

**Independent Auditor's Report
 To the shareholders of
 TOSRIFA INDUSTRIES LIMITED
 Report on the Audit of the Financial Statements.**

Opinion

We have audited the financial statements of Tosrifa Industries Limited (the Company), which comprise the Statement of Financial Position as at 30 June 2019, and Statement of Profit or Loss & 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 and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the company as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

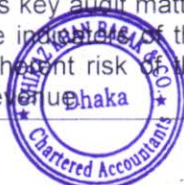
Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 the 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 our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our 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.

Risk	Our response to the risk
Revenue Recognition	
<p>At year end the reported total revenue of Tk. 1,958,490,185.</p> <p>The company generates revenue from sale of goods to export customers. The timing of the revenue recognised and realised increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>There is also a risk that revenue may be overstated/understated due to the timing differences Between LIC opening and goods exported.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company, which give rise to an inherent risk of the existence and the accuracy of the revenue.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> ➤ Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognised in the appropriate accounting period. ➤ Segregation of duties in invoice creation and modification and timing of revenue recognition. ➤ Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies



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CHARTERED ACCOUNTANTS

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	<p>with applicable accounting standards.</p> <ul style="list-style-type: none"> ➤ Obtain supporting documentation for sale transaction recorded either side of year end to determine whether revenue was recognized in the current period. ➤ Comparing a sample of revenue transactions recognised during the year with the sale invoices and other relevant underlying documentation. ➤ Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
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See note no 27.00 to the statement of profit or loss & other comprehensive income.

Valuation of inventory

<p>The inventory of Tk. 463,514,027 as at 30 June, 2019 held in warehouses and across multiple product lines in factory.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provision by:</p> <ul style="list-style-type: none"> ➤ Evaluating the design and implementation of key inventory controls operating across the factory and warehouse. ➤ Attending inventory counts and reconciling the count results to the inventory listing to test the completeness of data. ➤ Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year; and challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete. ➤ Comparing the net realizable value obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete.
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See note no. 12.00 to the financial statements



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Valuation of Property, Plant and Equipment

The carrying value of the PPE amounted to Tk. 3,215,019,017 as at 30 June 2019. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.

Expenditures are capitalised if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.

Our audit included the following procedures:

- We assessed whether the accounting policies in relation to the capitalisation of expenditures are in compliance with IFRS and found them to be consistent.
- We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals.
- We inspected a sample of invoices and L/C documents to determine whether the classification between capital and operating expenditure was appropriate.
- We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.
- We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital in progress to ready for use, with the date of the act of completion of the work.

See note no. 6.00 to the financial statements

Long term & Short term loan

As at 30 June 2019, the reported amount of total long-term loan and Short-term is Tk. 909,176,481 (Current & Non-current portion) & Tk. 794,303,948 respectively. The company borrowed fund from various Bank & Non-banking financial institutions for the purpose of acquisition of non-current assets and working capital as well.

The company may face difficulties due to unfavorable movement in interest rate, monetary policy and adverse variance between import & export that may result in short-term cash flow crisis.

We have tested the design and operating effectiveness of key controls focusing on the following:

- Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that the proper use of loan.
- We verified sanction letter, loan schedule and bank statements to confirm the loan outstanding and found that the balance had been reported in the financial statements accurately. We also submit the balance confirmation to the respective banks and financial institutions



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	<ul style="list-style-type: none">➤ We also checked the financial expenses and classification of loan and repayment schedule as well.➤ We had checked the recording date of transactions and found the recording date is in line with the loan disbursement date. We also confirmed that the company had paid its installments within due time.
See note no. 18.00, 20.00 & 24.00 to the financial statements	

Other Matter

Tosnifa Industries Limited had appointed AHMAD & AKHTAR as an auditor of the financial statements for the year ended 30th June 2019 in the company's last Annual General Meeting. Due to ineligibility of AHMAD & AKHTAR to perform audit, the company re-appointed us as the auditor of the financial statements for the year ended 30th June 2019 according to vide letter no. NTG/TIL/FO/CA/2019-20/079, dated: 16 September, 2019.



R. K. Tower



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Other Information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the 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 the other information and, in doing so, consider whether the 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 report that fact. We have nothing to report in this regard.

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 IFRSs, The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the company.

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.

