

Auditors' Report  
&  
Audited Financial Statements  
To the Shareholders  
of  
**Khan Brothers PP Woven Bag Industries Ltd.**  
For the year ended 30 June, 2019

**Independent Auditor's Report**  
**To the Shareholders**  
**of**  
**Khan Brothers PP Woven Bag Industries Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **Khan Brothers PP Woven Bag Industries Limited**, which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended 30 June 2019, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019, 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 Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matters**

Without qualifying our opinion, we draw attention in the Note # 8.00 to the financial statements, the company disclosed under Cash and Cash Equivalents an FDR amounting to Taka 98,000,000 with one of Non-Banking Financial Institutions (NBFI) namely **Peoples Leasing and Financial Services Limited**. Currently the NBFI's ability is in doubt to continue as a going concern.

**Going Concern**

We draw attention to note # 2.05 to the financial statements describes the events or matters that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this event or matter.



**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. For each matter below our description of how our audit addressed the matters provided in that context.

Risk	Our response to the risk
<b>Valuation of Inventory</b>	
<p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Inventories are maintained by manual interfaces and inputs, there is a risk that inappropriate management override and/or error may occur.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>➤ evaluating the design and implementation of key inventory controls operating across the company;</li> <li>➤ attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>➤ comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;</li> <li>➤ reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year.</li> </ul>
<b>Reference note no 05 to the financial statements</b>	



<b>Impairment of Property, Plant and Equipment</b>	
<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. Therefore there is 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 included, among others, considering the impairment risk associated with the following different types of asset:</p> <ul style="list-style-type: none"> <li>➤ We critically assessed and checked the company's impairment model. This included consideration of discounted cash flow forecast.</li> <li>➤ We have also considered the adequacy of the company's disclosures about the degree of estimation involved in determining the amount of impairment and the sensitivity to key assumptions involved.</li> </ul>
<b>Reference note no 2.15 and 03 to the financial statements</b>	
<b>Measurement of Deferred Tax Liability</b>	
<p>The company reports net deferred tax liability to totaling BDT 26,420,284 as at 30 June 2019.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is probable that taxable profit will be reduced against which the taxable temporary differences can be recognized over a number of years.</p>	<ul style="list-style-type: none"> <li>➤ We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Company's future taxable income.</li> <li>➤ We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</li> <li>➤ We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
<b>Reference note no 12 to the financial statements</b>	



### **Other Information**

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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 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.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, we also report the following:

- a) 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;
- 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 those books; and
- c) The Company's statement of financial position and statement of profit or loss with by the report are in agreement with the books of account.
- d) The expenditure incurred was for the purpose of the Company's business.

Dated: Dhaka  
27 October 2019


  
FAMES & R  
Chartered Accountants


**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**  
KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219  
**STATEMENT OF FINANCIAL POSITION**

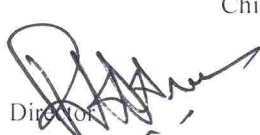
As on June 30, 2019


<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u> <u>30 June 2019</u>	<u>Amount in Taka</u> <u>30 June 2018</u>
<b>ASSETS:</b>			
<b>Non -Current Assets (A)</b>			
Property, Plant and Equipments	3	560,699,848	575,492,932
Investment in Share	4	1,050,000	1,050,000
<b>Total Non -Currents Assets</b>		<b>561,749,848</b>	<b>576,542,932</b>
<b>Current Assets (B)</b>			
Inventories	5	460,345,434	481,594,421
Trade and other Receivables	6	121,384,429	126,368,950
Advances, Deposits & Pre-Payments	7	101,613,350	106,173,289
Cash and Cash Equivalents	8	134,070,652	129,321,929
		<b>817,413,866</b>	<b>843,458,588</b>
<b>Total Assets ( A+B)</b>		<b>1,379,163,713</b>	<b>1,420,001,520</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholder's equity:</b>			
Share Capital	9	980,798,775	980,798,775
Revaluation Reserve	10	89,423,648	89,754,876
Retained Earnings	11	169,648,470	158,709,802
<b>Total shareholders' equity</b>		<b>1,239,870,893</b>	<b>1,229,263,453</b>
<b>Non- Current Liabilities (D)</b>			
Deferred Tax Liability	12	26,420,284	24,405,275
<b>Current Liabilities (E)</b>			
Trade and other Payables	13	270,280	930,720
Short term Bank loan	14	91,097,996	137,078,845
Accrued Expenses	15	2,821,823	5,512,611
IPO Application Fund	16	5,765,858	5,765,858
Provision for Workers Profit Participation Fund	17	2,287,264	5,102,020
Provision for Taxation	18	10,243,927	11,942,738
Dividend Payable		385,389	-
<b>Total Current Liabilities</b>		<b>112,872,536</b>	<b>166,332,792</b>
<b>Total Shareholder's Equity and Liabilities (C+D+E)</b>		<b>1,379,163,713</b>	<b>1,420,001,520</b>
Net Asset Value including Revaluation Surplus	27	<b>12.64</b>	<b>12.53</b>
Net Asset Value excluding Revaluation Surplus	27	<b>11.73</b>	<b>11.62</b>


The annexed notes form an integral part of these Financial Statements. These financial statement were approved by the Board of Directors on 27th October 2019 and were signed on its behalf by :

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

  
 Managing Director

  
 Chairman

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

Dated: 27 October, 2019  
Place: Dhaka

  
**FAMES & R**  
 Chartered Accountants

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**  
KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the Year ended 30 June, 2019

	<u>Notes</u>	<u>Amount in Taka</u> <u>30 June 2019</u>	<u>Amount in Taka</u> <u>30 June 2018</u>
<b>Revenue</b>			
Turnover	19	579,366,749	739,027,917
Less: Cost of Sales	20	504,387,771	622,260,255
Gross Profit		<b>74,978,978</b>	<b>116,767,662</b>
<b>Operating Expenses:</b>		<b>35,724,755</b>	<b>28,734,761</b>
Administrative Expenses	21	30,262,687	22,141,006
Marketing, Selling and Distribution Expenses	22	5,462,068	6,593,755
<b>Operating Profit/(Loss)</b>		<b>39,254,223</b>	<b>88,032,900</b>
Add: Non Operating Income	25	2,064,366	8,993,290
Less : Financial expenses	23	9,357,416	7,068,051
<b>Net Profit/(Loss) before WPPF</b>		<b>31,961,173</b>	<b>89,958,140</b>
Less: Provision for WPPF	17	1,521,961	4,283,721
Net Income before Tax		<b>30,439,212</b>	<b>85,674,419</b>
Provision for Income Tax:	24	<b>6,125,758</b>	<b>15,109,935</b>
Current Tax	18	4,110,749	11,942,738
Deferred Tax	12	2,015,009	3,167,196
Net Profit after Tax		<b>24,313,454</b>	<b>70,564,484</b>
<b>Earnings Per Share</b>	26	<b>0.25</b>	<b>0.72</b>

The annexed notes form an integral part of these Financial Statements. These financial statement were approved by the Board of Directors on 27th October 2019 and were signed on its behalf by :

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

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

Dated: 27 October, 2019  
Place: Dhaka

  
FAMES & R  
Chartered Accountants



**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

**STATEMENT OF CHANGES IN EQUITY**

For the Year ended 30 June, 2019

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
Balance as on 01 July, 2018	980,798,775	89,754,876	158,709,802	1,229,263,453
Net Income for the year	-	-	24,313,454	24,313,454
Dividend for the year 2018	-	-	(13,706,014)	(13,706,014)
Dep. on Revaluation Surplus		(331,228)	331,228	
<b>Balance as on 30 June, 2019</b>	<b>980,798,775</b>	<b>89,423,648</b>	<b>169,648,470</b>	<b>1,239,870,894</b>

