

**ATA KHAN & CO.**  
**Chartered Accountants**  
**Auditors' Report**  
**to**  
**The Shareholders of H.R. Textile Mills Limited**

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

**Opinion**

We have audited the financial statements of H.R Textile Mills Limited which comprise the statement of financial position as at 30 June 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the H.R Textile Mills Limited as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable rules and regulation.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2019. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the basis for opinion section, each matter mentioned below our description of how our audit addressed the matter is provided in the context.

Key Audit Matter	How our audit addressed the audit matters
<p><b>Revenue</b></p> <p>The company has reported a revenue of Taka 2,328,287,124/- for the year ended 30 June 2019. Refer to note no. 26.00 of the financial statements.</p> <p>All sales may not be legitimate and may not have occurred in the financial year</p> <p>Sales may not be complete and accounts receivable may not included all amounts owed by customers at the balance sheet date.</p> <p><b>Revenue continued</b></p> <p>Sales may not be complete and accounts receivable may not included all amounts owed by customers at the balance sheet date.</p> <p>Sales may not be correctly classified and major revenue categories may not be separately disclosed.</p> <p>Sales may not be recorded correctly and in the correct period.</p> <p><b>Inventories</b></p> <p>As of the reporting date the company reports Stock and Stores amounting to Taka 393,277,250/- Refer to note no. 3.00 to the Financial Statements</p> <p>The company may not have good title to stock and work in progress</p>	<ul style="list-style-type: none"> <li>• Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy disclosed in notes to the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards</li> <li>• Vouch entries in sales journal and subsidiary ledger to support documentation of sale (i.e. invoice and delivery note)</li> <li>• Control tests for relevant controls</li> <li>• Subsequent receipts review</li> <li>• Confirmation of specific transactions with customers</li> <li>• Furthermore, we tested the sales transaction recognised shortly before and after the statement of financial position date, including the sales return recorded after that date, to test whether sales transaction were recorded in the correct reporting periods</li> <li>• Cut-off test (tests of sales transactions, sales returns and other sales adjustments at or near year-end)</li> <li>• Verify prices, quantity and computation on sales invoices, prices verified to master price list, quantity verified to shipping documentation</li> <li>• Ensure related party sales are adequately disclosed.</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> <li>• Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse and sales depot;</li> <li>• Evaluating internal controls to monitor or keep track of inventory movement;</li> <li>• Enquire whether any of the stock is held on behalf of third parties.</li> <li>• Consider whether any consignment stock has been accounted for.</li> </ul>

Key Audit Matter	How our audit addressed the audit matters
<p>All stock and work in progress may not exist Stock and work in progress may not have been valued correctly, consistently and in accordance with applicable accounting standards. Which is net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. that full provision may not have been for all damaged, obsolete or slow moving stock and work in progress Cut-off procedure may not have been strictly applied. All necessary disclosures concerning stock and work-in-progress may not have been made and the information is may not yet have been appropriately presented and described.</p> <p><b>Measurement of deferred tax Liability</b> Company reported net deferred tax liability totaling Taka 44,359,829/- as at 30 June 2019. significant judgments is required in relation to deferred tax liability as their liability is dependent on forecast of future probability over a number of years. See note and to the financial statements</p>	<ul style="list-style-type: none"> <li>• Complete the stock take attendance program Trace all items selected at the stock take to the final stock sheets, internal stock records.</li> <li>• Select a sample of items from the final stock sheets and trace to the copies of the rough stock sheets taken during the stock take.</li> <li>• Review the historical accuracy of inventory provisioning and the level of inventory write-offs during the year.</li> <li>• Test the additions and extensions of the final stock sheet.</li> <li>• Ascertain the method used for valuing stock and consider whether:               <ul style="list-style-type: none"> <li>a) it has been correctly applied;</li> <li>b) it is an acceptable basis of valuation under applicable accounting standards;</li> <li>c) it is consistent with previous year's and with the company's accounting policy.</li> </ul> </li> <li>• Challenging the completeness of inventory provision through assessing actual and forecast sells inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete.</li> <li>• Review all items of stock and work in progress and consider whether any further provision is necessary.</li> </ul> <p>We obtained and understanding ,evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of Deferred Tax Assets and taxable expense of the company. We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense. We evaluated the reasonableness of key assumption, timing of reversal of temporary difference and expiration of tax loss carry forwards ,recognition and measurement of deferred tax liability . We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability balances and the level of estimation involved. We also assessed in evaluating the tax implications , the reasonableness of estimate and calculations determined by the management . finally assessed the appropriateness and presentation of disclosure against IAS -12 income Tax</p>

### Going Concern

We are required to report if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of the financial statements. We have nothing to report in these respects.

### Other Information

Management is responsible for other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for those other information. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read these other information and, in doing so, consider whether these other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and other applicable rules and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements:**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, Supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other Legal and Regulatory Requirements:**

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- 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; and
- c) the company's financial statements dealt with by the report are in agreement with the books of account.
- d) the expenditure incurred was for the purpose of company's business for the year.

Dated: Dhaka  
October 23, 2019

  
ATA KHAN & CO.  
Chartered Accountants

**H.R. Textile Mills Limited**  
**Statement of Financial Position**  
**As on 30th June 2019**

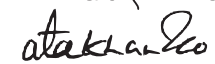
<b>ASSETS:</b>	<u>Notes</u>	30/06/2019	30/06/2018
<b>Non-Current Assets</b>		Taka	Taka
Property, Plant and Equipment	2	1,656,302,759	742,807,641
<b>Total Non-Current Assets</b>		<u>1,656,302,759</u>	<u>742,807,641</u>
<b>Current Assets</b>			
Stocks and Stores	3	393,277,250	333,256,421
Trade and Other Debtors	4	574,533,283	371,222,914
Export Incentive Receivables	5	55,458,792	75,406,776
Advances, Deposits and Prepayments	6	67,318,628	53,229,531
Cash and Bank Balances	7	24,770,312	48,281,991
<b>Total Current Assets</b>		<u>1,115,358,265</u>	<u>881,397,633</u>
<b>TOTAL ASSETS</b>		<u>2,771,661,024</u>	<u>1,624,205,274</u>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share Capital	8	253,000,000	253,000,000
General Reserve	9	6,956,752	6,956,752
Tax Holiday Reserve	10	22,378,988	22,378,988
Dividend Equalisation Reserve	11	10,000,000	10,000,000
Revaluation Surplus	12	685,668,176	-
Retained Earnings	13	119,942,475	96,374,242
<b>Total Shareholders' Equity</b>		<u>1,097,946,391</u>	<u>388,709,982</u>
<b>Long Term Liabilities</b>			
Long-term Loans - Secured, Future Maturity	14	705,830,468	128,042,025
Provision for Gratuity	15	28,392,064	27,852,964
Provision for Deferred Taxation	16	44,359,829	39,128,378
<b>Total Long-term Liabilities</b>		<u>778,582,361</u>	<u>195,023,367</u>
<b>Current Liabilities</b>			
Bank Overdrafts - Secured	17	79,251,108	80,578,522
Time Loan - Secured	18	-	123,733,987
Trade Creditors	19	630,941,433	643,380,910
Accrued Expenses	20	27,136,943	22,533,807
Provision for Current Taxation	21	30,415,148	32,518,992
Bills Receivable Discounted	22	38,658,707	37,667,941
Workers' Participation/Welfare Funds	23	18,386,925	20,910,081
Current Maturity of Long-term Loans	24	70,342,008	79,147,685
<b>Total Current Liabilities</b>		<u>895,132,272</u>	<u>1,040,471,925</u>
<b>Total Liabilities</b>		<u>1,673,714,634</u>	<u>1,235,495,292</u>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<u>2,771,661,024</u>	<u>1,624,205,274</u>
Net Assets Value (NAV) per share	25	<u>43.40</u>	<u>15.36</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

