

**Auditor's Report
and
Audited Financial Statements
of
Cosmopolitan Industries (Pvt.) Limited
For the year ended 30 June 2022**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cosmopolitan Industries (Pvt.) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cosmopolitan Industries (Pvt.) Limited, (the "Company") which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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, the financial position of the Company as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 omission, 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 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 going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, 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 accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Dhaka, Bangladesh
Date: 15 December 2022

For Nurul Faruk Hasan & Co
Chartered Accountants
Registration Ref. No. 1/1/ICAB-2008 (1)




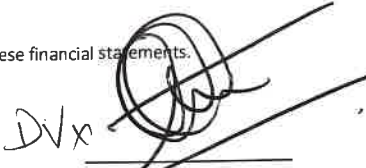
Md. Faruk Uddin Ahammed
Partner
Enrollment No. 720
DVC: 2212150720AS437240

Cosmopolitan Industries (Pvt.) Limited
Statement of financial position
As at 30 June 2022

		As at	
		30 June 2022	30 June 2021
ASSETS	Notes	BDT	BDT
Non-current assets			
Property, plant and equipment	4	1,836,452,794	1,850,919,629
Right-of-use assets	5	15,179,844	18,217,064
Intangible assets	6	281,549	469,249
Capital work-in-progress	7	266,742,852	125,781,625
		2,118,657,039	1,995,387,567
Current assets			
Inventories	8	2,095,529,418	1,195,125,426
Intercompany receivables	9	325,859,960	205,369,824
Non-intercompany receivables	10	26,403,895	3,378,077
Other receivables	11	169,010,508	45,334,815
Advances and deposits	12	53,116,383	31,616,775
Cash and cash equivalents	13	272,640,337	187,252,620
		2,942,560,501	1,668,077,537
TOTAL ASSETS		5,061,217,540	3,663,465,104
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	913,759,100	870,384,000
Revaluation reserve	15	672,071,323	676,656,399
Capital reserve		142,640,200	142,640,200
Retained earnings		(176,118,548)	(184,129,052)
		1,552,352,075	1,505,551,547
Non-current liabilities			
Deferred tax liability	16	21,481,421	21,481,421
Lease liability	17	13,558,870	16,609,014
Bangladesh Bank stimulus loan	18	-	79,677,109
Loan from promoters	19	292,940,502	81,253,923
		327,980,793	199,021,467
Current liabilities			
Lease liability - current portion	17	3,163,500	2,759,669
Bangladesh Bank stimulus loan- current portion	18	79,677,039	99,596,383
Loan from promoters- current portion	19	31,077,631	58,827,286
Short term loan	20	276,941,297	140,996,950
Accounts payable	21	2,128,659,908	1,128,849,720
Intercompany payables	22	186,889,455	163,146,660
Advance from buyers	23	108,355,478	76,902,271
Accrued expenses and other liabilities	24	366,120,364	287,813,151
		3,180,884,672	1,958,892,090
TOTAL EQUITY AND LIABILITIES		5,061,217,540	3,663,465,104

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


EVP-Corporate & Finance

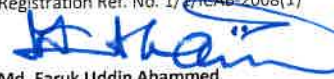

Vice-Chairman


Group Chairman

As per our annexed report of same date

Dhaka, Bangladesh
Dated: 15 December 2022

For Nurul Faruk Hasan & Co
Chartered Accountants
Registration Ref. No. 1/1/ICAB-2008(1)


Md. Faruk Uddin Ahammed
Partner
Enrolment No. 720
DVC: 2212150720AS437240

Cosmopolitan Industries (Pvt.) Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	<u>Notes</u>	<u>For the year ended</u>	
		<u>30 June 2022</u>	<u>30 June 2021</u>
		<u>BDT</u>	<u>BDT</u>
Export sales		7,402,910,687	5,315,157,766
Cost of sales	25	(6,860,811,523)	(5,120,900,092)
Gross profit		542,099,164	194,257,674
Export incentives		198,782,769	165,385,846
Administrative expenses	26	(598,944,459)	(495,815,835)
Selling and distribution expenses	27	(80,238,829)	(85,116,218)
Operating profit/(loss)		61,698,645	(221,288,533)
Financial expenses	28	(10,704,611)	(6,262,107)
Exchange gain/ (loss)		(64,532)	(891,518)
Other income - PF forfeiture amount		921,039	1,519,715
Gain/(loss) on disposal of property, plant and equipment		703,990	(359,054)
Net profit/(loss) before tax		52,554,531	(227,281,497)
Tax expenses	29	(49,129,103)	(42,699,018)
Net profit/(loss) after tax		3,425,428	(269,980,515)

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


EVP-Corporate & Finance



Vice Chairman


Group Chairman

As per our annexed report of same date

Dhaka, Bangladesh
Dated: 15 December 2022


For Nurul Faruk Hasan & Co
Chartered Accountants
Registration Ref. No. 1/1/ICAB-2008(1)



Md. Faruk Uddin Ahammed
Partner
Enrolment No. 720
DVC: 2212150720AS437240

Cosmopolitan Industries (Pvt.) Limited
Statement of changes in equity
For the year ended 30 June 2022

Particulars	Share capital	Share money deposit	Revaluation reserve	Capital reserve	Retained earnings	Total
						(Amounts in BDT)
Balance as at 30 June 2020	399,985,200	470,398,805	675,766,775	142,640,200	81,268,265	1,770,059,246
Share money deposit transferred to share capital	470,398,800	(470,398,800)				
Deferred tax liability						
Revaluation during the year			5,370,355			5,370,355
Depreciation on revaluation transferred to retained earnings			102,466			102,466
Net loss after tax			(4,583,198)		4,583,198	
Balance as at 30 June 2021	870,384,000	(5)	676,656,398	142,640,200	(269,980,515)	(269,980,520)
Share money deposit transferred to share capital	43,375,100	(43,375,100)				
Share money deposit received		43,375,100				
Depreciation on revaluation transferred to retained earnings			(4,585,076)		4,585,076	43,375,100
Net loss after tax					3,425,428	3,425,428
Balance as at 30 June 2022	913,759,100		672,071,322	142,640,200	(176,118,548)	1,552,352,075

