

**ATA KHAN & CO.
Chartered Accountants**

**Auditors' Report
to
The Shareholders of H.R. Textile Mills Limited**

We have audited the accompanying financial statements of H.R. Textile Mills Limited ("the Company") which comprise the Statement of Financial Position as at June 30, 2018, Statement of Profit or Loss and other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and a summary of significant accounting policies and other explanatory information disclosed in Notes 1-35 to the financial statements for the year then ended.

Management's responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs); the Companies Act, 1994 and Securities and Exchange Rules, 1987 and for such internal control as the management determines it necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of H.R. Textile Mills Limited as at June 30, 2018 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the applicable sections of the Companies Act, 1994, the Bangladesh Securities and Exchange Rule, 1987 and other applicable laws and regulations.

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 purpose 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 these books;
- (c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- (d) The expenditure incurred was for the purposes of the Company's business.


Dated: Dhaka
October 24, 2018



ATA KHAN & CO.
Chartered Accountants


H.R. Textile Mills Limited
Statement of Financial Position
As on 30th June 2018

CAPITAL EMPLOYED IN:			
ASSETS:			
NON-CURRENT ASSETS:	Notes	2018 Taka	2017 Taka
Property, Plant and Equipment	2	742,807,641	654,955,516
Total Non-Current Assets		<u>742,807,641</u>	<u>654,955,516</u>
CURRENT ASSETS			
Stocks and Stores	3	333,256,421	318,011,364
Trade and Other Debtors	4	371,222,914	308,746,156
Export Incentive Receivables	5	75,406,776	95,177,576
Advances, Deposits and Prepayments	6	53,229,531	49,288,275
Cash and Bank Balances	7	48,281,991	82,080,927
Total Current Assets		<u>881,397,633</u>	<u>853,304,298</u>
Total Assets		<u>1,624,205,274</u>	<u>1,508,259,814</u>
SHAREHOLDERS' EQUITY & LIABILITIES:			
Shareholders' Equity			
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
Unappropriated Profit		96,374,242	78,579,347
TOTAL SHAREHOLDERS' EQUITY		<u>388,709,982</u>	<u>370,915,087</u>
LONG-TERM LIABILITIES:			
Long-term Loans - Secured Future Maturity	12	128,042,025	181,745,275
Provision for Gratuity	13	27,852,964	29,166,174
Deferred Tax Liabilities	14	39,128,378	35,773,545
Total Long-term Liabilities		<u>195,023,367</u>	<u>246,684,994</u>
CURRENT LIABILITIES :			
Bank Overdrafts - Secured	15	80,578,522	89,658,237
Time Loan - Secured	16	123,733,987	14,483,306
Trade Creditors	17	643,380,910	588,826,909
Accrued Expenses	18	22,533,807	27,324,749
Provision for Current Taxation	19	32,518,992	27,755,655
Bills Receivable Discounted	20	37,667,941	33,424,991
Workers' Participation/Welfare Funds	21	20,910,081	27,678,894
Current Maturity of Long-term Loans	22	79,147,685	81,506,992
Total Current Liabilities		<u>1,040,471,925</u>	<u>890,659,733</u>
Total Liabilities		<u>1,235,495,292</u>	<u>1,137,344,727</u>
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		<u>1,624,205,274</u>	<u>1,508,259,814</u>
Net Assets Value (NAV) per value of Tk.10		<u>15.36</u>	<u>14.66</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.


 Dr. Muhammad Abdul Moyeen
 Chairman


 Mr. Mohammad Abdul Moyeed
 Managing Director


 Mr. Mohammad Abdul Momen
 Director


 Mr. Md. Wali Ullah
 Company Secretary

Signed in terms of our separate report of even date.

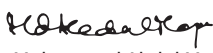
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 October 24, 2018

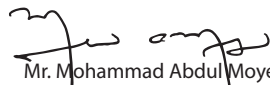

 ATA KHAN & CO.
 Chartered Accountants

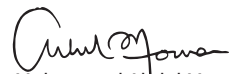
H.R. Textile Mills Limited
Statement of Profit or Loss and
other Comprehensive Income
For the year ended 30th June 2018

Particulars	Notes	2018 Taka	2017 Taka
Sales Revenue	23	2,024,397,221	1,640,655,729
Export Incentive Turnover	24	22,088,900	17,589,653
		<u>2,046,486,121</u>	<u>1,658,245,382</u>
Less: Cost of Goods Sold	25	1,759,509,642	1,417,026,861
Gross Profit		286,976,479	241,218,521
Less: Administrative, Selling and General Expenses	26	220,427,548	184,707,006
Operating Profit		66,548,931	56,511,515
Add: Other Income	27	1,581,879	365,400
Profit before Workers' Participation/Welfare Funds		68,130,810	56,876,915
Less: Contribution to Workers' Participation/Welfare Funds	21	3,244,324	2,708,425
Net Profit before Tax		64,886,486	54,168,490
Provision for Income Tax		21,791,591	17,882,042
Provision for Income Tax (Current)	28	18,436,758	14,082,234
Provision for Income Tax (Deferred)	14	3,354,833	3,799,808
Net Profit after Tax (Transferred to the statement of Changes in Equity)		43,094,895	36,286,448
Earning per share (EPS) of Tk. 10		1.70	1.43

The annexed notes from 1 to 35 form an integral part of these financial statements.


 Dr. Muhammad Abdul Moyeen
 Chairman



 Mr. Mohammad Abdul Moyeed
 Managing Director


 Mr. Mohammad Abdul Momen
 Director


 Mr. Md. Wali Ullah
 Company Secretary

Signed in terms of our separate report of even date.