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**

**STATEMENT OF CHANGES IN EQUITY**

For the Year ended 30 June, 2018

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
Balance as on 01 July, 2017	891,635,250	94,467,599	172,596,120	1,158,698,969
Net Income for the year	-	-	70,564,484	70,564,484
Dividend for the 2017	89,163,525	-	(89,163,525)	-
Dep. on Revaluation Surplus	-	(4,712,723)	4,712,723	-
<b>Balance as on 30 June, 2018</b>	<b>980,798,775</b>	<b>89,754,876</b>	<b>158,709,802</b>	<b>1,229,263,453</b>

The annexed notes form an integral part of these Financial Statements. These financial statement were approved by the Board of Directors on 27th October 2019 and were signed on its behalf by :

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

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

Dated: 27 October, 2019


Place: Dhaka

  
FAMES & R  
Chartered Accountants

**KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.**  
**KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219**  
**STATEMENT OF CASH FLOWS**  
 For the Year ended 30 June, 2019

Particulars	<u>Amount in Taka</u> <u>30 June, 2019</u>	<u>Amount in Taka</u> <u>30 June, 2018</u>
<b>A. Cash Flows from Operating Activities :</b>		
Collection from Turnover	584,351,270	725,191,327
Payment to suppliers and creditors for expenses	(475,790,746)	(676,894,157)
Payment for Financial Expenses	(9,357,416)	(7,068,051)
Payment for WPPF	(4,336,717)	(4,637,028)
Payment for Income Tax	(5,809,560)	(11,022,574)
Add: Receipt From Other Sources	1,967,603	7,841,111
Add: Gain/(Loss) on Foreign Currency Fluctuation	96,763	1,152,179
<b>Net cash generated from operating activities</b>	<b>91,121,197</b>	<b>34,562,807</b>
<b>B. Cash flow from Investing Activities:</b>		
Acquisition of Property, Plant & Equipment	(27,071,000)	(52,150,846)
<b>Net cash used in Investing Activities</b>	<b>(27,071,000)</b>	<b>(52,150,846)</b>
<b>C. Cash flow from Financing Activities:</b>		
Receipts from ordinary shares issued	-	-
Payment of Cash Dividend	(13,320,625)	-
Short term loan Received/(Re-paid)	(45,980,848)	48,292,251
Current portion of Long term loan Received/(Re-paid)	-	-
<b>Net cash used in financing activities</b>	<b>(59,301,473)</b>	<b>48,292,251</b>
<b>D. Increase/ (Decrease) in Cash and Cash Equivalent (A+B+C)</b>	<b>4,748,723</b>	<b>30,704,212</b>
<b>E. Opening Cash and Cash Equivalent</b>	<b>129,321,929</b>	<b>98,617,717</b>
<b>F. Ending Cash and Cash Equivalent (D+E)</b>	<b>134,070,652</b>	<b>129,321,929</b>
<b>Net Operating Cash flows per Shares (NOCFPS)</b>	<b>0.93</b>	<b>0.35</b>

The annexed notes form an integral part of these Financial Statements. These financial statement were approved by the Board of Directors on 27th October 2019 and were signed on its behalf by :

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

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

Place: Dhaka  
Dated: 27 October, 2019

  
FAMES & R  
Chartered Accountants

## **KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD**

**KBG Tower, 15 DIT Road  
Malibagh Choudhurypara, Rampura, Dhaka 1219**

### **Notes to the Financial Statements**

**As at and for the year ended June 30, 2019**

#### **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**

In addition the Company also complied with the following laws and regulations.

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax Act, 1991

The Value Added Tax Rules, 1991

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, 2018 to June 30, 2019 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) as a result of past events;
- b. When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. 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**

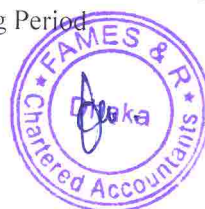
Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

**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 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.

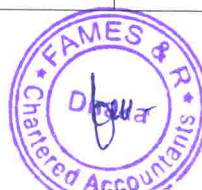
- i) Effective date of revaluation to the financial Statements 30.06.2010
- ii) Land & Land Developments, Building (Factory), Plant & Machinery and Generator & Electric Equipment has been revalued by G.KIBRIA & CO. Chartered Accountants, an independent valuer. Revaluation surplus of Tk. 97,975,485 has 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 June 2019	30 June 2018
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 IFRS 15, 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 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 @ 25.00% on net profit Less 50% rebate on export sales has been made 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 in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Assets and liabilities outstanding at 30 June 2017 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the statement of financial position date. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of profit or loss and other comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

## 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 receivable and other receivables. The company initially recognizes receivable on the date they are originated. All other financial assets are recognized initially on the date at which a contractual right is created to receive cash or another financial asset from another company. The company derecognizes a financial asset when and only when contractual rights or probabilities of receiving the cash flows from the assets expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and reward of ownership of the financial assets are transferred.

#### 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 it's 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, bonuses etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided

a) **Workers Profit Participation Fund, Welfare Fund and Workers Welfare Foundation Fund**

The Company makes a regular allocation of 5% on net Profit before tax to these funds and payment is made to the workers as per provisions of Labor Act 2006 as amended in 2013.

**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 # 21.01 and 21.02 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 conform 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 Taka.
- b) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.





	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
<b>3.00 Property, Plant and Equipments: Tk. 560,699,848</b>		
This includes the written down value as on 30 June, 2019. Break up of the PPE is as follows :		
Land & Land Development	140,887,199	140,887,199
Building & Other Construction	154,294,141	162,414,885
Plant & Machinery	217,315,128	241,461,253
Generator & Electric Equipment	17,808,097	20,950,702
Motor Vehicle	22,156,951	625,189
Office Decoration & Fittings	6,201,130	6,890,144
Furniture & Fixture	2,037,203	2,263,559
	<b>560,699,848</b>	<b>575,492,932</b>

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
		<b>1,050,000</b>	<b>1,050,000</b>

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

**5.00 Inventories Tk. 460,345,434**

Break-up of this item is as follows:

Finished Goodes Note-20.1	14,140,560	19,797,375
Raw Materials: Notes- 20.05	419,798,235	424,166,776
Working-in-process	18,540,750	29,504,870
Store Materials	7,865,890	8,125,400
	<b>460,345,434</b>	<b>481,594,421</b>

The above Inventories are as per physical counting made by the inventory team consisting of management staff and auditors and valued and certified by management. Inventories in hand have been valued at lower of cost and net realizable value as per IFRS-2. Inventories are hypothecated against working capital facilities from the bank (Islami Bank BD Ltd.).

**5.01 Closing Stock of Finished Goods: Tk. 14,140,560**

Quantity (kg)	70,264	98,250
Rate	201.25	201.50
<b>Total Amount</b>	<b>14,140,560</b>	<b>19,797,375</b>

**6.00 Trade and other Receivables: Tk. 121,384,429**

Break-up of this item is as

Export Bills Receivable: Note- 6.01	119,042,674	124,120,590
Ashirbad Syndicate	325,680	275,480
Bombay Sweets & Co.	175,450	162,540
D H Plastic	165,000	155,870
Kabir Enterprise	710,520	695,870
Kazi Agro	150,400	140,250
Mehera Corporation	198,530	195,140
R M Trade Line	145,450	135,460
Shuvo Enterprise	150,600	182,540
S N Traders	320,126	305,210
	<b>121,384,429</b>	<b>126,368,950</b>

These are considered good.