 Dr. M.A. Moyeen Chairman	 Mr. M. A. Moyeed Managing Director	 Mr. M. A. Momen Director	 Mr. M.A.A. Naheel CFO	 Mr. Md. Wali Ullah Company Secretary
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Signed in terms of our annexed report of even date

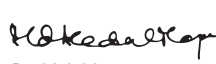
Dated: Dhaka  
October 23, 2019

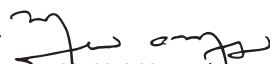
  
ATA KHAN & CO.  
Chartered Accountants

**H.R. Textile Mills Limited**  
**Statement of Profit or Loss and**  
**other Comprehensive Income**  
**For the year ended 30th June 2019**

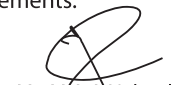
<u>Particulars</u>	<u>Notes</u>	30/06/2019 Taka	30/06/2018 Taka
Sales Revenue	26	2,328,287,124	2,024,397,221
Export Incentive Turnover	27	29,884,578	22,088,900
Cost of Goods Sold	28	(2,026,994,848)	(1,759,509,642)
Gross Profit		331,176,854	286,976,479
Administrative, Selling and General Expenses	29	(263,310,259)	(220,427,548)
Operating Profit		67,866,595	66,548,931
Other Income	30	961,840	1,581,879
Profit before contribution to WPPF		68,828,435	68,130,810
Contribution to WPPF	23	(3,277,545)	(3,244,324)
Net Profit before Tax		65,550,890	64,886,486
Income Tax Expenses		(17,209,841)	(21,791,591)
Current Tax	32	(11,978,390)	(18,436,758)
Deferred Tax	16	(5,231,451)	(3,354,833)
Net Profit after Tax		48,341,049	43,094,895
Earning per share	34	1.91	1.70


The annexed notes from 1 to 41 form an integral part of these financial statements.

  
Dr. M.A. Moyeen  
Chairman

  
Mr. M. A. Moyeed  
Managing Director

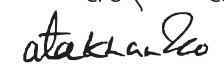
  
Mr. M. A. Monjen  
Director

  
Mr. M.A.A. Naheel  
CFO

  
Mr. Md. Wali Ullah  
Company Secretary

Signed in terms of our annexed report of even date

Dated: Dhaka  
October 23, 2019


  
ATA KHAN & CO.  
Chartered Accountants



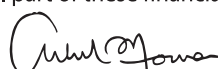
**H.R. Textile Mills Limited**  
**Statement of Cash Flows**  
**For the year ended 30th June 2019**

<u>Particulars</u>	<u>Notes</u>	30/06/2019 Taka	30/06/2018 Taka
<b>Cash Flows from Operating Activities:</b>			
Cash received from Sales and export incentives		2,174,809,317	2,003,780,163
Exchange Fluctuation Gain/(Loss)		596,440	1,216,479
Receipts from Other Income		365,400	365,400
Cash paid for goods and services		(2,187,442,519)	(1,762,399,463)
Cash from operation		(11,671,362)	242,962,579
Interest paid		(126,546,049)	(74,017,684)
Income-tax paid/deducted at sources		(10,659,821)	(16,126,655)
<b>Net Cash inflows from operating activities</b>		(148,877,232)	152,818,240
<b>Cash Flows from Investing Activities:</b>			
Acquisition of property, plant and equipment	2.1	(307,650,452)	(159,121,662)
<b>Net Cash outflows from investing activities</b>		(307,650,452)	(159,121,662)
<b>Cash Flows from Financing Activities:</b>			
Bank Overdraft Received/(Repaid)		(1,327,414)	(9,079,715)
Long Term Loans Received/(Repaid)		577,788,443	(56,062,557)
Time Loan Received/(Repaid)		(123,733,987)	109,250,681
Bills Receivable Discounted Received/(Repaid)		990,766	4,242,950
Current Maturity of Long-term Loans		(8,805,677)	-
Cash Dividend paid		(11,896,126)	(75,846,873)
<b>Net Cash inflow from financing activities</b>		433,016,005	(27,495,514)
Net increase/(decrease) in cash and bank balances		(23,511,679)	(33,798,936)
Cash and bank balances on opening		48,281,991	82,080,927
Net increase/(decrease) in cash and bank balances		(23,511,679)	(33,798,936)
Cash and bank balances at closing - Note 7		24,770,312	48,281,991
<b>Net operating cash flows per share (NOCFPS)</b>	35	(5.88)	6.04

The annexed notes from 1 to 41 form an integral part of these financial statements.

  
 Dr. M.A. Moyeen  
 Chairman

  
 Mr. M. A. Moyeed  
 Managing Director


  
 Mr. M. A. Momen  
 Director

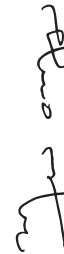
  
 Mr. M.A.A. Naheel  
 CFO


  
 Mr. Md. Wali Ullah  
 Company Secretary

**H.R. Textile Mills Limited**  
**Statement of Changes in Shareholders' Equity**  
**For the year ended 30th June 2019**


Particulars	Share Capital	General Reserve	Tax holiday Reserve	Revaluation Surplus	Dividend Equalisation Reserve	Retained Earnings	Total Taka
Balance as at 30th June 2017	253,000,000	6,956,752	22,378,988	-	10,000,000	78,579,347	370,915,087
Net profit after tax	-	-	-	-	-	43,094,895	43,094,895
Cash Dividend declared 2017	-	-	-	-	-	(25,300,000)	(25,300,000)
Balance as at 30th June 2018	253,000,000	6,956,752	22,378,988	-	10,000,000	96,374,242	388,709,982
Balance as at 30th June 2018	253,000,000	6,956,752	22,378,988	-	10,000,000	96,374,242	388,709,982
Revaluation Surplus as on 31st December 2018	-	-	-	686,195,360	-	-	686,195,360
Revaluation Surplus realised	-	-	-	(527,184)	-	527,184	-
Net profit after tax	-	-	-	-	-	48,341,049	48,341,049
Cash Dividend declared 2018	-	-	-	-	-	(25,300,000)	(25,300,000)
Balance as on 30th June 2019	253,000,000	6,956,752	22,378,988	685,668,176	10,000,000	119,942,475	1,097,946,391

  
 Dr. M.A Moyeen  
 Chairman

  
 Mr. M. A Moyeed  
 Managing Director

  
 Mr. M. A Mdmen  
 Director

  
 Mr. M.A.A Naheel  
 CFO

  
 Mr. Md. Wali Ullah  
 Company Secretary

## H.R. Textile Mills Limited

### Notes to the Financial Statements

#### For the year ended June 30, 2019

### Forming an Integral Part of the Financial Statements

#### 1. Notes - General

##### (a) Status and Activities:

This is a public limited company incorporated in Bangladesh under the Companies Act, 1913 on 3 December 1984 under the entrepreneurship of the Pride Group. The other shareholders are the general public and local financial institutions. The shares of the Company are listed with both the Dhaka and Chittagong Stock Exchanges in Bangladesh. The address of the registered office is B-87, Mailbag Chowdhury Para, Dhaka and the mills are located at Karnapara, Savar, Dhaka. The Company owns textile mills and its principal activities are knitting, processing and finishing of textile products and making garments.

