



LETS BEGIN WITH
PACIFIC DENIMS

ANNUAL REPORT 2018-2019

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OUR VISION

- Become one of the leading denim fabrics manufacturers of the country.
- Provide products and services of high and consistent quality, ensuring value for money to its customers.
- Accomplish a high level of productivity in all its operations through effective and efficient use of resources, adoption of appropriate technology and alignment with our core competencies.
- Develop its employees by training, motivating and rewarding for innovation.

OUR MISSION

- Committed to the pursuit of excellence through world-class products, innovative processes and empowered employees to provide the highest level of satisfaction to its customers.

OUR STRENGTH

- **Brand loyalty:** The Company's products (Jeans/Denim fabric) to its customers have enabled the company to capture significant market share in the sector. Our customer includes KIK, Tesco, Sears, Gman, NKD, A. F Textile, Primer, C & A, OVS, Target, Takko, Lidl, Wal-Mart, K-Mart, Gordge, Carl Ricker, Carryfour, Lindex and Tema etc.
- **Modern Machineries:** We have been using modern machineries that increase our productivity.
- **Market Share:** We have good market share of Denim Fabric.
- **Strong distribution channels:** We have very strong distribution channels through which we can smoothly supply our products.
- **Professional Management:** We have professional management and they have experience in this sector.

OUR OPPURTUNITY

- Meet the increase in demand
- Increase the production facilities
- Explore new markets
- Create new designs

TRANSMITTAL LETTER

The Shareholders,
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint Stock Companies & Firms (RJSC)
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)

Subject: Annual Report for the year ended 30th June, 2019.

Dear Sir,

We are pleased to enclose copy of Annual Report together with the Audited Financial Statements including Statement of Financial Position as at June 30, 2019, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30th June, 2019 along with notes to thereon of Pacific Denims Limited for your kind information and records.

Sincerely Yours,

By the order of Board

Sd/
Md. Sorhab Ali
Company Secretary

PACIFIC DENIMS LIMITED

Bashoti Aristocrats, D-3 (3rd Floor), Plot # 6, Block # Sw (H), Gulshan-1, Dhaka-1212,
Factory: Natuncharchashi, Gozaria, Munshiganj, Bangladesh.

NOTICE OF THE 16TH ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting (AGM) of the shareholders of Pacific Denims Limited will be held on Thursday, December 12, 2019 at 11.00 A.M at Spectra Convention Centre Limited, Gulshan-1, Dhaka 1212, Bangladesh to transact the following business:

AGENDA

01. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2019, together with the report of the Directors' and Auditors' thereon.
02. To declare dividend as recommended by the Board of Directors.
03. To elect/re-elect Directors as per Articles of Association of the Company.
04. To appoint Statutory Auditors of the Company and fix their remuneration.
05. To appoint professionals for reporting on Corporate Governance Code of the Company and fix their remuneration.
06. To transact any other business with the permission of the Chair.

Date: November 21, 2019


By the order of Board

Sd/
Md. Sorhab Ali
Company Secretary

Notes:

1. The record date is 18th November, 2019. Shareholders whose names will appear in the Register of members or in the Depository Register on the record date will be eligible to attend the AGM and qualify for Dividend.
2. A member eligible to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote on his/her behalf. The Proxy form duly stamped with a revenue stamp of Tk. 20/- must be deposited at the operational office of the company (Bashoti Aristocrats D-3 (3rd floor), Plot-6, Block # SW(H), Gulshan Avenue, Gulshan-1, Dhaka-1212) not less than 48 hours before the time fixed for the AGM.
3. Admission to the Meeting will be only on production of the attendance slip attached with the Annual Report.
4. The Annual Report Proxy Forms and Attendance Slip are also available in the website at www.pgbd.org
5. No gift or benefit cash or kind shall be paid to the holders of equity securities in terms of Clause(c) of the Notification No. SEC/CMRRCD/2009-193/154 dated 24 October 2013 for attending the AGM of the company.

CORPORATE DIRECTORY

Company Name	: Pacific Denims Limited (PDL)
Company Logo	: 
Status of the Company	: Public Limited Company
Dates of Incorporation	: March 20, 2003
Commencement of its Commercial Operations	: April 01, 2007
Business	: Denim Fabrics Manufacturer
Present Production Capacity	: 18.45 Million Yards Per Year
Legal Position	: Pacific Denims Limited (PDL) 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.
Authorized Capital	: Tk.2,000,000,000 divided into 200,000,000 Ordinary Share of Tk.10.00 each
Paid up Capital	: Tk. 1,449,225,000 divided into 144,922,500 Ordinary Share of Tk. 10.00 each
Date of Approval for IPO	: November 13, 2016
Date of Listing with DSE	: January 25, 2017
Date of Listing with CSE	: January 25, 2017
Registered Office	: Bashoti Aristocrats D-3, (3rd Floor), Plot-6, Block # SW (H), Gulshan Avenue, Dhaka-1212. Tel: +8802 58817882, 9855523, Fax: +8802 9891710.
Manufacturing Plant	: Natun Charchasi, Gazaria, Munshiganj, Bangladesh.
Website	: www.pgbd.org
E-mail	: sorhab@pacificgroupbd.com
Board of Directors	: 5 Directors.
Auditor	: ATA KHAN & CO. Chartered Accountants 67, Motijheel C/A, Dhaka-1000. Tel: +88-02-9560933, 9560716; Fax: +88-02-9567351 Email: makbul.ahmed@yahoo.com
Credit Rating Agency	: ARGUS Credit Rating Services Limited
Banker for IPO	: Mutual Trust Bank Limited, Dilkusha Branch
Banker of the Company	: Agrani Bank Limited, Prime Bank Limited and Bank Asia Limited
Compliance Officer	: Md. Sorhab Ali, Company Secretary





HOHENSTEIN Textile Testing Institute GmbH & Co. KG
Schloss Hohenstein, 74357 Bönnigheim, Germany

OEKO-TEX®
CONFIDENCE IN TEXTILES

CERTIFICATE

The company

Pacific Denims Ltd.
D-3, (3rd floor), Plot-6, Block-SW (H)
Guishan Avenue
1212 - Dhaka, BANGLADESH

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report 17.0.05195



for the following articles:

Woven denim fabrics made of 100 % cotton, cotton/elastane, cotton/polyester (polyester part undyed), cotton/polyester/elastane (polyester part undyed) in colour indigo, blue black and black; produced by using material certified according to STANDARD 100 by OEKO-TEX®.


The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Appendix 4, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 4 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

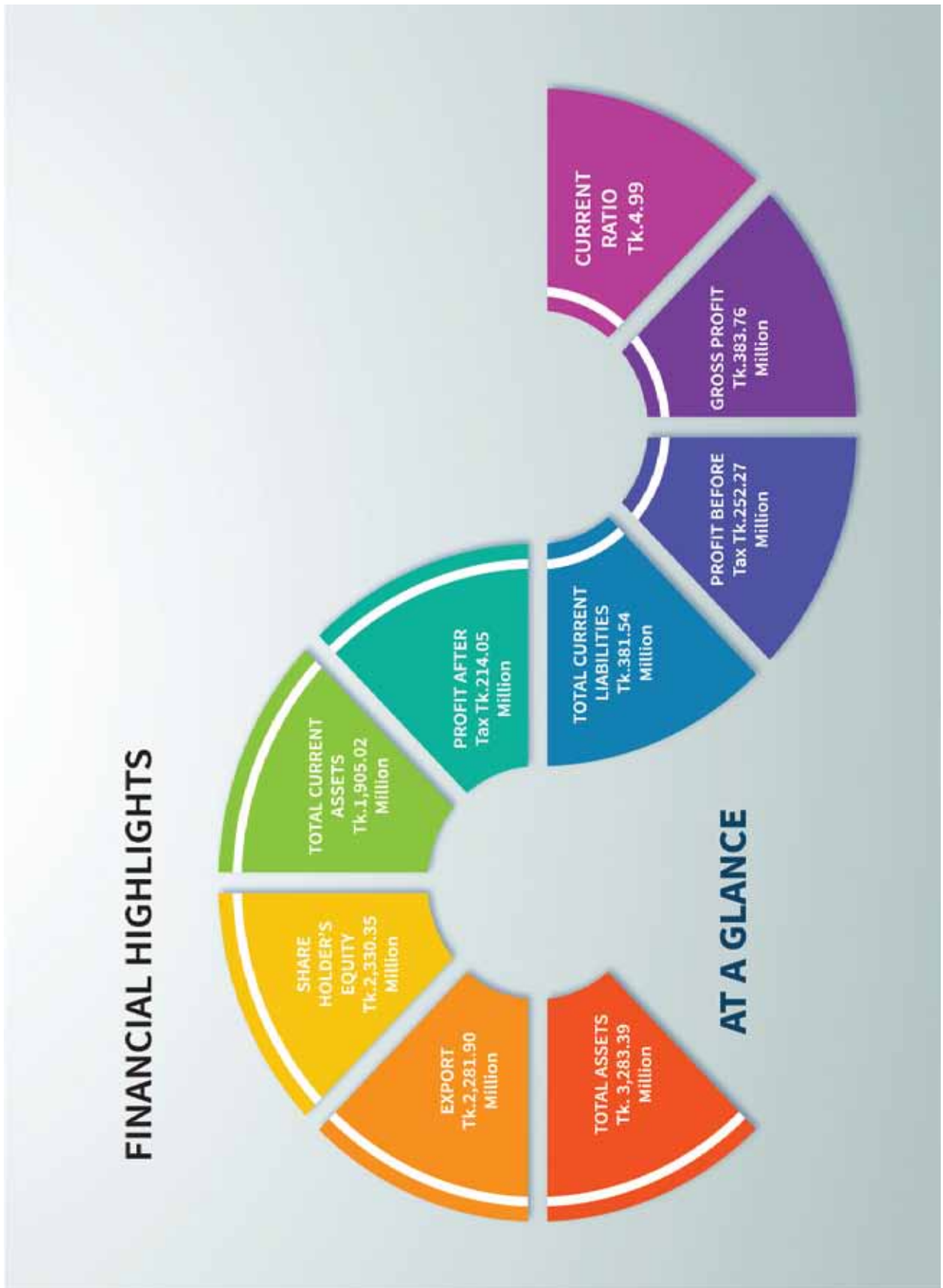
The certificate 17.HBD.05195 is valid until 30.11.2019

Boennigheim, 30.11.2018


Dipl.-Ing. (FH) Elisabeth Panain
Head of Certification Body OEKO-TEX®

OEKO-TEX® Association | Genferstrasse 23 | P.O. Box 2006 | CH-8027 Zurich





Company Overview

Since the commencement of its journey in 2007, Pacific Denims Limited (PDL) has been marching forward and now has positioned itself as one of the leading 100% export based denim manufacturers in Bangladesh. From the effort of producing and delivering superior quality denim clothes, PDL is now that much bold and capable to take challenges to compete with other denim manufacturers in Bangladesh. The Company produces denim fabrics weighing from 4oz/yd² to 15oz/yd² for denim jeans. Keeping up with the current craze in denim, the Company is manufacturing and exporting top class products in diverse shade quality, color, weight, and style as buyers' demand.

Our Products and Renowned Buyers

PDL is a trusted source for the world renowned buyers; and in many cases, it is the only nominated supplier for some famous buyers. Currently, PDL manufactures fabrics for the globally reputed brands including Marks & Spencer, George, Polo, Next, Tesco, Mexx, Walmart, JC Penny, Tommy, Gap, Lee Hang Fat, Adams, Woolworth, Gulden Plenning, Li & Fungetc. Its premium design and enriched diversified product portfolio have made PDL special and distinctive to the customers. Again many such new and unique products are still in the plan to be introduced shortly. The Company exports the products through export oriented RMG. The final destinations of the products are EU, Australia and others.

Current Production Capacity

Present production capacity of the Company is 18.45 million yards per year and it is expected the capacity of the factory to be enhanced after completion of the on going expansion work.

Social Causes Programs

For ensuring maximum security to the lives of common people; since inception, Pacific Denims has been trying to enrich economic and social indicators of the society by supporting the following sectors: Environment Related Issue and contributes in health care support through providing financial assistance to Prime Minister Relief Fund.

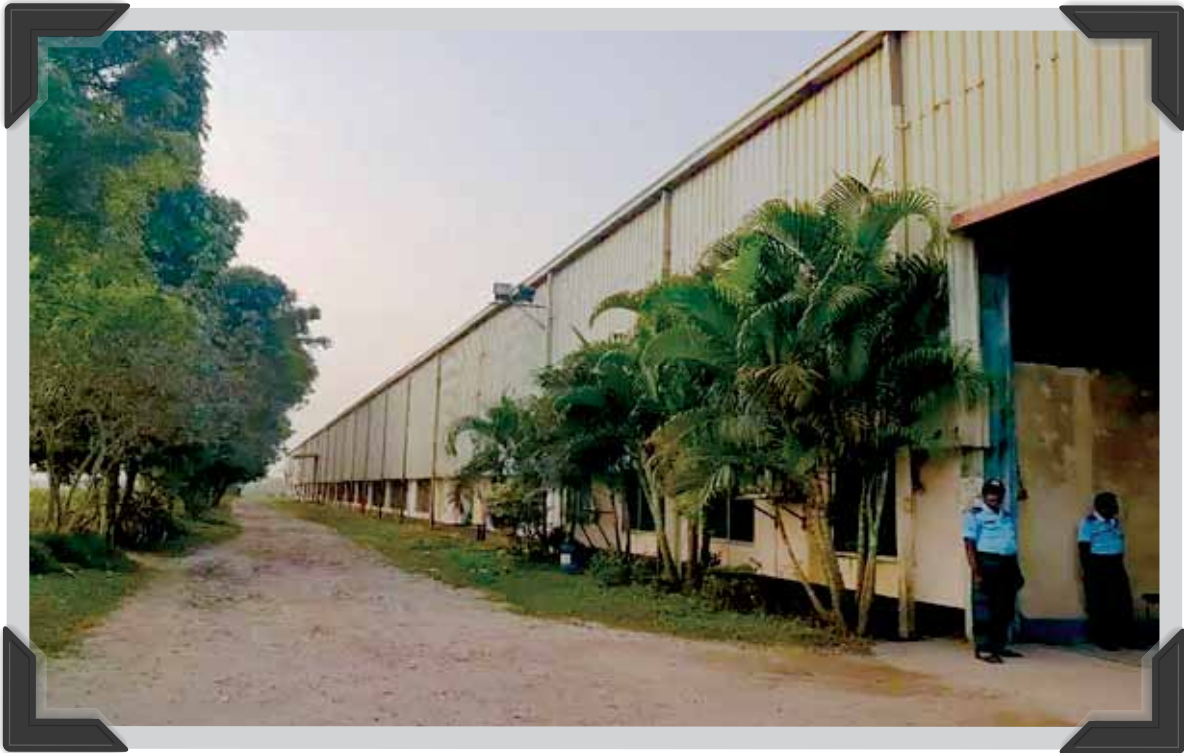
AWARD AND RECOGNITION

PDL has been awarded and achieved a number of prestigious awards several times including national award and recognition from different govt. and private sectors and organizations.