6.01 Export Bills Receivables: Tk. 119,042,674

Party Name & Country	Amount in Taka	Amount in Taka
	30 June 2019	30 June 2018
M/S BERY MARITIME AS, NORWAY	11,574,257	19,614,401
OCEAN WISDOM	13,574,852	21,490,536
COMMODITY FIRST PTE LTD SINGAPORE	14,411,814	19,855,480
URALKALI TRADING SA SWITZARLAND	-	20,891,624
BLUE OCEAN SHIPPING PTE LTD.	29,170,701	15,869,649
TAISA (SUISSE) SA SWITZERLAND	-	-
ETS, CONGO	11,590,785	-
RMB GENERAL TRADING U.A.E	11,224,836	-
MODERN LOTUS GENERAL TRADING, U.A.E	15,255,362	-
EPITOME, NIGERIA	12,240,067	-
KIMONO GENERAL TRADING CO LLC	-	26,398,900
<b>Total</b>	<b>119,042,674</b>	<b>124,120,590</b>

6.02 Ageing of Receivables: Tk. 119,042,674

Dues up to 60 days	119,042,674	124,120,590
Dues Over 60 days	-	-
<b>Total</b>	<b>119,042,674</b>	<b>124,120,590</b>

6.03 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.	119,042,674	124,120,590
Receivable considered good in respect of which the company holds no security other	2,341,756	2,248,360
Receivables considered doubtful bad.	-	-
<b>Total</b>	<b>121,384,429</b>	<b>126,368,950</b>

7.00 Advances, Deposits & Pre-Payments: Tk. 101,613,350

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: Note- 7.01	2,294,414	5,809,560
CDBL-Security deposit	500,000	500,000
Advance agst. L/C : Note- 7.02	85,803,786	85,997,988
Salary Advance	745,850	673,500
Advance against Local Purchase : Note: 7.03	11,571,800	12,494,741
<b>Total</b>	<b>101,613,350</b>	<b>106,173,289</b>

7.01 Advance Income Tax Tk. 2,294,414

This consist of the following:		
Advance Tax on Export	2,082,655	5,025,449
Advance Tax on other Income (Interest Income)	11,925	14,371
Advance Tax on FDR Interest Income & others	199,834	769,740
<b>Total</b>	<b>2,294,414</b>	<b>5,809,560</b>

7.02 Advance against L/C: Tk. 85,803,786

LC No	Bank Name		
LC No-0000221718020402	Mutual Trust Bank Ltd	3,777,560	-
LC No-0000221718020403	Mutual Trust Bank Ltd	3,296,450	-
LC No-0000221718020404	Mutual Trust Bank Ltd	2,945,680	-
LC No-0000221718020405	Mutual Trust Bank Ltd	3,489,750	-
LC No-000022178010857	Mutual Trust Bank Ltd	3,578,945	-
LC No-0000221718010887	Mutual Trust Bank Ltd	3,445,635	-
LC No-0000221718020453	Mutual Trust Bank Ltd	3,397,564	-
LC No-0000221718020454	Mutual Trust Bank Ltd	2,978,546	-
LC No-0000221718020455	Mutual Trust Bank Ltd	3,894,560	-
LC No-0000221718011280	Mutual Trust Bank Ltd	3,145,680	-
LC No-0000221719020027	Mutual Trust Bank Ltd	3,458,900	-
LC No-0000221719010076	Mutual Trust Bank Ltd	3,785,690	-
LC No-0000221719010078	Mutual Trust Bank Ltd	3,778,950	-
LC No-304118010159	Jamuna Bank Ltd	3,456,980	-
LC No-304118010157	Jamuna Bank Ltd	3,780,450	-



		Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
LC No-304119010024	Jamuna Bank Ltd	3,645,800	-
LC No-304119010022	Jamuna Bank Ltd	4,150,875	-
LC No-304118010154	Jamuna Bank Ltd	4,785,060	-
LC No-304118010117	Jamuna Bank Ltd	3,945,680	-
LC No-304118010118	Jamuna Bank Ltd	3,765,900	-
LC No-304118010092	Jamuna Bank Ltd	4,145,890	-
LC No-304117010091	Jamuna Bank Ltd	4,975,845	-
LC No-304118010089	Jamuna Bank Ltd	4,177,396	-
LC No-0000221718010081	Mutual Trust Bank Ltd	-	2,467,380
LC No-0000221718020033	Mutual Trust Bank Ltd	-	2,480,000
LC No-0000304118010001	Mutual Trust Bank Ltd	-	2,120,300
LC No-0000221717020588	Mutual Trust Bank Ltd	-	2,930,260
LC No-0000221718020032	Mutual Trust Bank Ltd	-	3,156,300
LC No-0000221717020587	Mutual Trust Bank Ltd	-	2,653,256
LC No-0000221717020585	Mutual Trust Bank Ltd	-	3,270,363
LC No-0000221717020559	Mutual Trust Bank Ltd	-	2,435,652
LC No-0000221717020351	Mutual Trust Bank Ltd	-	2,515,632
LC No-0000221717010666	Mutual Trust Bank Ltd	-	3,102,534
LC No-0000221717020281	Mutual Trust Bank Ltd	-	2,997,530
LC No-0000221717020280	Mutual Trust Bank Ltd	-	3,198,760
LC No-0000221717020299	Mutual Trust Bank Ltd	-	2,836,600
LC No-0000221717020298	Mutual Trust Bank Ltd	-	3,385,623
LC No-304118010040	Jamuna Bank Ltd	-	2,897,552
LC No-304118010002	Jamuna Bank Ltd	-	3,335,560
LC No-304118010039	Jamuna Bank Ltd	-	2,750,764
LC No-304118010038	Jamuna Bank Ltd	-	3,352,099
LC No-304118010037	Jamuna Bank Ltd	-	2,361,250
LC No-304118010036	Jamuna Bank Ltd	-	1,947,540
LC No-304117010077	Jamuna Bank Ltd	-	2,552,365
LC No-304118010030	Jamuna Bank Ltd	-	7,077,040
LC No-304118010098	Jamuna Bank Ltd	-	11,753,193
LC No-304118020002	Jamuna Bank Ltd	-	8,420,435
		<b>85,803,786</b>	<b>85,997,988</b>

**7.03 Advance against Local Purchases: Tk. 11,571,800**

Mr. Mehbubul Hasan Pavel	4,004,640	4,504,640
Mr. Shafiullah	1,725,500	1,930,560
Shah Dewanbagi Machineries & Boiler	2,764,560	2,864,541
Rubel Enterprise	1,326,500	1,375,000
SD Machineries & Boiler	1,750,600	1,820,000
	<b>11,571,800</b>	<b>12,494,741</b>

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

Advance, Deposit and pre-payments exceeding 6 Months and considered good and secured	1,197,500	1,197,500
Advance, deposit and pre-payments considered good without security	99,670,000	104,302,289
Advance, deposit and pre-payments considered doubtful and bad	-	-
Advance, deposit and pre-payments due by directors or others officers	745,850	673,500
Advance, deposit and pre-payments due from companies from same management	-	-
Maximum advance, deposit and pre-payments due by Directors or other officers at any time	-	-
<b>Total</b>	<b>101,613,350</b>	<b>106,173,289</b>

**8.00 Cash and Cash Equivalents: Tk. 134,070,652**

This consist of the following balances;

<b>Cash in hand</b>	3,653,533	5,855,994
<b>Cash at Banks:</b>		
Jamuna Bank Ltd.-CD-6233	28,623	10,052
Mutual Trust Bank Ltd.-CD-11251	39,937	5,748
Mutual Trust Bank Ltd.-STD-2508	5,075,229	5,170,888
Mutual Trust Bank Ltd.-FC-4399 (USD)	504,484	504,484
Mutual Trust Bank Ltd.-FC-4406 (POUND)	126,168	126,168
Mutual Trust Bank Ltd.-FC-4415 (EURO)	108,028	108,028
Mutual Trust Bank Ltd.-CD-0002-0210029939	388,012	-
FDR (Mutual Trust Bank Ltd.)	26,146,639	19,540,567
FDR (People's Leasing And Financial Services Ltd.)	98,000,000	98,000,000
	<b>130,417,119</b>	<b>123,465,935</b>
	<b>134,070,652</b>	<b>129,321,929</b>

The amount of cash in hand was kept for labor payment and regular expenses of the company and subsequently paid.



