ANNUAL REPORT 2016-17



PAKISTAN STOCK

CMC-KAMAL TEXTILE MILLS LTD.

Table of Contents

Particulars	Page No.
Letter of Transmittal	02
Notice of the 22nd Annual General Meeting	03
Corporate Directory	04
Other Key Information	05
Short Profile of the Directors	06
Message from the Chairman	08
Message from the Managing Director	09
Composition of Shareholders	10
Corporate Governance	11
Financial Highlights	15
Report of the Board of Directors to the Shareholders	16
Annexure [Additional Statements by the Board of Directors as Notification Dated August 07, 2012 from the Bangladesh Securities and Exchange Commission (BSEC)]	21
Certificate on Compliance	28
Corporate Governance Compliance Report	29
Audit Committee Report	33
MD and CFO's Declaration	34
Auditors' Report	35
Financial Statements	
A) Statement of Financial Position as at June 30, 2017	37
B) Statement of Comprehensive Income	38
C) Statement of Cash Flows	39
D) Statement of Changes In Equity	40
E) Notes to the Financial Statements	41
Proxy Form	57

AMAR STOCK

Letter of Transmittal

To
All Shareholders
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint Stock Companies & Firms (RJSC)
Dhaka Stock Exchange Limited (DSE)

Subject : Annual Report for the year ended June 30, 2017.

Dear Sir/Madam (s):

We are pleased to enclose a copy of Annual Report together with Directors report, Audited Financial Statements comprising of Financial Position as at June 30, 2017 and Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended June 30, 2017 along with notes thereon of CMC-Kamal Textile Mills Limited for your information and records.

Sincerely

Company Secretary
CMC-Kamal Textile Mills Limited

AMARSTOCK

Notice of the 22nd AGM

Notice is hereby given that the **22nd Annual General Meeting** of the Shareholders of **CMC-Kamal Textile Mills Ltd.** will be held on **Sunday, the 31st December 2017 at 12.00 PM at "Daffodils Roof Top, Hotel Lake Breeze"**, House no # 15, Road # 42, Gulshan-2, Dhaka-1212 to transact the following business.

AGENDA :

01. To receive, consider and adopt the Audited Financial Statements for year ended June 30, 2017 and reports of Auditors and Directors thereon
02. To approve 11% (Eleven Percent) cash dividend i.e. taka one and paisa ten for each ordinary share as recommended by the board of directors.
03. To elect and confirm appointment of Directors
04. To appoint Auditors for next term (till holding of next AGM) and fix their remuneration
05. Any other business with the permission of the chair

Dated, Dhaka
December17, 2017

By the order of the Board

Company Secretary

NOTES :

a. The Record Date for 22nd AGM is fixed on December 17, 2017

b. The shareholders whose name appeared in the Register of Members of the Company or in the depository (CDBL) on the record date shall be entitled to attend the meeting as well as qualify for dividend to be approved at the AGM.

c. A member entitled and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf.

d. For appointing a Proxy, Proxy form duly stumped must be deposited at the company's registered office no later than 48 hours before the time appointed for the meeting.

e. Admission on the meeting venue will be strictly on production of the attendance slip sent with the Annual Report.

f. **No gift, cash or kind will be given for attending the meeting according to the circular of BSEC.**

Corporate Directory

Board of Directors

Chairman :
Mr. Md. Azizul Islam

Managing Director :
Mr. Md. Azimul Islam

Directors :
Mrs.Lutfun Nessa Islam

Nominated Directors :
Mrs. Lubna Islam
Mrs. Nabila Salam
Ms. Rezwana Islam
Mr. Niaz Morshed
Mr. Rafiqul Islam

Independent Director :
Mr. Golam Mostafa
Mr. Md. Shafiqual Islam

Chief Financial Officer :
Mr. Mohammad Hanif

Company Secretary :
Mr. Md. Mahfuzur Rahman

Head of Internal Audit :
Mr. Bijoy Chandra Sarkar

Audit Committee :
Mr. Md. Shafiqual Islam(Chairman)
Mr. Mohammad Hanif
Mr. Rafiqul Islam
Mr. Mahfuzur Rahman (Secretary)

Management Committee :
Mr. Md. Azimul Islam (Chairman)
Mr. Niaz Morshed
Mr. Md. Rafiqul Islam
Mr. Mohammad Hanif
Mr. Mahfuzur Rahman (Secretary)

Auditors :
M/s Rahman Mostafa Alam & Co.
Chartered Accountants
Paramount Heights (7th Floor-D2)
65/2/1 Box Culvert Road, Purana Paltan,
Dhaka-1000

Corporate Governance Compliance Auditor :
Huda Hossain & Co
Chartered Accountants
House No # 91/D, (1st Floor), Road No: 7/A,
Dhanmondi R/A, Dhaka-1209

Bankers :
Exim Bank Limited

Registered & Share Office :
Bilquis Tower (9th Floor), Road # 46,
House # 06, Gulshan # 02, Dhaka-1212
Phone : 02-9844490, 9845508
Fax : 02-9845518

Factory:
Kaicha Bari, Bashbari, Ashulia, Savar, Dhaka

Listing Status:
Listed in Dhaka Stock Exchange Ltd.

AMAR STOCK

Other Key Information

Name of the Company	:	CMC-Kamal Textile Mills Ltd.
Date of Incorporation	:	May 25, 1995
Date of Commencement of Business	:	May 25, 1995
Started Trial Operation	:	February, 1998
Started Commercial Operation	:	July, 1998
Factory Address	:	Kaicha Bari, Bashbari, Ashulia (Savar), Dhaka
Business Line	:	Manufacturing of cotton yarn of different counts
Nature of the Company	:	Public Limited Company
Listing Status	:	Listed in Dhaka Stock Exchange Ltd. (DSE)
Land (Freehold)	:	20 Bigha
Authorized Capital	:	BDT 5,000 million
Paid -Up Capital	:	BDT 1,093.97 Million
Designed Capacity	:	36,960 spindles+ 2 open end spinning frames@ 192 spindles each

AMAR STOCK

Short Profile of the Directors

MR. MD. AZIZUL ISLAM, Chairman :

Mr. Md. Azizul Islam has a reputation to be a Commercially Important Person (CIP) for the last 19 years. He is the honorable chairman of Alif Group that has been awarded the National Export Trophy Gold for 4 years being the highest exporters by the Bangladesh Export promotion Bureau. He has been operating on of the largest export oriented business in the country since 1984.

MR. MD. AZIMUL ISLAM, Managing Director :

Mr. Md. Azimul Islam obtained his MBA from USA. He is also the Managing Director of Alif Group, and the honorable Chairman of Alif SSL Sports Holdings Ltd (A concern of Alif Group). Sylhet Superstars is a franchise cricket team of The Bangladesh Cricket Board (BCB) operated by Alif SSL Sports Holdings Ltd. He started in career in yarn manufacturing and export oriented business since 2009.

MRS. LUTFUN NESSA ISLAM, Director :

Mrs. Lutfun Nessa Islam is a director of Alif Group. She has completed her B.A (Hon's) and M.A with an outstanding result being first class first. She is the wife of the honorable chairman of Alif Group.

MRS. LUBNA ISLAM, Nominated Director :

Dr. Lubna Islam is the eldest daughter of Mr. Azizul Islam, honorable chairman of the Alif Group. Dr. Lubna Islam is an MBBS doctor by profession. She has also completed her MBA.

MRS. NABILA SALAM, Nominated Director :

Mrs. Nabila Salam has completed O' levels from Scholastica and then she went to University College of London (UCL) for pursuing higher studies, completed graduation on economics and statistics as major. She came back to country in 2008. Worked in HSBC and Green Delta Insurance. She represents in the board of directors of also Alif Group concerns. Travelled more than 25 countries worldwide with great exposure to international culture and business trade. Also have keen interest in retail business and development. Mrs. Nabila Salam is married to Mr. Azimul Islam, Managing Director of Alif Group.

MS. REZWANA ISLAM, Nominated Director :

Mrs. Rezwana Islam is the youngest daughter of Mr. Azizul Islam, honorable chairman of the Alif Group. She has completed her MBA from USA.

MR. NIAZ MORSHED, Nominated Director :

Mr. NiazMorshed completed MBA (Finance) from IIUC and obtained the Chancellor Award (Gold Medal). He started his professional career from industry and then worked at IT, Media, Power Sector & Textile Industry. He has the expertise in operation and business development.

MR. MD. RAFIQUL ISLAM, Nominated Director :

Mr. Md. Rafiqul Islam completed the Masters in Accounting from the Rajshahi University. He started his professional career from 1992 in the Garments Industry. He is expert in Business Accounting and Management Development.

MR. GOLAM MOSTAFA, Independent Director :

Mr. Golam Mustafa has completed MBA from Dhaka University. He started his professional career from Dhaka Bank Limited– Bangladesh. Subsequently, worked for ICB Islamic Bank Limited-Bangladesh, IDLC finance Limited- Bangladesh and joined in Garments Industries in 2015. He is expert in business accounting and management development and his leadership capabilities contributing greatly to the company.

MR. MD. SHAFIQUAL ISLAM, Independent Director :

Mr. Md. Shafiqual Islam completed the LLB (Hon's) and LLM from Rajshahi University. He started his professional career from 1991 in the garments industry. He is expert in administrative and commercial business operation.

AMAR STOCK

Message from the Cahirman

Dear Valued Shareholders

Assalamu Alaikum
It is indeed a great pleasure and honor for me to welcome you on this **22nd Annual General Meeting** of **CMC-Kamal Textile Mills Ltd.** It is also a great privilege for me to place before you the Annual report along with audited Financial Statements of the company, auditors report and Directors report there on for the period from July 01, 2016 to June 30, 2017.

Last year (2016-17) was very remarkable year for business. GDP growth was 7.2% - a very remarkable progress for the country. Inflation was well managed under 6%. All other economic indicators indicated that the country is in continuous good pace. On the other hand, country's political condition was very stable during that period. As a result, country's business operations were directly benefitted from such good economic and stable political condition. I expect, such a remarkable progress of the country as well as the business environment will also continue in the upcoming years.

I sincerely believe that good governance is very vital for success and improvement for the company. I also glad to report that the company has an audit committee, which regularly review the financial transaction. The management is fully aware of risk factors of the economy and the industry as well and take measures to address risk. The company has also internal financial control system that gives reasonable measures to the Board of Directors for their guidance.

Finally, I would like to take the opportunity on behalf of Board of Directors and express my deepest appreciation to all our valued shareholder, customers, and clients, well-wishers for their heartiest support and interest for the betterment of the company. I sincerely hope that the same support would continue in the future to come.

With best Wishes



Md. Azizul islam
Chairman

ALIFSTOCK

Message from the Managing Director

Dear Shareholders, Colleagues, Ladies and Gentleman!!!

I feel grateful to all of you for making time to attend this 22nd Annual General Meeting of the Company. While I welcome you on my behalf, I assume you all have received copies of Annual Report for the period of twelve (12) months from July 01, 2016 to June 30, 2017 of the company containing director's report along with financial statements and notes to the accounts for your review and evaluation.

Last year we have changed the accounting year from January -December to July-June in compliance, among other regulations, of the provision of the Finance Act 2015 (Section 9) for establishing Uniform Accounting Year ending on 30 June every year. It may be noted that our reporting period/accounting year will continue to cover the Financial Year (July-June) of the Government until further change by them. Therefore, we have re-construct last year comparative figure (2015-16) from January-December to July to June to get better comparative for 2016-17 July to June accounts

We have started export from the third quarter of this year (2016-17). This year we have export yarn worth of BDT 94.87 million, which is a very remarkable performance. Your company has made significant performance of local sales, CMT sales and Export sales. As a result, turnover increased by 45.3% in this year comparative to that of the previous year. Gross profit margin, operating profit margin and net profit margin are also increased due to newly started exported export and operating efficiency.

