FAMES & R

CHARTERED ACCOUNTANTS

Auditors' Report
&
Audited Financial Statements
To the Shareholders
Of
**Khan Brothers PP Woven Bag Industries Ltd.**
For the year ended 30 June, 2018

AMAR STOCK

Auditors' Report
&
Audited Financial Statements
To the Shareholders
Of
**Khan Brothers PP Woven Bag Industries Ltd.**
For the year ended 30 June, 2018

AMARSTOCK

FAMES & R
CHARTERED ACCOUNTANTS

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# AUDITORS' REPORT
# TO THE SHAREHOLDERS OF
# KHAN BROTHERES PP WOVEN BAG INDUSTRIES LTD.

## Report on the Financial Statements

We have audited the accompanying Financial Statements of Khan Brothers PP Woven Bag Industries Ltd. which comprise the Statement of Financial Position as at 30th June, 2018, Statement of 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 Notes.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act, 1994, The Securities and Exchange Rules, 1987 and the other applicable laws and regulations. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for qualified audit opinion.

## Basis for Qualified Opinion

(1) There are some transactions (as mentioned in note-35 of these financial statements) taken place with the related parties which are not properly reconcilied. (2) The company has some investment in share of associate companies as described in note-4.The investment has been shown at cost which is not consistant with Bangladesh Accounting Standard-28.As per Bangladesh Accounting Standard the carrying amount of investment should be increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

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**Qualified Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph the financial statements give a true and fair view of the financial position of Khan Brothers PP Woven Bag Industries Ltd. as at 30th June, 2018 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act, 1994, the Securities & Exchange Rules, 1987, and other applicable laws and regulations.

**Report on Other Legal and Regulatory Requirements**

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 law have been kept by the company so far as it appeared from our examination of those books;

(c) The company's Statement of Financial Position and Statement of Comprehensive Income dealt with the report are in agreement with the books of account; and

(d) The expenditure incurred was for the purposes of the Company's business.

**Dated: 28 October 2018**
**Place: Dhaka**

**FAMES & R**
**Chartered Accountants**

AMARSTOCK

# KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

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

## STATEMENT OF FINANCIAL POSITION

As on June 30, 2018

| Particulars | Notes | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|---|
| ASSETS: | | | |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipments | 3 | 575,492,932 | 563,589,824 |
| Investment in Share | 4 | 1,050,000 | 1,050,000 |
| CURRENT ASSETS | | | |
| Inventories | 5 | 481,594,421 | 462,476,179 |
| Trade and other Receivables | 6 | 126,368,950 | 112,532,360 |
| Advances, Deposits & Pre-Payments | 7 | 106,173,289 | 60,021,814 |
| Cash and Cash Equivalents | 8 | 129,321,929 | 98,617,718 |
| **Total Current Assets** | | **843,458,588** | **733,648,071** |
| **Total Assets** | | **1,420,001,520** | **1,298,287,895** |
| EQUITY AND LIABILITIES | | | |
| **Shareholder's equity :** | | | |
| Share Capital | 9 | 980,798,775 | 891,635,250 |
| Revaluation Reserve | 10 | 89,754,876 | 94,467,599 |
| Retained Earnings | 11 | 158,709,802 | 172,596,120 |
| **Total Shareholder's equity** | | **1,229,263,453** | **1,158,698,969** |
| **Non Current Liabilities** | | | |
| Deferred Tax Liability | 12 | 24,405,275 | 21,238,079 |
| **Current Liabilities** | | | |
| Trade and other Payables | 13 | 930,720 | 900,270 |
| Short term Bank loan | 14 | 137,078,845 | 88,786,594 |
| Accrued Expenses | 15 | 5,512,611 | 6,337,467 |
| IPO Application Fund | 16 | 5,765,858 | 5,848,615 |
| Provision for Workers Profit Participation Fund | 17 | 5,102,020 | 5,455,327 |
| Provision for Taxation | 18 | 11,942,738 | 11,022,574 |
| **Total Current Liabilities** | | **166,332,792** | **118,350,847** |
| **Total Liabilities** | | **190,738,067** | **139,588,925** |
| **Total Shareholder's Equity and Liabilities** | | **1,420,001,520** | **1,298,287,895** |
| Net Asset Value Including Revaluation Surplus | 27 | **12.53** | **13.00** |
| Net Asset Value Including Revaluation Surplus | 27 | **11.62** | **11.94** |

The annexed notes form an integral part of these Financial Statements.These financial statement were approved by the Board of Directors on 28\October,2018 and were signed on its behalf by :

Chief Financial Officer | Company Secretary

Director | Managing Director | Chairman

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

**Dated: 28 October, 2018**
**Place: Dhaka**

**FAMES & R**
**Chartered Accountants**

# KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

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

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**For the Year ended 30 June, 2018**

| | Notes | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|---|
| **Revenue** | | | |
| Turnover | 19 | 739,027,917 | 779,184,305 |
| Less: Cost of Sales | 20 | 622,733,403 | 649,390,493 |
| Gross Profit | | **116,294,514** | **129,793,812** |
| **Operating Expenses:** | | **28,261,613** | **29,752,203** |
| Administrative Expenses | 21 | 22,297,303 | 23,268,660 |
| Marketing,Selling and Distribution Expenses | 22 | 5,964,310 | 6,483,543 |
| **Operating Profit/(Loss)** | | **88,032,901** | **100,041,608** |
| Add: Non Operating Income | 25 | 8,993,290 | 285,302 |
| Less:Financial expenses | 23 | 7,068,051 | 8,582,359 |
| **Net Profit/(Loss) before WPPF** | | **89,958,140** | **91,744,552** |
| Less : Provision for WPPF | 17 | 4,283,721 | 4,368,788 |
| Net Profit before Tax | | **85,674,418** | **87,375,763** |
| Provision for Income Tax: | 24 | **15,109,935** | **15,585,182** |
| Current Tax | 18 | 11,942,738 | 11,022,574 |
| Deferred Tax | 12 | 3,167,196 | 4,562,609 |
| Net Profit after Tax | | **70,564,484** | **71,790,581** |
| **Earnings Per Share(Reasted)** | 26 | **0.72** | **0.73** |

The annexed notes form an integral part of these Financial Statements.These financial statement were approved by the Board of Directors on 28 October,2018 and were signed on its behalf by :

Chief Financial Officer | Company Secretary

Director | Managing Director | Chairman

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

**Dated: 28 October, 2018**
**Place: Dhaka**

**FAMES & R**
**Chartered Accountants**

## KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

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

### STATEMENT OF CHANGING IN EQUIET

For the Year ended 30 June, 2018

| Particulars | Share Capital | Revaluation Reserve | Retained Earnings | Total |
|---|---|---|---|---|
| As at July1, 2017 | 891,635,250 | 94,467,599 | 172,596,120 | 1,158,698,969 |
| Net Profit for the year | - | - | 70,564,484 | 70,564,484 |
| Dividend for the year 2017 | 89,163,525 | - | (89,163,525) | - |
| Depreciation on Revaluation Surplus | | (4,712,723) | 4,712,723 | - |
| **Balance as on 30 June, 2018** | **980,798,775** | **89,754,876** | **158,709,802** | **1,229,263,453** |

## KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

### STATEMENT OF CHANGING IN EQUIETY

For the year ended 30 June ,2017

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

The annexed notes form an integral part of these Financial Statements.These financial statement were approved by the Board of Directors on 28 October,2018 and were signed on its behalf by :

