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Notice Of The Twenty Third Annual General Meeting

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the Shareholders of **Hamid Fabrics Limited** will be held on Wednesday, December 27, 2017 at Trust Milonayaton, 545 Old Airport Road, Dhaka at 11:00 a.m. to transact the following businesses:

1. To receive, consider and adopt Financial Statements for the year ended June 30, 2017 together with the Reports of Directors and Auditors thereon.
2. To declare Dividend for the year 2016-17.
3. To elect Directors as per Articles of Association of the Company.
4. To appoint Auditors for the year 2017-18 and fix their remuneration.
5. Miscellaneous.

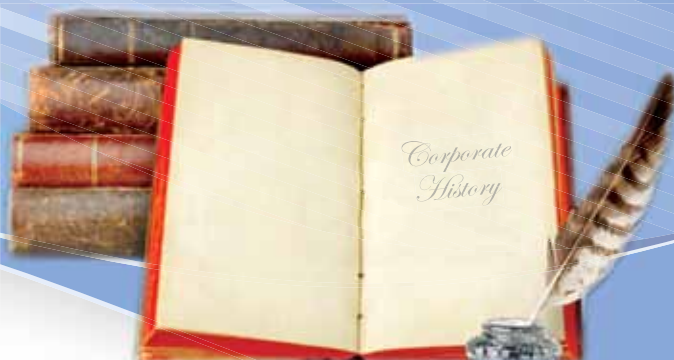
Dhaka
December 9, 2017

By order of the Board

Sd/-
ASM Mijanur Rahman
Company Secretary

Notes:

- (1) The Shareholders whose names will appear in the Share Register of the Company or in the Depository Register on the record date i.e. November 20, 2017 will be entitled to attend at the Annual General Meeting and be entitled to the dividend.
- (2) A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form duly stamped must be deposited at the Registered Office of the Company, at least 48 hours before the time fixed for the meeting.
- (3) The Annual Report will be available in the Company's website at www.mahingroup.com



CORPORATE HISTORY

| | |
|--|--------------------|
| Company Incorporation | April 27, 1995 |
| Name Change to Hamid Fabrics Limited | May 23, 2000 |
| Conversion of the Company from Private to Public | February 25, 2010 |
| Permission from the BSEC for Public Issue | September 01, 2014 |
| Listing with Dhaka Stock Exchange Limited | December 04, 2014 |
| Listing with Chittagong Stock Exchange Limited | December 04, 2014 |
| Trading of Shares of Hamid Fabrics Limited | December 04, 2014 |

Vision Mission & Objectives

OUR VISION

To be the leader in the textile sector as backward linkage of Garments Industries in Bangladesh particularly for woven fabrics.

OUR MISSION

To satisfy the customer by supplying quality woven fabrics with innovative products as well as continuous quality development. To expand market by communicating with the top customers in global fabrics market.

OUR OBJECTIVES

- To produce quality woven fabrics for the leading customers;
- To make continuous quality development of products of HFL;
- To regular expansion of the project with new product;
- To install latest machinery for HFL;
- To satisfy the employees, by attractive compensation, who are backbone of the Company;
- To maintain congenial working environment within the Company;
- To comply with the regulatory matters relating to the Company affairs;
- To meet the expectations of the stakeholders of the Company.



CORPORATE DIRECTORY

Board of Directors

AHM Mozammel Hoque
Abdullah Al Mahmud
Salina Mahmud
Nusrat Mahmud
Nabila Mahmud
Farhana Danish
Syed Anisul Huq
Riaz Ur Rahman

Chairman
Managing Director
Director
Director
Director
Director
Independent Director
Independent Director

Audit Committee

Syed Anisul Huq
Abdullah Al Mahmud
Salina Mahmud

Chairman
Member
Member

Company Secretary

ASM Mijanur Rahman

Chief Financial Officer

Md. Mushaddeque Ali

Head of Internal Audit

Md. Maruf Shahria

Auditors

M/S Hoda Vasi Chowdhury & Co., Chartered Accountants

Bankers

Bank Asia Limited
Brac Bank Limited
Janata Bank Limited
United Commercial Bank Limited

Legal Advisors

Ruhul Amin and Associates

Insurers

Crystal Insurance Company Limited

Credit Rating Agency

Credit Rating Agency of Bangladesh Ltd. (CRAB)

Registered Office

Hamid Tower (5th & 6th floor)
24, Gulshan C/A, Circle 2, Dhaka 1212.
Tel.: (+8802) 883 4564-5, 883 4104, 989 4589
Fax: (+8802) 5881 3077
Email: info@mahingroup.com
Web: www.mahingroup.com

Factory

Shilmandi, Narshindi

BOARD OF DIRECTORS



AHM Mozammel Haque
Chairman



Abdullah Al Mahmud
Managing Director



Salina Mahmud
Director



Nusrat Mahmud
Director



Nabila Mahmud
Director



Farhana Danish
Director



Syed Anisul Huq
Independent Director



Riaz Ur Rahman
Independent Director

CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Board of Directors, I welcome you all to the 23rd Annual General Meeting of your Company. It is indeed an honor and privilege for me to place before you the Annual Report including the audited Financial Statements, Auditors' report and Directors' report thereon for the year ended June 30, 2017.

The Company has entered into the renovated and expanded production system partially. It is expected that the Company can utilize its optimum production capacity in the coming years.

In the year 2016-17, total revenue earned is 1322.7 million compared to 1371.9 million during 2015-16. Net Profit after tax for the year stands at Tk. 72.1 million which was Tk 92.1 million in the last year. This year the Company has injected a large amount of money for acquisition of fixed assets.

This year the Board of Directors has recommended dividend for the General Shareholders only to respect their expectations and the Sponsors/Directors have sacrificed the dividend because of cash flow position during such an investment/ renovation period of the Company.

I would like to express my sincere thanks to the respected Shareholders for their confidence rested on the Company. We are grateful to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, Central Depository Bangladesh Limited, Banks and Financial Institutions, ICB Capital Management Limited and other stakeholders for their continuous support and patronage extended to the Company. We are optimistic about getting the same support from all the stakeholders in the coming years. I also express my gratitude to all the employees of the Company for their sincere and devoted services to the growth of the Company.

In conclusion, I request the Shareholders to consider the annual Financial Statements, Auditors' report, Directors' report, etc. for the year 2016-17.

Thank you again.

Sd/-

AHM Mozammel Hoque
Chairman of the Board

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I would like to submit herewith the 23rd Annual Report of the Company together with the audited Financial Statements for the year ended June 30, 2017 and the Auditors' Report thereon.