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


EVP-Corporate & Finance


Vice-Chairman


Group Chairman

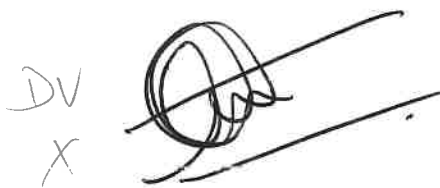
Cosmopolitan Industries (Pvt.) Limited
Statement of cash flows
For the year ended 30 June 2022


	For the year ended	
	30 June 2022	30 June 2021
	BDT	BDT
A. Cash flows from operating activities		
Net profit/(loss) before tax	52,554,531	(227,281,497)
Add: Adjustment for non-cash items		
Depreciation on property, plant and equipment	104,675,922	126,405,211
Amortization of intangible assets	187,700	259,200
Interest on lease liability	521,954	624,722
Amortization/Depreciation of ROU assets	3,104,374	3,078,938
(Gain)/ loss on disposal of property, plant and equipment	(703,990)	359,054
	107,785,960	130,727,125
Cash (used in) / generated from operations before changes in working capital	160,340,491	(96,554,372)
Changes in working capital		
(Increase)/ decrease in inventories	(900,403,992)	(334,335,044)
(Increase)/ decrease in inter company receivables	(120,490,136)	(111,656,001)
(Increase)/ decrease in advances and deposits	(21,499,608)	9,223,170
(Increase)/ decrease in non-intercompany receivables	(23,025,818)	8,872,496
(Increase)/ decrease in other receivables	(123,675,693)	(6,914,234)
Increase/ (decrease) in inter company payables	23,742,795	(127,314,390)
Increase/ (decrease) in accounts payables	994,553,069	618,867,957
Increase/ (decrease) in advance from buyer	31,453,207	60,491,399
Increase/ (decrease) in liabilities for expenses	78,053,927	83,484,166
	(61,292,249)	200,719,519
Less: Tax paid during the year	(48,875,817)	(42,699,018)
Less: Interest on lease paid	(543,321)	(624,722)
Net cash (used in)/generated from operating activities	49,629,104	60,841,407
B. Cash flows from investing activities		
Acquisition of Capital work-in-progress	(259,170,846)	(216,749,539)
Proceeds from sale of property, plant and equipment	33,961,641	2,651
Net cash used in investing activities	(225,209,205)	(216,746,888)
C. Cash flows from financing activities		
Net receipt/ (repayment) of loan from promoter	183,936,924	57,865,230
Net receipt/ (repayment) of Bangladesh Bank Stimulus Loan	(99,596,453)	89,183,225
Payment of lease liability	(2,692,100)	(2,678,271)
Issuance of Shares	43,375,100	-
Share money deposit transfer to Retained earnings	-	(5)
(Repayment)/ receipt of short term loan	135,944,347	(184,477,741)
Net cash utilized for financing activities	260,967,818	(40,107,563)
D. Net cash flow (A+B+C)	85,387,717	(196,013,045)
E. Cash and cash equivalents at beginning of the year	187,252,620	383,265,665
F. Cash and cash equivalents at end of the year	272,640,337	187,252,620

Note # 13

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


EVP-Corporate & Finance


Vice-Chairman


Group Chairman

Cosmopolitan Industries (Pvt.) Limited

Notes to the financial statements

For the year ended 30 June 2022

1 About the Company

Cosmopolitan Industries (Pvt.) Limited (here-in-after referred to as the "Company" or "(CIPL)") was incorporated in Dhaka, Bangladesh on 26 June 2005 as a private limited company under the Companies Act, 1994. The registered office of the Company is situated at House # 17, Road # 15, Sector # 03, Rabindra Swarani, Uttara, Dhaka. The Company is a subsidiary of Epic Designers Ltd., Hong Kong SAR.

2 Nature of business

CIPL is a 100% export oriented garments manufacturing company engaged in the production and export of its products to the international markets. The Company is in operation with two units namely Washing and Garments unit. The Washing unit commenced its commercial operations from 31 August 2006 for automatic washing of all kinds of garments and the Garments unit commenced its commercial operation from 01 November 2006 for the production of ready made garments.

3 Significant accounting policies

3.1 Basis of accounting

These financial statements expressed in Bangladeshi Taka (BDT) have been prepared on a going concern basis under historical cost convention and in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and the Companies Act, 1994 along with other applicable laws and regulations. Wherever considered appropriate the policies are explained in the succeeding paragraphs. They were authorized for issue by the Company's board of directors on 15 December 2022.

3.2 Use of estimates and Judgments

i) Estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues and expenses. Such estimates are prepared on the assumption of going concern and are established based on currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from the estimates.

Significant estimates made by management in the preparation of these financial statements include assumptions used for depreciation.

ii) Judgments

The accounting for certain provisions and the disclosure of contingent liabilities and claims at the date of the financial statements is judgmental.

iii) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in Financial instruments (Note 30).