Chief Financial Officer

Company Secretary

Director

Managing Director

Chairman

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

**Dated: 28 October, 2018**
**Place: Dhaka**

**FAMES & R**
**Chartered Accountants**

## KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

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

### Statement of Cash Flows

For the Year ended 30 June, 2018

| Particulars | Notes | Amount In Tk. 30 June 2018 | Amount In Tk. 30 June 2017 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Collection from Turnover | | 725,191,327 | 794,321,251 |
| Payment to suppliers and creditors for expenses | | (676,894,157) | (655,908,029) |
| Payment for Financial Expenses | | (7,068,051) | (8,582,359) |
| Payment for WPPF | | (4,637,028) | (6,157,053) |
| Payment for Income Tax | | (11,022,574) | (14,453,440) |
| Add: Receipt From Other Sources | | 7,841,111 | 265,623 |
| Add: Gain /(Loss)on Foreign Currency Fluctution | | 1,152,179 | 19,679 |
| **Net cash inflow/(outflow) from operating activities** | 34 | **34,562,807** | **109,220,370** |
| **CASH FLOW FROM INVESTING ACVITIES** | | | |
| Acquisition of Property, Plant & Equipment | | (52,150,846) | (28,117,835) |
| **Net cash inflow/ (outflow) in Investing Activities** | | **(52,150,846)** | **(28,117,835)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Short term loan Received/(Re-paid) | | 48,292,251 | (5,026,290) |
| **Net cash inflow/(outflow) in financing activities** | | **48,292,251** | **(5,026,290)** |
| Increase/ (Decrease) in Cash and Cash Equivalent | | 30,704,212 | 76,076,245 |
| Cash and Cash Equivalent at the beginning of the year | | 98,617,717 | 22,541,472 |
| **Cash and Cash equivalent at end of the year** | | **129,321,929** | **98,617,717** |
| **Net Operating Cash flows per Shares (NOCFPS)** | | **0.35** | **1.22** |

The annexed notes form an integral part of these Financial Statements.These financial statement were approved by the Board of Directors on 28 October,2018 and were signed on its behalf by :

Chief Financial Officer

Company Secretary

Director

Managing Director

Chairman

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

**Dated: 28 October, 2018**
**Place: Dhaka**

**FAMES & R**
**Chartered Accountants**

# KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD

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

## Notes to the Financial Statements

## As at and for the year ended June 30, 2018

### 1.00 Corporate History of the Reporting Entity

### 1.01 Legal Status of the Entity

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

### 1.02 Corporate Business

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

### 2.00 Basis of preparation, presentation and disclosures of financial statements

### 2.01 Statement of Compliance

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

### 2.02 Other regulatory compliances

In addition the Company also complied with the following laws and regulations.
The Income Tax Ordinance, 1984
The Income Tax Rules, 1984
The Value Added Tax Act, 1991
The Value Added Tax Rules, 1991
The Customs Act 1969

### 2.03 Corporate Financial Statements and Reporting

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

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



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**2.04 Fundamental Accounting Concepts/ Assumption**

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

**2.05 Going Concern**

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

**2.06 Reporting Period**

The period of the financial statements covered the period from July 01, 2017 to June 30, 2018 of the following year.

**2.07 Provisions, Contingent Liabilities and Contingent Assets**

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

a. When the company has an obligation ( legal or constructive) as a result of past events;

b. When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c. Reliable estimates can be made of the amount of the obligation.

**2.08 Events after the Reporting Period**

In compliance with the requirements of BAS 10: Events After the Reporting Period, post statement of financial position events that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when material.

**2.09 Functional and Presentational (Reporting) Currency**

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

Figures in brackets indicated negative balance.

**2.10 Comparative Information and Rearrangement Thereof**

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

**2.11 Principal Accounting Policies**

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

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

| | |
|---|---|
| BAS 1 | Presentation of Financial Statements |
| BAS 2 | Inventories |
| BAS 7 | Statement of Cash Flows |
| BAS 8 | Accounting Policies Changes in Accounting Estimate and Errors |
| BAS 10 | Events After the Reporting Period |



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| | |
|---|---|
| BAS 12 | Income Taxes |
| BAS 16 | Property Plant & Equipment |
| BAS 18 | Revenues |
| BAS 19 | Employees Benefits |
| BAS 21 | The Effect of Changes in Foreign Exchange Rate |
| BAS 23 | Borrowing Cost |
| BAS 33 | Earnings Per Share |
| BAS 36 | Impairment of Assets |
| BAS-37 | Provisions, Contingent Liabilities and Contingent Assets, |
| BAS-39 | Financial Instruments: Recognition and Measurement |

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

### 2.12 Property, Plant & Equipment (PPE)

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

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

### 2.13 Revaluation of Property, Plant & Equipment (PPE)

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

i) Effective date of revaluation to the financial Statements 30.06.2010

ii) Land & Land Developments, Building (Factory), Plant & Machinery and Generator & Electric Equipment has been revalued by G.KIBRIA & CO. Chartered Accountants, an independent valuer.
Revaluation surplus of Tk. 97,975,485 has been transferred to Revaluation Reserve and distribution of such surplus to the shareholders is restricted.

### 2.14 Depreciation

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

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

| Particulars | 30 June 2018 | 30 June 2017 |
|---|---|---|
| Land and Land Development | 0% | 0% |
| Building and other Constriction | 5% | 5% |
| Plant and Machinery | 10% | 10% |
| Generator and Electric Equipment | 15% | 15% |
| Motor Vehicle | 20% | 20% |
| Office Decoration and Fittings | 10% | 10% |
| Furniture and Fixture | 10% | 10% |



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**2.15 Impairment of assets**

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

**2.16 Revenue Recognition**

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

**2.17 Accrued Expenses and Other Payables**

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

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

**2.19 Income Tax**

**Provision for Tax**

A provision for Taxation @ 25.00% on net profit Less 50% rebate on export sales has been made during the year under audit.

**Deferred Tax**

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

**2.20 Statement of Cash Flows**

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

**2.21 Borrowing Costs**

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

**2.22 Foreign currency transactions**

The financial statements are presented in Taka/Tk./BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Assets and liabilities outstanding at 30 June 2017 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the statement of financial position date. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of profit or loss and other comprehensive income as per BAS 21: The Effects of Changes in Foreign Exchange Rates.



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### 2.23 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 2.23.1 Financial Assets

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

**Cash and Cash Equivalents**

According to BAS 7 'Statement of Cash Flows ' cash comprises of cash in hand, demand deposits and cash equivalents which are short term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. BAS 1 ``Presentation of Financial Statements" provides that Cash and Cash Equivalents are not restricted in use. Considering the provision of BAS 7 & BAS 1, Cash in Hand & Bank Balances including FDR have been treated as Cash and Cash Equivalents.

**Available for Sale of Financial Assets**
During the year the company had no financial asset for sale.

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

### 2.23.2 Financial liabilities

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

### 2.24 Employee Benefit Plan

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of BAS 19: Employee Benefits.

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:



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a) **Short Term Employee Benefits**

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

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

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

**2.25 Related Party Disclosures**

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

During the year the company did not have any transactions with related party other than payment to directors disclosed in note # 21.01 and 21.02 to the financial statements.

**2.26 Segment Reporting**

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

**2.27 Earnings Per Share**

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

**2.28 Non operating Income**

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

**2.29 General**

a) The figures appearing in these financial statements are expressed in Taka currency and rounded off to the nearest Taka.

b) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.

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| | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|

**3.00 Property, Plant and Equipments: Tk. 575,492,932**

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

| | | |
|---|---|---|
| Land & Land Development | 140,887,199 | 99,430,849 |
| Building & Other Construction | 162,414,885 | 170,963,037 |
| Plant & Machinery | 241,461,253 | 257,595,785 |
| Generator & Electric Equipment | 20,950,702 | 24,647,885 |
| Motor Vehicle | 625,189 | 781,486 |
| Office Decoration & Fittings | 6,890,144 | 7,655,716 |
| Furniture & Fixture | 2,263,559 | 2,515,065 |
| | 575,492,932 | 563,589,824 |

Fixed assets have been physically verified by management as at the balance sheet date.
Details of PPE has been given in Annexure-'A'
The property, plant and equipment of the company has been pledged as security against loan with Jamuna Bank Ltd, Shantinagar Branch, Dhaka.