Prime Activities

HFL is one of the leading manufacturers of high quality textiles in Bangladesh. Because of superior quality, HFL's products are nominated by globally renowned buyers such as GAP, Zara, Marks & Spencer, Tommy Hilfiger, H&M for sourcing textile to RMG manufacturers in Bangladesh.

The product range offers 100% cotton fabrics as well as blended fabrics such as cotton/polyester, cotton/viscose, nylon/cotton and cotton/lycra. The weaving unit produces gray fabrics in various design and constructions such as Twill, Canvas, Oxford, Rib stop, Rib cord, Ottoman, Herringbone, and various dobby designs with weight range of 100-450 GSM. The finishing mix of Hamid Fabrics Limited comprises water repellent, fire proof, wrinkle free, teflon coating, aero finish and chintz finish etc. The major markets for HFL's products are the United States of America and the European Union.

Financial Results

The financial results are presented in brief below:

| Particulars | 2016-17 (Taka) | 2015-16 (Taka) |
|------------------------------------|----------------|----------------|
| Revenue | 1,322,686,460 | 1,371,915,641 |
| Gross Profit | 408,865,964 | 412,875,801 |
| Operating Profit | 218,590,698 | 219,473,115 |
| Net Profit Before Tax | 86,944,522 | 104,732,197 |
| Net Profit After Tax | 72,057,481 | 92,146,149 |
| Retained earnings brought forward | 878,738,399 | 886,528,641 |
| Profit available for appropriation | 890,721,394 | 878,738,399 |

Dividend

The Board of Directors of the Company is pleased to recommend dividend @15% cash for general shareholders only for the year 2016-17.

Additional statements by the Board of Directors as per notification dated 7 August 2012 of Bangladesh Securities and Exchange Commission

(i) Industry outlook and possible future developments in the industry

HFL produces high quality fabrics that are sold to RMG manufacturers in Bangladesh which are in turn exported as finished products. Therefore, HFL is a "deemed exporter" and qualifies for all export incentives and benefits. The Company usually offers to deliver the products to the premises of RMG Units. Most of the sales go to RMG units situated within the range of greater Dhaka region as well as Chittagong who are nominated by the ultimate foreign buyers.

(ii) Segment/Unit wise or product wise performance

Hamid Fabrics Limited has three production units: 1) Woven Fabric, 2) Gray Fabric and 3) Yarn Dyeing which are interdependent. Woven Fabric has installed capacity to produce 21.60 million yards of finished dyed fabrics annually. Weaving unit is a renovated unit having annual capacity of 8.93 million yards of gray fabrics and Yarn Dyeing unit has an annual capacity of dyeing 2.74 million kg of yarn.

The following table illustrates the production capacity of different units and its utilization:

| Particulars | Unit | Installed capacity | Utilization during the period | Utilization |
|------------------------|------|--------------------|-------------------------------|-------------|
| Woven Fabric | Yard | 21,600,000 | 19,251,975 | 89.13% |
| Gray Fabric* (Weaving) | Yard | 8,928,000 | 2,372,070 | 26.57% |
| Yarn Dyeing* | Kg. | 2,737,500 | 484,925 | 17.71% |

*Partly utilized during the year.

iii) Risks and concerns

Risk refers to the variability of expected outcome, which is a complex and multifaceted phenomenon. Investment in equity securities involves a high degree of risk, which needs to be explicitly evaluated while making an investment decision. Hamid Fabrics Ltd is operating in an industry that is subject to both external and internal risks. Some of these risks can be managed while some are beyond control, which may result in loss for investors. However, the management of the Company constantly explores ways and means for mitigating such risks.

MANAGEMENT RISK

The textile industry of Bangladesh already experiences a great shortage of skilled management personnel. Because of high demand from employers they tend to switch between jobs for financial and other benefits. Hence, if a key manager, executive or employee quits his/her job, it could affect business continuity, operating results and future growth of HFL. Management risk also arises from succession crisis if subsequent teams of leadership are not created within the organization.

Management perception about this Risk

The Company places a great importance to human resource and leadership development. The staff is brought under relevant on-the-job, in-house and external training programs. HFL recognizes the commitment and contribution of employees for the growth of the Company. A culture of objective performance appraisal and effective reward system has helped to create job-security and motivation of employees. As a result, HFL has relatively low employee turnover in key management positions. Key management team of HFL is almost unchanged for more than five years, which shows the general loyalty to the organization. HFL has developed layers of alternative leaderships in all critical areas of its activities.

OPERATIONS RISK

This involves the risk of not being able to maintain the expected performance by the Company. Such risk could arise from both internal and external factors discussed above such as industry, management, technology, regulations, utilities etc.

Management perception about this Risk

As explained above, operations risk could arise from a variety of factors. The risk mitigation strategies for such factors have been explained separately above. The experienced management team continuously monitors the new developments in these areas in order to take proactive measures to minimize any negative implications to the Company and capitalize on potential opportunities.

MARKET RISK

Market risk arises from adverse market conditions affecting sales and profitability of any Company. A few factors may trigger market risk for HFL such as changes in consumer behaviours, demographics, introduction of substitute products, competition and other unfavourable global conditions such as economic depression, wars etc.

Management perception about this Risk

HFL is a textile manufacturer producing inputs for the export oriented Ready Made Garment units in Bangladesh. Because of established track record of shorter lead time and quality of products, the Company enjoys a steady growth in supply orders. In addition to this, strong research & development, marketing and brand management have helped the Company to increase its customer base. As a result, HFL has already achieved recognition from globally renowned buyers like Marks & Spencer, H&M, PVH, Tema, Next, C&A, S'Oliver etc. and remains as one of the market leaders in Bangladesh for solid dyed fabrics.

INDUSTRY RISKS

Unexpected technological developments and regulatory changes that are specific to the Textile & Apparel industry might have an adverse impact on the business performance of the Company. It also involves the risk of increased competition arising from foreign and domestic textile manufacturers resulting in contraction of profit margin and loss of market share. Further, the textile industry is heavily dependent on the performance of RMG industry, which faces threats stemming from international competitors viz. China, India and Vietnam etc. Hence the textile industry of Bangladesh is always under pressure to deliver cost-efficient and quality fabrics.

Management perception about this Risk

HFL keeps pace with technological advancements using modern machineries and equipment. Moreover, the modern technology has not cannibalized the traditional manufacturing methods such as hand looms indicating a lower level of obsolescence risk. The Textile & Apparel is a priority sector for the Government and it is unlikely that the Government will impose unfavourable regulatory changes to this industry.

