |
| | 1,988,617 | 1,988,617 |
| | 1,355,225 | 1,382,266 |
| | 3,370,883 | 3,400,505 |
| | 1,988,617 | 1,988,617 |
| | 1,382,266 | 1,411,888 |
| | 27,041 | 29,622 |
| | 31,115,128 | 30,475,749 |
| | 639,379 | 110,241 |

The company has recognised deferred tax in accordance with the International Accounting Standard 12 (IAS). Deferred tax is provided using the liability method for temporary difference between the carrying value of fixed assets as per accounts and the corresponding income tax written down value. Deferred tax is calculated at the effective Income Tax rate Prevailing at balance sheet date. The company has recognised Deferred Tax on revaluation reserve from land as per provision of IAS-12 (Income Taxes).

13.01 Calculation of Deferred Tax

| Particulars | Carrying amount | Tax base | Taxable Differences | DTL/(DTA) Upto 30.06.2023 | Deferred Tax Expenses/(Income) for the year | DTL/(DTA) as on 30.06.2024 |
|---------------------------------|--------------------|--------------------|---------------------|---------------------------|---|----------------------------|
| Building & Others Construction | 142,664,719 | 32,598,167 | 110,066,552 | 14,515,319 | (160,218) | 14,355,100 |
| Plant & Machinery | 149,496,762 | 54,328,458 | 95,168,304 | 12,179,143 | 757,159 | 12,936,303 |
| Generator & Electric Equipemnts | 7,901,547 | 4,465,903 | 3,435,645 | 410,404 | 69,479 | 479,883 |
| Motor Vehicle | 7,260,390 | 7,260,390 | - | - | - | - |
| Office Decoration & Fittings | 3,661,705 | 3,661,705 | - | - | - | - |
| Furniture & Fixture | 1,202,948 | 1,202,948 | - | - | - | - |
| Total | 312,188,071 | 103,517,570 | 208,670,501 | 27,104,866 | 666,420 | 27,771,286 |

14.00 Trade and other Payables: Tk. 0

This is made up as follows:

Bills Payable

| | | |
|-------------|---|---|
| Note- 14.01 | - | - |
| | - | - |

Total

14.01 Bills Payable: Tk. 0

This is made up as follows:

Desh Electric Co.

Janata Machinery

Total

| | | |
|--|---|---|
| | - | - |
| | - | - |
| | - | - |

15.00 Current Portion of Long Term Loan: Tk. 8,585,868

This is made up as follows:

MTBL A/C No: 21113002819 Total Term Loan

Less: Non Current Portion of Long Term Loan

Current portion of long term loan

| | |
|------------------|------------------|
| 18,219,340 | 24,410,762 |
| 9,633,472 | 15,824,894 |
| 8,585,868 | 8,585,868 |

Balance of Term Loan (Secured) Tk. 18,219,340 has been allocated as Non Current Portion Tk. 9,633,472 shown under Note no: 12 & Current portion Tk. 8,585,868

16.00 Accrued Expenses Tk. 3,571,894

This is made up as follows:

Factory Electricity Bill

Factory Gas Bill

Audit Fee Payable

Annual Listing fee payable

CDBL Fees Payable

Telephone Bill

Internet Bill

Office Electricity, Wasa & Others

Salary and Allowance

Wages & salary

Total

| | |
|------------------|------------------|
| 132,596 | 60,797 |
| 135,446 | 263,477 |
| 575,000 | 172,500 |
| 980,798 | 980,798 |
| 106,000 | 106,000 |
| 1,775 | 1,975 |
| 2,400 | 12,650 |
| 34,795 | 97,456 |
| 273,825 | 275,300 |
| 1,329,260 | 3,671,251 |
| 3,571,894 | 5,642,204 |