3.3 Property, plant and equipment

i) Recognition of property, plant and equipment

Items of property, plant and equipment are measured at cost or revalued amount less accumulated depreciation. The cost of acquisition of an asset comprises of its purchase price, any directly attributable cost inclusive of inward freight, duties and non-refundable taxes for bringing the asset to its operating condition for its intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance expenses are charged to revenue when incurred.

ii) Subsequent costs

Subsequent maintenance and normal repairs are expensed as incurred while major renewals and improvements are capitalised.

iii) Depreciation of property, plant and equipment

The Company uses the straight-line method for charging depreciation. Depreciation is charged on addition to fixed assets from the month of acquisition irrespective of the date of acquisition while no depreciation is charged during the month of disposal. Depreciation is allocated to factory overheads and administrative expenses on the basis of the utilization of assets. The rates of depreciation and category of property, plant and equipment are as follows:

<u>Category</u>	<u>Rate %</u>
Factory building	2.00%
Plant & Machineries	6.67%
Utility & Washing	6.67%
Furniture and fixtures	10.00%
Office equipment	10.00%
Computer equipment	33.33%
Motor vehicles	20.00%

iv) Changes in estimates in useful lives

Management reviews the expected useful lives of the different classes of assets and accordingly, the above rates of depreciation were applied to reflect the pattern in which the assets' future economic benefits are expected to be realised.

v) Impairment of property, plant and equipment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication that the assets might be impaired. Any impairment loss is charged to the statement of profit or loss in the period concerned.

vi) Retirement and disposals

An asset is derecognized on disposal or when no further economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognized in the statement of profit or loss and other comprehensive income as "Profit (Loss) on disposals of property, plant & equipment" under non-operating income (expenses).

3.4 Intangible assets

i) Software

Software costs are capitalised where it is expected to provide future economic benefits. Capitalization costs include license fees and the cost of implementation/ system integration services which are capitalised in the year in which the relevant software is installed for use. Costs of maintenance, upgradation and enhancements are charged off as revenue expenditure unless they bring similar significant additional long-term benefits.

ii) Amortization of intangible assets

Amortization is provided on software at 20% on a straight line method starting from the month of acquisition irrespective of their purchase date while no amortization is charged in the month of retirement/ disposal.

3.5 Financial instruments

i) Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets:

On initial recognition, a financial asset is classified and measured at amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVTPL) on the basis of both:

- (a) the entity's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

Amortized Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value Through Profit or Loss (FVTPL).

- (a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income (FVOCI)

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss (FVTPL)

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments to designate as not held for trading and to present subsequent changes in fair value in other comprehensive income.

Financial assets-Subsequent measurement and gains and losses:

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through other comprehensive income:

a. Debt instruments at fair value through OCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognised in profit or loss. Other net gains and losses including changes in fair value are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

b. Equity instruments at fair value through OCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including changes in fair value are recognised in OCI and are never reclassified to profit or loss.

Financial assets fair value through profit or loss:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities- Classification, subsequent measurement and gains and losses:

Financial liabilities are classified and measured at amortised cost or Fair Value Through Profit or Loss (FVTPL).

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses, and gain or loss on derecognition are recognised in profit or loss.

The Company presents a gain or loss on a financial liability that is designated as at fair value through profit or loss as follows:

- (a) The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and
- (b) the remaining amount of change in the fair value of the liability shall be presented in profit or loss

unless the treatment of the effects of changes in the liability's credit risk described in (a) would create or enlarge an accounting mismatch in profit or loss.

The Company presents in profit or loss all gains and losses on loan commitments and financial guarantee contracts that are designated as at fair value through profit or loss.

iii) Derecognition

Financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities:

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.6 Foreign currency translation/ transaction

Transactions in currencies other than BDT are recorded using an exchange rate that approximates the actual rate at the date of the transaction complying with the requirement of IAS 21. Monetary assets and liabilities except for loans from promoters net of the current portion, denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period. Loans from promoters are being kept at same as registered with regulators. Non-monetary assets and liabilities that are measured at fair value in the foreign currency are translated using the exchange rate at the date the fair value was measured. All translation differences on monetary items are recognized in profit or loss and other comprehensive income in the period incurred.

3.7 Revaluation reserve

The revaluation reserve represents a surplus of value assigned by the valuer over the book value after considering depreciation for the past years. An amount equivalent to the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original carrying amount is transferred from the revaluation reserve to retained earnings. Freehold land and factory building are revalued from time to time by firm of professional valuers on the basis of fair market value.

3.8 Revenue from contract with customers

Revenue principally comprises the export of ready-made garments. Revenue is measured net of duty, excise, other taxes and discounts to customers. Revenue is recognised when a performance obligation is satisfied by transferring control over goods or services to a customer; this is usually evidenced by a transfer of the significant risks and rewards of ownership upon delivery to the customer, which in terms of timing is not materially different to the date of shipping.

3.9 Inventories

Inventories comprise of raw materials, packing materials, spare parts and consumables, work-in-process, finished goods and goods-in-transit. Valuation of inventories is done as follows:

- i) Raw materials : Valued at cost or net realizable value whichever is lower;
- ii) Work in process : Valued at cost which is equivalent to material cost plus 50% of conversion cost or net realizable value whichever is lower;
- iii) Finished goods : Valued at cost which is 5% less than selling price or net realizable value whichever is lower;
- iv) Others : Valued at cost or net realizable value whichever is lower;

3.10 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 operating activities have been presented under the indirect method.

3.11 Provisions

Provisions are recognized in accordance with IAS-37 "Provisions, Contingent Liabilities and Contingent Assets". The Company recognizes a provision when there is a present obligation, legal or constructive, as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

3.12 Current tax

In accordance with relevant provisions of the Finance Act, 2022 tax deducted at source (TDS) on the realization of export proceeds and income from cash incentive will be considered as the minimum and the final discharge of tax liability. Tax deducted at source is shown as a tax expense. Accordingly, no provision for income tax is required to be made at the end of the year complying with the relevant sections of the Ordinance.

3.13 Deferred tax

As the Company's income is assessed under section 82(c), except on revaluation of land and land development, there is less scope for any temporary differences in the events or transactions arising between the tax base of an asset or liability and the carrying amount in the statement of financial position and thus the Company has recognized deferred tax on revaluation of land and land development only.

3.14 Employees' benefits

The Company has a voluntary contributory provident fund scheme wherein both the employee as well as the employer contribute 7% of the basic salary. The scheme is approved by the National Board of Revenue (NBR) and is administered by a separate Provident Fund Trust.