The Company has obtained 12th Bangladesh Business Awards as a best denim fabrics manufacturer 2009-2010 & 14th Bangladesh Business Award 2011 & Arthakantha Business Award 2012. We hope and will make every effort to continue upholding this standard in the future.



FACTORY OUTSIDE PICTURE



FACTORY INSIDE PICTURE



WARPING UNIT



DYEING AND SIZING UNIT



WEAVING UNIT



FINISHING UNIT



FINISH PRODUCT

ONGOING EXPANSION PROJECT



BRIEF PROFILE OF BOARD OF DIRECTORS



MD. SHADEQUL ALAM (YEASIN)
Chairman

Mr. Md. Shadequl Alam (Yeastin) is the Chairman of Pacific Denims Limited. He has introduced innovative production management, incentive system and marketing approach to the company. He has 13 year of valuable business experience in the existing space of garments sector. He obtained Textile Engineering graduation from Adword University, Dhaka campus. Mr. Shadequl Alam (Yeastin) also serves as the Chairman of Pacific Co. (BD) Limited, Disney Properties Limited and Pacific Beverage & Food Limited.



MD. SHAFIUL AZAM (MOHSIN)
Managing Director

Mr. Md. Shafiul Azam (Mohsin) is the Managing Director of Pacific Denims Ltd. He was born in 1967 in an illustrious family of B. Baria. His father was late Abdur Rashid.

Mr. Mohsin obtained his B.Sc. from Tejgaon College under Dhaka University. He also serves as the Managing Director of Pacific Co. (BD) Limited, Disney Properties Limited. Mr. Mohsin is widely experienced personnel in industrial management. He is the Chief Executive Officer of Pacific Group, engaged in diversified business including number of Export Oriented Readymade Garments and Textile Industry, Land Development, Export Oriented RMG Accessories Industry, Food service, etc. He is young energetic business leader. He achieved **NAWAB SIR SALIMULLAH GOLD MADEL AWARD** as the best Industrial Entrepreneurship for the year of 2006. He also achieved **BANGLADESH BUSINESS AWARD 2010-2011** presented by Mr. H. T. Imam, Adviser to the Honorable Prime Minister & also got Business Asia Award 2010--2011 presented by the Honorable Commerce Minister Mr. Faruk Khan as the best Denim Fabrics Exporter.



MD. SOHEL KHAN
Director

Mr. Md. Sohel Khan serves as the Director of Pacific Denims Limited and also Managing Director of Pacific Jeans Collection Limited and Color Tex International. He has 17 years of valuable business experience in the garments sector. Mr. Sohel has visited most of the countries where commodities made of Bangladesh have a good and lucrative export market. Mr. Sohel is young energetic business leader. He possesses his business talent and what initiative he has taken, he then made it to successful one. He has become a business icon to young business entrepreneur.



MD. ASHFAK AHMED KHAN
Independent Director

Mr. Md. Ashfak Ahmed Khan serves as the Independent Director of Pacific Denims Limited. He obtained his MSS in Political Science from Govt. Titumir College under National University. Mr. Ashfak Ahmed Khan has 17 years of valuable professional experience in the garments sector. The creation of strategic alliances and strategic planning of his is the indicator of our continuous efforts to develop the core team to help achieve the mission of the company.



M.A. KAMAL BHUIYAN
Nominee Director (Disney Properties Limited),

Mr. M. A. Kamal Bhuiyan serves as the Representative Director of Disney Properties Limited. He also Chairman of Pacific Jeans Collection Limited. He obtained his B. Com (Pass) from Comilla Victoria Govt. College in 1980 and M. Com in Management from Chittagong University in 1982. He also completed partly (CMA Intermediate) professional degree from ICMAB, Comilla Branch. He also served as Chief Executive in Mariners Bangladesh Limited (1993-1995) and Production in Charge in Young Ill Mulsun, Kwangiu, South Korea (2001-2008).

KEY SENIOR PERSONNEL



MD. ABDUL MAJID
EXECUTIVE DIRECTOR (FACTORY)

Mr. Md. Abdul Majid joined Pacific Denims Limited in May 2006. He obtained his B.Sc. Honors and M.Sc. in Applied Chemistry & Chemical Engineering from Rajshahi University. Before joining Pacific Denims Limited he worked with many companies in senior management position like Beximco Denims Limited, a sister concern Beximco Group, Deep Textile Limited, Jamuna Denims Limited a sister concern of Jamuna Group.



MD. ABDUL HALIM
GM HR & ADMIN

Mr. Md. Abdul Halim has been working in Pacific Group as General Manager HRM and Admin. He obtained his B. Com under University of Dhaka. He also obtained Banking Diploma from DAIBB. Before joining Pacific Group he worked in many banks in senior management position.



MD. SORHAB ALI
COMPANY SECRETARY

Mr. Md. Sorhab Ali has completed his BBA (Honors) & MBA from University of Chittagong from the Department of Accounting and Information Systems. He has more than 16 years practical experience in the country's largest manufacturing industries in the area of Company's Secretarial Affairs, Internal Audit, Finance and Accounts, Commercial and Taxation. He obtained a wide range experience in different fields of textile sectors. He obtained training on Internal Audit. He joined Pacific Denims Limited in November 2011. Before joining Pacific Denims Limited he worked in many companies such as Siemex Textile Mills Limited a sister concern of SIEMEX Group, DNS Software Limited a sister concern of DNS Group.



ABDUL JALIL MAJUMDER
CHIEF FINANCIAL OFFICER

Mr. Abdul Jalil Majumder has completed his M. Com (Accounting) from Chittagong Government Commerce College and Completed MBA (Finance) from Uttara University, Dhaka and also completed CA CC from Khan Wahab Shafique Rahman & Co., Chartered Accountants. He passed ITP from NBR and also member of Dhaka Taxes Bar Association. He has more than 19 year's practical experience in Accounts and Finance department. He joined Pacific Denims Ltd. in May 2016. Before joining Pacific Denims Limited he worked as a senior management position in many companies such as DIRD Group, Power Trade Group, APS Group, Mostafa Group and Signet Printing and Packaging Industries Ltd.



MD. MAIN UDDIN RUBEL
GENERAL MANAGER (DEVELOPMENT & COMMERCIAL)

Mr. Md. Main Uddin Rubel has completed his MBA from Dhaka International University from the Department of Finance & Banking and B. Com (Honors) & M.Com from University of Jagannath from the Department of Management. He has more than 19 years practical experience in the country's largest Bank & manufacturing industries in the area of Export Import & Credit Department as well as Development and Commercial Department. He obtained a wide range experience in Export, Import and project development. He obtained training on banking credit department (BIBM). He joined Pacific Denims Limited in April 2014. Before joining Pacific Denims Limited he worked in many companies such as Islami Bank Bangladesh Ltd., Al Arafa Islami Bank Ltd., EXIM Bank Ltd., Fahami Group of Industries, Ansha Group of Industries, NASSA Group, Noman Group, AKH Group.



HASAN ASKARI KAFI
DEPUTY GENERAL MANAGER (OPERATION)

Mr. Hasan Askari Kafi joined Pacific Denims Limited in May 2013. He obtained his B.A from National University. He obtained special course on Textile Management, ISO and Labor Law. He has more than 19 years practical experience in the country's largest manufacturing industries in the area of production. Before joining Pacific Denims Limited he worked with many companies in senior management position like MAB Denims Limited, Bengal Denims Ltd., Deep Textile Limited, Jamuna Denims Limited a sister concern of Jamuna Group.

EVENT HIGHLIGHTS





MESSAGE FROM THE CHAIRMAN

Bismillahir Rahmanir Rahim

Dear valued shareholders,

Assalamualaikum

It is a great pleasure for me to be here with you at the 16th Annual General Meeting of Pacific Denims Limited (PDL). After IPO, this is the third AGM of our Company. On behalf of the Board of Directors and myself, I express my heartfelt thanks and profound gratitude to you for your support and trust. It is my privilege to present you Company's business performance together with PDL's Annual Report and the Financial Statements and Auditors' report for the year ended June 30, 2019. I would like to take the opportunity to thank the valued Shareholders for joining us to make the event successful.

BUSINESS SITUATION

Despite various adverse business conditions such a high Bank Interest rate, utility (gas, fuel) cost, higher cost of raw materials, the company achieved an impressive growth in production, export and profitability. Our annual production capacity is (Weaving) 18.45 million yards whereas actual production is 14.73 million yards against this we have achieved 80% capacity utilization. PDL has passed a successful year during the year 2018-2019. We believe that our endeavours and teamwork have enabled the Company to maintain its profitability under competitive industry scenario. The denims sector in Bangladesh is flourishing and we are very happy to be an integral part of the development. Despite many challenges PDL has grown in line with the denim industry in Bangladesh.

BUSINESS PERFORMANCE

In 2018-2019, the Company has sales growth resulting in higher profit comparing to the previous year. I am pleased to report that the company's revenue for the year ended June 30, 2019 is Tk. 2,281.90million compare to Tk. 2,126.22 million during financial year 2017-2018 i.e. increased by 7.32%. Net profit after tax is Tk. 214.05 million to Tk. 181.55 million i.e. increased by 17.90 % as compare with the previous year. Net Asset Value (NAV) per share have decreased due to increased number of shares from 127,125,000 to 144,922,500. Earnings per Share (EPS) and NOCFPS has increased as per normal business activities. EPS and NOCFPS was calculated by applying weighted number of ordinary shares of 144,922,500 for the year ended June 30, 2019 and 127,125,000 ordinary shares for the year ended June 30, 2018. Based on performance and business results the Board has recommended 14% Stock dividend for the year 2018-2019.

FUTURE PROSPECTS

PDL is still in expansion phase. Construction of Factory building is going on. We are hopeful that our expansion of factory would be completed within very soon.

PDL manufactures high quality of products as per customer requirement. Thus, the management is continuously improving the production process and human resources by conducting research and development. PDL produces high-end segment products with innovation and customer satisfaction. PDL has become a trusted source for the buyers over the years, for continuous product development of their products.

PDL recognizes its customer and people as most valuable asset. At PDL we are working for a better future for our stakeholders, buyers, employees and society at large.

CONCLUSION

I would like to thank the employees without whose effort and commitment we would not be able to hold such a strong position. Meanwhile, Bangladesh Securities and Exchange Commission (BSEC) has introduced new Guidelines on Corporate Governance Code is a mandatory. The Board of Directors of the Company is committed to delivering good Governance and exercising best practice in all respects.

I would also like to extend my gratitude to the Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), Registrar of Joint Stock Companies (RJSC) and Firms, National Board of Revenue (NBR), Central Depository Bangladesh Limited (CDBL), Bankers and our valued shareholders for their valuable guidance, support and cooperation at the time of our needs.

Sincerely Yours

Sd/-

Md. Shadequul Alam (Yeasin)

Chairman

MESSAGE FROM THE MANAGING DIRECTOR

Bismillahir Rahmanir Rahim

Dear valued shareholder,

Assalamualaikum

It is a great pleasure and privilege for me to attend this 16th Annual General Meeting of Pacific Denims Limited along with our distinguished shareholders. I am delighted to announce that 2018-2019 has been a successful year for the Company. During this year the Company has also maintained its volume of revenue and profitability under highly competitive industry scenario by means of improvement in the quality of products and customer satisfaction.

Pacific Denims Limited is a largest denims producer and exporter industry of Bangladesh. We have to ensure perfection in terms of quality, Pricing and Timeliness of our product as before and we are striving to stay likewise in the years ahead.

I hope the production capacity of the Company will be further increased by implementing the capital investment from IPO fund in the existing line of business that is already under process. Expansion of the company factory is progressing. We expect that the expansion will be completed very soon and lead to further increases in revenue and profit.

In the financial year 2018-2019 we have utilized our IPO proceeds. In this regard we have reported to BSEC, DSE and CSE on monthly basis.

I believe that the dedication and commitment of all our employees towards our customers have been the main driving force in our successful performance. Accordingly, I would thank our devoted workforce and would expect their similar dedication in future. At the same time, I would also like to thank the members of the Board of Directors for their continued support to the Management of the Company. I also acknowledge with gratitude the relentless backing and cooperation of our BSEC, DSE, CSE and Bankers and earnestly thank them for their continued trust and confidence on us.

Thanking You

Sd/-

Md. Shafiul Azam (Mohsin)
Managing Director

DIRECTOR'S REPORT

Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamualaikum

It is my immense pleasure to present Annual Report along with Audited Financial Statements and Auditors Report for the year ended June 30, 2019 of the Board of Directors of Pacific Denims Limited. The Company's performance and other matters as laid in the report has been dressed in terms of the Companies Act 1994, the guideline issued by Bangladesh Securities and Exchange Commission (BSEC) and International Accounting Standards (IASs)

Background

Pacific Denims Limited 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 Exchange. The main activities of the Company are in manufacturing, dyeing, weaving & finishing of 100% export oriented denim fabrics. The Authorized capital of the company is TK 2,000.00 million and paid up capital 1,449.22 million.

Overview of Business

The main activities of the Company were concentrated in Manufacturing, Weaving, and Dyeing & Finishing of 100% Export Oriented Denim Fabrics and exporting the same. The company produces a single product 'Denim Fabrics' of various specifications, compositions, color and qualities. PDL sells its products through Back to Back L/Cs to the local garments manufacturers and exporters who consume the denim fabrics as raw materials of their products. The garment manufacturers export their goods to the overseas markets. Therefore, the final destination of the company's products appears to be the overseas market. Pacific Denims Limited ultimately produces denim fabrics for such world renowned brand name as KIK, Tesco, Sears, Gman, NKD, A. F Textile, Primer, C & A, OVS, Target, Takko, Lidl, Wal-Mart, K-Mart, Gordge, Carl Ricker, Carryfour, Lindex and Tema.

