

**Khan Brothers PP Woven  
Bag Industries Ltd**  
Incorporation No. C-61800(3809)/2006

**AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**  
As at and for the year ended 30 June 2014

**MAHFEL HUQ & CO.**

মাহফেল হুক এন্ড কোং

**Chartered Accountants**

B G I C Tower ( 4<sup>th</sup> Floor )

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**MAHFEL HUQ & CO.**

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34, Topkhana Road

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**Independent Auditors' Report  
To the Shareholders of  
Khan Brothers PP Woven Bag Industries Ltd**

*We have audited the accompanying financial statements of Khan Brothers PP Woven Bag Industries Ltd which comprises Statement of Financial Position as at 30 June 2014 and the Statement of Comprehensive Income, Statement of Cash Flows and statement of Changes in Equity for the year then ended together with notes no. 1 to 24 annexed thereto.*

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS)/ Bangladesh Accounting Standards, the companies Act 1994, 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.

**Auditors' 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.

**Basis of Opinion:**

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



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**Opinion:**

*In our opinion and to the best of our information and according to the explanations given to us, the Financial Statement prepared in accordance with Bangladesh Accounting Standards(BAS) and Bangladesh Financial Reporting Standard (BFRS) exhibits a true and fair view of the state of affairs of the company as at 30 June 2014 and the result of its operation for the year then ended and comply with Companies Act 1994, Securities and Exchange Rules 1987, Dhaka Stock Exchange Rules 1954, Chittagong Stock Exchange Rules 1995 and other applicable laws and Regulations.*

*We further report that;*

- i. We have obtained all the information and explanations which were considered necessary for the purpose of our audit;*
- ii. The company maintained proper books of account so far as it appeared from our examination; and*
- iii. The Financial Statements are in agreement with the books of account maintained by the company and examined by us; and*
- iv. the expenditure incurred was for the purposes of the company's business.*

**Dhaka**

**Date: 29 October 2014**

  
**Mahfel Huq & Co**  
**Chartered Accountants**

**Khan Brothers' PP Woven Bag Industries Ltd.**

24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217

**Statement of Financial Position**

As at June 30, 2014

Particulars	Notes	30-Jun-14 Taka	30-Jun-13 Taka
<b>Assets:</b>			
<b>NON-CURRENT ASSETS</b>		<b>394,888,558</b>	<b>331,506,797</b>
Property, Plant and Equipment	3.00	393,838,558	327,324,766
Investment in Share	4.00	1,050,000	1,050,000
Pre-Operating Expenses		-	3,132,031
<b>CURRENT ASSETS</b>		<b>385,223,409</b>	<b>396,564,485</b>
Inventories	5.00	254,225,797	244,165,032
Trade Receivables	6.00	83,843,972	81,644,049
Advances, Deposits & Pre-Payments	7.00	41,940,113	18,202,768
Cash and Cash Equivalents	8.00	5,213,527	52,552,636
<b>TOTAL ASSETS</b>		<b>780,111,967</b>	<b>728,071,282</b>
<b>Equity and Liabilities:</b>			
<b>SHAREHOLDERS' EQUITY</b>		<b>689,547,103</b>	<b>639,035,910</b>
Share Capital	9.00	435,000,000	435,000,000
Revaluation Reserve		97,975,485	97,975,485
Retained Earnings		156,571,618	106,060,425
<b>LONG TERM LIABILITY</b>		<b>-</b>	<b>783,522</b>
Long Term Loan Net Off Current Maturity	10.00	-	783,522
<b>DEFERRED TAX LIABILITY</b>		<b>14,404,640</b>	<b>9,773,238</b>
<b>CURRENT LIABILITIES</b>		<b>76,160,224</b>	<b>78,478,612</b>
Trade Payables	12.00	534,450	465,700
Current portion of long term loan	10.00	6,018,458	18,851,428
Short term Bank Loan	13.00	37,795,353	33,664,116
Accrued Expenses	14.00	8,770,115	5,337,680
Provision for Workers Profit Participation Fund		5,668,144	4,244,145
Provision for Taxation	15.00	17,373,704	15,915,543
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>780,111,967</b>	<b>728,071,282</b>
<b>Net Asset Value Per Share (NAVPS)-Restated</b>		<b>15.85</b>	<b>14.69</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
Managing Director