In the end, we are thankful and grateful to you, shareholders, for keeping trust and confidence on us. It is required to mention here that your valued suggestions, advices and continuous support de-finitely worked crucially for the continuous development and growth of the business. We want to express our recognition providing thanks to the commitment, dedication and hard work on the employees of CMC-Kamal Textile Mills Ltd who are core strength of our success.

I wish all the best for the better and more productive future for our shareholders, employees and the country.

Sincerely

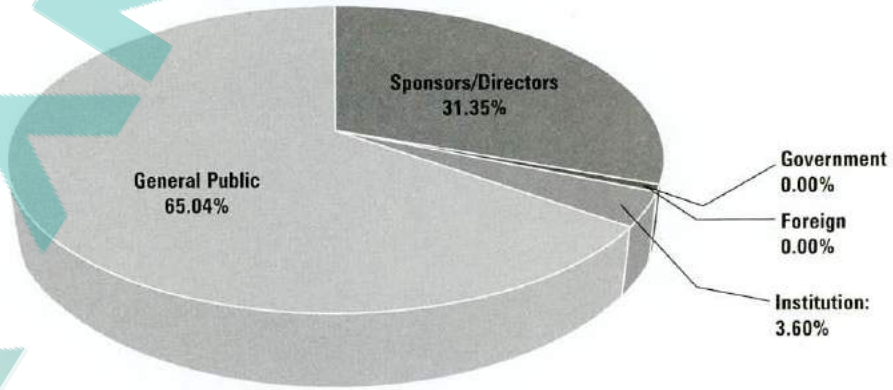


Md. Azimul Islam
Managing Director

Composition of Shareholders

A		Sponsors/Directors:	No of Shares
	1	Mr. Md. Azizul Islam	4,652,178
	2	Mr. Md. Azimul Islam	10,671,055
	3	Mrs. Lutfun Nessa Islam	2,704,566
	4	M/s Alif Apparels Ltd	2,216,741
	5	M/s Alif Textile Mills Ltd	7,423,597
	6	M/s Alif Bengal Holdings Ltd	2,216,741
	7	M/s Alif Outwear Ltd	2,198,130
	8	M/s Alif Real Estate Ltd	2,216,741
		Sub Total	**34,299,749**
B		**Government**	**-**
C		**Foreign**	**-**
D		**Institution:**	**3,940,095**
F		**General Public**	**71,157,051**
		Total	**109,396,895**

Shareholding Pattern



Corporate Governance

CMC-KAMAL TEXTILE MILLS LTD is 100% committed to operate business with trust, confidence, integrity, transparency through high degree of corporate governance standards. The Company believes that high standards of corporate governance are keys to success and best serve the shareholders' interests. The Company is a law abiding responsible corporate citizen of the country. The Company gives highest priority to absolute transparency in conducting business and in its dealings and communications with its suppliers, customers, business partners, as well as with the local communities wherever it operates. At the same time the Company expects that its shareholders, Board of Directors, employees and suppliers would act in compliance with applicable laws and with honesty, integrity and openness. The Company also ensures compliance with the accounting and reporting standards in consonance with the requirements of Bangladesh Securities and Exchange Commission and applicable laws of the countries in which the Company operates.

Rules of the Board :

In line with the concept of good corporate management practice and the provisions of Articles of Association, The Board of Directors, The Top Management tier is responsible for overall control and supervision of the entire affairs of the Company primarily through strategic planning & budgetary control mechanisms. The present Board of the Company consists of ten (10) Directors headed by the Chairman of the Company. The Managing Director leads the management of the Company. He is also a member of the Board of Directors. He works as the bridge between the Board and the management of the Company.

The positions of Chairman and Managing Director are held by separate persons. The Chairman is responsible for functions of the Board while the Managing Director serves as the Chief Executive of the Company.

Two (2) Independent Directors are members of the Board of Directors as per the requirements of Bangladesh Securities and Exchange Commission notification dated August 07, 2012. The business of the Company is managed by the Board of Directors. The Board of Directors is responsible to ensure that the business activities are soundly administrated and effectively controlled. At the same time the Board of Directors provides the management of the Company necessary guidance and directors ensure and uphold the highest interest of the shareholders.

Audit Committee :

In compliance with the Notification of the Bangladesh Securities and Exchange Commission dated August 07, 2012, the Board of Directors of the Company has formed an Audit Committee as the sub-committee of the Board of Directors. The present Audit Committee of the Company is comprised of four (4) members. Two of them are members of the board, out of them,One (1) members are the Independent Directors. The Chairman of the Audit Committee is an Independent Director. With an aim to ensure a true and fair view of the financial statements and good monitoring system within the business, Audit Committee assists the Board of Directors to discharge its responsibilities by reviewing and/or overseeing the financial reporting, internal control, risk management process, auditing activities and compliances with applicable laws and regulations and the Code of Business Conduct. The members of the Audit Committee attended in four (4) meetings held during the last twelve (12) months from July 01, 2016 to June 30, 2017. The Chief Financial Officer is also the member of the audit committee. The Company Secretary acts as the secretary of the Committee and the Head of Internal Audit and the representatives of the Statutory Auditors, when applicable, attend the meetings as invitees.

Scope of Work :

As delegated by the board, the Audit Committee seeks to satisfy itself, by means of suitable steps and appropriate information that proper and satisfactory internal control system are in place. Specific areas of work are to ensure that there in due process for:

a. Efficiency and effectiveness of operational control
b. Safeguarding of Assets
c. Reliability of financial and other management information
d. Compliance with company policies and relevant laws and regulations

Duties & Responsibilities:

a. To oversee the financial reporting process
b. To monitor Internal Control Risk Management Process
c. Periodic review of the effectiveness of the accounting and internal control systems and report to board if necessary
d. Verification of the reliability and adequacy of Internal Control in the organization including management reporting to the board
e. Verification of Quarterly Financial Statements in compliance with the relevant standards and BSEC Rules and guidance
f. Review of the Annual Financial Statements in compliance with the relevant standards and BSEC Rules and guidance

g. To oversees hiring and performance of external auditors and compliance auditors of the company
h. Review the reports of Internal Auditors as well as External Auditors of the company
i. Consultation with the External Auditors of the company on the adequacy of the accounting and internal control of the company

a. Review and ensuring fairness of any Related Party Transaction
b. Review and ensuring of due compliance with the relevant laws and regulations
c. Review of strategies, methodologies plans for internal auditing and the extent of co-ordination with external auditors
d. Any other responsibilities shall be determined by the Board from time to time

Management Committee :

The Management Committee comprises of top senior officials headed by Managing Director. The management committee deals with entire organizational matter. The members of the management committee are:

Mr. Md. Azimul Islam (Chairman)

Mr. Niaz Morshed

Mr. Md. Rafiqul Islam

Mr. Mohammad Hanif

Mr. Mahfuzur Rahman (Secretary)

Executive Management :

The Managing Director is the head of the Executive Management Team which comprises senior members of the Management Apparatus. Within the limits of delegated authority and responsibility by the Board of Directors, executive management operates through further delegation of authority at every echelon of the line management.The Executive Management operates within the frame work of policy & Planning strategies set by the Top Management with periodic performance reporting for guidance. The Executive Management is responsible for preparation of segment plans/ sub-segment plans for every profit centers with budgetary targets for every items of goods & services and are held accountable for deficiencies, with appreciation for outstanding and exceptional performances. These operations are continuously carried out by the Executive Management through series of Committees, Sub-Committees, Adhoc Committees & Standing Committees assisting the line management.

AMARSTOCK

Internal Audit :

Internal Audit assures the existence and pertinence of process controls and the integrity of information. Internal Audit operates under the direct supervision of the Audit Committee. Having unrestricted access all over the Company, Internal Audit plays independent roles to evaluate the effectiveness and efficiency of the Company's overall performances in terms of internal control structure, governance and risk management processes. Internal Audit performs operational audits on the business processes, and reliability of financial reporting and acts as the management consultant and strategic partner in designing and improving the reporting & control systems, policies and procedures and business processes where necessary.

Statutory Audit :

Statutory audit of the Company is governed by the Companies Act 1994 of Bangladesh and Bangladesh Securities and Exchange Commission dated August 07, 2012, which explicitly provide guidelines for the appointment, scope of work, and retirement of auditors. Shareholders appoint auditors in the Annual General Meeting (AGM). In addition to the annual audit, they review the quarterly financial reports.

Legal and Compliance :

Compliance is the key to build stakeholders trust. The Company has adopted clearly defined Compliance Policy. Following the national law is core to the business. The regulatory bodies like Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies & Firms maintain a close monitoring process on the Company. Respective officers are responsible for ensuring proper compliance with applicable laws and regulations.

Chief Financial Officer, Head of Internal Audit and Company Secretary :

As per the requirements of Bangladesh Securities and Exchange Commission (BSEC), Mr. Mohammad Hanifis working as Chief Financial Officer, Mr. Bijoy Chandra Sarkaris working as Head of Internal Audit and Mr. Mahfuzur Rahmanis working as Company Secretary.

AMARSTOCK

Financial Highlights

Particulars	30-Jun-17	30-Jun-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Period	(12 Months)	(6 Months)	(12 Months)	(12 Months)	(12 Months)	(12 Months)
Authorized Capital	5,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Paid-up Capital	1,093,968,950	968,114,120	968,114,120	860,545,890	764,929,680	665,156,250
No of Shares (Face value 10 Tk each)	109,396,895	96,811,412	96,811,412	86,054,589	76,492,968	66,515,625
Reserve & Surplus	987,214,696	903,826,851	843,077,768	812,482,470	807,969,809	808,492,898
Current Assets	704,814,474	474,568,005	389,125,803	252,262,647	161,348,174	549,803,996
Current Liabilities	121,269,055	105,626,795	100,789,849	141,598,807	167,256,881	151,492,454
Total Assets	2,269,519,516	2,009,887,119	1,944,823,923	1,848,369,463	1,758,942,125	1,644,094,569
Net Fixed Assets	1,560,075,241	1,530,846,812	1,551,225,818	1,592,043,228	1,597,593,951	1,094,290,573
Book Value of Equity	2,081,183,646	1,871,940,971	1,811,191,888	1,673,028,360	1,572,899,489	1,473,649,148
Turnover	687,563,854	206,956,026	461,350,017	718,041,067	636,714,644	513,181,307
Gross Profit	287,247,379	85,296,655	194,317,789	175,996,311	136,270,433	94,608,781
Operating Profit	259,299,485	74,026,571	172,641,268	143,435,807	101,928,794	55,492,360
Net Profit	210,521,682	60,011,427	140,525,353	118,057,361	99,250,341	104,718,512
Earnings per Share (EPS)	1.92	0.62	1.45	1.37	1.3	1.57
Net Asset Value per Share (NAV/Share)	19.02	19.34	18.71	19.44	20.56	22.15
Gross Margin	41.8%	41.21%	42.12%	24.51%	21.40%	18.44%
Operating Margin	37.7%	35.77%	37.42%	19.98%	16.01%	10.81%
Net Profit Margin	30.6%	29.00%	30.46%	16.44%	15.59%	20.41%
Current Ratio	5.81	4.49	3.86	1.78	0.96	3.63
Acid Test Ratio	0.77	2.35	2.06	0.6	0.23	2.62
Return on Assets	9.3%	3.03%	7.41%	6.55%	5.83%	6.37%
Return on Equity	10.1%	3.26%	8.07%	7.27%	6.52%	7.36%
Dividend (%)	Cash 11%*	Stock 13%		Stock 12.5%	Stock 12.5%	Stock 15%

* Proposed

Report of the Board of Directors to the Shareholders

Under Section 184 of the Companies Act, 1994 and notification dated August 7, 2012 of the Bangladesh Securities and Exchange Commission

Dear Valued Shareholders :

Assalamu Alaikum

On behalf of the board of directors, I am pleased to welcome you to the 22nd Annual General meeting of CMC-KAMAL TEXTILE MILLS LTD and it is my privilege to present before you the Annual Report and Financial Statements of the company for the 12months from July 01, 2016 to June 30, 2017.