Auditor's 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.



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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 circumstances.
- 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 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 event in a manner that achieves fair presentation.
- Obtain 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 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 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.



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Report on other Legal and Regulatory Requirements

In accordance with The Companies Act 1994, and The Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books;
- c) The Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income and Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purpose of the Company's business.

Dated, Dhaka
28 October, 2019



A handwritten signature in black ink, appearing to read "R. N. Basak".

Ramendra Nath Basak, FCA
Partner
Shiraz Khan Basak & Co.
Chartered Accountants

TOSRIFA INDUSTRIES LIMITED
Statement of Financial Position
As at 30 June 2019

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
Assets			
Non-current assets		3,217,527,387	2,839,617,163
Property, plant and equipment	6.00	3,215,019,017	1,800,352,533
Capital work-in-progress	7.00	-	1,036,462,941
Intangible assets	8.00	2,508,370	2,801,689
Current assets		1,114,769,347	770,767,811
Advances, deposits and prepayments	9.00	117,674,079	142,676,693
Trade and other receivables	10.00	392,928,779	71,543,032
Accrued income	11.00	9,865,506	13,085,478
Inventories	12.00	463,514,027	335,136,272
Cash and cash equivalents	13.00	130,786,956	208,326,336
Total assets		4,332,296,734	3,610,384,974
Equity and Liabilities			
Shareholders' equity		2,100,925,316	2,124,722,271
Share capital	14.00	663,269,460	631,685,200
Share premium	15.00	433,059,200	433,059,200
Retained earnings	16.00	468,329,284	522,548,917
Revaluation surplus	17.00	536,267,372	537,428,954
Non-current liabilities		838,329,009	692,704,727
Long term loans (secured), net of current portion	18.00	774,065,553	676,760,939
Deferred tax liabilities	19.00	64,263,456	15,943,788
Current liabilities		1,393,042,408	792,957,976
Trade and other payables	20.00	451,702,745	221,471,559
Provisions for expenses	21.00	1,378,613	485,000
Short term loans	22.00	794,303,948	553,798,373
Current portion of long term loans	23.00	135,110,928	9,935,463
Provision for income tax	24.00	-	-
Workers' profit participation and welfare fund	25.00	10,546,174	7,267,581
Total equity and liabilities		4,332,296,734	3,610,384,974
Net asset value (NAV) per share	34.00	31.68	32.03

The annexed notes form an integral part of these financial statements.


Managing Director


Director



Head of Accounts


Company Secretary

Signed as per our annexed report on even date.

Dated: 28 October 2019
Place: Dhaka




Shiraz Khan Basak & Co.
Chartered Accountant

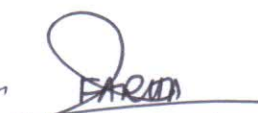
TOSRIFA INDUSTRIES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
Sales revenue (export)	26.00	1,958,490,185	1,251,310,829
Less: Cost of sales	27.00	1,658,736,541	1,010,060,687
Gross profit		299,753,644	241,250,142
Less: Operating expenses		184,005,406	148,330,903
General and administrative expenses	28.00	100,704,439	99,409,883
Marketing, selling and distribution expenses	29.00	83,300,967	48,921,020
Operating profit		115,748,238	92,919,239
Add: Other income	30.00	29,171,557	25,376,331
Profit before finance costs		144,919,795	118,295,570
Less: Finance costs	31.00	76,069,324	23,497,566
Profit before WPPF		68,850,471	94,798,004
Less: Workers' profit participation and welfare fund	32.00	3,278,594	4,514,191
Profit before income tax		65,571,877	90,283,813
Less: Income tax expenses	33.00	57,784,572	10,361,702
Current tax expense		9,464,903	10,361,702
Deferred tax expense		48,319,668	-
Profit after income tax		7,787,306	79,922,111
Add: Other comprehensive income		-	-
Total comprehensive income		7,787,306	79,922,111
Earnings per share			
Basic earnings per share (Face value Tk. 10.00)	35.00	0.12	1.20

The annexed notes form an integral part of these financial statements.


Managing Director


Director



Head of Accounts


Company secretary

Signed as per our annexed report on even date.