The Company also pays service benefits to the employees in accordance with Bangladesh Labor Act, 2006 (amended in 2013) and Bangladesh Labor Rules, 2015 as and when the payments fall due. The management is of the view that the Company has a sufficient provision in its books of accounts as of the reporting date to meet its obligations towards service benefits.

3.15 Financial expense

Financial expenses comprise the interest on external borrowings, leases and bank charges, and are recognized as they accrue.

3.16 Loans and borrowings

Principal amount of loans and borrowings are stated as their outstanding amount.

3.17 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3.18 Reporting period

The financial statements of the Company have been prepared for the year from 01 July 2021 to 30 June 2022.

3.19 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains a lease based on the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

At inception or on the reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. As a practical expedient, fixed non-lease components embedded in the lease contract are not separated and recognised as part of lease liabilities and right-of-use assets.

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight-line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset or is recorded in profit or loss if the carrying amount of the right to use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise the right of use (ROU) assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

4 Property, plant and equipment

In BDT	Freehold land	Revaluation of freehold land	Factory building	Revaluation of factory building	Plant & machineries	Utility & washing	Furniture and fixtures	Office equipment	Computer equipment	Motor vehicles	Total
Cost											
Balance at 1 July 2020	47,743,968	537,035,532	679,259,640	229,151,347	641,519,294	833,963,341	141,922,039	58,221,496	41,342,036	15,273,166	3,225,431,859
Additions	-	-	35,192,515	102,466	13,865,118	10,997,268	25,304,668	6,019,951	2,508,274	1,856,649	95,846,909
Disposals	-	-	-	-	(3,495,588)	-	(3,314,296)	-	-	-	(6,809,884)
Balance at 30 June 2021	47,743,968	537,035,532	714,452,155	229,253,813	651,888,824	844,960,609	163,912,411	64,241,447	43,850,310	17,129,815	3,314,468,884
Additions	-	-	15,719,919	-	66,554,481	28,855,260	4,918,160	1,961,657	5,457,261	-	123,466,738
Disposals	-	-	-	-	(72,945,097)	(6,006,511)	(490,300)	(2,798,675)	(2,037,273)	(4,798,366)	(89,076,222)
Balance at 30 June 2022	47,743,968	537,035,532	730,172,074	229,253,813	645,498,208	867,809,358	168,340,271	63,404,429	47,270,298	12,331,449	3,348,859,400
Accumulated depreciation											
Balance at 1 July 2020	-	-	148,815,948	63,568,327	436,415,437	506,739,221	100,659,118	33,499,276	38,620,731	15,273,166	1,343,592,224
Depreciation	-	-	13,430,133	4,583,198	40,736,194	51,637,608	8,290,738	5,162,046	2,472,462	92,832	126,405,211
Disposals	-	-	-	-	(3,133,884)	-	(3,314,296)	-	-	-	(6,448,180)
Balance at 30 June 2021	-	-	162,246,081	68,151,525	474,018,747	558,376,829	105,635,560	38,661,322	41,093,193	15,365,998	1,463,549,255
Depreciation	-	-	14,045,037	4,585,076	33,390,471	35,982,651	9,167,243	4,992,413	2,141,701	371,330	104,675,922
Disposals	-	-	-	-	(41,172,352)	(4,892,626)	(490,300)	(2,490,444)	(1,974,483)	(4,798,366)	(55,818,571)
Balance at 30 June 2022	-	-	176,291,118	72,736,601	466,236,866	589,466,854	114,312,503	41,163,291	41,260,411	10,938,962	1,512,406,606
Carrying amounts											
At 30 June 2021	47,743,968	537,035,532	553,880,956	156,517,212	177,870,077	286,583,780	58,276,851	25,580,125	2,757,117	1,763,817	1,850,919,629
At 30 June 2022	47,743,968	537,035,532	553,880,956	156,517,212	179,261,342	278,342,504	54,027,768	22,241,138	6,009,887	1,392,487	1,836,452,794

5 Right-of-use assets

Opening balance											
Add: Addition / adjustment during the year*											
Less: Accumulated amortization/Depreciation											
Opening balance											
Add: Amortized/Depreciated during the year											
Carrying amount											

As at 30 June

2022
BDT

2021
BDT

24,374,941
67,155

24,442,096

6,157,878
3,104,374

9,262,252

3,078,940
3,078,938

6,157,878

18,217,064

*The adjustment is given for changing the lease calculation from arrear to advance.

The Company leases assets including building.

Amounts recognised in profit or loss
Amortization expense on right-of-use assets
Interest expense on lease liabilities

2022	2021
BDI	BDI
3,104,374	3,078,938
521,954	624,722

5.1 Total depreciation

Property, plant and equipment
Right-of-use assets

104,675,922	126,405,211
3,104,374	3,078,938
107,780,296	129,484,149

5.2 Allocation of depreciation:

Factory overhead
Administrative expenses

25.3	88,003,234	110,387,133
26	19,777,062	19,097,016
	107,780,296	129,484,149

	<u>Notes</u>	<u>As at 30 June</u>	
		<u>2022</u>	<u>2021</u>
		<u>BDT</u>	<u>BDT</u>
6 Intangible assets			
Opening balance		17,141,707	17,141,707
Add: Addition during the year		-	-
		<u>17,141,707</u>	<u>17,141,707</u>
Less: Accumulated amortization			
Opening balance		16,672,458	16,413,258
Add: Amortized during the year		187,700	259,200
		<u>16,860,158</u>	<u>16,672,458</u>
Carrying amount		<u>281,549</u>	<u>469,249</u>
7 Capital work-in-progress			
Capital assets in progress	7.1	200,789,536	30,436,536
Advances paid for capital expenses*		65,953,316	95,345,089
		<u>266,742,852</u>	<u>125,781,625</u>

* Advance paid for capital expenses are re-classified under non-current assets in the current financial year. Last year's numbers are also rearranged accordingly.