17.00 Provision for Tax: Tk. 13,483,886

This has been arrived as under:

| | | |
|--|-------------------|-------------------|
| Opening Balance | 14,580,625 | 13,682,984 |
| Provision during the year: | | |
| Tax charge during the period | 601,314 | 605,647 |
| Tax charge during the period on Non Operating Income | 301,947 | 291,995 |
| | 903,260 | 897,642 |
| Less :Adjusted/ Payment during the period: | | |
| Payment | 2,000,000 | - |
| | 2,000,000 | - |
| Closing Balance | 13,483,886 | 14,580,625 |

18.00 Dividend Payable : Tk. 1,470,530

Dividend-2020
Dividend-2022 (Interim)

Total

| Opening Payable | Paid during the Period | Balance on'30 June 2024 | Balance on'30 June 2023 |
|------------------|------------------------|-------------------------|-------------------------|
| 1,092,664 | - | 1,092,664 | 1,092,664 |
| 379,668 | 1,802 | 377,866 | 379,668 |
| 1,472,333 | 1,802 | 1,470,530 | 1,472,333 |

19.00 Turnover: Tk. 74,807,500

The above Turnover comprises with the following:

| | | |
|----------------------|-------------------|--------------------|
| Export | - | - |
| Local Sales | - | - |
| Sub-Contract Revenue | 74,807,500 | 100,941,193 |
| Total | 74,807,500 | 100,941,193 |

*As per Sub-Contract agreement executed between Khan Brothers PP Woven Bag Ind. Ltd. & Khan Brothers Bag Ind. Ltd. on 22nd June,2021 as per Board Resolution dated 17th June, 2021

20.00 Cost of Sales/Service: Tk. 58,610,375

This has been arrived as under:

| | | |
|---|------------------------|--------------------|
| Opening Work-in-Process | - | - |
| Raw materials consumed | - | - |
| Wages & Salaries | Note- 20.02 19,100,785 | 44,152,456 |
| Manufacturing overhead | Note- 20.03 39,509,590 | 44,879,789 |
| Less: Closing Work-in-Process | - | - |
| Cost of Production/Services | 58,610,375 | 89,032,245 |
| Opening stock of Finished Goods | 44,145,422 | 44,145,422 |
| Cost of Goods Available for Sale/Service | 102,755,797 | 133,177,667 |
| Closing stock of Finished Goods | (44,145,422) | (44,145,422) |
| Cost of Sales/Service | 58,610,375 | 89,032,245 |

20.01 Raw Materials Consumed: Tk. 0

This is made up as follows:

| | | |
|---|---------------------------|--------------------|
| Opening Stock | Note- 20.04 553,314,755 | 553,314,755 |
| Add: Purchase during the Year | Note- 20.05 - | - |
| | 553,314,755 | 553,314,755 |
| Less: Closing Stock | Note- 20.06 (553,314,755) | (553,314,755) |
| Raw Materials Consumed during the year | - | - |

20.02 Wages & Salaries: Tk. 19,100,785

This consists of the following:

| | | |
|----------------|-------------------|-------------------|
| Wages & Salary | 19,100,785 | 44,152,456 |
| Total | 19,100,785 | 44,152,456 |

20.03 Manufacturing Overhead: Tk. 39,509,590

This consists of the following:

| | | |
|---------------------------|-------------------|-------------------|
| Workers Food Allowance | 954,992 | 1,152,453 |
| Electricity Bill | 1,128,689 | 837,557 |
| Gas Bill | 2,597,164 | 2,548,876 |
| Diesel for Generator | 1,153,825 | 685,540 |
| Spare Parts | 1,166,329 | 1,540,304 |
| Factory Maintenance | 878,778 | 1,685,142 |
| Machinery Maintenance | 981,460 | 2,044,745 |
| Electric Materials | 1,013,946 | 1,802,748 |
| Daily Labor | 1,601,332 | 1,278,452 |
| Worker Transport Expenses | 1,388,402 | 1,591,552 |
| Medical Expenses | 205,449 | 437,450 |
| Hardware Materials | 925,413 | 1,274,257 |
| Depreciation | 25,513,812 | 28,000,713 |
| Total | 39,509,590 | 44,879,789 |