#### 2. Basis of preparation

##### 2.1 Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the Companies Act 1994, Income Tax Ordinance 1984, Income Tax Rules 1984, Value Added Tax Act 1991 and the Value Added Tax Rules 1991, Bangladesh Securities and Exchange Rules 1987 and other related regulations. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the company.

##### 2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except financial assets and liabilities which are stated at "fair value".

##### 2.3 Functional and presentational currency

These financial statements are prepared in Bangladeshi Taka, which is the Company's functional currency.

##### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IAS/IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

##### 2.5 Reporting period

The financial reporting period of the company covers one year from 01 July 2018 to 30 June 2019.

##### 2.6 Comparative Information and Rearrangement Thereof

In accordance with the provisions of IAS-1: Presentation of Financial Statements, Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

##### 2.7 Corporate Accounting Standards Practiced

IAS 1 Presentation of Financial Statements	Complied	IAS 24 Related Party Disclosures	Complied
IAS 2 Inventories	Complied	IAS 26 Accounting and Reporting by Retirement Benefit Plans	Not Applicable
IAS 7 Cash Flows Statement	Complied	IAS 27 Separate Financial Statements	Complied
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors	Complied	IAS 28 Investments in Associates and Joint Ventures	Not Applicable
IAS 10 Events after the Reporting Period	Complied	IAS 29 Financial Reporting in Hyperinflationary Economies	Not Applicable
IAS 12 Income Taxes	Complied	IAS 32 Financial Instruments: Presentation	Complied
IAS 16 Property, Plant and Equipment	Complied	IAS 33 Earnings Per Share	Complied
IAS 17 Leases	Complied	IAS 34 Interim Financial Reporting	Not Applicable
IAS 19 Employee Benefits	Complied	IAS 36 Impairment of Assets	Complied
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	Complied	IAS 37 Provision, Contingent Liabilities and Contingent Assets	Complied
IAS 21 The Effects of Changes in Foreign Exchange Rates	Complied	IAS 38 Intangible Assets	Not Applicable
IAS 23 Borrowing Costs	Complied	IAS 39 Financial Instruments: Recognition and Measurement	Complied
		IAS 40 Investment Property	Not Applicable



**Applicable International Financial Reporting Standards (IFRSs) are as follows:**

IFRS 1 First-time Adoption of Bangladesh Financial Reporting Standards	Complied	IFRS 8 Operating Segments	Not Applicable
IFRS 2 Share-based Payment	Not Applicable	IFRS 9 Financial Instruments	Complied
IFRS 3 Business Combinations	Not Applicable	IFRS 10 Consolidated Financial Statements	Not Applicable
IFRS 4 Insurance Contracts	Not Applicable	IFRS 11 Joint Arrangements	Not Applicable
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Not Applicable	IFRS 12 Disclosure of Interests in Other Entities	Not Applicable
IFRS 6 Exploration for and Evaluation of Mineral Resources	Not Applicable	IFRS 13 Fair Value Measurement	Not Applicable
IFRS 7 Financial Instruments: Disclosures	Complied	IFRS 14 Regulatory Deferral Accounts	Not Applicable
		IFRS 15 Revenue from contracts with customers	Complied
		IFRS 16 Leases	Not Applicable

**2.8 Component of Financial Statements**

- i) Statement of Financial Position as on 30th June 2019;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended 30th June 2019;
- iii) Statements of Changes in Shareholders' Equity for the year ended 30th June 2019;
- iv) Statement of Cash Flows for the year ended 30th June 2019; and
- v) Notes to the Financial Statements for the year 30th June 2019.

**3.00 Significant accounting policies**

The accounting policies set out below have been applied consistently to all period presented in these financial statements.

**3.01 Property, plant and equipment****3.01.1 Recognition and measurement**

Property, plant and equipment are measured at cost and valuation (only land) less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. It is carried at the lower of its carrying amount and fair value less cost. Any write-down is shown as an impairment loss. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

**3.01.2 Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

**3.01.3 Depreciation on property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation thereon. Depreciation is charged applying diminishing balance method on all fixed assets other than land and land development. Depreciation has been charged on addition when the related asset is available for use and no depreciation has been charged when the related assets are de-recognized/disposed off. After considering the useful life of the assets as per IAS-16: Property Plant and Equipment, the depreciation rates have been applied as under which is considered reasonable by the management:

SL No.	Particular	Rate of Depreciation
01	Factory Building	2.50%
02	Plant & Machinery	7.00%
03	Factory Shed	7.5%
04	Electric, Gas, Water, Steam and Telephone Installation, Furniture & Fixture, Office Equipment, Factory Equipment and Tools & Apparatus.	10%
05	Motor Vehicle	15%

### 3.01.4 Impairment of assets

#### I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc.

#### II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset treated as a revaluation decrease. During the year no impaired loss occurred to recognize in the Financial Statements.

### 3.2 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is valued at weighted average cost method and includes costs for acquiring the inventories and bringing them to their existing locations and conditions.

### 3.3 Provisions

A provision is recognised on the balance sheet date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is provable that an outflow of economic benefits will be required to settle the obligation.

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

- when the company has an obligation (legal or constructive) as a result of past events;
- when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

### 3.4 Earnings per share (EPS)

This has been calculated in compliance with the requirement of IAS-33 : Earnings per share. Earnings per share by dividing the net earnings after Tax by the number of ordinary shares outstanding during the period.

Basic Earnings per share (Numerator /Denominator )

Earnings (Numerator)

\*This represents earning for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents number of ordinary share outstanding during the year.

#### **Diluted Earnings per share**

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or stipulation related to share based payments for material and services supplied by them to the company. Hence, no Diluted EPS of the company has been calculated.

### 3.5 Revenue

In compliance with the requirements of IFRS 15 "Revenue from Contracts with Customers" revenue represents the sales proceeds which are recognized when the parties to the contract have approved the contract and are committed to perform their respective obligations; delivery are made from factory godown to carriers that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

### 3.6 Trade receivables

Trade receivables at the balance sheet date are stated at amounts which are considered realizable.

### 3.7 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues. Finance expenses comprise interest expense on borrowings, bank charges and guarantee costs. All borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest rate.

### 3.8 Cash and cash equivalents

It includes cash in hand and other deposits with banks which were held and available for use by the company without any restriction.

### 3.9 Taxation

#### Current tax

Provision for current income tax has been made during the year under review in respect of net profit at the rate of 15%

#### 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.

### 3.10 Foreign Currency Transaction

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of IAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- Foreign currency monetary items are translated using the closing rate.
- Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.
- Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the year or in previous financial statements is recognized in profit or loss in the year in which they arise.

Translation of closing balances of foreign currencies:

These are converted into Bangladesh Taka at the exchange rate ruling on the date of Statement of Financial Position as follows:

	30 June 2019		30 June 2018	
	Receivables	Payables	Receivables	Payables
US Dollar	83.25	83.57	82.64	82.92

### 3.11 Employee Benefits:

The Company is operating Workers Profit Participation Fund (WPPF) and Welfare Fund according to Bangladesh Labour Law 2006 and Bangladesh Labour (Amendments) Act 2013 are accounted for securing benefits to the employees in accordance with the provision of International Accounting Standard (IAS)-19, "Employee Benefit".

#### Retrial Benefits (Gratuity):

The retrial benefits (gratuity) liability for the permanent employees of the Company is accrued at one months' basic pay for each completed year of service of each employee who has completed service for six months or more.

### 3.12 Related party disclosure

As per IAS 24: Related Party Disclosure, parties are considered to be related if one has the ability to control or exercise significant influence over other in making financial and operating decisions.