PDL has modern machineries and technology that ensures quality products. Quality is main concern while formulating our strategy. We try to produce goods with cheap cost so that we can get competitive advantages over our competitors. We also believe in providing customizing products to our customer as per need basis so that we can get maximum market share of our products. So innovation is always there.

Revenue

As you are aware the company is 100% export oriented and the principal activities of the company produce a single product 'Denim Fabrics' of various specifications, compositions, color and qualities. The sale proceeds stood at Tk. 2,281,904,042 during the last financial year.

The operating financial results of the Company for the year 2018-2019 as compared to previous year are summarized hereunder:

Particular	June -30-2019	June-30-2018
Turnover	2,281,904,042	2,126,218,806
Gross Profit	383,759,802	365,648,372
Net Profit (Before Tax)	252,265,888	219,056,294
Provision for Taxation	38,219,102	37,508,832
Net Profit (After Tax)	214,046,786	181,547,462
Gross Margin (Turnover)	16.82%	17.20%
Net Margin (Before Tax)	11.05%	10.30%
Net Margin (After Tax)	9.38%	8.54%
Earnings Per Share (EPS) (Tk.)	1.48	1.25

Overview of Industry

Bangladesh, the eighth most populous country over all, is the second-largest garment exporter in the world, trailing only the Chinese mainland. With its wage levels amongst the lowest in the region and with its abundant labor supply, Bangladesh has hugely in demand as a garment production base, securing its status as one of the world's major suppliers of low-cost, ready-made garments (RMG) over the past two decades. Many foreign companies now either have their own export-oriented production plants in Bangladesh or source garments for the international market from the country.

The wide consumption of denim by fashion connoisseurs globally has created a new opportunity for Bangladesh. The industry in Bangladesh presently has 25 denim producing factories with total investment of over USD 834 million. The monthly productions of denim stands at 30 million yards per month while the demand of nearly 60 million yards. To fulfil the balance demand, imported 30 to 35 million yards per month from countries like China, India & Pakistan which average value is USD 75 million. The total investment in the denim sub-sector is USD 900 Million according to BTMA data.

Moreover global Market for Denim is forecast to reach USD 64.1 billion by 2020. In 2013-2014, export of denim products to the USA and EU markets rose by roughly 25 percent and day by day it is increasing. The total denim production of the whole world are approximate 7 billion meters and within these total 70% fabric is produced in Asia.

The future of Bangladesh's denim industry is bright. To meet the growing demand of denim fabric to International market, the local mills are investing hugely on state-of-the-art imported machineries especially on the weaving & processing side and setting up large plants in the country.

Global importers have realized that Bangladesh is not only competitive in price but fine stitches on denims are available here. More than 66 international brands have turned to Bangladesh in the last couple of years for importing denim products. "The demand of Denim fabrics is increasing both locally and internationally. The growth is now 15%-20% annually.

Bangladesh now exports denim products of \$2 billion annually. The business is amazingly prospective. The intellectuals of the nation are highly optimistic and emphasize that the country should be considered as a place of investment for denim, not a source of import only.

The Segment wise or Product wise Performance

The Company operates its business in single segment i.e. produced only "Denim" fabrics.

Risk and Concerns

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike of raw materials due to change in policy in the international market might hamper the production and profitability. Changes in forex rates might also affect the pricing and thereby the profitability of the Company.

The performance of the company may also be affected negatively by the political and economic instability both in Bangladesh and worldwide.

Similarly, risks and concern of the industry depends on the Government polices as well. However, Denims industry being the potential industry have always enjoyed special consideration from all the successive Governments and expectation is that it will continue to enjoy similar care and consideration from policy makers in the future. In the same way sewing thread industry also will enjoy this benefit. Unless any policy change that may negatively and materially affect the industry as a whole, the business of the company is expected not to be affected in the short run.

Discussion on cost of goods sold, gross profit margin and net profit margin is as follows

Particulars	30-June-19		30-June-18	
	Amount	%	Amount	%
Sales	2,281,904,042	100.00	2,126,218,806	100.00
Cost of Goods Sold	1,898,144,240	83.18	1,760,570,434	82.80
Gross Profit	383,759,802	16.82	365,648,372	17.20
Net Profit for the year	214,046,786	9.38	181,547,462	8.54

Discussion on continuity of extra-ordinary gain or loss

Extraordinary gain or loss refers to infrequent and unusual gain or loss and which is not part of the Company's ordinary/day to day operations. During the year no extraordinary gain/ (loss) incurred.

Related Party Transaction

The Company in normal course of business carried out a number of transactions with other entities and Directors that fall within the definition of related party contained in IAS 24 Related Party Disclosures. Details of related party disclosures are showing as follows:

SL.	Related Parties	Relationship	Nature of Transaction	
			Remuneration	Board Meeting Fees
1	Md. Shadequl Alam (Yeasin)	Chairman	702,000	25,000
2	Md. Shafiul Azam (Mohsin)	Managing Director	1,200,000	30,000
3	Md. Sohel Khan	Director	-	20,000
4	Md. Ashfak Ahmed Khan	Independent Director	-	20,000
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	-	20,000

Significant variance of financial statements

No significant variations have occurred between quarterly and financial results of the company during the year under report.

Utilization of IPO Fund

The company raised total Tk. 75.00 crore by issuing ordinary shares through IPO. By June 30, 2019 the company utilized total Tk. 51.92 crore. PDL paid off partial bank loans of Tk. 25.00 crore, IPO expenses 2.06 crore and made capital investment 24.86 crore including construction of factory buildings. PDL received interest of Tk. 1.38 crore from IPO fund maintained with different banks in FDR & SND accounts.

As per consent letter no. BSEC/CI/IPO/231/2014/632 dated November 10, 2016, we have reported to BSEC, DSE, and CSE on monthly basis till June 30, 2019

Compliance of Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.

Board Size

The number of members of the Board of Directors stands at 05 (including One Independent Director) which are within the limits given by the BSEC Notification.

Independent Director

Md. Ashfak Ahmed Khan

Mr. Md. Ashfak Ahmed Khan serves as the Independent Director of Pacific Denims Limited. He obtained his MSS in Political Science from Govt. Titumir College under National University. The creation of strategic alliances and strategic planning of his is the indicator of our continuous efforts to develop the core team to help achieve the mission of the company.

Qualification of Independence Director

Mr. Md. Ashfak Ahmed is well business experienced person. He has 17 years of valuable professional experience in the garments and textile sector.

Company Secretary, Chief Financial Officer, Head of Internal Audit

As per corporate governance code of BSEC, the company has allocated the responsibilities of the officials as follows:

Company Secretary : Md. Sorhab Ali
 Chief Financial Officer : Abdul Jalil Majumder
 Head of Internal Audit : Md. Abdul Kuddus (Bacchu)

Audit Committee

The Audit Committee, as a sub-committee of the Board has been constituted with the Independent Director as Chairman and two other Directors as members. The Company Secretary acts as Secretary to the Audit Committee. This committee assists the Board of the company in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company. Audit Committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The roles and functions of the Audit Committee have been stated in the annual audit committee report and it is annexed herewith.

Nomination and Remuneration Committee (NRC)

This Nomination and Remuneration Policy is being formulated in compliance with Notification No. BSEC/CMRRD/2006-158/207/Admin/80, Date: June 03, 2018 on Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC). This policy on nomination and remuneration of Directors and top level executives of the company has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors. This is a sub-committee of the Board. The Nomination and Remuneration Committee (NRC) of PACIFIC DENIMS LIMITED is Comprised of the following members:

Name	Designation	Position
Mr. Md. Ashfak Ahmed Khan	Independent Director	Chairman
Mr. Md. Shadequl Alam (Yeasin)	Chairman	Member
Mr. Sohel Khan	Director	Member
Mr. Md. Sorhab Ali	Company Secretary	Secretary

Terms of Reference

The terms of reference of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per BSEC notification. The NRC assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as policy for formal process of considering remuneration of director, top level executive.

Role of the NRC

- NRC Shall be independent and responsible or accountable to the Board and to the shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board:
 - (i) formulation the criteria for determining qualification, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - (b) the relationship of remuneration to performance is clear and meets appropriate performance bench marks; and

- (c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background.
- (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board.
- (iv) formulating the criteria for evaluation of performance of independent director (s) and the Board.
- (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- (vi) developing, recommending and reviewing annually the Company's human resources and training policies.

Meeting of NRC

The Committee formally met for the first time in December, 2018 after constitution of the NRC of Pacific Denims Limited ensured/observed the following activities:

1. Set up an organization structure where reporting line is clearly defined for the directors and top management team along with standard manpower planning exercise for each and every position for identifying the total requirement.
2. Set up standard pay structure for each job level based on education, experience and competency.
3. A target based on-line performance Management System to evaluate performance of employees. This KPI based PMS leads to Yearly Increment, Promotion of individual.
4. Employee Benefit policy to attract the job seekers and retain internal talents. Succession planning of the company to have our future leaders ready according to the requirements. Ensuring extensive training and development plan for the individual or group of people.
5. A transparent recruitment and selection policy where competent candidates get hired.
6. Practicing a clear career path system for employees which reflect in organization structure.

Objective and Policy of the NRC

Objective:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/top management team required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, top level executives reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Appointment and Removal of Director, Top Level Executives and Senior Management

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, top level executives or at Senior Management level and recommend his/her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.

Term/Tenure of Independent Director

All companies shall have effective representation of independent directors on their Boards. At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors. Qualifications, experience and position of Independent Director shall be as per notification on Corporate Governance Code of Bangladesh Securities & Exchange Commission. The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM). The post of independent director (s) cannot remain vacant for more

than 90 (ninety) days and the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years] :

Evaluation

The Committee shall carry out evaluation of performance of Director and top level executives yearly or at such intervals as may be considered necessary.

Removal

The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchange(s).

Retirement

The Director or top level executives shall retire as per policy of the Company. The Board will have the discretion to retain the Director of any top level executive even after attaining the retirement age, for the benefit of the Company.

Policy for Remuneration to Directors/Top Level Executives

- a) The Remuneration to be paid to Managing Director/Other directors as approved by the NRC Committee.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director and other Directors.
- c) The Non-Executive/Independent Director may receive meeting fees and such other remuneration as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- d) The remuneration to top level executives shall be fixed consideration their performances and in accordance with the Company's Policy.

Implementation

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this Policy as considered appropriate.

External Statutory Auditors

The BSEC guidelines are being strictly followed in engaging statutory Auditors.

Maintaining a website

The company has been maintaining an official website www.pgbd.org which is linked with the website of the stock exchange.

Subsidiary Company

The company has no subsidiary company.

Duties of Managing Director and CFO

The provision of BSEC regulations has been compiled in the annual report.

Reporting and Compliance of Corporate Governance Code

Status of compliance with the conditions imposed by the Commission's Notification No BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

Directors' Appointment and Re-Appointment

With regard to the appointment, retirement and re appointment of directors the company is governed by its Articles of Association, the Companies Act, 1994 and other related legislations. Accordingly the following directors of the board will retire at the Annual General Meeting.

Mr. Md. Shadequl Alam (Yeasin)

Mr. Md. Shadequl Alam (Yeasin) is the Chairman of Pacific Denims Limited. He has introduced innovative production management, incentive system and marketing approach to the company. He has 13 year of valuable business experience in the existing space of garments sector. He obtained Textile Engineering graduation from Adword University, Dhaka campus. Mr. Shadequl Alam (Yeasin) also serves as the Chairman of Pacific Co. (BD) Limited, Disney Properties Limited and Pacific Beverage & Food Limited.

Mr. Md. Shafiul Azam (Mohsin)

Mr. Md. Shafiul Azam (Mohsin) is the Managing Director of Pacific Denims Ltd. He was born in 1967 in an illustrious family of B. Baria. His father was late Abdur Rashid.

Mr. Mohsin obtained his B.Sc. from Tejgaon College under Dhaka University. He also serves as the Managing Director of Pacific Co. (BD) Limited, Disney Properties Limited. Mr. Mohsin is widely experienced personnel in industrial management. He is the Chief Executive Officer of Pacific Group, engaged in diversified business including number of Export Oriented Readymade Garments and Textile Industry, Land Development, Export Oriented RMG Accessories Industry, Food service, etc. He is young energetic business leader. He achieved **NAWAB SIR SALIMULLAH GOLD MADEL AWARD** as the best Industrial Entrepreneurship for the year of 2006. He also achieved **BANGLADESH BUSINESS AWARD 2010-2011** presented by Mr. H. T. Imam, Adviser to the Honorable Prime Minister & also got Business Asia Award 2010-2011 presented by the Honorable Commerce Minister Mr. Faruk Khan as the best Denim Fabrics Exporter.