9.00 Share Capital: Tk. 980,798,775

This represents the followings:

**Authorized capital:**

100,000,000 ordinary Shares of tk 10/= each

**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

Bonus (Note: 09.01)

Amount in Taka	Amount in Taka
30 June 2019	30 June 2018
1,500,000,000	1,000,000,000
635,000,000	635,000,000
345,798,775	345,798,775
<b>980,798,775</b>	<b>980,798,775</b>

9.01 Bonus share Capital Tk. 345,798,775

Opening Balance

88,36.025 Bonus Share Issued @ Tk.10 each

89.16.352 Bonus Share Issued @ Tk.10 each

345,798,775	256,635,250
-	-
-	89,163,525
<b>345,798,775</b>	<b>345,798,775</b>

The position of shareholders as on 30 June 2019 is as follows:

Particulars of Investors	Number of Investors	Number of Shares	Percentage of Share Holding 2018-2019	Percentage of Share Holding 2017-2018
Sponsor	5	29549807	30.13%	30.13%
Directors other than Sponsor	-	-	-	-
General Public	7899	45210276	46.10%	45.14%
Investor's A/c	-	-	-	-
Institutes	95	23319794	23.78%	24.73%
			-	-
<b>Total</b>	<b>7999</b>	<b>98079877</b>	<b>1.00</b>	<b>100</b>

9.02 Classification of Shareholders by Holding :

Holdings	Numbers of Holders		Shareholdings %	
	2019	2018	2019	2018
Less than 500 Shares	1963	2211	0.39%	0.40%
501 to 5,000	4268	4526	7.87%	8.16%
5,001 to 10,000	825	830	6.26%	6.11%
10,001 to 20,000	505	544	7.30%	7.73%
20,001 to 30,000	183	207	4.65%	5.15%
30,001 to 40,000	77	78	2.75%	2.76%
40,001 to 50,000	45	44	2.06%	2.04%
50,001 to 100,000	86	93	6.02%	6.46%
100,001 to 1,000,000	39	43	6.44%	9.70%
Over 1,000,000	8	8	56.26%	51.48%
<b>Total</b>	<b>7999</b>	<b>8584</b>	<b>100%</b>	<b>100%</b>

9.03 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 10.90 at Dhaka Stock Exchange Limited and TK 10.90 at Chittagong Stock Exchange Limited as on 30 June 2019.

10.00 Revaluation Reserve: Tk. 89,423,648

This is made up as follows:

Opening balance

Dep. On Revaluation Surplus

89,754,876	94,467,599
(331,228)	(4,712,723)
<b>89,423,648</b>	<b>89,754,876</b>

11.00 Retained Earnings TK. 169,648,470

This is made up as follows:

Opening Balance

Net Income for the year

Dividend for the year

Revaluation Surplus

Closing Balance

158,709,802	172,596,120
24,313,454	70,564,484
(13,706,014)	(89,163,525)
331,228	4,712,723
<b>169,648,470</b>	<b>158,709,802</b>



**12.00 Deferred Tax Liability TK. 26,420,284**

This has been arrived as under:

**A. Temporary difference:**

Carrying Amount of PPE

Tax Base Value of PPE

Taxable Timing Differences

Tax rate (50% of 25%)

**Deferred Tax Liabilities Closing Balance**

Less: Opening balance of Deferred Tax Liabilities

**Deferred Tax Expenses**

**B. Revaluation:**

Carrying value of land

Other than Land

**Tax rate:**

Land

Other than Land

**Closing Deferred Tax Liabilities:**

Land

Other than Land

**Less: Opening Deferred Tax Liabilities:**

Land

Other than Land

D. Tax asset / liability:

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

	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
Carrying Amount of PPE	419,812,649	434,605,733
Tax Base Value of PPE	236,513,470	267,426,625
Taxable Timing Differences	183,299,179	167,179,107
Tax rate (50% of 25%)	12.50%	12.50%
<b>Deferred Tax Liabilities Closing Balance</b>	<b>22,912,397</b>	<b>20,897,388</b>
Less: Opening balance of Deferred Tax Liabilities	20,897,388	17,730,192
<b>Deferred Tax Expenses</b>	<b>2,015,009</b>	<b>3,167,196</b>
<b>B. Revaluation:</b>		
Carrying value of land	99,430,849	99,430,849
Other than Land	10,128,463	10,128,463
<b>Tax rate:</b>		
Land	2%	2%
Other than Land	15%	15%
<b>Closing Deferred Tax Liabilities:</b>	<b>3,507,886</b>	<b>3,507,886</b>
Land	1,988,617	1,988,617
Other than Land	1,519,269	1,519,269
<b>Less: Opening Deferred Tax Liabilities:</b>	<b>3,507,886</b>	<b>3,507,886</b>
Land	1,988,617	1,988,617
Other than Land	1,519,269	1,519,269
D. Tax asset / liability:	-	-
<b>Deferred Tax Liabilities at the end of the year (A+B)</b>	<b>26,420,284</b>	<b>24,405,275</b>

The company has recognised deferred tax in accordance with the International Accounting Standard 12 (IFRS). 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 IFRS-12 (Income Taxes).

**13.00 Trade and other Payables: Tk. 270,280**

This is made up as follows:

Bills Payable (Note 13.01)

Payable against LC

Bills Payable (Note 13.01)	270,280	930,720
Payable against LC	-	-
	<b>270,280</b>	<b>930,720</b>

**13.01 Bills Payable: Tk. 270,280**

This is made up as follows:

Sumayed Enterprise

Desh Electric

Rahman

Tanuka Traders

Sheikh Enterprise

Janata Machineries

Dewan

The J.S Machineries Stores

Sumayed Enterprise	22,000	58,620
Desh Electric	17,500	72,150
Rahman	13,650	135,450
Tanuka Traders	25,000	125,480
Sheikh Enterprise	45,000	78,550
Janata Machineries	56,000	242,635
Dewan	65,450	135,485
The J.S Machineries Stores	25,680	82,350
	<b>270,280</b>	<b>930,720</b>

**14.00 Short Term Bank Loan: Tk. 91,097,996**

This is made up as follows:

Cash Credit (Hypo) From JBL. Account No. 0240

Loan Against Trust Receipts (L.T.R): (Note # 14.01)

Cash Credit (Hypo) From JBL. Account No. 0240	30,980,983	30,841,949
Loan Against Trust Receipts (L.T.R): (Note # 14.01)	60,117,013	106,236,896
	<b>91,097,996</b>	<b>137,078,845</b>