7.1 Particulars	Balance as at 01 July 2021	Addition during the year	Capitalized during the year	Balance as at 30 June 2022
Factory building	9,651,752	124,371,327	15,719,919	118,303,160
Plant and machinery	14,464,478	94,119,498	66,554,481	42,029,495
Utility & Washing	5,514,906	50,671,184	28,855,260	27,330,830
Furniture and fixtures	659,660	5,263,925	4,918,160	1,005,425
Office equipment	145,740	1,935,417	1,961,657	119,500
Computer equipment	-	17,458,387	5,457,261	12,001,126
Total 2021-22	30,436,536	293,819,738	123,466,738	200,789,536
Total 2020-21	19,694,243	106,486,736	95,744,443	30,436,536

8 Inventories			
Raw materials		814,640,384	463,395,393
Packing materials		2,631,806	3,048,767
Spares parts and consumables		3,415,720	5,400,763
Goods-in-transit		439,157,518	116,020,068
Work-in-process		219,101,943	232,971,842
Finished goods		616,582,047	374,288,593
		<u>2,095,529,418</u>	<u>1,195,125,426</u>
9 Intercompany receivables			
Trade receivables	9.1	325,859,960	205,369,824
		<u>325,859,960</u>	<u>205,369,824</u>

This represents amount due for export sales, wash and debit notes issued to intercompany.

9.1 Trade receivables

Epic Designers Ltd., Hong Kong, SAR	242,729,259	202,562,108
Epic Garments DWC - LLC, Dubai	79,599,389	-
Epic Garments Manufacturing Co. Ltd.	3,531,312	-
Pearl Garments Company Limited	-	2,807,716
	<u>325,859,960</u>	<u>205,369,824</u>

	<u>Notes</u>	<u>As at 30 June</u>	
		<u>2022</u>	<u>2021</u>
		<u>BDT</u>	<u>BDT</u>
10 Non-intercompany receivables			
i) Garments:			
Levis		1,340,303	2,897,779
Rose Garments LTD		1,219,609	-
SNOWTEX SPORTSWEAR LTD.		15,523,281	-
ii) Washing:			
Mascot Garments Ltd		2,341,451	411,221
GLOBAL ATTIRE LIMITED		-	69,077
SILVER COMPOSITE		2,456,543	-
NEWAGE GARMENTS LTD		93,029	-
SAN APPARELS LTD.		832,697	-
DIRD GARMENTS LTD.		2,596,982	-
		26,403,895	3,378,077
11 Other receivables			
Export incentive from Government	11.1	168,089,469	43,815,100
Receivable from provident fund	11.2	921,039	1,519,715
		169,010,508	45,334,815
11.1 Export incentive from Government			
Opening balance		43,815,100	32,731,254
Add: Accrued during the year		198,782,769	165,385,846
		242,597,869	198,117,100
Less: Received during the year		74,508,400	154,302,000
		168,089,469	43,815,100
11.2 Receivable from provident fund			
Receivable on account of PF forfeited		921,039	1,519,715
The amount was provided based on best estimate.			
12 Advances and deposits			
a) Advances			
Spares and others		2,391,181	6,440,375
Employees		26,675,232	460,831
Income tax		-	1,296,949
		29,066,413	8,198,155
b) Deposits			
Titas Gas Transmission and Distribution Company Limited -gas		18,242,155	18,577,620
Bangladesh Telecommunications Company Limited -telephone		36,000	36,000
Dhaka Electricity Supply Authority -electricity		3,660,000	3,660,000
Ashulia CNG and Filling Station		500,000	500,000
BGMEA		65,000	65,000
Yusen Logistics (Bangladesh) Ltd.		200,000	200,000
Nippon Express Bangladesh Ltd.		100,000	100,000
Ms. Selina Parveen		-	280,000
		22,803,155	23,418,620
c) Other			
Prepayments		1,246,815	-
		1,246,815	-
Total		53,116,383	31,616,775
13 Cash and cash equivalents			
Cash in hand		119,941	152,067
Cash at banks			
Cash at banks in BDT account		(23,470,614)	42,853,770
Cash at banks in USD account		101,369,454	144,246,783
Funds-in-transit		194,621,556	-
		272,640,337	187,252,620

	Notes	As at 30 June	
		2022 BDT	2021 BDT
14 Share capital			
14.1 Authorized capital			
2021-22: 12,000,000 Ordinary shares of BDT 100 each (2020-21: 9,000,000 shares)*		<u>1,200,000,000</u>	<u>900,000,000</u>

* The number of authorized shares changed from 9 million shares to 12 million shares during the year.

14.2 Issued, subscribed and fully paid up capital

2021-22: 9,137,591 ordinary shares of BDT 100 each paid in cash (2020-21: 8,703,841 shares)*	<u>913,759,100</u>	<u>870,384,000</u>
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*Paid Up capital have increased by BDT 43.38 Million during the year.

14.3 Composition of shareholdings

Name of shareholders	Nationality / incorporated in	Number of shares	Face value per share (BDT)	2022 BDT	2021 BDT
Epic Designers Ltd.	Hong Kong, SAR	9,137,586	100	913,758,600	870,383,600
Mr. Ranjan Tikam Mahtani	Chinese	2	100	200	200
Mr. Dinesh Gope Virwani	Indian	1	100	100	100
Mr. Sunil Daryanani	Indian	1	100	100	100
Mr. Tanvir Ahmed	Bangladesh	1	100	100	-
		9,137,591		913,759,100	870,384,000

15 Revaluation reserve

i) Freehold land

Opening balance		515,554,111	510,183,755
Add: Addition during the year		-	-
		<u>515,554,111</u>	<u>510,183,755</u>
Add: Adjustment of deferred tax on revaluation	16	-	5,370,355
Closing balance		<u>515,554,111</u>	<u>515,554,111</u>

II) Factory building

Opening balance		161,102,288	165,583,020
Add: Addition during the year		-	102,466
		<u>161,102,288</u>	<u>165,685,486</u>
Less: Transferred to retained earnings		4,585,076	4,583,198
Closing balance		<u>156,517,212</u>	<u>161,102,288</u>
Total revaluation reserve		<u>672,071,323</u>	<u>676,656,399</u>

The Company follows revaluation model for Land & land development for factory building and hence revalue these assets at regular interval in order to reflect the fair value of these assets in the books.