Shareholding pattern

The shareholding of directors at the end of 30 June, 2019 is shown as bellow:

Sl/No	Name of Shareholder	Description	Number of Shares	Amount (Taka)	%
a)	Parent or Subsidiary or Associated Companies and other related parties;		Nil	Nil	Nil
b)	Director, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children;				
1	Md. Shadequl Alam (Yeasin)	Chairman	12,178,876	121,788,760	8.40%
2	Md. Shafiul Azam (Mohsin)	Managing Director	20,957,267	209,572,670	14.46%
3	Md. Sohel Khan	Director	8,336,250	83,362,500	5.75%
4	M.A. Kamal Bhuiyan	Nominee Director of Disney Properties Ltd.	3,411,450	34,114,500	2.35%
5	Md. Ashfak Ahmed Khan	Independent Director	-	-	-
6	Md. Abdul Majid	Executive Director	-	-	-
7	Md. Sorhab Ali	Company Secretary	-	-	-
8	Abdul Jalil Majumder	Chief Financial Officer	-	-	-
9	Md. Abdul Kuddus (Bacchu)	Head of Internal Audit	-	-	-
C)	Executive (Top five salaried employees)				
10	Md. Abdul Halim	GM HR & Admin	-	-	-
11	Md. Mainuddin	GM (Commercial)	-	-	-
12	Md. Hassan Askari	DGM (Operation)	-	-	-
13	Md. Shafiqul Islam (Bablu)	AGM (Mkt.)	-	-	-
14	Md. Rezaul Karim	AGM (Commercial)	-	-	-
d)	Shareholders holding 10% or more voting interest in the company		-	-	-

Directors involved in other Companies

SL	Name	Designation in PDL	Directorship/Sponsorship/Ownership with other companies	Position
1	Md. Shadequl Alam (Yeasin)	Chairman	Pacific Co. (BD) Ltd.	Director
			Disney Properties Ltd.	
			Pacific Beverage & Food Ltd.	
			Pacific Automobiles Ltd.	
2	Md. Shafiul Azam (Mohsin)	Managing Director	Pacific Co. (BD) Ltd.	Managing Director
			Disney Properties Ltd.	
			Pacific Beverage & Food Ltd.	
			Pacific Automobiles Ltd.	
			Wilson Cold Storage Ltd.	
3	Md. Sohel Khan	Director	-	-
4	Disney Properties Ltd. Re-present By	Director	-	-
5	Md. Ashfak Ahmed Khan	Independent Director	-	-

Board Meeting and Attendance

Sl/No	Name of Directors	Position	Meeting Held	Attendance
1	Md. Shadequl Alam (Yeasin)	Chairman	5	5
2	Md. Shafiul Azam (Mohsin)	Managing Director	5	5
3	Md. Sohel Khan	Director	5	5
4	Md. Ashfak Ahmed Khan	Independent Director	5	5
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	5	5

Directors Remuneration

SL.	Related Parties	Relationship	Transacted Amount	
			2018-2019	2017-2018
1	Md. Shadequl Alam (Yeasin)	Chairman	702,000	702,000
2	Md. Shafiul Azam (Mohsin)	Managing Director	1,200,000	1,200,000
3	Md. Sohel Khan	Director	-	-
4	Md. Ashfak Ahmed Khan	Independent Director	-	-
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	-	-

Statement of Directors on Financial Reports

In accordance with the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018, the Directors are pleased to confirm the followings:

- The financial statements together with notes thereon have been drawn up in conformity with the Companies Act, 1994 and Bangladesh Securities and Exchange Commission Rules, 1987. These statements present fairly the company's state of affairs, the result of its operations, statement of cash flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

- d) The International Accounting Standards (IASs) or International Financial Reporting Standards (IFRSs) as applicable in Bangladesh, have been followed in preparation of the financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.
- g) No bonus share or stock dividend has been or shall be declared as interim dividend.

Going Concern

While approving the financial statements, the directors have made appropriate inquiries and analysed the significant financial, operating as well as other indicators for enabling them to understand the ability of the company to continue its operation for a foreseeable year. Directors are convinced and have a reasonable expectation that the company has adequate resources to continue its operation consistently for the foreseeable future. Therefore, the company adopted the going concern basis in preparing the financial statements.

Significant deviation of Operating Result

There is no significant deviation from the last year's operating result of the Company.

Dividend

The Board of Directors has declared 14% stock dividend for the year ended June 30, 2019.

Statutory Auditors

The Auditors of the Company, M/s. Ata Khan & Co., Chartered Accountants, 67, Motijheel C/A, Dhaka-1000, Bangladesh has carried out the audit of the company for the year ended 30 June 2019. They were appointed as Statutory Auditor in 15th AGM as per regulation 15 (2) & (3) of DSE and CSE (listing) regulations, 2015. Now Board of directors has decided to appoint new auditor for the year 2019-2020 of the company as per Corporate Governance Code. M/s. Shafiq Basak & Co., Chartered Accountants, Sharaqa Mac-2C (1st Floor), 3/1 & 3/2, Bijoy Nagar, Paltan, Dhaka-1000, Bangladesh expressing their desire to work with the Company. In this regard the Board of Directors will be proposing the appointment of M/s. Shafiq Basak & Co., Chartered Accountants, Sharaqa Mac-2C (1st Floor), 3/1 & 3/2, Bijoy Nagar, Paltan, Dhaka-1000, Bangladesh as the statutory Auditor to the Shareholders in the 16th AGM for approval and fix their fees of Tk.3,50,000/-(Taka Three Lac Fifty Thousand Only) including AIT.

The Board of Directors has appointed M/s Mujibur Rahman & Co. Cost & Management Accountants, 17/19, Tajmahal Road (3rd Floor) Mohammadpur, Dhaka1207 for the year 2019-2020 as professional for Corporate Governance Code and to be placed before the shareholders for approval and fixation of fees

Management Discussion and Analysis on Financial Position and Performance

For last five financial years the company generated moderate growth in sales. In 2015, sales stood Tk. 1,682,536,409 and now in 2019 sales stand Tk. 2,281,904,042. In line with sales, net profit after tax had been increased from around Tk. 99,987,550 in 2015 to Tk. 214,046,786 in 2019. In the last five financial years, net operating cash flow per share was positive. In the backdrop of above scenario, it indicates the company is moving forward and it has good promise in the long run.

Accounting policy and estimation for preparing financial statements have been remained same as it was before. Hence, there is no effect in this regard.

The economic scenario of Bangladesh has been good. In last fiscal year Bangladesh enjoyed 8.13% economic growth. Per capita income has been increased to USD 1,827 in 2018-2019, which was USD 1,675 in FY 2017-2018. We are going to be middle income country by 2027. Export is experiencing mild growth and Forex Reserve around USD 31 billion plus. The world economy has been recovering from economic meltdown of 2008. Global growth for 2019-2020 is projected to remain steady at its 2018 level. Global growth is projected at 3.5 percent for 2019-2020.

Global importers have realized that Bangladesh is not only competitive in price but fine stitches on denims are available here. More than 66 international brands have turned to Bangladesh in the last couple of years for importing denim products. "The demand of Denim fabrics is increasing both locally and internationally. The growth is now 15%-20% annually.

Bangladesh now exports denim products of \$3.72 billion annually. The business is amazingly prospective. The intellectuals of the nation are highly optimistic and emphasize that the country should be considered as a place of investment for denim, not a source of import only.

Pacific Denims Ltd. have visualized exploring the opportunities and invested in this sector in order to fulfill the increasing demand of denim fabrics in the existing Global Market.

Sd/-
Md. Shafiqul Azam (Mohsin)
Managing Director

Acknowledgment

The Company express its sincere thanks and gratitude to the respected shareholders, valued clients, Banks and well-wishers home and abroad for their wholehearted co-operation and active support.

We are thankful to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd (DSE), Chittagong Stock Exchange Ltd (CSE), Registrar of Joint Stock Companies & Firms (RJSCF), Government and private sector Organization and many others for extending their co-operation to our company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which we could not have achieved this result.

Thanks are also due to all directors, all executives, officers, staff and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year under review.

To ensure financial security we always welcome your suggestions and opinion to improve present and future services of the company.

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2018-2019 and Directors' Report placed before you.

Thanking you.

On behalf of the Board of Directors

Sd/-
Md. Shadequul Alam (Yeasin)
Chairman

FINANCIAL HIGHLIGHTS

Operational Result	Amount in Taka				
	30 June 2019	30 June 2018	30 June 2017 (Restated)	30 June 2016 (Six Months)	31 Dec 2015
Turnover	2,281,904,042	2,126,218,806	1,900,357,135	927,498,195	1,682,536,409
Gross Profit	383,759,802	365,648,372	330,426,343	148,312,440	268,151,086
Operating Profit	347,308,311	333,323,003	300,682,040	133,738,545	241,784,560
Net profit before tax	252,265,888	219,056,294	179,246,985	64,702,605	118,164,085
Net Profit after tax	214,046,786	181,547,462	151,695,394	54,790,026	99,987,550
Net Cash Flows From Operation	243,507,236	117,280,119	41,744,653	14,181,298	75,919,868
Financial Position	30 June 2019	30 June 2018	30 June 2017 (Restated)	30 June 2016 (Six Months)	31 Dec 2015
Non-Current Assets	1,378,374,835	1,368,812,324	1,085,672,939	857,437,638	860,497,363
Current Assets	1,905,017,964	1,666,946,085	1,905,146,777	1,272,070,494	1,208,500,481
Shareholder's Equity	2,330,347,254	2,116,300,467	1,934,753,006	1,059,077,612	1,004,287,586
Non-Current Liabilities	571,503,163	567,872,648	688,514,732	750,918,945	723,507,168
Key Financial Ratio	30 June 2019	30 June 2018	30 June 2017 (Restated)	30 June 2016 (Six Months)	31 Dec 2015
Current Ratio	4.99	4.75	5.18	3.98	3.54
Quick Ratio	2.09	2.23	3.10	1.84	1.72
Debt to Equity Ratio	0.29	0.30	0.35	0.86	0.91
Net Profit Ratio	9.38	8.54	7.98	5.91	5.94
Return on Equity Ratio	9.19	8.58	7.84	5.46	9.96
EPS (Basic)	1.48	1.25	1.73	1.44	2.63

PACIFIC DENIMS LIMITED MANAGING DIRECTOR'S & CFO'S DECLARATION

The Board of Directors
Pacific Denims Limited
Plot # 6, D-3 (3rd Floor)
Block # SW (H), Gulshan Avenue
Gulshan-1, Dhaka 1212
Bangladesh.

Subject: Declaration on Financial Statements for year ended June 30, 2019.

Dear Sir,

Pursuant to the condition no.1 (5) (XXV) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 under section 2CC of the Securities & Exchange Ordinance 1969, we do hereby declare that:

1. The financial statements of Pacific denims Ltd. for the year ended on June 30, 2019 have been prepared in compliance with International Accounting Standards (IASs) or International financial Reporting Standards (IFRSs), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgements related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exist no materials uncertainly related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

1. We have reviewed the financial statements for the year ended on June 30, 2019 and that to the best of our knowledge and belief;
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws;
2. There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Sd/-
(Md. Shafiul Azam (Mohsin)
Managing Director

Sd/-
(Andul Jalil Majumder)
Chief Financial Officer



MAZUMDAR SIKDER AND ASSOCIATES

Cost & Management Accountants

Report to the Shareholders of Pacific Denims Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Pacific Denims Limited for the year ended on June 30, 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission.
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

For Mazumdar Sikder and Associates
Cost & Management Accountants

Md. Salauddin Sikder FCMA
Senior Partner

Place -Dhaka.
Date- November 24 , 2019

Annexure-C

Status of Compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1	Board of Directors			
1.1	Size of the Board of Directors			
	The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	\checkmark		
1.2	Independent Directors			
1.2(a)	At least on fifth (1/5) of the total number of directors in the company's board shall be independent directors.	\checkmark		
1.2 (b)	For the purpose of this clause 'independent director' means a director-			
1.2 (b) (i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	\checkmark		
1.2 (b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members shall not hold above mentioned shares in the company;	\checkmark		
1.2 (b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	\checkmark		
1.2 (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	\checkmark		
1.2 (b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	\checkmark		
1.2 (b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	\checkmark		
1.2 (b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	\checkmark		
1.2 (b)(viii)	who is not independent director in more than 5 (five) listed companies;	\checkmark		

1.2 (b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution(NBFI);	√		
1.2 (b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1.2 (c)	Independent director shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM);	√		
1.2 (d)	The post of independent director cannot remain vacant for more than 90 (ninety) days;	√		
1.2 (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only;	√		
1.3	Qualification of Independent Director(ID)			
1.3 (a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	√		
1.3 (b)	Independent Director shall have following qualifications			
1.3 (b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1.3(b)(ii)	Corporate leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	-		
1.3(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	-		
1.3 (b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	-		
1.3 (b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-		
1.3 (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1.3 (d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission;			No such issue arose
1.4	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			

1.4 (a)	The positions of the Chairperson of the Board and the Managing Director and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1.4 (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/ or Chief Executive Officer;	√		
1.4 (e)	In the absence of the chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such issue arose
1.5	The Directors' Report to Shareholders			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the companies Act, 1994 (Act No. XVIII of 1994):-			
1.5 (i)	An industry outlook and possible future developments in the industry;	√		
1.5 (ii)	The Segment-wise or product-wise performance;	√		
1.5 (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin;	√		
1.5 (v)	A discussion on continuity of any Extra-Ordinary gain or loss;	√		
1.5 (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1.5 (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.;			No such issue arose
1.5 (ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;			No such matter to explain
1.5 (x)	A statement of remuneration paid to the directors including independent directors	√		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained;	√		

1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1.5 (xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		
1.5 (xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1.5 (xvii)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;	√		
1.5 (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			No such matter to explain
1.5 (xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1.5 (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			The Board declared dividend
1.5 (xxi)	Board statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1.5 (xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1.5 (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name wise details where stated below) held by:-			
1.5 (xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
1.5 (xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1.5 (xxiii)(c)	Executives;	√		
1.5 (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	√		
1.5 (xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1.5 (xxiv)(a)	A brief resume of the director;	√		

1.5 (xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1.5 (xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	√		
1.5 (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1.5 (xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1.5 (xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance and financial position as well as cash flows in absolute figure for such changes;	√		
1.5 (xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1.5 (xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1.5 (xxv)(e)	The financial and economic scenario of the country and the globe;	√		
1.5 (xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√		
1.5 (xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1.5 (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1.5 (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1.6	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this code.	√		
1.7	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			

1.7 (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	Governance of Board of Directors of Subsidiary Company			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2 (e)	The Audit Committee of the holding company shall also review the financial Statements, in particular the investments made by the subsidiary company.			N/A
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).			
3.1	Appointment			
3.1 (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3.1 (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3.1 (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3.1 (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		

3.2	Requirement to attend the Board Meetings			
	The MD or CEO, CS, CFO and HIAC of the companies shall attend the meetings of the Board of Directors provided that the CS, CFO and /or the HIAC shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating of their personal matters.	√		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.3 (a)	The MD or CEO and CFO have reviewed financial statements for the year to the best of their knowledge and belief;	√		
3.3 (a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
3.3 (a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3.3 (b)	The MD or CEO and CFO shall also certified that there are, to the best of knowledge and belief no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3.3 (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee			
	For ensuring good governance in the company, the Board shall have at least following subcommittees:			
4 (i)	Audit Committee;	√		
4 (ii)	Nomination and Remuneration Committee;	√		
5	Audit Committee			
5.1	Responsibility to the Board of Directors			
5.1 (a)	The company shall have an Audit Committee as a sub-committee of the Board of Directors;	√		
5.1 (b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5.1 (c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
5.2	Constitution of Audit Committee			
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5.2 (b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5.2 (c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		