### 3.13 Statement of Cash Flows

The statement of cash flows has been prepared in accordance with the requirements of IAS 7 "Statement of Cash Flows". The cash generating from operating activities has been reported using the direct method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

### 3.14 Events after the Reporting Period

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

Particulars	Cost or valuation		Depreciation		(Amount in Taka)	
	As on 1 July 2018	As on 30 June 2019	As on 1 July 2018	During the year	As on 30 June 2019	Written down value As on 30 June 2019
<b>2. Property, Plant and Equipment</b>						
<b>2.1 The make-up of Fixed Assets is as below:</b>						
Factory Land and Development	8,479,375	8,479,375	-	-	-	8,479,375
Factory Building	295,663,190	336,957,885	66,303,453	7,907,763	74,211,216	262,746,669
Factory Shed	6,823,475	6,823,475	6,823,470	-	6,823,470	5
Plant and Machinery	1,226,834,823	1,296,955,367	758,780,949	59,246,312	818,027,261	478,928,106
Electric Installation	19,667,718	33,799,439	17,567,647	2,625,321	20,192,968	13,606,471
Gas Installation	6,476,035	6,476,035	6,476,025	-	6,476,025	10
Water Installation	8,465,520	8,465,520	5,906,735	846,552	6,753,287	1,712,233
Steam Installation	2,563,352	2,563,352	2,563,342	-	2,563,342	10
Furniture and Fixtures	9,955,127	9,955,127	8,974,548	980,569	9,955,117	10
Telephone Installation	1,027,861	1,027,861	1,027,851	-	1,027,851	10
Motor Vehicles	46,192,122	46,192,122	27,775,789	3,290,440	31,066,229	15,125,893
Office Equipment	36,756,547	37,957,447	28,664,013	3,693,903	32,357,916	5,599,531
Loose Tools	183,875	183,875	183,865	-	183,865	10
Factory Equipment	12,326,502	12,326,502	7,560,194	1,232,650	8,792,844	3,533,658
Capital Works in Progress	-	180,902,592	-	-	-	180,902,592
<b>A. Total</b>	<b>1,681,415,522</b>	<b>1,989,065,974</b>	<b>938,607,881</b>	<b>79,823,510</b>	<b>1,018,431,391</b>	<b>970,634,583</b>
Revaluation						
Factory Land and Development	644,020,625	644,020,625	-	-	-	644,020,625
Factory Building	42,174,735	42,174,735	-	527,184	527,184	41,647,551
<b>B. Total</b>	<b>686,195,360</b>	<b>686,195,360</b>	<b>-</b>	<b>527,184</b>	<b>527,184</b>	<b>685,668,176</b>
<b>Total (A+B) as on June 30, 2019</b>	<b>2,367,610,882</b>	<b>2,675,261,334</b>	<b>938,607,881</b>	<b>80,350,694</b>	<b>1,018,958,575</b>	<b>1,656,302,759</b>
<b>Total Taka as on June 30, 2018</b>	<b>1,522,293,860</b>	<b>1,681,415,522</b>	<b>867,338,344</b>	<b>71,269,537</b>	<b>938,607,881</b>	<b>742,807,641</b>

2.2. Depreciation for the year is charged as below:

Particulars	2019 Taka	2018 Taka
Cost of Goods Sold - Note 28.1	64,280,555	57,015,630
Administrative, Selling and General Expenses - Note 29.1	16,070,139	14,253,907
	<u>80,350,694</u>	<u>71,269,537</u>

### 3. Stocks and Stores

3.1 The make-up is as below:

Item	2019		2018	
	Quantity (In Kg.)	Amount Taka	Quantity (In Kg.)	Amount Taka
Stock of Yarn - Note 3.2	<u>823,473</u>	211,701,754	<u>603,895</u>	170,810,558
Stock of Dyes and Chemicals - Note 3.3	<u>375,288</u>	65,547,814	<u>281,124</u>	52,941,206
Stock of Work-in-Process - Note 3.4		44,367,516		43,464,295
Stock of Finished Goods - Note 3.5		41,029,893		48,948,923
Stock of Accessories		9,456,443		5,683,320
Goods in Transit		12,062,410		5,699,504
		384,165,830		327,547,806
Stock of Spares		9,111,420		5,708,615
		<u>393,277,250</u>		<u>333,256,421</u>
3.2 Stock of Yarn				
Stock of Yarn	<u>823,473</u>	211,701,754	<u>603,895</u>	170,810,558
	<u>823,473</u>	<u>211,701,754</u>	<u>603,895</u>	<u>170,810,558</u>
3.3 Stock of Dyes and Chemicals				
Dyes	36,488	29,750,874	38,550	27,458,636
Chemicals	338,800	35,796,940	242,574	25,482,570
	<u>375,288</u>	<u>65,547,814</u>	<u>281,124</u>	<u>52,941,206</u>
3.4 Stock in Work in Process				
Cost of Materials		23,556,383		18,502,289
Cost of Conversion		20,811,133		24,962,006
		<u>44,367,516</u>		<u>43,464,295</u>
3.5 Stock of Finished Products				
Finished Garments	-	22,073,256	-	26,728,412
Knitted Fabrics	125,487	18,956,637	110,348	22,220,511
	<u>125,487</u>	<u>41,029,893</u>	<u>110,348</u>	<u>48,948,923</u>
4. Trade and Others Debtors				
	US\$	Taka	US\$	Taka
Export Sales Receivable (Below 180 days)	6,234,634	519,033,283	3,941,468	325,722,914
Others Debtors	-	55,500,000	-	45,500,000
	<u>6,234,634</u>	<u>574,533,283</u>	<u>3,941,468</u>	<u>371,222,914</u>

These include a sum of Tk. 55,500,000 (2018: Tk. 45,500,000) due from Associates Companies, expected to be realised/ adjusted within a year from the financial statement end date.

These are unsecured but considered good.

### 5. Export Incentives Receivable

	2019 Taka	2018 Taka
Opening Balance	75,406,776	95,177,576
Received during the year	(49,832,562)	(41,859,700)
	<u>25,574,214</u>	<u>53,317,876</u>
For the year	<u>29,884,578</u>	<u>22,088,900</u>
Closing Balance	<u>55,458,792</u>	<u>75,406,776</u>

The receivables are unsecured but considered good.

## 6. Advances, Deposits and Prepayments

	2019 Taka	2018 Taka
Advances:		
Salary Advance	1,131,166	1,324,504
Advance Tax	210,000	210,000
Factory Insurance Advance	1,039,705	905,912
Operational Advance	7,185,690	5,933,929
Eltech Engineering Co. Ltd	3,600,000	-
Tax deducted at source	<u>26,786,476</u>	<u>30,144,945</u>
	<u>39,953,037</u>	<u>38,519,290</u>
Deposits :		
Security deposits	17,381,571	10,151,571
Bank Guarantee Margin	9,984,020	4,558,670
	<u>27,365,591</u>	<u>14,710,241</u>
	<u>67,318,628</u>	<u>53,229,531</u>

The advances are unsecured but considered good.