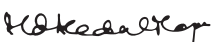
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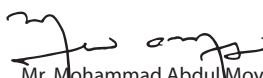

 ATA KHAN & CO.
 Chartered Accountants


H.R. Textile Mills Limited
Statement of Cash Flows
For the year ended 30th June 2018

<u>Particulars</u>	<u>Notes</u>	2018 Taka	2017 Taka
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and export incentives		2,005,362,042	1,821,302,562
Cash paid for goods and services		(1,761,166,968)	(1,514,058,261)
Cash from operation		244,195,074	307,244,301
Interest paid		(75,250,179)	(54,111,083)
Income-tax paid/deducted at sources		(16,126,655)	(14,018,289)
Net Cash inflows from operating activities		152,818,240	239,114,929
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of fixed assets	2.2	(159,121,662)	(100,302,909)
Net Cash outflows from investing activities		(159,121,662)	(100,302,909)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Bank Overdraft Received/(Repaid)		(9,079,715)	11,846,762
Long Term Loans Received/(Repaid)		(56,062,557)	10,553,879
Time Loan Received/(Repaid)		109,250,681	14,483,306
Bills Receivable Discounted Received/(Repaid)		4,242,950	(111,392,624)
Cash Dividend paid		(75,846,873)	(22,856,850)
Net Cash inflow from financing activities		(27,495,514)	(97,365,527)
Net increase/(decrease) in cash and bank balances		(33,798,936)	41,446,493
Cash and bank balances on opening		82,080,927	40,634,434
Net increase/(decrease) in cash and bank balances		(33,798,936)	41,446,493
Cash and Cash equivalents at closing - Note 7		48,281,991	82,080,927
Net operating cash flows per share (NOCFPS) of Tk. 10		6.04	9.45

The annexed notes from 1 to 35 form an integral part of these financial statements.


Dr. Muhammad Abdul Moyeen
Chairman


Mr. Mohammad Abdul Moyeed
Managing Director


Mr. Mohammad Abdul Momen
Director


Mr. Md. Wali Ullah
Company Secretary

Signed in terms of our separate report of even date.

Dated: Dhaka
October 24, 2018

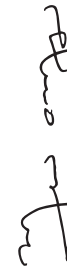
H.R. Textile Mills Limited
Statement of Changes in Shareholders' Equity
For the year ended 30th June 2018

Particulars	Share Capital	General Reserve	Tax holiday Reserve	Dividend Equalisation Reserve	Retained Earnings	Total Taka
Balance as at 30th June 2016	253,000,000	6,956,752	22,378,988	10,000,000	67,592,899	359,928,639
Net profit after tax	-	-	-	-	36,286,448	36,286,448
Cash Dividend declared 2016	-	-	-	-	(25,300,000)	(25,300,000)
Balance as at 30th June 2017	253,000,000	6,956,752	22,378,988	10,000,000	78,579,347	370,915,087
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

The annexed notes from 1 to 35 form an integral part of these financial statements.



Dr. Muhammad Abdul Moyeen
Chairman



Mr. Mohammad Abdul Moyeed
Managing Director



Mr. Mohammad/Abdul Momen
Director



Mr. Md. Wali Ullah
Company Secretary

Dated: Dhaka
October 24, 2018

H.R. Textile Mills Limited

Notes to the Financial Statements

For the year ended June 30, 2018

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, Malibag Chowdhury Para, Dhaka and the mills are located at 4, Karnapara, Savar, Dhaka. The Company owns textile mills and its principal activities are knitting, processing and finishing of textile products and making garments.

(b) Components of the Financial Statements:

- (i) Statements of Financial Position as on 30th June 2018;
- (ii) Statements of Profit or Loss and other Comprehensive Income for the year ended 30th June 2018;
- (iii) Statements of Cash Flows for the year ended 30th June 2018 and
- (iv) Statements of Changes in Shareholders' Equity for the year ended 30th June 2018;
- (v) Notes to the Financial Statements for the year ended 30th June 2018.

(c) Reporting Period:

The financial period of the Company covers an accounting year from 1st July 2017 to 30th June 2018 next consistently.

(d) Reporting Currency:

The figures in the financial statements represent Bangladesh Taka currency, which have been rounded off to the nearest Taka, except where indicated otherwise.

(e) Comparative Information:

Comparative information have been disclosed in respect of the year 2017 for all numerical information in the financial statements and also narrative and descriptive information when it is relevant to an understanding of the current year's financial statements. Figures of the previous year have been re-classified whenever considered necessary to ensure comparability with the current year.

(f) Statement of compliance with local laws:

The financial statements have been prepared in compliance with requirements of the Companies Act, 1994; Bangladesh Securities and Exchange Rules, 1987 and other relevant laws as applicable. The cash flows from operating activities are computed by the direct method as prescribed by the Bangladesh Securities and Exchange Rules, 1987.

(g) Statements of compliance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs):

The financial statements complied with requirements of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

(h) Statement of Measurement Basis:

The financial statements have been prepared using the Historical Cost basis, except for the earlier revaluation of certain non-current assets.

(i) Accrual basis Accounting:

The financial statements have been prepared, except for cash flows information, under the accrual basis of accounting.