20.04 Opening Stock of Raw Materials: Tk. 553,314,755

Item wise break up of stock have been given below;

| Particulars | Qty/Pcs/Lot | Unit | Unit Price | Total (Tk.) |
|------------------------------|-------------|------|------------|--------------------|
| PP Yarn Grade | 64,598 | Pcs | 3,893 | 251,504,654 |
| CaCo3 | 11,584 | Pcs | 1,595 | 18,475,702 |
| HDPE | 24,200 | Pcs | 3,303 | 79,931,177 |
| LDPE | 18,320 | Pcs | 3,946 | 72,285,881 |
| LLDPE | 16,656 | Pcs | 3,748 | 62,422,821 |
| Omagh CaCo3 | 1,932 | Pcs | 2,215 | 4,279,700 |
| Master Batch(White) | 1,862 | Pcs | 3,803 | 7,080,717 |
| Master Batch(Red) | 912 | Pcs | 4,430 | 4,040,160 |
| Master Batch(Blue) | 400 | Pcs | 4,250 | 1,700,000 |
| Master Batch(Beige) | 1,030 | Pcs | 4,280 | 4,408,400 |
| Master Batch(Yellow) | 286 | Pcs | 4,150 | 1,186,900 |
| Master Batch(Green) | 1,450 | Pcs | 4,320 | 6,264,000 |
| Master Batch(Orange) | 1,242 | Pcs | 4,225 | 5,247,450 |
| PP Lamination | 4,604 | Pcs | 4,220 | 19,428,880 |
| Sweing Thread | 10,272 | Kg | 198 | 2,031,829 |
| Poly Tape | 1,204 | Roll | 355 | 427,420 |
| PP Clip | 1,053 | Pkt | 75 | 78,975 |
| Printing Ink | 6,951 | Kg | 308 | 2,138,555 |
| Sweing Oil | 719 | Ltr | 175 | 125,825 |
| Gear Oil | 652 | Ltr | 181 | 118,012 |
| Mobil | 2,373 | Ltr | 76 | 180,084 |
| Diamond Gum | 200 | Kg | 221 | 44,200 |
| Retader | 3,376 | Ltr | 136 | 459,136 |
| Exetiter | 240 | Ltr | 126 | 30,240 |
| Adhesive Tape(Both side) -2" | 390 | Roll | 45 | 17,550 |
| Solvent/Thiner | 25,304 | Ltr | 189 | 4,791,976 |
| Hydrolic Oil | 476 | Ltr | 155 | 73,780 |
| Compassor Oil | 67 | Ltr | 165 | 11,055 |
| Nalco-2000 | 57 | Kg | 709 | 40,412 |
| Greeze | 15 | Kg | 107 | 1,617 |
| Adhesive Gum(Glue) | 3,151 | Kg | 29 | 91,379 |
| Adhesive Tape-2" | 51 | Roll | 48 | 2,440 |
| Krapt Paper | 66,573 | Kg | 66 | 4,393,830 |
| Total | | | | 553,314,755 |

20.05 Purchase Raw Materials: Tk. 0

Item wise break up of purchase have been given below;

| Particulars | Qty/Pcs/Lot | Unit | Unit Price | Total (Tk.) |
|--------------|-------------|------|------------|-------------|
| Total | | | | - |