  
Director

  
Company Secretary

Signed as per annexed report on even date

Place: Dhaka  
Dated: 29 October, 2014



  
**MAHFEL HUQ & CO.**  
CHARTERED ACCOUNTANTS

**Khan Brothers' PP Woven Bag Industries Ltd.**

24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217

**Statement of Comprehensive Income**

For the year ended June 30, 2014

Particulars:	Notes	30-Jun-14 Taka	30-Jun-13 Taka
Turnover	16.00	1,018,092,975	916,879,628
Less: Cost of Sales	17.00	874,647,133	789,662,596
Gross Income		<b>143,445,842</b>	<b>127,217,032</b>
<b>Operating Expenses:</b>		<b>32,454,940</b>	<b>25,437,052</b>
Administrative Expenses	18.00	26,492,051	20,253,870
Marketing, Selling & Distribution Expenses	19.00	5,962,889	5,183,182
<b>Operating Income</b>		<b>110,990,902</b>	<b>101,779,980</b>
Less: Financial expenses	20.00	10,696,399	12,652,936
Net Income before WPPF & Income Tax		<b>100,294,503</b>	<b>89,127,045</b>
Non Operating Income		<b>911,111</b>	-
		<b>101,205,614</b>	-
Provision for WPPF		4,819,315	4,244,145
Net Income before Tax		<b>96,386,299</b>	<b>84,882,900</b>
Income tax expenses:	21.00	22,005,106	20,244,566
Net Income after Tax		<b>74,381,193</b>	<b>64,638,334</b>
<b>Earning Per Share (Par Value Tk. 10/-Restated)</b>	<b>22.00</b>	<b>1.71</b>	<b>1.67</b>

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Managing Director

  
Director

  
Company Secretary

Signed as per annexed report on even date

Place: Dhaka  
Dated: 29 October, 2014

  
**MAHFEL HUQ & CO.**  
CHARTERED ACCOUNTANTS





**Khan Brothers' PP Woven Bag Industries Ltd.**

24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217

**Statement of Cash Flows**

For the year ended June 30, 2014

Particulars	30-Jun-14 Taka	30-Jun-13 Taka
<b>A. Cash Flows from Operating Activities :</b>		
Collection from Turnover	1,016,804,163	909,495,968
Payment to suppliers and creditors for expenses	(917,930,792)	(858,325,061)
Financial Expenses paid	(10,696,399)	(12,652,936)
WPPF	(3,395,316)	-
Dividend	(15,641,500)	-
Income Tax Paid	(17,135,529)	(9,632,315)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>52,004,627</b>	<b>28,885,656</b>
<b>B. Cash flow from Investing Activities:</b>		
Acquisition of Property, Plant & Equipment	(89,858,481)	(20,773,776)
<b>Net cash inflow/ (outflow) in Investing Activities</b>	<b>(89,858,481)</b>	<b>(20,773,776)</b>
<b>C. Cash flow from Financing Activities:</b>		
Receipts from ordinary shares issued	-	65,000,000
Short term loan Received/(Re-paid)	4,131,237	(6,418,576)
Long term loan Received/(Re-paid)	(13,616,492)	(15,895,238)
<b>Net cash inflow/(outflow) in financing activities</b>	<b>(9,485,255)</b>	<b>42,686,186</b>
<b>D. Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(47,339,109)</b>	<b>50,798,066</b>
<b>E. Opening of Cash and Cash Equivalents</b>	<b>52,552,636</b>	<b>1,754,570</b>
<b>F. Ending Cash and Cash Equivalents (D+E)</b>	<b>5,213,527</b>	<b>52,552,636</b>

  
Managing Director

  
Director

  
Company Secretary

Signed as per annexed report on even date

Place: Dhaka  
Dated: 29 October, 2014

  
**MAHFEL HUQ & Co.**  
CHARTERED ACCOUNTANTS



**Khan Brothers' PP Woven Bag Industries Ltd.**

24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217

**Statement of Changes in Equity**

For the year ended June 30, 2014

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance as on July 01, 2012	370,000,000	97,975,485	41,422,091	509,397,576
Net Income for the year	-	-	64,638,334	64,638,334
Dividend	-	-	-	-
Share Money Deposit	-	-	-	-
Allotment of Ordinary Share	65,000,000	-	-	65,000,000
<b>Balance as on June 30, 2013</b>	<b>435,000,000</b>	<b>97,975,485</b>	<b>106,060,425</b>	<b>639,035,910</b>