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

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

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

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

**5.00 Inventories Tk. 481,594,421**

Break-up of this item is as follows:

| | | |
|---|---|---|
| Finished Goodes (Note-5.01) | 19,797,375 | 19,426,248 |
| Raw Materials(Note-20.05) | 424,166,776 | 406,179,573 |
| Working-in-process | 29,504,870 | 29,215,478 |
| Store Materials | 8,125,400 | 7,654,880 |
| | 481,594,421 | 462,476,179 |

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

**5.01 Closing Stock of Finished Goods: Tk. 19,797,375**

| | | |
|---|---|---|
| Quantity (kg) | 98,250 | 96,480 |
| Rate | 201.50 | 201.35 |
| **Total Amount** | 19,797,375 | 19,426,248 |

**6.00 Trade and other Receivables: Tk. 126,368,950**

Break-up of this item is as follows:

| | | |
|---|---|---|
| Export Bills Receivable (Note-6.01) | 124,120,590 | 110,286,630 |
| Ashirbad Syndicate | 275,480 | 265,200 |
| Bombay Sweets & Co. | 162,540 | 154,800 |
| D H Plastic | 155,870 | 165,480 |
| Kabir Enterprise | 695,870 | 685,470 |
| Kazi Agro | 140,250 | 132,540 |
| Mehera Corporation | 195,140 | 235,640 |
| R M Trade Line | 135,460 | 125,450 |
| Shuvo Enterprise | 182,540 | 184,574 |
| S N Traders | 305,210 | 296,576 |
| | 126,368,950 | 112,532,360 |

These are considered good.

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| | | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|---|
| 6.01 | **Export Bills Receivables: Tk. 124,120,590** | | |
| | **Party Name & Country** | | |
| | M/S BERY MARITIME AS, NORWAY | 19,614,401 | 23,533,310 |
| | OCEAN WISDOM ENTERPRISE | 21,490,536 | 9,857,450 |
| | COMMODITY FIRST PTE LTD SINGAPORE | 19,855,480 | 20,100,655 |
| | URALKALI TRADING SA SWITZARLAND | 20,891,624 | 25,090,815 |
| | BLUE OCEAN SHIPPING PTE LTD. | 15,869,649 | 22,006,550 |
| | AL JABAL AL THAHABI UAE | - | 9,697,850 |
| | KIMONO GENERAL TRADING CO LLC UAE | 26,398,900 | - |
| | **Total** | **124,120,590** | **110,286,630** |
| 6.02 | **Ageing of Receivables: Tk. 124,120,590** | | |
| | Dues up to 60 days | 124,120,590 | 110,286,630 |
| | Dues Over 60 days | - | - |
| | | **124,120,590** | **110,286,630** |
| 6.03 | **The classification of receivables as required by the schedule XI of the Companies Act, 1994 are given below:** | | |
| | Receivable considered good in respect of which the company is fully secured. | 124,120,590 | 110,286,630 |
| | Receivable considered good in respect of which the company holds no security other than the debtor personal security. | 2,248,360 | 2,245,730 |
| | Receivables considered doubtful bad. | - | - |
| | Receivable to Directors. | - | - |
| | Receivables due by common management. | - | - |
| | The maximum amount of receivable due by any director or other officer of the company. | - | - |
| | **Total** | **126,368,950** | **112,532,360** |

| | | | |
|---|---|---|---|
| 7.00 | **Advances, Deposits & Pre-Payments: Tk. 106,173,289** | | |
| | This consist of the following: | | |
| | T & T Phone | 8,000 | 8,000 |
| | Titas Gas | 448,900 | 448,900 |
| | Pallibidyut | 240,600 | 240,600 |
| | Advance Income Tax( Note-7.01) | 5,809,560 | 5,553,428 |
| | CDBL-Security deposit | 500,000 | 500,000 |
| | Advance against. L/C (Note-7.02) | 85,997,988 | 45,447,686 |
| | Salary Advance | 673,500 | 768,400 |
| | Advance against Local Purchase ( Note: 7.03) | 12,494,741 | 7,054,800 |
| | | **106,173,289** | **60,021,814** |
| 7.01 | **Advance Income Tax Tk. 5,809,560** | | |
| | This consist of the following: | | |
| | Advance Tax on Export | 5,025,449 | 5,526,866 |
| | Advance Tax on other Income (Interest Income) | 14,371 | 7,637 |
| | Advance Tax on FDR Interest Income | 769,740 | 18,925 |
| | | **5,809,560** | **5,553,428** |

7.02 **Advance against L/C: Tk. 85,997,988**

| **LC No :** | **Bank Name** | |
|---|---|---|
| LC No-0000221718010081 | Mutual Trust Bank Ltd | 2,467,380 |
| LC No-0000221718020033 | Mutual Trust Bank Ltd | 2,480,000 |
| LC No-0000304118010001 | Mutual Trust Bank Ltd | 2,120,300 |
| LC No-0000221717020588 | Mutual Trust Bank Ltd | 2,930,260 |
| LC No-0000221718020032 | Mutual Trust Bank Ltd | 3,156,300 |
| LC No-0000221717020587 | Mutual Trust Bank Ltd | 2,653,256 |
| LC No-0000221717020585 | Mutual Trust Bank Ltd | 3,270,363 |
| LC No-0000221717020559 | Mutual Trust Bank Ltd | 2,435,652 |
| LC No-0000221717020351 | Mutual Trust Bank Ltd | 2,515,632 |
| LC No-0000221717010666 | Mutual Trust Bank Ltd | 3,102,534 |
| LC No-0000221717020281 | Mutual Trust Bank Ltd | 2,997,530 |
| LC No-0000221717020280 | Mutual Trust Bank Ltd | 3,198,760 |
| LC No-0000221717020299 | Mutual Trust Bank Ltd | 2,836,600 |
| LC No-0000221717020298 | Mutual Trust Bank Ltd | 3,385,623 |
| LC No-3041118010040 | Jamuna Bank Ltd | 2,897,552 |



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| | | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|---|
| LC No-304118010002 | Jamuna Bank Ltd | 3,335,560 | |
| LC No-304118010039 | Jamuna Bank Ltd | 2,750,764 | |
| LC No-304118010038 | Jamuna Bank Ltd | 3,352,099 | |
| LC No-304118010037 | Jamuna Bank Ltd | 2,361,250 | |
| LC No-304118010036 | Jamuna Bank Ltd | 1,947,540 | |
| LC No-304117010077 | Jamuna Bank Ltd | 2,552,365 | |
| LC No-304118010030 | Jamuna Bank Ltd | 7,077,040 | |
| LC No-304118010089 | Jamuna Bank Ltd | 11,753,193 | |
| LC No-304118020002 | Jamuna Bank Ltd | 8,420,435 | |
| LC No-221716020428 | Mutual Trust Bank Ltd | | 2,129,690 |
| LC No-221716020430 | Mutual Trust Bank Ltd | | 2,393,000 |
| LC No-221717010126 | Mutual Trust Bank Ltd | | 2,246,400 |
| LC No-221717010551 | Mutual Trust Bank Ltd | | 2,634,615 |
| LC No-221717020050 | Mutual Trust Bank Ltd | | 2,293,543 |
| LC No-221717020130 | Mutual Trust Bank Ltd | | 2,461,657 |
| LC No-221717020151 | Mutual Trust Bank Ltd | | 3,469,651 |
| LC No-221717020152 | Mutual Trust Bank Ltd | | 2,391,376 |
| LC No-221717020192 | Mutual Trust Bank Ltd | | 2,445,566 |
| LC No-221717020255 | Mutual Trust Bank Ltd | | 2,907,137 |
| LC No-221717020256 | Mutual Trust Bank Ltd | | 2,907,137 |
| LC No-221717020280 | Mutual Trust Bank Ltd | | 2,879,467 |
| LC No-221717020281 | Mutual Trust Bank Ltd | | 2,439,733 |
| LC No-221717020297 | Mutual Trust Bank Ltd | | 2,547,312 |
| LC No-221717020298 | Mutual Trust Bank Ltd | | 1,897,552 |
| LC No-221717020299 | Mutual Trust Bank Ltd | | 3,501,702 |
| LC No-304117010060 | Jamuna Bank Ltd | | 1,750,100 |
| LC No-304117010061 | Jamuna Bank Ltd | | 2,152,049 |
| | | **85,997,988** | **45,447,686** |