## 7. Cash and Bank Balances

Cash at Banks with Banks on Current Account:		
BRAC Bank Ltd, Dhanmondi Branch, CD A/c	211,760	16,506
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c	118,752	2,122
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c	807,270	31,357,734
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c	337,615	401,854
Mutual Trust Bank Ltd, Gulshan Branch, SND A/c	569,135	389,238
HSBC, Anchor Tower Branch, MDA Margin A/c	259,082	5,797,972
HSBC, Anchor Tower Branch, FCY A/c	192,318	795,271
Trust Bank Ltd, SKB Branch, Dollar A/c	10,117,969	1,127,877
Trust Bank Ltd, SKB Branch, FCAD A/c	672,191	850,588
Trust Bank Ltd, SKB Branch, CD A/c	114,169	6,267
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c	3,737	1,103,754
AB Bank Ltd, Motijheel Branch, CD A/c	7,301,646	25,039
AB Bank Ltd, Motijheel Branch, Notice A/c	918,064	3,814,731
	<u>21,623,708</u>	<u>45,688,953</u>
With Bank on Short Term Deposit Account:		
Trust Bank Ltd, SKB Branch, SND A/c	21,401	23,030
Southeast Bank Ltd, Principal Branch, STD A/c	<u>1,020,619</u>	<u>1,002,585</u>
	<u>1,042,020</u>	<u>1,025,615</u>
Cash at Banks	22,665,728	46,714,568
Cash in Hand	2,104,584	1,567,423
	<u>24,770,312</u>	<u>48,281,991</u>

## 8. Share Capital

## 8.1 Authorized:

	2019 Taka	2018 Taka
<u>100,000,000</u> Ordinary Shares of Tk. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>

## 8.2 Issued, Subscribed and Paid-up:

<u>25,300,000</u> Ordinary Shares of Tk. 10 each fully paid-up	<u>253,000,000</u>	<u>253,000,000</u>
14,000,000 Ordinary Shares of Tk. 10 each fully paid-up in cash	140,000,000	140,000,000
11,300,000 Ordinary Shares of Tk. 10 each issued as fully paid-up bonus shares	113,000,000	113,000,000
<u>25,300,000</u>	<u>253,000,000</u>	<u>253,000,000</u>



## 8.3 Composition of shareholdings:

Classes of Holdings	2019		2018	
	No. of Shares	%	No. of Shares	%
Sponsor/Directors	12,808,619	50.63	12,808,619	50.63
Financials Institutions	3,277,612	12.96	2,955,545	11.68
ICB Capital Management Ltd	-	-	170,977	0.68
ICB Securities Trading Co.	38,400	0.15	12,253	0.05
ICB Investors A/c	28,190	0.11	-	-
ICB Mutual Fund	3,000	0.01	-	-
ICB Unit Fund	3,500	0.01	-	-
General Public	9,140,679	36.13	9,352,606	36.96
Total	<u>25,300,000</u>	<u>100.00</u>	<u>25,300,000</u>	<u>100.00</u>

## Distribution schedule - Disclosures Under the Listing Regulations of Stock Exchanges:

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below as a requirement of the Stock Exchanges (Listing) Regulations, 2015.

Shareholdings range in number of shares	2019			2018		
	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
00000000001 - 00000000499	7,203	1,986,649	7.85	7,211	1,990,236	7.87
00000000500 - 00000000500	3,704	1,852,000	7.32	3,729	1,864,500	7.37
00000000501 - 00000002000	1,063	2,351,143	9.29	1,068	2,362,143	9.34
00000002001 - 00000005000	527	1,686,400	6.67	530	1,696,000	6.70
00000005001 - 00000010000	124	874,448	3.45	125	881,500	3.48
00000010001 - 00000050000	41	1,353,000	5.35	57	1,881,000	7.43
00000050001 - 00000100000	6	528,000	2.09	11	968,000	3.83
00000100001 - 00000250000	4	848,000	3.35	4	848,000	3.35
00000250001 - 00000500000	1	1,011,741	4.00	-	-	-
00000500001 and above	6	12,808,619	50.63	6	12,808,621	50.63
Total	<u>12,679</u>	<u>25,300,000</u>	<u>100.00</u>	<u>12,741</u>	<u>25,300,000</u>	<u>100.00</u>

## 8.4 Option on unissued shares:

There is no option regarding authorized capital not yet issued but can be used to increase the issued, subscribed and paid up capital through the issuance of new shares.

## 9. General Reserve

Opening & Closing Balance

2019  
Taka

6,956,752

2018  
Taka

6,956,752

## 10. Tax Holiday Reserve

Opening & Closing balance

22,378,988

22,378,988

## 11. Dividend Equalisation Reserve

Opening & Closing balance

10,000,000

10,000,000

## 12. Revaluation Surplus

Revaluation Surplus

686,195,360

-

Transferred to retained earnings

(527,184)

-

Closing Balance

685,668,176

-

M/S. Ahmad and Akhtar & Co. Chartered Accountants, Dhaka, Bangladesh (the velour) revalued the Factory Lands & Building as of December 31, 2018 at "Current Cost Accounting Method (CCA)". Due to the revaluation, a net revaluation surplus amounting to Tk.686,195,360.00 arose and accounted for

**13. Retained earnings**

	2019 Taka	2018 Taka
Balance as on June 30, 2018	96,374,242	78,579,347
Total Comprehensive income for the year.		
Profit for the year	48,341,049	43,094,895
Revaluation reserve realized	527,184	-
	<u>145,242,475</u>	<u>121,674,242</u>
Dividend during the year		
Final dividend for previous year	(25,300,000)	(25,300,000)
Balance as on June 30, 2019	<u>119,942,475</u>	<u>96,374,242</u>

**14. Long Term Loan - Secured Future Maturity**

12% Loan - Note 14.1	530,485,517	2,516,705
5% Loan - Note 14.2	39,178,786	102,892,400
Deferred L/C Liabilities - Note 14.3	136,166,165	22,632,920
	<u>705,830,468</u>	<u>128,042,025</u>
14.1 The movement of loans is as follows:		
Opening Balance	2,516,705	-
Loan received this year	527,968,812	2,516,705
Closing Balance	<u>530,485,517</u>	<u>2,516,705</u>

The loan has been taken from Mutual Trust Bank Ltd., Gulshan Branch for import of Plant and machinery. The loan carries interest at 12% and is repayable in 16 quarterly installments, starting from 11 June 2018. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

## 14.2 The movement of loans is as follows:

	2019 Taka	2018 Taka
Opening balance	102,892,400	168,657,945
Loan received this year	-	13,382,140
	<u>102,892,400</u>	<u>182,040,085</u>
Current Maturity	(63,713,614)	(79,147,685)
Closing balance	<u>39,178,786</u>	<u>102,892,400</u>

The offshore term loan has been taken from The Hongkong and Shanghai Banking Corporation PLC, Anchor Tower Branch, 108 Bir Uttam C.R. Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery. The loan carries interest at 5% and is repayable in 16 quarterly installments, starting from 1 January 2014.

## 14.3 The movement of Deferred L/C liabilities is as follows:

	2019 Taka	2018 Taka
Opening Balance	22,632,920	-
Addition this year	136,166,165	22,632,920
Paid this year	(22,632,920)	-
Closing Balance	<u>136,166,165</u>	<u>22,632,920</u>

The offshore facility has been taken from Mutual Trust Bank Ltd., Gulshan Branch, 120 Gulshan Avenue, Gulshan, Dhaka-1212, Bangladesh for import of Plant and machinery at 360 days deferred L/C payment.