(j) Statement of Specific Accounting Policies Applied:

- i) *Revenue Recognition:*
Sales are recognized at the time of delivery from godown.
- ii) *Fixed Assets and Depreciation:*
Fixed Assets i.e. Property, Plant, Equipment are stated at their historical cost less accumulated depreciation. No Depreciation has been charged on land and land development and on the Capital Work in progress. Depreciation is charged on all other

fixed assets on straight-line method. The rates at which assets are depreciated depend on the nature and estimated useful life of each asset, and are given below:

Item	Rate
Factory Building	2.50%
Plant and Machinery	7.00%
Factory Shed	7.50%
Electric, Gas, Water, Steam and Telephone Installation, Furniture & Fixture, Office Equipment, Factory Equipment and Tools & Apparatus	10.00%
Motor Vehicles	15.00%

Net carrying amounts (written down value) is arrived at after deduction of accumulated depreciation from gross carrying amounts (cost). The gross carrying amounts (cost) represent cost of acquisition or construction and capitalization of pre-production expenditure including interest during construction period and lease payments. Leased plant and machinery has been capitalized at "Principal amount" thereof and proportionate interest thereof has been charged to interest expenses in terms of BAS 17 - "Lease".

iii) *Stocks and Stores:*

Stocks and Stores are valued at lower of weighted average cost and net realizable value. Cost of Work in Process includes material and proportionate conversion cost. Finished goods include material and conversion cost.

iv) *Provision for Tax:*

Provision for current income tax has been made during the year under review in respect of net profit at the rate of 15%. Provision for deferred tax has been made at 15% on the timing difference relating to written down value in terms of BAS 12- "Income Taxes".

v) *Foreign Currency Transaction:*

Transactions in Foreign Currencies are translated into Bangladesh Taka at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into Bangladesh Taka at the rate of exchange ruling at the date of Statement of Financial position. Exchange differences are dealt with in the Statement of Profit or Loss and Other Comprehensive Income.

vi) *Translation of closing balances in foreign currencies:*

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

	2018		2017	
	Receivables	Payables	Receivables	Payables
US Dollar	82.64	82.92	Tk. 79.67	Tk. 79.83

vii) *Trade Receivables:*

Trade Receivable are stated at their nominal value and considered good. No provision has been made for doubtful debt and no amount was written off as bad.

viii) *Payables:*

Trade payables are stated at their nominal value.

ix) *Cash and cash equivalents:*

Cash in hand and cash at bank have been considered as the cash and cash equivalents for the preparation of these financial statements, which were held and available for use by the Company without any restriction and there was insignificant risk of changes in value of these current assets.

x) *Related Party Transaction:*

The Company has some related party transactions at arm's length basis with its related parties.

xi) *Earnings Per Share (EPS):*

The Company calculates Earnings Per Share (EPS) in accordance with Bangladesh Accounting Standard, BAS-33, "Earning Per Share".

xii) *Retrial Benefits (Gratuity):*

The retrial benefit (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.

2. Property, Plant and Equipment

2.1 The make-up of Fixed Assets of Unit-1 is as follows:

Particulars	Cost or valuation		Depreciation		Written down value As on 30 June 2018
	As on 1 July 2017	As on 30 June 2018	As on 1 July 2017	As on 30 June 2018	
Factory Land and Development					
Factory Building	7,250,000	7,250,000	-	-	7,250,000
Factory Shed	23,230,710	23,230,710	580,768	14,290,578	8,940,132
Plant and Machinery	6,823,475	6,823,475	-	6,823,470	5
Electric Installation	89,257,661	89,257,661	-	89,257,656	5
Gas Installation	3,601,103	3,601,103	-	3,601,098	5
Water Installation	2,171,914	2,171,914	-	2,171,909	5
Steam Installation	1,168,842	1,168,842	-	1,168,837	5
Furniture and Fixtures	1,991,090	1,991,090	-	1,991,085	5
Telephone Installation	718,694	718,694	-	718,689	5
Motor Vehicles	449,033	449,033	-	449,028	5
Office Equipment	5,783,524	5,783,524	-	5,783,519	5
Loose Tools	3,723,054	3,723,054	-	3,723,049	5
Factory Equipment	142,382	142,382	-	142,377	5
Total Taka	153,885	153,885	-	153,880	5
	146,465,367	146,465,367	580,768	130,275,175	16,190,192

2.2 The make-up of Fixed Assets of Unit-2 is as follows:

Particulars	Cost or valuation		Depreciation		Written down value As on 30 June 2018
	As on 1 July 2017	As on 30 June 2018	As on 1 July 2017	As on 30 June 2018	
Land Development					
Factory Building	1,229,375	1,229,375	-	-	1,229,375
Plant and Machinery	181,447,748	211,675,043	4,679,049	52,012,875	159,662,168
Gas Installation	1,082,783,922	1,137,577,162	55,050,084	669,523,293	468,053,869
Electric Installation	4,304,121	4,304,121	-	4,304,116	5
Water Installation	14,966,615	16,066,615	1,572,305	13,966,549	2,100,066
Steam Installation	5,655,573	7,296,678	646,630	4,737,898	2,558,780
Telephone Installation	572,262	572,262	-	572,257	5
Motor Vehicles	578,828	578,828	-	578,823	5
Furniture and Fixtures	34,110,228	40,408,598	3,504,024	21,992,270	18,416,328
Office Equipment	7,623,998	9,236,433	848,855	8,255,859	980,574
Factory Equipment	32,634,673	33,033,493	3,290,440	24,940,964	8,092,529
Loose Tools	9,879,657	12,172,617	1,097,382	7,406,314	4,766,303
Capital Works in Progress	41,493	41,493	-	41,488	5
Total Taka	-	60,757,437	-	-	60,757,437
Grand Total June, 2018	1,375,828,493	1,534,950,155	70,688,769	808,332,706	726,617,449
Grand Total June, 2017	1,522,293,860	1,681,415,522	71,269,537	938,607,881	742,807,641
	1,421,990,951	1,522,293,860	67,782,726	867,338,344	654,955,516