Latest revaluation was carried out on 01 June 2021 by M/S Jorip O Paridarshan Company Limited to arrive at fair value of the aforesaid assets and thus creating a total revaluation reserve of BDT 537,035,532 for land & land development and BDT 229,253,813 for factory building (refer to note-4 of this report) which resulted an increase in revaluation reserve by BDT 102,466 for factory building.

16 Deferred tax liability

Deferred tax has been recognized in accordance with the provision of IAS-12 "Income Taxes" based on temporary differences arising due to change in the carrying amount of the assets or liabilities and its tax base. As the Company's taxable income is assessed u/s 82 (c), no temporary difference has arisen except on revaluation of freehold land which is arrived as follows:

Revaluation reserve on freehold land	537,035,532	537,035,532
Tax rate	4%	4%
Deferred tax liability on revaluation reserve	<u>21,481,421</u>	<u>21,481,421</u>

	<u>Notes</u>	<u>As at 30 June</u>	
		<u>2022</u>	<u>2021</u>
		<u>BDT</u>	<u>BDT</u>
17 Lease liabilities - net of current portion			
Opening balance		19,368,683	22,046,953
Add: Recognized during the year		-	-
		19,368,683	22,046,953
Less: Adjustment during the year		2,646,313	2,455,028
		16,722,370	19,368,683
Less: Transferred to current portion		3,163,500	2,759,669
		13,558,870	16,609,014

Maturity analysis of lease liabilities has been disclosed under note # 30.

18 Bangladesh Bank stimulus loan - net of current portion			
Opening balance		179,273,492	90,090,267
Add: Addition during the year		-	106,862,312
		179,273,492	196,952,579
Less: Repayment during the year		99,596,453	17,679,087
		79,677,039	179,273,492
Less: Transfer to Current portion		79,677,039	99,596,383
		-	79,677,109

The above loans have been obtained in terms of Bangladesh Bank BRPD circulars No. 07 and 08, 14 and 19 dated 02 April 2020, 08 April 2020, 12 April 2020 and 15 April 2020 respectively to facilitate salary disbursement to workers as part of COVID-19 stimulus fund as declared by the Government of Bangladesh. These are all unsecured loans.

19 Loan from promoters - net of current portion			
Opening balance		140,081,209	82,215,979
Add: Addition during the year		219,027,000	84,083,021
		359,108,209	166,299,000
Less: Repayment during the year		35,090,076	26,217,791
		324,018,133	140,081,209
Less: Transfer to Current portion		31,077,631	58,827,286
		292,940,502	81,253,923

Above foreign currency loans were taken from Epic Designers Ltd., Hong Kong SAR by the Company as per loan agreements.

20 Short term loan			
Export development fund (EDF) loan	20.1	3,457,909	120,874,881
UPAS loan	20.2	142,920,038	20,122,069
Short term loan from bank	20.3	130,563,350	-
		276,941,297	140,996,950

The company has utilized the aforementioned facilities included in the facility offer letter executed with The Hongkong and Shanghai Banking Corporation Limited on 10 February 2021, collaterals for which were negotiated as follows:

- i) Demand promissory note for BDT 3,982,750,000 (USD 42,596,257) with letter of continuity and revival;
- ii) Registered mortgage over land and factory building for BDT 423,000,000 (USD 4,524,064) situated at Ashulia for the facility extended to the company;
- iii) First charge over stock of raw materials, work-in- progress, finished goods BDT 3,982,750,000 (USD 42,596,257);
- iv) First charge over book debts & receivables for BDT 3,982,750,000 (USD 42,596,257);
- v) First charge over plant and machineries for BDT 3,982,750,000 (USD 42,596,257); and
- vi) Corporate guarantee by Alpha Start Ltd. and Epic Designers Ltd., Hong Kong, SAR for BDT 1,750,000,000 (USD 18,716,578).
- vii) Corporate guarantee executed by Epic Garments Manufacturing Co Ltd and Pearl Garments Company Limited for BDT 3,982,750,000 (USD 42,596,257).
- viii) Deposit under lien of FDR No. 1015800250034 with EBL for BDT 3,789,850 (USD 40,533).

	Notes	As at 30 June	
		2022 BDT	2021 BDT
20.1 Export development fund (EDF) loan			
Opening balance		120,874,881	324,104,762
Add: addition during the year		774,161,319	456,114,617
		895,036,199	780,219,378
Less: repayment during the year		891,578,291	659,344,498
Closing balance		3,457,909	120,874,881
Terms and conditions for Export development fund (EDF) loan are as follows:			
Maximum tenor	:	180 days;	
Repayments	:	At maturity or quarterly in arrears, whichever is earlier;	
Interest rate	:	2%	
Loan type:	:	Secured	
20.2 UPAS loan			
Opening balance		20,122,069	1,369,930
Add: Received during the year		193,175,576	23,121,786
		213,297,646	24,491,715
Less: Repayments made during the year		70,377,608	4,369,646
Closing balance		142,920,038	20,122,069
Terms and conditions for UPAS loan			
Maximum tenor	:	180 days for raw material & 360 days for machinery.	
Repayments	:	At maturity or quarterly in arrears, whichever is earlier;	
Interest rate	:	LIBOR+1.75%	
Loan type	:	Secured	
20.3 Short term loan from bank			
Opening balance		-	-
Add: Addition during the year		1,621,529,579	-
		1,621,529,579	-
Less: Repayment during the year		1,490,966,229	-
Closing balance		130,563,350	-
Terms and conditions for short term loan			
Tenor	:	120 days;	
Repayments	:	At maturity or quarterly in arrears, whichever is earlier;	
Interest rate	:	9%	
Loan type	:	Secured	
21 Accounts payable			
Raw materials		2,032,120,055	1,068,866,732
Fixed assets and capital work-in-progress		20,895,532	15,638,412
Other payables		75,644,321	44,344,576
		2,128,659,908	1,128,849,720
22 Intercompany payables			
Alpha Start Ltd , Hong Kong SAR		186,889,455	163,146,660
		186,889,455	163,146,660
This represents amounts payable to suppliers for raw materials. Suppliers are duly paid on a regular basis.			
23 Advance from buyers			
Opening balance		76,902,271	16,410,872
Add: Received during the year		2,217,067,910	571,920,690
		2,293,970,181	588,331,562
Less: Adjustment during the year		2,185,614,703	511,429,291
Closing balance		108,355,478	76,902,271
Above amount represents advance received from Epic Designers Ltd., Hong Kong SAR and Epic Garments DWC - LLC in the normal course of business.			

