

Auditor's Report & Financial Statements
of
Pacific Denims Limited

For the Year Ended June 30, 2023

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Independent Auditor's Report

To the Shareholders of PACIFIC DENIMS LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **PACIFIC DENIMS LIMITED** which comprise the Statement of Financial Position as at 30 June 2023, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern section of our report, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as of 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and the Securities and Exchange Rules 2020 and other applicable laws and regulations.

Basis for Qualified Opinion

- i. The company has disclosed in Note-27 & 30 that the Long-Term Bank Loan & Short-Term Bank Borrowings are secured by the personal guarantee of the directors, corporate guarantee of Pacific Group, and a pair pass sharing agreement between banks on fixed and floating assets of the company. However, during the audit, we did not receive any documents regarding the bank guarantee. Additionally, it was observed that the company is in default of the loan payments. The only documentation provided was an online copy of the bank statement, and no bank balance confirmation was obtained and we also observed that the company reported in Note-41 an interest expense of Tk. 66,069,506, which was estimated due to their status as loan defaulters. The loan interest is not charged directly, and the company also made an interest provision to address this issue;
- ii. The company reported in Note-37 as Revenue Tk. 1,414,525,199 and Note-38.01 as Raw Materials Purchase Tk. 1,063,328,239 which the management provided zero VAT Return 9.1 and also could not provide related documents properly. This lack of compliance with IFRS-15: Revenue from contracts with customers and the Value Added Tax and Supplementary Duty Act-2012, as well as the Value Added Tax and Supplementary Duty Rules-2016, made it impossible for us to determine whether any adjustments were necessary for this revenue amount;

Emphasis of Matter

- i. The company reported in Note-22 as Cash in hand of Tk. 123,568,341 and they could not provide third party physical verification report. As our audit appointment was postdated and due to this reason, we also could not verify physical this Cash in Hand at the closing of the business as on the date;
- ii. We noted that the company's Note-22.01 indicates the existence of 14 bank accounts, while only 7 bank statements were provided during the audit process. Following communication with the management, it was confirmed that the additional bank statements were dormant, as no transactions had occurred in those accounts;
- iii. The company reported in note-31 a Workers Profit Participation Fund of Tk. 15,039,076 and disclosed in Note-16.15 that the company regularly allocates 5% of the net profit before tax to this fund. However, it was observed that the payment has not been made to the workers in accordance with the provisions of the Bangladesh Labour Act, 2006 (Amended 2018). Additionally, the government's portion of the WPPF has not been made in accordance with the regulations;
- iv. We draw attention to Note No. 33: Provision for income tax amount in Tk. 203,961,594. The said figure is the accumulation of provision for tax for the last few year. The matter of attention is here that the management of the said company did not provide any disclosure on last assessment and also did not provide us the last assessment related documents;

Head Office:

Home Town Apartments (Flat-C, Level-15 & Flat-B, Level-13)
87, New Eskaton Road, Dhaka-1000.





- v. In our audit period we observed that the company partially deposit the TDS and VDS on many applicable sectors which is non-compliance of IAS-12: Income Tax, Income Tax Act 2023, Value Added Tax and Supplementary Duty Act-2012 and Value Added Tax and Supplementary Duty Rules-2016;
- vi. The company maintain most of the transactions through cash channel which are non-compliance in align with provision of Income Tax Act;
- vii. The company did not comply with IFRS-16: Lease;

Material uncertainty related to 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. The company has going concern threat as - defaulter of the long-term borrowings and short-term loans and Lower capacity utilization. However, management has disclosed their basis for preparing the financial statement in going concern basis in note no. 6.00. We described the events or matters that may cast significant doubt on the company's ability to continue as going concern.

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's 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), and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

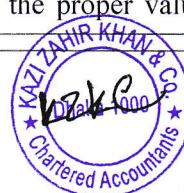
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Description of key audit matters | Our response to key audit matters |
|--|--|
| <p>Revenue recognition</p> <p>At the year end the company reported total revenue of Tk. 1,414,525,199/- for the year ended on 30 June 2023.</p> <p>ISAs require that, as part of our overall response to the risk of fraud, when identifying and assessing the risks of material misstatement due to fraud, we evaluate which types of revenue or revenue transactions might give rise to potential fraud risks. The Company were concentrated in Manufacturing, dyeing, weaving & finishing of denim fabric and exporting the same We have specifically focused this key audit matter to cut-off and occurrence for revenue recorded within June 2023. Pressures to meet stakeholders' expectations could provide incentives to record revenues where controls of the goods have not passed.</p> | <p>Audit procedures performed</p> <p>We performed walkthroughs of the revenue cycle at significant components to have an understanding of when the revenue should be recognized, to map out the relevant controls end to end and the processes in place.</p> <p>We assessed the design and implementation of these controls. We tested a sample of individual sales transactions and traced to dispatch notes and subsequent cash receipt or other supporting documents.</p> <p>We performed analytical reviews to identify any unusual or one-off material revenue transactions. We identified and considered the impact of any credit notes or inventory returns occurring after year-end, including evaluating the impact of any material overdue debts from customers.</p> <p>With regard to the implementation of IFRS 15 "Revenue</p> |





| Description of key audit matters | Our response to key audit matters |
|--|---|
| | <p>from Contract with Customers”, we verified management’s conclusion from assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry’s specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> |
| <p>Inventory</p> <p>At the reporting date, the carrying value of inventory amounted to Taka 705,769,136 which is 20% of total assets. Inventories were considered as a key audit matter due to the size of the balance and because inventory valuation involves management judgement.</p> <p>Inventory valuation and existence was an audit focus area because of the number of locations/stores that inventory was held at, and the judgement applied in the valuation of inventory to incorporate inventory shrinkage.</p> <p>According to the Company’s accounting policy, inventories are measured at the lower of cost or net realizable value. The Company has specific procedures for identifying risk for obsolete items and measuring inventories at the lower of cost and net realizable value.</p> | <p>Audit procedures performed</p> <ul style="list-style-type: none"> ➤ Assessing the compliance of company’s accounting policies over inventory with applicable accounting standards. ➤ Assessing the inventory valuation process and practices. On major locations, we tested the effectiveness of the key controls. ➤ Assessing the analyses made by management with respect to slow moving and obsolete stock. ➤ 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. ➤ Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year. ➤ Evaluating the correctness of the valuation of raw materials and packing material as per FIFO method. ➤ Reviewing the calculation of standard labor hours and their regular comparison with actual labor hours of production; and reviewing the process of valuing work-in-progress. |
| <p>Property, plant and equipment</p> <p>At the reporting date, the carrying value of the Company’s property, plant and equipment amounted to Taka 1,367,609,513 The valuation of property, plant, and equipment was identified as a key audit matter due to the significance of this balance to the financial statements, as well as the significance of management’s judgements in determining it’s valuation.</p> <p>In considering the valuation of property, plant, and equipment, we focused on the assessment of the followings:</p> <ul style="list-style-type: none"> ➤ Inherent risks associated with property, plant and equipment. ➤ Potential misstatements in property, plant, and equipment on account of frauds and errors. ➤ Assessment of useful lives of assets. | <p>Audit procedures performed</p> <ul style="list-style-type: none"> ➤ We obtained an understanding of the client and its environment to consider inherent risk related to property, plant, and equipment. Our understanding includes: ➤ Obtaining an understanding of the internal control over property, plant, and equipment. ➤ Assessing the risks of material misstatement and designing tests of controls and substantive procedures that cover the following aspects: ➤ Substantiate the existence of property, plant, and equipment. ➤ Establish the completeness of recorded property, plant, and equipment. ➤ Verify the cut-off of transactions affecting property, plant, and equipment. ➤ Establish the proper valuation or allocation of property, |





| Description of key audit matters | Our response to key audit matters |
|---|--|
| <ul style="list-style-type: none"> ➤ Assessment of impairment of assets. Inherent risks associated with property, plant and equipment ➤ Property, plant and equipment may include assets that should have been derecognized following sale, other transfer of rights or abandonment. ➤ Expenditure that should have been recognized as property, plant and equipment but has not been so recognized, including capitalized finance costs. ➤ Depreciation may have been incorrectly calculated. Potential misstatements in property, plant, and equipment on account of frauds and errors ➤ Purchase of an asset at an inflated price especially from a related party. ➤ Wrong write-off of the asset as scrap, obsolescence, missing, donated, or destroyed. ➤ Expenditures for repairs and maintenance recorded as property, plant and equipment or vice versa. ➤ Capitalization of expenditure which are not normally attributable to the cost of the property, plant and equipment ➤ Recording of an asset purchased, which in effect has not actually been received by the entity at all. <p>Assessment of useful lives of assets Management applies estimates and judgements in its determination of useful lives of assets and reviews the useful lives of assets at each financial year end and adjusts for changes, where appropriate.</p> <p>Impairment of assessment At the end of each reporting period, management assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.</p> | <p>plant, and equipment and the accuracy of transactions affecting property, plant, and equipment.</p> <ul style="list-style-type: none"> ➤ Determine the correctness and appropriateness of classification of property, plant and equipment. ➤ We obtained an understanding of the potential misstatements in property, plant, and equipment on account of frauds and errors. ➤ We evaluated the assumptions made by management in the determination of useful lives to ensure that these are consistent with the principles of IAS 16. "Property, Plant and Equipment". ➤ We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry. ➤ We assessed whether there are circumstances that indicate a possible impairment of property, plant and equipment and if such circumstances exist, how the same have been dealt with by the entity. |
| Long Term Borrowings & Short-Term Borrowings | |
| <p>As at 30 June 2023, the reported amount of total long-term borrowings Tk. 421,786,297 short term borrowings Tk. 32,491,061 and Current portion of Long term borrowing is Tk. 98,508,979. The company borrowed fund from various Bank &</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 |





| Description of key audit matters | Our response to key audit matters |
|--|--|
| <p>Non-banking financial institutions for the purpose of acquisition of non-current assets and working capital as well.</p> <p>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.</p> | <p>that the proper use of loan.</p> <ul style="list-style-type: none"> ➤ 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. ➤ 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. |
| Deferred Tax Liability | |
| <p>As per IAS 12 Income Taxes, the two components of the company's estimated tax is Current Tax & Deferred Tax. There is a deferred tax liability of Tk. 82,557,757/- which is almost equivalent to 2% compared to total assets of the company. In SPLOCI there is a reported deferred tax expense of Tk. 4,489,938/- which is 20% of the reported profit for the year (other than OCI).</p> <p>The temporary difference of deferred tax consists critical calculation and forecast. The uncertainty in forecasting or lack of expertise may results in material misstatements, which may have an impact on corporate tax.</p> | <ul style="list-style-type: none"> ➤ We verified that right opening balances are carried forward in deferred tax account. ➤ We made sure that, the tax base is according to 3rd schedule of ITO 1984 and the accountant of the company have clear understanding of posting the associated journal entries. ➤ We recalculated the figures presented in the financial statements and made sure they are in agreement with general ledger. ➤ We examine the procedure of arriving at temporary difference in case of lease liability and ROU asset ➤ We reviewed the amount of provision created for Deferred Tax in current year and the relevant adjustment against revaluation reserve. ➤ We ensure that the correct rate of Tax is used to calculate the provisions for deferred tax. ➤ We evaluated the adequacy of financial statement disclosures including key assumptions, judgments and sensitivities. |

Other information

Management is responsible for the other information. The other information comprises all of the information included in the Annual Report other than the financial statements and our auditor's report thereon. 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 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 identified above when it becomes available 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.





Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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.

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 International Standards on Auditing (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 International Standards on Auditing (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.

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.





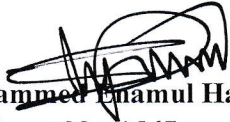
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the company's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 relevant notifications issues by, we also report that:

- 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;
- In our opinion, proper books of accounts, records and other statutory books as required by law have been not kept by the Company so far as it appeared from our examinations of those books;
- The Financial Statements of the company together with the annexed notes dealt with by the report are in agreement with the books of account and returns.


Mohammed Enamul Haque Khan FCA
Enrolment No: 1567
Partner
Kazi Zahir Khan & Co.
Chartered Accountants
DVC: 2312071567AS558833

Place: Dhaka
Dated: 07 December 2023



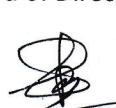




PACIFIC DENIMS LIMITED
Statement of Financial Position
As at June 30, 2023

| Particulars | Notes | June 30, 2023 Amount in Taka | June 30, 2022 Amount in Taka |
|---|-------|---------------------------------|---------------------------------|
| ASSETS | | | |
| Non-Current Assets | | 1,367,609,513 | 1,429,229,399 |
| Property, Plant & Equipment | 17.00 | 1,367,609,513 | 1,429,229,399 |
| Current Assets | | 2,243,899,636 | 2,065,440,651 |
| Inventories | 18.00 | 705,769,136 | 686,690,200 |
| Trade & Other Receivables | 19.00 | 921,046,614 | 863,347,238 |
| Advance, Deposit & Pre-Payments | 20.00 | 492,937,163 | 467,394,323 |
| Fixed Deposit | 21.00 | - | 30,000,000 |
| Cash & Cash Equivalents | 22.00 | 124,146,723 | 18,008,890 |
| Total Assets | | 3,611,509,150 | 3,494,670,050 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Equity | | 2,492,140,403 | 2,482,278,160 |
| Share capital | 23.00 | 1,835,501,432 | 1,835,501,432 |
| Revaluation Reserve | 24.00 | 141,319,701 | 141,319,701 |
| Tax Holiday Reserve | 25.00 | 145,760,152 | 145,760,152 |
| Retained Earnings | 26.00 | 369,559,119 | 359,696,875 |
| Non-Current Liabilities | | 504,344,054 | 499,854,116 |
| Long Term Borrowings | 27.00 | 421,786,297 | 421,786,297 |
| Deferred Tax Liability | 28.00 | 82,557,757 | 78,067,819 |
| Current Liabilities & Provisions | | 615,024,692 | 512,537,774 |
| Trade Payables | 29.00 | 9,125,450 | 9,457,521 |
| Short-Term Borrowings | 30.00 | 32,491,061 | 32,491,061 |
| Long-Term Borrowings-Current portion | | 98,508,979 | 98,508,979 |
| Provision for Workers Profit Participation Fund | 31.00 | 15,039,076 | 12,333,794 |
| Provision for Trade Receivable | 32.00 | 52,519,028 | 34,098,096 |
| Provision for Income Tax | 33.00 | 203,961,594 | 195,455,443 |
| Liabilities and Provision for Expenses | 34.00 | 196,973,581 | 129,904,503 |
| Unclaimed/Unpaid Dividends | 35.00 | 6,405,923 | 288,377 |
| Total Equity and Liabilities | | 3,611,509,150 | 3,494,670,050 |


Net Asset Value (NAV) Per Share 36.00 **13.58** **13.52**

These financial statements should be read in conjunction with the annexed notes 1 to 58 and were approved by the Board of Directors and were signed on its behalf by:

 Chairman
  Managing Director
  Director
  Chief Financial Officer
  Company Secretary

Signed in terms of our annexed report of even date




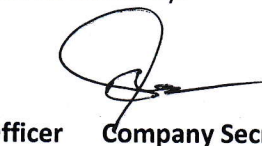



Mohammed Ehsanul Haque Khan FCA
 Enrolment No: 1567
 Partner
 Kazi Zahir Khan & Co.
 Chartered Accountants
 DVC: 2312071567AS558833

PACIFIC DENIMS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2023

| Particulars | Notes | 2022-2023 | 2021-2022 |
|--------------------------------------|-------|---------------------|---------------------|
| Turnover | 37.00 | 1,414,525,199 | 1,580,523,111 |
| Cost of Sales | 38.00 | (1,262,454,246) | (1,356,007,058) |
| Gross Profit | | 152,070,953 | 224,516,053 |
| Operating Expenses: | | (32,357,189) | (34,460,063) |
| Office & Administrative Expenses | 39.00 | 25,936,280 | 27,546,863 |
| Selling & Distribution Expenses | 40.00 | 6,420,909 | 6,913,200 |
| Operating Profit | | 119,713,764 | 190,055,989 |
| Financial Expenses | 41.00 | (66,069,506) | (122,326,966) |
| Other Income | 42.00 | 3,166,673 | 3,311,126 |
| Net Profit/Loss Before WPPF | | 56,810,931 | 71,040,149 |
| Less: Provision for WPPF | | 2,705,282 | 3,382,864 |
| Less: Provision for Trade Receivable | | 18,420,932 | 17,266,945 |
| Net Profit Before Tax | | 35,684,716 | 50,390,340 |
| Income Tax Expenses | | (12,996,089) | (15,437,838) |
| Current Income Tax Expenses | 43.00 | (8,506,151) | (9,503,005) |
| (Deferred Tax Expenses)/Income | 44.00 | (4,489,938) | (5,934,833) |
| Net Profit for the year | | 22,688,628 | 34,952,503 |
| Total Comprehensive Income | | 22,688,628 | 34,952,503 |
| Earnings Per Share (EPS) | 45.00 | 0.12 | 0.19 |


These financial statements should be read in conjunction with the annexed notes 1 to 58 and were approved by the Board of Directors and were signed on its behalf by:

Chairman Managing Director Director Chief Financial Officer Company Secretary

Signed in terms of our annexed report of even date




Mohammed Enamul Haque Khan FCA
 Enrolment No: 1567
 Partner
 Kazi Zahir Khan & Co.
 Chartered Accountants
 DVC: 2312071567AS558833

Place: Dhaka
Dated: 07 December 2023

PACIFIC DENIMS LIMITED
Statement of Changes in Equity
For the year ended June 30, 2023

| Particulars | Share Capital | Revaluation Reserve | Tax Holiday Reserve | Retained Earning | Total Equity |
|--------------------------|---------------|---------------------|---------------------|------------------|---------------|
| Balance at July 01, 2022 | 1,835,501,432 | 141,319,701 | 145,760,152 | 359,696,875 | 2,482,278,160 |
| Cash Dividend 1.00% | - | - | - | (12,826,385) | (12,826,385) |
| Net Profit for the Year | - | - | - | 22,688,628 | 22,688,628 |
| Balance at June 30, 2023 | 1,835,501,432 | 141,319,701 | 145,760,152 | 369,559,118 | 2,492,140,403 |

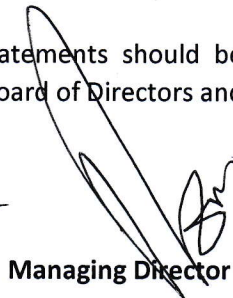
For the year ended June 30, 2022

| Particulars | Share Capital | Revaluation Reserve | Tax Holiday Reserve | Retained Earning | Total Equity |
|--------------------------|---------------|---------------------|---------------------|------------------|---------------|
| Balance at July 01, 2021 | 1,817,328,150 | 141,319,701 | 145,760,152 | 355,462,044 | 2,459,870,047 |
| Stock Dividend 1.00% | 18,173,282 | - | - | (18,173,282) | - |
| Cash Dividend 1.00% | - | - | - | (12,544,390) | (12,544,390) |
| Net Profit for the Year | - | - | - | 34,952,503 | 34,952,503 |
| Balance at June 30, 2022 | 1,835,501,432 | 141,319,701 | 145,760,152 | 359,696,875 | 2,482,278,160 |

These financial statements should be read in conjunction with the annexed notes 1 to 58 and were approved by the Board of Directors and were signed on its behalf by:



Chairman



Managing Director



Director



Chief Financial Officer



Company Secretary

Place: Dhaka

Dated: 07 December 2023



PACIFIC DENIMS LIMITED


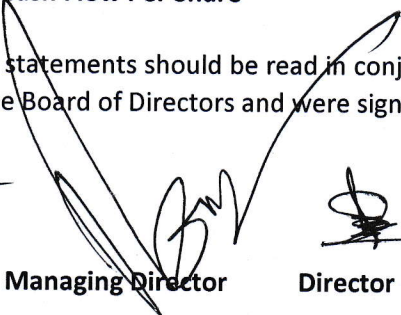


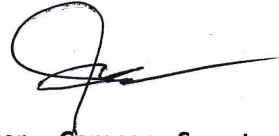
Statement of Cash Flows

For the year ended June 30, 2023

| Particulars | Notes | 2022-2023 | 2021-2022 |
|--|--------------|--------------------|---------------------|
| A. Cash Flow from Operating activities : | | | |
| Cash Received from Customers & Others | 19.01 | 1,356,825,823 | 1,558,733,418 |
| Cash Received from other Income | 42.00 | 3,166,673 | 3,311,126 |
| Cash Paid to Suppliers, Employees and Others | 46.00 | (1,276,125,743) | (1,381,426,392) |
| Cash Generated from Operations | | 83,866,753 | 180,618,152 |
| Interest Paid | 47.00 | (1,020,082) | (101,873,099) |
| Income Tax Paid | 48.00 | - | (8,325,381) |
| Net Cash flow from operating activities | 49.00 | 82,846,671 | 70,419,672 |
| B. Cash Flow from Investing activities : | | | |
| Received/(Paid) Fixed Deposit | 21.00 | 30,000,000 | - |
| Net Cash used in investing activities | | 30,000,000 | - |
| C. Cash Flow from Financing activities : | | | |
| Received/Repaid of Short-term loan | 30.00 | - | (8,750,000) |
| Received/Repaid of Long-term loan | 27.00 | - | (42,540,000) |
| Cash Dividend Paid | 34.02 | (6,708,838) | (12,256,013) |
| Net Cash used in Financing activities | | (6,708,838) | (63,546,013) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | 106,137,833 | 6,873,659 |
| Cash and Cash Equivalents at Beginning of year | | 18,008,890 | 11,135,231 |
| D. Cash and cash equivalents at the end of the year | | 124,146,723 | 18,008,890 |

Net Operating Cash Flow Per Share 50.00 0.45 0.38

These financial statements should be read in conjunction with the annexed notes 1 to 58 and were approved by the Board of Directors and were signed on its behalf by:

Chairman Managing Director Director Chief Financial Officer Company Secretary

Place: Dhaka

Dated: 07 December 2023



PACIFIC DENIMS LIMITED
Notes to the Financial Statements as at and
For the Year Ended June 30, 2023

1.00 Corporate History of the Reporting Entity

Pacific Denims Limited (The Company) was incorporated in Bangladesh as a Private Limited Company under the Companies Act, 1994. Vide Registration No. C-48649(633)/2003 dated March 20, 2003 and converted into the Public Limited Company as on January 12, 2011. The company raised Tk. 750,000,000 divided into 75,000,000 ordinary shares of Tk. 10 each through IPO on January 10, 2017. The shares of the company were listed with both Dhaka Stock Exchange and Chittagong Stock Exchange on January 25, 2017. The trading of shares of the company was started from 07 February, 2017 in both Stock Exchanges.

2.00 Authorized Capital

Authorized Share Capital of the Company increased from Tk. 1,200,000,000/- (One Hundred Twenty Core) to Tk. 2,000,000,000/- (Two Hundred Core) as per 2nd Extra-Ordinary General Meeting (EGM) held on December 28, 2017.

3.00 Corporate Business

The main activities of the company were concentrated in Manufacturing, Dyeing, Weaving & Finishing of Denim Fabrics and exporting the same through local letter of credit (Deemed Export).

4.00 Corporate Financial Statements and Reporting

a) The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and the International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS) as well as those standards, disclosures recommended by IAS and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the International Accounting Standard (IAS) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at the date of the reporting period. Due to the inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

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

- i) Statement of Financial Position as at June 30, 2023;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2023;
- iii) Statement of Changes in Equity for the year ended June 30, 2023;
- iv) Statement of Cash Flows for the year ended June 30, 2023;
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial statements for the year ended June 30, 2023.

5.00 Fundamental Accounting Concepts/ Assumption

The financial statements have been prepared based on Going concern, Consistency concept, Accrual concept and such other convention as required by IAS-1 for fair presentation of financial statements.

6.00 Going Concern

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

7.00 Corporate Accounting Standards Practiced

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

| | |
|---------|---|
| IAS 1 | Presentation of Financial Statements |
| IAS 2 | Inventories |
| IAS 7 | Statement of Cash Flows |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors |
| IAS 10 | Events after the Reporting Period |
| IAS 12 | Income Taxes |
| IAS 16 | Property, Plant And Equipment |
| IAS 19 | Employee Benefits |
| IAS 21 | The Effects of Changes in Foreign Exchange Rates |
| IAS 23 | Borrowing Costs |
| IAS 24 | Related Party Disclosures |
| IAS 32 | Financial Instruments: Presentation |
| IAS 33 | Earnings Per Share |
| IAS 36 | Impairment of Assets |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets |
| IFRS 7 | Financial Instruments: Disclosures |
| IFRS 8 | Operating Segments |
| IFRS 9 | Financial Instruments |
| IFRS 15 | Revenue from Contracts with Customers |
| IFRS 16 | Leases |

8.00 Reporting Period

The period of the financial statements covers from July 1, 2022 to June 30, 2023.

9.00 Provisions

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
- when reliable estimates can be made of the amount of the obligation.



Contingent liability:

A contingent liability is:

- a) 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 which are not wholly within the control of the company; or
- b) a present obligation arising from past events but not recognized because:
 - i) an outflow of resources to settle the obligation is not probable; or
 - ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent asset

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 which are not wholly within the control of the company.

During the period there were no such assets or liabilities.

10.00 Events after the Reporting Period

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

11.00 Related Party Transactions

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

Particulars of transactions with related parties are as follows;

| SL. | Related Parties | Relationship | Nature of Transaction | |
|-----|-------------------------------|---|-----------------------|--------------------|
| | | | Remuneration | Board Meeting Fees |
| 1 | Md. Shadequul Alam (Yeasin) | Chairman | - | 36,000 |
| 2 | Md. Shafiul Azam (Mohsin) | Managing Director | 1,200,000 | 36,000 |
| 3 | Md. Sohel Khan | Director | - | 30,000 |
| 4 | Md. Belayet Hossain, Advocate | Independent Director | - | 30,000 |
| 5 | Md. Shafiul Azam (Mohsin) | Nominee Director (Disney Properties Ltd.) | - | 30,000 |

12.00 Net profit Before Tax

Net profit before tax for the year were not materially affected by :

- (a) Transactions of a nature not usually undertaken by the company
- (b) Circumstances of an exceptional or non-recurring nature
- (c) Changes of credits relating to prior years, and
- (d) Changes in accounting policies



13.00 Functional and Presentational (Reporting) Currency

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

14.00 Comparative Information Rearrangement Thereof and Re-statement

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

15.00 The Effects of Changes in Foreign Exchange Rates

Transactions in foreign currencies are translated to Bangladeshi "Taka" at the foreign exchange rates ruling at the date of transactions. Monetary assets and liabilities are converted at the rates prevailing at the statement of the financial position date. Non monetary assets and liabilities denominated in foreign currencies stated at historical cost are translated into Bangladeshi "Taka" at the exchange rate ruling at the date of transaction. Gain or losses resulting from foreign currency transactions are recognized in the profit or loss and other comprehensive income.

16.00 Principal Accounting Policies

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

For a proper understanding of the financial statements, these accounting policies were set out below in one place.

16.01 Recognition of Property, Plant & Equipment

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

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the Statement of Profit or Loss and Other Comprehensive Income which is determined with reference to the net book value of assets and the net sales proceeds.



16.02 Capital Work-in-progress

Capital work-in-progress is stated at cost. These are expensed of a capital nature directly incurred in the Plant & Machinery and Building & Other civil construction. No depreciation is charged on the capital work-in-progress which is in accordance with IAS-16.

16.03 Depreciation of Tangible Fixed Assets

Depreciation on fixed assets is computed using the reducing balance method so as to write off the assets over their expected useful life. After considering the useful life of assets as per IAS-16 Property, Plant and Equipment the annual depreciation rates have been applied as under which is considered reasonable by the management. No depreciation is charged on land and land development and depreciation is charged on additions to fixed assets from when they are available for use.

| Particulars/Name of Assets | June 30, 2023 | June 30, 2022 |
|-------------------------------|---------------|---------------|
| Land | 0% | 0% |
| Land Development | 0% | 0% |
| Building & other Construction | 2.50% | 2.50% |
| Furniture & Fixture | 10% | 10% |
| Electric Installation | 10% | 10% |
| Deep-Tube-well | 10% | 10% |
| Office Equipment | 10% | 10% |
| Plant & Machinery Imported | 10% | 10% |
| Plant & Machinery Local | 10% | 10% |
| Fire Fighting Equipment | 10% | 10% |
| Vehicles & Transport | 10% | 10% |

16.04 Impairment of assets

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

16.05 Revenue Recognition

As per IFRS-15: "Revenue from Contracts form Customers" an entity shall account for a contract with a customer only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing , orally or in accordance with other customary business practices) and are committed to perform their respective obligations ;
- The entity can identify each party 's rights regarding the goods or services to be transferred ;
- The entity can identify the payment terms for the goods or services to be transferred ;
- The contract has commercial substance (i.e. the risk , timing or amount of the entity 's future cash flows is expected to change as a result of the contract); and
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

16.06 Other Income

Interest on FDR and exchange gain treated as other income which has calculated on cash basis.

16.07 Revaluation of Property, Plant and Equipment

The increase value of land and land development arisen due to revaluation of assets as per IAS-16. The effective date of revaluation to the Financial Statements was 31st December 2010. In the year 2010, the Company made valuation of its Land and Land Development by independent valuation specialist M/S. Ata Khan & Co, Chartered Accountants following current cost method at Tk. 180,000,000/- resulting a valuation surplus of Tk. 145,690,413/-, Revaluation surplus has been transferred to revaluation reserve.

16.08 Accrued Expenses and Other Payables

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

16.09 Inventories

Inventories comprises of raw materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been valued at average cost. Work-in-Process has been valued at prime cost basis as required by IAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at cost of material and other production OH attributable to bringing the goods to the state of sale under the convention of IAS-2.

16.10 Income Tax-Current

Provision for taxation has been made as per rates prescribed in Finance Act 2023 and the Income Tax Ordinance, 1984 on the profit made by the company.

Provision for Tax Holiday Reserve

The company was allowed tax holiday for periods of four years from the date of commencement of commercial production i.e. 01, April 2007 vide National Board of Revenue's Order ref. 11(49) Anu-1/2007/317 (2) dated 02.07.2012 The period of tax holiday of the company expired in 31 March 2011. The company has made Tax Holiday reserve for the period from 01-01-2011 to 31-03-2011@ 40% on net profit during that period.