Dated: 28 October 2019
Place: Dhaka




Shiraz Khan Basak & Co.
Chartered Accountant

TOSRIFA INDUSTRIES LIMITED
Statement of Changes in Equity
For the year ended 30 June 2019

(Amount in Taka)

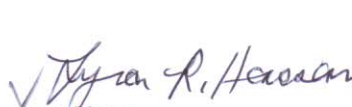
Particulars	Share capital	Share premium	Retained earnings	Revaluation surplus	Total
Balance as at 01 July, 2018	631,685,200	433,059,200	522,548,917	537,428,954	2,124,722,271
Total comprehensive income for the period					
Profit	-	-	7,787,306	-	7,787,306
Other comprehensive income	-	-	-	-	-
Transactions with owners of the Company:					
Issue of ordinary shares	-	-	-	-	-
Share premium	-	-	-	-	-
Stock dividend	31,584,260	-	(31,584,260)	-	-
Cash dividend	-	-	(31,584,260)	-	(31,584,260)
Transfer from revaluation surplus to retained earnings	-	-	1,161,582	(1,161,582)	-
Balance as at 30 June, 2019	663,269,460	433,059,200	468,329,284	536,267,372	2,100,925,316


TOSRIFA INDUSTRIES LIMITED
Statement of Changes in Equity
For the year ended 30 June 2018

(Amount in Taka)

Particulars	Share capital	Share premium	Retained earnings	Revaluation surplus	Total
Balance as at 01 July, 2017	631,685,200	433,059,200	504,139,336	539,084,944	2,107,968,680
Total comprehensive income for the period					
Profit	-	-	79,922,111	-	79,922,111
Other comprehensive income	-	-	-	-	-
Transactions with owners of the Company:					
Issue of ordinary shares	-	-	-	-	-
Share premium	-	-	-	-	-
Stock dividend	-	-	-	-	-
Cash dividend	-	-	(63,168,520)	-	(63,168,520)
Transfer from Revaluation surplus to retained earnings	-	-	1,655,990	(1,655,990)	-
Balance as at 30 June, 2018	631,685,200	433,059,200	522,548,917	537,428,954	2,124,722,271


Managing Director



Director


Head of Accounts


Company Secretary

Dated: 28 October 2019
Place: Dhaka




Shiraz Khan Basak & Co.
Chartered Accountant

TOSRIFA INDUSTRIES LIMITED
Statement of Cash Flows
For the year ended 30 June 2019

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		1,637,104,438	1,333,658,419
Cash receipts from other sources		32,250,054	21,682,767
Cash paid to suppliers, contractors and others		(1,642,444,201)	(1,198,187,000)
Finance costs		(76,069,324)	(23,497,566)
Income taxes paid		(9,464,904)	(14,715,497)
Net cash (used in)/generated by operating activities		(58,623,936)	118,941,123
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(445,005,408)	(9,901,270)
Payments for capital work-in-progress		-	(604,348,317)
Payments for acquisition of intangible assets		(302,220)	(1,646,990)
Net cash used in investing activities		(445,307,628)	(615,896,577)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(repayment of) long term loans		97,304,613	414,175,212
Proceeds from/(payment of) accepted liabilities for machinery		-	(95,478,192)
Proceeds from/(repayment of) short term loans		240,505,575	272,459,412
Current portion of Long term loan		125,175,465	(16,306,232)
Interest income		141,475	1,578,442
Payment of dividend		(34,274,341)	(64,588,710)
Proceeds from/(refund of) unsuccessful IPO application money		-	(10,400)
Net cash generated by financing activities		428,852,787	511,829,532
D. Net changes in cash and cash equivalents (A+B+C)		(75,078,778)	14,874,078
E. Cash and cash equivalents at the beginning of the year		208,326,336	193,452,258
F. Exchange Fluctuation loss (Net)		(2,460,602)	-
F. Cash and cash equivalents at the end of the year (D+E)		130,786,956	208,326,336
Net operating cash flow per share	36.00	(0.88)	1.79

The annexed notes form an integral part of these financial statements.


