

Khan Brothers PP Woven Bag Industries Ltd.

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

**AUDITOR'S REPORT &
FINANCIAL STATEMENTS
As at and for the year ended June 30, 2017**

**MAHFEL HUQ & CO.
CHARTERED ACCOUNTANTS**

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Mahfel Huq & Co.

Chartered Accountants

The first registered accounting firm in independent Bangladesh



An independent member firm of AGN International

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

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Khan Brothers PP Woven Bag Industries Ltd**, which comprises the Statement of Financial Position as at 30 June 2017 and the 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with the Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

In accordance with The Companies Act 1994 and The Securities and Exchange Rules 1987, we further report that:

- 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;
- 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 statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purpose of the company's business.

Dhaka
October 29, 2017

MAHFEL HUQ & CO.
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, 2017

	Notes	Amount In Tk.	Amount In Tk.
		30-Jun-17	30-Jun-16
ASSETS:			
NON-CURRENT ASSETS (A)			
Property, Plant and Equipments	3.00	564,639,824	579,816,883
Investment in Share	4.00	563,589,824	578,766,883
		1,050,000	1,050,000
CURRENT ASSETS (B)			
Inventories	5.00	733,648,071	653,338,895
Trade and other Receivables	6.00	462,476,179	442,874,955
Advances, Deposits & Pre-Payments	7.00	112,532,360	127,384,005
Cash and Cash Equivalents	8.00	60,021,814	60,538,463
		98,617,718	22,541,472
TOTAL ASSETS A+B)		1,298,287,895	1,233,155,778
EQUITY AND LIABILITIES:			
SHAREHOLDERS' EQUITY (C)			
Share Capital	9.00	1,158,698,969	1,086,908,388
Revaluation Reserve	10.00	891,635,250	803,275,000
Retained Earnings	11.00	94,467,599	94,467,599
		172,596,120	189,165,790
NON-CURRENT LIABILITIES (D)			
Deferred Tax Liability	12.00	21,238,079	16,675,470
		21,238,079	16,675,470
CURRENT LIABILITIES (E)			
Trade and other Payables	13.00	118,350,847	129,571,919
Short term Bank loan	14.00	900,270	875,750
Accrued Expenses	15.00	88,786,594	93,722,722
IPO Application Fund	16.00	6,337,467	6,054,980
Provision for Workers Profit Participation Fund	17.00	5,848,615	5,938,776
Provision for Taxation	18.00	5,455,327	7,243,592
		11,022,574	15,736,099
TOTAL EQUITY & LIABILITIES (C+D+E)		1,298,287,895	1,233,155,778
Net Asset Value (NAV) including Revaluation Surplus	27.00	13.00	13.53
Net Asset Value (NAV) excluding Revaluation Surplus	27.00	11.94	12.35

The Annexed notes from 1 to 37 form an integral part of these Financial Statements.

Chief Financial Officer

Director

Managing Director

Company Secretary

Chairman

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

Place: Dhaka

Dated: 29 October, 2017



Mahfel Huq & Co.
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, 2017

	Notes	Amount In Tk.	
		2016-2017	2015-2016
Turnover	19.00	779,184,305	1,142,896,239
Less: Cost of Sales	20.00	649,390,493	965,202,987
Gross Income		129,793,812	177,693,252
Operating Expenses:		29,752,203	36,291,695
Administrative Expenses	21.00	23,268,660	28,599,927
Marketing and Distribution Expenses	22.00	6,483,543	7,691,768
Income from Operating Activities		100,041,608	141,401,557
Financial expenses	23.00	(8,582,359)	(9,901,871)
Net Income from Operation		91,459,249	131,499,686
Non Operating Income	25.00	285,302	67,521
Net Income before WPPF & Income Tax		91,744,552	131,567,207
Provision for WPPF	17.00	(4,368,788)	(6,265,105)
Net Income before Tax		87,375,763	125,302,102
Provision for Income Tax:	24.00	15,585,182	21,532,061
Current Tax	18.00	11,022,574	15,736,099
Deferred Tax	12.00	4,562,609	5,795,962
Net Income after Tax		71,790,581	103,770,041
Earnings Per Share	26.00	0.81	1.16

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Place: Dhaka
Dated: 29 October, 2017



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Statement of Changes in Equity

For the Year ended 30 June, 2017

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
Amount in Taka				
Balance as on 01 July, 2016	803,275,000	94,467,599	189,165,790	1,086,908,388
Net Income for the year	-	-	71,790,581	71,790,581
Dividend for the year 2016	88,360,250	-	(88,360,250)	-
Balance as on 30 June, 2017	891,635,250	94,467,599	172,596,120	1,158,698,969

Balance as on 01 July, 2015	698,500,000	94,467,599	190,170,749	983,138,347
Net Income for the year	-	-	103,770,041	103,770,041
Dividend for the 2015	104,775,000	-	(104,775,000)	-
Balance as on 30 June, 2016	803,275,000	94,467,599	189,165,790	1,086,908,388

The Annexed notes from 1 to 37 form an integral part of these Financial Statements.


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Place: Dhaka

Dated: 29 October, 2017


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Khan Brothers PP Woven Bag Industries Ltd.