Deferred Tax

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

Income Tax Status

Income Tax Assessment was completed up to the year 2007-2008 to 2012-2013 and certificates already collected and for the year 2013-2014 & 2014-2015 by Deputy Commissioner of Taxes against which appeal is pending. The assessment year 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022 and 2022-2023 is under process. The company has tax liability of Tk. 203,961,594/- against which advance tax paid Tk. 51,065,886/-.

16.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, short term deposits, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Considering the provisions of IAS 7 and IAS 1, cash in hand and bank balances have been considered as cash and cash equivalents.

We were not given some cash voucher postings so we have more cash in hand.

16.12 Statement of Cash Flows

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

16.13 Borrowing Costs

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

16.14 Earnings Per Share

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Basic Earnings

This represents earnings for the period attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted Average Number of Ordinary Shares Outstanding during the year

The basis of computation of number of shares is in line with the provisions of IAS-33 : Earnings Per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the year.

Diluted Earnings Per Share

No diluted EPS is required to be calculated for the year, as there was no scope for dilution during the year under review.

16.15 Workers Profit Participation Fund, Welfare Fund and Workers Welfare Foundation Fund

The company makes a regular allocation of 5% on net profit before tax to these funds and payment is made to the workers as per provision of Bangladesh Labour Act, 2006 (Amended 2018) instead of Labor Act 2006 as amended in 2013. Although government portion of WPPF is yet to be made but in the process of payment and hopefully will pay as soon as possible.



16.16 Employee Benefits (IAS 19):

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

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

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

The company's employee benefits include short-term employee benefits such as maternity leave allowance, medical service, day care center etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

16.17 Right of use Assets (ROU)

The company recognizes the right of use assets (RoU) at the commencement date of the lease (i.e. the date the underlying asset is available for use. RoU assets are measured at cost less any accumulated depreciation and impairment of losses and adjusted cost incurred, and lease payment made at or before the commencement date less any lease term. The Right-of-use assets are depreciated on a straight line basis over the lease term or remaining period of the lease term. The company assessed all lease contracts live in 2019 and came up with the decision that no ROU requires to be recognized because the only lease rental agreement in connection with office rent is cancellable lease agreement. Thus, in accordance with para 5 of IFRS 16, management considers the lease agreement as short term lease and chose to recognize the monthly lease payments as an expenses in line with para 6 of the standard.

Lease Liability

At the commencement of the lease, the company recognize lease liabilities measured at the present value of lease payments (initial payment) and amount is expected to be paid under residual value of guarantees. The lease payments also include the exercise price of purchase option reasonably certain to be exercised by the company and payment of penalties for terminating the lease.

In 2022-2023 the company reassessed lease payment of existing contracts for remaining year considering a cut off date i.e. 01 July 2010. The lease liabilities are presented in the note 27 of these financial statements.

16.18 Lease Liabilities (Present Value of Lease Payments)

The company recognized the lease liabilities which is present value of lease payments to be made over the lease term from the date of commencement. The lease payment include fixed and variable lease payment and the amount expected to be paid under residual value of guarantee.

16.19 Financial Instruments

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



Derivative:

According to IFRS 7: " Financial Instruments : Disclosures", the Company was not a Party to any derivative contract (financial instruments) at the financial statement date, such as forward contracts, future contracts to hedge risks arising from borrowings, future purchase, etc.

Non-Derivative:

Non-derivative financial instruments comprise of trade and other receivable, borrowings and other payables and are shown at transaction cost as per IAS 39 "Financial Instruments: Recognition and Measurement".

IFRS 9 "Financial Instrument"

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial assets and some contracts to buy or sell non-financial items. this standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the company has adopted consequential amendments to IAS 1 presentation of financial statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI).

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost. FVOCI (Fair value through OCI) and FVTPL (Fair Value Through Profit and Loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial assets managed and its contractual cash flow characteristics.

IFRS 9 eliminated the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS , derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities.

For an explanation of how the company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9,

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 01 July 2022.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 01 July 2022 relates solely to the new impairment requirements.



| Particulars | Original Classification Under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 | New Carrying amount under IFRS 9 |
|-------------|--------------------------------------|---------------------------------|---------------------------------------|----------------------------------|
|-------------|--------------------------------------|---------------------------------|---------------------------------------|----------------------------------|

Financial assets

| | | | | |
|-----------------------------|-----------------------|----------------|-------------|-------------|
| Trade and other receivables | Loans and receivables | Amortized Cost | 863,347,238 | 863,347,238 |
| Cash and Cash Equivalents | Loans and receivables | Amortized Cost | 18,008,890 | 18,008,890 |

Financial Liabilities

| | | | | |
|--------------------------|-----------------------------|-----------------------------|-----------|-----------|
| Trade and other payables | Other financial liabilities | Other financial liabilities | 9,457,521 | 9,457,521 |
|--------------------------|-----------------------------|-----------------------------|-----------|-----------|

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. No material impact to the company financial statements has arisen on the adoption of IFRS 9 and the company has not restated periods on adoption of IFRS 9.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 01 July 2022.

| Particulars | IAS 39 carrying amount at 30 June 2022 | Re-measurement | IFRS 9 carrying amount at 01 July 2022 |
|--|--|----------------|--|
| Financial Assets | | | |
| Trade and other receivables Brought forward: Loans and receivables | 863,347,238 | | |
| Re-measurement Carried forward | | - | 863,347,238 |
| Cash and Cash equivalents | | | |
| Brought forward: Loans and receivables | 18,008,890 | | |
| Re-measurement Carried forward | | - | 18,008,890 |
| Total | 881,356,128 | - | 881,356,128 |

16.20 Trade Receivables

Trade receivable from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with IAS-21: The Effects of Changes in Foreign Exchange Rates. Uncollectible receivables are charged to statement of profit or loss and comprehensive income as bad debts.

16.21 Segment Reporting

No segmental reporting is applicable for the company as required by IFRS 8: "Segment Reporting" as the company operates in a single industry segment and within a single operational unit.

16.22 Authorization of Financial Statements:

The Financial Statements have been authorized for issue by the Board of Directors on October 26, 2023.

| Amount in Taka | |
|----------------|---------------|
| June 30, 2023 | June 30, 2022 |

17.00 Property, Plant and Equipments

Tk. 1,367,609,513 Tk. 1,429,229,399

This represents the written down value of assets as at 30-06-2023 at historical cost except land which are stated at revalued amount.

This has been arrived as under:

A. Cost

Opening Balance

2,317,339,043

2,317,339,043

Add: Addition during the year

-

-

2,317,339,043

2,317,339,043

B. Accumulated Depreciation

Opening Balance

888,109,645

821,432,312

Add: Depreciation Charged during the year

61,619,885

66,677,333

949,729,530

888,109,645

(A-B) Written down Value

1,367,609,513

1,429,229,399

The details of above has been shown in Annexure " A"

18.00 Inventories

Tk. 705,769,136

Tk. 686,690,200

The break-up of the amount is given below:

Yarn

231,896,280

223,400,363

Dyes & Chemicals

76,791,606

74,604,652

Packing Materials

13,565,245

13,236,642

Spares & Parts

6,254,850

6,095,365

Work-in- process

99,549,743

97,575,245

Finished Goods

277,711,412

271,777,933

705,769,136

686,690,200

The details of above has been shown in Annexure "B".

19.00 Trade and Other Receivables

Tk. 921,046,614

Tk. 863,347,238

This is made-up as follows:

Trade Receivables

921,046,614

863,347,238

921,046,614

863,347,238

The above amounts are considered good and collectible within six months.

Aging of Accounts Receivable:

| | | |
|----------------------|--------------------|--------------------|
| Less Than Six Months | 921,046,614 | 863,347,238 |
| More Than Six Months | - | - |
| Total: | 921,046,614 | 863,347,238 |

| Sl. | Particulars | Amount in Taka | |
|-----|--|--------------------|--------------------|
| | | June 30, 2023 | June 30, 2022 |
| I | Receivables considered good in respect of which the company is fully secured. | 921,046,614 | 863,347,238 |
| II | Receivables considered good in respect of which the company holds no security other than the debtor personal is fully secured. | - | - |
| III | Receivable considered doubtful or bad. | - | - |
| IV | Accounts Receivable due by any director or other officer of the company | - | - |
| V | Receivables due by common management | - | - |
| VI | The maximum amount of receivable due by any director or other officer of the company. | - | - |
| | Total: | 921,046,614 | 863,347,238 |

| | | |
|--|------------------------|------------------------|
| 19.01 Trade Receivables | Tk. 921,046,614 | Tk. 863,347,238 |
| This is made-up as follows: | | |
| Opening Balance | 863,347,238 | 841,557,545 |
| Add: Sales During the year | 1,414,525,199 | 1,580,523,111 |
| | 2,277,872,437 | 2,422,080,656 |
| Less: Received during the year | (1,356,825,823) | (1,558,733,418) |
| | 921,046,614 | 863,347,238 |
| 20.00 Advance, Deposit & Pre-Payments | Tk. 492,937,163 | Tk. 467,394,323 |
| The break-up of the amount is given below: | | |
| Advances (Note # 20.01) | 492,035,163 | 466,492,323 |
| Deposits (Note # 20.02) | 902,000 | 902,000 |
| | 492,937,163 | 467,394,323 |
| 20.01 Advances | Tk. 492,035,163 | Tk. 466,492,323 |
| The break-up of the amount is given below: | | |
| Advance Against Salary | 955,650 | 965,250 |
| Advance Against Goods, Spare, Services & Others | 101,848,128 | 92,725,603 |
| Advance to Suppliers & Contractors | 337,677,699 | 321,285,234 |
| Prepaid Insurance | 487,800 | 450,350 |
| Advance Income Tax (At Source) (Note # 20.04) | 51,065,886 | 51,065,886 |
| | 492,035,163 | 466,492,323 |
| 20.02 Deposits | Tk. 902,000 | Tk. 902,000 |
| Bank Guarantee | 902,000 | 902,000 |
| | 902,000 | 902,000 |
| 20.03 Disclosures as per Schedule-XI, Part-I of the Companies Act, 1994 | | |
| Advance, deposit and pre-payments considered good without security | 491,079,513 | 465,527,073 |
| Advance, Deposit and pre-payments exceeding 6 Months and considered good and secured | 902,000 | 902,000 |
| Advance, deposit and pre-payments considered doubtful and bad | - | - |
| Advance, deposit and pre-payments due by directors or others officers | - | - |
| Advance, deposit and pre-payments due from companies from same management | - | - |
| Maximum advance, deposit and pre-payments due by Directors or other officers at any time | 955,650 | 965,250 |
| | 492,937,163 | 467,394,323 |
| 20.04 Advance Income Tax (At Source) | Tk. 51,065,886 | Tk. 51,065,886 |
| This is made-up as follows: | | |
| Opening Balance | 51,065,886 | 42,740,505 |
| Add: AIT During the year | - | 8,325,381 |
| Closing Balance | 51,065,886 | 51,065,886 |
| 21.00 Fixed Deposit | Tk. 0 | Tk. 30,000,000 |
| Fixed Deposit with IBBL | - | 30,000,000 |
| | - | 30,000,000 |