(iv) Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

| Particulars | 2016-17 (Taka) | 2015-16 (Taka) |
|--------------------|----------------|----------------|
| Revenue | 1,322,686,460 | 1,371,915,641 |
| Cost of goods sold | (913,820,496) | (959,039,840) |
| Gross profit | 408,865,964 | 412,875,801 |
| Profit before tax | 86,944,522 | 104,732,197 |
| Net profit | 72,057,481 | 92,146,149 |

Revenue and net profit of the Company during the period reduced because the Company was not in a position to utilize its production capacity properly which has been disclosed in the financial statements under note no. 38.

(v) Discussion of continuity of any Extra Ordinary gain or loss

No such material gain or loss during the year.

(vi) Basis for related party transactions

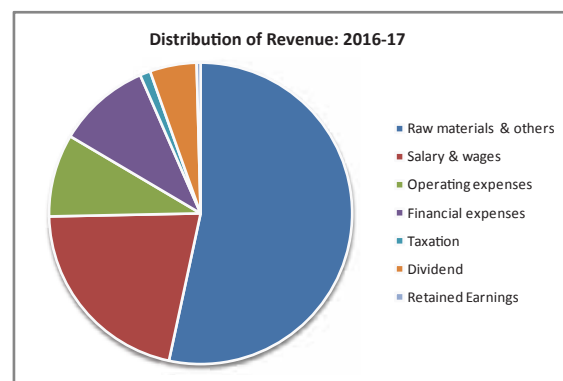
Related party transactions are stated in note 35 of the Financial Statements.

(vii) Utilization of proceeds from Public Issue

IPO fund is utilized as per IPO prospectus and it was disclosed in the last year.

(viii) Explanation if the financial results deteriorate after the Company goes for IPO

The Company shut down its grey fabrics unit for renovation, expansion and modernization. Production from the renovated unit has been started partially, which has been disclosed in the financial statements under note no. 38. We hope the Financial Results will improve as soon as increasing of the capacity utilization of new units of the Company.

**(ix) Explanation of significant variance occurs between Quarterly Financial Performance and Annual Financial Statements**

No significant variance has occurred between Quarterly Financial Performance and Annual Financial Statements. But overall variation with the annual performance was disclosed accordingly.

(x) Remuneration to Directors including Independent Directors

Remuneration to Directors has been shown in note no. 28 of the Financial Statements.

(xi) Fairness of Financial Statement

The Financial Statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

(xii) Maintenance of proper books of account

Proper books of account have been maintained by the Company.

(xiii) Adoption of appropriate accounting policies and estimates

Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and the accounting estimates are based on reasonable and prudent judgment.

(xiv) **Compliance with IAS, BAS, IFRS and BFRS in preparation of Financial Statements**

International Accounting Standard (IAS), Bangladesh Accounting Standard (BAS), International Financial Reporting Standard (IFRS) and Bangladesh Financial Reporting Standard (BFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements.

(xv) **Soundness of Internal Control System**

Internal Control System is sound in design and has been effectively implemented and monitored.

(xvi) **Ability to continue as going concern**

There are no significant doubts upon the Company's ability to continue as a going concern.

(xvii) **Significant deviations in Operating Results compared to last year**

There is no such significant deviation in operating results compared to last year.

(xviii) **Key operating and financial data of preceding 5 (five) years**

| Operational Result | 2016-17 (Taka) | 2015-16 (Taka) | 2014-15 (Taka) | 2013-14 (Taka) | 2012-13 (Taka) |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 1,322,686,460 | 1,371,915,641 | 1,782,564,422 | 2,198,620,623 | 2,120,482,277 |
| Gross Profit | 408,865,964 | 412,875,801 | 463,769,214 | 662,189,719 | 633,677,257 |
| Operating Profit | 218,590,698 | 219,473,115 | 231,025,650 | 463,212,765 | 452,686,092 |
| Net Profit Before Tax | 86,944,522 | 104,732,197 | 157,872,216 | 305,583,433 | 243,212,892 |
| Net Profit After Tax | 72,057,481 | 92,146,149 | 135,565,074 | 272,587,692 | 248,803,303 |

Financial Position

| | | | | | |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Non-current Assets | 3,454,209,997 | 3,271,077,424 | 2,094,563,747 | 1,643,447,142 | 1,798,234,282 |
| Current Assets | 1,398,042,498 | 1,501,891,541 | 2,287,938,664 | 1,847,012,120 | 1,883,099,202 |
| Shareholders' Equity | 3,466,367,994 | 3,460,749,290 | 3,431,878,166 | 2,284,661,592 | 2,012,073,900 |
| Non-current Liabilities | 522,464,801 | 594,078,697 | 208,251,581 | 99,041,323 | 208,996,677 |
| Current Liabilities | 863,419,700 | 718,140,978 | 742,372,665 | 1,106,756,347 | 1,460,262,907 |

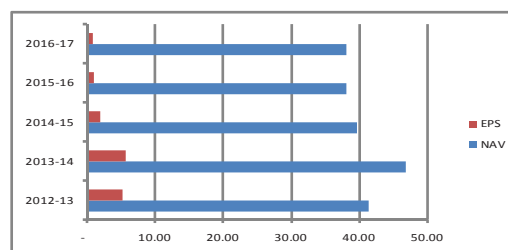
Financial Ratios

| | | | | | |
|---------------------|--------|--------|--------------|-------------|-------|
| Gross Margin ratio | 0.31 | 0.30 | 0.26 | 0.30 | 0.30 |
| Net Income ratio | 0.05 | 0.07 | 0.08 | 0.12 | 0.12 |
| Return on Assets | 0.01 | 0.02 | 0.03 | 0.08 | 0.07 |
| Return on Equity | 0.02 | 0.03 | 0.04 | 0.12 | 0.12 |
| Current ratio | 1.62 | 2.09 | 3.08 | 1.67 | 1.29 |
| Quick ratio | 0.64 | 0.92 | 1.86 | 1.36 | 1.07 |
| Debt-Equity ratio | 0.40 | 0.38 | 0.28 | 0.53 | 0.83 |
| EPS | 0.79 | 1.01 | 1.80 | 5.58 | 5.09 |
| NAV | 38.07 | 38.01 | 39.57 | 46.78 | 41.20 |
| Dividend | *C-15% | *C-15% | *C-15%, B-5% | C-10%,B-10% | nil |
| Number of employees | 1098 | 972 | 770 | 938 | 956 |

* Only for general shareholders.

(xix) **Reasons for not declaring dividend**

Not applicable.