Balance as on July 01, 2013	435,000,000	97,975,485	106,060,425	639,035,910
Net Income for the year	-	-	74,381,193	74,381,193
Share Money Deposit	-	-	-	-
Dividend	-	-	(23,870,000)	(23,870,000)
Allotment of Ordinary Share	-	-	-	-
<b>Balance as on June 30, 2014</b>	<b>435,000,000</b>	<b>97,975,485</b>	<b>156,571,618</b>	<b>689,547,103</b>

  
Managing Director

  
Director

  
Company Secretary

Signed as per annexed report on even date

Place: Dhaka  
Dated: 29 October, 2014

  
**MAHFEL HUQ & CO.**  
CHARTERED ACCOUNTANTS





# **Khan Brothers' PP Woven Bag Industries Ltd.**

24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217

## **NOTES TO THE FINANCIAL STATEMENTS**

As at and For the year ended June 30, 2014

### **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.

#### **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 basis 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 is also required to comply with the following major legal provisions.

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 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. For this reasons the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

#### **2.06 Reporting Period**

The period of the financial statements covers period from July 01 to June 30 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:

- |    |        |   |
|----|--------|---|
| a. | BAS 1  | Presentation of Financial Statements                          |
| b. | BAS 2  | Inventories   |
| c. | BAS 7  | Statement of Cash Flows                                       |
| d. | BAS 8  | Accounting Policies Changes in Accounting Estimate and Errors |
| e. | BAS 10 | Events After the Reporting Period                             |
| f. | BAS 12 | Income Taxes  |
| g. | BAS 16 | Property Plant & Equipments                                   |
| h. | BAS 17 | Leases  |
| i. | BAS 18 | Revenues  |
| j. | BAS 19 | Employees Benefits  |
| k. | BAS 21 | The Effect of Changes in Foreign Exchange Rate                |
| l. | BAS 23 | Borrowing Cost  |
| m. | BAS 24 | Related Party Disclosure                                      |
| n. | BAS 28 | Investment in Associates                                      |
| o. | BAS 33 | Earning Per Share   |
| p. | BAS 36 | Impairment of Assets  |
| q. | BAS-37 | Provisions, Contingent Liabilities and Contingent Assets,     |



## 2.12 Property Plant & Equipment (PPE)

These are capitalized at cost of acquisition and subsequently stated at cost 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 Depreciation

Depreciation on all PPE other than Land & Land development is computed using the reducing balance method so as to write off the assets over their expected useful life.

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-2014	30-Jun-2013
Land & Land Development	0%	0%
Building & Others Construction	5%	5%
Plant & Machinery	10%	10%
Generator & Electric Equipemnts	15%	15%
Motor Vehicle	20%	20%
Office Decoration & Fittings	10%	10%
Furniture & Fixture	10%	10%

## 2.14 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.

## 2.15 Revenue Recognition

Revenue are Recognized when goods are delivered from the factory go down, delivery Challan is issued and ownership transferred as per BAS-18.

## 2.16 Accrued Expenses and Other Payables

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

## 2.17 Inventories

Inventories comprises of Raw Materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been valued at lower of cost or market value. Work-in-Process have been valued at prime cost basis as required by BAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at cost of material and other production Overheads attributable to bringing the goods to the state of sale under the convention of BAS-2.





## 2.18 Income Tax:

### Provision for Tax

A provision for Taxation @ 35.00% on net profit Less 50% rebate on export sales has been made during the year under audit.

### Deferred Tax

Deferred tax is recognised using balance sheet method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are revised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Differed tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

## 2.19 Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was no significant risk of changes in value of the same.

## 2.20 Cash Flow Statement

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".