Managing Director

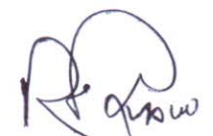

Director


Head of Accounts


Company Secretary

Dated: 28 October 2019
Place: Dhaka




Shiraz Khan Basak & Co.
Chartered Accountant

TOSRIFA INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1.00 Corporate information of the reporting entity

Tosrifa Industries Limited (hereinafter referred to as "the Company") is a public limited Company incorporated in Bangladesh on 27 August 2002 under the Companies Act, 1994 vide registration number C-46888 and has its registered address at Plot-91, Regency Palace (4th Floor), Block-K, Suhrawardy Avenue, Baridhara, Dhaka. The Company was initially registered as a private limited Company and subsequently converted into a public limited Company on 18 August 2011. It commenced its commercial operation in 2005. The industrial unit and the principal place of the business of the Company is located at 135 Gopalpur (Level 1-6), Munnu Nagar, Tongi, Gazipur. The fabric unit is located at holding -121/1, Block-H, Beraidhala, Sreepur, Gazipur. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

2.00 Nature of business

The Company operates an international standard industrial unit of readymade garments to carry on the business of knitting, dyeing, designing, manufacturing and marketing of readymade garments to deal in the foreign markets.

3.00 Financial statements and corporate reporting

These financial statements comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows and other explanatory notes covering the accounting policies applied.

3.01 Authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company on 28 October 2019.

4.00 Basis of preparation

4.01 Statement of compliance

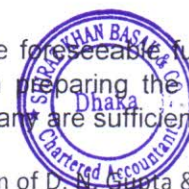
The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other relevant local laws as applicable and in accordance with the applicable International Financial Reporting Standards (IFRSs) including International Accounting Standards (IASs) as issued by International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Prior year financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) which were adopted accounting standards from IASB.

4.02 Basis of measurement

These financial statements have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements.

4.03 Going Concern

The company has adequate resources to continue its operations for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the Financial Statements. The current revenue generations and resources of the company are sufficient to meet the present obligation of its existing businesses and operations.



4.04 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 as adopted by ICAB as IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- a) Statement of financial position as at 30 June 2019;
- b) Statement of profit or loss and other comprehensive income for the period ended 30 June 2019;
- d) Statement of changes in equity for the period ended 30 June 2019;
- c) Statement of cash flows for the period ended 30 June 2019;
- e) Notes, comprise a summary of significant accounting policies and other explanatory information for the period ended 30 June 2019;

4.05 Applicable Accounting Standards & Financial Reporting Standards

The following IASs and IFRSs are applicable for the financial statements for the year under review:

Sl. No.	Name of the IAS	IAS's no.
1	Presentation of Financial Statements	1
2	Inventories	2
3	Statement of Cash Flows	7
4	Accounting policies, Changes in accounting Estimates and Errors	8
5	Events after the Reporting Period	10
6	Income Taxes	12
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4.06 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka (Taka/Tk./BDT) which is also the functional currency of the Company. The amounts in these financial statements have been rounded off to the nearest Taka. Because of these rounding off, in some instances the totals may not match the sum of individual balances.

4.07 Accrual basis of accounting

These financial statements have been prepared under the accrual basis of accounting.



4.08 Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected thereby.

4.09 Reporting period

The financial statements of the company cover one year from 01 July, 2018 to 30 June, 2019.

4.10 Compliances with Local Laws

As required by the company, the management complies with the following major legal provisions in addition to the Companies Act 1994 and the Securities and Exchange rules 1987.

- (i) The Income Tax Ordinance 1984;
- (ii) The Income Tax Rules 1984;
- (iii) The Value Added Tax Act 1991;
- (iv) The Value Added Tax Rules 1991;
- (v) The Customs Act, 1969; and
- (vi) Bangladesh Labor Law, 2006. (Amendment 2013)

4.11 Comparative Information

Comparative information has been disclosed in accordance with IASs-1: Presentation of Financial Statements in respect of the previous period for all numerical information in the current financial statements as below:

- a) Statement of Financial Position as at the end of the preceding financial period;
- b) Statement of Profit or Loss and other Comprehensive Income for the comparable period of preceding financial period;
- c) Statement of Changes in Equity for the comparable period of preceding financial period; and
- d) Statement of Cash Flows for the comparable interim period of preceding financial period.

The narrative and descriptive information where it is relevant for understanding of the current period financial statement has also represented

Re-arrangement

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the financial statement.

5.00 Significant accounting policies

Accounting policies set out below have been applied consistently to all periods presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current period's presentation.