(xx) Number of Board Meetings held during the year and attendance

| Name | Meetings held | Meetings attended |
|--------------------|---------------|-------------------|
| Abdullah Al Mahmud | 8 | 8 |
| AHM Mozammel Hoque | 8 | 8 |
| Salina Mahmud | 8 | 7 |
| Nusrat Mahmud | 8 | 6 |
| Nabila Mahmud | 8 | 4 |
| Farhana Danish | 8 | 8 |
| Syed Anisul Huq | 8 | 8 |
| Riaz Ur Rahman | 8 | 5 |

(xxi) Shareholding pattern as on June 30, 2017**(a) Parent/Subsidiary/Associated Companies and other related parties**

| Name | No. of Shares held | % of holdings |
|--|--------------------|---------------|
| Crystal Insurance Co. Ltd. (Common Director) | 346,500 | 0.38 |

(b) Shareholding position:

| | | |
|---------------------|-------------------|---------------|
| Directors/ Sponsors | 47,116,161 | 51.74 |
| Institute | 17,456,562 | 19.17 |
| General Public | 26,484,589 | 29.09 |
| Total | 91,057,312 | 100.00 |

(c) Directors, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children

| Name | Status | No. of Shares held | % of holdings |
|---------------------|-------------------------|--------------------|---------------|
| Abdullah Al Mahmud | Managing Director | 28,975,635 | 31.82 |
| AHM Mozammel Hoque | Chairman | 1,837,166 | 2.02 |
| Salina Mahmud | Director | 4,809,131 | 5.28 |
| Nusrat Mahmud | Director | 4,647,431 | 5.10 |
| Nabila Mahmud | Director | 4,647,431 | 5.10 |
| Farhana Danish | Director | 1,848,000 | 2.03 |
| ASM Mijanur Rahman | Company Secretary | - | - |
| Md. Mushaddeque Ali | Chief Financial Officer | - | - |
| Md. Maruf Shahria | Head of Internal Audit | - | - |

(d) Shareholdings of top five executives

| Name | Status | No. of Shares held | % of holdings |
|---------------------|-------------------------|--------------------|---------------|
| Mir Azharul Islam | Chief Operating Officer | 100,000 | 0.11 |
| Mahmudul Alam Jewel | Dy. General Manager | 105,000 | 0.12 |

(e) Shareholders holding 10% or more voting interest in the Company

| Name | Status | No. of Shares held | % of holdings |
|--------------------|-------------------|--------------------|---------------|
| Abdullah Al Mahmud | Managing Director | 28,975,635 | 31.82 |

(xxii) Appointment/ re-appointment of Directors

The following Directors will retire as per Articles of Association of the Company and be eligible for re-appointment:

Mr. Abdullah Al Mahmud will retire in the AGM to be held on 27-12-2017 and be eligible for re-election as per Articles of Association of the Company.

Mr. AHM Mozammel Hoque will retire in the AGM to be held on 27-12-2017 and be eligible for re-election as per Articles of Association of the Company.

Brief resume of the Directors:

Mr. Abdullah Al Mahmud (55) is Managing Director of Hamid Fabrics Limited. He is Chairman of Tazrian Weaving Mills Limited, Hamid Weaving Mills Limited and Crystal Insurance Company Limited.

Mr. AHM Mozammel Hoque (75) is a Director of Hamid Fabrics Limited. He is also a Director of Hamid Weaving Mills Limited, Tazrian Weaving Mills Limited and Crystal Insurance Company Limited.

Directors Responsibilities for Financial Statements

The Financial Statements together with notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the result of its operation, cash flow and changes in equity.

- i) Proper books of accounts of the Company have been maintained.
- ii) Appropriate accounting policies have been applied consistently in preparation of the Financial Statements and the accounting estimates are based on reasonable and prudent judgment.
- iii) The International Financial Reporting Standard, as applicable in Bangladesh, has been followed in the preparation of the financial statements.
- iv) The systems of internal control are sound and have been implemented and monitored effectively.
- v) There are no significant doubts upon the Company's ability to continue as a going concern.
- vi) The key operating data and financial data for the last 5 (Five) years stated on page – 10

Chief Financial Officer, Head of Internal Audit and Company Secretary

The Company has distributed clearly defined responsibilities to the following positions for smooth functioning of activities of the respective departments:

| | |
|-------------------------|-----------------------|
| Chief Financial Officer | : Md. Mushaddeque Ali |
| Head of Internal Audit | : Md. Maruf Shahria |
| Company Secretary | : ASM Mijanur Rahman |

Corporate Social Responsibilities

The Company provided financial support to the poor for medical treatment;

The Company provided financial support for performing holy Hajj.

Financial support made to poor and deserving people.

Auditors

The auditors, M/S Hoda Vasi Chowdhury & Co., Chartered Accountants will retire and being not eligible; the Board recommended M/S Zoha Zaman Kabir Rashid & Co., Chartered Accountants for appointment as Auditors of the Company for the year 2017-18.

The Shareholders are now requested to consider and adopt the annual Financial Statements, Auditors' report, Directors' report, etc. for the year 2016-17.

Thanking you.

On behalf of the Board of Directors,

Sd/-

AHM Mozammel Hoque

Chairman

CEO'S AND CFO'S DECLARATION TO THE BOARD OF DIRECTORS

The Board of Directors
Hamid Fabrics Limited
Hamid Tower (5th & 6th floor),
24 Gulshan C/A, Circle 2, Dhaka 1212.

Dear Sirs

In accordance with the notification of Bangladesh Securities Exchange and Commission (BSEC) no. SEC/CMRRCD/ 2006-158/134/Admin/44 dated 07 August 2012; we do hereby certify to the Board of Directors that:

- i) We have reviewed the Financial Statements for the year ended on June 30, 2017 and to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - b. 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.
- ii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

Yours faithfully

Sd/-
Abdullah Al Mahmud
Managing Director

Sd/-
Md. Mushaddeque Ali
Chief Financial Officer

REPORT ON THE ACTIVITIES OF AUDIT COMMITTEE

For the year 2016-17

The Board of Hamid Fabrics Limited reformed an Audit Committee as sub-committee of the Board. The Audit Committee assists the Board of Directors to ensure its supervisory responsibilities.

The Audit Committee comprised of:

| | |
|---|-----------|
| Mr. Syed Anisul Huq, Independent Director | Chairman |
| Mr. Abdullah Al Mahmud, Managing Director | Member |
| Mrs. Salina Mahmud, Director | Member |
| Mr. ASM Mijanur Rahman, Company Secretary | Secretary |

Role and responsibilities of Audit Committee:

The role and responsibilities of the Audit Committee are clearly stated in the Corporate Governance Guideline issued by Bangladesh Securities and Exchange Commission. The role of the Committee is:

- To oversee the financial reporting process.
- To monitor selection of accounting policies and principles.
- To monitor Internal Control and Risk management process.
- To oversee hiring and performance of external auditors.
- To review the annual financial statements before submission to the Board for approval.
- To review the quarterly and half yearly financial statements before submission to the Board for approval.
- To review the adequacy of internal audit function.
- To review statement of significant related party transactions submitted by the management.
- To review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.