## 3.00 Property, Plant and Equipments: Tk. 393,838,558

This includes the written down value as on 30 June 2014. Break up of the PPE is as follows: :

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Land & Land Development	93,301,500	93,301,500
Building & Others Construction	102,201,528	93,322,540
Plant & Machinery	172,447,728	120,259,972
Generator & Electric Equipemnts	16,913,785	13,564,760
Motor Vehicle	1,526,340	1,907,925
Office Decoration & Fittings	4,065,196	2,355,833
Furniture & Fixture	3,382,481	2,612,237
	<u>393,838,558</u>	<u>327,324,766</u>

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

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

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

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

		<u>30-Jun-14</u>	<u>30-Jun-13</u>
		Amount in Taka	Amount in Taka
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
		<u>1,050,000</u>	<u>1,050,000</u>

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



5.00 Inventories Tk. 254,225,797

30-Jun-14

30-Jun-13

Break-up of this item is as follows:

Finished Goodes: Notes- 5.01  
Raw Materials: Notes- 5.02  
Working-in-process  
Store Materials

Amount in Taka	Amount in Taka
9,029,280	11,382,930
206,270,423	212,736,537
24,466,580	25,242,680
4,398,749	4,863,650
<b>244,165,032</b>	<b>254,225,797</b>

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

5.01 Closing Stock of Finished Goods: Tk. 11,382,930

Particulars	Qty	Unit	Rate	Amount in Taka
PP Woven Bag	58,374	Kg	195.00	11,382,930
<b>Total</b>				<b>11,382,930</b>

5.02 Closing Stock of Raw Materials: Tk. 212,736,537

Item wise break up of stock have given below;

Particulars	Qty	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	32,033	bag	4,130.00	132,296,290.00
CaCo3	2,552	Bag	1,445.25	3,688,278.00
HDPE	5,324	Bag	3,650.00	19,432,600.00
LDPE	2,645	Bag	4,376.00	11,574,520.00
LLDPE	1,822	Bag	3,805.00	6,932,710.00
Omagh CaCo3	895	bag	2,322.00	2,078,190.00
Master Batch(White)	415	bag	3,642.00	1,511,430.00
Master Batch(Red)	410	bag	4,772.00	1,956,520.00
Master Batch(Blue)	255	bag	4,305.00	1,097,775.00
Master Batch(Beige)	345	bag	4,545.00	1,568,025.00
Master Batch(Yellow)	265	bag	4,245.00	1,124,925.00
Master Batch(Green)	154	bag	4,582.00	705,628.00
Master Batch(Orange)	63	bag	4,583.00	288,729.00
PP Lamination	3,678	bag	4,868.00	17,904,504
Sewing Thread	3,456	Kg	185.00	639,360
Poly Tape	148	Roll	350.00	51,800.00
PP Clip	95	Pkt	65.00	6,175.00
Printing Ink	7,426	Kg	257.00	1,908,482.00
Sewing Oil	890	Ltr	175.00	155,750.00
Gear Oil	135	Ltr	170.00	22,950.00
Mobil	240	Ltr	45.00	10,800.00
Diamond Gum	120	Kg	215.00	25,800.00
Retader	2,890	Ltr	125.00	361,250.00
Expediter	215	Later	122.00	26,230.00
Adhesive Tape(Both side) -2"	12	Roll	38.00	456.00
Solvent/Thiner	18,470	Ltr	168.00	3,102,960.00
Hydrolic Oil	65	Ltr	145.00	9,425.00
Compassor Oil	103	Ltr	155.00	15,965.00
Naico-2000	34	Kg	680.00	23,120.00
Greeze	12	Kg	100.00	1,200.00
Adhesive Gum(Glue)	6,102	Kg	20.00	122,040.00
Adhesive Tape-2"	87	Roll	38.00	3,306.00
Kraft Paper	83,456	Kg	49.00	4,089,344.00
<b>Total</b>				<b>212,736,537</b>





**6.00 Trade Receivables: Tk. 83,843,972**

Break-up of this item is as follows:

Export Bills Receivable: Note- 6.01  
 Mehera Corporation  
 Ashirbad Syndicate  
 Bombay Sweets & Co.  
 D H Plastic  
 Kabir Enterprise  
 Kazi Agro  
 R M Trade Line  
 Shuvo Enterprise  
 S N Traders

These are considered good.