**7.03 Advance against Local Purchases: Tk. 12,494,741**

| | | |
|---|---|---|
| Mr. Mehbubul Hasan Pavel | 4,504,640 | 4,938,360 |
| Mr. Shafiullah | 1,930,560 | 2,116,440 |
| Shah Dewanbagi Machineries and Boiler | 2,864,541 | - |
| Ruble Enterprise | 1,375,000 | - |
| SD Machineries and Boiler | 1,820,000 | - |
| | **12,494,741** | **7,054,800** |

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

| | | |
|---|---|---|
| Advance, Deposit and pre-payments exceeding 6 Months and considered good and secured | 1,197,500 | 1,197,500 |
| Advance, deposit and pre-payments considered good without security | 104,302,289 | 58,055,914 |
| Advance, deposit and pre-payments considered doubtful and bad | - | - |
| Advance, deposit and pre-payments due by directors or others officers | 673,500 | 768,400 |
| Advance, deposit and pre-payments due from companies from same management | - | - |
| Maximum advance, deposit and pre-payments due by Directors or other officers at any time. | - | - |
| **Total** | **106,173,289** | **60,021,814** |

**8.00 Cash and Cash Equivalents: Tk. 129,321,929**

This consist of the following balances;

| | | |
|---|---|---|
| **Cash in hand** | 5,855,994 | 19,221,158 |
| **Cash at Banks:** | | |
| Jamuna Bank Ltd.-CD-6233 | 10,052 | 3,725 |
| Mutual Trust Bank Ltd.-CD-11251 | 5,748 | 21,668 |
| Mutual Trust Bank Ltd.-STD-2508 | 5,170,888 | 5,050,199 |
| Mutual Trust Bank Ltd.-FC-4399 (USD) | 504,484 | 564,220 |
| Mutual Trust Bank Ltd.-FC-4406 (POUND) | 126,168 | 126,168 |
| Mutual Trust Bank Ltd.-FC-4415 (EURO) | 108,028 | 108,028 |
| Jamuna Bank Ltd.-SND-0389 | - | 3 |
| Fixed Deposit (FDR) | 117,540,567 | 73,522,549 |
| | 123,465,935 | 79,396,559 |
| | **129,321,929** | **98,617,718** |

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

| | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|
| **9.00 Share Capital: Tk. 980,798,775** | | |
| This represents the followings: | | |
| **Authorized capital:** | | |
| 100,000,000 ordinary Shares of tk 10/= each | **1,000,000,000** | **1,000,000,000** |
| **Issued Subscribed and Paid up Capital:** | | |
| This amount consists as follows: | | |
| 6,35,00,000 Ordinary shares of Taka 10/- each, fully paid up in cash | 635,000,000 | 635,000,000 |
| Bonus Share (Note: 09.01) | 345,798,775 | 256,635,250 |
| | **980,798,775** | **891,635,250** |
| **9.01 Bonus share Capital Tk. 345,798,775** | | |
| Opening Balance | 256,635,250 | 168,275,000 |
| 88,36,025 Bonus Share Issued @ Tk.10 each | - | 88,360,250 |
| 89,16,352 Bonus Share Issued @ Tk.10 each | 89,163,525 | - |
| | **345,798,775** | **256,635,250** |

The position of shareholders as on 30 June 2018 is as follows:

| Particulars of Investors | Number of Investors | Number of Shares | Percentage of Share Holding 2017-2018 | Percentage of Share Holding 2016-2017 |
|---|---|---|---|---|
| Sponsor | 6 | 29549807 | 30.13% | 30.13% |
| Directors other than Sponsor | - | - | - | - |
| General Public | 8424 | 44277494 | 45.14% | 40.11% |
| Investor's A/c | - | - | - | - |
| Institutes | 154 | 24252576 | 24.73% | 29.76% |
| | | | - | - |
| **Total** | **8584** | **98079877** | **100** | **100** |

**9.02 Classification of Shareholders by Holding :**

| Holdings | Numbers of Holders | | Sharcholdings % | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Less than 500 Shares | 2211 | 2188 | 0.40% | 0.48% |
| 501 to 5,000 | 4526 | 4515 | 8.16% | 8.75% |
| 5,001 to 10,000 | 830 | 729 | 6.11% | 6.22% |
| 10,001 to 20,000 | 544 | 401 | 7.73% | 6.56% |
| 20,001 to 30,000 | 207 | 133 | 5.15% | 3.75% |
| 30,001 to 40,000 | 78 | 56 | 2.76% | 2.18% |
| 40,001 to 50,000 | 44 | 47 | 2.04% | 2.43% |
| 50,001 to 100,000 | 93 | 51 | 6.46% | 3.93% |
| 100,001 to 1,000,000 | 43 | 36 | 9.70% | 10.19% |
| Over 1,000,000 | 8 | 6 | 51.48% | 55.51% |
| **Total** | **8584** | **8162** | **100** | **100** |

**9.03 Market Price:**

The shares of the company are listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.Quoted market price was TK15.20 at Dhaka Stock Exchange Limited and TK15.20 at Chittagong Stock Exchange Limited as on 30 June 2018.

| | | |
|---|---|---|
| **10.00 Revaluation Reserve: Tk. 89,754,876** | | |
| This is made up as follows: | | |
| Opening balance | 94,467,599 | 94,467,599 |
| Depreciation on Revaluation Surplus | (4,712,723) | - |
| | **89,754,876** | **94,467,599** |

Revaluation Reserve was created due to revaluation of Property,Plant and Equipment.Details of revaluation has been described in note 2.13(ii).The depreciation from 30.06.11 to 30.06.2018 of revaluation amount has been transferred to retained earnings as per para 41 of BAS.16.

| | | |
|---|---|---|
| **11.00 Retained Earnings TK. 158,709,802** | | |
| This is made up as follows: | | |
| **Opening Balance** | 172,596,120 | 189,165,790 |
| Net Income for the year | 70,564,484 | 71,790,581 |
| Dividend for the year | (89,163,525) | (88,360,250) |
| Depreciation on Revaluation Surplus | 4,712,723 | - |
| **Closing Balance** | **158,709,802** | **172,596,120** |