**15. Provision for Gratuity**

	2019 Taka	2018 Taka
Opening balance	27,852,964	29,166,174
Contribution during this year	4,797,845	3,470,387
	<u>32,650,809</u>	<u>32,636,561</u>
Paid during this year	(4,258,745)	(4,783,597)
Closing balance	<u>28,392,064</u>	<u>27,852,964</u>

**16. Provision for Deferred Taxation**

	2019 Taka	2018 Taka
Opening Balance	39,128,378	35,773,545
Provision during the year	5,231,451	3,354,833
Closing balance	<u>44,359,829</u>	<u>39,128,378</u>

**16.1 Details of deferred tax calculation**

The tax effects of temporary difference arise from tax base and accounting base of revelent assets and liabilities	As per Accounting base W.D.V	As per Tax base W.D.V	Temporary Difference	Tax @ 15%	Tax @ 15%
Deferred tax liabilities					
Property, Plant and Equipment's	<u>1,656,302,759</u>	<u>1,332,178,496</u>	<u>324,124,263</u>	48,618,639	43,306,323
Deferred tax assets					
Gratuity provision		<u>28,392,064</u>	<u>28,392,064</u>	4,258,810	4,177,945
Net deferred tax liabilities				<u>44,359,829</u>	<u>39,128,378</u>

**17. Bank Overdraft**

	2019 Taka	2018 Taka
Trust Bank Ltd, SKB Branch	51,519,908	51,350,460
HSBC Bank, Plc, Anchor Tower Branch, Kawran Bazar	18,201,386	19,188,123
Mutual Trust Bank Ltd., Gulshan Branch	9,529,814	10,039,939
	<u>79,251,108</u>	<u>80,578,522</u>

These are secured

**18. Time Loan Bank**

12.00% Loan - Note 18.1	-	7,437,916
12.00% Loan - Note 18.2	-	116,296,071
	-	<u>123,733,987</u>

These are secured

**18.1 The movement of loan is as follows:**

	2019 Taka	2018 Taka
Opening Balance	7,437,916	14,483,306
Loan received this year	14,500,000	7,437,916
Loan re-paid this year	(21,937,916)	(14,483,306)
Closing Balance	<u>-</u>	<u>7,437,916</u>

The loan has been taken from Trust Bank Ltd., Motijheel Branch for Working Capital requirement. The loan carries interest at 12.00% and is repayable in 12 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

**18.2 The movement of loan is as follows:**

	2019 Taka	2018 Taka
Opening Balance	116,296,071	-
Loan received this year	-	116,296,071
Loan re-paid this year	(116,296,071)	-
Closing Balance	<u>-</u>	<u>116,296,071</u>

The loan has been taken from Mutual Trust Bank Ltd., Gulshan Branch for retrofitting, factory building expansion & Construction purpose. The loan carries interest at 12.00% and is repayable in 12 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

**19. Creditors**

	2019		2018	
	US\$	Taka	US\$	Taka
For Import Purchases	<u>6,678,196</u>	558,096,871	<u>7,054,770</u>	584,981,488
For Local Purchases		11,187,416		10,242,705
For Dividend Payable		60,955,973		47,552,099
For Staff Income Tax		329,704		233,149
For Refund Warrant		<u>371,469</u>		<u>371,469</u>
		<u>630,941,433</u>		<u>643,380,910</u>

These are unsecured but creditors for import purchases are against back to back L/Cs.

**20. Accrued Expenses**

	2019 Taka	2018 Taka
Gas Expenses (Factory)	12,494,102	12,197,954
Electricity bill	290,262	364,049
Telephone	75,629	81,459
Salaries, Wages and Allowances	13,548,450	9,065,845
Security bill	96,000	192,000
Legal Fee	60,000	60,000
Auditors' Fee (Including Vat)	172,500	172,500
AGM Expense	400,000	400,000
	<u>27,136,943</u>	<u>22,533,807</u>

**21. Provision for Current Taxation**

Opening balance	32,518,992	27,755,655
Addition during the year	<u>11,978,390</u>	<u>18,436,758</u>
	44,497,382	46,192,413
Paid during the year	<u>(14,082,234)</u>	<u>(13,673,421)</u>
Closing Balance	<u>30,415,148</u>	<u>32,518,992</u>

**22. Bills Receivable Discounted**

Opening balance	37,667,941	33,424,991
Discounted during the year	<u>245,845,640</u>	<u>222,798,531</u>
	283,513,581	256,223,522
Collected during the year	<u>(244,854,874)</u>	<u>(218,555,581)</u>
Closing balance	<u>38,658,707</u>	<u>37,667,941</u>

**23. Workers' Participation/Welfare Funds**

Opening balance	20,910,081	27,678,894
Payment during this year	<u>(6,854,844)</u>	<u>(11,245,632)</u>
	14,055,237	16,433,262
Contributions for the year	3,277,545	3,244,324
Interest during the year	1,054,143	1,232,495
Closing balance	<u>18,386,925</u>	<u>20,910,081</u>

Interest has been provided on the funds balance in terms of the Bangladesh Labour Law.

**24. Current Maturity of Long-term Loans**

Opening balance	79,147,685	81,506,992
Current Maturity this year	<u>63,713,614</u>	<u>79,147,685</u>
	142,861,299	160,654,677
Paid during this year	<u>(72,519,291)</u>	<u>(81,506,992)</u>
Closing Balance	<u>70,342,008</u>	<u>79,147,685</u>

The offshore facilities has been taken from The Honkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Bir Uttam C.R. Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery.

**25. Net Assets Value (NAV) per Share**

	2019 Taka	2018 Taka
Total Assets	2,771,661,024	1,624,205,274
Total Liabilities	(1,673,714,634)	(1,235,495,292)
A. Net Assets	<u>1,097,946,390</u>	<u>388,709,982</u>
B. Number of ordinary of shares	<u>25,300,000</u>	<u>25,300,000</u>
Net Assets Value (NAV) per Share (A/B)	<u>43.40</u>	<u>15.36</u>

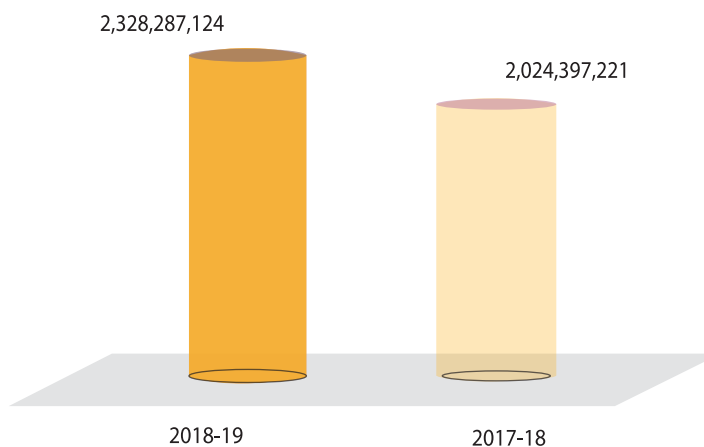
The NAV per share increased mainly due to revaluation surplus detailed in note 12

**26. Sales**

Item	2019			2018		
	Quantity	Amount (in US\$)	Amount Taka	Quantity	Amount (In US\$)	Amount Taka
Export sales:						
Knit Fabrics (Kgs)	<u>3,098,578</u>	15,928,598	1,328,928,729	<u>1,875,970</u>	11,535,384	951,290,987
Garments (Pcs)	<u>5,613,538</u>	12,017,881	999,358,395	<u>6,579,896</u>	13,020,091	1,073,106,234
Total		<u>27,946,479</u>	<u>2,328,287,124</u>		<u>24,555,475</u>	<u>2,024,397,221</u>