22.00 Cash & Cash Equivalents

Tk. 124,146,723

Tk. 18,008,890

The break-up of the amount is given below:

Cash in Hand

Cash at Banks (Note # 22.01)

| | |
|--------------------|-------------------|
| 123,568,341 | 17,836,244 |
| 578,383 | 172,646 |
| 124,146,723 | 18,008,890 |

22.01 Cash at Bank

Tk. 578,383

Tk. 172,646

The break-up of the amount is given below:

Bank Asia Ltd. A/C 03387

Meghna Bank Ltd. A/C 0558

Exim bank Ltd. A/C 153791

Eastern Bank Ltd. A/C 2244

Islami Bank Bangladesh Ltd. A/C 17704

Janata Bank Ltd. A/C 59448

National bank Ltd. A/C 1749

Social Islami Bank Ltd. A/C 4768

Social Islami Bank Ltd. A/C 5092

Southeast Bank Ltd. A/C 5020

Trust bank Ltd. A/C 1885

Mutual Trust Bank Ltd. A/C 133468

Mutual Trust Bank Ltd. A/C 1552

Mutual Trust Bank Ltd. A/C 133431

| | |
|----------------|----------------|
| 24,160 | 25,080 |
| 49,190 | 50,110 |
| 3,142 | 4,062 |
| 20,132 | 21,052 |
| 1,674 | 2,364 |
| 3,576 | 4,266 |
| 1,156 | 2,191 |
| 4,009 | 5,274 |
| - | 202 |
| 32,132 | 31,787 |
| 9,115 | 9,575 |
| 129,099 | - |
| 15,533 | 16,683 |
| 285,465 | - |
| 578,383 | 172,646 |

Cash balance is certified by the management.

23.00 Share Capital

Tk. 1,835,501,432

Tk. 1,835,501,432

23.01 Authorized Capital

200,000,000 ordinary shares of tk. 10/- each

2,000,000,000

2,000,000,000

23.02 Issued, Subscribed & Paid-up Capital

183,550,143 Ordinary Shares of of Tk. 10 each fully paid as follows:

| SL No. | Particulars | No. of Shares | % of Shares | June 30, 2023 | June 30, 2022 |
|--------|---------------------------|--------------------|-----------------|----------------------|----------------------|
| 1 | Mr. Shafiul Azam (Mohsin) | 25,684,716 | 13.99% | 256,847,160 | 256,847,160 |
| 2 | Mr. Shadequl Alam (Yasin) | 14,879,632 | 8.10% | 148,796,320 | 148,796,320 |
| 3 | Shahida Khanom (Swarna) | 1,540 | 0.001% | 15,400 | 15,400 |
| 4 | Md. Moazzam Khan | 1,540 | 0.001% | 15,400 | 15,400 |
| 5 | Md. Yunus Ali | 1,540 | 0.001% | 15,400 | 15,400 |
| 6 | Md. Sohel Khan | 10,558,193 | 5.75% | 105,581,930 | 105,581,930 |
| 7 | Disney Properties Ltd. | 4,159,137 | 2.26% | 41,591,370 | 41,591,370 |
| 8 | Institution | 23,408,073 | 12.75% | 234,080,730 | 232,003,990 |
| 9 | Foreign | 7,342 | 0.004% | 73,420 | 77,180 |
| 10 | Public | 104,848,430 | 57.12% | 1,048,484,300 | 1,050,557,280 |
| | Total | 183,550,143 | 100.000% | 1,835,501,430 | 1,835,501,430 |



23.03 Classification of Shareholders by range of number of Shares held

The distribution schedule showing the number of shareholders and their shareholding in percentage has been disclosed below as a requirement of "Listing Regulations of Dhaka and Chittagong Stock Exchanges."

| Shareholding range in number of Shares | Number of Shareholders | | Number of Shares | | % of Shareholding | |
|---|---------------------------|---------------|--------------------|--------------------|-------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| 1 to 499 | 2,501 | 2,476 | 381,641 | 359,289 | 0.21% | 0.20% |
| 500 to 5,000 | 7,599 | 6,999 | 13,891,144 | 11,725,663 | 7.57% | 6.39% |
| 5,001 to 10,000 | 1,435 | 1,361 | 10,526,005 | 9,551,764 | 5.73% | 5.20% |
| 10,001 to 20,000 | 986 | 985 | 13,943,932 | 13,452,921 | 7.60% | 7.33% |
| 20,001 to 30,000 | 358 | 382 | 8,632,652 | 9,101,442 | 4.70% | 4.96% |
| 30,001 to 40,000 | 173 | 187 | 5,988,292 | 6,363,512 | 3.26% | 3.47% |
| 40,001 to 50,000 | 121 | 101 | 5,538,409 | 4,499,752 | 3.02% | 2.45% |
| 50001 to 100,000 | 220 | 239 | 15,077,349 | 15,873,452 | 8.21% | 8.65% |
| 100,001 to 1,000,000 | 139 | 134 | 29,897,417 | 27,921,826 | 16.29% | 15.21% |
| Over 1,000,000 | 12 | 14 | 79,673,302 | 84,700,522 | 43.41% | 46.14% |
| Total | 13,544 | 12,878 | 183,550,143 | 183,550,143 | 100.00 | 100.00 |

24.00 Revaluation Reserve

Tk. 141,319,701

Tk. 141,319,701

Revaluation Reserve has been created out by the amount of revaluation surplus of land. Details are presented below. Revaluation was made in December 31, 2010.

| Name of Assets | June 30, 2023 | June 30, 2022 |
|--------------------|--------------------|--------------------|
| Land | 145,690,413 | 145,690,413 |
| Less: Deferred Tax | 4,370,712 | 4,370,712 |
| Total | 141,319,701 | 141,319,701 |

25.00 Tax Holiday Reserve

Tk. 145,760,152

Tk. 145,760,152

Tax Holiday Reserve

145,760,152

145,760,152

145,760,152

145,760,152

The period of tax holiday of the company expired in March 31, 2011. The company has made Tax Holiday reserve for the period from 01-01-2011 to 31-03-2011@ 40% on net profit during the year 2011.

26.00 Retained Earnings

Tk. 369,559,119

Tk. 359,696,875

This is made up as follows :

Opening Balance

359,696,875

355,462,044

Add: Net Profit for the year

22,688,628

34,952,503

Accumulated Earnings

382,385,503

390,414,547

Issuance of Stock Dividend

-

(18,173,282)

Issuance of Cash Dividend

(12,826,385)

(12,544,390)

369,559,119

359,696,875

27.00 Long- Term Borrowings (Secured)

Tk. 421,786,297

Tk. 421,786,297

The break-up of the amount is given below:

Long Term Loan from Bank (Note # 27.01)

440,081,035

440,081,035

Lease Liabilities (Note # 27.02)

80,214,241

80,214,241

520,295,276

520,295,276

Less: Long -Term Borrowings-Current portion

(98,508,979)

(98,508,979)

Long- Term Borrowings net off current portion

421,786,297

421,786,297



27.01 Long- Term Bank Loan (Secured)

Tk. 440,081,035 Tk. 440,081,035

The break-up of the amount is given below:
Agrani Bank Principal Branch (Project Loan)
Brac Bank Term Loan

| | |
|--------------------|--------------------|
| 429,715,998 | 429,715,998 |
| 10,365,037 | 10,365,037 |
| 440,081,035 | 440,081,035 |

This represents the present outstanding balances of the above term loans. The above loans are secured by personal guarantee of the directors of the company, corporate guarantee of Pacific Group and the pari passé sharing agreement between banks on fixed and floating assets of the company. The interest rate of this loans is varying from 13% -16%.

27.02 Leases

Tk. 80,214,241 Tk. 80,214,241

This is made up as follows :

IDLC Finance Limited
IIDFC
First Lease Finance & Investment Ltd.

| | |
|-------------------|-------------------|
| 14,350,336 | 14,350,336 |
| 36,652,049 | 36,652,049 |
| 29,211,856 | 29,211,856 |
| 80,214,241 | 80,214,241 |

28.00 Deferred Tax Liability

Tk. 82,557,757 Tk. 78,067,819

On Cost:

WDV of Assets Accounting Base
WDV of Assets Tax Base
Temporary Difference
Tax Rate
Deferred Tax Liability
On Revaluation (Note # 28.01)

| | |
|-------------------|-------------------|
| 1,367,609,513 | 1,429,229,399 |
| 846,362,547 | 937,915,350 |
| 521,246,967 | 491,314,048 |
| 15% | 15% |
| 78,187,045 | 73,697,107 |
| 4,370,712 | 4,370,712 |
| 82,557,757 | 78,067,819 |

28.01 Deferred tax liability on Revaluation Reserve

Revaluation Reserve
Tax Rate

145,690,413
3%

| | |
|-----------|-----------|
| 4,370,712 | 4,370,712 |
|-----------|-----------|

29.00 Trade Payables

Tk. 9,125,450 Tk. 9,457,521

The break-up of the amount is given below:
Acceptance Liabilities

| | |
|------------------|------------------|
| 9,125,450 | 9,457,521 |
| 9,125,450 | 9,457,521 |

30.00 Short-Term Bank Borrowings

Tk. 32,491,061 Tk. 32,491,061

The break-up of the amount is given below:
Prime Bank Ltd

| | |
|-------------------|-------------------|
| 32,491,061 | 32,491,061 |
| 32,491,061 | 32,491,061 |

This represents the present outstanding balances of the above Short term loans. The above loans are secured by personal guarantee of the directors of the company, corporate guarantee of Pacific Group and the pair passé sharing agreement between banks on fixed and floating assets of the company. The interest rate of this loans is varying from 13% -15%.