**30-Jun-14****30-Jun-13**

Amount in Taka	Amount in Taka
82,431,593	76,936,119
133,590	445,300
172,835	576,117
171,873	572,911
176,388	587,960
193,626	645,420
135,574	451,912
144,819	482,730
169,560	565,200
114,114	380,380
<b>83,843,972</b>	<b>81,644,049</b>

**6.01 Export Bills Receivable: Tk. 82,431,593**Party Name & Country

URALKALI TRADING SA, SWITZARLAND  
 SAGAR SHIP MANAGEMENT PTE LTD, SINGAPORE  
 M/S BERY MARITIME AS, NORWAY  
 DRAGON ASIA FERTILIZER LTD, Hongkong  
 OCEAN WISDOM ENTERPRISE UAE

**Total****30-Jun-14****30-Jun-13**

Amount in Taka	Amount in Taka
-	20,120,145
21,144,750	15,895,462
43,525,253	18,548,310
-	22,372,202
17,761,590	-
<b>82,431,593</b>	<b>76,936,119</b>

**7.00 Advances, Deposits & Pre-Payments: Tk. 41,940,113**

This consist of the following:

T & T Phone  
 Titas Gas  
 Pallibidyut  
 Advance Income Tax  
 Advance agst. L/C : Note- 7.01  
 Salary Advance  
 Advance against Local Purchase

**30-Jun-14****30-Jun-13**

Amount in Taka	Amount in Taka
8,000	8,000
448,900	448,900
240,600	240,600
7,943,474	6,723,488
25,843,799	10,136,780
720,000	645,000
6,735,340	-
<b>41,940,113</b>	<b>18,202,768</b>

**7.01 Advance against L/C: Tk. 25,843,799**LC NoBank Name**30-Jun-14**

LC No-221714010435  
 LC No-221714010499  
 LC No- 221714010434  
 LC No-221714010492  
 LC No-221714010539  
 LC No-'221714010548  
 LC No-221714010556  
 LC No-221714010657  
 LC No-304114010017  
 LC No-3041014010092  
 LC No.-304114010096  
 LC No-304114010099  
 LC No-304114010103  
 LC No-304114010104  
 LC No-304114010105  
 LC No-304114010106  
 LC No-304114010108

Mutual Trust Bank Ltd  
 Mutual Trust Bank Ltd  
 Mutual Trust Bank Ltd  
 Mutual Trust Bank Ltd  
 Mutual Trust Bank Ltd  
 Mutual Trust Bank Ltd  
 Mutual Trust Bank Ltd  
 Mutual Trust Bank Ltd  
 Jamuna Bank Ltd  
 Jamuna Bank Ltd  
 Jamuna Bank Ltd  
 Jamuna Bank Ltd  
 Jamuna Bank Ltd  
 Jamuna Bank Ltd  
 Jamuna Bank Ltd  
 Jamuna Bank Ltd  
 Jamuna Bank Ltd  
 Jamuna Bank Ltd

Amount in Taka

160,438  
 2,271,823  
 481,496  
 484,423  
 767,828  
 1,254,260  
 1,254,260  
 7,858,423  
 3,529,782  
 710,954  
 1,240,947  
 480,484  
 1,263,695  
 1,228,065  
 1,217,144  
 422,633  
 1,217,144

**25,843,799**

**8.00 Cash and Cash Equivalents: Tk. 5,213,527**

This consist of the following balances;

**Cash in hand**

4,899,114

2,540,782

**Cash at Banks:**

Jamuna Bank Ltd.-CD-6233

8,678

5,218

One Bank Ltd. CD-490006

406

5,869

Mutual Trust Bank Ltd.-CD-11251

305,329

767

Term Deposit (Reliance Finance Ltd.)

-

50,000,000

314,413

50,011,854

**5,213,527****52,552,636**

Bank balance have been certified by the bank and Cash balance by the management.