2.3. Depreciation for the year is charged as below:

<u>Particulars</u>	2018 Taka	2017 Taka
Cost of Goods Sold - Note 25.1	57,015,630	54,226,180
Administrative, Selling and General Expenses - Note 26.1	14,253,907	13,556,546
	<u>71,269,537</u>	<u>67,782,726</u>

3. Stocks and Stores

3.1 The make-up is as follows:

<u>Item</u>	2018		2017	
	Quantity (In Kg.)	Amount Taka	Quantity (In Kg.)	Amount Taka
Stock of Yarn - Note 3.2	<u>603,895</u>	170,810,558	<u>607,086</u>	152,051,570
Stock of Dyes and Chemicals - Note 3.3	<u>281,124</u>	52,941,206	<u>160,105</u>	38,419,208
Stock of Work-in-Process - Note 3.4		43,464,295		57,568,320
Stock of Finished Goods - Note 3.5		48,948,923		52,089,632
Stock of Accessories		5,683,320		3,494,275
Goods in Transit		5,699,504		8,756,232
		<u>327,547,806</u>		<u>312,379,237</u>
Stock of Spares		5,708,615		5,632,127
		<u>333,256,421</u>		<u>318,011,364</u>
3.2 Stock of Yarn				
Stock of Yarn	<u>603,895</u>	170,810,558	<u>607,086</u>	152,051,570
	<u>603,895</u>	<u>170,810,558</u>	<u>607,086</u>	<u>152,051,570</u>
3.3 Stock of Dyes and Chemicals				
Dyes	38,550	27,458,636	22,285	19,857,080
Chemicals	<u>242,574</u>	<u>25,482,570</u>	<u>137,820</u>	<u>18,562,128</u>
	<u>281,124</u>	<u>52,941,206</u>	<u>160,105</u>	<u>38,419,208</u>
3.4 Stock in Work in Process				
Cost of Materials		18,502,289		17,490,070
Cost of Conversion		<u>24,962,006</u>		<u>40,078,250</u>
		<u>43,464,295</u>		<u>57,568,320</u>
3.5 Stock of Finished Products				
Finished Garments	-	26,728,412	-	11,540,584
Knitted Fabrics	<u>110,348</u>	<u>22,220,511</u>	<u>125,545</u>	<u>40,549,048</u>
	<u>110,348</u>	<u>48,948,923</u>	<u>125,545</u>	<u>52,089,632</u>
4. Trade and Others Debtors				
	<u>US\$</u>	<u>Taka</u>	<u>US\$</u>	<u>Taka</u>
Export Sales Receivable (Below 180 days)	3,941,468	325,722,914	3,292,652	262,325,556
Others Debtors	-	45,500,000	-	46,420,600
	<u>3,941,468</u>	<u>371,222,914</u>	<u>3,292,652</u>	<u>308,746,156</u>

These include a sum of Tk. 45,500,000 (2017: Tk. 46,420,600) due from Associates Companies, expected to be realised/ adjusted within a year from the financial statement end date.

These are unsecured but considered goods.

5. Export Incentives Receivables

	2018 Taka	2017 Taka
Opening Balance	95,177,576	125,066,201
Less: Received	41,859,700	47,478,278
	<u>53,317,876</u>	<u>77,587,923</u>
For the year	22,088,900	17,589,653
Closing Balance	<u>75,406,776</u>	<u>95,177,576</u>

The receivables are unsecured but considered goods.

6. Advances, Deposits and Prepayments

Advances:		
Salary Advance	1,324,504	958,512
Advance Tax	210,000	-
Factory Insurance Advance	905,912	1,345,431
Operational Advance	5,933,929	5,973,962
Tax deducted at source	30,144,945	26,361,405
	<u>38,519,290</u>	<u>34,639,310</u>
Deposits :		
Security deposit	10,151,571	8,984,221
Bank Guarantee margin	4,558,670	3,392,820
L/C Margin	-	2,271,924
	<u>14,710,241</u>	<u>14,648,965</u>
	<u>53,229,531</u>	<u>49,288,275</u>

The advances are unsecured but considered goods.

7. Cash and Bank Balances

Cash at Banks with Banks on Current Account:		
BRAC Bank Ltd, Dhanmondi Branch, CD A/c	16,506	286,653
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c	2,122	125,197
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c	31,357,734	22,874,983
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c	401,854	91,597
Mutual Trust Bank Ltd, Gulshan Branch, SND A/c	389,238	-
HSBC, Anchor Tower Branch, MDA Margin A/c	5,797,972	13,837,729
HSBC, Anchor Tower Branch, FCY A/c	795,271	-
Trust Bank Ltd, SKB Branch, Dollar A/c	1,127,877	39,093,343
Trust Bank Ltd, SKB Branch, FCAD A/c	850,588	1,366,509
Trust Bank Ltd, SKB Branch, CD A/c	6,267	9,630
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c	1,103,754	704,838
AB Bank Ltd, Motijheel Branch, CD A/c	-	74,868
AB Bank Ltd, Motijheel Branch, CD A/c	25,039	873
AB Bank Ltd, Motijheel Branch, Notice A/c	-	2,342
AB Bank Ltd, Motijheel Branch, Notice A/c	3,814,731	324,132
	<u>45,688,953</u>	<u>78,792,394</u>
With Bank on Short Term Deposit Account:		
Trust Bank Ltd, SKB Branch, SND A/c	23,030	879,995
Southeast Bank Ltd, Principal Branch, STD A/c	1,002,585	982,908
	<u>1,025,615</u>	<u>1,862,903</u>
Cash at Banks	<u>46,714,568</u>	<u>80,655,297</u>
Cash in Hand	<u>1,567,423</u>	<u>1,425,630</u>
	<u>48,281,991</u>	<u>82,080,927</u>