Activities:

The Audit Committee discharged the following responsibilities during the year:

- Reviewed the Company's draft financial statements for the year ended on June 30, 2017 and recommended that the same be placed before the Board for approval.
- Reviewed the interim financial statements.
- Recommended that the report of the Committee be adopted by the Board for publishing in the Annual Report 2017.

Sd/-

Syed Anisul Huq

Chairman, Audit Committee

Date: 21.10.2017

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES To

THE SHAREHOLDERS OF HAMID FABRICS LIMITED

We have reviewed the accompanying Status of Compliance with conditions of Corporate Governance Guidelines of Hamid Fabrics Limited (the Company) issued by the Bangladesh Securities and Exchange Commission (BSEC) under Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 for the year ended June 30, 2017. Such compliance is responsibility of the Company's management.

We have conducted our review in a manner that has provided us a reasonable basis for expressing our opinion on compliance conditions. The review has been limited to the measures so far adopted by the Company to ensure such compliances.

According to the information and explanations provided by the Company, we hereby certify that in our opinion; the management of the Company has complied with the necessary conditions of Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC).

Dhaka, November 30, 2017

Sd/-
Shafiq Mizan Rahman & Augustine
Chartered Accountants

STATUS OF COMPLIANCE WITH NOTIFICATION OF THE BSEC

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 is stated below:

| Condition No. | Title | Compliance Status | | Remarks (If any) |
|---------------|--|-------------------|--------------|--------------------------|
| | | Complied | Not Complied | |
| 1 | Board of Directors | | | |
| 1.1 | Board size (number of Board members - minimum 5 and Maximum 20) | √ | | Board size is 08 persons |
| 1.2 | Independent Directors | | | |
| 1.2 (i) | At least one fifth (1/5) of the total number of Directors shall be Independent Directors | √ | | |
| 1.2 (ii) | Independent Director means a Director: | | | |
| 1.2 (ii) a) | 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 | √ | | |
| 1.2 (ii) b) | who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total relationship. His/her family members also should not hold paid-up shares of the company on the basis of family above mentioned shares in the company | √ | | |
| 1.2 (ii) c) | who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies | √ | | |
| 1.2 (ii) d) | who is not a member, director or officer of any stock exchange | √ | | |
| 1.2 (ii) e) | who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market | √ | | |
| 1.2 (ii) f) | who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the company's statutory audit firm | √ | | |
| 1.2 (ii) g) | who shall not be an independent director in more than 3 (three) listed companies | √ | | |
| 1.2 (ii) h) | who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI) | √ | | |
| 1.2 (ii) i) | who has not been convicted for a criminal offence involving moral turpitude | √ | | |
| 1.2 (iii) | Independent Director(s) shall be appointed by BoD and approved by the shareholders in the Annual General Meeting (AGM) | √ | | |
| 1.2 (iv) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days | | | No such incidence |
| 1.2 (v) | The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded | √ | | |
| 1.2 (vi) | 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 (i) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business | √ | | |
| 1.3 (ii) | Independent Director should be a Business Leader/Corporate leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/professional experiences | √ | | |

| Condition No. | Title | Compliance Status | | Remarks (If any) |
|---------------|---|-------------------|--------------|------------------|
| | | Complied | Not Complied | |
| 1.3 (iii) | In special cases the above qualifications may be relaxed subject to prior approval of the Commission | N/A | | |
| 1.4 | The Chairman of the Board and the Chief Executive Officer (CEO) shall be different individuals. The Chairman shall be elected from among the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO | √ | | |
| 1.5 | The Director's Report shall include the following additional statements: | | | |
| 1.5 (i) | Industry outlook and possible future developments in the industry | √ | | |
| 1.5 (ii) | Segment-wise or product-wise performance | √ | | |
| 1.5 (iii) | Risks and concerns | √ | | |
| 1.5 (iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin | √ | | |
| 1.5 (v) | Discussion on continuity of any Extra-Ordinary gain or loss | √ | | |
| 1.5 (vi) | Basis for related party transactions - a statement of all related party transactions should be disclosed in the annual report | √ | | |
| 1.5 (vii) | Utilization of proceeds from public issues, rights issues and/or through any other instrument | √ | | |
| 1.5 (viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO) | √ | | |
| 1.5 (ix) | If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance | N/A | | |
| 1.5 (x) | Remuneration to directors including independent directors | √ | | |
| 1.5 (xi) | The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity | √ | | |
| 1.5 (xii) | Proper books of account have been maintained | √ | | |
| 1.5 (xiii) | Adoption of appropriate accounting policies & estimates | √ | | |
| 1.5 (xiv) | IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed and adequate disclosure for any departure | √ | | |
| 1.5 (xv) | The system of Internal control is sound in design and has been effectively implemented and monitored | √ | | |
| 1.5 (xvi) | Going Concern (ability to continue as going concern) | √ | | |
| 1.5 (xvii) | Highlight and explain significant deviations from the last year's operating results | √ | | |
| 1.5 (xviii) | Key operating and financial data of at least preceding 5(five) years shall be summarized | √ | | |
| 1.5 (xix) | Reason for non-declaration of Dividend | | | N/A |
| 1.5 (xx) | The number of Board meetings held during the year and attendance by each director | √ | | |
| 1.5 (xxi) | Pattern of shareholding and name wise details (disclosing aggregate number of shares): | | | |
| 1.5 (xxi) a) | Parent/Subsidiary/Associated Companies and other related parties | √ | | |
| 1.5 (xxi) b) | Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children | √ | | |
| 1.5 (xxi) c) | Executives | √ | | |
| 1.5 (xxi) d) | Shareholders holding ten percent (10%) or more voting interest in the company | √ | | |
| 1.5 (xxii) | In case of the appointment/re-appointment of a director, disclose: | | | |