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| | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|
| **12.00 Deferred Tax Liability TK. 24,405,275** | | |
| This has been arrived as under: | | |
| **A. Temporary difference:** | | |
| Carrying Amount of PPE | 434,605,733 | 464,158,975 |
| Tax Base Value of PPE | 267,426,625 | 322,317,438 |
| Taxable Timing Differences | 167,179,107 | 141,841,537 |
| Tax rate (50% of 25%) | 12.50% | 12.50% |
| **Deferred Tax Liabilities Closing Balance** | **20,897,388** | 17,730,192 |
| Less: Opening balance of Deferred Tax Liabilities | 17,730,192 | 13,167,584 |
| **Deferred Tax Expenses** | **3,167,196** | **4,562,609** |
| **B. Revaluation:** | | |
| Carrying value of land | 99,430,849 | 99,430,849 |
| Other than Land | 10,128,463 | 10,128,463 |
| **Tax rate:** | | |
| Land | 2% | 2% |
| Other than Land | 15% | 15% |
| **Closing Deferred Tax Liabilities:** | **3,507,886** | 3,507,886 |
| Land | 1,988,617 | 1,988,617 |
| Other than Land | 1,519,269 | 1,519,269 |
| **Less: Opening Deferred Tax Liabilities:** | 3,507,886 | 3,507,886 |
| Land | 1,988,617 | 1,988,617 |
| Other than Land | 1,519,269 | 1,519,269 |
| **Deferred Tax Liabilities at the end of the year (A+B)** | **24,405,275** | **21,238,079** |

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

| | | |
|---|---|---|
| **13.00 Trade and other Payables: Tk. 930,720** | | |
| This is made up as follows: | | |
| Bills Payable (Note 13.01) | 930,720 | 900,270 |
| Payable against LC | - | - |
| | **930,720** | **900,270** |
| **13.01 Bills Payable: Tk. 930,720** | | |
| This is made up as follows: | | |
| Sumayed Enterprise | 58,620 | 55,470 |
| Desh Electric | 72,150 | 64,580 |
| Rahman Traders | 135,450 | 132,500 |
| Tanuka Traders | 125,480 | 133,235 |
| Sheikh Enterprise | 78,550 | 72,540 |
| Janata Machineries | 242,635 | 231,255 |
| Dewan | 135,485 | 130,240 |
| The J.S Machineries Stores | 82,350 | 80,450 |
| | **930,720** | **900,270** |
| **14.00 Short Term Bank Loan: Tk. 137,078,845** | | |
| This is made up as follows: | | |
| Cash Credit (Hypo) From JBL, Account No. 0240 | 30,841,949 | 30,716,386 |
| Loan Against Trust Receipts (LTR): (Note # 14.01) | 106,236,896 | 58,070,208 |
| | **137,078,845** | **88,786,594** |



| 14.01 | LTR Number | Bank Name | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|---|---|
| | 0002-0124102227 | MTBL | - | |
| | 0002-0124102263 | MTBL | - | |
| | 0002-0124102889 | MTBL | - | |
| | 0002-0124103799 | MTBL | 409,310 | |
| | 0002-0124104127 | MTBL | - | |
| | 0002-0124104216 | MTBL | - | |
| | 0002-0124104225 | MTBL | 10,575,351 | |
| | 0002-0124104332 | MTBL | 674,510 | |
| | 0002-0124104350 | MTBL | 10,548,066 | |
| | 0009-0124014389 | JBL | 1,844,911 | |
| | 0009-0124014398 | JBL | 9,367,224 | |
| | 0009-0124014414 | JBL | 1,506,422 | |
| | 0009-0124014423 | JBL | 10,198,984 | |
| | 0009-0124014432 | JBL | 10,198,984 | |
| | 0009-0124014441 | JBL | 1,824,723 | |
| | 0009-0124014450 | JBL | 1,820,161 | |
| | 0009-0124014469 | JBL | 1,818,861 | |
| | 0009-0124014487 | JBL | 1,480,123 | |
| | 0009-0124014496 | JBL | 10,507,498 | |
| | 0009-0124014521 | JBL | 10,471,018 | |
| | 0009-0124014530 | JBL | 10,506,056 | |
| | 0009-0124014549 | JBL | 11,009,968 | |
| | 0009-0124014558 | JBL | - | |
| | 0009-0124014567 | JBL | 1,474,727 | |
| | 0009-0124014576 | JBL | - | |
| | 0009-0124095665 | MTBL | | 1,969,798.21 |
| | 0009-0124095889 | MTBL | | 2,375,839.50 |
| | 0009-0124095905 | MTBL | | 815,026.00 |
| | 0009-0124096235 | MTBL | | 741,047.75 |
| | 0009-0124097136 | MTBL | | 242,122.18 |
| | 0009-0124097332 | MTBL | | 602,710.80 |
| | 0009-0124098153 | MTBL | | 8,660,997.20 |
| | 0009-0124098340 | MTBL | | 9,537,486.00 |
| | 0009-0124098359 | MTBL | | 7,947,905.00 |
| | 0009-0124013773 | JBL | | 4,210,989.78 |
| | 0009-0124013942 | JBL | | 3,142,787.50 |
| | 0009-0124014003 | JBL | | 2,055,548.67 |
| | 0009-0124014021 | JBL | | 1,668,437.00 |
| | 0009-0124014030 | JBL | | 5,063,512.50 |
| | 0009-01640000120 | JBL | | 9,036,000.00 |
| | | **Total** | **106,236,896** | **58,070,208** |

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

1. Purpose of Investment - To purchase/import raw materials.
2. Period of Investment - 01 (one) year on revolving basis.
3. Rate of return -15 % per annum or the rate to be determined by the bank from time to time.
4. Collateral:
   - A. Lien on Shipping Documents.
   - B. Counter Guarantee.
   - C. Post-dated Cheque covering the entire limit.
   - D.Usual Charge Documents.

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| | Amount in Taka | Amount in Taka |
|---|---|---|
| **15.00 Accrued Expenses Tk. 5,512,611** | **30 June 2018** | **30 June 2017** |
| This is made up as follows: | | |
| Factory Electricity Bill | 155,647 | 511,932 |
| Factory Gas Bill | 1,455,377 | 1,988,851 |
| VAT Payable | 340,600 | 325,200 |
| Audit Fee | 115,000 | 115,000 |
| Telephone Bill | 5,953 | 1,124 |
| Internet Bill | 18,500 | 15,500 |
| Printing Bill | 25,430 | 10,250 |
| Office electricity, Wasa & Others | 58,325 | 56,860 |
| Salary and Allowance | 1,045,870 | 1,124,800 |
| Wages & salary | 2,229,409 | 2,125,450 |
| Dividend Payable | 62,500 | 62,500 |
| | **5,512,611** | **6,337,467** |
| **16.00 IPO Application Fund Tk. 5,765,858** | | |
| Mutual Trust Bank Ltd.-STD-2508 | 5,027,178 | 5,050,199 |
| Mutual Trust Bank Ltd.-FC-4399 (USD) | 504,484 | 564,220 |
| Mutual Trust Bank Ltd.-FC-4406 (POUND) | 126,168 | 126,168 |
| Mutual Trust Bank Ltd.-FC-4415 (EURO) | 108,028 | 108,028 |
| | **5,765,858** | **5,848,614** |
| **17.00 Provision for Workers Profit Participation Fund Tk. 5,102,020** | | |
| Opening balance | 5,455,327 | 7,243,592 |
| Add: Addition during the year | 4,283,721 | 4,368,788 |
| Less: Paid during the year | (4,637,028) | (6,157,053) |
| | **5,102,020** | **5,455,327** |

The Company made provision for Workers Profit Participation Fund (WPPF) @ 5% of the net profit as per provisions of Bangladesh Labour Law, 2006(Amend in 2013).