8. Share Capital

	2018 Taka	2017 Taka
8.1 Authorized: <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>
<u>14,000,000</u> Ordinary Shares of Tk. 10 each fully paid-up in cash	<u>140,000,000</u>	<u>140,000,000</u>
<u>11,300,000</u> Ordinary Shares of Tk. 10 each issued as fully paid-up bonus shares	<u>113,000,000</u>	<u>113,000,000</u>
<u>25,300,000</u>	<u>253,000,000</u>	<u>253,000,000</u>

8.3 Composition of shareholdings:

Classes of Holdings	2018		2017	
	No. of Shares	%	No. of Shares	%
Sponsor/Directors	12,911,855	51.04	12,911,855	51.04
Financials Institutions	2,955,545	11.68	2,219,127	8.77
ICB Capital Management Ltd	170,977	0.68	-	-
ICB Securities Ltd	12,253	0.05	-	-
ICB	-	-	72,697	0.29
ICB Investors A/c	-	-	29,459	0.12
ICB Mutual Fund	-	-	3,000	0.01
ICB Unit Fund	-	-	1,166,370	4.61
General Public	<u>9,249,370</u>	<u>36.55</u>	<u>8,897,492</u>	<u>35.16</u>
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	2018			2017		
	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
0000000001 - 00000000499	7,211	1,990,236	7.87	5,022	1,274,967	5.04
00000000500 - 00000000500	3,729	1,864,500	7.37	5,454	2,727,000	10.78
00000000501 - 00000002000	1,068	2,362,143	9.34	728	764,850	3.02
00000002001 - 00000005000	530	1,696,000	6.70	765	1,683,256	6.65
00000005001 - 00000010000	125	881,500	3.48	187	949,568	3.75
00000010001 - 00000050000	57	1,881,000	7.43	61	629,436	2.49
00000050001 - 000000100000	11	968,000	3.83	16	849,108	3.36
00000100001 - 00000250000	4	848,000	3.35	11	1,198,753	4.74
00000250001 - 00000500000	0	0	0	4	1,248,071	4.93
00000500001 and above	6	12,808,621	50.63	7	13,974,991	55.24
Total	<u>12,741</u>	<u>25,300,000</u>	<u>100.00</u>	<u>12,255</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.

	2018 Taka	2017 Taka
9. General Reserve		
Opening & Closing Balance	6,956,752	6,956,752
	<u>6,956,752</u>	<u>6,956,752</u>
10. Tax Holiday Reserve		
Opening & Closing balance	22,378,988	22,378,988
	<u>22,378,988</u>	<u>22,378,988</u>
11. Dividend Equalisation Reserve		
Opening & Closing balance	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
12. Long Term Loan - Secured Future Maturity		
10% Loan - Note 12.1	2,516,705	-
5% Loan - Note 12.2	102,892,400	168,657,945
Deferred L/C Liabilities - Note 12.3	22,632,920	-
Deferred L/C Liabilities - Note 12.4	-	13,087,330
	<u>128,042,025</u>	<u>181,745,275</u>
12.1 The movement of loans is as follows:		
Opening Balance	-	-
Add: Loan received this year	2,516,705	-
Closing Balance	<u>2,516,705</u>	<u>-</u>

The loan has been taken from Mutual Trust Bank Ltd., Gulshan Branch for import of Plant and machinery. The loan carries interest at 10% 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.

12.2 The movement of loans is as follows:

Opening balance	168,657,945	113,572,966
Add: Loan received this year	13,382,140	139,106,507
	182,040,085	252,679,473
Less: Current Maturity	(79,147,685)	(81,506,992)
Less: Loan re-paid this year	-	(2,514,536)
Closing balance	<u>102,892,400</u>	<u>168,657,945</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.

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

Opening Balance	-	-
Add: This year	22,632,920	-
Closing Balance	<u>22,632,920</u>	<u>-</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.

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

	2018 Taka	2017 Taka
Opening Balance	13,087,330	85,182,173
Less: Paid during the year	13,087,330	72,094,843
	-	13,087,330
Add: Addition this year	-	-
Closing Balance	-	13,087,330

The offshore facility 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 at 360 days deferred L/C payment.