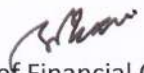
KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

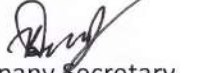
Statement of Cash Flows

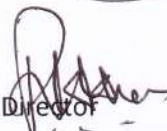
For the Year ended 30 June, 2017

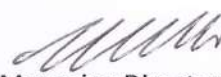
	Amount In Tk.	
	2016-2017	2015-2016
A. Cash Flows from Operating Activities :		
Collection from Turnover and others	794,321,251	1,135,781,779
Payment to suppliers and creditors for expenses	(655,908,029)	(1,104,542,211)
Payment for Financial Expenses	(8,582,359)	(9,901,871)
Payment for WPPF	(6,157,053)	(5,544,757)
Payment for Income Tax	(14,453,440)	(14,923,913)
Net cash inflow/(outflow) from operating activities	109,220,370	869,027
B. Cash flow from Investing Activities:		
Acquisition of Property, Plant & Equipment	(28,117,835)	(38,767,656)
Net cash inflow/ (outflow) in Investing Activities	(28,117,835)	(38,767,656)
C. Cash flow from Financing Activities:		
Short term loan Received/(Re-paid)	(5,026,290)	42,655,741
Net cash inflow/(outflow) in financing activities	(5,026,289.59)	42,655,741
D. Increase/ (Decrease) in Cash and Cash Equivalent (A+B+C)	76,076,246	4,757,113
E. Opening Cash and Cash Equivalent	22,541,472	17,784,359
F. Ending Cash and Cash Equivalent (D+E)	98,617,718	22,541,472
Net Operating Cash flow per Share (NOCFPS)	1.22	0.01

The Annexed notes from 1 to 37 form an integral part of these Financial Statements.


Chief Financial Officer


Company Secretary


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Place: Dhaka

Dated: 29 October, 2017




Mahfel Huq & Co.
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Khan Brothers PP Woven Bag Industries Ltd.

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Notes to the Financial Statements

As at and for the year ended June 30, 2017

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 Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs), 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 Bangladesh Accounting Standards (BASs) 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 BAS-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, 2016 to June 30, 2017 of the following year.



2.07 Provisions

In accordance with the guidelines as prescribed by BAS-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 BAS 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 BAS-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 BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating the format of financial statements were also taken into full consideration for fair presentation:

BAS 1	Presentation of Financial Statements
BAS 2	Inventories
BAS 7	Statement of Cash Flows
BAS 8	Accounting Policies Changes in Accounting Estimate and Errors
BAS 10	Events After the Reporting Period
BAS 12	Income Taxes
BAS 16	Property Plant & Equipment
BAS 18	Revenues
BAS 19	Employees Benefits
BAS 21	The Effect of Changes in Foreign Exchange Rate
BAS 23	Borrowing Cost
BAS 33	Earnings Per Share
BAS 36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets,
BAS-39	Financial Instruments: Recognition and Measurement
BFRS-7	Financial Instruments: Disclosures
BFRS-8	Operating Segments
BFRS-9	Financial Instruments

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 BAS: 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 an independent G.KIBRIA & CO. Chartered Accountants an independent valuer.
- iii) Revaluation surplus of Tk. 9,79,75,485 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 BAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

Particulars	30-Jun-2017	30-Jun-2016
Land & Land Development	0%	0%
Building & Other Construction	5%	5%
Plant & Machinery	10%	10%
Generator & Electric Equipment	15%	15%
Motor Vehicle	20%	20%
Office Decoration & Fittings	10%	10%
Furniture & Fixture	10%	10%

2.15 Impairment of assets

All fixed assets have been reviewed and it was confirmed that no such fixed 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 are Recognized when goods are delivered from the factory godown, delivery Challan is issued and ownership transferred as per BAS-18.

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 BAS 2 “Inventories” after making due allowance for any absolute 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 recognised Deferred Tax as per provision of BAS-12 (Income Taxes).

2.20 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with BAS-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 BAS-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 BAS 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 BAS 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. BAS 1 "Presentation of Financial Statements" provides that Cash and Cash Equivalents are not restricted in use. Considering the provision of BAS 7 & BAS 1, Cash in Hand & Bank Balances including FDR have been treated as Cash & 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 BAS 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.

b) 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 Labour 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 BFRS 8: "Segment Reporting" as the company operates in a single industry segment and within a single geographical territory.

2.27 Earnings Per Share

This has been calculated in compliance with the requirements of BAS 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 years earnings as well to conform the current years 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.





3.00 Property, Plant and Equipments: Tk. 563,589,824

This includes the written down value as on 30 June, 2017. Break up of the PPE is as follows; :

	Amount in TK 30-Jun-17	Amount in TK 30-Jun-16
Land & Land Development	99,430,849	99,430,849
Building & Other Construction	170,963,037	167,423,302
Plant & Machinery	257,595,785	270,637,493
Generator & Electric Equipment	24,647,885	28,997,512
Motor Vehicle	781,486	976,858
Office Decoration & Fittings	7,655,716	8,506,351
Furniture & Fixture	2,515,065	2,794,517
	563,589,824	578,766,883

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
		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. 462,476,179

Break-up of this item is as follows:

Finished Goodes	19,426,248	15,362,360
Raw Materials: Notes- 20.05	406,179,573	390,039,013
Working-in-process	29,215,478	29,983,448
Store Materials	7,654,880	7,490,134
	462,476,179	442,874,955

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 BAS-2. Inventories are hypothecated against working capital facilities from the bank (Islami Bank BD Ltd.).

6.00 Trade and other Receivables: Tk. 112,532,360

Break-up of this item is as follows:

Export Bills Receivable: Note- 6.01

Ashirbad Syndicate	110,286,630	125,210,925
Bombay Sweets & Co.	265,200	254,000
D H Plastic	154,800	162,500
Kabir Enterprise	165,480	165,250
Kazi Agro	685,470	742,100
Mehera Corporation	132,540	102,200
R M Trade Line	235,640	245,015
Shuvo Enterprise	125,450	110,240
S N Traders	184,574	187,450
	296,576	204,325
	112,532,360	127,384,005

These are considered good.