	Notes	As at 30 June	
		2022 BDT	2021 BDT
24 Accrued expenses and other liabilities			
Salaries and allowances		114,947,350	102,588,390
Service Benefit		199,763,821	128,971,189
Audit and tax service fee		2,843,123	2,565,159
TDS payable		3,927,984	3,444,298
VAT payable		2,941,184	2,516,654
Retention money		3,580,974	-
Interest on Stimulus loan		-	1,756,570
Employee income tax		4,499,281	3,308,180
Provision for other corporate tax		1,004,051	830,625
Interest on EDF and UPAS loan		1,512,283	346,210
Payable for utility, rental, testing, compliance & other charges		31,100,313	41,485,875
		366,120,364	287,813,150
	Notes	For the year ended 30 June	
		2022 BDT	2021 BDT
25 Cost of sales			
Production materials consumed	25.1	5,555,562,564	3,937,253,370
Direct expenses	25.2	1,076,815,509	885,865,567
Factory overheads	25.3	228,433,450	297,781,155
		6,860,811,523	5,120,900,092
25.1 Production materials consumed			
Opening stock		1,195,125,426	860,790,382
Add: Purchase and other related cost		6,455,966,556	4,271,588,414
		7,651,091,982	5,132,378,796
Less: Closing stock	8	2,095,529,418	1,195,125,426
Total materials consumed		5,555,562,564	3,937,253,370
25.2 Direct expenses			
Wages		970,439,381	880,088,987
Fabric shading, mending, printing etc.		101,937,913	2,561,858
Medical expenses		4,438,215	3,214,722
		1,076,815,509	885,865,567
25.3 Factory overheads			
Electricity		5,933,937	7,001,656
Diesel		2,124,000	1,044,000
Gas charges		56,060,808	49,551,920
Repair and maintenance		22,751,319	63,662,644
House keeping expenses		2,689,556	1,572,718
Machine hire charges		6,863,201	5,813,577
Environment treatment expenses		2,969,941	1,460,282
Insurance expenses		4,210,712	4,489,346
Lab charges		36,559,901	52,797,879
Depreciation	5.2	88,003,234	110,387,133
Water		266,841	-
		228,433,450	297,781,155

	Notes	For the year ended 30 June	
		2022 BDT	2021 BDT
26 Administrative expenses			
Salaries and allowances		458,991,649	373,848,605
Service Benefit		39,805,916	32,363,422
Rental expenses		902,396	2,931,130
Travelling and conveyance		892,230	4,175,218
Vehicle and transportation		21,780,336	11,698,342
Communication expenses		2,512,207	2,535,042
Recruitment and training expenses		319,639	432,605
Business development expenses		5,139,525	10,595,618
Stationeries		2,597,057	3,150,557
Repair and maintenance		11,796,513	10,055,365
Audit fee		740,000	740,000
Rates and taxes		2,995,332	1,855,503
Security expenses		8,083,243	7,152,144
Professional fees & compliance expenses		19,921,637	13,190,451
Insurance expenses		872,772	1,476,482
Visa and work permit expenses		1,629,245	259,135
Depreciation	5.2	19,777,062	19,097,016
Amortization of intangible assets	6	187,700	259,200
		598,944,459	495,815,835
27 Selling and distribution expenses			
Clearing and forwarding charges		37,260,441	24,220,004
Freight expenses		27,948,480	46,930,236
Export related bank charges		3,264,576	3,001,034
Marine insurance		8,293,485	6,271,017
Courier expenses		3,471,847	4,589,977
Loading and unloading expenses		-	103,950
		80,238,829	85,116,218
28 Financial expenses			
Interest on Govt. stimulus loan		3,363,082	3,198,525
Interest on term loan		5,451,751	-
Interest on lease liability		521,954	624,722
Bank charges		1,367,824	2,438,860
		10,704,611	6,262,107
29 Tax expenses			
Tax on export proceeds realization		36,012,715	26,523,516
Tax on cash incentive		7,450,840	15,430,200
Other corporate tax		5,665,548	745,302
		49,129,103	42,699,018

30 Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Particulars	Note	Carrying amount in BDT		
		Financial assets	Financial liabilities	Total amount
30-June-22				
Financial assets not measured at fair value				
Intercompany receivables	9	325,859,960	-	325,859,960
Non-intercompany receivables	10	26,403,895	-	26,403,895
Other receivables	11	169,010,508	-	169,010,508
Advances and deposits	12	53,116,383	-	53,116,383
Cash and cash equivalents	13	272,640,337	-	272,640,337
		847,031,083	-	847,031,083
Financial liabilities not measured at fair value				
Lease liability	17	-	16,722,370	16,722,370
Bangladesh Bank stimulus loan	18	-	79,677,039	79,677,039
Loan from promoters	19	-	324,018,133	324,018,133
Short term loan	20	-	276,941,297	276,941,297
Accounts payable	21	-	2,128,659,908	2,128,659,908
Intercompany payables	22	-	186,889,455	186,889,455
Advance from buyers	23	-	108,355,478	108,355,478
Accrued expenses and other liabilities	24	-	366,120,364	366,120,364
		-	3,487,384,044	3,487,384,044
30-Jun-21				
Financial assets not measured at fair value				
Intercompany receivables	9	205,369,824	-	205,369,824
Non-intercompany receivables	10	3,378,077	-	3,378,077
Other receivables	11	45,334,815	-	45,334,815
Advances and deposits	12	31,616,775	-	31,616,775
Cash and cash equivalents	13	187,252,620	-	187,252,620
		472,952,111	-	472,952,111