20.06 Closing Stock of Raw Materials: Tk. 553,314,755

| Particulars | Qty/Pcs/Lot | Unit | Unit Price | Total (Tk.) |
|------------------------------|-------------|------|------------|--------------------|
| PP Yarn Grade | 64,598 | Pcs | 3,893 | 251,504,654 |
| CaCo3 | 11,584 | Pcs | 1,595 | 18,475,702 |
| HDPE | 24,200 | Pcs | 3,303 | 79,931,177 |
| LDPE | 18,320 | Pcs | 3,946 | 72,285,881 |
| LLDPE | 16,656 | Pcs | 3,748 | 62,422,821 |
| Omagh CaCo3 | 1,932 | Pcs | 2,215 | 4,279,700 |
| Master Batch(White) | 1,862 | Pcs | 3,803 | 7,080,717 |
| Master Batch(Red) | 912 | Pcs | 4,430 | 4,040,160 |
| Master Batch(Blue) | 400 | Pcs | 4,250 | 1,700,000 |
| Master Batch(Beige) | 1,030 | Pcs | 4,280 | 4,408,400 |
| Master Batch(Yellow) | 286 | Pcs | 4,150 | 1,186,900 |
| Master Batch(Green) | 1,450 | Pcs | 4,320 | 6,264,000 |
| Master Batch(Orange) | 1,242 | Pcs | 4,225 | 5,247,450 |
| PP Lamination | 4,604 | Pcs | 4,220 | 19,428,880 |
| Sweing Thread | 10,272 | Kg | 198 | 2,031,829 |
| Poly Tape | 1,204 | Roll | 355 | 427,420 |
| PP Clip | 1,053 | Pkt | 75 | 78,975 |
| Printing Ink | 6,951 | Kg | 308 | 2,138,555 |
| Sweing Oil | 719 | Ltr | 175 | 125,825 |
| Gear Oil | 652 | Ltr | 181 | 118,012 |
| Mobil | 2,373 | Ltr | 76 | 180,084 |
| Diamond Gum | 200 | Kg | 221 | 44,200 |
| Retader | 3,376 | Ltr | 136 | 459,136 |
| Exetiter | 240 | Ltr | 126 | 30,240 |
| Adhesive Tape(Both side) -2" | 390 | Roll | 45 | 17,550 |
| Solvent/Thiner | 25,304 | Ltr | 189 | 4,791,976 |
| Hydrolic Oil | 476 | Ltr | 155 | 73,780 |
| Compassor Oil | 67 | Ltr | 165 | 11,055 |
| Nalco-2000 | 57 | Kg | 709 | 40,412 |
| Greeze | 15 | Kg | 107 | 1,617 |
| Adhesive Gum(Glue) | 3,151 | Kg | 29 | 91,379 |
| Adhesive Tape-2" | 51 | Roll | 48 | 2,440 |
| Krapt Paper | 66,573 | Kg | 66 | 4,393,830 |
| Total | | | | 553,314,755 |



20.07 Closing Stock of Finished Goods : Tk. 44,145,420:

| Size Of Bag | Qty/Pcs/Lot | Unit | Unit Price | Total (Tk.) |
|--------------|-------------|------|------------|-------------------|
| 20"*38" | 775,193 | Bag | 32.25 | 24,999,976 |
| 22"*38" | 536,287 | Bag | 35.70 | 19,145,444 |
| Total | | | | 44,145,422 |

21.00 Administrative Expenses: Tk. 11,034,125

This consists of the following:

| | | |
|--|-------------------|-------------------|
| AGM Expenses | - | 56,400 |
| Salary and Allowances | 2,460,000 | 2,460,000 |
| Directors Meeting Allowances | 43,800 | 43,800 |
| Donation & Subscription | 90,450 | 149,935 |
| Entertainment | 460,592 | 1,117,452 |
| Fuel & Lubricant | 469,315 | 609,455 |
| Listing Fee | 980,798 | 980,798 |
| CDBL Fee | 106,000 | 106,000 |
| Traveling & Conveyance | 526,426 | 843,012 |
| Office Electricity, Wasa and Others Bill | 759,451 | 973,456 |
| Office Maintenance | 493,023 | 728,365 |
| Printing & Stationery | 534,605 | 1,147,143 |
| Postage & Telegram | 6,025 | 7,805 |
| Registration & Renewals | 34,500 | 168,902 |
| Telephone Bill | 23,745 | 23,735 |
| Mobile Bill | 169,200 | 169,200 |
| Internet Bill | 28,800 | 151,800 |
| Audit Fees | 575,000 | 172,500 |
| Vehicle Maintenance | 800,204 | 991,478 |
| Newspaper & Periodicals | 9,213 | 9,960 |
| Other Expenses | 148,335 | 234,525 |
| Depreciation | 2,314,643 | 2,818,231 |
| Total | 11,034,125 | 13,963,952 |