13. Provision for Gratuity

	2018 Taka	2017 Taka
Opening balance	29,166,174	31,304,282
Add: Contribution this year	3,470,387	2,157,254
	32,636,561	33,461,536
Less: Paid this year	4,783,597	4,295,362
Closing balance	27,852,964	29,166,174

14. Deferred Tax Liabilities

Opening Balance	35,773,545	31,973,737
Add: Provision during the year	3,354,833	3,799,808
Closing balance	39,128,378	35,773,545

Deferred Tax Liabilities for 2018

	As per Accounting base W.D.V	As per Tax base W.D.V	Temporary Difference Taxable/ (Deductable)
Property, Plant and Equipments	742,807,641	454,098,819	288,708,822
Tax rate	-	-	15%
Deferred Tax Liabilities	-	-	43,306,323
Gratuity provision	-	27,852,964	-
Deferred Tax assets 15%	-	-	4,177,945
Net deferred Tax Liabilities			39,128,378

15. Bank Overdraft

	2018 Taka	2017 Taka
Trust Bank Ltd, SKB Branch	51,350,460	51,180,303
HSBC Bank, Plc, Anchor Tower Branch, Kawran Bazar	19,188,123	38,477,934
Mutual Trust Bank Ltd., Gulshan Branch	10,039,939	-
	80,578,522	89,658,237

These are secured

16. Time Loan Bank

11.50% Loan - Note 16.1	7,437,916	14,483,306
11.50% Loan - Note 16.2	116,296,071	-
	123,733,987	14,483,306

These are secured

16.1 The movement of loan is as follows:

	2018 Taka	2017 Taka
Opening Balance	14,483,306	24,929,537
Add: Loan received this year	7,437,916	-
Less: Loan re-paid this year	(14,483,306)	(10,446,231)
Closing Balance	<u>7,437,916</u>	<u>14,483,306</u>

The loan has been taken from Trust Bank Ltd., Motijheel Branch for Working Capital requirement. The loan carries interest at 11.50% and is repayable in 12 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

16.2 The movement of loan is as follows:

	2018 Taka	2017 Taka
Opening Balance	-	-
Add: Loan received this year	116,296,071	-
Less: Loan re-paid this year	-	-
Closing Balance	<u>116,296,071</u>	<u>-</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 11.50% and is repayable in 12 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

17. Creditors

	2018		2017	
	US\$	Taka	US\$	Taka
For Import Purchases	<u>7,054,770</u>	584,981,488	<u>6,050,037</u>	482,974,454
For Local Purchases		10,242,705		7,045,533
For Dividend Payable		47,552,099		98,098,972
For Staff Income Tax		233,149		336,481
For Refund Warrant		371,469		371,469
		<u>643,380,910</u>		<u>588,826,909</u>

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

18. Accrued Expenses

	2018 Taka	2017 Taka
Gas Expenses (Factory)	12,197,954	18,725,237
Electricity bill	364,049	214,310
Telephone	81,459	57,682
Salaries, Wages and Allowances	9,065,845	7,047,020
Security bill	192,000	348,000
Legal Fee	60,000	60,000
Auditors' Fee (Including Vat)	172,500	172,500
AGM Expense	400,000	700,000
	<u>22,533,807</u>	<u>27,324,749</u>

19. Provision for Taxation

Opening balance	27,755,655	13,673,421
Add: Addition during the year	18,436,758	14,082,234
	<u>46,192,413</u>	<u>27,755,655</u>
Less: Paid during the year	(13,673,421)	-
Closing Balance	<u>32,518,992</u>	<u>27,755,655</u>

20 Bills Receivable Discounted

Opening balance	33,424,991	144,817,615
Add: Discounted during the year	222,798,531	232,827,641
	<u>256,223,522</u>	<u>377,645,256</u>
Less: Collected during the year	218,555,581	344,220,265
Closing balance	<u>37,667,941</u>	<u>33,424,991</u>

21. Workers' Participation/Welfare Funds

	2018 Taka	2017 Taka
Opening balance	27,678,894	35,996,566
Less: Payment this year	11,245,632	12,768,223
	16,433,262	23,228,343
Add: Contributions for this year	3,244,324	2,708,425
Add: Interest during this year	1,232,495	1,742,126
Closing balance	20,910,081	27,678,894

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

22. Current Maturity of Long-term Loans

	2018 Taka	2017 Taka
Opening balance	81,506,992	53,649,889
Add: Current Maturity	79,147,685	81,506,992
	160,654,677	135,156,881
Less: Paid this year	81,506,992	53,649,889
Closing Balance	79,147,685	81,506,992

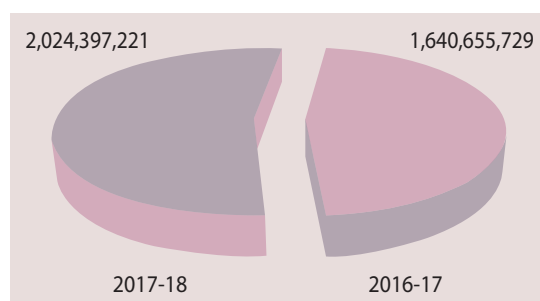
The offshore facilities has been taken from The Honkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Bir Uttam C.R. Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery at 360 days deferred L/C payment.

23. Sales

Item	2018			2017		
	Quantity	Amount (in US\$)	Amount Taka	Quantity	Amount (in US\$)	Amount Taka
Export sales:						
Knit Fabrics (Kgs)	1,875,970	11,535,384	951,290,987	1,663,903	10,166,450	809,961,061
Garments (Pcs)	6,579,896	13,020,091	1,073,106,234	4,782,887	10,426,693	830,694,668
Total		24,555,475	2,024,397,221		20,593,143	1,640,655,729