**27. Export Incentives**

	2019 Taka	2018 Taka
Cash Incentive	<u>29,884,578</u>	<u>22,088,900</u>
	<u>29,884,578</u>	<u>22,088,900</u>

**Export Sales in Taka**

**28. Cost of Goods Sold**

28.1 The break-up is as follows:

	2019 Taka	2018 Taka
Materials Consumed - Note-28.2	1,611,592,058	1,384,950,594
Salary, Wages and Allowances - Note 28.3	209,446,229	175,263,039
Tiffin & Entertainment expenses	964,251	658,456
Depreciation - Note 2.2	64,280,555	57,015,630
Stores and Spares Consumed	1,445,845	1,554,236
Factory Conveyance	974,587	712,564
Power and Gas	104,050,211	105,650,647
Gratuity	3,648,643	2,533,247
Vehicle expenses	1,857,985	1,344,856
Repairs and Maintenance	1,497,148	1,285,452
Packing & Loading expenses	1,154,871	986,694
Import Landing, Clearing and Insurance	1,547,895	1,045,842
Factory Stationery expenses	1,179,875	758,423
Carriage Inward & Outward	2,497,458	1,254,231
Knitting, Sewing & Processing charge	9,258,565	1,542,364
Factory Insurance	3,465,176	4,898,389
Sewing Machine Rental	758,942	581,563
Miscellaneous	358,745	228,681
Total Manufacturing Costs for the year	2,019,979,039	1,742,264,908
Add: Opening Work in Process	43,464,295	57,568,320
Total Manufacturing Costs	2,063,443,334	1,799,833,228
Less: Closing Work in Process	44,367,516	43,464,295
Cost of Goods Manufactured	2,019,075,818	1,756,368,933
Add: Opening Finished Goods	48,948,923	52,089,632
Cost of Goods available for use	2,068,024,741	1,808,458,565
Less: Closing Finished Goods	41,029,893	48,948,923
Cost of Goods Sold	2,026,994,848	1,759,509,642

## 28.2 Materials Consumed

	2019		2018	
	Quantity (Kg)	Taka	Quantity (Kg)	Taka
Yarn	4,074,551	1,134,232,814	3,462,055	979,242,364
Dyes	279,090	180,844,651	237,214	154,663,245
Chemicals	1,517,251	178,959,748	1,278,121	152,096,453
Accessories		117,554,845		98,948,532
Total Materials Consumption		1,611,592,058		1,384,950,594

## 28.3 Salaries, Wages and Allowances

	2019		2018	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 8,000 or more per month	1,879	209,446,229	1,878	175,263,039
Employees drawing less than Tk. 8,000 per month	-	-	-	-
Total	1,879	209,446,229	1,878	175,263,039

Employees drawing Tk. 8,000 or more per month



**29. Administrative, Selling and General Expenses**

29.1 The break-up is as below:

	2019 Taka	2018 Taka
Directors' Remuneration - Note 29.2	2,600,000	2,600,000
Salaries and Allowances - Note 29.3	58,345,145	55,325,412
Security Service charge	1,152,000	1,152,000
Depreciation - Note 2.2	16,070,139	14,253,907
Electricity expenses	3,613,759	3,574,572
Postage, Courier, Telephone and Fax	1,524,524	1,556,942
Form & Stamp	1,025,412	1,010,278
Gratuity	1,149,202	937,140
Traveling and Conveyance	912,542	845,634
Legal and Professional expenses	60,000	60,000
Auditors' Fee - Note 29.2	172,500	172,500
A.G.M expenses	414,845	387,561
Registration and Fees	874,584	825,464
Staff welfare	1,105,875	1,225,423
Stationery expenses	985,484	1,054,120
Office Repairs and Maintenance	845,874	1,050,213
Vehicle expenses	2,487,652	2,756,321
Entertainment expenses	1,245,847	954,633
Central fund for RMG	353,030	503,956
Buying House Commission	3,450,000	4,025,611
Freight Charges & Freight out	6,754,580	14,297,509
Garments Testing & Inspection Charges	5,371,635	10,392,143
Interest expense - Note 29.4	127,600,192	75,250,179
Bank Charges	24,755,188	25,557,290
Miscellaneous	440,250	658,740
<b>Total</b>	<b>263,310,259</b>	<b>220,427,548</b>

29.2 No remuneration or fee, other than that specified in note 29.1, was paid to directors and auditors.

29.3 Salaries and Allowances:

	2019		2018	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 8,000 or more p/m	147	58,345,145	146	55,325,412
Employees drawing less than Tk. 8,000 p/m	-	-	-	-
	<u>147</u>	<u>58,345,145</u>	<u>146</u>	<u>55,325,412</u>

29.4 Interest expense is as follows:

	2019 Taka	2018 Taka
Interest on Workers' Participation/Welfare Funds	1,054,143	1,232,495
Interest on Long Term Loans	19,328,602	11,657,041
Interest on Bills Discounted	68,005,735	50,869,270
Interest on Bank Overdraft	11,049,016	7,877,478
Interest on Time Loan	28,162,696	3,613,895
	<u>127,600,192</u>	<u>75,250,179</u>

**30. Others Income**

Rental income	365,400	365,400
Exchange Fluctuation Gain/(Loss) (see below)	596,440	1,216,479
	<u>961,840</u>	<u>1,581,879</u>
A. A/R based on closing rate	519,033,283	325,722,915
B. Sales based on respective date in increased A/R	(520,127,310)	(326,090,423)
C. Difference	(1,094,027)	(367,508)
A. Last years' A/R collection based on respective date	327,413,381	310,330,143
B. Last years' A/R based on closing rate	(325,722,914)	(308,746,156)
D. Difference	1,690,467	1,583,987
Total Exchange Fluctuation Gain/(Loss) (C+D)	<u>596,440</u>	<u>1,216,479</u>

**31. Event after Balance Sheet Data:**

The Board of Directors of the Company in its meeting held on October 23, 2019 (2018: October 24, 2018) recommended 10% cash dividend i.e. Tk. 1.00 per share of Tk. 10.00 each (2018: 10% cash dividend) other than sponsors/director shareholders of the company subject to their approval in the AGM.

	2019 Taka	2018 Taka
32. Current Tax		
Profit before tax	65,550,890	64,886,486
Depreciation as per accounting base	80,350,694	71,269,537
	<u>145,901,584</u>	<u>136,156,023</u>
Depreciation as per Tax base	(115,766,134)	(92,321,966)
	<u>30,135,450</u>	<u>43,834,057</u>
Provision for Gratuity for the year	4,797,845	3,470,387
	<u>34,933,295</u>	<u>47,304,444</u>
Other income (Separate calculation)	(365,400)	(365,400)
	<u>34,567,895</u>	<u>46,939,044</u>
Payment for Gratuity	(4,258,745)	(4,783,597)
	<u>30,309,150</u>	<u>42,155,447</u>
Tax Rate @ 15%	4,546,372	6,323,317
Minimum Tax	10,659,821	16,126,655
Add: Other income tax		
Rental income	<u>365,400</u>	<u>365,400</u>
Maintains @ 30%	(109,620)	(109,620)
	<u>255,780</u>	<u>255,780</u>
Tax Rate @ 25%	63,945	63,945
Current Tax	<u>10,723,766</u>	<u>16,190,600</u>
Additional Tax for the prior years finally determined	<u>1,254,624</u>	<u>2,246,158</u>
	<u><u>11,978,390</u></u>	<u><u>18,436,758</u></u>

**33. Remuneration/Payments to Directors/Officers:**

33.1 The aggregate amount paid/provided during the period in respect of directors and officers of the Company as defined in the Bangladesh Securities and Exchange Rules, 1987 are disclosed below:

Particulars	2019		2018	
	Directors	Officers	Directors	Officers
Remuneration	2,600,000	-	2,600,000	-
Basic salary	-	35,024,587	-	33,095,240
House rent allowance	-	17,485,487	-	15,894,452
Other benefits and perquisites	-	5,835,071	-	6,335,720
	<u>2,600,000</u>	<u>58,345,145</u>	<u>2,600,000</u>	<u>55,325,412</u>

33.2 No compensation was allowed by the Company to its Managing Director.

33.3 No amount of money was spent by the Company for compensating any member of the Board for services rendered except as stated above.