5.2 (d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5.2 (e)	The company secretary shall act as the secretary of the Committee;	√		
5.2 (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5.3	Chairperson of the Audit Committee			
5.3 (a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5.3 (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such incident arose
5.3 (c)	Chairperson of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
5.4	Meeting of the Audit Committee			
5.4 (a)	The Audit Committee shall conduct at least its four meetings in a financial year;	√		
5.4 (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5.5	Role of Audit Committee shall include the following:			
5.5 (a)	Oversee the financial reporting process;	√		
5.5 (b)	Monitor choice of accounting policies and principles;	√		
5.5 (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5.5 (d)	Oversee hiring and performance of external auditors;	√		
5.5 (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5.5 (f)	Review along with the management, the annual financial statements before submission to the board for approval;	√		
5.5 (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	√		
5.5 (h)	Review the adequacy of internal audit function;	√		

5.5 (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5.5 (j)	Review statement of significant related party transactions submitted by the management;	√		
5.5 (k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	√		
5.5 (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5.5 (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;	√		
5.6	Reporting of the Audit Committee			
5.6 (a)	Reporting to the Board of Directors			
5.6 (a)(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
5.6 (a)(ii)	The Audit committee shall immediately report to the Board of Directors on the following findings, if any;			
5.6 (a)(ii)(a)	Report on conflicts of interests;			No such incident arose
5.6 (a) (ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such incident arose
5.6 (a) (ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, rules and regulations; and			No such incident arose
5.6 (a) (ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately			No such incident arose
5.6 (b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			No such incident arose
5.7	Reporting to the Shareholders and General Investors			
	Report on activities carried out by Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii) above during the year shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.			No report has been made under code 5 (6) (a) (ii)
6	Nomination and Remuneration Committee (NRC)			
6.1	Responsibility to the Board of Directors			

6.1 (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	√		
6.1(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6.1(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6.2	Constitution of the NRC			
6.2 (a)	The Committee shall comprise of at least three members including an independent director;	√		
6.2 (b)	All members of the Committee shall be non-executive directors;	√		
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6.2 (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No such incident arose
6.2 (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			No such incident arose
6.2 (g)	The company secretary shall act as the secretary of the Committee;	√		
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6.2 (i)	No member of the NRC shall receive either directly or indirectly any remuneration for any advisory role or otherwise, other than Director's fees or honorarium from the company;	√		
6.3	Chairperson of the NRC			
6.3 (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6.3 (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No such incident arose
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.			Will attend in upcoming AGM
6.4	Meeting of the NRC			
6.4 (a)	The NRC shall conduct at least one meeting in a financial year;	√		

6.4 (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			No such meetings conveyed by the chairman upon request by any member of the NRC
6.4 (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
6.4 (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6.5	Role of the NRC			
6.5 (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6.5 (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6.5 (b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board relating to the remuneration of the directors, top level executive, considering the following:			
6.5 (b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6.5 (b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		
6.5 (b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6.5 (b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6.5 (b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6.5 (b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6.5 (b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
6.5 (b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	√		
6.5 (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7	External/Statutory Auditors.			
7.1	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			

7.1 (i)	Appraisal or valuation services or fairness opinions;	√		
7.1 (ii)	Financial information systems design and implementation	√		
7.1 (iii)	Book-keeping or other services related to the accounting records or financial statements;	√		
7.1 (iv)	Broker-dealer services;	√		
7.1 (v)	Actuarial services;	√		
7.1 (vi)	Internal audit services or special audit services;	√		
7.1 (vii)	Any service that the Audit Committee determines;	√		
7.1 (viii)	Audit or certification services on compliance of corporate governance as required under clause (i) of condition No. 9 (1);	√		
7.1 (ix)	Any other service that creates conflict of interest;	√		
7.2	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company			
8.1	The company shall have an official website linked with the website of the stock exchange;	√		
8.2	The company shall keep the website functional from the date of listing;	√		
8.3	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting and Compliance of Corporate Governance			
9.1	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9.3	The directors of the company shall state, in accordance with the Annexure-C, in the directors' report whether the company has complied with these conditions or not.	√		

Sd/-
Md. Shafiul Azam (Mohsin)
Managing Director

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: **CF-2019/171**

BAPLC

Date of issue : **April 2, 2019**

Renewed Certificate

This is to certify that

PACIFIC DENIMS LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.

This certificate remains current until 31st December 2019.




Secretary-General

AUDIT COMMITTEE REPORT

Pacific Denims Limited established an audit committee as a sub-committee of the Board of Directors. The committee supports the Board in fulfilling its oversight responsibilities.

The audit committee of Pacific Denims Limited of the following Board members:

Md. Ashfak Ahmed Khan (Independent Director)	: Chairman
Md. Sohel Khan (Director)	: Member
Abdul Jalil Majumder (CFO)	: Member
Md. Sorhab Ali (Company Secretary)	: Secretary of the Committee

Meeting and Attendance

During 2018-2019, under review the Audit Committee of Pacific Denims Limited met 4 (four) times on the following date:

1. September 12, 2018
2. November 7, 2018
3. January 14, 2019
4. April 10, 2019

Audit Meeting Attended by Members

Name	Position	Meeting Attended
Md. Ashfak Ahmed Khan, Independent Director	Chairman	4
Md. Sohel Khan, Director	Member	4
Abdul Jalil Majumder	Member	4

The Role and Responsibilities of the Audit Committee

The Role and Responsibilities of the Audit committee are clearly mentioned in the Compliance of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 condition no 5.5. The key responsibilities of the Audit committee are as follows.

- (a) Oversee the financial reporting process;
- (b) monitor choice of accounting policies and principles;
- (c) monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;
- (d) oversee hiring and performance of external auditors;
- (e) hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- (f) review along with the management, the annual financial statements before submission to the Board for approval;
- (g) review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;
- (h) review the adequacy of internal audit function;
- (i) review the Management's Discussion and Analysis before disclosing in the Annual Report;
- (j) review statement of all related party transactions submitted by the management;
- (k) review Management Letters or Letter of Internal Control weakness issued by statutory auditors;
- (l) oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and

(m) oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.

The Committee during the period under report met four times and its activities includes the followings:

- The financial statements of the quarterly, half yearly and the full year were reviewed by the committee and subsequently recommended to the Board for adoption consideration and circulation as per the requirement of Bangladesh Securities & Exchange Commission.
- The committee also reviewed the audited financial statements of the Company for the year ended June 30, 2019 this reviews incorporated the accounting policies and key judgments and estimates underpinning financial statements as disclosed in Notes to the Accounts.
- The committee also reviewed the work of the internal audit department and made suggestions for improvement.
- The committee reviewed the compliance with existing laws and regulation.
- Approved the internal audit plan.
- Reviewed the effectiveness and independence of the Statuary auditors and recommended re-appointment of external auditors.

Sd/-

Md. Ashfak Ahmed Khan

Chairman

Audit Committee

CREDIT RATING

Pacific Denims Limited has been rated as A- (Pronounced as single A minus) long term credit rating and ST-2 Short term credit rating by ARGUS Credit Rating Services Limited based on audited financial statements up to 30 June, 2017, Bank liability position as on 1 October, 2018 and other available information up to the date of rating declaration. The date of rating was on 16 October, 2018. The outlook on the rating is Stable.

Long Term Rating	Short Term Rating	Outlook	Date of Validity
A-	ST-2	Stable	16 October, 2019

ARGUS Credit Rating Services Limited considered financial performance, revenue, receivable, payable, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating that reflects the strengths of the company which has long operating history, moderate to high revenue growth

Application of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)

Name of the Accounting Standards	Ref. No.	Status of Application
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Leases	IAS-17	Applied
Employee Benefits	IAS-19	Applied
The effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Financial Instruments: Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Financial Instruments: Recognition & Measurement	IAS-39	Applied
Financial Instruments : Disclosure	IFRS-7	Applied
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Applied
Revenue from Contracts with Customers	IFRS-15	Applied

**Independent Auditors' Report
TO
THE SHAREHOLDERS OF PACIFIC DENIMS LIMITED**

Report on the Audit of the Financial Statements:

Opinion

We have audited the financial statements of Pacific Denims Limited which comprise the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Matter of emphasis

Without modifying our opinion we draw attention to the matter that full revalued amount has been consider in calculating deferred tax on revaluation instead of considering the revaluation surplus amount only.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matters
<p>Revenue The company has reported a revenue of Taka 2,281,904,042 for the year ended 30 June 2019.</p> <p>Refer to note no. 36.00 of the financial statements.</p> <p>Revenue recognition has significant and wide influence on financial statements. Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> We understood, evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and signoff, recording of sales, all the way through to cash receipts and customers' outstanding balances. We tested the completeness of journal entries compared to financial statements; as well as if there any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers. We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and truck challans. In addition, we confirmed

Key Audit Matter	How our audit addressed the audit matters
<p>Revenue continued: goods is recognised at the time when the goods are dispatched for delivery to the distributor. To obtain sufficient audit evidence, high magnitude of audit work and resource are required.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirmation of dispatch of goods were provided by numerous transporting agencies based on different locations. There is a risk of differences between the timing of invoicing of products and the dispatch of the products to the company distributors. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p>	<p>customer balances at the statement of financial position date</p> <ul style="list-style-type: none"> • We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and truck challans. In addition, we confirmed customer balances at the statement of financial position date. • Furthermore, we tested the sales transactions recognised shortly before and after the statement of financial position date, including the sales returns recorded after that date, to test whether sales transactions were recorded in the correct reporting periods.
<p>Inventories As of the reporting date the company reports Stock and Stores amounting to Taka 551,030,649</p> <p>Refer to note no. 19 to the Financial Statements</p> <p>Inventory is carried in the statement of financial position at the lower of cost and net realisable value. Sales in the manufacturing industry can be extremely volatile based on significant changes in consumer demand. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.</p> <p>Moreover, the process of estimating provision for inventories is judgmental and complex. Due to high level of judgment involved and use of some manual process in estimating the provision and net realisable value of inventories, we considered this to be a key audit matter.</p>	<p>Our audit procedures were designed to challenge the adequacy of the Company's provisions against inventory included:</p> <ul style="list-style-type: none"> • Corroborating on a sample basis that items on the stock ageing by items were classified in the appropriate ageing bracket; • Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the management on the extent to which old inventory can be sold through various channels; • Considering the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current period; and • We have also considered the adequacy of the Company's disclosures in respect of the levels of provisions against inventory

Key Audit Matter	How our audit addressed the audit matters
<p>Current Tax provisioning</p> <p>Current Tax provision amounting Taka 39,421,217</p> <p>Refer to note no. 42.00 to the Financial Statements</p> <p>At year end the company reported total income tax expense (Current tax) of BDT 39,421,217. The calculation of the tax expense is a complex process that involves subjective judgments and uncertainties and require specific knowledge and competencies.</p> <p>We have determined this to be a key audit matter, due to the complexity in income tax provisioning.</p>	<p>Our audit procedure in this area included ,among others :</p> <p>Use of our own tax specialist to assess the company’s tax computation. Our tax specialist were also taking into account the company’s tax position and our knowledge and experience of the application of relevant tax legislation.</p> <p>To analysis and challenge the assumption used to determine tax provision based on our knowledge and experience of the application of the local legislation.</p> <p>Evaluating the adequacy of the financial statement disclosure, including disclosure of key assumption judgments and sensitive related to tax.</p>
<p>Measurement of deferred tax Liability</p> <p>Company reported net deferred tax liability totaling Taka 53,691,887 as at 30 June 2019. significant judgments is required in relation to deferred tax liability as their liability is dependent on forecast of future probability over a number of years .</p> <p>see note no. 29.00 to the financial statements</p>	<p>we obtained and understanding ,evaluated the design and tested the operational effectiveness of the company’s key controls over the recognition and measurement of Deferred Tax Asset/liability and taxable income/expense of the company.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable expenses/income.</p> <p>We evaluated the reasonableness of key assumption, timing of reversal of temporary difference and expiration of tax loss carry forwards, recognition and measurement of deferred tax liability/asset .</p> <p>We assessed the adequacy of the company’s disclosures setting out the basis of deferred tax liability/asset balances and the level of estimation involved.</p> <p>we also assessed in evaluating the tax implications, the reasonableness of estimate and calculations determined by the management.</p> <p>finally assessed the appropriateness and presentation of disclosure against IAS -12 income Tax</p>

Other Matter

The financial statements of Pacific Denims Limited for the year ended 30 June 2018 was audited by another auditor and give fair opinion.

The utilization of IPO fund by the company up to 30 June 2019 were certified by Shiraz Khan Basak & Co., Chartered Accountants.

Going Concern

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

Other Information

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, Supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements:

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

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) the company's financial statements dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purpose of company's business for the year.