| | | |
|---|---|---|
| **18.00 Provision for Tax: Tk. 11,942,738** | | |
| This has been arrived as under: | | |
| **Opening Balance** | **11,022,574** | **15,736,099** |
| **Provision during the year:** | | |
| Tax charge during the period@25% | 21,418,605 | 21,843,941 |
| Tax Rebate on Export Sales (Note-18.01) | (9,475,867) | (10,821,367) |
| | **11,942,738** | **11,022,574** |
| **Adjusted/ Payment during the period:** | | |
| Adjustment | 5,553,428 | 6,836,087 |
| Payment | 5,469,146 | 8,900,012 |
| | **11,022,574** | **15,736,099** |
| **Closing Balance** | **11,942,738** | **11,022,574** |
| **18.01 Tax Rebate on Export Sales Tk. 9,475,867** | | |
| Total Tax Charged during the period | 21,418,605 | 21,843,941 |
| Tax on Other Income | (2,248,323) | (71,326) |
| **Tax on Operating Income** | **19,170,282** | **21,772,615** |
| Tax on Local Sales | (218,549) | (129,881) |
| Tax on Export Sales | **18,951,733** | **21,642,734** |
| 50% of Tax on Export Sales | (9,475,867) | (10,821,367) |
| | **9,475,867** | **10,821,367** |
| **19.00 Turnover: Tk. 739,027,917** | | |
| This is the value of export made during the year through Advance TT and L/Cs: | | |
| Export | 730,602,702 | 774,536,205 |
| Local | 8,425,215 | 4,648,100 |
| | **739,027,917** | **779,184,305** |

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| | | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|---|
| **20.00** | **Cost of Sales: Tk. 622,733,403** | | |
| | This has been arrived as under: | | |
| | Opening Work-in-Process | 29,215,478 | 29,983,448 |
| | Raw materials consumed: (Notes-20.01) | 532,042,587 | 562,702,724 |
| | Manufacturing overhead (Note-20.02) | 91,351,335 | 89,983,687 |
| | Less: Closing Work-in-Process | (29,504,870) | (29,215,478) |
| | **Cost of Production** | **623,104,530** | **653,454,381** |
| | Opening stock of Finished Goods | 19,426,248 | 15,362,360 |
| | **Cost of Goods Available for Sale** | **642,530,778** | **668,816,741** |
| | Closing stock of Finished Goods | (19,797,375) | (19,426,248) |
| | **Cost of Sales** | **622,733,403** | **649,390,493** |
| **20.01** | **Raw Materials Consumed: Tk. 532,042,587** | | |
| | This is made up as follows: | | |
| | Opening Stock ( Note: 20.03) | 406,179,573 | 390,039,013 |
| | Add: Purchase during the Year (Note: 20.04) | 550,029,790 | 578,843,284 |
| | | **956,209,363** | **968,882,297** |
| | Less: Closing Stock (Note: 20.05) | 424,166,776 | 406,179,573 |
| | Raw Materials Consumed during the year | **532,042,587** | **562,702,724** |
| **20.02** | **Manufacturing Overhead: Tk. 91,351,335** | | |
| | This consists of the following: | | |
| | Wages & Salary | 27,908,344 | 25,468,656 |
| | Overtime & Incentive | 7,590,375 | 6,492,421 |
| | Workers Food Allowance | 566,754 | 570,502 |
| | Electricity Bill | 2,102,427 | 2,861,163 |
| | Gas Bill | 3,937,478 | 3,829,451 |
| | Diesel for Generator | 2,182,568 | 936,975 |
| | Spare Parts | 1,065,570 | 1,266,939 |
| | Factory Maintenance | 1,142,335 | 670,398 |
| | Machinery Maintenance | 879,463 | 1,089,400 |
| | Electric Materials | 743,704 | 925,661 |
| | Daily Labor | 1,021,396 | 776,946 |
| | Worker Transport Expenses | 1,305,400 | 1,256,376 |
| | Medical Expenses | 102,776 | 45,674 |
| | Car Repair & Maintenance | 473,148 | 390,981 |
| | Hardware Materials | 1,255,234 | 1,432,709 |
| | Depreciation | 39,074,363 | 41,969,435 |
| | | **91,351,335** | **89,983,687** |

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AMARSTOCK

| | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|

20.03 **Opening Stock of Raw Materials: Tk. 406,179,573**

**Item wise break up of stock have been given below;**

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

20.04 **Purchase Raw Materials: Tk. 550,029,790**

**Item wise break up of purchase have been given below;**

| Particulars | Unit | Unit | Unit Price | Total (Tk.) |
|---|---|---|---|---|
| PP Yarn Grade | 66,750 | Bag | 4,455 | 302,271,750 |
| CaCo3 | 8,350 | Bag | 1,521 | 12,700,350 |
| HDPE | 9,750 | Bag | 3,744 | 36,504,000 |
| LDPE | 8,500 | Bag | 4,535 | 38,547,500 |
| LLDPE | 7,500 | Bag | 3,925 | 29,633,750 |
| Omagh CaCo3 | 4,000 | Bag | 2,417 | 9,668,000 |
| Master Batch(White) | 1,750 | Bag | 3,714 | 6,499,500 |
| Master Batch(Red) | 1,975 | Bag | 4,831 | 9,541,225 |
| Master Batch(Blue) | 1,325 | Bag | 4,456 | 5,904,200 |
| Master Batch(Beige) | 1,425 | Bag | 4,655 | 6,633,375 |
| Master Batch(Yellow) | 900 | Bag | 4,355 | 3,919,500 |
| Master Batch(Green) | 350 | Bag | 4,625 | 1,618,750 |
| Master Batch(Orange) | 375 | Bag | 4,626 | 1,734,750 |
| PP Lamination | 10,300 | Bag | 5,116 | 52,694,800 |
| Sewing Thread | 6,480 | Kg | 195 | 1,263,600 |
| Poly Tape | 288 | Roll | 360 | 103,680 |
| PP Clip | 250 | Pkt | 70 | 17,500 |
| Printing Ink | 11,250 | Kg | 268 | 3,015,000 |

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| | | | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|---|---|
| Sewing Oil | 1,120 | Ltr | 180 | 201,600 |
| Gear Oil | 950 | Ltr | 178 | 169,100 |
| Mobil | 660 | Ltr | 48 | 31,680 |
| Diamond Gum | 420 | Kg | 220 | 92,400 |
| Retader | 5,620 | Ltr | 135 | 758,700 |
| Exetiter | 180 | Ltr | 125 | 22,500 |
| Adhesive Tape(Both side) -2" | 288 | Roll | 40 | 11,520 |
| Solvent/Thiner | 36,520 | Ltr | 175 | 6,391,000 |
| Hydrolic Oil | 880 | Ltr | 150 | 132,000 |
| Compassor Oil | 880 | Ltr | 160 | 140,800 |
| Nalco-2000 | 450 | Kg | 705 | 317,250 |
| Greeze | 520 | Kg | 105 | 54,600 |
| Adhesive Gum(Glue) | 7,350 | Kg | 27 | 198,450 |
| Adhessive Tape-2" | 530 | Roll | 42 | 22,260 |
| Krapt Paper | 320,245 | Kg | 60 | 19,214,700 |
| **Total** | | | | **550,029,790** |