State of the Company Affairs :

In the twelve month reporting period(July 01, 2016 to June 30, 2017), your company has earned remarkable progress in production, sales and profit. Two and half years back,the company made some strategic decision and went in to some restructure on the business process. A part of the strategy was to done business through CMT (Cutting, Making and Trim) sales. Under this strategy, the buyer provide us raw materials for production of yarn. We charge the overhead and profit. We have no doubt that the clarity and consistency of our strategy, our discipline to remain focused, and a firm commitment to our culture and values have been crucial to your Company's performance growth. More than anything else, your Company has developed agility to change and transform; to respond to challenges and tackle the twin objective of improving value creation from current assets and paving the path to grow and become more efficient.

Production Performance :

Since the main business of the company was to produce 100% cotton yarn, the company attained remarkable performance in production in cotton yarn. Your company has installed capacity of producing 4.32 million kg of cotton yarn per year. In the reporting period (July 01, 2016 –June 30, 2017), your company has produced 3.96 million kg in the year under review that is 91.72% of capacity utilization.

Time Period	Installed Capacity	Equivalent Production*	Capacity Utilization
From January 01, 2015- December 31, 2015 (12 Months)	4,320,000	3,335,191	77.2%
From January 01, 2016- June 30, 2016 (6 Months)	4,320,000	1,988,654	92.1%
From July 01, 2016 –June 30, 2017 (12 Months)	**4,320,000**	**3,962,495**	**91.72%**

*Equivalent to 32 count

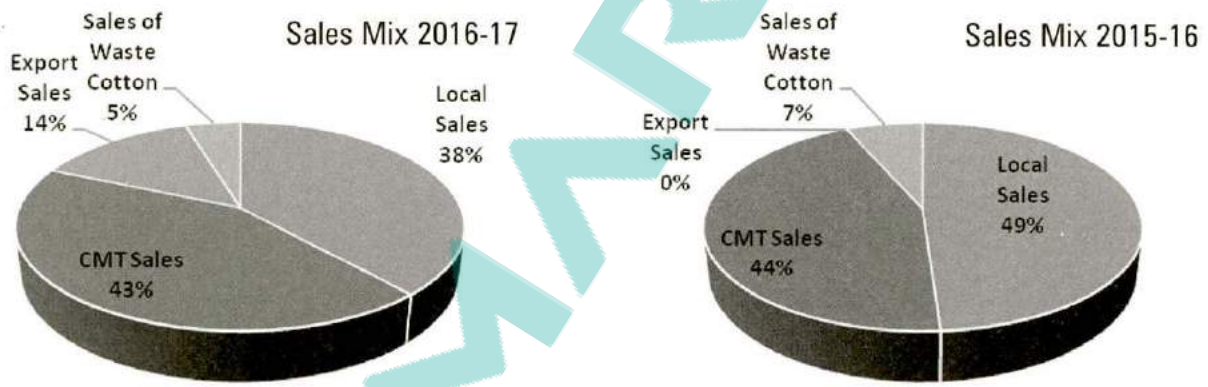
We are planning to increase production capacity by doing BMRE, adding more capacity and increase the capacity utilization as well in upcoming years.

Sales Performance :

The company's net sales increased by 45.26% from July 01, 2016 to June 30, 2017 compared to that of the same previous period i.e. July 01, 2015 to June 30, 2016. The reason behind such significant sales growth was due to increased in CMT sales growth and newly started export sales.

Particulars	1-Jul-16 to 30-Jun-17	1-Jul-15 to 30-Jun-16	Increase/ Decrease	% Increase/ Decrease
Local Sales	264,593,699	231,851,412	32,742,287	14.12%
CMT Sales	296,382,831	210,210,556	86,172,275	40.99%
Export Sales	94,876,648		94,876,648	NA
Sales of Waste Cotton	32,729,428	32,189,212	540,216	1.68%
Sub Total	**688,582,606**	**474,251,180**	**214,331,426**	**45.19%**
Less: VAT	1,016,752	909,339	107,413	11.81%
Grand Total	**687,565,854**	**473,341,841**	**214,224,013**	**45.26%**

The increased of sales revenuecan also be explained by composition of sales mix changes.



In 2014, the company made only local sales. From 2015 and onward, beside local sales, company also started CMT sales. Under this CMT Sales, rather than actual sales volume and amount was recorded as sales,only overhead expenses and profit arises from the CMT sales are recognized. In 2016-17, besides growth in CMT sales, company also started export cotton yarn, which was BDT 94.87 million. On the other hand, during the reporting period, local sales witnessed a moderate growth of 14.12% and Wastage sales growth was only 1.68% over the last year. Therefore, combined with growth in CMT and Local sales and newly export revenue, company's revenue increased by 45.26%.

Financial Performance :

The directors took pleasure in reporting the Financial Results of your Company for the 12 months period starting from July 01, 2016 to June 30, 2017as follows:

Particulars	1-Jul-16 to 30-Jun-17	1-Jul-15 to 30-Jun-16	Increase/ Decrease	% Increase/ Decrease
Gross Profit	287,247,379	186,566,113	100,681,266	53.97%
Operating Profit	259,299,485	162,355,774	96,943,711	59.71%
Profit Before Tax	249,865,444	155,779,136	94,086,308	60.40%
Net Profit	210,521,682	132,220,414	78,301,268	59.22%

Company's gross profit, operating profit, profit before tax and net profit after tax has increased by 53.97%, 59.71%, 60.60% and 59.22% respectively compared to that of the previous years. The reasons behind such significant performance as explained above was due to increase in local and CMT sales and newly started export. On the other hand, the management's effort to increase efficiency by controlling cost and lead time also helped increase in profit.

Key Facts:

NAV- Net Asset Value (NAV) per Share has been stood up at BDT 19.02 per share as on June 30, 2017. It was BDT 17.10 (re-stated) as on June 30, 2016. Thus the NAV per share increased by BDT 1.92 per share in 2016-17 compared to that of the previous year.

EPS- Earning per Share (EPS) was BDT 1.92 fromJuly 01, 2016 to June 30, 2017 and1.21 per share from July 01, 2015to June 30, 2016. Thus, Earning Per Share (EPS) increased by BDT 0.71 per share over the last year.

NOCFPS- Net Operating Cash Flow per Share (NOCFPS) stood BDT 2.26 per share from July 01, 2016 to June 30, 2017 and BDT 0.51 from July 01, 2015 to June 30, 2016.

Human Resources:

Success in business largely depends on the quality of the employees. Employees are the assets, who drive the Company to its goal to better serve the shareholders' interests. Recognizing the differences that the efficient employees can contribute into the business, your Company's focus is to recruit the right talent for the right job, identifying the successors for the key positions and most importantly, improve the efficiency of employees with right Learning & Development initiatives.

Appropriation of Profit :

Total Retained Earnings of your company stood at BDT 364,281,131 as on June 30, 2017.The company has made net profit BDT 210,521,682 from July 01, 2016 to June 30, 2017. The Board of Directors are pleased to show the profit available for appropriation as on June 30, 2017.

Particulars	1-Jul-16 to 30-Jun-17	1-Jul-15 to 30-Jun-16
Retained Earnings Beginning	277,252,454	250,238,445
Add: Profit during the period	210,521,682	132,220,414
Less: Bonus shares issued	(125,854,830)	(107,568,230)
Adjustment for depreciation of re-valued assets	2,361,825	2,361,825
Profit Available for Appropriation	**364,281,131**	**277,252,454**

Dividend :

Considering the overall financial position, the board of directorsis pleased torecommendEleven Percent (11%)Cash Dividend i.e. Taka one and paisa ten for each ordinary shares to its all shareholders for the period from July 01, 2016 to June 30, 2017. The recommended eleven percent (11%) cash dividend, if approved in the general meeting, will require disburse of BDT 120,336,585 as cash dividend. The calculation is as follows:

Particulars	In BDT
Profit Available for Appropriation (as per Retained Earnings Statements)	364,281,131
Less: 11% Cash Dividend	(120,336,585)
Closing Retained Earning	**243,944,547**

Shareholders whose name will appear in the register of members of the company or in the depository (CDBL) on the record date shall be entitled for dividend to be approved in the AGM.

Auditors :

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S. Rahman Mostafa Alam & Co., Chartered Accountants, retire at the22nd Annual General Meeting. But they have not submitted expression of interest for re-appointed.

M/s. Mahfel Huq & Co., Chartered Accountants express their willingness to be appointed as statutory auditor of the company for the year 2017-18 (until holding the next AGM).

AMARSTOCK

Directors :

The Company has ten (10) Directors in the Board including the Chief Executive Officer. Pursuant to the provisions of the Companies Act, 1994, one third of the Directors, except the Chief Executive Officer, shall retire by rotation in every ordinary general meeting. The Companies Act 1994 also provides that any Director appointed by the Board of Directors shall retire from office at the next ordinary general meeting but shall be eligible for election by the Company. Accordingly, three (3) Directors of the Company will retire at the 22nd Annual General Meeting. The retiring Directors are :

1. Mr. Niaz Morshed
2. Ms. Rezwana Islam
3. Mr. Rafiqul Islam

Being eligible, they offer themselves for re-election.

As per notification dated August 07, 2012 from the Bangladesh Securities Exchange Commission, the Directors made additional statements and furnish compliance report in Annexure attached herewith.

I take this opportunity, on behalf of the Board of Directors, to express my heartfelt gratitude to all of our valued clients, shareholders and well-wishers home and aboard for their whole hearted co-operation and active support in discharging the responsibilities vested on me and the Board during the year under review. I also thank business associates including our foreign and local customers, dealers, suppliers, government agencies, bankers, financial institutions, and auditors, office of the Registrar of Joint Stock Companies and Firms, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and Central Depository Bangladesh Limited for their co-operation, wholehearted support and faith reposed in the Company. I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers, and employees of the company at all levels without which our success could not have been achieved.

Thanks are also due to all directors, all executives, officers, staffs and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year under review. We look forward for your continuous support and best wishes for meeting the future challenges awaiting us in the competitive market and satisfying ever increasing expectation of our customers' partners and well-wishers.

On behalf of the Board of Directors

Md. Azizul Islam
Chairman

Dated: Dhaka
December 11, 2017

Annexure

Additional Statements by the Board of Directors as Notification Dated August 07, 2012 from Bangladesh Securities and Exchange Commission :

i. Industry outlook and possible future developments in the industry :

At present RMG sector in Bangladesh is the highest revenue generating sector. Spinning sector is a vital part of RMG value chain, to stabilize supply chain and control the major costs. The products of the spinning are cotton yarn, polyester, synthetic yarn, woolen yarn and blended yarn mixed of cotton with polyester of different counts. Total demand of yarns in Bangladesh around 1.41 million ton where the local production meet up around 1.12 million ton. In addition, almost 85% of cotton yarns and 50% demand for synthetic and blended yarn of export-oriented fabric producing mills are being met by the private sector spinning mills. (Source: Bangladesh Textile Mills Association).