Dated: Dhaka
26 October 2019

Sd/-
ATA KHAN & CO.
Chartered Accountants

PACIFIC DENIMS LIMITED
Statement of Financial Position
As at June 30, 2019

Particulars	Notes	June 30,2019 Amount in Taka	June 30,2018 Amount in Taka
ASSETS			
Non-Current Assets		1,378,374,835	1,177,012,324
Property, Plant & Equipment	17.00	1,020,430,281	850,798,086
Capital Work-in-Progress	18.00	357,944,554	326,214,238
Current Assets		1,905,017,964	1,858,746,085
Inventories	19.00	551,030,649	529,279,513
Trade & Other Receivables	20.00	676,115,185	659,354,383
Advance, Deposit & Pre-Payments	21.00	556,906,369	544,956,600
Fixed Deposit	22.00	50,762,317	63,691,923
Cash & Cash Equivalents	23.00	70,203,444	61,463,666
Total Assets		3,283,392,799	3,035,758,409
EQUITY AND LIABILITIES			
Shareholders' Equity		2,330,347,254	2,116,300,467
Share capital	24.00	1,449,225,000	1,271,250,000
Revaluation Reserve	25.00	140,290,413	140,290,413
Tax Holiday Reserve	26.00	145,760,152	145,760,152
Retained Earnings	27.00	595,071,689	558,999,902
Non-Current Liabilities		571,503,163	567,872,648
Long Term Borrowings	28.00	517,811,275	512,978,645
Deferred Tax Liability	29.00	53,691,887	54,894,003
Current Liabilities & Provisions		381,542,382	351,585,294
Trade Payables	30.00	12,341,030	13,143,493
Short-Term Borrowings	31.00	69,226,561	73,769,662
Long-Term Borrowings-Current portion		98,508,979	98,508,979
Provision for Income Tax	32.00	171,728,887	132,307,670
Liabilities for Expenses	33.00	29,736,925	33,855,490
Total Equity and Liabilities		3,283,392,799	3,035,758,409
Net Asset Value (NAV) Per Share	34.00	16.08	16.65

These financial statements should be read in conjunction with the annexed notes 1 to 54 and were approved by the Board of Directors and were signed on its behalf by:

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Signed in terms of our annexed report of even date

Dated: Dhaka
26 October 2019

Sd/-
ATA KHAN & CO.
Chartered Accountants

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PACIFIC DENIMS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2019

Particulars	Notes	2018-2019	2017-2018
Turnover	36.00	2,281,904,042	2,126,218,806
Cost of Sales	37.00	(1,898,144,240)	(1,760,570,434)
Gross Profit		383,759,802	365,648,372
Operating Expenses		(36,451,491)	(32,325,369)
Office & Administrative Expenses	38.00	29,661,250	26,392,235
Selling & Distribution Expenses	39.00	6,790,241	5,933,134
Operating Profit		347,308,311	333,323,003
Financial Expenses	40.00	(98,834,611)	(124,712,220)
Other Income	41.00	3,792,188	10,445,511
Net Profit Before Tax		252,265,888	219,056,294
Income Tax Expenses		(38,219,102)	(37,508,832)
Current Income Tax Expenses	42.00	(39,421,217)	(38,791,326)
(Deferred Tax Expenses)/Income	43.00	1,202,116	1,282,494
Net Profit for the year		214,046,786	181,547,462
Other Comprehensive Income		-	-
Total Comprehensive Income		214,046,786	181,547,462
Basic Earnings Per Share (EPS)	44.00	1.48	1.25

These financial statements should be read in conjunction with the annexed notes 1 to 54 and were approved by the Board of Directors and were signed on its behalf by:

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Signed in terms of our annexed report of even date

Dated: Dhaka
26 October 2019

Sd/-
ATA KHAN & CO.
Chartered Accountants

PACIFIC DENIMS LIMITED
Statement of Changes in Equity
For the year ended June 30, 2019

Particulars	Share Capital	Revaluation Reserve	Tax Holiday Reserve	Retained Earning	Total Equity
Balance at July 01 , 2018	1,271,250,000	140,290,413	145,760,152	558,999,902	2,116,300,467
Stock Dividend 14.00%	177,975,000	-	-	(177,975,000)	-
Net Profit for the year	-	-	-	214,046,786	214,046,786
Balance at June 30, 2019	1,449,225,000	140,290,413	145,760,152	595,071,689	2,330,347,254

Particulars	Share Capital	Revaluation Reserve	Tax Holiday Reserve	Retained Earning	Total Equity
Balance at July 01 , 2017	1,130,000,000	140,290,413	145,760,152	518,702,441	1,934,753,006
Stock Dividend 12.50%	141,250,000	-	-	(141,250,000)	-
Net Profit for the year	-	-	-	181,547,462	181,547,462
Balance at June 30, 2018	1,271,250,000	140,290,413	145,760,152	558,999,902	2,116,300,467

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Dated: Dhaka
26 October 2019

PACIFIC DENIMS LIMITED
Statement of Cash Flows
For the year ended June 30, 2019

Particulars	2018-2019	2017-2018
A. Cash Flow from Operating activities :		
Cash Received from Customers & Others	2,265,143,240	2,076,603,299
Cash Received from other Income	3,792,188	10,445,511
Cash Paid to Suppliers, Employees and Others	(1,919,661,330)	(1,836,019,153)
Cash Generated from Operations	349,274,098	251,029,657
Interest Paid	(98,834,611)	(124,712,220)
Income Tax Paid	(6,932,251)	(9,037,318)
Net Cash flow from operating activities (Note-35)	243,507,236	117,280,119
B. Cash Flow from Investing activities :		
Acquisition of Property, Plant and Equipment	(216,256,278)	(92,530,460)
Capital Work-in-Progress	(31,730,316)	(47,577,898)
Advance for Machinery, Building & Construction	-	(191,800,000)
Received/(Paid) Fixed Deposit	12,929,606	149,197,425
Net Cash used in investing activities	(235,056,988)	(182,710,933)
C. Cash Flow from Financing activities :		
Received/Repaid of Short-term loan	(4,543,101)	(49,589,338)
Received/Repaid of Long-term loan	4,832,630	(139,759,590)
Net Cash used in Financing activities	289,529	(189,348,928)
Net Increase/(Decrease) in Cash and Cash Equivalents	8,739,778	(254,779,743)
Cash and Cash Equivalents at Beginning of year	61,463,666	316,243,410
D. Cash and cash equivalents at the end of the year (A+B+C)	70,203,444	61,463,666
Net Operating Cash Flow Per Share (Note-45)	1.68	0.81

These financial statements should be read in conjunction with the annexed notes 1 to 54 and were approved by the Board of Directors and were signed on its behalf by:

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Director

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Dated: Dhaka
26 October 2019

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, 2019;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2019;
- iii) Statement of Changes in Equity for the year ended June 30, 2019;
- iv) Statement of Cash Flows for the year ended June 30, 2019;
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial statements for the year ended June 30, 2019.

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 17	Leases
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

8.00 Reporting Period

The period of the financial statements covers from July 1, 2018 to June 30, 2019.

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:

- a. when the company has an obligation (legal or constructive) as a result of past events;
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. 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. Shadequl Alam (Yeasin)	Chairman	702,000	25,000
2	Md. Shafiu Azam (Mohsin)	Managing Director	1,200,000	30,000
3	Md. Sohel Khan	Director	-	20,000
4	Md. Ashfak Ahmed Khan	Independent Director	-	20,000
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	-	20,000

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.

In accordance with para 37 of IAS-32: Financial Instruments: Presentation, the transaction costs of an equity transaction are accounted for as a deduction from equity to extent they are incremental costs directly attributable to equity transaction that otherwise would have avoided.

Deferred tax on revaluation of land was not recognized earlier. During the year retrospective treatment has been made as per IAS-8: Accounting Policies, Changes in Accounting Estimates and Errors. As a result, in the financial year 2016-2017 deferred tax liability has been increased by TK. 5,400,000 and revaluation reserve reduced by the same amount.

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, 2019	June 30, 2018
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:

- (a) 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 ;
- (b) The entity can identify each party's rights regarding the goods or services to be transferred ;
- (c) The entity can identify the payment terms for the goods or services to be transferred ;

(d) 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

(e) 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 2018 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 and 2018-2019 is under process. The company has tax liability of Tk. 171,728,887/- against which advance tax paid Tk. 31,006,349/-.

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.

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 Reason for not providing provision for WPPF

Pacific Denims Ltd. is a 100% export oriented garments manufacturer and member of The Bangladesh Textile Mills Association (BTMA)). As per Sub-Section 3 of Section 232 of Bangladesh Labor Act 2006 re-placed by the Act No 30, Para 63 of the year 2013 as follows:

"in case of a 100% export-oriented industrial sector or for any industry investing 100% foreign exchange, the Government, through enactment of Rule, shall adopt required provisions with regard to formation of sector-based central fund comprising of buyers and owners, form a Board to execute that fund, determine contributions and their realization procedure and provisions for utilizations of the money for the welfare of the beneficiaries in the sector.

For the above reason management didn't start making provision for WPPF because of not yet forming Board for fund raise and utilization by the government. The board shall format the rules of determination of subscription, procedure of collection and utilization of fund. Pacific Denims Ltd. is a 100% export oriented denims fabric manufacturing company and that's why the company does not recognize any provision for WPPF.

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 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 recognising 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 amortised 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 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 01 July 2018 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
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Financial assets

Trade and other receivables	Loans and receivables	Amortised Cost	659,354,383	659,354,383
Cash and Cash Equivalents	Loans and receivables	Amortised Cost	61,463,666	61,463,666

Financial Liabilities

Trade and other payables	Other financial liabilities	Other financial liabilities	13,143,493	13,143,493
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Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised 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 2018.

Particulars	IAS 39 carrying amount at 30 June 2018	Re-measurement	IFRS 9 carrying amount at 01 July 2018
Financial Assets			
Trade and other receivables			
Brought forward: Loans and receivables	659,354,383		
Re-measurement		-	
Carried forward			659,354,383
Cash and Cash equivalents			
Brought forward: Loans and receivables	61,463,666		
Re-measurement		-	
Carried forward			61,463,666
Total	720,818,049	-	720,818,049

16.18 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.

16.19 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.

16.20 Authorization of Financial Statements

The Financial statements have been authorized for issue by the Board of Directors on October 26, 2019.

		Amount in Taka	
		June 30, 2019	June 30, 2018
17.00	Property, Plant and Equipments	Tk. 1,020,430,281	Tk.850,798,086
	This represents the written down value of assets as at 30-06-2019 at historical cost except land which are stated at revalued amount.		
	This has been arrived as under:		
	A. Cost		
	Opening Balance	1,487,251,426	1,394,720,966
	Add: Addition during the year	216,256,278	92,530,460
		1,703,507,704	1,487,251,426
	B. Accumulated Depreciation		
	Opening Balance	636,453,340	587,684,367
	Add: Depreciation Charged during the year	46,624,083	48,768,972
		683,077,423	636,453,340
	(A-B) Written down Value	1,020,430,281	850,798,086
	The details of above has been shown in Annexure " A"		
18.00	Capital Work-in-Progress	Tk. 357,944,554	Tk. 326,214,238
	Building & Other Construction		
	Opening balance:	326,214,238	278,636,340
	Addition during the year	75,497,859	140,108,358
	Sub total	401,712,097	418,744,698
	Transfer to Fixed Asset Sch.	(43,767,543)	(92,530,460)
	Balance of building & other construction	357,944,554	326,214,238
	Total Ending Balance	357,944,554	326,214,238
19.00	Inventories	Tk. 551,030,649	Tk. 529,279,513
	The break-up of the amount is given below:		
	Yarn	174,399,402	143,301,119
	Dyes & Chemicals	53,211,432	54,493,261
	Packing Materials	9,235,600	8,820,000
	Spares & Parts	4,263,900	3,791,500
	Work-in- process	82,775,100	95,339,937
	Finished Goods	227,145,215	223,533,696
		551,030,649	529,279,513
	The details of above has been shown in annexure "B".		
20.00	Trade and Other Receivables	Tk. 676,115,185	Tk. 659,354,383
	This is made-up as follows:		
	Trade Receivables	676,115,185	659,354,383
		676,115,185	659,354,383

Amount in Taka	
June 30, 2019	June 30, 2018

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

Aging of Accounts Receivable:

Less Than Six Months	676,115,185	659,354,383
More Than Six Months	-	-
Total:	676,115,185	659,354,383

The amount of receivable considered fully secured and guaranteed by export letter of credit opening bank against export order and considered good & realizable as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 is given below:

Sl.	Particulars	Amount in Taka	
		June 30, 2019	June 30, 2018
I	Receivables considered good in respect of which the company is fully secured.	676,115,185	659,354,383
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:	676,115,185	659,354,383

20.01 Trade Receivables

Tk. 676,115,185

Tk. 659,354,383

This is made-up as follows:

Opening Balance

659,354,383

2,281,904,042

609,738,876

2,126,218,806

Add: Export During the year

2,941,258,425

2,735,957,682

Less: Realized during the year

(2,265,143,240)

(2,076,603,299)

676,115,185

659,354,383

21.00 Advance, Deposit & Pre-Payments

Tk. 556,906,369

Tk. 544,956,600

The break-up of the amount is given below:

Advances

(Notes #21.01)

556,004,369

544,054,600

Deposits

(Notes #21.02)

902,000

902,000

556,906,369

544,956,600

21.01 Advances

Tk. 556,004,369

Tk. 544,054,600

The break-up of the amount is given below:

Advance Against Salary

923,156

863,290

Advance for Machinery, Building & Other Construction

191,800,000

191,800,000

Advance Against Goods, Spare, Services & Others

51,255,232

50,061,780

Advance to Suppliers & Contractors

280,639,432

277,255,432

Prepaid Insurance

380,200

-

Advance Income Tax (At Source) (Notes #21.04)

31,006,349

24,074,098

556,004,369

544,054,600

		Amount in Taka	
		June 30, 2019	June 30, 2018
21.02	Deposits	Tk. 902,000	Tk. 902,000
	Bank Guarantee	902,000	902,000
		902,000	902,000
21.03	Disclosures as per Schedule-XI, Part-I of the Companies Act, 1994		
	Advance, Deposit and pre-payments exceeding 6 Months and considered good and secured	902,000	902,000
	Advance, deposit and pre-payments considered good without security	556,004,369	544,054,600
	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	-	-
	Total	556,906,369	544,956,600
21.04	Advance Income Tax (At Source)	Tk. 31,006,349	Tk. 24,074,098
	This is made-up as follows:		
	Opening Balance	24,074,098	22,077,038
	Add: AIT During the year	4,932,251	3,881,577
	Tax advance for income year 2011-2012	2,000,000	1,500,000
	Adjustment of AIT for income year 2012-2013	-	(3,384,517)
	Closing Balance	31,006,349	24,074,098
22.00	Fixed Deposit	Tk. 50,762,317	Tk. 63,691,923
	Fixed Deposit with Bank Asia	50,762,317	63,691,923
		50,762,317	63,691,923
23.00	Cash & Cash Equivalents	Tk. 70,203,444	Tk. 61,463,666
	The break-up of the amount is given below:		
	Cash in Hand	15,395,682	2,353,624
	Cash at Banks (Note- 23.01)	54,807,762	59,110,042
		70,203,444	61,463,666

		Amount in Taka	
		June 30, 2019	June 30, 2018
23.01	Cash at Bank	Tk. 54,807,762	Tk. 59,110,042
	The break-up of the amount is given below:		
	BRAC Bank Ltd. Banani A/c No 63001	1,188	36,695
	Bank Asia Scotia Branch A/c No 03387	179,881	213,577
	Meghna Bank Ltd. Principal Branch, A/C: 0558	52,798	53,948
	Exim bank Ltd Corporate Br. Gulshan A/c 9359	890	420
	Exim bank Ltd Corporate Br. Gulshan A/c 153791	7,622	112
	Eastern Bank Ltd Banani Br. A/c 2244	23,122	24,272
	Farmers Bank Ltd Gulsan Br. A/c 134	1,394	7,544
	Islami Bank Bangladesh Ltd. A/c No 17704	572,879	162,344
	Jamuna Bank Ltd. Banani Br. A/c 5077	-	156,380
	Janata Bank Local Office A/c N0-59448	22,282	6,080
	DBBL, Gulshan Circle-1, CD A/c No 2245	-	36,384
	National bank Ltd. Gulshan A/c 1749	6,516	87,666
	National bank Ltd. Pragati Sarani Gulshan A/c 5819	2,298	3,448
	Prime Bank Ltd Foreign Exchange A/c No 13421	-	4,499
	Social Islami Bank Ltd Gulshan A/c No 4768	1,220,094	3,19
	Social Islami Bank Ltd Banani A/c No 5092	927	12,07
	Southeast Bank Ltd. Banani Br. A/c No 5020	32,477	33,379
	South Bangla Agriculture & Commerce Bank A/C-2369	5,583	6,733
	Trust bank Ltd SKB Br. A/c No 1885	13,255	14,405
	Woories Bank Ltd Gulsan Br. A/c 8402	600	36,750
	Mutual Trust Bank Ltd., Dilkusha Br. A/C No. 1552	52,663,957	58,210,132
		54,807,762	59,110,042

Cash balance is certified by the management. Bank balances are agreed with bank Statements Issued & Certified by the respective banks.