**9.00 Share Capital: Tk. 435,000,000**

This represents the followings:

**Authorized capital:**

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

**30-Jun-14****30-Jun-13****Amount in Taka****Amount in Taka**

1,000,000,000

1,000,000,000

**Issued subscribed and paid up capital:**

43,500,000 Ordinary shares to Taka 10/- each

435,000,000

435,000,000

**435,000,000****435,000,000****10.00 Long Term Loan Net off Current Maturity: Tk. 0**

Opening Balance

**30-Jun-14****30-Jun-13****Amount in Taka****Amount in Taka**

Lease Finance from Jamuna Bank Ltd.

5,234,937

16,243,205

Lease Finance from ULCL

783,521

3,391,745

**Total****6,018,458****19,634,950**

Current portion

6,018,458

18,851,428

Long term portion

-

**783,522**

\* **Note-** The amount of long term loan that is scheduled to be paid within one (1) year from the Balance Sheet date has been identified as Current Portion of Long Term Loan

i) Lease Finance by Jamuna Bank Ltd. was sanctioned to take over the Lease Finance and Term Loan liabilities of the borrower with MTBL financed payment with the following terms & conditions.

1. Purpose of Investment - to take over the Lease Finance and Term Loan liabilities of the borrower with MTBL financed loan.

2. Period of Investment - 04 (Four) years.

3. Rate of return (Interest payable) - 15% per annum.

4. Ownership of the concerned Plant, Machinery and Equipment will remain in the name of JBL until full & final adjustment of the liabilities.

5. A letter of Hypothecation & Notarized Power of Attorney to be executed by the borrower in favor of the Bank to sell the machine in case of any default to repay the liability.

6. Insurance of the concerned plant, Machinery & Equipment in favor of the Bank.

7. 20 (twenty) post-dated cheques corresponding to quarterly installments and 01 (one) Un-dated cheque covering the entire lease facility amount.

8. Usual Charge Documents

ii) Lease Finance by United Leasing Company Limited was sanctioned for import of capital machineries under deferred payment with the following terms & conditions:

1. Purpose of Investment - Purchase/import of capital machinery.

2. Period of Investment - 04 (four) years

3. Rate of return - 16% per annum.

4. Personal Guarantees of the directors of the company.





**11.00 Deferred Tax Liability TK. 14,404,640**

This has been arrived as under:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Carrying Amount of PPE	300,537,057	234,023,266
Tax Base Value of PPE	218,224,830	181,899,330
Taxable Timing Differences	82,312,227	52,123,936
Tax rate (50% of 35.00%)	17.50%	18.75%
<b>Deferred Tax Liabilities Closing Balance</b>	<b>14,404,640</b>	<b>9,773,238</b>
Less opening balance of Deferred Tax Liabilities	9,773,238	5,444,216
<b>Deferred Tax Expenses</b>	<b>4,631,402</b>	<b>4,329,022</b>

**12.00 Trade Payables: Tk. 534,450**

This is made up as follows:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Bills Payable	534,450	465,700
	<b>534,450</b>	<b>465,700</b>

**13.00 Short Term Bank Loan: Tk. 37,795,353**

This is made up as follows:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Cash Credit (Hypo) From JBL, Account No. 0240	20,836,214	15,604,584
Loan against Trust Receipts (LTR)	16,959,139	18,059,532
	<b>37,795,353</b>	<b>33,664,116</b>

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 is 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.

**14.00 Accrued Expenses Tk. 8,770,115**

This is made up as follows:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Factory Electricity Bill	54,000	20,342
Factory Gas Bill	300,199	1,492,692
Directors Remuneration	-	257,500
Factory Wages & Salary	-	1,974,480
Factory Overtime	-	656,624
Salary & Allowance	-	772,791
VAT Payable	56,580	56,580
Audit Fee	50,000	50,000
Telephone Bill	6,346	4,660
Internet Bill	7,500	7,500
Printing Bill	35,640	18,426
Office electricity, Wasa & Others	31,350	26,085
Dividend Payable	8,228,500	-
	<b>8,770,115</b>	<b>5,337,680</b>

**15.00 Provision for Tax: Tk. 17,373,704**

This has been arrived as under:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Opening Balance	15,915,543	5,833,343
<b>Provision during the year:</b>		
Tax charge during the year @35.00%	33,735,205	31,831,087
Less: 50% Rebate for Export Sales	(16,361,501)	(15,915,544)
	17,373,704	15,915,543
Less: Adjusted/ Payment during the year	15,915,543	5,833,343
Closing Balance	<b>17,373,704</b>	<b>15,915,543</b>