14.01 LTR Number	Bank Name	Amount in Taka	Amount in Taka
		30 June 2019	30 June 2018
0002-0124108678	MTBL	3,049,875	-
0002-0124108721	MTBL	1,920,561	-
0002-0124109060	MTBL	11,796,567	-
0002-0124109113	MTBL	2,497,107	-
0002-0124109622	MTBL	1,877,775	-
0002-0124110441	MTBL	8,332,315	-
0002-0124110861	MTBL	8,329,007	-
0009-0124014898	JBL	1,893,820	-
0009-0124014905	JBL	1,826,068	-
0009-0124015039	JBL	1,834,536	-
0009-0124015048	JBL	3,726,083	-
0009-0124015057	JBL	1,876,722	-
0009-0124015066	JBL	1,793,010	-
0009-0124015075	JBL	9,363,568	-
0002-0124103799	MTBL		409,310
0002-0124104225	MTBL		10,575,351
0002-0124104332	MTBL		674,510
0002-0124104350	MTBL		10,548,066
0009-0124014389	JBL		1,844,911
0009-0124014398	JBL		9,367,224
0009-0124014414	JBL		1,506,422
0009-0124014423	JBL		10,198,984
0009-0124014432	JBL		10,198,984
0009-0124014441	JBL		1,824,723
0009-0124014450	JBL		1,820,161
0009-0124014469	JBL		1,818,861
0009-0124014487	JBL		1,480,123
0009-0124014496	JBL		10,507,498
0009-0124014521	JBL		10,471,018
0009-0124014530	JBL		10,506,056
0009-0124014549	JBL		11,009,968
0009-0124014567	JBL		1,474,727
	<b>Total</b>	<b>60,117,013</b>	<b>106,236,896</b>

This represents amount provided by the following Banks as working capital which is fully secured by stock hypothecation and

1. Purpose of Investment - To purchase/import raw materials.
2. Period of Investment - 01 (one) year on revolving basis.
3. Rate of return - 15 % per annum or the rate to be determined by the bank from time to time.
4. Collateral:

- A. Lien on Shipping Documents.
- B. Counter Guarantee.
- C. Post-dated Cheque covering the entire limit.
- D. Usual Charge Documents.



	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
<b>15.00 Accrued Expenses Tk. 2,821,823</b>		
This is made up as follows:		
Factory Electricity Bill	81,555	155,647
Factory Gas Bill	389,903	1,455,377
VAT Payable	25,780	340,600
Audit Fee	115,000	115,000
Telephone Bill	5,650	5,953
Internet Bill	5,650	18,500
Printing Bill	8,750	25,430
Office electricity, Wasa & Others	49,785	58,325
Salary and Allowance	720,450	1,045,870
Wages & salary	1,356,800	2,229,409
Dividend Payable	62,500	62,500
	<b>2,821,823</b>	<b>5,512,611</b>
<b>16.00 IPO Application Fund Tk. 5,765,858</b>		
Mutual Trust Bank Ltd.-STD-2508	5,027,178	5,027,178
Mutual Trust Bank Ltd.-FC-4399 (USD)	504,484	504,484
Mutual Trust Bank Ltd.-FC-4406 (POUND)	126,168	126,168
Mutual Trust Bank Ltd.-FC-4415 (EURO)	108,028	108,028
	<b>5,765,858</b>	<b>5,765,858</b>
<b>17.00 Provision for Workers Profit Participation Fund Tk. 2,287,264</b>		
Opening balance	5,102,020	5,455,327
Add: Addition during the year	1,521,961	4,283,721
Paid during the year as per rule	(4,336,717)	(4,637,028)
	<b>2,287,264</b>	<b>5,102,020</b>
The Company made provision for Workers Profit Participation Fund (WPPF) @ 5% of the profit before charging such expense .		
<b>18.00 Provision for Tax: Tk. 10,243,927</b>		
This has been arrived as under:		
<b>Opening Balance</b>	<b>11,942,738</b>	<b>11,022,574</b>
<b>Provision during the year:</b>		
Tax charge during the period@25%	7,609,803	21,418,605
Tax Rebate on Export Sales Note- 18.01	(3,499,054)	(9,475,867)
	<b>4,110,749</b>	<b>11,942,738</b>
<b>Less :Adjusted/ Payment during the period:</b>		
Adjustment	5,809,560	5,553,428
Payment	-	5,469,146
	<b>5,809,560</b>	<b>11,022,574</b>
<b>Closing Balance</b>	<b>10,243,927</b>	<b>11,942,738</b>
<b>18.01 Tax Rebate on Export Sales Tk. 3,499,054</b>		
Total Tax Charged during the period	7,609,803	21,418,605
Tax on Other Income	(491,516)	(2,248,323)
<b>Tax on Operating Income</b>	<b>7,118,287</b>	<b>19,170,282</b>
Tax on Local Sales	(120,179)	(218,549)
Tax on Export Sales	<b>6,998,108</b>	<b>18,951,733</b>
50% of Tax on Export Sales	(3,499,054)	(9,475,867)
	<b>3,499,054</b>	<b>9,475,867</b>
<b>19.00 Turnover: Tk. 579,366,749</b>		
This is the value of export made during the year through Advance TT and L/Cs:		
Export	569,585,234	730,602,702
Local	9,781,515	8,425,215
	<b>579,366,749</b>	<b>739,027,917</b>



	<u>Amount in Taka</u> <u>30 June 2019</u>	<u>Amount in Taka</u> <u>30 June 2018</u>
<b>20.00 Cost of Sales: Tk. 504,387,771</b>		
This has been arrived as under:		
Opening Work-in-Process	29,504,870	29,215,478
Raw materials consumed: (Notes-20.01)	414,797,927	532,042,587
Wages & Salaries (Note-20.02)	24,967,450	35,498,719
Manufacturing overhead (Note-20.02)	48,001,460	55,379,468
Less: Closing Work-in-Process	(18,540,750)	(29,504,870)
<b>Cost of Production</b>	<b>498,730,956</b>	<b>622,631,382</b>
Opening stock of Finished Goods	19,797,375	19,426,248
<b>Cost of Goods Available for Sale</b>	<b>518,528,331</b>	<b>642,057,630</b>
Closing stock of Finished Goods	(14,140,560)	(19,797,375)
<b>Cost of Sales</b>	<b>504,387,771</b>	<b>622,260,255</b>
<b>20.01 Raw Materials Consumed: Tk. 414,797,927</b>		
This is made up as follows:		
Opening Stock ( Note: 20.04)	424,166,776	406,179,573
Add: Purchase during the Year (Note: 20.05)	410,429,386	550,029,790
	<b>834,596,162</b>	<b>956,209,363</b>
Less: Closing Stock (Note: 20.06)	(419,798,235)	(424,166,776)
<b>Raw Materials Consumed during the year</b>	<b>414,797,927</b>	<b>532,042,587</b>
<b>20.02 Wages &amp; Salaries: Tk. 24,967,450</b>		
This consists of the following:		
Wages & Salary	19,770,365	27,908,344
Overtime & Incentive	5,197,085	7,590,375
	<b>24,967,450</b>	<b>35,498,719</b>
<b>20.02 Manufacturing Overhead: Tk. 48,001,460</b>		
This consists of the following:		
Workers Food Allowance		
Electricity Bill	540,508	616,754
Gas Bill	840,284	2,861,163
Diesel for Generator	4,001,838	3,829,451
Spare Parts	1,494,580	2,626,950
Factory Maintenance	645,324	669,504
Machinery Maintenance	852,145	1,142,335
Electric Materials	1,380,029	629,463
Daily Labor	495,641	593,704
Worker Transport Expenses	739,889	1,021,396
Medical Expenses	765,550	1,256,376
Car Repair & Maintenance	72,142	102,776
Hardware Materials	-	-
Depreciation	764,055	955,234
	35,409,475	39,074,363
	<b>48,001,460</b>	<b>55,379,468</b>





20.03 Opening Stock of Raw Materials: Tk. 424,166,776

Item wise break up of stock have been given below:

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	59,650	Bag	4,454	265,681,100
CaCo3	6,700	Bag	1,521	10,190,700
HDPE	7,425	Bag	3,743	27,791,775
LDPE	5,800	Bag	4,534	26,297,200
LLDPE	5,400	Bag	3,924	21,189,600
Omagh CaCo3	925	Bag	2,417	2,235,725
Master Batch(White)	425	Bag	3,713	1,578,025
Master Batch(Red)	975	Bag	4,830	4,709,250
Master Batch(Blue)	350	Bag	4,455	1,559,250
Master Batch(Beige)	600	Bag	4,654	2,792,400
Master Batch(Yellow)	375	Bag	4,354	1,632,750
Master Batch(Green)	250	Bag	4,624	1,156,000
Master Batch(Orange)	150	Bag	4,626	693,900
PP Lamination	9,100	Bag	5,112	46,519,200
Sweing Thread	2,250	Kg	195	438,750
Poly Tape	96	Roll	360	34,560
PP Clip	144	Pkt	70	10,080
Printing Ink	5,125	Kg	268	1,373,500
Sweing Oil	400	Ltr	180	72,000
Gear Oil	380	Ltr	178	67,640
Mobil	190	Ltr	48	9,120
Diamond Gum	140	Kg	220	30,800
Retader	2,650	Ltr	135	357,750
Exetiter	135	Ltr	125	16,875
Adhesive Tape(Both side) -2"	60	Roll	40	2,400
Solvent/Thiner	14,350	Ltr	175	2,511,250
Hydrolic Oil	120	Ltr	150	18,000
Compassor Oil	120	Ltr	160	19,200
Nalco-2000	108	Kg	706	76,248
Greeze	60	Kg	105	6,300
Adhesive Gum(Glue)	4,650	Kg	26	120,900
Adhessive Tape-2"	84	Roll	42	3,528
Kraft Paper	82,850	Kg	60	4,971,000
<b>Total</b>				<b>424,166,776</b>

20.04 Purchase Raw Materials: Tk. 410,429,386

Item wise break up of purchase have been given below:

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	32,848	Bag	4,256	139,799,951
CaCo3	8,947	Bag	1,475	13,197,524
HDPE	10,313	Bag	3,152	32,506,388
LDPE	8,579	Bag	4,128	35,412,671
LLDPE	8,259	Bag	3,626	29,948,397
Omagh CaCo3	6,780	Bag	2,215	15,017,407
Master Batch(White)	5,266	Bag	3,415	17,982,944
Master Batch(Red)	4,095	Bag	4,430	18,141,747
Master Batch(Blue)	4,138	Bag	4,250	17,587,056
Master Batch(Beige)	4,412	Bag	4,280	18,881,222
Master Batch(Yellow)	2,650	Bag	4,150	10,997,411
Master Batch(Green)	2,456	Bag	4,320	10,611,203
Master Batch(Orange)	2,643	Bag	4,225	11,164,892
PP Lamination	7,311	Bag	4,220	30,853,967
Sewing Thread	2,944	Kg	194	571,210
Poly Tape	2,112	Roll	355	749,749
PP Clip	2,310	Pkt	75	173,241
Printing Ink	4,430	Kg	271	1,200,603



Sewing Oil	2,336	Ltr	175	408,815
Gear Oil	1,126	Ltr	181	203,745
Mobil	842	Ltr	51	42,930
Diamond Gum	1,062	Kg	221	234,715
Retader	3,844	Ltr	136	522,719
Exetiter	494	Ltr	126	62,302
Adhesive Tape(Both side) -2"	1,801	Roll	45	81,063
Solvent/Thiner	14,193	Ltr	176	2,498,001
Hydraulic Oil	1,117	Ltr	155	173,125
Compassor Oil	1,060	Ltr	165	174,890
Nalco-2000	1,291	Kg	709	915,114
Greeze	1,000	Kg	107	106,983
Adhesive Gum(Glue)	5,872	Kg	29	170,275
Adhessive Tape-2"	773	Roll	48	37,126
Krapt Paper	-	Kg	-	-
<b>Total</b>				<b>410,429,386</b>

**20.05 Closing Stock of Raw Materials: Tk. 419,798,235**

Item wise break up of stock have given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	49,200	Bag	4,256	209,395,200
CaCo3	8,060	Bag	1,475	11,888,500
HDPE	8,850	Bag	3,152	27,895,200
LDPE	7,750	Bag	4,128	31,992,000
LLDPE	5,840	Bag	3,626	21,175,840
Omagh CaCo3	3,654	Bag	2,215	8,093,930
Master Batch(White)	1,822	Bag	3,415	6,222,130
Master Batch(Red)	2,077	Bag	4,430	9,201,110
Master Batch(Blue)	1,520	Bag	4,250	6,460,000
Master Batch(Beige)	2,070	Bag	4,280	8,859,600
Master Batch(Yellow)	1,311	Bag	4,150	5,440,650
Master Batch(Green)	2,515	Bag	4,320	10,864,800
Master Batch(Orange)	2,415	Bag	4,225	10,203,375
PP Lamination	9,560	Bag	4,220	40,343,200
Sweing Thread	5,650	Kg	194	1,096,100
Poly Tape	1,355	Roll	355	481,025
PP Clip	1,280	Pkt	75	96,000
Printing Ink	6,410	Kg	271	1,737,110
Sweing Oil	879	Ltr	175	153,825
Gear Oil	881	Ltr	181	159,461
Mobil	518	Ltr	51	26,418
Diamond Gum	369	Kg	221	81,549
Retader	3,755	Ltr	136	510,680
Exetiter	345	Ltr	126	43,470
Adhesive Tape(Both side) -2"	549	Roll	45	24,705
Solvent/Thiner	11,740	Ltr	176	2,066,240
Hydraulic Oil	605	Ltr	155	93,775
Compassor Oil	94	Ltr	165	15,510
Nalco-2000	96	Kg	709	68,064
Greeze	42	Kg	107	4,494
Adhesive Gum(Glue)	4,450	Kg	29	129,050
Adhessive Tape-2"	88	Roll	48	4,224
Krapt Paper	75,318	Kg	66	4,971,000
<b>Total</b>				<b>419,798,235</b>



1.00 Administrative Expenses: Tk. 30,262,687

This consists of the following:

	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
AGM Expenses	267,818	311,312
Salary and Allowances	9,382,690	9,312,171
Directors Remuneration Note: 21.01	4,357,200	4,357,200
Directors Meeting Allowances Note: 21.02	68,800	75,800
Donation & Subscription	245,600	285,500
Credit Rating Fee	57,142	34,500
Entertainment	414,500	387,245
Fuel & Lubricant	1,045,173	998,205
Listing Fee	1,491,046	-
Traveling & Conveyance	392,060	394,056
Office Rent	600,000	600,000
Office Electricity, Wasa and Others Bill	399,660	393,000
Office Maintenance	257,835	221,592
Printing & Stationery	614,407	586,327
Postage & Telegram	44,846	36,720
Registration & Renewals	273,905	302,755
Telephone Bill	36,145	26,320
Legal Fee	265,950	-
Mobile Bill	386,680	324,685
Internet Bill	126,160	110,070
Audit Fees	115,000	115,000
RJSC Expenses	584,693	1,000
Vehicle Maintenance	1,124,191	1,140,569
Newspaper & Periodicals	25,585	8,185
Other Expenses	1,356,031	1,101,716
Depreciation	6,329,570	1,017,078
	<b>30,262,687</b>	<b>22,141,006</b>