6.01 Export Bills Receivables: Tk. 110,286,630

Party Name & Country

M/S BERY MARITIME AS, NORWAY	23,533,310	9,751,063
OCEAN WISDOM ENTERPRISE UAE	9,857,450	18,277,215
COMMODITY FIRST PTE LTD SINGAPORE	20,100,655	24,747,811
URALKALI TRADING SA SWITZARLAND	25,090,815	18,431,425
BLUE OCEAN SHIPPING PTE LTD. SINGAPORE	22,006,550	54,003,410
AL JABAL AL THAHABI UAE	9,697,850	-
Total	110,286,630	125,210,925





6.02 Ageing of Receivables: Tk. 110,286,630		
Dues up to 60 days	110,286,630	125,210,925
Dues Over 60 days	-	-
	110,286,630	125,210,925

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.	110,286,630	125,210,925
Receivable considered good in respect of which the company holds no security other than the debtor personal security.	2,245,730	2,173,080
Receivables considered doubtful bad.	-	-
Receivable to Directors.	-	-
Receivables due by common management.	-	-
The maximum amount of receivable due by any director or other officer of the company.	-	-
Total	112,532,360	127,384,005

7.00 Advances, Deposits & Pre-Payments: Tk. 60,021,814

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	5,553,428	6,836,087
CDBL-Security deposit	500,000	500,000
Advance agst. L/C : Note- 7.02	45,447,686	43,386,196
Salary Advance	768,400	753,200
Advance against Local Purchase : Note: 7.03	7,054,800	8,365,480
	60,021,814	60,538,463

7.01 Advance Income Tax Tk. 5,553,428

This consist of the following:		
Advance Tax on Export	5,526,866	6,789,682
Advance Tax on other Income (Interest Income)	7,637	18,359
Advance Tax on FDR Interest Income)	18,925	28,046
	5,553,428	6,836,087

7.02 Advance against L/C: Tk. 45,447,686

<u>LC No</u>	<u>Bank Name</u>		
LC No-221716020428	Mutual Trust Bank Ltd	2,129,690	
LC No-221716020430	Mutual Trust Bank Ltd	2,393,000	
LC No-221717010126	Mutual Trust Bank Ltd	2,246,400	
LC No-221717010551	Mutual Trust Bank Ltd	2,634,615	
LC No-221717020050	Mutual Trust Bank Ltd	2,293,543	
LC No-221717020130	Mutual Trust Bank Ltd	2,461,657	
LC No-221717020151	Mutual Trust Bank Ltd	3,469,651	
LC No-221717020152	Mutual Trust Bank Ltd	2,391,376	
LC No-221717020192	Mutual Trust Bank Ltd	2,445,566	
LC No-221717020255	Mutual Trust Bank Ltd	2,907,137	
LC No-221717020256	Mutual Trust Bank Ltd	2,907,137	
LC No-221717020280	Mutual Trust Bank Ltd	2,879,467	
LC No-221717020281	Mutual Trust Bank Ltd	2,439,733	
LC No-221717020297	Mutual Trust Bank Ltd	2,547,312	
LC No-221717020298	Mutual Trust Bank Ltd	1,897,552	
LC No-221717020299	Mutual Trust Bank Ltd	3,501,702	
LC No-304117010060	Jamuna Bank Ltd	1,750,100	
LC No-304117010061	Jamuna Bank Ltd	2,152,049	
LC No-304116010062	Jamuna Bank Ltd		1,489,224
LC No-221715010720	Mutual Trust Bank Ltd		2,019,525
LC No-221715010721	Mutual Trust Bank Ltd		2,227,335
LC No-221715020342	Mutual Trust Bank Ltd		2,365,288
LC No-221716020132	Mutual Trust Bank Ltd		2,420,998
LC No-221716020133	Mutual Trust Bank Ltd		1,420,998