20.05 **Closing Stock of Raw Materials: Tk. 424,166,776**

**Item wise break up of stock have given below;**

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

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| | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|
| **21.00 Administrative Expenses: Tk. 22,297,303** | | |
| This consists of the following: | | |
| AGM Expenses | 311,312 | 207,669 |
| Salary and Allowances | 9,312,171 | 8,863,052 |
| Directors Remuneration Note: 20.01 | 4,357,200 | 4,560,000 |
| Directors Meeting Allowances Note: 20.02 | 75,800 | 77,600 |
| Donation & Subscription | 285,500 | 57,000 |
| Credit Rating Fee | 34,500 | 34,500 |
| Entertainment | 387,245 | 262,927 |
| Fuel & Lubricant | 998,205 | 840,187 |
| Listing Fee | - | 1,366,828 |
| Traveling & Conveyance | 394,056 | 518,964 |
| Office Rent | 600,000 | 600,000 |
| Office Electricity, Wasa and Others Bill | 393,000 | 456,720 |
| Office Maintenance | 221,592 | 217,649 |
| Printing & Stationery | 586,327 | 690,925 |
| Postage & Telegram | 36,720 | 38,315 |
| Registration & Renewals | 302,755 | 109,355 |
| Telephone Bill | 26,320 | 22,634 |
| Legal Fee | - | 165,800 |
| Mobile Bill | 324,685 | 183,048 |
| Internet Bill | 110,070 | 91,585 |
| Audit Fees | 115,000 | 115,000 |
| RJSC Expenses | 1,000 | 9,600 |
| Vehicle Maintenance | 1,140,569 | 1,288,799 |
| Newspaper & Periodicals | 8,185 | 11,101 |
| Other Expenses | 1,101,716 | 1,153,944 |
| Depreciation | 1,173,375 | 1,325,458 |
| | **22,297,303** | **23,268,660** |

**21.01 Directors Remuneration Tk.4,357,200**

| Name of | Designation | | |
|---|---|---|---|
| Tofayel Kabir Khan | Managing Director | 1,182,000 | 1,182,000 |
| Mohammed Enamul Kabir Khan | Chairman | 894,000 | 877,200 |
| Md. Ruhul Kabir Khan | Director | 894,000 | 846,000 |
| Hazrat ali | Director | 721,200 | 721,200 |
| Khairul Kabir Khan | Executive Director | 666,000 | 933,600 |
| Md. Zakirul Kabir Khan | Nominee Director | - | - |
| Mrs. Jarin Kabir Khan | Nominee Director | - | - |
| Mohammad Lukman | Independent Director | - | - |
| Mr. Utpal Dhar | Independent Director | - | - |
| | | **4,357,200** | **4,560,000** |

**21.02 Directors Meeting Allowances Tk.75,800**

| Name of | Designation | | |
|---|---|---|---|
| Tofayel Kabir Khan | Managing Director | 11,000 | 12,000 |
| Mohammed Enamul Kabir Khan | Chairman | 12,000 | 12,000 |
| Md. Ruhul Kabir Khan | Director | 8,000 | 8,800 |
| Hazrat ali | Director | 8,800 | 8,000 |
| Md. Zakirul Kabir Khan | Nominee Director | 8,800 | 8,000 |
| Mrs. Jarin Kabir Khan | Nominee Director | 7,200 | 8,800 |
| Mohammad Lukman | Independent Director | 11,000 | 10,000 |
| Mr. Utpal Dhar | Independent Director | 9,000 | 10,000 |
| | | **75,800** | **77,600** |

(a) No compensation was made to the Managing Director of the company except as stated above.
(b) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.

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| | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|
| **22.00 Marketing, Selling and Distribution Expenses: Tk. 5,964,310** | | |
| This consists of the following: | | |
| Sales Commission | 1,210,135 | 1,875,480 |
| Carriage Outward & Delivery | 1,065,020 | 982,880 |
| Advertisement | 235,650 | 375,000 |
| Fuel & Lubricants | 859,321 | 744,475 |
| Salary & Allowances | 2,531,540 | 2,425,850 |
| Toll Expenses | 62,644 | 79,858 |
| | **5,964,310** | **6,483,543** |
| **23.00 Financial Expenses: Tk. 7,068,051** | | |
| This consists of the following: | | |
| Bank Charges & Other Commission | 185,645 | 265,480 |
| Bank Interest on CC (hypo) | 2,004,463 | 2,924,506 |
| Interest & Charges on LTR | 4,814,443 | 5,392,373 |
| Charges on FDR | 63,500 | - |
| | **7,068,051** | **8,582,359** |
| **24.00 Income Tax Expenses: Tk. 15,109,935** | | |
| This has been arrived as under: | | |
| Current Tax Note- 18 | 11,942,738 | 11,022,574 |
| Deferred Tax Note- 12 | 3,167,196 | 4,562,609 |
| Income tax expenses | **15,109,935** | **15,585,182** |
| **25.00 Non Operating Income : Tk. 8,993,290** | | |
| This consists of the following: | | |
| Interest on IPO Subscription Fund | 143,710 | 76,375 |
| Gain/(Loss) on Foreign Currency Fluctuation | 1,152,179 | 19,679 |
| Interest on FDR fund | 7,697,401 | 189,248 |
| | **8,993,290** | **285,302** |

**26.00 Earnings Per Share: Tk. 0.72**

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

| **Earnings Per Share** | | |
|---|---|---|
| Net Income after tax | 70,564,484 | 71,790,581 |
| Weighted average no. of ordinary Shares (Note-26.01) | 98,079,878 | 98,079,878 |
| | **0.72** | **0.73** |

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

| Item | Number of Shares | Issue date | End Date | Days | Factor | Weighted Number |
|---|---|---|---|---|---|---|
| Balance | 89,163,525 | 1-Jul-17 | 30-Jun-18 | 365 | 1.00 | 89,163,525 |
| Stock Dividend | 8,916,353 | 1-Jul-17 | 30-Jun-18 | 365 | 1.00 | 8,916,353 |
| | **98,079,878** | | | | | |
| **Weighted Average Number of Shares** | | | | | | **98,079,878** |

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

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| | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|
| **27.00 Net Asset Value Per Share (NAVPS)** | | |
| Total Assets | 1,420,001,521 | 1,298,287,895 |
| Non-Current Liabilities+Current Liabilities | 190,738,067 | 139,588,925 |
| Net Assets Value(NAV) including Revaluation surplus | 1,229,263,453 | 1,158,698,969 |
| Number of ordinary shares outstanding | 98,079,878 | 89,163,525 |
| **Net Assets Value(NAV) Per Share including Revaluation surplus** | 12.53 | 13.00 |
| Net Assets Value(NAV) excluding Revaluation surplus | 1,139,508,577 | 1,064,231,370 |
| **Net Assets Value(NAV) Per Share excluding Revaluation surplus** | 11.62 | 11.94 |
| **28.00 Net Operating Cash flow per Share (NOCFPS)** | | |
| Cash inflow/ (outflow) per share | 0.35 | 1.22 |
| The composition of cash inflow/(outflow) value per share is given below | | |
| Operating cash flow during the year | 34,562,807 | 109,220,370 |
| Number of ordinary shares | 98,079,878 | 89,163,525 |
| | 0.35 | 1.22 |

Net operating cash flows per share has reduced mainly due to reducing collection against sales.

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

| | | |
|---|---|---|
| Turnover in BDT. | 739,027,917 | 779,184,305 |
| Turnover Quantity in pcs. | 35,466,151 | 39,275,542 |

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

| Particulars | 30-Jun-18 Total | | 30-Jun-17 | |
|---|---|---|---|---|
| **Opening Stock** | | | | |
| Raw Materials | 2338 | MT | 2,235 | MT |
| Finished Goods | 76 | MT | 76 | MT |
| **Purchase** | | | | |
| Raw Materials | 3110 | MT | 3,304 | MT |
| **Production** | | | | |
| Finished Goods | 3629 | MT | 3,847 | MT |
| **Closing Stock** | | | | |
| Raw Materials | 2453 | MT | 2,338 | MT |
| Finished Goods | 98 | MT | 96 | MT |
| **Total available for Consumption/Sale** | | | | |
| Raw Materials | 5448 | MT | 5,539 | MT |
| Finished Goods | 3705 | MT | 3,923 | MT |
| **Consumed/Sold** | | | | |
| Raw Materials | 2994 | MT | 3,201 | MT |
| Finished Goods | 3606 | MT | 3,826 | MT |