31.00 Provision for Workers Profit Participation Fund

Tk. 15,039,076 Tk. 12,333,794

The break-up of the amount is given below:

Opening Balance
Add: During the year

| | |
|-------------------|-------------------|
| 12,333,794 | 8,950,930 |
| 2,705,282 | 3,382,864 |
| 15,039,076 | 12,333,794 |



32.00 Provision for Trade Receivable

Tk. 52,519,028

Tk. 34,098,096

The break-up of the amount is given below:

Opening Balance

Add: During the year

| | |
|-------------------|-------------------|
| 34,098,096 | 16,831,151 |
| 18,420,932 | 17,266,945 |
| 52,519,028 | 34,098,096 |

33.00 Provision for Income Tax

Tk. 203,961,594

Tk. 195,455,443

The break-up of the amount is given below:

Opening Balance

Add: During the year

| | |
|--------------------|--------------------|
| 195,455,443 | 185,952,438 |
| 8,506,151 | 9,503,005 |
| 203,961,594 | 195,455,443 |

34.00 Liabilities and Provision for Expenses

Tk. 196,973,581

Tk. 129,904,503

This outstanding liabilities are rendered their services to the company. The individual balance are subject to confirmation.

The break-up of the amount is given below:

Salary & Allowance

Salary & Wages

Telephone bill

Mobile bill

Gas bill

VAT on Office Rent

Interest payable

Audit fee

(Note # 34.01)

| | |
|--------------------|--------------------|
| 1,275,850 | 1,156,325 |
| 4,730,237 | 3,532,925 |
| 2,575 | 2,970 |
| 24,300 | 25,200 |
| 8,571,495 | 7,867,384 |
| 360,000 | 360,000 |
| 181,606,624 | 116,557,200 |
| 402,500 | 402,500 |
| 196,973,581 | 129,904,503 |

34.01 Interest payable

Tk. 181,606,624

Tk. 116,557,200

The break-up of the amount is given below:

Opening Balance

Add: Provision made during the year

| | |
|--------------------|--------------------|
| 116,557,200 | 96,103,333 |
| 65,049,424 | 20,453,867 |
| 181,606,624 | 116,557,200 |

35.00 Unclaimed/Unpaid Dividends

Tk. 6,405,923

Tk. 288,377

The break-up of the amount is given below:

Opening Balance

Add: Provision made during the period

Less: Adjustment for the period

| | |
|------------------|----------------|
| 288,377 | - |
| 12,826,385 | 12,544,390 |
| (6,708,838) | (12,256,013) |
| 6,405,923 | 288,377 |

36.00 Net Asset Value (NAV) Per Share

Tk. 13.58

Tk. 13.52

Net Assets

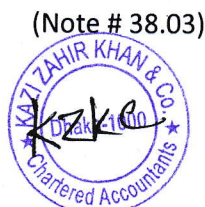
No. of Shares

Net Asset Value (NAV) Per Share

| | |
|---------------|---------------|
| 2,492,140,403 | 2,482,278,160 |
| 183,550,143 | 183,550,143 |
| 13.58 | 13.52 |



| | | Amount in Taka | |
|---|--|--------------------------|--------------------------|
| | | June 30, 2023 | June 30, 2022 |
| 37.00 Turnover | | Tk. 1,414,525,199 | Tk. 1,580,523,111 |
| Sales | | 1,414,525,199 | 1,580,523,111 |
| | | 1,414,525,199 | 1,580,523,111 |
| 38.00 Cost of Sales | | Tk. 1,262,454,246 | Tk. 1,356,007,058 |
| The break-up of the amount is given below: | | | |
| Raw materials Consumed (Note # 38.01) | | 1,052,316,765 | 1,164,769,168 |
| Manufacturing Overhead (Note # 38.02) | | 218,045,458 | 206,985,790 |
| Opening WIP | | 97,575,245 | 93,267,470 |
| Closing WIP | | (99,549,743) | (97,575,245) |
| Cost of Production | | 1,268,387,725 | 1,367,447,183 |
| Finished Goods (Opening) | | 271,777,933 | 260,337,808 |
| Finished Goods (Closing) | | (277,711,412) | (271,777,933) |
| Cost of Sales | | 1,262,454,246 | 1,356,007,058 |
| 38.01 Raw Material Consumed | | Tk. 1,052,316,765 | Tk. 1,164,769,168 |
| Opening Stock of Raw Materials | | 311,241,657 | 291,632,488 |
| Raw Materials- Yarn | | 223,400,363 | 208,498,831 |
| Dyes & Chemicals | | 74,604,652 | 70,646,601 |
| Packing Materials | | 13,236,642 | 12,487,056 |
| Add: Raw Material Purchased | | 1,063,328,239 | 1,184,378,337 |
| Raw Materials- Yarn | | 911,681,514 | 972,574,177 |
| Dyes & Chemicals | | 100,600,867 | 137,419,248 |
| Packing Materials | | 51,045,857 | 74,384,912 |
| Raw Material available for Consumption | | 1,374,569,896 | 1,476,010,825 |
| Less: Closing Stock of Raw Materials | | 322,253,131 | 311,241,657 |
| Raw Materials- Yarn | | 231,896,280 | 223,400,363 |
| Dyes & Chemicals | | 76,791,606 | 74,604,652 |
| Packing Materials | | 13,565,245 | 13,236,642 |
| Raw Material Consumption | | 1,052,316,765 | 1,164,769,168 |
| 38.02 Manufacturing Overhead | | Tk. 218,045,458 | Tk. 206,985,790 |
| The break-up of the amount is given below: | | | |
| Wages & Allowances | | 64,677,597 | 74,405,219 |
| Festival Bonus | | 5,572,750 | 5,755,200 |
| Overtime Expenses | | 1,253,611 | 1,201,256 |
| Gas Bill | | 68,221,514 | 40,860,028 |
| Medical Expenses | | 400,580 | 445,632 |
| Insurance Premium | | 701,526 | 725,648 |
| Postage & Stamp | | 65,900 | 70,256 |
| Factory Maintenance | | 1,881,714 | 2,103,556 |
| Generator Maintenance & Lubricants | | 8,645,679 | 9,604,558 |
| ETP Expenses | | 91,255 | 99,865 |
| Spare Parts | | 4,913,447 | 5,037,240 |
| Depreciation | | 61,619,885 | 66,677,333 |
| | | 218,045,458 | 206,985,790 |



38.03 Spares Parts

Tk. 4,913,447

Tk. 5,037,240

The break-up of the amount is given below:

Stock of Spare parts Opening
Purchase of Spare parts
Stock of Spare parts - Closing
Consumption

| | |
|------------------|------------------|
| 6,095,365 | 5,985,620 |
| 5,072,932 | 5,146,985 |
| (6,254,850) | (6,095,365) |
| 4,913,447 | 5,037,240 |

39.00 Office & Administrative Expenses

Tk. 25,936,280

Tk. 27,546,863

The break-up of the amount is given below:

Salary & Allowances
Remuneration (MD)
Board Meeting Fees
Car Maintenance
Audit Fees
Renewal & Registration Fees
Repair & Maintenance
Tour & Travels
Donation
Legal & Consultancy Fees
Conveyance
Entertainment
Misc. Expenses
Mobile & Telephone Bill
Printing & Stationery
Fees & Forms
Charge & Commission (C&F Expenses)
Office Rent
Internet Bill
Transportation
Paper & Periodical
Office Maintenance

| | |
|-------------------|-------------------|
| 5,005,650 | 5,326,548 |
| 1,200,000 | 1,200,000 |
| 162,000 | 162,000 |
| 1,030,400 | 1,054,870 |
| 402,500 | 402,500 |
| 1,550,600 | 1,752,799 |
| 150,641 | 213,564 |
| 605,950 | 700,254 |
| 887,000 | 965,896 |
| 474,000 | 554,871 |
| 301,526 | 332,654 |
| 469,073 | 602,157 |
| 215,545 | 230,219 |
| 715,850 | 765,328 |
| 925,478 | 978,758 |
| 200,150 | 214,569 |
| 5,565,365 | 5,798,743 |
| 2,760,000 | 2,760,000 |
| 295,895 | 301,256 |
| 2,252,062 | 2,425,650 |
| 22,620 | 24,569 |
| 743,975 | 779,658 |
| 25,936,280 | 27,546,863 |

40.00 Selling & Distribution Expenses

Tk. 6,420,909

Tk. 6,913,200

The break-up of the amount is given below:

Salary & Allowances
Entertainment
Printing & Stationery
Advertisement
Misc. Expenses
Travelling & Conveyance
Sales promotion Exp.

| | |
|------------------|------------------|
| 3,152,250 | 3,435,265 |
| 206,585 | 271,256 |
| 94,788 | 99,658 |
| 932,561 | 985,369 |
| 801,254 | 824,365 |
| 531,924 | 554,698 |
| 701,547 | 742,589 |
| 6,420,909 | 6,913,200 |

41.00 Financial Expenses

Tk. 66,069,506

Tk. 122,326,966

The break-up of the amount is given below:

Interest on Project Loan general (Agrani bank Ltd.)
Interest on IDLC Finance Limited
Interest on (IIDFC)
Interest on First Lease Financing
Interest on Term Loan (Prime Bank Ltd.)
Interest on Term Loan (Brac Bank Ltd.)
Interest on LTR
Bank Charge/Bank Misc./Service Charge etc.

| | |
|-------------------|--------------------|
| 42,971,600 | 96,325,480 |
| 1,435,034 | 2,420,365 |
| 3,665,205 | 2,236,548 |
| 2,921,186 | 4,965,896 |
| 3,249,106 | 2,510,365 |
| 1,036,504 | 2,436,580 |
| 9,770,790 | 10,256,037 |
| 1,020,082 | 1,175,695 |
| 66,069,506 | 122,326,966 |



42.00 Other Income

Tk. 3,166,673

Tk. 3,311,126

This amount consist of
Interest Received from FDR
Exchange Gain

| | |
|------------------|------------------|
| 2,860,855 | 2,985,478 |
| 305,818 | 325,648 |
| 3,166,673 | 3,311,126 |

43.00 Current Tax Expenses

Tk. 8,506,151

Tk. 9,503,005

Profit before Tax
Less: Other Income considered separately

| | |
|--------------|---------------|
| 35,684,716 | 50,390,340 |
| 3,166,673 | 3,311,126 |
| 32,518,044 | 47,079,214 |
| 61,619,885 | 66,677,333 |
| (91,552,804) | (106,242,883) |

Add: Accounting Depreciation
Less: Tax Depreciation
Taxable Income

2,585,125 **7,513,663**

Current tax Expenses on Taxable Income @15%
Current tax Expenses on other Income @22.5%
Regular Tax

387,769 1,127,049

712,501 745,003

1,100,270 1,872,053

Current Tax Expenses

8,506,151 **9,503,005**

Minimum tax on gross receipts of the company was taka 8,506,151 which is higher than the amount of regular tax amounting Taka 1,100,270 hence considering the provision of section 82C of Income Tax Ordinance 1984 the higher amount considered as income tax expenses comparing minimum tax and regular tax.