24. Export Incentives

	2018 Taka	2017 Taka
Cash Incentive	22,088,900	17,589,653
	22,088,900	17,589,653

Export Sales in Taka

25. Cost of Goods Sold

25.1 The break-up is as follows:

	2018 Taka	2017 Taka
Materials Consumed - Note-25.2	1,384,950,594	1,112,025,337
Salary, Wages and Allowances - Note 25.3	175,263,039	134,996,325
Tiffin & Entertainment expenses	658,456	465,953
Depreciation - Note 2.3	57,015,630	54,226,180
Stores and Spares Consumed	1,554,236	1,659,635
Factory Conveyance	712,564	565,965
Power and Gas	105,650,647	95,570,014
Gratuity	2,533,247	1,617,264
Vehicle expenses	1,344,856	1,185,963
Repairs and Maintenance	1,285,452	1,459,635
Packing & Loading expenses	986,694	985,692
Import Landing, Clearing and Insurance	1,045,842	1,159,642
Factory Stationery expenses	758,423	865,326
Carriage Inward & Outward	1,254,231	1,252,642
Knitting, Sewing & Processing charge	1,542,364	1,298,456
Factory Insurance	4,898,389	4,229,793
Sewing Machine Rental	581,563	575,887
Miscellaneous	228,681	145,980
Total Manufacturing Costs for the year	1,742,264,908	1,414,285,689
Add: Opening Work in Process	57,568,320	59,829,824
Total Manufacturing Costs	1,799,833,228	1,474,115,513
Less: Closing Work in Process	43,464,295	57,568,320
Cost of Goods Manufactured	1,756,368,933	1,416,547,193
Add: Opening Finished Goods	52,089,632	52,569,300
Cost of Goods available for use	1,808,458,565	1,469,116,493
Less: Closing Finished Goods	48,948,923	52,089,632
Cost of Goods Sold	1,759,509,642	1,417,026,861

25.2 Materials Consumed

	2018		2017	
	Quantity (Kg)	Taka	Quantity (Kg)	Taka
Yarn	3,462,055	979,242,364	2,899,038	791,553,246
Dyes	237,214	154,663,245	221,373	122,483,245
Chemicals	1,278,121	152,096,453	1,474,679	121,292,314
Accessories	-	98,948,532	-	76,696,532
Total Materials Consumption	-	1,384,950,594	-	1,112,025,337

25.3 Salaries, Wages and Allowances

	2018		2017	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 3,000 or more p/m	1,878	175,263,039	1,847	134,996,325
Employees drawing less than Tk. 3,000 p/m	-	-	-	-
Total	1,878	175,263,039	1,847	134,996,325

26. Administrative, Selling and General Expenses

26.1 The break-up is as follows:

	2018 Taka	2017 Taka
Directors' Remuneration - Note 26.2	2,600,300	2,600,000
Salaries and Allowances - Note 26.3	55,325,412	53,169,532
Security Service charge	1,152,000	2,088,000
Depreciation - Note 2.3	14,253,907	13,556,546
Electricity expenses	3,574,772	2,682,725
Postage, Courier, Telephone and Fax	1,556,942	1,196,523
Form & Stamp	1,010,278	-
Gratuity	937,140	539,990
Traveling and Conveyance	845,634	995,762
Legal and Professional expenses	60,000	60,000
Auditors' Fee - Note 26.2	172,500	172,500
A.G.M expenses	387,561	874,890
Registration and Fees	825,464	975,320
Staff welfare	1,225,423	1,265,320
Stationery expenses	1,054,120	1,285,692
Office Repairs and Maintenance	1,050,213	1,354,200
Vehicle expenses	2,756,321	3,863,240
Entertainment expenses	954,633	1,062,300
Central fund for RMG	503,956	380,733
Buying House Commission	4,025,611	1,470,543
Freight Charges & Freight out	14,297,509	5,956,759
Garments Testing & Inspection Charges	10,392,143	7,836,802
Interest expense - Note 26.4	75,250,179	54,111,083
Currency Gain/(Loss)	-	458,437
Bank Charges	25,557,290	25,981,589
Miscellaneous	658,740	768,520
Total	220,427,548	184,707,006

26.2 No remuneration or fee, other than that specified in note 26.1, was paid to directors and auditors.

26.3 Salaries and Allowances:

	2018		2017	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk.3,000 or more p/m	146	55,325,412	132	53,169,532
Employees drawing less than Tk.3,000 p/m	-	-	-	-
	<u>146</u>	<u>55,325,412</u>	<u>132</u>	<u>53,169,532</u>

26.4 Interest expense is as follows:

	2018 Taka	2017 Taka
Interest on Workers' Participation/Welfare Funds	1,232,495	1,742,126
Interest on Long Term Loans	11,657,041	11,526,611
Interest on Bills Discounted	50,869,270	32,284,534
Interest on Bank Overdraft	7,877,478	7,618,236
Interest on Time Loan	3,613,895	939,576
	<u>75,250,179</u>	<u>54,111,083</u>
27. Others Income		
Rental income	365,400	365,400
Exchange Gain/(Loss)	1,216,479	-
	<u>1,581,879</u>	<u>365,400</u>

28. Income Tax (Current Tax)

	2018 Taka	2017 Taka
Profit before tax	64,886,486	54,168,490
Add: Depreciation as per accounting base	71,269,537	67,782,726
	136,156,023	121,951,216
Less: Depreciation as per Tax base	92,321,966	90,976,585
	43,834,057	30,974,631
Add: Provision for Gratuity for the year	3,470,387	2,157,254
	47,304,444	33,131,885
Less: Other income (Separate calculation)	365,400	365,400
	46,939,044	32,766,485
Less: Payment for Gratuity	4,783,597	4,295,362
	42,155,447	28,471,123
Tax Rate @ 15%	6,323,317	4,270,668
Minimum Tax	16,126,655	14,018,289
Add: Other income tax	-	-
Rental income	365,400	365,400
Less: Maintains @ 30%	109,620	109,620
	255,780	255,780
Add: Tax Rate @ 25%	63,945	63,945
Current Tax	16,190,600	14,082,234
Add: Additional Tax for the prior years finally determined	2,246,158	-
	18,436,758	14,082,234

29. Remuneration/Payments to Directors/Officers:

29.1 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	2018		2017	
	Directors	Officers	Directors	Officers
Remuneration	2,600,000	-	2,600,000	-
Basic salary	-	33,095,240	-	32,156,320
House rent allowance	-	15,894,452	-	15,848,560
Other benefits and perquisites	-	6,335,720	-	5,164,652
	2,600,000	55,325,412	2,600,000	53,169,532

29.2 No compensation was allowed by the company to its Managing Director.

29.3 No amount of money was spent by the company for compensating any member of the board for services rendered except as stated above.