| Condition No. | Title | Compliance Status | | Remarks (If any) |
|---------------|---|-------------------|--------------|-------------------|
| | | Complied | Not Complied | |
| 1.5 (xxii)(a) | a brief resume of the director | √ | | |
| 1.5 (xxii)(b) | nature of his/her expertise in specific functional areas | √ | | |
| 1.5 (xxii)(c) | names of companies in which the person also held the directorship and the membership of committees of the board | √ | | |
| 2 | Chief Financial Officer, Head of Internal Audit & Company Secretary: | | | |
| 2.1 | Appointment of CFO, HIA and CS and defining their respective roles, responsibilities & duties | √ | | |
| 2.2 | The CFO and the CS shall attend the meeting of the Board of Directors | √ | | |
| 3 | Audit Committee | | | |
| 3 (i) | The Audit Committee shall be the sub-committee of the Board of Directors (BOD) | √ | | |
| 3 (ii) | 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. | √ | | |
| 3 (iii) | The Audit Committee shall be responsible to the BoD. The duties of the Audit Committee shall be clearly set forth in writing. | √ | | |
| 3.1 | Constitution of the Audit Committee | | | |
| 3.1 (i) | The Audit Committee shall be composed of at least 3 (three) members | √ | | |
| 3.1 (ii) | The BoD shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director. | √ | | |
| 3.1 (iii) | All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience. | √ | | |
| 3.1 (iv) | Expiration of term of service of the Committee members making the number lower than 3 (three) and fill up the vacancy (ies) by the Board not later than 1 (one) month from the date of vacancy (ies). | | | No such incidence |
| 3.1 (v) | The Company Secretary acts as the secretary of the Audit Committee. | √ | | |
| 3.1 (vi) | The quorum of the Audit Committee shall not constitute without at least 1(one) Independent Director. | √ | | |
| 3.2 | Chairman of the Audit Committee: | | | |
| 3.2 (i) | The Board of Directors shall select the Chairman of the Audit Committee who shall be an Independent Director. | √ | | |
| 3.2 (ii) | Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM). | √ | | |
| 3.3 | Role of Audit Committee | | | |
| 3.3 (i) | Oversee the financial reporting process. | √ | | |
| 3.3 (ii) | Monitor choice of accounting policies and principles. | √ | | |
| 3.3 (iii) | Monitor Internal Control and Risk management process. | √ | | |
| 3.3 (iv) | Oversee hiring and performance of external auditors. | √ | | |
| 3.3 (v) | Review the annual financial statements before submission to the board for approval. | √ | | |
| 3.3 (vi) | Review the quarterly and half yearly financial statements before submission to the board for approval. | √ | | |
| 3.3 (vii) | Review the adequacy of internal audit function. | √ | | |
| 3.3 (viii) | Review statement of significant related party transactions submitted by the management. | √ | | |
| 3.3 (ix) | Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors. | √ | | |

| Condition No. | Title | Compliance Status | | Remarks (If any) |
|----------------|--|-------------------|--------------|-------------------|
| | | Complied | Not Complied | |
| 3.3 (x) | Disclosure to the Audit Committee about the uses/applications of funds 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. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus. | √ | | |
| 3.4 | Reporting of the Audit Committee: | | | |
| 3.4.1 | Reporting to the Board of Directors: | | | |
| 3.4.1 (i) | Reporting to the Board of Directors on the activities of the Audit Committee | √ | | |
| 3.4.1 (ii) (a) | Reporting to the Board of Directors on conflicts of interests | | | No such incidence |
| 3.4.1 (ii) (b) | Reporting to the Board of Directors on any fraud or irregularity or material defect in the control system | | | No such incidence |
| 3.4.1 (ii) (c) | Reporting to the Board of Directors on suspected infringement of laws, including securities related laws, rules and regulations | | | No such incidence |
| 3.4.1 (ii) (d) | Reporting to the Board of Directors any other matter | | | No such incidence |
| 3.4.2 | Reporting to the Bangladesh Securities and Exchange Commission if any material impact on financial condition and results of operation, unreasonably ignored by the management | | | No such incidence |
| 3.5 | Reporting to the Shareholders and General Investors | | | No such incidence |
| 4 | External/Statutory Auditors : | | | |
| 4 (i) | Non-engagement in appraisal or valuation services or fairness opinions | √ | | |
| 4 (ii) | Non-engagement in financial information systems design and implementation | √ | | |
| 4 (iii) | Non-engagement in book keeping or other services related to the accounting records or financial statement | √ | | |
| 4 (iv) | Non-engagement in broker-dealer services | √ | | |
| 4 (v) | Non-engagement in actuarial services | √ | | |
| 4 (vi) | Non-engagement in internal audit services | √ | | |
| 4 (vii) | Non-engagement in any other services that the Audit Committee determines | √ | | |
| 4 (viii) | No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment | √ | | |
| 4 (ix) | Certification services on compliance of Corporate Governance Guidelines as per condition 7 (i). | √ | | |
| 5 | Subsidiary Company: | | | |
| 5 (i) | Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company. | | | N/A |
| 5 (ii) | At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company. | | | N/A |
| 5 (iii) | 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 |
| 5 (iv) | 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 |
| 5 (v) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | | | N/A |

| Condition No. | Title | Compliance Status | | Remarks (If any) |
|---------------|--|-------------------|--------------|------------------|
| | | Complied | Not Complied | |
| 6 | Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | | | |
| 6 (i) | The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: | | | |
| 6 (i) a) | these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading | √ | | |
| 6 (i) b) | 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 | √ | | |
| 6 (ii) | 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 the company's code of conduct. | √ | | |
| 7 | Reporting and compliance of Corporate Governance | | | |
| 7 (i) | Obtaining certificate from a practicing Professional Accountant/ Secretary regarding compliance of conditions of Corporate Governance Guidelines of the Commission and include in the Annual Report. | √ | | |
| 7 (ii) | Directors' statement in the directors' report whether the company has complied with these conditions. | √ | | |

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HAMID FABRICS LIMITED

We have audited the accompanying financial statements of Hamid Fabrics Limited (the "Company") which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards ("BFRSs"), the Companies Act 1994, the Securities and Exchange Rules 1987, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 statement of financial position and the statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dhaka, 21 October 2017

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Hamid Fabrics Limited
Statement of Financial Position
As on 30 June 2017