Note: 21.01

21.01 Directors Meeting Allowances Tk.43,800

| Name | Designation | | |
|----------------------------|----------------------|---------------|---------------|
| Tofayel Kabir Khan | Managing Director | 9,000 | 9,000 |
| Mohammed Enamul Kabir Khan | Chairman | 9,000 | 9,000 |
| Md. Ruhul Kabir Khan | Director | 7,200 | 7,200 |
| Hazrat Ali | Director | 5,400 | 5,400 |
| Md. Zakirul Kabir Khan | Nominee Director | - | - |
| Mrs. Jarin Kabir Khan | Nominee Director | 7,200 | 7,200 |
| Bahalul Kabir | Independent Director | 6,000 | 6,000 |
| Md. Shahid Ullah | Independent Director | - | - |
| Total | | 43,800 | 43,800 |

(a) No compensation was made to the Managing Director of the company except as stated above.

(b) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.

22.00 Marketing, Selling & Distribution Expenses: Tk. 1,470,942

This consists of the following:

| | | |
|---------------------|------------------|------------------|
| Fuel & Lubricants | 568,620 | 685,004 |
| Salary & Allowances | 825,900 | 912,609 |
| Toll Expenses | 35,450 | 98,665 |
| Depreciation | 40,972 | 51,215 |
| Total | 1,470,942 | 1,747,493 |

23.00 Financial Expenses: Tk. 2,494,591

This consists of the following:

| | | |
|--------------------------|------------------|------------------|
| Bank Charges & Others | 47,513 | 12,645 |
| Interest on Term Loan | 2,429,078 | 2,625,023 |
| Excise Duty FDR & TDR | 3,000 | 54,150 |
| Excise Duty on Term Loan | 15,000 | 15,000 |
| Total | 2,494,591 | 2,706,818 |

24.00 Income Tax Expenses: Tk. 1,542,639

This has been arrived as under:

Current Tax :

- Tax on Turnover/Revenue (2,405,254*25%)
- Tax on Non Operating Income: (1,207,787*25%)

2. Tax on Profit:

Which one is higher

Deferred Tax :

Income tax expenses

25.00 Non Operating Income : Tk. 1,207,787

This consists of the following:

| | | |
|---|------------------|------------------|
| Interest on IPO Subscription Fund | 454 | - |
| Gain/(Loss) on Foreign Currency Fluctuation | - | - |
| Interest on FDR fund | 1,207,333 | 1,167,979 |
| Total | 1,207,787 | 1,167,979 |

Note- 13.00



26.00 Earnings Per Share: Tk. 0.01

This has been calculated in compliance with the requirements of IAS 33 Earning per share is the basic earning dividing by the weighted average number of ordinary shares outstanding the end of the year.

Earnings Per Share

| | | |
|---|-------------|---------------|
| Net Income after tax | 862,615 | (6,349,219) |
| Weighted average no. of ordinary Shares | 98,079,877 | 98,079,877 |
| | 0.01 | (0.06) |

27.00 Net Asset Value Per Share (NAVPS)

| | | |
|--|----------------------|----------------------|
| Total Assets | 1,232,990,872 | 1,240,849,152 |
| Current Liabilities+Long Term Liabilities | 67,860,778 | 76,581,673 |
| Net Assets Value(NAV) including Revaluation surplus | 1,165,130,093 | 1,164,267,479 |
| Number of ordinary shares outstanding | 98,079,877 | 98,079,877 |
| Net Assets Value(NAV) Per Share including Revaluation surplus | 11.88 | 11.87 |
| Net Assets Value(NAV) excluding Revaluation surplus | 1,076,636,027 | 1,075,620,182 |
| Net Assets Value(NAV) Per Share excluding Revaluation surplus | 10.98 | 10.97 |