LC No-221716020176	Mutual Trust Bank Ltd	2,373,808	
LC No-221716020177	Mutual Trust Bank Ltd	2,373,808	
LC No-221716020178	Mutual Trust Bank Ltd	2,432,967	
LC No-221716020179	Mutual Trust Bank Ltd	2,432,967	
LC No-221716020197	Mutual Trust Bank Ltd	2,229,989	
LC No-221716020198	Mutual Trust Bank Ltd	3,229,989	
LC No-221716020204	Mutual Trust Bank Ltd	3,374,220	
LC No-221716020205	Mutual Trust Bank Ltd	2,436,590	
LC No-221716020210	Mutual Trust Bank Ltd	3,461,160	
LC No-221716020211	Mutual Trust Bank Ltd	2,461,160	
LC No-221716020245	Mutual Trust Bank Ltd	1,818,087	
LC No-221716020246	Mutual Trust Bank Ltd	2,818,087	
		45,447,686	43,386,196
7.03 Advance against Local Purchases: Tk. 7,054,800			
Mr. Mehbubul Hasan Pavel		4,938,360	4,851,978
Mr. Ekramul Haque		2,116,440	3,513,502
		7,054,800	8,365,480
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		58,055,914	58,587,763
Advance, deposit and pre-payments considered doubtful and bad		-	-
Advance, deposit and pre-payments due by directors or other officers		768,400	753,200
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		-	-
Total		60,021,814	60,538,463
8.00 Cash and Cash Equivalents: Tk. 98,617,718			
This consist of the following balances;			
Cash in hand		19,221,158	12,687,987
Cash at Banks:			
Jamuna Bank Ltd.-CD-6233		3,725	5,183
One Bank Ltd. CD-490006		-	7,915
Mutual Trust Bank Ltd.-CD-11251		21,668	544,544
Mutual Trust Bank Ltd.-STD-2508		5,050,199	5,140,361
Mutual Trust Bank Ltd.-FC-4399 (USD)		564,220	564,220
Mutual Trust Bank Ltd.-FC-4406 (POUND)		126,168	126,168
Mutual Trust Bank Ltd.-FC-4415 (EURO)		108,028	108,028
Jamuna Bank Ltd.-SND-0389		3	1,841
FDR		73,522,549	3,355,226
		79,396,559	9,853,485
		98,617,718	22,541,472
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. 891,635,250			
This represents the followings:			
Authorized capital:			
100,000,000 ordinary Shares of tk 10/= each		1,000,000,000	1,000,000,000
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
Bonus (Note: 09.01)		256,635,250	168,275,000
		891,635,250	803,275,000
9.01 Bonus share Capital Tk. 256,635,250			
Opening Balance		168,275,000	63,500,000
1,04,77,500 Bonus Share Issued @ Tk.10 each		-	104,775,000
88,36,025 Bonus Share Issued @ Tk.10 each		88,360,250	-
		256,635,250	168,275,000





The position of shareholders as on 30 June 2017 is as follows:

Particulars of Investors	Number of Investors	Number of Shares	Percentage of Share Holding 2016-2017	Percentage of Share Holding 2015-2016
Sponsor	6	26863462	30%	30.91%
Directors other than Sponsor	-	-	-	-
General Public	7968	35765133	40%	59.27%
Investor's A/c	-	-	-	-
Financial Institutes	188	26534930	30%	9.82%
Total	8162	89163525	100%	100.00%

Classification of Shareholders by Holding :

Holdings	Numbers of Holders		Shareholdings %	
	2017	2016	2,017	2016
Less than 500 Shares	2188	1591	0.48%	0.35%
501 to 5,000	4515	3418	8.75%	5.32%
5,001 to 10,000	729	320	6.22%	2.92%
10,001 to 20,000	401	213	6.56%	3.82%
20,001 to 30,000	133	98	3.75%	2.99%
30,001 to 40,000	56	40	2.18%	1.78%
40,001 to 50,000	47	36	2.43%	2.09%
50,001 to 100,000	51	61	3.93%	5.44%
100,001 to 1,000,000	36	86	10.19%	28.25%
Over 1,000,000	6	7	55.51%	47.02%
Total	8162	5870	100.00%	100.00%

10.00 Revaluation Reserve: Tk. 94,467,599

This is made up as follows:

Opening balance

94,467,599 94,467,599

94,467,599 94,467,599

11.00 Retained Earnings TK. 172,596,120

This is made up as follows:

Opening Balance

189,165,790 190,170,749

Net Income for the year

71,790,581 103,770,041

Dividend for the year

(88,360,250) (104,775,000)

Closing Balance

172,596,120 189,165,790

12.00 Deferred Tax Liability TK. 21,238,079

This has been arrived as under:

A. Temporary difference:

Carrying Amount of PPE

464,158,975 479,336,033

Tax Base Value of PPE

322,317,438 373,995,365

Taxable Timing Differences

141,841,537 105,340,669

Tax rate (50% of 25%)

12.50% 12.50%

Deferred Tax Liabilities Closing Balance

17,730,192 13,167,584

Less: Opening balance of Deferred Tax Liabilities

13,167,584 7,371,622

Deferred Tax Expenses

4,562,609 5,795,962

B. Revaluation:

Carrying value of land

99,430,849 99,430,849

Other than Land

10,128,463 10,128,463

Tax rate:

Land

2% 2%

Other than Land

15% 15%

Closing Deferred Tax Liabilities:

3,507,886 3,507,886

Land

1,988,617 1,988,617

Other than Land

1,519,269 1,519,269





Less: Opening Deferred Tax Liabilities:

Land	3,507,886	3,507,886
Other than Land	1,988,617	1,988,617
D.Tax asset / liability:	1,519,269	1,519,269
	-	-

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

21,238,079 **16,675,470**

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

13.00 Trade and other Payables: Tk. 900,270

This is made up as follows:

Bills Payable (Note 13.01)	900,270	875,750
Payable against LC	-	-
	900,270	875,750

13.01 Bills Payable: Tk. 900,270

This is made up as follows:

Sumayed Enterprise	55,470	45,780
Desh Electric Co.	64,580	65,300
Rahman Traders	132,500	124,500
Tanuka Traders	133,235	124,825
Sheikh Enterprise	72,540	68,950
Janata Machinerics	231,255	245,700
Dewan Enterprise	130,240	124,870
The J.S Machinerics Stores	80,450	75,825
	900,270	875,750

14.00 Short Term Bank Loan: Tk. 88,786,594

This is made up as follows:

Cash Credit (Hypo) From JBL, Account No. 0240	30,716,386	30,993,686
Loan Against Trust Receipts (LTR): (Note # 14.01)	58,070,208	62,729,036
	88,786,594	93,722,722