Bangladesh is the second largest cotton importer after China and also the second largest garment exporter after China. Cotton consumption in Bangladesh will continue to grow as more spinning mills are being set up and the demand for yarn increases from domestic weavers and knitters. Consumption will increase further if the investment proposals in the textiles sector from aboard are really implemented here. Cheap labor has encouraged relocations of Indian and Chinese factories to Bangladesh, and investment is expected to continue in the next two seasons. Although the government has announced its intention to introduce genetically modified cotton to increase domestic production, Bangladesh remains heavily reliant on imports. Bangladesh needs 4 million bales of cotton a year for its domestic and export consumption. Bangladesh only produces 0.1 million bales of cotton, which meets only 2-3 percent of the garment industry's demand, which is not regular, and the rest is imported from the USA, Africa, the Commonwealth of Independent States (CIS), India and Pakistan. The country will be able to meet 30 percent of its demand for cotton if the project is implemented to the full. At present, the government has to spend around USD 4.5 billion a year to import cotton. Bangladesh cotton imports registered 8 percent growth to 5.6 million bales in FY 2013-14 and 6 percent the previous year. Bangladesh's cotton consumption will rise 4.08 percent in FY 2015-16, riding on higher demand from local spinners and foreign investors in the textile sub-sector. Consumption will increase to 1.02 million tones despite poor safety standards, mainly due to a shift in investment in the textile sector from India and China. The textile industry has been the most contributing industry in the export sector of Bangladesh. In recent years percentage of textile industry in total export has risen to 80%, thus, has been a dominating factor in GDP growth and overall economy. The Primary Textile Sector consists of spinning, weaving & knitting, Textile, printing & finishing (textile processing) which is meeting the

major demand of yarn & fabrics of the local markets. The sector has around 6000 garment factories, which employ over 4 million workers. Bangladesh secures second position in terms of garments export next to china. China's market share is around 31 percent of the total global garment market of $450b, where Bangladesh holds 5 percent. From the view point of labor cost China is paying high price compared to that of Bangladesh. The monthly salary of a Bangladeshi worker would be Rmb 500 to Rmb 600 ($80 to $95), while one Chinese worker now is being paid at least Rmb 2,000 per month. China is now using Bangladesh to outsource its RMG products. Garment exports to China rose 26 percent year-on-year to $304.24 million in fiscal 2014-15 as demand for low-priced basic clothes is still high among middle-income customers. About $141.8 million came from knitwear exports and $163.14 million from woven items, according to data from the Export Promotion Bureau. Bangladesh's total garment exports to China in fiscal 2013-14 were $241.37 million. International and domestic retailers in China have been favoring Bangladesh as a sourcing destination to take advantage of a duty waiver enjoyed by 4,721 Bangladeshi products, most of which are garment items, since April 2011. As per industry insiders, demand for affordable Bangladeshi sweaters and other knit items, T-shirts and white woven shirts are quite high in China. Both Chinese companies and international retailers such as Wal-Mart, Tesco and Metro are buying products from Bangladesh. China, the largest apparel supplier in the world, shifted its focus to high-end clothing and sophisticated technological items, making way for Bangladesh to export low-priced products. However, cotton consumption in Bangladesh is set to increase 2.73 percent year-on-year to 5.65 million bales in fiscal 2015-16 on the back of higher demand from garment manufacturers. Import of cotton will also increase to 5.55 million bales (in FY 2014-2015 from 5.40 million bales a year earlier, according to the United States Department of Agriculture. As per The USDA data, the country will end this fiscal year with 1.30 million bales of cotton, which is close to last year's stock of 1.28 million bales. Currently, local spinners and weavers have the capacity to consume 10 million bales of cotton, but they are unable to go into full production due to inadequate supply of gas and power to industrial units.

ii. Segment-wise or product-wise performance :

The company produce only one type of product that is cotton yarn.The company produces cotton yarn ranges from 10 to 62 count.

iii. Risk and Concerns :

All sectors of textile industry faces many similar challenges. The main problems, regardless of the sector within the industry are lack of power, labor unrest causing disruption of production, high price of electricity. The price of raw materials in both local and international market are not stable. Keep in this mind, the company's management perceive operational risk, market risk, and new investment risk, foreign exchange fluctuation risk within the national and international perspective and the risk of any abrupt changes of the policies made by the regulatory authorities that may adversely affect the business of the company. The management is skilled and experienced enough to deal with such risk that could have affected the business.

iv. Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin :

Cost of goods sold increased by 39.59% in June 30, 2017 compared to that of the previous period. The increase of Cost of Goods Sold in comparable period was due to changing mix in CMT sales with local sales.

Particulars	1-Jul-16 to 30-Jun-17	1-Jul-15 to 30-Jun-16	Increase/ Decrease	% Increase/ Decrease
Revenue	687,563,854	473,341,841	214,222,013	45.26%
Cost of Goods Sold	400,316,475	286,775,728	113,540,747	39.59%
Gross Profit	287,247,379	186,566,113	100,681,266	53.97%

As we previously mentioned, under CMT sales, buyer provide us the raw materials, overhead expenses and part of profit. Since, raw materials are provided by the buyer, the company does not need to purchase of raw materials for production under CMT sales. Therefore, the cost of goods sold under CMT sales does not included purchases of raw materials and therefore, Cost of Goods Sold did not increase in line with increase in sales revenue.

Margins slightly increased in 2016-17 compared to that of 2015-16 due to change in mixes of local and CMT sales, addition to export sales and strict cost control initiative taken by the management.

Particulars	1-Jul-16 to 30-Jun-17	1-Jul-15 to 30-Jun-16
Gross Profit Margin	41.8%	41.2%
Operating Profit Margin	37.7%	35.8%
Net Profit Margin	30.6%	29.0%

v. Discussion on continuity of any Extra-Ordinary gain/loss :

No Extra-ordinary gain or loss during the year.

vi. Basis for related party transactions :

Related party transactions disclosed in the page 54 (Note- 22) of the Annual Report.

vii. Utilization of proceeds from public issues, rights issues and/or through any others :

No public issues, rights issue and/or any other instruments issued during the year.

viii. An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.

Not Applicable

ix. **If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.**

No significant variance occurred between Quarterly Financial performance and Annual Financial Statements

x. **Remuneration to directors including independent directors**

As per the Articles of Association of the Company (Article 17: Remuneration of Directors), the Directors shall not be entitled to any remuneration except for extra services rendered to the Company and as decided by the Board. The Company may bear all such reasonable expenses as the Director may incur for the purpose of attending meetings of the Directors or general meeting. Details of Remuneration to directors are given in note 22 (B).

xi. **That, the Financial Statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.**

The Financial Statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Commission Rules, 1987. These statements present fairly the Company's State of Affairs, the result of its Operations, Cash Flow and Changes in Equity for the year ended on 30 June, 2017.

xii. **That, proper books of account of the company have been maintained.**

The company ensures that proper Book of Accounts of the Company has been maintained.

xiii. **That, appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgment.**

The management ensures that appropriate Accounting Policies have been consistently applied in preparation of the Financial Statements and that the Accounting estimates are based on reasonable and prudent judgments'.

xiv. **That, the International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed.**

The management ensures that the International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed.

xv. That, the system of internal control is sound in design and has been effectively implemented and monitored.

The management ensures that the Internal Control System is sound in design and effectively implemented and monitored.

xvi. That, there are no significant doubts upon the company's ability to continue as a going concern.

The management ensures there are no significant doubts upon the company's ability to continue as a going concern.

xvii. Significant deviations from last year's operating results of the company shall be highlighted and the reasons thereof should be explained.

No significant deviation from last year's operating results have been occurred.

xviii. Summary of key operating and financial data of preceding five years:

Summary of key operating and financial data of preceding five years are given in page .....

xix. Reasons for non-declaration of dividend

Not Applicable.

xx. The number of Board meetings held during the year and attendance by each Director.

Eight (8) meetings of the Board of Directors were held during the year ended on 30th June, 2017. The attendance records of the Directors are given below:

Name of the Directors	Official Status	Meeting Attended
Mr. Md. Azizul Islam	Chairman	8
Mr. Md. Azimul Islam	Managing Director	8
Mrs. Lutfun Nessa Islam	Director	8
Mrs. Lubna Islam	Nominated Director of M/s Alif Apparels Ltd.	6
Mr. Niaz Morshed	Nominated Director of M/s Alif Textile Mills Ltd.	8
Ms. Rezwana Islam	Nominated Director of M/s Alif Bengal Holdings Ltd.	8
Mr. Md. Rafiqul Islam	Nominated Director of M/s Alif Real Estate Ltd.	8
Mrs. Nabila Salam	Nominated Director of M/s Alif Outwear Ltd.	8
Mr. Golam Mostafa	Independent Director	3
Mr. Md. Shafiqul Islam	Independent Director	8

WWW.STOCK

Company Secretary and Chief Financial Officer has attended all the Board Meetings held during the financial year 2016-17.

xxi. Pattern of Shareholding:

a) Parent/Subsidiary/Associated companies and other related parties (name wise details):

Name of Parent /Subsidiary	Status	Share held	Share held %
NA	NA	NA	NA

b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details):

Sl. No.	Categories	No. of Shares	% of Holding
1	Mr. Md. Azizul Islam Chairman	4,652,178	4.25%
2	Mr. Md. Azimul Islam Managing Director	10,671,055	9.75%
3	Mrs. Lutfun Nessa Islam Director	2,704,566	2.47%
4	Mrs. Lubna Islam Nominated Director	NIL	NIL
5	Ms. Rezwana Islam Nominated Director	NIL	NIL
6	Mr. Niaz Morshed Nominated Director	NIL	NIL
7	Mr. Md. Rafiqul Islam Nominated Director	NIL	NIL
8	Mrs. Nabila Salam Nominated Director	NIL	NIL
9	Mr. Golam Mostafa Independent Director	NIL	NIL
10	Mr. Md. Shafiqual Islam Independent Director	NIL	NIL
11	Mr. Mohammad Hanif Chief Financial Officer	NIL	NIL
12	Mr. Mahfuzur Rahman Company Secretary	NIL	NIL
13	Mr. Bijoy Chandra Sarkar Head of Internal Audit	NIL	NIL

AMARSTOCK

c) Executives (top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit):

Name	Position	No of shares held
Mr. Md. Moniruzzaman	Senior GM, Production	NIL
Mr. Harlal Sikder	AGM, Production	NIL
Mr. Md. Azizul Haque	Senior Manager,	NIL
Mr. Kohinoor Islam	Manager, Admin	NIL
Mr. Md. Nazmul Islam	Senior Civil Engineer	NIL

d) Shareholders holding ten percent (10%) or more voting interest in the Company (name wise details) : NA

xxii. Appointment/Re-Appointment of Directors:

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Company Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the 22nd Annual General Meeting and will be eligible for re-appointment.

1. Mr. Niaz Morshed
2. Ms. Rezwana Islam
3. Mr. Rafiqul Islam

Brief resume of the Directors, nature of their expertise in specific functional areas and names of companies in which they also hold the directorship and membership of committees of the board are given at page 6-7 of the Annual Report, which fulfill the condition 1.5 (xxii) of the corporate governance guidelines of BSEC.

AMARSTOCK

Certificate on Compliance

HUDA HOSSAIN & CO.

CHARTERED ACCOUNTANTS

Certificate on compliance of conditions of the Corporate Governance Guidelines

[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC videnotificationNo.SEC/CMRRCD/2006-158/134/Admin/44dated07August2012]

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by CMC-Kamal textile Mills Ltd. ("the Company")for the year ended 30 June 2017. Such compliance is the responsibility of the company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC) under section 2CC of the Securities and Exchange Ordinance, 1969.