28.00 Net Operating Cash flows per Shares (NOCFPS)

| | | |
|---|-------------|---------------|
| Cash inflow/ (outflow) per share | 0.08 | (0.00) |
| The composition of cash inflow/(outflow) value per share is given below | | |
| Operating cash flow during the year | 7,489,054 | (274,899) |
| Number of ordinary shares | 98,079,877 | 98,079,877 |
| | 0.08 | (0.00) |

29.00 Capacity and Capacity Utilization

| | | |
|--|-----------------|-------------|
| Installed Capacity | Actual Capacity | Utilization |
| 8.70 Crore Pieces of Different types of Bags | 6.95 Crore | 30% |

30.00 Reconciliation of Net Cash Flows From Operating Activities

| | | |
|---|------------------|--------------------|
| Net Profit after Tax | 862,615 | (6,349,219) |
| Add: Depreciation | 27,869,426 | 30,870,159 |
| Add:Deferred Tax | 639,379 | 110,241 |
| Add: Increase/Decrease of Current Assets | (18,715,317) | (26,759,223) |
| Less: Decrease of Current Liabilities | (3,167,050) | 1,853,144 |
| Net Cash Flows From Operating Activities | 7,489,054 | (274,899) |

31.00 Related Party Transaction:

The company has carried on transactions with related parties in the normal course of business. The name of related parties and nature of transactions have been presented in accordance with the provision of IAS 24 Related Party Disclosures.

| Name of the related Parties | Relationship | Nature of Transaction | Opening Balance | Dr. Balance | Cr. Balance | Closing Balance |
|-----------------------------------|----------------|-----------------------|-----------------|-------------|-------------|-----------------|
| Khan Brothers Bag Industries Ltd. | Sister Concern | Accounts Receivables | 26,779,926 | 93,213,968 | 74,807,500 | 45,186,394 |
| Khan Brothers Bag Industries Ltd. | Sister Concern | Sub-Contract Revenue | - | 74,807,500 | 74,807,500 | |
| Khan Brothers Bag Industries Ltd. | Sister Concern | Factory Overhead | | 39,509,590 | 39,509,590 | - |
| Khan Brothers Bag Industries Ltd. | Sister Concern | Wages & Salaries | | 19,100,785 | 19,100,785 | - |
| Khan Brothers Bag Industries Ltd. | Sister Concern | Operating Exp. | | 12,505,067 | 12,505,067 | - |

32.00 General:

Initial Public Offering

The company applied for initial public offering for 2,00,00,000 ordinary shares @ Tk.10.00 per share and consent from Bangladesh Securities Exchange Commission has been accorded vide their letter no. SEC/CI/IPO-208/2012/447 Dated 24 June 2014. Subscription closed on 6 September 2014 and allotment made observing due formalities.

32.01 Capital Expenditure Commitment

There was no commitment for capital expenditure contracted or provided as on 30.06.2024.

32.02 Claims not Acknowledged

There is no claim against the Company acknowledged as debt as on 30.06.2024

32.03 Directors Responsibility Statements

The Board of Directors taken the responsibility for the preparation and presentation of these financial statements.

32.04 Employee Details:

- During the year there were 437 employees employed for the full year and 147 employees less than the full year at a remuneration of Taka 9,000 per month and above.
- At the end of the period, there were 584 employees in the company.
- Each employees received salaries more than Tk. 8,000 per month



33.00 Event after the reporting period

Following events occurred since the balance sheet date:

- (a) The board of directors recommended 1% Cash dividend at the Board meeting held on for the year ended June 30, 2024. This is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.
- (b) Except for the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

34.00 Financial Risk Management

The management of company has overall 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 2024 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 equivalent 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.