24.00 Share Capital **Tk. 1,449,225,000** **Tk. 1,271,250,000**

24.01 Authorized Capital
200,000,000 ordinary shares of tk. 10/- each **2,000,000,000** **2,000,000,000**

24.02 Issued, Subscribed, Called-up & Paid-up Capital
144,922,500 Ordinary Shares of of Tk. 10 each fully paid as follows:

SL No.	Particulars	No. of Shares	% of Shares	June 30, 2019	June 30, 2018
1	Mr. Shafiul Azam (Mohsin)	20,957,267	14.461%	209,572,670	183,835,680
2	Mr. Shadequl Alam (Yasin)	12,178,876	8.404%	121,788,760	106,832,250
3	Shahida Khanom (Swarna)	1,217	0.001%	12,170	10,680
4	Md. Moazzam Khan	1,217	0.001%	12,170	10,680
5	Md. Yunus Ali	1,217	0.001%	12,170	10,680
6	Md. Sohel Khan	8,336,250	5.752%	83,362,500	73,125,000
7	Disney Properties Ltd.	3,411,450	2.354%	34,114,500	29,925,000
8	Institution	28,025,645	19.338%	280,256,450	248,068,410
9	Foreign	14,860	0.010%	148,600	148,600
10	Public	71,994,501	49.678%	719,945,010	629,283,020
	Total	144,922,500	100%	1,449,225,000	1,271,250,000

Amount in Taka	
June 30, 2019	June 30, 2018

24.03 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	
	2019	2018	2019	2018	2019	2018
1 to 499	2,333	2,282	430,473	437,578	0.30%	0.34%
500 to 5,000	7,281	8,474	10,486,568	10,578,099	7.23%	8.32%
5,001 to 10,000	1,111	1,030	8,201,347	7,321,758	5.66%	5.76%
10,001 to 20,000	718	693	10,271,843	9,604,914	7.09%	7.56%
20,001 to 30,000	238	182	6,083,180	4,423,822	4.20%	3.48%
30,001 to 40,000	110	87	3,860,064	3,038,647	2.66%	2.39%
40,001 to 50,000	92	68	4,277,763	3,083,523	2.95%	2.43%
50001 to 100,000	143	115	10,491,478	7,663,471	7.24%	6.03%
100,001 to 1,000,000	101	75	45,694,853	18,268,734	31.53%	14.37%
Over 1,000,000	3	11	45,124,931	62,704,454	31.14%	49.33%
Total	12,130	13,017	144,922,500	127,125,000	100.00	100.00

25.00 Revaluation Reserve

Tk. 140,290,413 Tk. 140,290,413

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, 2019	June 30, 2018
Land	145,690,413	145,690,413
Less: Deferred Tax	5,400,000	5,400,000
Total	140,290,413	140,290,413

26.00 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.

27.00 Retained Earnings

Tk. 595,071,689 Tk. 558,999,902

This is made up as follows :

Opening Balance	558,999,902	518,702,441
Add: Net Profit for the year	214,046,786	181,547,462
Accumulated Earnings	773,046,689	700,249,902
Issuance of 14.00% Stock Dividend	(177,975,000)	(141,250,000)
	595,071,689	558,999,902

28.00 Long- Term Borrowings (Secured)

Tk. 517,811,275 Tk. 512,978,645

The break-up of the amount is given below:

Long Term Loan from Bank (Note # 28.01)	514,666,013	522,390,149
Lease Liabilities (Note # 28.02)	101,654,241	89,097,475
	616,320,254	611,487,624
Less: Long -Term Borrowings-Current portion	(98,508,979)	(98,508,979)
Long- Term Borrowings net off current portion	517,811,275	512,978,645

	Amount in Taka	
	June 30, 2019	June 30, 2018
28.01 Long- Term Bank Loan (Secured)	Tk. 514,666,013	Tk. 522,390,149
The break-up of the amount is given below:		
Agrani Bank Principal Branch (Project Loan)	495,406,498	495,381,498
Brac Bank Term Loan	19,259,515	23,653,993
Bank Asia Term Loan	-	3,354,658
	514,666,013	522,390,149

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 passu sharing agreement between banks on fixed and floating assets of the company. The interest rate of this loans is varying from 13% -16%.

28.02 Leases	Tk. 101,654,241	Tk. 89,097,475
This is made up as follows :		
IDLC Finance Limited	20,700,336	20,918,156
IIDFC	44,992,049	32,217,463
First Lease Finance & Investment Ltd.	35,961,856	35,961,856
	101,654,241	89,097,475
29.00 Deferred Tax Liability	Tk. 53,691,887	Tk. 54,894,003
On Cost:		
WDV of Assets Accounting Base	1,020,430,281	850,798,086
WDV of Assets Tax Base	698,484,365	520,838,067
Temporary Difference	321,945,916	329,960,019
Tax Rate	15%	15%
Deferred Tax Liability	48,291,887	49,494,003
On Revaluation Note # 29.01	5,400,000	5,400,000
	53,691,887	54,894,003
29.01 Deferred tax liability on Revaluation Reserve		
Revaluation Reserve	180,000,000	180,000,000
Tax Rate	3%	3%
	5,400,000	5,400,000
30.00 Trade Payables	Tk. 12,341,030	Tk. 13,143,493
The break-up of the amount is given below:		
Acceptance Liabilities	12,341,030	13,143,493
	12,341,030	13,143,493
31.00 Short-Term Bank Borrowings	Tk. 69,226,561	Tk. 73,769,662
The break-up of the amount is given below:		
Prime Bank Ltd (LTR)	69,226,561	73,769,662
	69,226,561	73,769,662

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 pari passu sharing agreement between banks on fixed and floating assets of the company. The interest rate of this loans is varying from 13%-15%.

		Amount in Taka	
		June 30, 2019	June 30, 2018
32.00	Provision for Income Tax	Tk. 171,728,887	Tk. 132,307,670
	The break-up of the amount is given below:		
	Opening Balance	132,307,670	100,556,601
	Add: During the Year	39,421,217	38,791,326
	Less: Adjustment for income year 2012-2013	-	(7,040,258)
		171,728,887	132,307,670
33.00	Liabilities for Expenses	Tk. 29,736,925	Tk. 33,855,490
	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	996,542	985,417
	Salary & Wages	4,474,208	5,493,778
	Telephone bill	2,709	7,087
	Mobile bill	37,450	61,910
	Gas bill	4,117,310	5,371,142
	VAT on Office Rent	175,500	2,950
	Interest payable	19,530,706	21,530,706
	Audit fee	402,500	402,500
		29,736,925	33,855,490
33.01	Interest payable	Tk. 19,530,706	Tk. 21,530,706
	The break-up of the amount is given below:		
	Opening Balance	21,530,706	21,530,706
	Less: Advance Paid for 2012-2013	2,000,000	-
		19,530,706	21,530,706
34.00	Net Asset Value (NAV) Per Share		
	<u>Net Assets</u>	2,330,347,254	2,116,300,467
	No. of Shares	144,922,500	127,125,000
	Net Asset Value (NAV) Per Share	16.08	16.65
35.00	Reconciliation of Net Profit with cash flows from Operating Activities		
	Profit before Tax	252,265,888	219,056,294
	Adjustment for:		
	Depreciation on property, plant and equipment	46,624,083	48,768,972
		298,889,971	267,825,266
	Less: Increase in Trade & Other Receivables	(16,760,802)	(49,615,507)
	Less: Increase in Inventories	(21,751,136)	(41,062,443)
	Add: Increase in Trade Payables	(802,463)	1,942,293
	Add: Increase in Liabilities for Expenses	(4,118,565)	20,329,294
	Less: Increase in Advance, Deposit & Prepayments	(5,017,518)	(73,101,467)
	Less: AIT at source on export realization	(4,932,251)	(3,881,577)
	Less: Income Tax Paid	(2,000,000)	(5,155,741)
	Net cash flow from operating activities	243,507,236	117,280,119

		Amount in Taka	
		June 30, 2019	June 30, 2018
36.00	Turnover	Tk. 2,281,904,042	Tk. 2,126,218,806
	Export Sales	2,281,904,042	2,126,218,806
		2,281,904,042	2,126,218,806
37.00	Cost of Sales	Tk. 1,898,144,240	Tk. 1,760,570,434
	The break-up of the amount is given below:		
	Raw materials Consumed (Note # 37.01)	1,717,168,135	1,598,922,076
	Manufacturing Overhead (Note # 37.02)	172,022,787	176,319,151
	Opening WIP	95,339,937	90,015,880
	Closing WIP	(82,775,100)	(95,339,937)
	Cost of Production	1,901,755,759	1,769,917,170
	Finished Goods (Opening)	223,533,696	214,186,960
	Finished Goods (Closing)	(227,145,215)	(223,533,696)
	Cost of Sales	1,898,144,240	1,760,570,434
37.01	Raw Material Consumed	1,717,168,135	1,598,922,076
	Opening Stock of Raw Materials	206,614,380	180,201,690
	Raw Materials- Yarn	143,301,119	129,567,330
	Dyes & Chemicals	54,493,261	41,855,660
	Packing Materials	8,820,000	8,778,700
	Add: Raw Material Purchased	1,747,400,189	1,625,334,766
	Raw Materials- Yarn	1,433,203,195	1,369,419,957
	Dyes & Chemicals	191,266,958	154,163,449
	Packing Materials	122,930,036	101,751,360
	Raw Material available for Consumption	1,954,014,569	1,805,536,456
	Less: Closing Stock of Raw Materials	236,846,434	206,614,380
	Raw Materials- Yarn	174,399,402	143,301,119
	Dyes & Chemicals	53,211,432	54,493,261
	Packing Materials	9,235,600	8,820,000
	Raw Material Consumption	1,717,168,135	1,598,922,076
37.02	Manufacturing Overhead	Tk. 172,022,787	Tk. 176,319,151
	The break-up of the amount is given below:		
	Wages & Allowances	65,520,455	65,208,340
	Festival Bonus	13,281,410	13,371,736
	Overtime Expenses	633,921	499,595
	Gas Bill	23,033,459	24,137,819
	Medical Expenses	419,125	421,882
	Insurance Premium	1,294,726	1,535,606
	Postage & Stamp	82,218	115,507
	Factory Maintenance	2,277,028	1,945,557
	Generator Maintenance & Lubricants	12,160,320	13,735,701
	ETP Expenses	105,705	101,970
	Spare Parts (Note # 37.03)	6,590,337	6,476,466
	Depreciation	46,624,083	48,768,972
		172,022,787	176,319,151

		Amount in Taka	
		June 30, 2019	June 30, 2018
37.03	Spares Parts	Tk. 6,590,337	Tk. 6,476,466
	The break-up of the amount is given below:		
	Stock of Spare parts Opening	3,791,500	3,812,540
	Purchase of Spare parts	7,062,737	6,455,426
	Stock of Spare parts - Closing	(4,263,900)	(3,791,500)
	Consumption	6,590,337	6,476,466
38.00	Office & Administrative Expenses	Tk. 29,661,250	Tk. 26,392,235
	The break-up of the amount is given below:		
	Salary & Allowances	5,049,630	4,728,404
	Remuneration (Chairman)	702,000	702,000
	Remuneration (MD)	1,200,000	1,200,000
	Board Meeting Fees	115,000	115,000
	Car maintenance	1,526,723	951,618
	Audit Fees	402,500	402,500
	Renewal & registration fees	2,578,846	2,103,340
	Repair & Maintenance	218,142	160,473
	Tour & Travels	824,039	642,360
	Donation	708,263	282,649
	Legal & Consultancy fees	529,574	87,803
	Conveyance	344,636	203,832
	Entertainment	461,700	283,880
	Misc. Expenses	297,721	232,111
	Mobile & Telephone bill	868,398	937,322
	Printing & Stationery	980,503	1,065,805
	Fees & Forms	165,018	187,035
	Charge & Commission (C&F Expenses)	5,900,426	6,296,468
	Office Rent	2,400,000	2,400,000
	VAT on Office Rent	327,650	321,750
	Internet bill	296,805	335,319
	Transportation	2,884,266	2,040,194
	Paper & periodical	20,928	31,034
	Office Maintenance	858,482	681,337
		29,661,250	26,392,235
39.00	Selling & Distribution Expenses	Tk. 6,790,241	Tk. 5,933,134
	The break-up of the amount is given below:		
	Salary & Allowances	2,866,884	2,760,723
	Entertainment	338,171	133,225
	Printing & Stationery	125,160	134,615
	Advertisement	1,167,670	1,004,566
	Misc. Expenses	863,427	679,755
	Travelling & Conveyance	603,631	426,728
	Sales promotion Exp.	825,298	793,521
		6,790,241	5,933,134