01 Directors Remuneration Tk.4,357,200

Name of	Designation		
Tofayel Kabir Khan	Managing Director	1,182,000	1,182,000
Mohammed Enamul Kabir Khan	Chairman	894,000	894,000
Md. Ruhul Kabir Khan	Director	894,000	894,000
Hazrat ali	Director	721,200	721,200
Khairul Kabir Khan	Executive Director	666,000	666,000
Md. Zakirul Kabir Khan	Nominee Director	-	-
Mrs. Jarin Kabir Khan	Nominee Director	-	-
Mohammad Lukman	Independent Director	-	-
Mr. Utpal Dhar	Independent Director	-	-
		<b>4,357,200</b>	<b>4,357,200</b>

02 Directors Meeting Allowances Tk.68,800

Name of	Designation		
Tofayel Kabir Khan	Managing Director	12,000	11,000
Mohammed Enamul Kabir Khan	Chairman	12,000	12,000
Md. Ruhul Kabir Khan	Director	10,200	8,000
Hazrat ali	Director	7,200	8,800
Md. Zakirul Kabir Khan	Nominee Director	7,200	8,800
Mrs. Jarin Kabir Khan	Nominee Director	7,200	7,200
Mohammad Lukman	Independent Director	7,000	11,000
Mr. Utpal Dhar	Independent Director	6,000	9,000
		<b>68,800</b>	<b>75,800</b>

(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. 5,462,068**

This consists of the following:

	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
Sales Commission	1,070,945	1,210,135
Car Repair & Maintenance	375,682	473,148
Carriage Outward & Delivery	955,520	1,065,020
Advertisement	227,875	235,650
Fuel & Lubricants	635,213	859,321
Salary & Allowances	2,014,660	2,531,540
Depreciation	125,038	156,297
Toll Expenses	57,135	62,644
	<b>5,462,068</b>	<b>6,593,755</b>

**23.00 Financial Expenses: Tk. 9,357,416**

This consists of the following:

Bank Charges & Other Commission	185,987	185,645
Bank Interest on CC (hypo)	3,851,034	2,004,463
Interest & Charges on LTR	5,283,745	4,814,443
Charges on FDR	36,650	63,500
Excise Duty	-	-
	<b>9,357,416</b>	<b>7,068,051</b>

**24.00 Income Tax Expenses: Tk. 6,125,758**

This has been arrived as under:

Current Tax Note- 18	4,110,749	11,942,738
Deferred Tax Note- 12	2,015,009	3,167,196
Income tax expenses	<b>6,125,758</b>	<b>15,109,934</b>

**25.00 Non Operating Income : Tk. 2,064,366**

This consists of the following:

Interest on IPO Subscription Fund	119,255	143,710
Gain/(Loss) on Foreign Currency Fluctuation	96,763	1,152,179
Interest on FDR fund	1,848,348	7,697,401
	<b>2,064,366</b>	<b>8,993,290</b>

**26.00 Earnings Per Share: Tk. 0.25**

This has been calculated in compliance with the requirements of IFRS 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

Weighted average no. of ordinary Shares Note-26.01

Net Income after tax	24,313,454	70,564,484
Weighted average no. of ordinary Shares Note-26.01	98,079,878	98,079,878
	<b>0.25</b>	<b>0.72</b>

**26.01 Weighted Average Number of shares: 98,079,878**

Item	Number of Shares	Issue date	End Date	Days	Factor	Weighted Number
Balance	98,079,878	1-Jul-18	30-Jun-19	365		
Stock Dividend	-	1-Jul-18	30-Jun-19	365	1.00	98,079,878
	98,079,878				1.00	-
<b>Weighted Average Number of Shares</b>						<b>98,079,878</b>

\*Previous year's EPS has been adjusted as per the requirement of IFRS-33 "Earning per share".



	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
<b>27.00 Net Asset Value Per Share (NAVPS)</b>		
Total Assets	1,379,163,713	1,420,001,520
Non-Current Liabilities+Current Liabilities	139,292,820	190,738,066
Net Assets Value(NAV) including Revaluation surplus	<b>1,239,870,893</b>	<b>1,229,263,454</b>
Number of ordinary shares outstanding	98,079,878	98,079,878
<b>Net Assets Value(NAV) Per Share including Revaluation surplus</b>	<b>12.64</b>	<b>12.53</b>
Net Assets Value(NAV) excluding Revaluation surplus	<b>1,150,447,245</b>	<b>1,139,508,578</b>
<b>Net Assets Value(NAV) Per Share excluding Revaluation surplus</b>	<b>11.73</b>	<b>11.62</b>
<b>28.00 Net Operating Cash flow per Share (NOCFPS)</b>		
Cash inflow/ (outflow) per share	<b>0.93</b>	<b>0.35</b>
The composition of cash inflow/(outflow) value per share is given below		
Operating cash flow during the year	91,121,197	34,562,807
Number of ordinary shares	98,079,878	98,079,878
	<b>0.93</b>	<b>0.35</b>

**29.00 The requirement of schedule XI part-II, Para 3 (a) : Turn Over**

Turnover in BDT.	579,366,749	739,027,917
Turnover Quantity in pcs.	27,649,769	35,466,151

**30.00 Information relating to Purchase, Production, Sale and Stock on Quantity Basis**

Particulars	30-Jun-19		30-Jun-18	
	Total		Total	
<b>Opening Stock</b>				
Raw Materials	2453	MT	2,338	MT
Finished Goods	98	MT	76	MT
<b>Purchase</b>				
Raw Materials	2717	MT	3,110	MT
<b>Production</b>				
Finished Goods	2829	MT	3,629	MT
<b>Closing Stock</b>				
Raw Materials	2666	MT	2,453	MT
Finished Goods	70	MT	98	MT
<b>Total available for Consumption/Sale</b>				
Raw Materials	5171	MT	5,448	MT
Finished Goods	2927	MT	3,705	MT
<b>Consumed/Sold</b>				
Raw Materials	2504	MT	2,994	MT
Finished Goods	2857	MT	3,606	MT

**31.00 Value of Import on CFR Basis**

Import of raw materials (US Dollar)	4,446,150	5,143,581
Import of raw materials (BDT)	384,133,880	456,809,077

**32.00 Value of Export on FOB Basis**

Export of finished goods (US Dollar)	6,912,442	8,856,538
Export of finished goods (BDT)	569,585,234	730,602,702

**33.00 Capacity and Capacity Utilization**

Installed Capacity	Actual Capacity	Utilization
8.70 Crore Pieces of Different types of Bags	6.95 Crore Pcs	40%



	Amount in Taka	Amount in Taka
	30 June 2019	30 June 2018
<b>34.00 Reconciliation of Net Cash Flows From Operating Activities</b>		
Net Profit after Tax	24,313,454	70,564,484
Add: Depreciation	41,864,083	40,247,738
Add: Deferred Tax	2,015,009	3,167,196
Add: Increase/Decrease of Current Assets	30,793,446	(79,106,307)
Less: Decrease of Current Liabilities	(7,864,796)	(310,305)
<b>Net Cash Flows From Operating Activities</b>	<b>91,121,197</b>	<b>34,562,807</b>

**35.00 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 BFRS 24: Related Party Disclosures.

<u>Name of Related Party</u>	<u>Nature of Transaction</u>
Khan Brothers Bag Industries Ltd.	Receipts, payment, Bank transaction
Khan Brothers International (Proprietorship)	Receipts, payment, Bank transaction

**36.00 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.

**36.01 Capital Expenditure Commitment**

There was no commitment for capital expenditure contracted or provided as on 30.06.2019.