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the company in ensuring such compliance and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the company,I hereby certify that the company has complied with all the conditions of the Corporate Governance Guidelines of BSEC.

Dhaka, 14 November 2017

Huda Hossain & Co. Dhaka Chartered Accountants

HUDA HOSSAIN & CO.
CHARTERED ACCOUNTANTS

House No- 91/D, (1st Floor), Road No- 7/A,
Dhanmondi R/A, Dhaka-1209

+88(02) 9132641
+88 01713-032449, 01712-878643

info@hudahossain.com
www : hudahossain.com

Corporate Governance Compliance Report

HUDA HOSSAIN & CO.
CHARTERED ACCOUNTANTS

Status of Compliance with the conditions imposed by the Comission's Notification No SEC/CMRRCD/2006-158/34/Admin /44 dated 07 August 2012 issued under section 2CC of the Securities & Exchange ordinance, 1969

Condition No	Title	Compliance Status		Remarks (If Any)
		Complied	Non Complied	
1.1	**Board's Size:** The number of the board members shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2	**Independent Directors:**			
1.2 (i)	One fifth (1/5) of the total number of directors	✓		
1.2 (ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	✓		
1.2 (ii) b)	Not connected with any sponsor/director/shareholder who holds 1% or more shares of the total paid-up shares on the basis of family relationship.	✓		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	✓		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	✓		
1.2 (ii) g)	Not be an independent director in more than 3 (three) listed companies;	✓		
1.2 (ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI	✓		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM	✓		
1.2 (iv)	Not remain vacant for more than 90 (ninety) days.	✓		
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	✓		
1.2 (vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	**Qualification of Independent Director (ID)**			
1.3 (i)	Knowledge of Independent Directors	✓		
1.3 (ii)	Background of Independent Directors	✓		
1.3 (iii)	Special cases for qualifications			NA
1.4	Individual Chairman of the Board and CEO	✓		

Huda Hossain & Co. Dhaka Chartered Accountants

FINAR STOCK

Condition No	Title	Compliance Status		Remarks (If Any)
		Complied	Non Complied	
1.5	**The Directors' Report to Shareholders :**			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		
1.5 (vi)	Basis for related party transactions	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others	✓		
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing.			NA
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements	✓		
1.5 (x)	Remuneration to directors including independent directors	✓		
1.5 (xi)	Fairness of Financial Statement	✓		
1.5 (xii)	Maintenance of proper books of accounts	✓		
1.5 (xiii)	Adoption of appropriate accounting policies and estimates	✓		
1.5 (xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements	✓		
1.5 (xv)	Soundness of internal control system	✓		
1.5 (xvi)	Ability to continue as a going concern	✓		
1.5 (xvii)	Significant deviations from the last year's	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years	✓		
1.5 (xix)	Reasons for not declared dividend			NA
1.5 (xx)	Number of board meetings held during the year and attendance	✓		
1.5 (xxi)	**Pattern of shareholding:**			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties	✓		
1.5 (xxi) b)	Directors,CEO,CS,CFO,HIA and their spouses and minor children	✓		
1.5 (xxi) c)	Executives	✓		
1.5 (xxi) d)	10% or more voting interest	✓		
1.5 (xxii)	**Appointment/re-appointment of Directors:**			
1.5 (xxii) a)	Resume of the director	✓		
1.5 (xxii) b)	Expertise in specific functional areas	✓		
1.5 (xxii) c)	Holding of directorship and membership of committees of the board other then this company.	✓		

Huda Hossain & Co. Dhaka Chartered Accountants

FINANCIAL STOCK

Condition No	Title	Compliance Status		Remarks (If Any)
		Complied	Non Complied	
2	**Appointment of CFO, HIA and CS:**			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Hea of Internal Audit (HIA), and a Company Secretary (CS). The Board of Directors should clearly define respective roles, respon -sibilities and duties of the CFO, HIA and CS	✓		
2.2	Attendance of CFO and CS at the meeting of the Board of Directors	✓		
3	**Audit Committee :**			
3 (i)	Constitution of Audit Committee	✓		
3 (ii)	Assistance of the Audit Committee to Board of Directors	✓		
3 (iii)	Responsibility of the Audit Committee	✓		
3.1	**Constitution of the Audit Committee:**			
3.1 (i)	At least 3 (three) members	✓		
3.1 (ii)	Appointment of members of the Audit Committee	✓		
3.1 (iii)	Qualification of Audit Committee members	✓		
3.1 (iv)	Term of Service of Audit Committee members	✓		
3.1 (v)	Secretary of the Audit Committee	✓		
3.1 (vi)	Quorum of the Audit Committee	✓		
3.2	**Chairman of the Audit Committee**			
3.2 (i)	Board of Directors shall select the Chairman	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the AGM.	✓		
3.3	**Role of Audit Committee**			
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles	✓		
3.3 (iii)	Monitor Internal Control Risk management process	✓		
3.3 (iv)	Oversee hiring and performance of external auditors	✓		
3.3 (v)	Review the annual financial statements before submission to the board for approval	✓		
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	✓		
3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transactions	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	✓		
3.3 (x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue			NA

Huda Hossain & Co. * Dhaka * Chartered Accountants

Condition No	Title	Compliance Status		Remarks (If Any)
		Complied	Non Complied	
3.4	**Reporting of the Audit Committee:**			
3.4.1	Reporting to the Board of Directors:	✓		
3.4.1 (i)	Activities of Audit Committee	✓		
3.4.1 (ii) a)	Conflicts of interests			NA
3.4.1 (ii) b)	Material defect in the internal control system			NA
3.4.1 (ii) c)	Infringement of laws, rules and regulations			NA
3.4.1 (ii) d)	Any other matter			NA
3.4.2	Reporting to the Authorities	✓		
3.5	**Reporting to the Shareholders and General Investors**	✓		
4	**Engagement of External/Statutory Auditors:**			
4 (i)	Appraisal or valuation services or Fairness opinions	✓		
4 (ii)	Financial information systems design and implementation	✓		
4 (iii)	Book-keeping	✓		
4 (iv)	Broker-dealer services	✓		
4 (v)	Actuarial services			NA
4 (vi)	Internal audit services	✓		
4 (vii)	Services that the Audit Committee determines	✓		
4 (viii)	Audit firms shall not hold any share of the company they audit.	✓		
4 (ix)	Audit/certification services on compliance of corporate governance.	✓		
5	**Subsidiary Company :**			
5 (i)	Composition of the Board of Directors			NA
5 (ii)	At least 1 (one) independent director to the subsidiary company			NA
5 (iii)	Submission of Minutes to the holding company			NA
5 (iv)	Review of Minutes by the holding company			NA
5 (v)	Review of Financial Statement by the holding company			NA
6	**Duties of Chief Executive Officer and Chief Financial Officer:**			
6 (i) a)	Reviewed the materially untrue of the financial statement	✓		
6 (i) b)	Reviewed about compliance of the accounting standard	✓		
6 (ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct	✓		
7	**Reporting and Compliance of Corporate Governance:**			
7 (i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines	✓		
7 (ii)	Annexure attached in the directors' report	✓		

Huda Hossain & Co. Dhaka Chartered Accountants

ANNUAL STOCK

Report of the Audit Committee

For the year ended June 30, 2017

The Board of Directors
CMC-Kamal Textile Mills Ltd
Bilquis Tower (9th Floor), House #6, Road # 46
Gulshan Circle-2, Dhaka-1212.

Subject: Audit Committee Report.

Dear Sir:
The committee reviewed and discussed the procedure and task of the internal audit, financial report preparation and the external auditors' observation in their reports on the draft financial statements of the company initiated by the auditors for the period from July 01, 2016 to June 30, 2017. The committee found the statements adequate arrangement to present a true and fair view of the financial status of the company; and did not find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting and disclosures.

On behalf of Audit Committee

Sd/
Chairman
Audit Committee

AMAR STOCK

MD and CFO's Declaration

Statement on the duties of the Managing Director and the Chief Financial Officer

In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/Admin/44 dated 07, August 2012, we the undersigned hereby certify to the board that-

1) We have reviewed financial statements we have reviewed financial statements for the period from July 01, 2016 to June 30, 2017, and that to the best of our knowledge and belief :

   a) The Statements do not contain any material untrue facts or omit any material fact or contain statements that might be misleading;

   b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable rules.

2) There are, to the best of our knowledge and belief, no transactions entered in to by the company during the year which are fraudulent, illegal or violent of the company's code of conduct.

Md. Azimul Islam
Managing Director

Mohammad Hanif
Chief Financial Officer

Auditors' Report

To the Shareholders' of CMC-Kamal Textile Mills Limited

We have audited the accompanying financial statements of **CMC - Kamal Textile Mills Limited** ("the Company") which comprise the statement of financial position as at June 30, 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 disclosed in notes 1 to 26.

Management's Responsibility for the Financial Statements

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), 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 statement 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 (BSAs). 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 auditors' 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 company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the company 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 qualified audit opinion.

Dhaka Office : Paramount Heights (7th Floor, D2, C1 & A), 65/2/1 Box Culvert Road, Purana Paltan, Dhaka- 1000. Phone : +88-02-9553449, 9551128, E-mail : rmadhaka@gmail.com, Web : www.rmaandco.com
Chittagong Office : Taher Chamber (2nd Floor), 10 Agrabad C/A, Chittagong, Bangladesh. Phone : +88-031-725314, E-mail : rmactg@gmail.com, Web : www.rmaandco.com

Basis of Qualified Opinion

1. The entity revalued their property, plant and equipment 6 years ago in the year of 2010. As per BAS 16, Para 34, it should be revalued the assets every 3 to 5 years but company not yet revalued its assets.

Qualified Opinion

In our opinion, except for the effect on the financial statements of the matter described the basis for qualified opinion paragraph the financial statements present fairly, in all material respect, the financial position of **CMC- Kamal Textile Mills Limited** as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the applicable section of the Companies Act 1994 and other applicable laws and regulations.

Other Matters

The comparative figures disclosed into the financial statements for the period from July 01, 2015 to June 30, 2016 has been compiled by the company management from audited financial statements of two separate periods, i.e., July 01, 2015 to December 31, 2015 and January 01, 2016 to June 30, 2016.

We also 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 and made due verification thereof;
b) in our opinion, proper books of account as required by the law have been kept by the company so far as it appeared from our examination of these books;
c) the company's statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
d) the expenditure incurred was for the purpose of the company's business.

Dated: Dhaka
November 27, 2017

Rahman Mostafa Alam S& Co.
Chartered Accountants

Dhaka Office : Paramount Heights (7th Floor, D2, C1 & A), 65/2/1 Box Culvert Road, Purana Paltan, Dhaka- 1000. Phone : +88-02-9553449, 9551128, E-mail : rmadhaka@gmail.com, Web : www.rmaandco.com
Chittagong Office : Taher Chamber (2nd Floor), 10 Agrabad C/A, Chittagong, Bangladesh. Phone : +88-031-725314, E-mail : rmactg@gmail.com, Web : www.rmaandco.com

CMC-KAMAL TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
As at June 30, 2016

Particulars	Notes	Amount in (Taka)	
		30-Jun-2017	30-Jun-2016
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4.00	1,560,075,241	1,530,846,812
Other Non- Current Asset		**4,629,801**	**4,472,302**
Long Term Deposit	5.00	4,629,801	4,472,302
Current Assets:		**704,814,474**	**474,568,005**
Advance & Prepayment	6.00	134,042	3,935,647
Inventories	7.00	178,821,418	199,904,333
Trade Receivable & Others	8.00	288,930,614	209,970,124
Cash & Cash Equivalents	9.00	236,928,400	60,757,901
Total Assets		**2,269,519,516**	**2,009,887,119**
EQUITY AND LIABILITIES			
Shareholders' Equity		**2,081,183,646**	**1,870,661,964**
Share Capital	10.00	1,093,968,950	968,114,120
Reserve & Surplus	11.00	622,933,565	625,295,390
Retained Earnings		364,281,131	277,252,454
Non Current Liabilities		**67,066,815**	**32,319,353**
Deferred Tax Liabilities	12.00	67,066,815	32,319,353
Current Liabilities		**121,269,055**	**106,905,802**
Accrued Expense (Restated)	13.00	21,752,497	16,885,997
Dividend Payable		86,885	86,885
Provision for Income Tax	14.00	85,467,748	80,871,448
Provision for WPPF	15.00	13,961,925	9,061,472
Total Equity and Liabilities		**2,269,519,516**	**2,009,887,119**
Net assest Value (NAV) per share	16.00	**19.02**	**17.10**

The annexed notes from 1 to 26 form an integral part of these Financial Statements.