**34. Earnings per share****34.1 Basic earnings per share**

Earnings Per Share (EPS) is calculated in accordance with Bangladesh Accounting Standard (BAS) 33 Earnings Per Share. The composition of EPS is given below:

	2019 Taka	2018 Taka
A. Earnings attributable to the Ordinary Shareholders (Net Profit after tax)	<u>48,341,049</u>	<u>43,094,895</u>
B. Number of ordinary of shares outstanding during the year	<u>25,300,000</u>	<u>25,300,000</u>
Earnings Per Share (A/B)	<u>1.91</u>	<u>1.70</u>

**34.2 Diluted earnings per share**

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

**35. Net Operating Cash Flows Per Share (NOCFPS)**

	2019 Taka	2018 Taka
Cash flows from Operating Activities:		
Cash received from Sales, Export incentive and Others	2,174,809,317	2,003,780,163
Exchange Fluctuation Gain/(Loss)	596,440	1,216,479
Receipts from Other Income	365,400	365,400
Cash paid for goods and services	(2,187,442,519)	(1,762,399,463)
Cash from operation	(11,671,362)	242,962,579
Interest paid	(126,546,049)	(74,017,684)
Income tax paid/deducted at sources	(10,659,821)	(16,126,655)
Net Cash inflows from operating activities	(148,877,232)	152,818,240
Divided by number of ordinary of shares	25,300,000	25,300,000
Net operating cash flows per share (NOCFPS)	(5.88)	6.04

NOCFPS became negative mainly due to adverse credit terms.

**36. The capacity and actual production of the Company are as below:**

Item	Capacity	Actual Production	Percentage (%) of achievement
Finished Garments (Lac Pcs.)	84	56.13 (2018: 65.80)	66.82% (2018: 78.33%)
Knit Fabrics ( MTs.)	4,500	3,099 (2018: 1,876)	68.87% (2018: 41.68%)

**37. The Company has obtained bank credit facilities from the following banks**

Bank & Branch Name	Type of facility	Limit	Utilised	Unutilised	
				2019 Taka	2018 Taka
Trust Bank Ltd.	Back to Back L/C, EDF & Sight	650,000,000	358,452,450	291,547,550	368,342,820
SKB Branch, Dhaka	IBP	70,000,000	-	70,000,000	57,435,770
	Trust receipt	40,500,000	-	40,500,000	40,500,000
	Overdraft	50,000,000	51,519,908	(1,519,908)	(1,350,460)
	Bank Guarantee	1,000,000	-	1,000,000	1,000,000
	Term Loan	25,000,000	-	25,000,000	17,562,084
		<u>836,500,000</u>	<u>409,972,358</u>	<u>426,527,642</u>	<u>483,490,214</u>
Mutual Trust Bank Ltd.	Back to Back L/C, EDF & Sight	1,000,000,000	225,485,460	774,514,540	350,484,470
Gulshan Branch, Dhaka	Secured Overdraft	150,000,000	9,529,814	140,470,186	(39,939)
	Term Loan	1,060,000,000	530,485,517	529,514,483	863,703,929
	IDBP/FDBP	100,000,000	-	100,000,000	84,105,537
		<u>2,310,000,000</u>	<u>765,500,791</u>	<u>1,544,499,209</u>	<u>1,298,253,997</u>
HSBC	Export Cash Limit	252,000,000	42,584,520	209,415,480	160,354,368
Anchor Tower, 108 Bir Uttam	Import Line (PRM)	155,000,000	74,843,024	80,156,976	247,010,187
C.R. Datta Road, Dhaka-1205	Import Line	1,071,322,230	458,452,140	612,870,090	198,066,381
	Overdraft	50,000,000	18,201,386	31,798,614	30,811,877
	Bank Guarantee	30,000,000	17,797,900	12,202,100	25,441,330
	Term Loan	184,677,770	34,677,770	150,000,000	150,627,498
		<u>1,743,000,000</u>	<u>646,556,740</u>	<u>1,096,443,260</u>	<u>812,311,641</u>

**38. The analysis of consumption of materials and spares as to origin is as below**

	2019		2018	
	Taka	%	Taka	%
Imported	585,787,450	36.32	466,748,532	33.66
Local	1,027,250,453	63.68	919,756,298	66.34
	<u>1,613,037,903</u>	<u>100.00</u>	<u>1,386,504,830</u>	<u>100.00</u>

**39. Reconciliation of net operating cash flow**

	2019 Taka	2018 Taka
Profit after tax	48,341,049	43,094,895
Depreciation	80,350,694	71,269,537
Changes in:		
Stock and Stores	(60,020,829)	(15,245,057)
Trade and other Debtors	(183,362,385)	(42,705,958)
Advance Deposit and Prepayments	(14,089,097)	(3,941,256)
Trade Creditors	(25,843,351)	105,100,874
Accrued Expenses	4,603,136	(4,790,942)
Provision for Current Taxation	(2,103,844)	4,763,337
Provision for Gratuity	539,100	(1,313,210)
Workers' Participation/Welfare Funds	(2,523,156)	(6,768,813)
Provision for Deferred Taxation	5,231,451	3,354,833
Net cash provided (used) by operating activities	<b><u>(148,877,232)</u></b>	<b><u>152,818,240</u></b>

**40. Related Parties Disclosures**

The Company in normal course of business carried out a number of transactions with other entities that fall within the definition of "related party" contained in Bangladesh Accounting Standard-24; "Related party Disclosure". Total exposure with the related parties during the year ended as at June 30, 2019 is as under:


Name of the related party	Relationship	Nature of Transaction	2019 Taka	2018 Taka
Fashion Knit Garments Ltd.	Common Director	Sale of Finished Fabrics Receivable	<u>1,328,928,729</u> <u>55,500,000</u>	<u>951,290,987</u> <u>45,500,000</u>


**41. General**


- 41.1 There was no sum for which the Company was contingently liable as at 30 June 2019 and 30 June 2018.
- 41.2 There was no claim, except an aggregate amount of Tk. 27,549,576 (2018: 23,042,449) claimed by the Tax Authority but appealed against by the Company, not acknowledged as debt as at 30 June 2019 and 30 June 2018. Such claim, being contingent liability, needs not be provided for.
- 41.3 There was no credit facilities available to the Company, except trade credits and back to back L/C facilities, during the years ended as on 30 June 2019 and 30 June 2018.
- 41.4 There was no foreign shareholder of the Company as on 30 June 2019 and 30 June 2018 and no dividend was remitted to any foreign shareholders during the years ended 30 June 2019 and 30 June 2018.
- 41.5 There was no capital expenditure contracted but not incurred or provided for the year ended 30 June 2019 and 30 June 2018.
- 41.6 There was no capital expenditure authorised by the Board but not contracted for the year ended 30 June 2019 and 30 June 2018.

  
Dr. M.A. Moyeen  
Chairman

  
Mr. M. A. Moyeed  
Managing Director

  
Mr. M. A. Momen  
Director

  
Mr. M.A.A. Naheel  
CFO

  
Mr. Md. Wali Ullah  
Company Secretary