**36.02 Claims not Acknowledged**

There is no claim against the Company acknowledged as debt as on 30.06.2019

**36.03 Commission, Brokerage or Discount Against Sales**

No commission, brokerage or discount was incurred or paid by the Company against sales during the year ended June 30, 2019

**36.04 Directors Responsibility Statements**

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

**36.05 Employee Details:**

- During the year there were 428 employees employed for the full year and 162 employees less than the full year at a remuneration of Taka 4,000 per month and above.
- At the end of the period, there were 590 employees in the company.
- Each employees received salaries more than Tk. 5,000.00 per month

**37.00 Event after the reporting period**

Following events occurred since the balance sheet date:

- The board of directors recommended no dividend at the Board meeting held on October 27, 2019 for the year ended June 30, 2019. This is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.
- 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.

**38.00 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 2019 the entire part of the receivables are related to export of goods and subject to insignificant credit risk. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

#### Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach in managing liquidity ( cash and cash equivalents) is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash 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.

#### 39.00 Authorization for issue

The financial statements were authorized for issue by the Board of Directors of the company on 27 October 2019.

#### 40.00 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**

For the year ended June 30, 2019

Annexure A

Particulars	COST/REVALUATION			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2019	Written down value as on 30.06.2018
	As at 01.07.2018	Addition During the year	As at 30.06.2019		As at 01.07.2018	Addition During the year	As at 30.06.2019		
Land & Land Development	140,887,199	-	140,887,199	0%	-	-	-	140,887,199	140,887,199
Building & Other Construction	216,254,286	-	216,254,286	5%	53,839,401	8,120,744	61,960,145	154,294,141	162,414,885
Plant & Machinery	424,863,946	-	424,863,946	10%	183,402,693	24,146,125	207,548,818	217,315,128	241,461,253
Generator & Electric Equipment	57,782,068	-	57,782,068	15%	36,831,366	3,142,605	39,973,971	17,808,097	20,950,702
Motor Vehicle	4,651,303	27,071,000	31,722,303	20%	4,026,114	5,539,238	9,565,352	22,156,951	625,189
Office Decoration & Fittings	10,922,885	-	10,922,885	10%	4,032,741	689,014	4,721,755	6,201,130	6,890,144
Furniture & Fixture	4,869,065	-	4,869,065	10%	2,605,506	226,356	2,831,862	2,037,203	2,263,559
<b>Total as on 30 June 2019</b>	<b>860,230,752</b>	<b>27,071,000</b>	<b>887,301,752</b>		<b>284,737,821</b>	<b>41,864,083</b>	<b>326,601,904</b>	<b>560,699,848</b>	<b>575,492,932</b>
<b>Total as on 30 June 2018</b>	<b>808,079,906</b>	<b>52,150,846</b>	<b>860,230,752</b>		<b>244,490,082</b>	<b>40,247,738</b>	<b>284,737,820</b>	<b>575,492,932</b>	<b>563,589,824</b>

**Allocation of depreciation:**

Admin	6,329,570
Marketing	125,038
Manufacturing	35,409,475
	<u>41,864,083</u>



Note: Land & Land Development represents only Land.



ANNEXURE-1

**Disclosure as per requirement of Schedule XI, Part II of the Companies Act, 1994:**

Disclosure as per requirement of Schedule XI, Part II, Para-3, Note 4 (i) and (ii)

Employees position of the company as at 30 June, 2019:

Complied -Disclosed in Note No-32

**Disclosure as per requirement of Schedule XI, Part II, Para 3:**

**Compliance status of disclosure of Schedule XI, Part II,  
Para 3**

Para		Compliance status of disclosure of Schedule XI, Part II, Para 3
3(i)(a)	The turnover	Complied -Disclosed in Note No- 19
3 (i)(b) t	Commission paid to the selling agent	Not Applicable
3(i)(c )	Brokerage and discount on sales, other than the usual trade discount.	Not Applicable
3(i)(d)(i)	The value of the raw materials consumed, giving item wise breakup as possible.	Complied -Disclosed in Note No-20 and 20.1
3(i)(d)(ii)	The opening and closing stocks of goods produced.	Complied - Disclosed in Note No-20
3(i)(e)	In the case of trading companies, the purchase made and the opening and closing stocks.	Not applicable
3(i)(f)	In the case of companies rendering or supplying services, the gross income derived from services rendered or supplied.	Not Applicable
3(i)(g)	Opening and closing stocks, purchases and sales and consumption of raw materials with value and quantity break-up for the company, which falls under one or more categories i.e. manufacturing and/or trading.	Complied -Disclosed in Note No- 20.3,20.4 and 20.5
3(i)(h)	In the case of other companies, the gross income derived under different heads.	Not Applicable
3(i)(i)	Work-in-progress, which have been completed at the commencement and at the end of the accounting period.	Complied- Disclosed in Note No-20
3(i)(j)	Provision for depreciation, renewals or diminution in value of fixed assets.	Complied -Disclosed in Schedule No- 1
3(i)(k)	Interest on the debenture paid or payable to the Managing Director, Managing Agent and Manager.	Not Applicable
3(i)(l)	Charge of income tax and other taxation on profits.	Complied -Disclosed in Note No-24
3(i)(m)	Revised for repayment of share capital and repayment of loans	Not Applicable
3(i)(n)(i)	Amount set aside or proposed to be set aside, to reserve, but not including provisions made to meet any specific liability, contingency or commitment, know to exist at the date as at which the balance sheet is made up.	Not Applicable
3(i)(n)(ii)	Amount withdrawn from above mentioned reserve	Not Applicable
3(i)(o)(i)	Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments.	Not Applicable
3(i)(o)(ii)	Amount withdrawn from above mentioned provisions, as no longer required.	Not Applicable



- 3(i)(p) Expenditure incurred on each of the following items, separately for each item: (i) Consumption of stores and spare parts (ii) Power and Fuel (iii) Rent (iv) Repairs of Buildings (v) Repairs of Machinery (vi) (1) Salaries, wages and bonous (2) Contribution to provident and other funds (3) Worksmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve.
- Complied -Disclosed in Note From 20,21,22 and in Income Statement

**Disclosure as per requirement of Schedule XI, Part II, Para 4:**

**Payment/Perquisites to Directors & Managers**

Complied and Disclosed in Note-21.01 and 21.02

**Disclosure as per requirement of Schedule XI, Part II, Para 7:**

Details of production capacity utilization:

**2018-2019**

Particulars	Installed Capacity Pieces	Actual Production Pieces	Capacity Utilization in %
Annual Production capacity	87,000,000	38,871,600	44.68

**2017-2018**

Particulars	Installed Capacity	Actual Production	Capacity Utilization
Annual Production capacity	87,000,000	49,590,000	57.00

**Disclosure as per requirement of Schedule XI, Part II, Para 8 (C) :**

Raw materials:

Items	Total Purchase (Tk.)		Consumption (Tk.)		% of consumption of total purchase	
	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018
Raw materials	410,221,985	550,029,790	578,703,344	532,042,587	101%	97%
Spare parts	645,324	1,065,570	1,266,939	1,065,570	100%	100%
Packing materials	207,401	143,440	139,940	143,944	96%	100%
<b>Total</b>	<b>411,074,710</b>	<b>551,238,800</b>	<b>580,110,223</b>	<b>533,252,101</b>		

**Value of export:**

Particulars	In foreign currencies (US\$)	In Tk.
Export	6,827,999	569,585,234

i) The company has not incurred any expenditure in foreign currencies for the period from 01 July, 2018 to 30 June, 2019 on account of royalty, know-how, professional fees, consultancy fees and interest;

ii) The company has not earned any foreign exchanges for royalty, know-how, professional fees, consultancy fees and interest;

iii) The Company has not remitted any foreign currencies on account of dividend.