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An associate firm of D. N. Gupta & Associates

5.01 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- i. expected to be realized or intended to be sold or consumed in normal operating cycle,
- ii. held primarily for the purpose of trading,
- iii. expected to be realized within twelve months after the reporting period, or
- iv. cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- i. expected to be settled in normal operating cycle,
- ii. held primarily for the purpose of trading,
- iii. due to be settled within twelve months after the reporting period, or
- iv. there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax liabilities are classified as non-current liabilities.

5.02 Offsetting

The Company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

5.03 Property, plant and equipment

5.03.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When major parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

5.03.2 Subsequent costs

The cost of replacing or upgradation 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 item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.



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5.03.3 Depreciation

No depreciation is charged on land and land developments as the land has unlimited useful life.

Depreciation on other items of property, plant and equipment is recognized on a diminishing balance method over the estimated useful life of each item of property, plant and equipment. Depreciation method, useful lives and residual values are reviewed at each period-end and adjusted if appropriate. Depreciation has been charged on addition of assets during the year when the assets available for use. The depreciation rate based on estimated useful lives of the items of property, plant and equipment for the current and comparative periods are as follows:

Particulars	June 30, 2019	June 30, 2018
	Rate	Rate
Plant and machinery	15%	15%
Motor vehicles	20%	20%
Furniture and fixtures	10%	10%
Office equipment	15%	15%
Building and civil works (RCC)	2.5%	2.5%
Fabric Department		
Plant and machinery		
Production Machinery - Dyeing	5%	-
Lab Equipment	5%	-
Utility Machinery - Dyeing	7.5%	-
Effluent Treatment Plant	7.5%	-
Electrical Sub-Station & Equipments- Dyeing	10%	-
Furniture, Fixture & Equipment	10%	-
Washing Machineries	5%	-
Warehouse Storage	7.5%	-
Building & civil works (RCC)		
Production Building	2.5%	-
WTP & Chemical Store	2.5%	-
Utility Building	2.5%	-
Husk Boiler Building	2.5%	-
Effluent Treatment Plant Building	2.5%	-
Fabric store Building	2.5%	-
Knitting Building	2.5%	-

5.04 Capital work-in-progress

Capital work-in-progress (CWIP) consists of unfinished building and civil works at sites (i.e. dyeing unit project) and capital plant and machinery which are yet to be ready for use.

5.05 Intangible assets

5.05.1 Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets are recognized when all the conditions for recognition as per IAS 38 Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

5.05.2 Subsequent costs

Subsequent costs are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognized in profit or loss as incurred.



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5.05.3 Amortization

Amortization is recognized in profit or loss on a diminishing balance method over the estimated useful lives of intangible assets. The amortization rate based on estimated useful lives are as follows:

	June 30, 2019	June 30, 2018
	Rate	Rate
Software and applications	20%	20%
Website	20%	20%

Amortization methods, useful lives and residual values are reviewed at each period-end and adjusted, if appropriate.

5.06 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deduction, adjustment or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit and loss account.

5.07 Financial instruments

Financial assets and liabilities are recognized on the statement of financial position when the Company has become a party to a contractual provision of the instrument.

5.08 Trade and other receivables

Trade and other receivables 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.

5.09 Accrued income

Accrued income includes incomes which have been earned but not received during the reporting period.

5.10 Inventories

Inventories comprise of raw materials (yarn), raw materials (finished fabrics), raw materials (accessories), needle and spare parts, work-in-process, and finished goods. Inventories are stated at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operation capacity. Cost of inventories is determined by using the weighted average cost formula. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

5.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks, and other bank deposits free of encumbrance.

5.12 Share capital

Ordinary shares are classified as equity.

5.13 Loans

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance charges are accounted for on an accrual basis.



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5.14 Trade and other payables

Trade and other payables are stated at their nominal value.

5.15 Accruals, provisions and contingencies

(a) Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade and other payables.

(b) Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(c) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

5.16 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(a) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The applicable tax rate for the Company is currently 12% on its taxable income derived from export and 25% on taxable income derived from sources other than export. The company is an internationally recognized green building certified involve with 100% export oriented RMG business. according to the SRO no. 255-AIN/Income Tax/2017 dated 1 August 2017, applicable tax rate on its business income is 10%.



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