		Amount in Taka	
		June 30, 2019	June 30, 2018
40.00	Financial Expenses	Tk. 98,834,611	Tk. 124,712,220
	The break-up of the amount is given below:		
	Interest on Project Loan general (Agrani bank)	69,356,909	66,262,041
	Interest on Term (N.C.C Bank)	-	23,653,702
	Interest on IDLC Finance Limited	2,829,908	3,000,270
	Interest on (IIDFC)	2,846,030	3,930,610
	Interest on First Lease Financing	5,403,197	6,537,594
	Interest on Term Loan (Bank Asia Ltd.)	3,149,755	4,737,825
	Interest on Term Loan (Brac Bank Ltd.)	2,370,232	2,271,411
	Interest on LTR	11,549,645	12,880,205
	Bank Charge/Bank Misc./Service Charge etc.	1,328,936	1,438,563
		98,834,611	124,712,220
41.00	Other Income	Tk. 3,792,188	Tk. 10,445,511
	This amount consist of		
	Interest Received from FDR & IPO Fund	3,464,456	10,120,667
	Exchange Gain	327,732	324,845
		3,792,188	10,445,511
42.00	Current Tax Expenses	Tk. 39,421,217	Tk. 38,791,326
	Profit before Tax	252,265,888	219,056,294
	Less: Other Income considered separately	3,792,188	10,445,511
		248,473,700	208,610,783
	Add: Accounting Depreciation	46,624,083	48,768,972
	Less: Tax Depreciation	(38,609,980)	(40,219,012)
	Taxable Income	256,487,803	217,160,743
	Current tax Expenses on Taxable Income @15%	38,473,170	32,574,111
	Current tax Expenses on other Income @25%	948,047	2,611,378
	Expenses for additional assessment income year 2012-2013	-	3,605,837
	Current Tax Expenses	39,421,217	38,791,326
	Minimum tax of the company was taka (228,569,6230X0.6%) or Taka 13,714,177 which is less than the amount of regular tax amounting Taka 39,421,217 hence considering the provision of Income Tax Ordinance 1984 the higher amount considered as income tax expenses comparing minimum tax and regular tax.		
43.00	Deferred Tax Expenses/(Income)	(Tk. 1,202,116)	(Tk. 1,282,494)
	Closing	48,291,887	49,494,003
	Beginning	49,494,003	50,776,497
		(1,202,116)	(1,282,494)
44.00	Earnings Per Share (EPS)		
	Net Profit After Tax	214,046,786	181,547,462
	Weighted Number of Ordinary Shares during the year (Re-stated)	144,922,500	144,922,500
	Basic Earnings Per Share (EPS)	1.48	1.25

Amount in Taka	
June 30, 2019	June 30, 2018

Weighted Average number of Ordinary Shares

Opening	127,125,000	113,000,000
Issuance of Stock Dividend	17,797,500	31,922,500
restated:	144,922,500	144,922,500

45.00 Net Operating Cash Flow Per Share

Net Cash flows from operating activities

Net Cash flows from operating activities	243,507,236	117,280,119
No. of Shares	144,922,500	144,922,500
Net Operating Cash Flow Per Share	1.68	0.81

46.00 Utilization of IPO Fund

Utilization position of IPO proceeds up to 30 June 2019 was as under;

Purpose as per prospectus	Amount as per prospectus	Utilized up to June 30, 2019	Total unutilized
Acquisition of Machinery & Equipment	181,006,277	-	181,006,277
Construction of Building	298,373,723	248,670,147	49,703,576
Partial Bank Loan Pay off	250,000,000	250,000,000	-
IPO Expenses	20,620,000	20,620,000	-
Total	750,000,000	519,290,147	230,709,853

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 company utilized Tk. 248,670,147 for the purpose of construction of building, Tk. 250,000,000 for partial bank loan pay off, and Tk. 20,620,000 for IPO expenses up to June 30, 2019 as certified by independent auditor, Shiraz Khan Basak & Co., Chartered Accountants. The utilization for the purpose of construction of building has been recognized as capital work in progress in note # 18.

In respect of the above partial bank loan pay off, the company repaid Tk. 100,000,000 to Agrani Bank Ltd., Tk. 120,000,000 to NCC Bank, Tk. 10,000,000 to IIDFC, Tk. 10,000,000 to IDLC Finance Limited and Tk. 10,000,000 to First Lease Finance & Investment Ltd from the IPO Fund.

47.00 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	421	424
	421	424

48.00 Additional Information

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

Turnover in BDT.	2,281,904,042	2,126,218,806
Turnover in Quantity	14,721,962	14,246,022

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

Raw Material (Yarn) (Kgs)	7,578,945	7,351,877
Raw Material (Yarn) (Value in BDT.)	1,402,104,912	1,355,686,168
Dyes & Chemical (Kgs)	1,375,348	1,023,325
Dyes & Chemical (Value in BDT.)	192,548,787	141,525,848

Amount in Taka	
June 30, 2019	June 30, 2018

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

Finished Goods

Opening (Yds)	1,616,296	791,088
Production (Yds)	14,728,132	15,071,230
Closing (Yds)	1,622,466	1,616,296

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	702,000	25,000
2	Md. Shafiu Azam (Mohsin)	Managing Director	1,200,000	30,000
3	Md. Sohel Khan	Director	-	20,000
4	Md. Ashfak Ahmed Khan	Independent Director	-	20,000
5	M.A. Kamal Bhuiyan	Nominee Director (Disney Properties Ltd.)	-	20,000

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	14,728,132	80%

The requirement of schedule XI part-II, Para 8

Particulars	Opening Balance	Total Purchase year ended June 30, 2019	Material Available (Taka)	Material Consumption (Taka)	% of Consumption
Raw Material (Yarn)	143,301,119	1,433,203,195	1,576,504,314	1,402,104,912	81.34%
Dyes & Chemical	54,493,261	191,266,958	245,760,219	192,548,787	11.17%
Packing Material	8,820,000	122,930,036	131,750,036	122,514,436	7.11%
Spare Parts	3,791,500	7,062,737	10,854,237	6,590,337	0.38%
Total	210,405,880	1,754,462,926	1,964,868,806	1,723,758,472	100.00%

Value of Export on FOB Basis

Particulars

Export of Denims Fabrics (US Dollar)	US \$ 27,165,524	US \$ 25,366,485
Export of Denims Fabrics (BDT.)	2,281,904,042	2,126,218,806

49.00 Contingent Liabilities

There was no sum for which the company is contingently liable as on 30.06.2019.

50.00 Claims Not Acknowledged

There was no claims against the company not acknowledged as debt as on 30.06.2019.

51.00 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, 2018 to June 30, 2019.

52.00 Events after the Reporting Period

The Board of Directors meeting of Pacific Denims Ltd., held on 26 October 2019, recommended 14% Stock dividend for all shareholders of the paid-up capital for the year ended 30 June 2019. These dividends is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Company.

53.00 Significant Deviation

During the year Sales and Net profit after Tax increased in comparison with previous year ended on 30 June 2018. In the current year Earnings per share (EPS) and NOCFPS is increased as per normal business operating activities.

54.00 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 2019 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 at June 30, 2019

Annexure "A"

Particulars	At Cost			Rate %	Balance as at 30-06-2019	Depreciation			W.D. Value Balance as at 30-06-2019	W.D. Value Balance as at 30-06-2018
	Balance as at 01.07.2018	Addition during the year	Adjust ment			Balance as at 01.07.2018	Charge During the Year	Adjust ment		
Land	148,310,413	-	-	0%	148,310,413	-	-	-	148,310,413	148,310,413
Land Development	36,708,547	-	-	0%	36,708,547	-	-	-	36,708,547	36,708,547
Building & other Construction	343,703,138	216,256,278	-	2.50%	559,959,416	216,256,278	9,306,433	-	60,406,944	499,552,472
Furniture & Fixture	32,177,409	-	-	10%	32,177,409	-	1,530,120	-	18,406,333	13,771,076
Electric Installation	64,772,051	-	-	10%	64,772,051	-	2,048,496	-	46,335,591	18,436,460
Deep-Tube-well	452,632	-	-	10%	452,632	-	13,494	-	331,187	121,445
Office Equipment	8,325,306	-	-	10%	8,325,306	-	473,609	-	4,062,824	4,262,482
Plant & Machinery Imported	771,511,225	-	-	10%	771,511,225	-	30,200,234	-	499,709,123	271,802,102
Plant & Machinery Local	76,349,343	-	-	10%	76,349,343	-	2,805,573	-	51,099,189	25,250,154
Fire Fighting Equipment	2,475,360	-	-	10%	2,475,360	-	164,440	-	995,396	1,479,964
Vehicles & Transport	2,466,002	-	-	10%	2,466,002	-	81,685	-	1,730,837	735,165
Total	1,487,251,426	216,256,278	-		1,703,507,704	216,256,278	46,624,083	-	683,077,423	1,020,430,281
					636,453,340		46,624,083		683,077,423	850,798,086

Note : * Ata Khan & Co. Chartered Accountants have revalued the Land of the Company as at 31st December, 2010 following Current cost method showing of Tk.180,000,000 resulting in a valuation surplus of Tk. 145,690,413

Pacific Denims Ltd
Details Item wise Inventories list
For the year ended June 30, 2019

Annexure "B"

Sl. No	Items	As at 30 June, 2019			As at 30 June, 2018		
		Rate TK	Quantity KG	Amount in Taka	Rate TK	Quantity KG	Amount in Taka
1	Yarn						
	Cotton Open End	210	215,925	45,344,250	230	190,925	43,912,850
	Cotton Open Slub	215	152,495	32,786,425	218	147,495	32,153,910
	Cotton Ring Slub	315	90,026	28,358,190	310	70,026	21,708,060
	Cotton Elastane	330	74,882	24,711,060	348	54,882	19,098,936
	Polyester Filament	175	118,532	20,743,100	145	78,532	11,387,140
	Poly Elastane	213	105,429	22,456,377	187	80,429	15,040,223
	Total		757,289	174,399,402		622,289	143,301,119
2	Dyes & Chemicals						
	Indigo Dye	650	42,085	27,355,250	630	57,585	36,278,550
	Sulphar Black Dye	195	24,279	4,734,405	150	21,779	3,266,826
	Caustic Soda	56	51,944	2,908,864	67	47,444	3,178,748
	Hydrose	197	43,714	8,611,658	138	41,314	5,701,332
	Apple Starch	65	59,920	3,894,800	54	22,120	1,194,480
	Modified Starch	95	14,190	1,348,050	100	12,190	1,219,000
	Sodium Sulphide	65	37,781	2,455,765	65	25,781	1,675,765
	Siligen Softener	340	5,596	1,902,640	360	5,496	1,978,560
	Total		279,509	53,211,432		233,709	54,493,259
3	Packing Materials			9,235,600			8,820,000
4	Spares & Parts			4,263,900			3,791,500
5	Work-in-process						
	Warping			7,403,500			10,295,389
	Dyeing & Sizing			21,755,000			29,052,030
	Weaving			41,943,000			42,829,900
	Finishing			11,673,600			13,162,618
	Total			82,775,100			95,339,937
6	Finished Goods						
	100% Cotton	230	235,237	54,104,510	248	295,237	73,218,776
	Cotton Polyester	240	412,473	98,993,520	250	387,473	96,868,250
	Cotton Elastane	325	129,132	41,967,900	315	89,132	28,076,580
	Cotton Poly Elastane	315	101,839	32,079,285	310	81,839	25,370,090
	Total		878,681	227,145,215		853,681	223,533,697
	Grand Total			551,030,649			529,279,512
	Yarn			174,399,402			143,301,119
	Dyes & Chemicals			53,211,432			54,493,259
	Packing Materials			9,235,600			8,820,000
	Spares & Parts			4,263,900			3,791,500
	Work-in- process			82,775,100			95,339,937
	Finished Goods			227,145,215			223,533,697
	Total			551,030,649			529,279,512



PACIFIC DENIMS LIMITED

Bashoti Aristocrats D-3, (3rd Floor), Plot-6,
Block # SW (H), Gulshan Avenue, Dhaka-1212.

PROXY FORM

I/We.....being a member (s) of
Pacific Denims Limited do hereby appoint Mr/Mrs
.....of as my/our proxy
to attend and vote on behalf of me/us at the 16th Annual General Meeting of the Company to be held on Thursday, the 12th
December, 2019 at 11.00 AM at Spectra Convention Centre Limited, Gulshan-1, Dhaka-1212 and any adjournment thereof.

As witness my/our hand this.....day of2019.

(Signature Shareholder)

Revenue
Stamp
Tk. 20

(Signature of Proxy)

BO ID NO.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares

Dated

N.B.:This form of proxy, duly completed and signed must be deposited at least 48 hours before the meeting at the Company's
registered office. Proxy is invalid if not signed and stamped as explained above. Signature of the Shareholder must be inaccord-
ance with Specimen Signature recorded with the Company.



PACIFIC DENIMS LIMITED

Bashoti Aristocrats D-3, (3rd Floor), Plot-6,
Block # SW (H), Gulshan Avenue, Dhaka-1212.

ATTENDANCE SLIP

I do hereby submit the attendance slip in connection with 16th Annual General Meeting og Pacific Denims Limited held today
Thursday, the 12th December, 2019 at 11.00 AM Spectra Convention Centre Limited, Gulshan-1, Dhaka-1212 and any adjourn-
ment thereof..

Name of the Member/Proxy :

BO ID NO.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held

Dated

(Signature of Proxy)

(Signature of the Shareholder)

- N.B.:
- i) Please present this slip duly signed at the entrance of the Meeting Place.
 - ii) No gift or benefit in cash or kind shall be paid/offered to the Shareholders as per Circular No. SEC/CMRRCD/2009.193/154 dated 24 October 2013 of BSEC for attending the AGM.



Plot-6, D-3 (3rd Floor & 2nd Floor), SW(H), Gulshan Avenue Gulshan-1, Dhaka-1212.
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