Managing Director **Director** **Chief Financial Officer** **Company Secretary**

Signed in terms of our separate report of even date.

Dated: Dhaka
November 27, 2017

Rahman Mostafa Alam & Co.
Chartered Accountants

CMC-KAMAL TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended June 30, 2017

Particulars	Notes	Amount in (Taka)	
		2016-2017	2015-2016
Turnover	17.00	687,563,854	473,341,841
Less: Cost of goods sold (Restated)	18.00	400,316,475	286,775,728
Gross Profit		**287,247,379**	**186,566,113**
Less: Operating Expense		**27,947,894**	**24,210,339**
Administrative expense	19.00	27,947,894	24,210,339
Operating Profit		**259,299,485**	**162,355,774**
Add: Non Operating Income	20.00	**3,059,231**	**1,076,617**
Profit Before WPPF & Taxes		**262,358,716**	**163,432,391**
Less: Workers Profit Participation fund	15.00	12,493,272	7,653,255
Profit Before Taxes		**249,865,444**	**155,779,136**
Less: Provision for Income Tax		**39,343,762**	**23,558,722**
Deferred Tax		34,747,462	(972,665)
Current Tax		4,596,300	24,531,387
Net Profit After Tax and Total comprehensive income for the year		**210,521,682**	**132,220,414**
Earning Per Share (EPS)	21.00	**1.92**	**1.21**

The annexed notes from 1 to 26 form an integral part of these Financial Statements.

Managing Director **Director** **Chief Financial Officer** **Company Secretary**

Signed in terms of our separate report of even date.

Dated: Dhaka
November 27, 2017

Rahman Mostafa Alam & Co.
Chartered Accountants

AMAR STOCK

CMC-KAMAL TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
For the year ended June 30, 2017

Particulars	Notes	Amount in (Taka)	
		2016-2017	2015-2016
A. Cash Flows from Operating Activities		**247,675,886**	**55,453,379**
Collection against Local Sale		296,463,127	262,973,940
Collection against CMT Sale		309,417,050	80,056,378
Collection against Export Sale		5,258,715	-
Non-Operating Income		680,455	1,076,617
Payment against Purchase		(238,124,114)	(161,932,783)
Payment against Operating Expense		(118,138,204)	(119,686,987)
Tax Paid		(55,147)	(5,825)
Payment against WPPF		(7,825,996)	(7,027,961)
B. Cash Flows from Investing Activities		**(71,505,387)**	**(136,978)**
Acquisition of Property Plant & Equipment		(71,347,888)	(29,700)
Realized Interest Re-Invested in FDR for Bank Gurantee		(157,499)	(107,278)
C. Cash Flows from Financing Activities		**-**	**(569)**
Fraction Share Sale Proceed under Dividend payable		-	(569)
Net Cash Inflow for the year (A+B+C)		**176,170,499**	**55,315,832**
D. Opening balance of Cash & Cash Equivalents		**60,757,901**	**5,442,069**
E. Closing balance of Cash & Cash Equivalents		**236,928,400**	**60,757,901**
Net operating cash inflow per share		**2.26**	**0.51**

Managing Director **Director** **Chief Financial Officer** **Company Secretary**

Signed in terms of our separate report of even date.

Dated: Dhaka
November 27, 2017

Rahman Mostafa Alam & Co.
Chartered Accountants

AMARSTOCK

CMC-KAMAL TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2017

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
Balance as at July 01, 2016	**968,114,120**	**271,847,108**	**353,448,282**	**277,252,454**	**1,870,661,964**
Bonus Share Issue	125,854,830	-	-	(125,854,830)	-
Net Profit during the year	-	-	-	210,521,682	210,521,682
Decrese of revaluation	-		-		-
Adjustment for Depreciation of revalued Assets	-	-	(2,361,825)	2,361,825	-
Deferred Tax Adjustment	-	-	-	-	-
Balance at June 30, 2017	**1,093,968,950**	**271,847,108**	**351,086,457**	**364,281,131**	**2,081,183,646**
Balance as at July 01, 2015	**860,545,890**	**271,847,108**	**355,810,107**	**250,238,445**	**1,738,441,550**
Bonus Share Issue	107,568,230	-	-	(107,568,230)	-
Net Profit during the year	-	-	-	132,220,414	132,220,414
Decrese of revaluation			-		-
Adjustment for Depreciation of revalued Assets			(2,361,825)	2,361,825	-
Deferred Tax Adjustment	-	-	-	-	-
Balance at June 30, 2016	**968,114,120**	**271,847,108**	**353,448,282**	**277,252,454**	**1,870,661,964**

Managing Director **Director** **Chief Financial Officer** **Company Secretary**

Signed in terms of our separate report of even date.

Dated: Dhaka
November 27, 2017

Rahman Mostafa Alam & Co.
Chartered Accountants

CMC-KAMAL TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1.00 BACKGROUND AND ACTIVITIES OF THE COMPANY:

1.01 Background of the Company:

The company was incorporated on 25 May 1995 as a 'Public' company limited by shares registered under the Companies Act 1994 vide registration No.C-28468(2314)/95 dated 25 May 1995. The Company went for Initial Public Offering (IPO) in August 1997. The company is a publicly traded company and is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited since December 1997. At present the company is maintaining listing status with only Dhaka Stock Exchange Limited. The name of the Company has been changed from **CMC-Kamal Textile Mills Limited** to **Alif Manufacturing Company Limited** on dated 10th October 2017.

1.02 Address of the Registered and Corporate Office:

The registered office of the company is located at Bilquis Tower (9th Floor), House # 06, Road # 46, Gulshan Circle-2, Dhaka-1212.

1.03 Nature of Business Activities:

The principal activities of the company are to carry on the business of Textile Spinning Mills to produce various counts of yarn ranging from 10/1 to 80/1 for the apparel industry.

1.04 Production Unit:

Production unit of the company is situated at Kaichabari, Ashulia (Savar), Dhaka.

2.00 SIGNIFICANT ACCOUNTING POLICIES:

2.01 Basis of Preparation and Presentation of the Financial Statements:

The Financial Statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka Stock Exchange as applicable and BAS's adopted by the institute of Chartered Accountants of Bangladesh (ICAB), Bangladesh Financial Reporting Standard (BFRS) as applicable to the company. The Statement of Financial Position and Statements of Profit or Loss and Other Comprehensive Income have been prepared according to BAS 1 'Presentation of Financial Statements' based on accrual basis of accounting consistent applied following going concern assumption under generally accepted accounting principles and practices in Bangladesh. Cash Flow Statement of the company has been prepared direct method in accordance with BAS 7.

2.02 Accounting Convention and Assumption:

The Financial Statements are prepared under the Historical Cost Convention.

2.03 Principle Accounting Policies :

The specific accounting policies have been selected and applied by the company's management for significant transactions and events that have a material effect within the Framework for the preparation and presentation of Financial Statements. Financial Statements have been prepared and presented in compliance with applicable BASs. This year's figures are re-arranged where necessary. There are no significant changes in the accounting policies and valuation policies affecting the financial position and performance of the company. However, changes (as applicable) made to the presentation are explained into the note for the respective items.

2.04 Application of accounting Standards :

The following BAS are applicable to the financial statements for the year under review:

BAS 1 Presentation of Financial Statements
BAS 2 Inventories
BAS 7 Cash Flow Statements
BAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
BAS 10 Events after the Balance Sheet Date
BAS 12 Income Tax
BAS 16 Properties, Plant and Equipment
BAS 18 Revenue
BAS 19 Employee Benefits
BAS 21 The Effects of Changes of Foreign Exchange Rates
BAS 23 Borrowing Costs
BAS 24 Related Parties Disclosure
BAS 33 Earning Per Share
BAS 36 Impairment of Assets

2.05 Valuation of Inventories :

Inventories are stated at the lower of cost or net realizable value in compliance with the requirements of Para 21 and 25 of BAS 2.

Category of Stocks		Basis of Valuation
Raw Materials, Packing Materials and Work in Process	:	Weighted Average cost
Finished Goods at Factory	:	At lower of cost or net realizable value
Store Items	:	Weighted Average cost

Cost comprises of the value of materials and attributable direct labor, depreciation and production overheads. The management conducted annual physical verification of inventories on the closing date of business as at June 30, 2017 in presence of the representative from audit firm and made valuation thereof on the basis stated above.

2.06 Cash Flow Statements :

Statement of Cash Flow is prepared principally in accordance with BAS 7 'Cash Flow Statement' and the cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and Considering the provisions that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method".

2.07 Accounting Policies, Changes in Accounting Estimates and Errors:

As per BAS 8 The preparation of financial Statements in conformity with the International Accounting Standards requires management to make judgment to estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure, during and at the date of the financial statement.

2.08 Income Tax :

The company makes provision for income tax as per requirement of the Income Tax Ordinance 1984. The applicable tax rate for the Company is 15% as per SRO/LAW/IT/2008 dated June 30, 2008 or 0.60 percent of Gross Receipt as per provision of section 82/C of the Income Tax Ordinance 1984 whichever is higher. Provision for Deferred Tax as per requirement by BAS 12 is done in the financial statements. Income tax return of the company for the assessment year 2013-2014, 2014-2015, 2015-2016 and 2016-2017 has not yet been filed. It is also noted that, the company has not yet filed any return of withholding tax as per provision of Section 75A of The Income Tax Ordinance 1984.

2.09 Property, Plant and Equipment :

Tangible fixed assets are accounted for according to BAS 16 Property, Plant and Equipment at historical cost less accumulated depreciation. Tangible assets are depreciated according to Straight-line method of depreciation.

2.10 Revenue Recognition :

The company recognizes revenues when risk of ownership has been transferred to the buyer which satisfied all the condition for the revenue recognition as provided in BAS -18 "Revenue Recognition".

2.11 Employee Benefits (BAS 19):

The company provides no additional benefits to its employees other than regular salary, allowances and bonus. Provision at the rate of 5% has been made for Companies Profit (Workers Participation) Fund during the year. However, the Companies Profit (Workers Participation) Fund is not being maintained as per provisions of law. The company has not yet introduced provident fund and gratuity fund scheme although these are required by law.

2.12 The Effects of Changes of Foreign Exchange Rates:

Foreign currency transactions are recorded at the rates applicable on the date of transaction in accordance with BAS-21 (The Effects of Changes in Foreign Exchange Rates). Gains or losses out of foreign currency transactions are charged/credited to the profit and loss account whenever arises. This year the company made transactions in foreign currency for export sales as a deemed exporter which has been accounted for properly.

2.13 Borrowing Costs:

In compliance with the requirements of BAS-23 'Borrowing Costs' borrowing costs of operational period on short-term loan and overdraft facilities from Banks was charged off as revenue expenditure as those were incurred.