44.00 Deferred Tax Expenses/(Income)

Tk. 4,489,938

Tk. 5,934,833

Closing
Beginning

| | |
|------------------|------------------|
| 78,187,045 | 73,697,107 |
| 73,697,107 | 67,762,275 |
| 4,489,938 | 5,934,833 |

45.00 Earnings Per Share (EPS)

Tk. 0.12

Tk. 0.19

Net Profit After Tax

22,688,628 34,952,503

Weighted Number of Ordinary Shares during the year (Re-stated)

183,550,143 183,550,143

Earnings Per Share (EPS)

0.12 **0.19**

Weighted Average number of Ordinary Shares

Opening

183,550,143 181,732,815

Issuance of Stock Dividend

- 1,817,328

restated:

183,550,143 **183,550,143**

46.00 Cash Paid to Suppliers, Employees and Others

Tk. 1,276,125,743

Tk. 1,381,426,392

The break-up of the amount is given below:

Cost of Goods Sold

1,262,454,246 1,356,007,058

Less: Opening Inventory

(686,690,200) (651,223,386)

Add: Closing Inventory

705,769,136 686,690,200

Add: Creditors b/d

9,457,521 10,025,853

Less: Creditors c/d

(9,125,450) (9,457,521)

Less: Depreciation

(61,619,885) (66,677,333)

Add: Administrative Expenses

25,936,280 27,546,863

Add: Marketing Expenses

6,420,909 6,913,200

Add: Accrued Exp b/d

13,347,303 13,134,946

Less: Accrued Exp c/d

(15,366,957) (13,347,303)

Add: Prepaid Exp c/d

441,871,277 416,328,437

Less: Prepaid Exp b/d

(416,328,437) (394,514,623)

1,276,125,743

1,381,426,392



47.00 Interest Paid

Tk. 1,020,082 **Tk. 101,873,099**

The break-up of the amount is given below:

Expense Charged
Add: Owing b/d
Less: Owing c/d

| | |
|------------------|--------------------|
| 66,069,506 | 122,326,966 |
| 116,557,200 | 96,103,333 |
| (181,606,624) | (116,557,200) |
| 1,020,082 | 101,873,099 |

48.00 Income Tax Paid

Tk. 0 **Tk. 8,325,381**

The break-up of the amount is given below:

Provision b/d
Add: Tax Charged during year
Add: Advance Tax c/d
Less: Advance Tax b/d
Less: Provision c/d

| | |
|---------------|------------------|
| 195,455,443 | 185,952,438 |
| 8,506,151 | 9,503,005 |
| 51,065,886 | 51,065,886 |
| (51,065,886) | (42,740,505) |
| (203,961,594) | (195,455,443) |
| - | 8,325,381 |

49.00 Reconciliation of Net Profit with cash flows from Operating Activities

| | | |
|--|-------------------|--------------------|
| Profit before Tax | 35,684,716 | 50,390,340 |
| Adjustment for: | | |
| Depreciation on property, plant and equipment | 61,619,885 | 66,677,333 |
| | 97,304,602 | 117,067,673 |
| Less: Increase in Trade & Other Receivables | (57,699,376) | (21,789,693) |
| Less: Increase in Inventories | (19,078,936) | (35,466,814) |
| Add: Increase in WPPF | 2,705,282 | 3,382,864 |
| Add: Increase In Trade Receivables | 18,420,932 | 17,266,945 |
| Add: Increase in Trade Payables | (332,071) | (568,332) |
| Add: Increase in Liabilities for Expenses | 67,069,078 | 20,377,847 |
| Less: Increase in Advance, Deposit & Prepayments | (25,542,840) | (21,813,814) |
| Less: AIT at source on export realization | - | (8,325,381) |
| Net cash flow from operating activities | 82,846,671 | 70,131,295 |

50.00 Net Operating Cash Flow Per Share

Tk. 0.45 **Tk. 0.38**

Net Cash flows from operating activities

No. of Shares

Net Operating Cash Flow Per Share

| | |
|-------------|-------------|
| 82,846,671 | 70,419,672 |
| 183,550,143 | 183,550,143 |
| 0.45 | 0.38 |

51.00 The requirement of schedule XI part-II, Para 3

Employees

Number of employees whose salary was below Tk. 8,250
Number of employees whose salary was above Tk. 8,250

| | |
|------------|------------|
| - | - |
| 410 | 416 |
| 410 | 416 |

52.00 Additional Information

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

| | | |
|----------------------|---------------|---------------|
| Turnover in BDT. | 1,414,525,199 | 1,580,523,111 |
| Turnover in Quantity | 8,840,782 | 9,878,269 |

The requirement of schedule XI part-II, Para 3 (d) (i) : Raw Materials Consumed

| | | |
|-------------------------------------|--------------|-------------|
| Raw Material (Yarn) (Kgs) | 4,631,721.01 | 5,040,382 |
| Raw Material (Yarn) (Value in BDT.) | 903,185,597 | 957,672,645 |
| Dyes & Chemical (Kgs) | 634,928.47 | 889,741 |
| Dyes & Chemical (Value in BDT.) | 98,413,913 | 133,461,197 |

The requirement of schedule XI part-II, Para 3 (d) (ii) : Goods Produced

Finished Goods

| | | |
|------------------|-----------|-----------|
| Opening (Yds) | 1,874,331 | 1,886,506 |
| Production (Yds) | 8,758,138 | 9,866,094 |
| Closing (Yds) | 1,791,687 | 1,874,331 |

The requirement of schedule XI part-II, Para 4

| Sl. No | Name | Designation | Nature of Transaction | |
|--------|-------------------------------|---|-----------------------|-------------------|
| | | | Remuneration | Board Meeting Fee |
| 1 | Md. Shadequl Alam (Yeasin) | Chairman | | 36,000 |
| 2 | Md. Shafiul Azam (Mohsin) | Managing Director | 1,200,000 | 36,000 |
| 3 | Md. Sohel Khan | Director | | 30,000 |
| 4 | Md. Belayet Hossain, Advocate | Independent Director | | 30,000 |
| 5 | Md. Shafiul Azam (Mohsin) | Nominee Director (Disney Properties Ltd.) | | 30,000 |

The requirement of schedule XI part-II, Para 4

Payments to Managing Director and Director by the company during the year

| Sl. No | Particulars | June 30, 2023 | June 30, 2022 |
|--------|--|---------------|---------------|
| (a) | Managerial remuneration paid or payable during the financial year to the directors, including managing director, a managing agent or manager; | 1,200,000 | 1,200,000 |
| (b) | Expenses reimbursed to the managing agent; | Nil | Nil |
| (c) | Commission or other remuneration payable separately to a managing agent or his associate; | Nil | Nil |
| (d) | Commission received or receivable by the managing agent or his associate as selling or buying agent of other agent of other concerns in respect of contracts entered into by such concerns with the company; | Nil | Nil |
| (e) | The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year; | Nil | Nil |
| (f) | Any other perquisites or benefits in cash or in kind; | Nil | Nil |
| (g) | Other allowances and commission including guarantee commission; | Nil | Nil |
| (h) | Pension etc. | Nil | Nil |
| | (i) Pensions | Nil | Nil |
| | (ii) Gratuities | Nil | Nil |
| | (iii) Payments from a provident funds, in excess of own subscription and interest thereon | Nil | Nil |
| | (iv) Compensation for loss of office | Nil | Nil |
| | (v) Consideration in connection with retirement from office. | Nil | Nil |

The requirement of schedule XI part-II, Para 7 : Capacity Utilization

| Sl. No | Name of Product | Production Capacity Yds/Year | Actual Production Yds | Utilization |
|--------|-----------------|------------------------------|-----------------------|-------------|
| 1 | Denims Fabrics | 18,450,000 | 8,758,138 | 47% |

The requirement of schedule XI part-II, Para 8

| Particulars | Opening Balance | Total Purchase year ended June 30, 2023 | Material Available (Taka) | Material Consumption (Taka) | % of Consumption |
|---------------------|--------------------|---|---------------------------|-----------------------------|------------------|
| Raw Material (Yarn) | 223,400,363 | 911,681,514 | 1,135,081,877 | 903,185,597 | 85.43% |
| Dyes & Chemical | 74,604,652 | 100,600,867 | 175,205,519 | 98,413,913 | 9.31% |
| Packing Material | 13,236,642 | 51,045,857 | 64,282,499 | 50,717,254 | 4.80% |
| Spare Parts | 6,095,365 | 5,072,932 | 11,168,297 | 4,913,447 | 0.46% |
| Total | 317,337,022 | 1,068,401,171 | 1,385,738,193 | 1,057,230,212 | 100.00% |

Value of imports calculated on C.I.F basis by the company during the financial year ended June 30, 2023 in respect of raw materials, components and spare parts and capital good were as follows:

| Sl. No | Particulars | Import |
|--------|---------------------------|---------------|
| | | Amount in BDT |
| i | Raw Materials | 911,681,514 |
| ii | Packing Materials | 51,045,857 |
| iii | Components of Spare Parts | 5,072,932 |

Value of Sales on FOB Basis:

Particulars

| | | |
|-------------------------------------|---------------|---------------|
| Sales of Denims Fabrics (US Dollar) | \$13,097,456 | \$17,758,687 |
| Sales of Denims Fabrics (BDT) | 1,414,525,199 | 1,580,523,111 |

53.00 Contingent Liabilities

There was no sum for which the company is contingently liable as on June 30, 2023

54.00 Claims Not Acknowledged

There was no claims against the company not acknowledged as debt as on June 30, 2023

55.00 Commission Brokerage Or Discount Against Sales

No commission, brokerage or discount was incurred or paid by the Company against sales during the year of July 1, 2022 to June 30, 2023.