14.01 LTR Number

	Bank Name	Amount in Taka	Amount in Taka
0009-0124013184	JBL		37,122
0009-0124013255	JBL		4,534,147
0009-0124013317	JBL		4,392,285
0009-0124013326	JBL		4,393,985
0009-0124013380	JBL		2,526,810
0009-0124013488	JBL		7,214,953
0009-0124013504	JBL		13,360,486
0002-0124090786	MTBL		2,807,999
0002-0124090928	MTBL		2,426,084
0002-0124091418	MTBL		1,696,051
0002-0124091669	MTBL		7,955,131
0002-0124092382	MTBL		8,137,417
0002-0124092408	MTBL		3,246,565
0009-0124095665	MTBL	1,969,798	
0009-0124095889	MTBL	2,375,840	
0009-0124095905	MTBL	815,026	
0009-0124096235	MTBL	741,048	
0009-0124097136	MTBL	242,122	
0009-0124097332	MTBL	602,711	
0009-0124098153	MTBL	8,660,997	
0009-0124098340	MTBL	9,537,486	
0009-0124098359	MTBL	7,947,905	





0009-0124013773	JBL	4,210,990	
0009-0124013942	JBL	3,142,788	
0009-0124014003	JBL	2,055,549	
0009-0124014021	JBL	1,668,437	
0009-0124014030	JBL	5,063,513	
0009-01640000120	JBL	9,036,000	
	Total	58,070,208	62,729,036

This represents amount provided by the following Banks as working capital which is fully secured by stock hypothecation and export bills receivable at terms & condition given below.

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.

15.00 Accrued Expenses Tk. 6,337,467

This is made up as follows:

Factory Electricity Bill	511,932	72,175
Factory Gas Bill	1,988,851	1,866,188
VAT Payable	325,200	315,400
Audit Fee	115,000	115,000
Telephone Bill	1,124	3,838
Internet Bill	15,500	15,500
Printing Bill	10,250	8,500
Office electricity, Wasa & Others	56,860	54,680
Salary and Allowance	1,124,800	1,286,700
Wages & salary	2,125,450	2,254,500
Dividend Payable	62,500	62,500
	6,337,467	6,054,980

16.00 IPO Application Fund Tk. 5,848,615

Mutual Trust Bank Ltd.-STD-2508	5,050,199	5,140,361
Mutual Trust Bank Ltd.-FC-4399 (USD)	564,220	564,220
Mutual Trust Bank Ltd.-FC-4406 (POUND)	126,168	126,168
Mutual Trust Bank Ltd.-FC-4415 (EURO)	108,028	108,028
	5,848,615	5,938,776

17.00 Provision for Workers Profit Participation Fund Tk. 5,455,327

Opening balance	7,243,592	6,523,243
Add: Addition during the year	4,368,788	6,265,105
Paid during the year as per rule	(6,157,053)	(5,544,757)
	5,455,327	7,243,592

The Company made provision for Workers Profit Participation Fund (WPPF) @ 5% of the profit before charging such expense

18.00 Provision for Tax: Tk. 11,022,574

This has been arrived as under:

Opening Balance	15,736,099	17,766,391
Provision during the year:		
Tax charge during the period@25%	21,843,941	31,325,525
Tax Rebate on Export Sales Note- 18.01	(10,821,367)	(15,589,426)
	11,022,574	15,736,099
Adjusted/ Payment during the period:		
Adjustment	6,836,087	9,678,565
Payment	8,900,012	8,087,826
	15,736,099	17,766,391
Closing Balance	11,022,574	15,736,099





18.01 Tax Rebate on Export Sales Tk. 10,821,367		
Total Tax Charged during the period	21,843,941	31,325,525
Tax on Other Income	(71,326)	(16,076)
Tax on Operating Income	21,772,615	31,309,449
Tax on Local Sales	(129,881)	(130,597)
Tax on Export Sales	21,642,734	31,178,852
50% of Tax on Export Sales	(10,821,367)	(15,589,426)
	10,821,367	15,589,426
19.00 Turnover: Tk. 779,184,305		
This is the value of export made during the year through Advance TT and L/Cs:		
Export	774,536,205	1,138,129,029
Local	4,648,100	4,767,210
	779,184,305	1,142,896,239
20.00 Cost of Sales: Tk. 649,390,493		
This has been arrived as under:		
Opening Work-in-Process	29,983,448	30,142,633
Raw materials consumed: (Notes-20.01)	562,702,724	864,732,344
Manufacturing overhead (Note-20.02)	89,983,687	102,334,315
Less: Closing Work-in-Process	(29,215,478)	(29,983,448)
Cost of Production	653,454,381	967,225,845
Opening stock of Finished Goods	15,362,360	13,339,502
Cost of Goods Available for Sale	668,816,741	980,565,347
Closing stock of Finished Goods	(19,426,248)	(15,362,360)
Cost of Sales	649,390,493	965,202,987
20.01 Raw Materials Consumed: Tk. 562,702,724		
This is made up as follows:		
Opening Stock (Note: 20.03)	390,039,013	289,120,310
Add: Purchase during the Year (Note: 20.04)	578,843,284	965,651,047
	968,882,297	1,254,771,357
Less: Closing Stock (Note: 20.05)	406,179,573	390,039,013
Raw Materials Consumed during the year	562,702,724	864,732,344
20.02 Manufacturing Overhead: Tk. 89,983,687		
This consists of the following:		
Wages & Salary	25,468,656	25,963,449
Overtime & Incentive	6,492,421	9,894,830
Workers Food Allowance	570,502	763,411
Electricity Bill	2,861,163	693,939
Gas Bill	3,829,451	6,784,331
Diesel for Generator	936,975	746,479
Spare Parts	1,266,939	3,313,641
Factory Maintenance	670,398	909,953
Machinery Maintenance	1,089,400	5,160,657
Electric Materials	925,661	1,300,335
Daily Labor	776,946	835,140
Worker Transport Expenses	1,256,376	1,310,387
Medical Expenses	45,674	119,256
Car Repair & Maintenance	390,981	162,014
Hardware Materials	1,432,709	376,700
Depreciation	41,969,435	43,999,793
	89,983,687	102,334,315