2.14 Related Parties Disclosure:

In compliance with the requirements of BAS 24, the company carried out a number of transactions with related parties in the normal course of business. During the year the company also made export finished goods and purchase of raw material and others purposes through Alif Unitex Company Limited (former L.K UNITEX COMPANY LIMITED).

2.15 Earning per Shares:

The company calculates earning of share (EPS) in according with BAS 33 'Earning per Shares' which has been shown on the face of Income Statement. The same has been calculated dividing surplus available for ordinary shareholders by weighted number of ordinary shares outstanding at the end of the period.

2.16 Impairment of Assets:

In compliance with the requirements of BAS 36, Impairment of Assets, the carrying amount of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated and impairment losses are recognized in profit and loss account.

2.17 Depreciation of Fixed Assets:

Depreciation is charged on all fixed assets except land and land development on straight-line method. Depreciation has been charged on assets when the assets are available for use.

The depreciation /amortization rate(s) are as follows:

Category of Fixed Assets	Rate %
Factory Building and civil Constructions	2.5
Plant and Machinery	2.5
Electrical Installation	5.0
Gas Line Installation	2.5
Office Equipment	5.0
Furniture and Fixture	5.0
Transport and Vehicles	7.5
Factory Building and civil Constructions	2.5
Plant and Machinery	2.5
Electrical Installation	5.0

2.18 Provision:

The preparation of financial statements in conformity with Bangladesh Accounting Standards (BAS) 37 provides that, Provisions, Contingent Liabilities and Contingent Assets requires management to make estimates and assumption that affect the reported amounts of revenues and expense, assets and liabilities, and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by BAS 37 provisions were recognized in the following situations:

- When the company has a present obligation as a result of past event.
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the obligation.

Provisions in the financial statements at an appropriate level with regard to an adequate provision of risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required fulfilling the current obligation on the balance sheet date.

2.19 Intangible Assets:

In compliance with requirements of BAS 38 intangible assets are usually absorbed as revenue charges as and when incurred. The Company has no intangible assets written off during the period under review.

2.20 Fixed Deposit

Interest on fixed Deposit are calculated as cash basis of accounting.

2.21 Cash and Cash Equivalents:

Cash and Cash Equivalents include cash in hand, cash at banks, etc. which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

2.22 Trade and Other Payable:

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

2.23 Repairs and Maintenance Charges:

These are usually charged out as revenue expenditure in the period in which it is incurred.

2.24 Bad and doubtful debts:

No provision for bad and doubtful debts has been made since sales/export are based on 100% confirm of cash received and Letter of Credit based.

2.25 Promotional Expenses:

All costs associated with promotional activities are charged in the period those were incurred like sample issued.

2.26 Insurance Coverage:

Fixed Assets and Inventories of the company are not covered by general insurance policies.

3.00 COMPLIANCE AND OTHERS:

3.01 Compliance with Local Laws:

The Financial Statements have been prepared in compliance with requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 and other relevant local laws and rules.

3.02 Compliance with International Accounting Standards (IAS)/BAS:

The Financial Statements have been prepared in compliance with requirements of IAS/IFRS adopted by the Institute of Chartered Accounts of Bangladesh (ICAB) as BAS and as applicable in Bangladesh.

3.03 Reporting Currency and Level of Precision:

The figures in the Financial Statements represent Bangladesh Currency (Taka), which have been rounded off to the nearest Taka except where indicated otherwise.

3.04 Comparative Information:

Comparative information have been disclosed in respect of the period previous for all numerical information in the Financial Statements and also for the narrative and descriptive information when it is relevant for understanding of the current period's Financial Statements. The Comparative information of profit or Loss and Other Comprehensive Income is taken from financial year June 01, 2015 to December 31, 2015 and January 01, 2016 to June 30, 2016.

3.05 Reporting Period:

The Financial year of the company covers period from July 01, 2016 to June 30, 2017 consistently.

3.06 Re-arranging

The depreciation of Revaluation Surplus is directly charged on Profit or Loss as corresponding deferred tax also charged in Profit or Loss as per para 61A of BAS 12. As a result last year's figure reclassified in this year.

Financial charged are being rearranged to administrative expense because financial charged are only Bank charged and L/C commission.

3.07 Restatement

Last year, in the month of June, 2016 Electricity & Gas Bill had not included into the Financial Statements. To rectify this error, prior year adjustment have been made as per BAS-8. The adjustment has been made with comparative information.

3.08 Events after the Balance sheet date

The name of the Company has been changed from **CMC-Kamal Textile Mills Limited** to **Alif Manufacturing Company Limited** on dated 10th October 2017.

The Board of Directors in its meeting held on 27/11/2017 has approved the Financial Statement for the period ended 30.06.2017 and decided to recommend cash dividend for the year than ended. The Board of Directors recommended @ 11% cash dividend to all the Shareholders only subject to necessary approval in the upcoming AGM.

04.00 PROPERTY, PLANT AND EQUIPMENT : Tk. 1,560,075,241

Schedule of property ,plant and equipment as at June 30, 2017:

PARTICULARS	COST			RATE (%)	DEPRECIATION			Written Down Value as at (30-06-2017)
	Opening Balance (01-07-2016)	Addition during the year	Closing Balance (30-06-2017)		Opening Balance (01-07-2016)	Charged during the year	Closing Balance (30-06-2017)	
At Cost								
Land and Land Development	15,598,031	-	15,598,031		-	-	-	15,598,031
Building and Civil Constructions	140,837,044	1,725,000	142,562,044	2.5	51,359,834	3,555,426	54,915,260	87,646,784
Plant and Machinery	1,324,912,796	67,713,672	1,392,626,468	2.5	326,370,778	34,360,170	360,730,948	1,031,895,520
Furniture and Fixtures	4,410,623	-	4,410,623	5.0	1,429,007	220,531	1,649,538	2,761,085
Vehicle and Transport	4,771,190	-	4,771,190	7.5	4,071,656	357,839	4,429,495	341,695
Electrical Installation	10,550,720	1,836,216	12,386,936	5.0	7,355,319	552,750	7,908,069	4,478,867
Office Equipment	1,857,193		1,857,193	5.0	802,565	92,860	895,425	961,768
Tools and Equipments	1,399,009	73,000	1,472,009	5.0	1,221,443	73,450	1,294,893	177,116
Gas Line Installation	5,112,610	-	5,112,610	2.5	1,813,310	127,815	1,941,125	3,171,485
Sub-Total	**1,509,449,216**	**71,347,888**	**1,580,797,104**		**394,423,912**	**39,340,842**	**433,764,754**	**1,147,032,351**
At Revaluation								
Land and Land Development	314,401,969	-	314,401,969		-	-	-	314,401,969
Building and Civil Constructions	111,144,702	-	111,144,702	2.5	9,725,163	2,778,618	12,503,781	98,640,921
Sub-Total	**425,546,671**	**-**	**425,546,671**		**9,725,163**	**2,778,618**	**12,503,781**	**413,042,890**
Grand Total	**1,934,995,887**	**71,347,888**	**2,006,343,775**		**404,149,075**	**42,119,460**	**446,268,535**	**1,560,075,241**
Previous Period	**1,934,966,187**	**29,700**	**1,934,995,887**		**383,740,369**	**20,408,706**	**404,149,075**	**1,530,846,812**

Allocation of Depreciation:

Factory Overhead	40,013,487
Administrative Expenses	2,105,973
	42,119,460

			Amount in Taka	
			June 30, 2017	June 30, 2016
5.00	**Long Term Deposits**			
	Security for Electricity		437,856	437,856
	Security for Gas		1,117,782	1,117,782
	FDR for Margin on Bank Guarantee	5.01	3,074,163	2,916,664
			4,629,801	**4,472,302**
5.01	**FDR for Margin on Bank Guarantee**			
	Opening Balance		2,916,664	2,809,386
	Add: Interest		157,499	107,278
			3,074,163	**2,916,664**

FDR included Tk. 22,36,000 as 100% Margin on Bank Guarantee and balance are interest.

6.00	**Advance & Prepayment**		
	VAT Current Account	593	157,345
	Advance against Raw Cotton	-	3,700,000
	Advance Income Tax	96,061	78,302
	Advance Income Tax on Export Sales	37,388	-
		134,042	**3,935,647**

7.00	**Inventories**				
	Particulars	**Quantity (Kg)**	**Rate**		
	Raw Materials	487,544	168.51	82,153,713	109,966,682
	Packing Materials	-		945,870	1,013,534
	Work in Process	79,391	184.98	14,685,730	15,630,870
	Stores & Spares	-		385,650	558,883
	Finished Goods	304,128	265.19	80,650,455	72,734,364
				178,821,418	**199,904,333**

8.00	**Trade Receivables & Others**		
	Receivable against Export	89,617,933	-
	Unrealized Foreign Currency Exchage Gain	2,378,776	-
	Alif Unitex Co. Ltd.	196,933,905	209,970,124
		288,930,614	**209,970,124**

9.00	**Cash & Cash Equivalent**			
	Cash in Hand		1,346,444	4,355,258
	Cash at Bank	9.01	235,581,956	56,402,643
			236,928,400	**60,757,901**

AMARSTOCK

		Amount in Taka	
		June 30, 2017	June 30, 2016

9.01 Cash at Bank

Break up of the amount is given below:

Particulars			
The City Bank Ltd	CD-3102025419002	4,314	4,903
The City Bank Ltd	CD-3102025419001	101,266	101,682
The City Bank Ltd	CD-2922025419001	-	(8,781)
The City Bank Ltd	CD-1101008203001	53,141	53,981
EXIM Bank Ltd.	CD-03511100048316	229,657,396	55,842,403
EXIM Bank Ltd.	FC-03519500159385	5,355,654	-
EXIM Bank Ltd.	CD-00711100642919	5,001	-
Sonali Bank Ltd.	CD-000236001903	15,113	14,395
Sonali Bank Ltd.	CD-000233059226	17,449	18,024
Dutch Bangla Bank Ltd.	CD-1161100000910	361,403	363,398
Dutch Bangla Bank Ltd.	CD-1161200001460	4,268	5,688
Sonali Bank Ltd.	CD-0116433003565	6,951	6,951
		235,581,956	**56,402,643**

10.00 Share Capital

This is made up as follows:

i	Authorized Capital:		
	200,000,000 Ordinary Share of TK 10 each	**2,000,000,000**	**2,000,000,000**
ii	Issued, Subscribed & Paid-up		
	109,396,895 Ordinary Share of TK 10 each	1,093,968,950	968,114,120
		1,093,968,950	**968,114,120**

iii Composition of Share Holding:

Particulars	June 30, 2017		June 30, 2016	
	No.of Share	% of Shares	No.of Share	% of Shares
Sponsor/ Directors	34,299,749	31.35%	30,353,763	31.35%
Institutions	3,940,095	3.60%	3,486,810	3.6%
General Public	71,157,051	65.05%	62,970,839	65.05%
	109,396,895	**100%**	**96,811,412**	**100%**