**31.00 Value of Import on CFR Basis**

| | | |
|---|---|---|
| Import of raw materials (US Dollar) | 5,143,581 | 4,956,375 |
| Import of raw materials (BDT) | 456,809,077 | 398,938,600 |

**32.00 Value of Export on FOB Basis**

| | | |
|---|---|---|
| Export of finished goods (US Dollar) | 8,866,538 | 9,818,886 |
| Export of finished goods (BDT) | 730,602,702 | 774,536,205 |

**33.00 Capacity and Capacity Utilization**

| Installed Capacity | Actual Capacity | |
|---|---|---|
| 8.70 Crore Pieces of Different types of Bags | 6.95 Crore Pcs | |

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| | Amount in Taka 30 June 2018 | Amount in Taka 30 June 2017 |
|---|---|---|
| **34.00 Reconciliation of Net Cash Flows From Operating Activities** | | |
| **Net Profit after Tax** | 70,564,484 | 71,790,581 |
| Add: Depreciaton | 40,247,738 | 43,294,894 |
| Add:Deferred Tax | 3,167,196 | 4,562,609 |
| Less: Increase of Current Assets | (79,106,307) | (4,232,930) |
| Less: Decrease of Current Liabilities | (310,305) | (6,194,784) |
| **Net Cash Flows From Operating Activities** | **34,562,807** | **109,220,370** |

**35.00 Related Party Tansaction:**

The company has carried on transactions with related parties in the normal course of business .The name of related parties and nature of transactions have been pesented in accordance with the provision of BAS 24:Related Party Disclodures.

| Name of Related Party | Nature of Transation |
|---|---|
| Khan Brothers Ship Building Ltd. | Receipts,payment,Bank transaction |
| Khan Brothers Bag Industries Ltd. | Receipts,payment,Bank transaction |
| Khan Brothers International (Proprietorship) | Receipts,payment,Bank transaction |

**36.00 General:**

**Initial Public Offering**

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

**36.01 Capital Expenditure Commitment**

There was no commitment for capital expenditure contracted or provided as on 30.06.2018.

**36.02 Claims not Acknowledged**

There is no claim against the Company acknowledged as debt as on 30.06.2018

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

No commission, brokerage or discount was incurred or paid by the Company against sales during the year ended June 30, 2018

**36.04 Directors Responsibility Statements**

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

**36.05 Employee Details:**

i) During the year there were 428 employees employed for the full year and 162 employees less than the full year at a remuneration of Taka 4,000 per month and above.

ii) At the end of the period, there were 590 employees in the company.

iii) Each employees received salaries more than Tk. 5,000.00 per month

**37.00 Event after the reporting period**

Following events occurred since the balance sheet date:

(a) The board of directors recommended 2% cash dividend (other than Sponsors and Directors) at the Board meeting held on October 28, 2018 for the year ended June 30, 2018. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.

(b) Except for the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

**38.00 Financial Risk Management**

The management of company has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risk for its use of financial instruments.

Credit Risk
Liquidity Risk
Market Risk

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**Credit Risk**

Credit risk is the risk of a financial loss to the company of a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place that are controlled and monitored in accordance with terms and conditions prescribed in export letter of credit. As at 30th June 2018 the entire part of the receivables are related to export of goods and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

**Liquidity Risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach in managing liquidity ( cash and cash equivalents) is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligation through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

**Market Risk**

Market risk is the risk that any changes in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Currency risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw materials, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad.

(b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The foreign currency loan is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rate risk . The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

**39.00 Authorization for issue**

The financial statements were authorized for issue by the Board of Directors of the company on October 28,2018.

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**KHAN BROTHRTS PP WOVEN BAG INDUSTRIES LTD.**
**KBG Towre,15 DIT Road ,Malibag Choudhurypara,Rampura,Dhaka-1219**
**SCHEDULE OF PROPERTY,PLANT AND EQUIPMENT**
**For the year ended June 30, 2018**

Annexure A

| Particulars | COST/REVALUATION | | | Rate of Dep. | DEPRECIATION | | | Written down value as at 30.06.2018 | Written down value as on 30.06.2017 |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.07.2017 | Addition During the year | As at 30.06.2018 | | As at 01.07.2017 | Addition During the year | As at 30.06.2018 | | |
| Land & Land Development | 99,430,849 | 41,456,350 | 140,887,199 | 0% | - | - | - | 140,887,199 | 99,430,849 |
| Building & Other Construction | 216,254,286 | - | 216,254,286 | 5% | 45,291,249 | 8,548,152 | 53,839,401 | 162,414,885 | 170,963,037 |
| Plant & Machinery | 414,169,450 | 10,694,496 | 424,863,946 | 10% | 156,573,665 | 26,829,028 | 183,402,693 | 241,461,253 | 257,595,785 |
| Generator & Electric Equipment | 57,782,068 | - | 57,782,068 | 15% | 33,134,183 | 3,697,183 | 36,831,366 | 20,950,702 | 24,647,885 |
| Motor Vehicle | 4,651,303 | - | 4,651,303 | 20% | 3,869,817 | 156,297 | 4,026,114 | 625,189 | 781,486 |
| Office Decoration & Fittings | 10,922,885 | - | 10,922,885 | 10% | 3,267,169 | 765,572 | 4,032,741 | 6,890,144 | 7,655,716 |
| Furniture & Fixture | 4,869,065 | - | 4,869,065 | 10% | 2,354,000 | 251,507 | 2,605,506 | 2,263,559 | 2,515,065 |
| **Total as on 30 June 2018** | **808,079,906** | **52,150,846** | **860,230,752** | | **244,490,082** | **40,247,738** | **284,737,820** | **575,492,932** | **563,589,824** |
| **Total as on 30 June 2017** | **779,962,071** | **28,117,835** | **808,079,906** | | **201,195,189** | **43,294,894** | **244,490,082** | **563,589,824** | **578,766,883** |

**Allocation of depreciation:**

| | |
|---|---|
| **Admin** | 1,173,375 |
| **Manufacturing** | 39,074,363 |
| | **40,247,738** |

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

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

Employees position of the company as at 30 June, 2018:

Complied -Disclosed in Note No-32

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

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



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

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

**Payment/Perquisites to Directors & Managers**

Complied and Disclosed in Note-21.01 and 21.02

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

Details of production capacity utilization:

2017-2018

| Particulars | Installed Capacity Pieces | Actual Production Pieces | Capacity Utilization in % |
|---|---|---|---|
| Annual Production capacity | 87,000,000 | 49,590,000 | 57.00 |

2016-2017

| Particulars | Installed | Actual | Capacity |
|---|---|---|---|
| Annual Production capacity | 87,000,000 | 52,200,000 | 60.00 |

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

Raw materials:

| Items | Total Purchase (Tk.)• | | Consumption (Tk.) | | % of consumption of total purchase | |
|---|---|---|---|---|---|---|
| | 2017-2018 | 2016-2017 | 2017-2018 | 2016-2017 | 2017-2018 | 2016-2017 |
| Raw materials | 550,029,790 | 578,703,344 | 532,042,587 | 562,414,708 | 97% | 97% |
| Spare parts | 1,065,570 | 1,266,939 | 1,065,570 | 1,266,939 | 100% | 100% |
| Packing materials | 143,440 | 139,940 | 143,944 | 148,076 | 100% | 106% |
| Total | **551,238,800** | **580,110,223** | **533,252,101** | **563,829,723** | | |

**Value of export:**

| Particulars | In foreign currencies (US$) | In Tk. |
|---|---|---|
| Export | 8,777,063 | 730,602,702 |

i) The company has not incurred any expenditure in foreign currencies for the period from 01 July, 2017 to 30 June, 2018 on account of royalty, know-how, professional fees, consultancy fees and interest;

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

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

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