20.03 Opening Stock of Raw Materials: Tk. 390,039,013

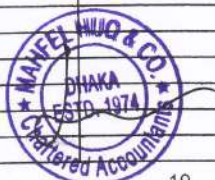
Item wise break up of stock have been given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	49,175	Bag	4,454	219,025,450
CaCo3	6,450	Bag	1,521	9,810,450
HDPE	6,500	Bag	3,743	24,329,500
LDPE	5,750	Bag	4,534	26,070,500
LLDPE	5,175	Bag	3,924	20,306,700
Omagh CaCo3	925	Bag	2,417	2,235,725
Master Batch(White)	375	Bag	3,713	1,392,375
Master Batch(Red)	875	Bag	4,830	4,226,250
Master Batch(Blue)	275	Bag	4,455	1,225,125
Master Batch(Beige)	650	Bag	4,654	3,025,100
Master Batch(Yellow)	375	Bag	4,354	1,632,750
Master Batch(Green)	175	Bag	4,624	809,200
Master Batch(Orange)	75	Bag	4,626	346,950
PP Lamination	12,625	Bag	5,112	64,539,000
Sewing Thread	2,350	Kg	195	458,250
Poly Tape	120	Roll	360	43,200
PP Clip	144	Pkt	70	10,080
Printing Ink	5,975	Kg	268	1,601,300
Sewing Oil	374	Ltr	180	67,320
Gear Oil	370	Ltr	178	65,860
Mobil	160	Ltr	48	7,680
Diamond Gum	125	Kg	220	27,500
Retader	2,750	Ltr	135	371,250
Exetiter	120	Ltr	125	15,000
Adhesive Tape(Both side) -2"	48	Roll	40	1,920
Solvent/Thiner	18,750	Ltr	175	3,281,250
Hydrolic Oil	80	Ltr	150	12,000
Compassor Oil	72	Ltr	160	11,520
Nalco-2000	80	Kg	706	56,480
Greeze	60	Kg	105	6,300
Adhesive Gum(Glue)	5,250	Kg	26	136,500
Adhesive Tape-2"	84	Roll	42	3,528
Krapt Paper	81,450	Kg	60	4,887,000
Total				390,039,013

20.04 Purchase Raw Materials: Tk. 578,843,284

Item wise break up of purchase have been given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	77,250	Bag	4,455	344,148,750
CaCo3	9,050	Bag	1,521	13,765,050
HDPE	9,250	Bag	3,744	34,632,000
LDPE	10,850	Bag	4,535	49,204,750
LLDPE	9,200	Bag	3,925	36,110,000
Omagh CaCo3	3,500	Bag	2,417	8,459,500
Master Batch(White)	1,850	Bag	3,714	6,870,900
Master Batch(Red)	2,050	Bag	4,831	9,903,550
Master Batch(Blue)	1,225	Bag	4,456	5,458,600
Master Batch(Beige)	1,350	Bag	4,655	6,284,250
Master Batch(Yellow)	850	Bag	4,355	3,701,750
Master Batch(Green)	350	Bag	4,625	1,618,750
Master Batch(Orange)	325	Bag	4,626	1,503,450
PP Lamination	5,050	Bag	5,116	25,835,800
Sewing Thread	6,845	Kg	195	1,334,775
Poly Tape	288	Roll	360	103,680
PP Clip	230	Pkt	70	16,100
Printing Ink	12,450	Kg	268	3,336,600
Sewing Oil	1,020	Ltr	180	183,600
Gear Oil	850	Ltr	178	151,300
Mobil	448	Ltr	48	21,504





Diamond Gum	350	Kg	220	77,000
Retader	5,580	Ltr	135	753,300
Exetiter	140	Ltr	125	17,500
Adhesive Tape(Both side) -2"	96	Roll	40	3,840
Solvent/Thiner	35,850	Ltr	175	6,273,750
Hydrolic Oil	660	Ltr	150	99,000
Compassor Oil	660	Ltr	160	105,600
Nalco-2000	380	Kg	705	267,900
Greeze	525	Kg	105	55,125
Adhesive Gum(Glue)	7,350	Kg	27	198,450
Adhessive Tape-2"	480	Roll	42	20,160
Krapt Paper	305,450	Kg	60	18,327,000
Total				578,843,284