	Amount in Taka	
	June 30, 2017	June 30, 2016

iv **The Share holding position of the company are as follows:**

Particulars	June 30, 2017		June 30, 2016	
	No.of Share	% of Shares	No.of Share	% of Shares
Mr. Md. Azizul Islam	4,652,178	46,521,780	4,116,972	41,169,720
Mr. Md. Azimul Islam	10,671,055	106,710,550	9,443,412	94,434,120
Mrs. Lutfun Nessa Islam	2,704,566	27,045,660	2,393,422	23,934,220
M/s Alif Apparels Ltd	2,216,741	22,167,410	1,961,718	19,617,180
M/s Alif Textile Mills Ltd	7,423,597	74,235,970	6,569,555	65,695,550
M/s Alif Bengal Holdings Ltd	2,216,741	22,167,410	1,961,718	19,617,180
M/s Alif Outwear Ltd	2,198,130	21,981,300	1,945,248	19,452,480
M/s Alif Real Estate Ltd	2,216,741	22,167,410	1,961,718	19,617,180
Institutions	3,940,095	39,400,950	3,486,810	34,868,100
General Public	71,157,051	711,570,510	62,970,839	629,708,390
	109,396,895	**1,093,968,950**	**96,811,412**	**968,114,120**

11.00	**Reserve & Surplus**			
	Revaluation Reserve	11.01	351,086,457	353,448,282
	Share Premium		271,847,108	271,847,108
			622,933,565	**625,295,390**
11.01	**Revaluation Reserve**			
	Land & Land Development		267,241,674	267,241,674
	Building & Civil Construction		86,206,608	88,568,433
	Less: Depreciation on Building & Civil Construction		2,361,825	2,361,825
			351,086,457	**353,448,282**
12.00	**Deferred Tax Liability**			
a)	**For revaluation**			
	Opening Balance of Deferred Tax Liability		62,373,226	61,956,433
	Less: Adjustment for Depreciation		(416,793)	(416,793)
	Closing Balance of Deferred Tax Liability		**61,956,433**	**62,373,226**
b)	**For Normal Operation**			
	Opening Balance of Deferred Tax Liability / (Assets)		(30,053,873)	(29,498,001)
	Add: Deferred Tax Expenses / (Income) during the year		35,164,255	(555,872)
	Closing Balance of Deferred Tax Liability / (Assets)		**5,110,382**	**(30,053,873)**
	Total Deferred Tax Expense/(income) during the year (a+b)		**34,747,462**	**(972,665)**
	Total Deferred Tax Liabilities (a+b)		**67,066,815**	**32,319,353**

		Amount in Taka	
		June 30, 2017	June 30, 2016
13.00	**Accrued Expenses**		
	Salary & Allowance	1,212,565	898,250
	Listing Fees	-	484,057
	Factory Wages & Overtime	4,059,557	4,350,500
	Electricity Bill	3,982,236	2,650,821
	VAT	1,510,680	1,458,180
	Audit Fee	200,000	150,000
	Gas Bill (Figure of June 30, 2016 has been restated)	9,641,708	5,391,599
	Insurance	1,145,751	1,502,590
		21,752,497	**16,885,997**
14.00	**Provision for Income Tax**		
	Opening Balance	80,871,448	56,340,061
	Add: Addition made during the year	2,732,354	24,531,387
	Add: Penalty for non submission return	1,863,946	-
		85,467,748	**80,871,448**
15.00	**Workers Profit Participation Fund (WPPF)**		
	Beginning balance	9,061,472	8,186,231
	Add: During the year	12,493,272	7,653,255
		21,554,744	15,839,486
	Less: Payment	7,825,996	7,027,961
		13,728,748	**8,811,525**
	Add: Interest	233,177	249,947
		13,961,925	**9,061,472**
16.00	**Net assest Value (NAV) per share**		
	Net Asset Value	2,081,183,646	1,870,661,964
	Number of share Outstanding	109,396,895	109,396,895
		19.02	**17.10**

AMARSTOCK

		Amount in Taka	
		June 30, 2017	June 30, 2016
17.00	**Turnover**		
	Yarn Sales:	**655,851,178**	**442,061,968**
	Local Sales	264,593,699	231,851,412
	Export Sales	94,876,648	-
	CMT Sales	296,380,831	210,210,556
	Sales of Waste Cotton	**32,729,428**	**32,189,212**
		688,580,606	**474,251,180**
	Less: VAT	(1,016,752)	(909,339)
		687,563,854	**473,341,841**
18.00	**Cost of Goods Sold**		
	This is made up as follows:		
i	**Raw Materials Consumed**		
	Opening Stock	109,966,682	98,218,269
	Add: Purchase	227,226,382	147,683,763
	Less: Closing stock	82,153,713	109,966,682
		255,039,351	**135,935,350**
ii	**Packing Materials**		
	Opening Stock	1,013,534	1,578,715
	Add: Purchase	10,541,331	4,382,471
	Less: Closing Stock	945,870	1,013,534
		10,608,995	**4,947,652**
iii	**Store & Spares**		
	Opening Stock	558,883	2,391,138
	Add: Purchase	4,056,401	6,166,549
	Less: Closing Stock	385,650	558,883
		4,229,634	**7,998,804**
iv	**Factory Overhead**		
	Factory Wages	53,261,751	50,110,947
	Electricity & Gas (Figure of the year 2015-2016 has been restated)	34,799,910	28,421,626
	Oil & Lubricants	933,608	483,807
	Repair & Maintenance	8,400,690	7,852,416
	Depreciation Expense	40,013,487	38,776,541
		137,409,446	**125,645,337**

AMAR STOCK

		Amount in Taka	
		June 30, 2017	June 30, 2016
v	**Work In Process**		
	Beginning Work In Process	15,630,870	11,587,565
	Closing Work in Process	14,685,730	15,630,870
		945,140	**(4,043,305)**
vi	**Cost of Goods Manufactured (i+ii+iii+iv+v)**	**408,232,566**	**270,483,838**
	Add: Beginning Finished Goods	72,734,364	89,026,254
	Less: Closing Finished Goods	80,650,455	72,734,364
	Cost of Goods Sold	**400,316,475**	**286,775,728**
19.00	**Administrative Expense**		
	AGM Expense	352,000	-
	Annual Listing Fees	1,447,760	998,057
	Audit Fees	552,500	345,000
	BTMA	89,920	48,190
	Board Meeting Fees	56,000	36,000
	Car Maintenance	366,862	96,053
	Credit Rating	150,000	-
	CDBL	234,912	230,000
	Directors Remuneration	1,200,000	1,200,000
	Eid Bonus	1,609,048	481,700
	EGM Expense	150,000	497,500
	Entertainment	428,718	652,152
	Fire License	4,750	-
	General Expense	121,991	-
	Insurance premium	-	350,088
	Misc. Expense	231,100	491,342
	Office Rent	-	240,000
	postage & Courier	5,593	-
	Printing & Stationary	250,156	524,183
	Rent, Rates and Taxes	1,339,500	27,581
	Office Maintenance	156,801	85,485
	Salary and Allowance	14,486,401	14,403,974
	Telephone, Fax & Internet	70,327	185,147
	Travelling & Conveyance	460,171	382,208
	Legal Expense	-	615,392
	Depreciation	2,105,973	2,040,870
	Interest on WPPF	233,177	249,947
	Bank Charges & L/C Commission	1,844,234	29,470
		27,947,894	**24,210,339**

AMARSTOCK

		Amount in Taka	
		June 30, 2017	June 30, 2016
20.00	**Non Operating Income**		
	Bank Interest	178,927	265,605
	Sales of Scrap	367,201	811,012
	Realized Foreign Currency Exchange Gain	134,327	-
	Unrealized Foreign Currency Exchange Gain	2,378,776	-
		3,059,231	**1,076,617**
21.00	**Earning Per share**		
	Net Profit attibutable to the shareholders	210,521,682	132,220,414
	Number of share Outstanding	109,396,895	109,396,895
		1.92	**1.21**

22.00 Related party transactions :

The names and nature of the related parties, the nature of these transaction and their total value are as follows:

Name of the parties	Relationship	Nature of transaction	Value of Transaction	Closing Balance
Alif Unitex Co. Ltd.	Common Directors	Trade Receivable & Others	554,366,109	196,933,905

B. Payment / Perquisites to directors:

The aggregate amounts paid / provided during the year in respect of directors are disclosed below :

Managerial remuneration	1,200,000	1,200,000
Board Meeting fees	56,000	42,000
	1,256,000	**1,242,000**

Managerial remuneration paid to the directors for their full time services, rendered are :

Mr. Md. Azimul Islam	**1,200,000**	**1,200,000**

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

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

There is no other related party except as stated in (22) above

AMAR STOCK

Amount in Taka	
June 30, 2017	June 30, 2016

23.00 This company not taken any services from the external auditor except statutory audit.

24.00 Capacity utilization :

Particulars	Installed Capacity (Kg)	Actual Production (Kg)	Equivalent Production (Kg)	Utilization (%)*
20KH	4,320,000	1,548,043	1,179,157	
22KH		957,336	775,363	
24KH		1,104,585	922,516	
26KH		371,793	322,972	
28KH		-	-	
30KH		-	-	
32KH		-	-	
34Kh		-	-	
36KH		-	-	
54KH		677,835	762,487	
Total	**4,320,000**	**4,659,592**	**3,962,495**	**91.75%**

25.00 Value of material consumption:

Value of consumption of raw materials, spare parts and components and percentage of consumption are as follows :

Particulars	Raw Cotton	Spare Parts	Packing Materials	Total
Opening Stock	109,966,682	558,883	1,013,534	111,539,099
Purchase	227,226,382	4,056,401	10,541,331	241,824,114
Closing Stock	82,153,713	385,650	945,870	83,485,233
Consumption	255,039,351	4,229,634	10,608,995	269,877,980
% of Consumption	94.50%	1.57%	3.93%	100%

26.00 Number of employees :

The company paid an aggregate amount more than Taka 3,000 per month to all the 589 employees who were in employment for the year.

CMC-Kamal Textile Mills Ltd.

Bilquis Tower (9th Floor), House-6, Road-46
Gulshan Circle-2, Dhaka-1212
Tel : 02-9844490, 9845508, Fax : 02-9845518

Revenue Stamp of Tk. **20.00**

PROXY FORM

I/We..... of.....

.....

being shareholder of **CMC-Kamal Textile Mills Ltd.** hereby appoint Mr./Mrs.....

..... of.....

..... as my/ our proxy to attend and vote for me/ us and on my/ our behalf at the **22nd Annual General Meeting** of the company to be held on 31st December 2017 at 12.00 pm. at **"Hotel Lake Breeze"** Daffodils Roof Top, House-15, Road-42, Gulshan-2, Dhaka-1212 and or any adjournment thereof. As witness my/our hand this.....day of.....2017.

Signature of Proxy..... Signature of Shareholder(s).....

Register Folio No./B.O. ID No.....

N.B. : Proxy Form must be deposited at the registered office of the company at least 48 hours before AGM.

CMC-Kamal Textile Mills Ltd.

Bilquis Tower (9th Floor), House # 6, Road # 46, Gulshan Circle-2, Dhaka-1212
Tel : 9845504, 9845508, Fax : 88-02-9845518, Web : www.cmckamal.com

ATTENDANCE SLIP

I/We hereby record my/ our presence at the **22nd Annual General Meeting** of **CMC-Kamal Textile Mills Ltd.** on 31st December 2017at 12.00 pm. at **"Hotel Lake Breeze"** affodils Roof Top, House-15 Road-42, Gulshan-2, Dhaka-1212

Signature of Shareholder(s)

Register Folio No./B.O. ID No.....

No. of Share held.....

N.B: Please present the slip at the meeting.Signature of Shareholder(s) must be in accordance with specimen signature kept with the company.

AMAR STOCK



—A Concern of Alif Group

CMC-KAMAL TEXTILE MILLS LTD.

CORPORATE OFFICE :
Bilquis Tower (9th Floor), House # 6, Road # 46, Gulshan Circle-2, Dhaka-1212
Tel : 02-9844490, 9845508, Fax : 88-02-9845518, Web : www.cmckamal.com

FACTORY :
Kaicha Bari, Bashbari, Ashulia (Savar), Dhaka.