| | <u>Notes</u> | 30-06-2017 Amount in Taka | 30-06-2016 Amount in Taka |
|---|--------------|-------------------------------------|-------------------------------------|
| ASSETS | | | |
| Non-Current Assets: | | | |
| Property, Plant and Equipment | 5 | 3,422,536,810 | 3,239,890,003 |
| Intangible Assets | 6 | 1,867,776 | 2,334,720 |
| Investment | 7 | 29,805,411 | 28,852,701 |
| | | 3,454,209,997 | 3,271,077,424 |
| Current Assets: | | | |
| Trade Debtors | 8 | 756,967,099 | 894,087,274 |
| Advances, Deposits and Prepayments | 9 | 119,954,173 | 101,701,872 |
| Inventories | 10 | 500,088,695 | 479,700,776 |
| Cash and Cash Equivalents | 11 | 21,032,531 | 26,401,619 |
| | | 1,398,042,498 | 1,501,891,541 |
| Total Assets | | 4,852,252,495 | 4,772,968,965 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Equity: | | | |
| Share Capital | 12 | 910,573,120 | 910,573,120 |
| Share Premium | 13 | 973,600,000 | 973,600,000 |
| Revaluation Reserves | 14 | 691,473,480 | 697,837,771 |
| Retained Earnings | 15 | 890,721,394 | 878,738,399 |
| | | 3,466,367,994 | 3,460,749,290 |
| Non-Current Liabilities: | | | |
| Loans and Borrowings - Net off Current Maturity | 16 | 431,467,147 | 515,246,540 |
| Lease - Net of Current Maturity | 17 | 5,319,842 | - |
| Deferred Tax Liabilities | 18 | 48,003,564 | 46,158,201 |
| Provision for Gratuity | 19 | 37,674,248 | 32,673,956 |
| | | 522,464,801 | 594,078,697 |
| Current Liabilities: | | | |
| Loans and Borrowings - Current Maturity | 20 | 168,514,685 | 132,427,223 |
| Lease - Current Maturity | 21 | 3,386,009 | 450,178 |
| Short Term Loans and Borrowings | 22 | 438,411,390 | 292,246,067 |
| Trade Creditors | 23 | 81,880,781 | 130,017,146 |
| Others Payable | 24 | 115,566,633 | 109,892,615 |
| Income Tax Provision | 25 | 55,660,202 | 53,107,749 |
| | | 863,419,700 | 718,140,978 |
| Total Shareholders' Equity and Liabilities | | 4,852,252,495 | 4,772,968,965 |
| Net Assets Value Per Share | 34 | 38.07 | 38.01 |

The annexed notes form an integral part of these Financial Statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Signed as per our annexed report of even date.

Dhaka, 21 October 2017

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Hamid Fabrics Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2017

| | <u>Notes</u> | 30-06-2017 Amount in Taka | 30-06-2016 Amount in Taka |
|--|--------------|-------------------------------------|-------------------------------------|
| Revenue | 26 | 1,322,686,460 | 1,371,915,641 |
| Cost of Goods Sold | 27 | (913,820,496) | (959,039,840) |
| Gross Profit | | 408,865,964 | 412,875,801 |
| Operating Expenses | | | |
| Administrative Expenses | 28 | (173,596,755) | (166,513,808) |
| Selling and Distribution Expenses | 29 | (16,678,511) | (26,888,878) |
| | | (190,275,266) | (193,402,686) |
| Operating Profit | | 218,590,698 | 219,473,115 |
| Finance Costs | 30 | (131,957,966) | (128,868,513) |
| Contribution to WPPF | 31 | (4,347,226) | (5,236,610) |
| | | (136,305,192) | (134,105,123) |
| Non-Operating Income | 32 | 82,285,506 | 85,367,993 |
| | | 4,659,016 | 19,364,204 |
| Net Profit Before Tax | | 86,944,522 | 104,732,197 |
| Income Tax Provision | | | |
| Provision for Current Tax | 25 | (13,041,678) | (15,709,829) |
| Provision for Deferred Tax | 18 | (1,845,363) | 3,123,782 |
| | | (14,887,041) | (12,586,048) |
| Net Profit for the Year | | 72,057,481 | 92,146,149 |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income for the Year | | 72,057,481 | 92,146,149 |
| Earnings Per Share (Par value Tk.10/=) | 33 | 0.79 | 1.01 |

The annexed notes form an integral part of these Financial Statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Signed as per our annexed report of even date.

Dhaka, 21 October 2017

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Hamid Fabrics Limited
Statement of Changes in Equity
As on June 30, 2017

Amount in Taka

| Particulars | Share Capital | Share Premium Account | Revaluation Reserve | Retained Earnings | Total Taka |
|---|---------------|-----------------------|---------------------|-------------------|---------------|
| Balance as at July 01, 2016 | 910,573,120 | 973,600,000 | 697,837,771 | 878,738,399 | 3,460,749,290 |
| Profit for the year | - | - | - | 72,057,481 | 72,057,481 |
| Cash Dividend for 2015-2016 | | | | (66,438,777) | (66,438,777) |
| Depreciation adjustment of Revaluation Assets | | | (6,364,291) | 6,364,291 | - |
| Balance as at June 30, 2017 | 910,573,120 | 973,600,000 | 691,473,480 | 890,721,394 | 3,466,367,994 |

Statement of Changes in Equity
As on June 30, 2016

Amount in Taka

| Particulars | Share Capital | Share Premium Account | Revaluation Reserve | Retained Earnings | Total Taka |
|---|---------------|-----------------------|---------------------|-------------------|---------------|
| Balance as at July 01, 2015 | 867,212,500 | 973,600,000 | 704,537,025 | 886,528,641 | 3,431,878,166 |
| Profit for the year | - | - | - | 92,146,149 | 92,146,149 |
| Stock Dividend for 2014-2015 | 43,360,620 | | | (43,360,620) | - |
| Cash Dividend for 2014-2015 | | | | (63,275,025) | (63,275,025) |
| Depreciation adjustment of Revaluation Assets | | | (6,699,254) | 6,699,254 | - |
| Balance as at June 30, 2016 | 910,573,120 | 973,600,000 | 697,837,771 | 878,738,399 | 3,460,749,290 |

Net Assets Value Per Share as on 30-06-2017 (Note - 34) 38.07

Net Assets Value Per Share as on 30-06-2016 (Note - 34) 38.01

The annexed notes form an integral part of these Financial Statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Dhaka, 21 October 2017

Hamid Fabrics Limited
Statement of Cash Flows
For the year ended June 30, 2017

| | 30-06-2017 Amount in Taka | 30-06-2016 Amount in Taka |
|--|-------------------------------------|-------------------------------------|
| Cash Flows from Operating Activities | | |
| Cash Receipts from Customers | 1,461,337,745 | 1,766,509,845 |
| Cash Paid to Suppliers and Employees | (1,113,426,825) | (995,428,704) |
| Cash Generated from Operations | 347,910,920 | 771,081,141 |
| Income Tax Paid | (10,884,408) | (10,489,225) |
| Interest Paid | (131,844,646) | (116,076,579) |
| Net Cash Flows from Operating Activities | 205,181,866 | 644,515,337 |
| Cash Flows from Investing Activities | | |
| Acquisition of Property, Plant and Equipment | (255,338,531) | (1,221,116,231) |
| Disposal of Property, Plant and Equipment | 5,450,000 | - |
| (Addition)/Realisation of Investment (FDR) | (952,710) | (1,438,186) |
| Net Cash Flows from Investing Activities | (250,841,241) | (1,222,554,417) |
| Cash Flows from Financing Activities | | |
| (Decrease)/Increase in Long Term Borrowings | (39,436,259) | 490,485,934 |
| Increase in Short Term Borrowing | 438,411,390 | 292,246,067 |
| (Decrease) in Short Term Borrowing | (292,246,067) | (471,170,775) |
| Dividend Paid | (66,438,777) | (63,275,025) |
| Net Cash Flows from Financing Activities | 40,290,287 | 248,286,201 |
| Net Cash Flows from Operating, Investing & Financing Activities | (5,369,088) | (329,752,879) |
| Opening Cash and Cash Equivalent | 26,401,619 | 356,154,498 |
| Closing Cash and Cash Equivalents | 21,032,531 | 26,401,619 |
| Net Operating Cash Flow per Share | 2.25 | 7.08 |