**16.00 Turnover: Tk. 1,018,092,975**

This is the value of export made during the year through Advance TT and L/Cs:

	<u>30-Jun-14</u> Amount in Taka	<u>30-Jun-13</u> Amount in Taka
Export	987,545,735	916,879,628
Local	30,547,240	-
	<u>1,018,092,975</u>	<u>916,879,628</u>

**17.00 Cost of Sales : Tk. 874,647,133**

This has been arrived as under:

	<u>30-Jun-14</u> Amount in Taka	<u>30-Jun-13</u> Amount in Taka
Opening Work-in-Process	24,466,580	13,526,870
Raw materials consumed: (Notes-17.01)	808,230,220	740,722,133
Factory overhead (Note-17.02)	69,546,663	65,941,253
Less Closing Work-in-Process	(25,242,680)	(24,466,580)
<b>Cost of Production</b>	<b>877,000,783</b>	<b>795,723,676</b>
Opening stock of Finished Goods	9,029,280	2,968,200
<b>Cost of Goods Available for Sale</b>	<b>886,030,063</b>	<b>798,691,876</b>
Closing stock of Finished Goods	(11,382,930)	(9,029,280)
<b>Cost of Sales</b>	<b>874,647,133</b>	<b>789,662,596</b>

**17.01 Raw Materials Consumed: Tk. 808,230,220**

This is made up as follows:

	<u>30-Jun-14</u> Amount in Taka	<u>30-Jun-13</u> Amount in Taka
Opening Stock	206,270,423	160,469,064
Add: Purchase during the Year	814,696,334	786,523,492
	<u>1,020,966,757</u>	<u>946,992,556</u>
Less: Closing Stock	212,736,537	206,270,423
	<b>808,230,220</b>	<b>740,722,133</b>

**17.02 Manufacturing Overhead: Tk. 69,546,663**

This consists of the following:

	<u>30-Jun-14</u> Amount in Taka	<u>30-Jun-13</u> Amount in Taka
Wages & salary	23,965,652	23,220,286
Overtime & Incentive	8,140,351	7,726,577
Workers Food Allowance	685,460	618,068
Electricity Bill	535,723	287,828
Gas Bill	4,349,012	4,383,715
Diesel for Generator	535,600	430,720
Spare Parts	2,424,530	2,301,500
Factory Maintenance	523,454	456,397
Machinery Maintenance	3,653,760	3,569,248
Electric materials	857,729	801,986
Daily Labor	342,818	312,970
Worker Transport Expenses	882,450	864,661
Medical Expenses	94,500	78,300
Car Repair & Maintenance	45,005	-
Hardware Materials	285,652	221,284
Depreciation	22,224,967	20,667,713
	<u>69,546,663</u>	<u>65,941,253</u>





**18.00 Administrative Expenses: Tk. 26,492,051**

This consists of the following:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Salary and Allowances	9,304,371	8,208,334
Directors Remuneration and allowance	3,240,800	3,123,000
Donation & Subscription	145,760	-
Entertainment	753,760	666,152
Fuel & Lubricant	246,860	-
Traveling & Conveyance	512,340	487,258
Office rent	503,580	503,580
Office Electricity, Wasa and Others Bill	324,452	257,497
Printing & Stationery	1,035,612	1,022,791
Registration & renewals	235,900	204,492
Telephone Bill	35,618	55,922
Legal Fee	57,500	57,500
Mobile Bill	556,403	491,900
Internet Bill	90,000	90,000
Audit Fees	57,500	57,500
IPO Expenses	2,585,000	58,000
RJSC Expenses	8,500	3,306
Repair & Maintenance HO	92,300	70,165
Vehicle Maintenance	1,075,060	1,044,717
Newspaper & Periodicals	14,251	-
Pre-Operating Expenses written off	3,132,031	1,566,016
Other Expenses	1,364,730	1,256,751
Depreciation	1,119,723	1,028,989
	<u>26,492,051</u>	<u>20,253,870</u>