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

Bank & Branch Name	Type of facility	Limit	Utilised	Unutilised	
				2018 Taka	2017 Taka
Trust Bank Ltd. SKB Branch, Dhaka	Back to Back L/C, EDF& Sight	650,000,000	281,657,180	368,342,820	247,630,468
	IBP	70,000,000	12,564,230	57,435,770	5,597,559
	Trust receipt	40,500,000	-	40,500,000	40,500,000
	Overdraft	50,000,000	51,350,460	(1,350,460)	(1,180,303)
	Bank guarantee	1,000,000	-	1,000,000	1,000,000
	Term Loan	25,000,000	7,437,916	17,562,084	5,516,694
		836,500,000	353,009,786	483,490,214	299,064,418
Mutual Trust Bank Ltd. Gulshan Branch, Dhaka	Back to Back L/C, EDF& Sight	490,000,000	139,515,530	350,484,470	214,064,377
	Secured Overdraft	10,000,000	10,039,939	(39,939)	-
	Term Loan	980,000,000	116,296,071	863,703,929	-
	IDBP/FDBP	100,000,000	15,894,463	84,105,537	7,362,635
		1,580,000,000	281,746,003	1,298,253,997	221,427,012
HSBC Anchor Tower, 108 Bir Uttam C.R. Datta Road, Dhaka-1205	Export Cash Limit	246,000,000	85,645,632	160,354,368	21,641,122
	Import Line (PRM)	395,000,000	147,989,813	247,010,187	132,042,148
	Import Line	600,000,000	401,933,619	198,066,381	311,035,466
	Overdraft	50,000,000	19,188,123	30,811,877	11,522,066
	Bank guarantee	30,000,000	4,558,670	25,441,330	4,533,800
	Term Loan	184,677,770	34,050,272	150,627,498	20,000,000
		1,505,677,770	693,366,129	812,311,641	500,774,602

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

	2018		2017	
	Taka	%	Taka	%
Imported	466,748,532	33.66	368,808,649	33.12
Local	919,756,298	66.34	744,876,323	66.88
	<u>1,386,504,830</u>	<u>100.00</u>	<u>1,113,684,972</u>	<u>100.00</u>

32. The capacity and actual production of the company are as follows

Item	Capacity	Actual Production	Percentage (%) of achievement
Finished Garments (Lac Pcs.)	84	65.80 (2017:47.83)	78.33% (2017:56.94%)
Knit Fabrics (MTs.)	4,500	3,653 (2017:2,461)	81.18% (2017:54.68%)

33. Even after Balance Sheet Date:

The Board of Directors of the Company in its meeting held on 24th October 2018 (2017: 23rd October 2017) recommended 10% cash dividend i.e., Tk. 1.00 per share of Tk. 10.00 each (2017: 10% cash dividend) for all shareholders of the company subject to their approval in the AGM.

34. Related Parties Disclosures

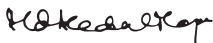
The Company in normal course of business carried out a number of transactions with other entities that fall within the definition of "related party" contained in Bangladesh Accounting Standard-24; "Related party Disclosure". Total Balance Sheet exposure with the related parties as at 30 June 2018 is as under.


Name of the related party	Relationship	Nature of Transaction	2018	2017
Fashion Knit Garments Ltd.	Common Director	Sale of Finished Fabrics Receivable	<u>951,290,987</u> <u>45,500,000</u>	<u>809,961,061</u> <u>46,420,600</u>


35. General

- 35.1 There was no sum for which the company was contingently liable as at 30 June 2018 and 30 June 2017.
- 35.2 There was no claim, except an aggregate amount of Tk. 23,042,449 (2017: 21,095,550) claimed by the Tax Authority but appealed against by the company, not acknowledged as debt as at 30 June 2018 and 30 June 2017. Such claim, being contingent liability, needs not be provided for.
- 35.3 There was no credit facilities available to the company, except trade credits and back to back L/C facilities, during the years ended 30 June 2018 and 30 June 2017.
- 35.4 There was no foreign shareholder of the company as at 30 June 2018 and 30 June 2017 and no dividend was remitted to any foreign shareholders during the years ended 30 June 2018 and 30 June 2017.
- 35.5 There was no capital expenditure contracted but not incurred or provided for at 30 June 2018 and 30 June 2017.
- 35.6 There was no capital expenditure authorised by the Board but not contracted for at 30 June 2018 and 30 June 2017.

The annexed notes from 1 to 35 form an integral part of these financial statements.


Dr. Muhammad Abdul Moyeen
Chairman


Mr. Mohammad Abdul Moyeed
Managing Director


Mr. Mohammad Abdul Momen
Director


Mr. Md. Wali Ullah
Company Secretary

Dated: Dhaka
October 24, 2018