Financial liabilities not measured at fair value

Lease liability	17	19,368,683	19,368,683
Bangladesh Bank stimulus loan	18	179,273,492	179,273,492
Loan from promoters	19	140,081,209	140,081,209
Short term loan	20	140,996,950	140,996,950
Accounts payable	21	1,128,849,720	1,128,849,720
Intercompany payables	22	163,146,660	163,146,660
Advance from buyers	23	76,902,271	76,902,271
Accrued expenses and other liabilities	24	287,813,151	287,813,151
		2,136,432,136	2,136,432,136

Fair values for financial instruments have not separately been evaluated since their carrying amounts are a reasonable approximation of fair value.

B. Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. This note presents information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risk.

i) 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 from customers and other parties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. The Company's exposure to credit risk on receivables is mainly influenced by customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars**Note****As at**

		30 June 2022	30 June 2021
		BDT	BDT
Intercompany receivables	9	325,859,960	205,369,824
Non-intercompany receivables	10	26,403,895	3,378,077
Other receivables	11	169,010,508	45,334,815
Cash and cash equivalents	13	272,640,337	187,252,620
ii) Liquidity risk		793,914,700	441,335,336

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity 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 bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates.

30-Jun-22**In BDT**

Particulars	On demand or less than 1 month	1-3 Months	3 Months to 1 Year	1 to 2 Years	2 - 5 Years	Over 5 Years	Carrying Amount
Loan from promoters	9,704,434	9,704,433	11,668,728	132,460,000	160,480,538	-	324,018,133
Bangladesh Bank Stimulus Loan	-	29,559,354	50,117,685	-	-	-	79,677,039
Lease Liability	-	776,444	2,387,055	3,598,343	9,960,528	-	16,722,370
Accounts payable	219,371,972	1,909,287,936	-	-	-	-	2,128,659,908
Intercompany payables	15,056,240	171,833,215	-	-	-	-	186,889,455
Short term loan	21,379,691	64,147,283	191,414,323	-	-	-	276,941,297
Advance from buyers	-	108,355,478	-	-	-	-	108,355,478
Accruec expenses and other liabilities	167,388,236	198,732,128	-	-	-	-	366,120,364
	432,900,573	2,492,396,271	255,587,791	136,058,343	170,441,066	-	3,487,384,044

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

iii) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of instruments. The objective of market risk management is to manage and control risk exposures within acceptable parameters, while optimizing the return. During the year the Company has entered into forward contracts with commercial banks and all the forward contracts matured during the year have been accounted for. Exchange loss, if any on outstanding forward contracts as on 30 June 2022 has also been accounted for at the respective date of expiry of contracts.

Currency risk/foreign exchange rate risk

Functional currency of the Company is the BDT. To mitigate the currency risk associated with the transactions in currencies other than BDT within acceptable parameters, the company entered into forward contracts with commercial banks. All forward contracts that matured during the year under review have been accounted for. Exchange profit or loss, as the case may be, on outstanding forward contracts on 30 June 2022 has also been accounted for on expiry of contracts and charged to income.

31 Related party transactions

During the year, the Company has carried out a number of transactions with the related parties in the normal course of business on arms' length basis. The related parties and their nature, transaction value and closing balances have been set out below in accordance with the provisions of IAS 24 "Related Party Disclosures".

Name of the parties	Relationship	Nature of business	Closing Balance	
			30-Jun-22 BDT	30-Jun-21 BDT
Epic Designers Ltd., Hong Kong, SAR	Holding Company	Trade and non trade	154,563,396	125,659,837
		Loan	(324,018,133)	(140,081,209)
Alpha Start Ltd., Hong Kong, SAR	Group Company	Trade	(186,889,455)	(163,146,660)
Epic Garments Manufacturing Co. Ltd.	Group Company	Trade	3,531,312	-
Pearl Garments Company Limited	Group Company	Trade	-	2,807,716
Epic Garments DWC - LLC, Dubai	Group Company	Trade	59,409,774	-
			(293,403,106)	(174,760,316)

32 Production capacity

Installed capacity (pcs per day)

Total Capacity

2022

2021

56,010

56,010

Actual production (pcs per day)

Total production

36,406

32,564

Utilization

65%

58%

33 Number of employees engaged for drawing remunerations

Above BDT 3,000 per month

5,721

5,253

Below BDT 3,000 per month

5,721

5,253

34 Contingent liabilities and commitments

a) Outstanding letters of credit (BDT)

582,392,210

424,302,017

b) Capital expenditure commitments

i) Contracted but not accounted for

-

-

ii) Approved but not contracted for

-

-

c) Other contingent liabilities

27,608,050

38,531,187

35 Other disclosure

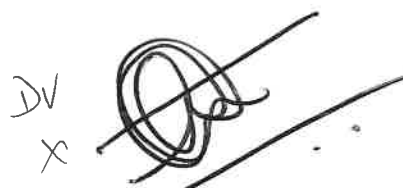
i) Figures appearing in these financial statements have been rounded off to the nearest BDT; and

ii) Figures related to previous year have been rearranged wherever considered necessary to conform with current year's presentation.

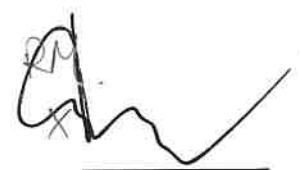
There are no events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.



EVP-Corporate & Finance



Vice-Chairman



Group Chairman