**19.00 Marketing, Selling & Distribution Expenses: Tk. 5,962,889**

This consists of the following:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Sales Commission	1,945,660	1,714,800
Carriage Outward & Delivery	1,662,896	1,498,811
Advertisement	155,400	110,300
Fuel & Lubricants	694,873	529,591
Salary & Allowances	1,350,700	1,189,730
Toll Expenses	153,360	139,950
	<u>5,962,889</u>	<u>5,183,182</u>

**20.00 Financial Expenses: Tk. 10,696,399**

This consists of the following:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Bank Charges & Commission	218,343	139,572
Interest & Charges on Lease Finance	2,238,129	4,452,463
Interest & Charges on LTR & CC Account	8,239,927	8,060,901
	<u>10,696,399</u>	<u>12,652,936</u>

**21.00 Income Tax Expense: Tk. 22,005,106**

This has been arrived as under:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Current Tax Note- 15	17,373,704	15,915,543
Deferred Tax Note- 11	4,631,402	4,329,023
Income tax expenses	<u>22,005,106</u>	<u>20,244,566</u>

**22.00 Earning Per Share: Tk. 1.71**

The computation of EPS is given bellow:

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	Amount in Taka	Amount in Taka
Net Profit for the Year	74,381,193	64,638,334
Weighted average no. of Shares Note- 22.01	43,500,000	38,656,164
<b>Basic EPS</b>	<b>1.71</b>	<b>1.67</b>



**22.01 Weighted average number of share:**

	<u>Number of Shares</u>	<u>Days</u>	<u>Factor</u>	<u>Weighted Number</u>
	43,500,000	365	1.00	43,500,000
<b>Totals</b>	<u><u>43,500,000</u></u>			<u><u>43,500,000</u></u>

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

**23.00 General:****23.01 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.

**23.02 Capital Expenditure Commitment**

There was no commitment for capital expenditure contracted or provided as on 30.06.2014.

**23.03 Claims not Acknowledged**

There is no claim against the Company acknowledged as debt as on 30.06.2014

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

No commission, brokerage or discount was incurred or paid by the Company against sales during the ended June 30, 2014

**23.05 Directors Responsibility Statements**

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

**23.06 Employee Details:**

- i) During the year there were 410 employees employed for the full year and 155 employees less than the full year at a remuneration of Taka 3,000 per month and above.
- ii) At the end of the period, there were 565 employees in the company.
- ii) Each employees received salaries more than Tk. 3,000.00

**24.00 Capacity and Utilization**

Installed Capacity	Actual Capacity	Utilization
8.5 Crore Pieces of Different types of Bags	6.7 Crore Pcs	78.82%





**Khan Brothers' PP Woven Bag Industries Ltd.**  
24/1, Chamelibagh (5th & 8th Floor), Shantinagar, Dhaka-1217  
**Schedule of Property, Plant and Equipment**

For the year ended June 30, 2014

Annexure A

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2013
	As at 01.07.13	Addition During the year	As at 30.06.14		As at 01.07.13	Addition During the year	As at 30.06.14	
Land & Land Development	93,301,500	-	93,301,500	-	-	-	93,301,500	
Building & Others Construction	107,229,520	13,892,426	121,121,946	5%	13,906,980	18,920,418	93,322,540	
Plant & Machinery	169,911,115	67,005,655	236,916,770	10%	49,651,143	64,469,042	120,259,972	
Generator & Electric Equipemnts	32,263,187	5,742,655	38,005,842	15%	18,698,427	21,092,057	13,564,760	
Motor Vehicle	4,651,303	-	4,651,303	20%	2,743,378	3,124,963	1,907,925	
Office Decoration & Fittings	3,013,840	2,102,645	5,116,485	10%	658,007	1,051,289	2,355,833	
Furniture & Fixture	3,686,425	1,115,100	4,801,525	10%	1,074,188	1,419,044	2,612,237	
<b>Balance as on June 30, 2014</b>	<b>414,056,890</b>	<b>89,858,481</b>	<b>503,915,371</b>		<b>86,732,124</b>	<b>110,076,814</b>	<b>327,324,766</b>	

**Depreciation:**

Administrative Cost	1,119,723
Manufacturing Cost	22,224,967
<b>Total</b>	<b>23,344,690</b>