20.05 Closing Stock of Raw Materials: Tk. 406,179,573

Item wise break up of stock have given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	56,450	Bag	4,454	251,428,300
CaCo3	6,350	Bag	1,521	9,658,350
HDPE	6,300	Bag	3,743	23,580,900
LDPE	5,650	Bag	4,534	25,617,100
LLDPE	4,850	Bag	3,924	19,031,400
Omagh CaCo3	900	Bag	2,417	2,175,300
Master Batch(White)	350	Bag	3,713	1,299,550
Master Batch(Red)	850	Bag	4,830	4,105,500
Master Batch(Blue)	300	Bag	4,455	1,336,500
Master Batch(Beige)	550	Bag	4,654	2,559,700
Master Batch(Yellow)	350	Bag	4,354	1,523,900
Master Batch(Green)	225	Bag	4,624	1,040,400
Master Batch(Orange)	125	Bag	4,626	578,250
PP Lamination	10,250	Bag	5,112	52,398,000
Sweing Thread	2,350	Kg	195	458,250
Poly Tape	96	Roll	360	34,560
PP Clip	144	Pkt	70	10,080
Printing Ink	5,240	Kg	268	1,404,320
Sweing Oil	350	Ltr	180	63,000
Gear Oil	350	Ltr	178	62,300
Mobil	175	Ltr	48	8,400
Diamond Gum	130	Kg	220	28,600
Retader	2,650	Ltr	135	357,750
Exetiter	125	Ltr	125	15,625
Adhesive Tape(Both side) -2"	36	Roll	40	1,440
Solvent/Thiner	15,450	Ltr	175	2,703,750
Hydrolic Oil	76	Ltr	150	11,400
Compassor Oil	80	Ltr	160	12,800
Nalco-2000	96	Kg	706	67,776
Greeze	48	Kg	105	5,040
Adhesive Gum(Glue)	4,850	Kg	26	126,100
Adhessive Tape-2"	96	Roll	42	4,032
Krapt Paper	74,520	Kg	60	4,471,200
Total				406,179,573





21.00 Administrative Expenses: Tk. 23,268,660

This consists of the following:

	Amount in TK 30-Jun-17	Amount in TK 30-Jun-16
AGM Expenses	207,669	144,106
Salary and Allowances	8,863,052	13,841,791
Directors Remuneration Note: 20.01	4,560,000	4,560,000
Directors Meeting Allowances Note: 20.02	77,600	79,000
Donation & Subscription	57,000	175,000
Credit Rating Fee	34,500	34,500
Entertainment	262,927	687,403
Fuel & Lubricant	840,187	339,561
Listing Fee	1,366,828	1,366,828
Traveling & Conveyance	518,964	552,296
Office Rent	600,000	600,000
Office Electricity, Wasa and Others Bill	456,720	456,720
Office Maintenance	217,649	201,213
Printing & Stationery	690,925	570,794
Postage & Telegram	38,315	107,918
Registration & Renewals	109,355	212,800
Telephone Bill	22,634	36,960
Legal Fee	165,800	45,000
Mobile Bill	183,048	302,050
Internet Bill	91,585	168,390
Audit Fees	115,000	115,000
RJSC Expenses	9,600	5,000
Vehicle Maintenance	1,288,799	1,311,792
Newspaper & Periodicals	11,101	16,500
Other Expenses	1,153,944	1,169,439
Depreciation	1,325,458	1,499,866
	23,268,660	28,599,927

21.01 Directors Remuneration Tk.4,560,000

Name of Director

Designation

		Amount in TK 30-Jun-17	Amount in TK 30-Jun-16
Tofayel Kabir Khan	Managing Director	1,182,000	1,182,000
Mohammed Enamul Kabir Khan	Chairman	877,200	877,200
Md. Ruhul Kabir Khan	Director	846,000	846,000
Hazrat ali	Director	721,200	721,200
Khairul Kabir Khan	Executive Director	933,600	933,600
Md. Zakirul Kabir Khan	Nominee Director	-	-
Mrs. Jarin Kabir Khan	Nominee Director	-	-
Mohammad Lukman	Independent Director	-	-
Mr. Utpal Dhar	Independent Director	-	-
		4,560,000	4,560,000

21.02 Directors Meeting Allowances Tk.77,600

Name of Director

Designation

		Amount in TK 30-Jun-17	Amount in TK 30-Jun-16
Tofayel Kabir Khan	Managing Director	12,000	13,000
Mohammed Enamul Kabir Khan	Chairman	12,000	13,000
Md. Ruhul Kabir Khan	Director	8,800	10,400
Hazrat ali	Director	8,000	7,200
Md. Zakirul Kabir Khan	Nominee Director	8,000	7,200
Mrs. Jarin Kabir Khan	Nominee Director	8,800	7,200
Mohammad Lukman	Independent Director	10,000	11,000
Mr. Utpal Dhar	Independent Director	10,000	10,000
		77,600	79,000

(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. 6,483,543

This consists of the following:

Sales Commission	1,875,480	2,081,400
Carriage Outward & Delivery	982,880	1,725,820
Advertisement	375,000	320,000
Fuel & Lubricants	744,475	1,010,089
Salary & Allowances	2,425,850	2,338,817
Toll Expenses	79,858	215,642
	6,483,543	7,691,768

23.00 Financial Expenses: Tk. 8,582,359

This consists of the following:

Bank Charges & Commission	265,480	279,862
Bank Interest on CC (hypo)	2,924,506	3,560,546
Interest & Charges on LTR	5,392,373	6,061,463
	8,582,359	9,901,871

24.00 Income Tax Expenses: Tk. 15,585,182

This has been arrived as under:

Current Tax Note- 18	11,022,574	15,736,099
Deferred Tax Note- 12	4,562,609	5,795,962
Income tax expenses	15,585,182	21,532,061

25.00 Non Operating Income : Tk. 285,302

This consists of the following:

Interest on IPO Subscription Fund	76,375	183,593
Gain/(Loss) on Foreign Currency Fluctuation	19,679	(396,534)
Interest on FDR fund	189,248	280,462
	285,302	67,521