35.00 Authorization for issue

The financial statements were authorized for issue by the Board of Directors of the company on October 28, 2024.

36.00 Re-arrangement in Presentation

Last year figures have been re-arranged where necessary to conform with the current years presentation.



Khan Brothers PP Woven Bag Industries Ltd.
KBG Tower (8th & 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219
Schedule of Property, Plant and Equipment (Cost Value)
For the Year ended June 30, 2024

| Particulars | COST | | Rate of Dep. | As at 01.07.2023 | DEPRECIATION | | Written down value as at 30.06.2024 |
|---------------------------------|--------------------|--------------------------|--------------|--------------------|------------------------------|--------------------------|-------------------------------------|
| | As at 01.07.2023 | Addition During the year | | | Total value As at 30.06.2024 | Addition During the year | |
| Land & Land Development | 53,040,177 | - | 0% | - | - | - | 53,040,177 |
| Building & Other Construction | 241,736,451 | - | 5% | 93,150,958 | 7,429,275 | 100,580,232 | 141,156,219 |
| Plant & Machinery | 454,858,123 | - | 10% | 289,995,009 | 16,486,311 | 306,481,320 | 148,376,803 |
| Generator & Electric Equipment | 55,642,469 | - | 15% | 46,605,220 | 1,355,587 | 47,960,808 | 7,681,661 |
| Motor Vehicle | 31,722,303 | - | 20% | 22,646,816 | 1,815,097 | 24,461,913 | 7,260,390 |
| Office Decoration & Fittings | 10,922,885 | - | 10% | 6,854,323 | 406,856 | 7,261,180 | 3,661,705 |
| Furniture & Fixture | 4,869,065 | - | 10% | 3,532,456 | 133,661 | 3,666,117 | 1,202,948 |
| Total as on 30 June 2024 | 852,791,473 | - | | 462,784,782 | 27,626,788 | 490,411,570 | 362,379,903 |

Schedule of Property, Plant and Equipment (Revaluation Surplus Value)

For the Year ended June 30, 2024

| Particulars | REVALUATION | | Rate of Dep. | As at 01.07.2023 | DEPRECIATION | | Written down value as at 30.06.2024 |
|---------------------------------|-------------------|--------------------------|--------------|------------------|------------------------------|--------------------------|-------------------------------------|
| | As at 01.07.2023 | Addition During the year | | | Total value As at 30.06.2024 | Addition During the year | |
| Land & Land Development | 87,847,022 | - | 0% | - | - | - | 87,847,022 |
| Building & Other Construction | 3,093,250 | - | 5% | 1,505,355 | 79,395 | 1,584,749 | 1,508,501 |
| Plant & Machinery | 4,895,614 | - | 10% | 3,651,215 | 124,440 | 3,775,655 | 1,119,959 |
| Generator & Electric Equipment | 2,139,599 | - | 15% | 1,880,910 | 38,803 | 1,919,713 | 219,886 |
| Total as on 30 June 2023 | 97,975,485 | - | | 7,037,479 | 242,638 | 7,280,117 | 90,695,368 |

| | | | | | | | |
|--|--------------------|----------|----------|--------------------|-------------------|--------------------|--------------------|
| Grand Total as on 30 June 2024(Cost Value +Revaluation Surplus Value) | 950,766,958 | - | - | 469,822,262 | 27,869,426 | 497,691,688 | 453,075,270 |
|--|--------------------|----------|----------|--------------------|-------------------|--------------------|--------------------|

Note: Land & Land Development represents only Land.

Allocation of depreciation:

| | |
|---------------|--------------------------|
| Admin | 2,314,642 |
| Marketing | 40,972 |
| Manufacturing | 25,513,811 |
| | <u><u>27,869,426</u></u> |