56.00 Events after the Reporting Period

The Board of Directors meeting of Pacific Denims Ltd., held on 26 October 2023, recommended 1% Cash dividend (Except Director & Sponsor Shareholder) of the paid-up capital for the year ended 30 June 2023. These dividends is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.

57.00 Significant Deviation

During the year Sales, Net profit after Tax and Earnings Per Share (EPS) are decreased in comparison with previous year ended on June 30, 2022 due to increase of raw material costing and others overhead increase as well as insufficient supply of Gas as a result profit decrease from comparative year.

58.00 Financial Risk Management

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

Credit Risk

Liquidity Risk

Market Risk

Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place that are controlled and monitored in accordance with terms and conditions prescribed in export letter of credit. As at 30th June 2023 the entire part of the receivables are related to export of goods and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

Liquidity Risk

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

Market Risk

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

(a) Currency risk

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

(b) Interest rate risk

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



PACIFIC DENIMS LIMITED
Schedule of Property, Plant & Equipment
As on June 30, 2023

| Particulars | Amount in Taka | | | | | | | | | | | | | |
|---|-------------------|---------------------|------------------|-------------------------------|---------------------|-----------------------|---------------------|------------------|----------------------------|-------------------------|-------------------------|----------------------|-----------------------------------|----------------------|
| | Land | Revaluation Reserve | Land Development | Building & other Construction | Furniture & Fixture | Electric Installation | Deep-Well Tube-well | Office Equipment | Plant & Machinery Imported | Plant & Machinery Local | Fire Fighting Equipment | Vehicles & Transport | Total Property, Plant & Equipment | Total |
| Cost | | | | | | | | | | | | | | |
| As on July 01, 2022 | 34,309,587 | 145,690,413 | 5,018,960 | 963,237,722 | 32,177,409 | 64,772,051 | 452,632 | 8,325,306 | 982,064,258 | 76,349,343 | 2,475,360 | 2,466,002 | 2,317,339,043 | 2,317,339,043 |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal During the Year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cost as on June 30, 2023 | 34,309,587 | 145,690,413 | 5,018,960 | 963,237,722 | 32,177,409 | 64,772,051 | 452,632 | 8,325,306 | 982,064,258 | 76,349,343 | 2,475,360 | 2,466,002 | 2,317,339,043 | 2,317,339,043 |
| Rate of Dep. | 0% | 0% | 0% | 2.50% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Accumulated Depreciation | | | | | | | | | | | | | | |
| As on July 01, 2022 | - | - | - | 125,888,943 | 22,138,294 | 51,331,871 | 364,098 | 5,217,957 | 621,899,967 | 57,941,981 | 1,396,466 | 1,930,067 | 888,109,644 | 888,109,644 |
| Depreciation Charged | - | - | - | 20,933,719 | 1,003,912 | 1,344,018 | 8,853 | 310,735 | 36,016,429 | 1,840,736 | 107,889 | 53,593 | 61,619,885 | 61,619,885 |
| Adjustment for Assets disposal off | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Accumulated Depreciation as on June 30, 2023 | - | - | - | 146,822,663 | 23,142,205 | 52,675,889 | 372,951 | 5,528,692 | 657,916,396 | 59,782,717 | 1,504,355 | 1,983,661 | 949,729,530 | 949,729,530 |
| Net Book Value June 30, 2023 | 34,309,587 | 145,690,413 | 5,018,960 | 816,415,059 | 9,035,204 | 12,096,162 | 79,681 | 2,796,614 | 324,147,862 | 16,566,626 | 971,005 | 482,341 | 1,367,609,513 | 1,367,609,513 |
| Carrying Value as on June 30, 2023 | | | | | | | | | | | | | | |

PACIFIC DENIMS LIMITED
Schedule of Property, Plant & Equipment
As on June 30, 2022

| Particulars | Amount in Taka | | | | | | | | | | | | | |
|---|-------------------|---------------------|------------------|-------------------------------|---------------------|-----------------------|---------------------|------------------|----------------------------|-------------------------|-------------------------|----------------------|-----------------------------------|----------------------|
| | Land | Revaluation Reserve | Land Development | Building & other Construction | Furniture & Fixture | Electric Installation | Deep-Well Tube-well | Office Equipment | Plant & Machinery Imported | Plant & Machinery Local | Fire Fighting Equipment | Vehicles & Transport | Total Property, Plant & Equipment | Total |
| Cost | | | | | | | | | | | | | | |
| As on July 01, 2021 | 34,309,587 | 145,690,413 | 5,018,960 | 963,237,722 | 32,177,409 | 64,772,051 | 452,632 | 8,325,306 | 982,064,258 | 76,349,343 | 2,475,360 | 2,466,002 | 2,317,339,043 | 2,317,339,043 |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal During the Year | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cost as on June 30, 2022 | 34,309,587 | 145,690,413 | 5,018,960 | 963,237,722 | 32,177,409 | 64,772,051 | 452,632 | 8,325,306 | 982,064,258 | 76,349,343 | 2,475,360 | 2,466,002 | 2,317,339,043 | 2,317,339,043 |
| Rate of Dep. | 0% | 0% | 0% | 2.50% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Accumulated Depreciation | | | | | | | | | | | | | | |
| As on July 01, 2021 | - | - | - | 104,418,462 | 21,022,837 | 49,838,518 | 354,261 | 4,872,696 | 581,881,712 | 55,896,718 | 1,276,589 | 1,870,519 | 821,432,312 | 821,432,312 |
| Depreciation Charged | - | - | - | 21,470,482 | 1,115,457 | 1,493,353 | 9,837 | 345,261 | 40,018,255 | 2,045,262 | 119,877 | 59,548 | 66,677,333 | 66,677,333 |
| Adjustment for Assets disposal off | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Accumulated Depreciation as on June 30, 2022 | - | - | - | 125,888,943 | 22,138,294 | 51,331,871 | 364,098 | 5,217,957 | 621,899,967 | 57,941,981 | 1,396,466 | 1,930,067 | 888,109,644 | 888,109,644 |
| Net Book Value June 30, 2022 | 34,309,587 | 145,690,413 | 5,018,960 | 837,348,779 | 10,039,115 | 13,440,180 | 88,534 | 3,107,349 | 360,164,291 | 18,407,362 | 1,078,894 | 535,935 | 1,429,229,399 | 1,429,229,399 |
| Carrying Value as on June 30, 2022 | | | | | | | | | | | | | | |



Pacific Denims Ltd
Details Item wise Inventories list
For the year ended June 30, 2023

| Sl. No | Items | As at 30 June, 2023 | | | As at 30 June, 2022 | | |
|----------|-----------------------------|---------------------|------------------|--------------------|---------------------|----------------|--------------------|
| | | Rate TK | Quantity KG | Amount in Taka | Rate TK | Quantity KG | Amount in Taka |
| 1 | Yarn | | | | | | |
| | Cotton Open End | 230 | 280,758 | 64,574,340 | 226 | 267,271 | 60,403,246 |
| | Cotton Open Slub | 220 | 192,582 | 42,368,040 | 219 | 188,835 | 41,354,865 |
| | Cotton Ring Slub | 320 | 118,560 | 37,939,200 | 319 | 112,325 | 35,831,675 |
| | Cotton Elastane | 340 | 99,854 | 33,950,360 | 335 | 98,569 | 33,020,615 |
| | Polyester Filament | 185 | 135,458 | 25,059,730 | 186 | 132,659 | 24,674,574 |
| | Poly Elastane | 215 | 130,254 | 28,004,610 | 217 | 129,564 | 28,115,388 |
| | Total | | 957,466 | 231,896,280 | | 929,223 | 223,400,363 |
| 2 | Dyes & Chemicals | | | | | | |
| | Indigo Dye | 660 | 58,354 | 38,513,640 | 666 | 55,632 | 37,050,912 |
| | Sulphar Black Dye | 205 | 36,587 | 7,500,335 | 204 | 35,624 | 7,267,296 |
| | Caustic Soda | 65 | 57,896 | 3,763,240 | 63 | 55,258 | 3,481,254 |
| | Hydrose | 210 | 52,458 | 11,016,180 | 206 | 53,965 | 11,116,790 |
| | Apple Starch | 75 | 60,528 | 4,539,600 | 73 | 61,854 | 4,515,342 |
| | Modified Starch | 98 | 15,471 | 1,516,158 | 99 | 14,526 | 1,438,074 |
| | Sodium Sulphide | 71 | 39,693 | 2,818,203 | 72 | 38,564 | 2,776,608 |
| | Siligen Softener | 354 | 20,125 | 7,124,250 | 356 | 19,546 | 6,958,376 |
| | Total | | 341,112 | 76,791,606 | | 334,969 | 74,604,652 |
| 3 | Packing Materials | | | 13,565,245 | | | 13,236,642 |
| 4 | Spares & Parts | | | 6,254,850 | | | 6,095,365 |
| 5 | Work-in-process | | | | | | |
| | Warping | | | 10,823,654 | | | 10,220,125 |
| | Dyeing & Sizing | | | 25,546,589 | | | 24,256,320 |
| | Weaving | | | 46,589,758 | | | 47,262,258 |
| | Finishing | | | 16,589,742 | | | 15,836,542 |
| | Total | | | 99,549,743 | | | 97,575,245 |
| 6 | Finished Goods | | | | | | |
| | 100% Cotton | 245 | 267,589 | 65,559,305 | 243 | 268,123 | 65,153,889 |
| | Cotton Polyester | 259 | 450,569 | 116,697,371 | 257 | 447,069 | 114,896,733 |
| | Cotton Elastane | 335 | 162,458 | 54,423,430 | 334 | 151,554 | 50,619,036 |
| | Cotton Poly Elastane | 327 | 125,478 | 41,031,306 | 325 | 126,487 | 41,108,275 |
| | Total | | 1,006,094 | 277,711,412 | | 993,233 | 271,777,933 |
| | Grand Total | | | 705,769,136 | | | 686,690,200 |
| | Yarn | | | 231,896,280 | | | 223,400,363 |
| | Dyes & Chemicals | | | 76,791,606 | | | 74,604,652 |
| | Packing Materials | | | 13,565,245 | | | 13,236,642 |
| | Spares & Parts | | | 6,254,850 | | | 6,095,365 |
| | Work-in- process | | | 99,549,743 | | | 97,575,245 |
| | Finished Goods | | | 277,711,412 | | | 271,777,933 |
| | Total | | | 705,769,136 | | | 686,690,200 |