26.00 Earnings Per Share: Tk. 0.81

30-Jun-17

30-Jun-16

This has been calculated in compliance with the requirements of BAS 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	71,790,581	103,770,041
Weighted average no. of ordinary Shares Note-26.01	89,163,525	89,163,525
	0.81	1.16

26.01 Weighted Average Number of shares: 89,163,525

Item	Number of Shares	Issue date	End Date	Days	Factor	Weighted Number
Balance	80,327,500	1-Jul-16	30-Jun-17	365	1.00	80,327,500
Stock Dividend	8,836,025	1-Jul-16	30-Jun-17	365	1.00	8,836,025
	89,163,525					

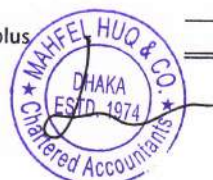
Weighted Average Number of Shares

89,163,525

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

27.00 Net Asset Value Per Share (NAVPS)

	2016-2017	2015-2016
Total Assets	1,298,287,895	1,233,155,778
Non-Current Liabilities+Current Liabilities	139,588,925	146,247,389
Net Assets Value(NAV) including Revaluation surplus	1,158,698,969	1,086,908,388
Number of ordinary shares outstanding	89,163,525	80,327,500
Net Assets Value(NAV) Per Share including Revaluation surplus	13.00	13.53
Net Assets Value(NAV) excluding Revaluation surplus	1,064,231,370	992,440,790
Net Assets Value(NAV) Per Share excluding Revaluation surplus	11.94	12.35





28.00 Net Operating Cash flow per Share (NOCFPS)

Cash inflow/ (outflow) per share	1.22	0.01
The composition of cash inflow/(outflow) value per share is given below		
Operating cash flow during the year	109,220,370	869,027
Number of ordinary shares	89,163,525	89,163,525
	<u>1.22</u>	<u>0.01</u>

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

Turnover in BDT.	779,184,305	1,142,896,239
Turnover Quantity in pcs.	39,275,542	58,644,865

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

Particulars	30-Jun-17		30-Jun-16	
	Total		Total	
Opening Stock				
Raw Materials	2235	MT	1,568	MT
Finished Goods	76	MT	66	MT
Purchase				
Raw Materials	3304	MT	5,505	MT
Production				
Finished Goods	3847	MT	5,648	MT
Closing Stock				
Raw Materials	2338	MT	2,235	MT
Finished Goods	96	MT	76	MT
Total available for Consumption/Sale				
Raw Materials	5539	MT	4,838	MT
Finished Goods	3923	MT	5,714	MT
Consumed/Sold				
Raw Materials	3201	MT	2,603	MT
Finished Goods	3826	MT	5,638	MT

31.00 Value of Import on CIF Basis

Import of raw materials (US Dollar)	4,956,375	12,450,375
Import of raw materials (BDT)	398,938,600	965,651,047

32.00 Value of Export on FOB Basis

Export of finished goods (US Dollar)	9,818,886	14,661,216
Export of finished goods (BDT)	774,536,205	1,138,129,029

33.00 Capacity and Capacity Utilization

Installed Capacity	Actual Capacity	Utilization
8.70 Crore Pieces of Different types of Bags	6.95 Crore Pcs	60.00%

34.00 General:

34.01 Capital Expenditure Commitment

There was no commitment for capital expenditure contracted or provided as on 30.06.2017.

34.02 Claims not Acknowledged

There is no claim against the Company acknowledged as debt as on 30.06.2017

34.03 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, 2017

34.04 Directors Responsibility Statements

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

34.05 Employee Details:

i) 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.





- ii) At the end of the period, there were 590 employees in the company.
- ii) Each employees received salaries more than Tk. 5,000.00 per month

35.00 Event after the reporting period

Following events occurred since the balance sheet date:

- (a) The board of directors recommended 10% stock dividend at the 75th Board meeting held on October 29, 2017 for the year ended June 30, 2017. This dividend 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.

36.00 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 2016 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.

37.00 Authorization for issue

The financial statements were authorized for issue by the Board of Directors of the company on October 29, 2017.





Mahfel Huq & Co.
Chartered Accountants
An independent member firm of AGN International



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, 2017

Annexure A

Particulars	COST/REVALUATION			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2017	Written down value as on 30.06.2016
	As at 01.07.2016	Addition During the year	As at 30.06.2017		As at 01.07.2016	Addition During the year	As at 30.06.2017		
Land & Land Development	99,430,849	-	99,430,849	0%	-	-	-	99,430,849	99,430,849
Building & Other Construction	203,716,497	12,537,789	216,254,286	5%	36,293,195	8,998,055	45,291,249	170,963,037	167,423,302
Plant & Machinery	398,589,404	15,580,046	414,169,450	10%	127,951,911	28,621,754	156,573,665	257,595,785	270,637,493
Generator & Electric Equipment	57,782,068	-	57,782,068	15%	28,784,556	4,349,627	33,134,183	24,647,885	28,997,512
Motor Vehicle	4,651,303	-	4,651,303	20%	3,674,445	195,372	3,869,817	781,486	976,858
Office Decoration & Fittings	10,922,885	-	10,922,885	10%	2,416,534	850,635	3,267,169	7,655,716	8,506,351
Furniture & Fixture	4,869,065	-	4,869,065	10%	2,074,548	279,452	2,354,000	2,515,065	2,794,517
	779,962,071	28,117,835	808,079,906		201,195,189	43,294,894	244,490,082	563,589,824	578,766,883

Allocation of depreciation:

Admin	1,325,458
Manufacturing	41,969,435
	43,294,894



Note: Land & Land Development represents only Land.