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Dhaka, 21 October 2017

Hamid Fabrics Limited
Notes to the Financial Statements
For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATERIAL INFORMATION

1. Status of the Reporting Entity

1.1. Legal Status:

Hamid Fabrics Ltd. (the "Company") is a public Company limited by shares. The Company was incorporated in Bangladesh on 27 April 1995 in the name of Siddique Fabrics Ltd., as a private Company limited by shares under the Companies Act, 1994. Subsequently on 23 May 2000, the name was changed to Hamid Fabrics Limited. The Company was converted to public Company on 25 February 2010 vide special resolution passed in the extra ordinary general meeting after observance of required formalities. The Registered office of the Company is situated at Hamid Tower, 24 Gulshan Commercial Area, Circle – 2, Dhaka – 1212. The factory of the Company is located at Shilmondi, Narshindi. The Company got BSEC's approval for issuance of 30 million Ordinary shares of Tk.10.00 each at an issue price of Tk.35.00 each through IPO. The Company is listed with Dhaka stock exchange and Chittagong stock exchange.

1.2. Nature of business

The Principal activity of this Company is engaged in manufacturing and marketing of gray and finished fabrics of various qualities.

2. Basis of Preparation:

2.1. Statement of Compliance

The financial statements have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).

2.2. Other Regulatory Compliances

The Company is also required to comply with the Companies Act 1994 and Bangladesh Securities and Exchange Rules 1987 along with all related regulations.

2.3. Measurement bases used in Preparing the Financial Statements

The financial statements have been prepared on a Going Concern basis. Except the carrying value of Lands and Buildings which are measured at fair value, the financial statements have been prepared on "Historical Cost" convention basis.

2.4. Going Concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason the Directors continued to adopt going concern basis in preparing the Financial Statements. The current credit facilities and resources of the Company provide sufficient fund to meet the present requirements of its existing businesses and operations.

2.5. Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

Note 6-Intangible Assets
Note 10-Inventories
Note 18-Deferred Tax Liabilities
Note 19- Provision for Gratuity
Note 25-Income Tax Provision
Note 36-Contingent Liabilities

2.6. Functional and presentational currency and level of precision

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.

2.7. Reporting period

The financial period of the Company covers one year from 1 July to 30 June and followed consistently. For this Report, Financial Statement covers for the period from July 01, 2016 to June 30, 2017 along with related applicable comparative information.

2.8. Change in Accounting Policy

There is no major change in accounting policies for preparation of the Financial Statements for this year.

2.9. Date of Authorization

This Financial Statements has been authorized for publication by the Board of Directors of Hamid Fabrics Limited on 21-10-2017.

2.10.Components of the Financial Statements

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

- i) Statement of Financial Position
- ii) Statement of Comprehensive Income
- iii) Statement of Changes in Equity
- iv) Statement of Cash Flows
- v) Notes to the Financial Statements

3. Principal Accounting Policies:

The accounting policies set out below have been applied in preparations of these financial statements:

3.1. Property, Plant and Equipment

3.1.1.Recognition and Measurement

Property, plant and equipment except land and building are measured at cost less accumulated depreciation and impairment losses, if any. Land and building are measured at fair value. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable expenses, inward freight, duties and non-refundable taxes.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

3.1.2.Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

3.1.3. Depreciation on Fixed Assets

Depreciation on fixed assets is charged on reducing balance method. Depreciation continues to be charged on each item of fixed assets until the written down value of such fixed assets is reduced to Taka one. Depreciation on addition to fixed assets is charged on daily basis from the date of acquisition and depreciation charges on fixed assets ceases on the same way of their date of disposal. The residual value, if not insignificant, is reassessed annually. Amount of depreciation on Revaluation of Building & Other Construction has been adjusted against Revaluation Reserve.

Rates of depreciation on various classes of fixed assets are as under:

| Category of fixed asset | Rate (%) |
|-------------------------------|----------|
| Building & Construction | 5 |
| Plant & Machinery | 5 |
| Electrical & Gas Installation | 10 |
| Furniture and Fixtures | 15 |
| Office equipment | 15 |
| Vehicles | 20 |

Land is not depreciated as it deemed to have an infinite life. Depreciation is not charged on any assets under construction. However, when construction work finishes and the asset is ready for intended use, based on certificate from Technical Department, depreciation charge starts. Accordingly, upon completion of construction work during the year, Building & Construction and Plant & Machinery valued Tk.38,69,66,250 and Tk.121,54,25,950 respectively has been capitalized as PP&E for which one month's depreciation was charged.

3.1.4. Revaluation:

During the period no assets were revalued but it was estimated that fair value of above assets were higher than the book value.

3.1.5. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

3.1.6. Impairment of Assets

No fact and circumstances indicate that Company's assets including property, plant and equipment may be impaired.

3.2. Intangible Asset

3.2.1. Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per BAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

3.2.2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the profit and loss account when incurred.

3.2.3. Amortization

Amortization is recognized in the statement of comprehensive income on reducing balance method. Amortization rate for intangible assets (computer software) is 20 % per year.

3.3. Leased Assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition these leased assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.4. Investment in FDR

Investment in FDR includes fixed deposits held with various banking and non-banking financial institutions in the name of Hamid Fabrics Limited. The fixed deposits are renewed upon maturity at the option of the Company.

3.5. Inventories

Inventories are stated at the lower of cost and net realizable value in accordance with BAS -2 "Inventories". The cost of inventories is based weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Adequate allowance is made for obsolete, damaged and slow moving inventories.

3.6. Trade Debtors

Accounts receivable has been stated at its original invoiced amount supported by L/C. This is considered good and is falling due within one year. 25% provision for bad/doubtful debts is made on the receivable amount against trade debtors over one year to two years of aging and over two years of aging 50% provision is made and if its three years or more 100% is provided. Related party transactions relating to sales/purchase are made on arm length basis. Rate of sale/purchase of related party transactions are fixed as applicable to other outsider parties.

3.7. Advance, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory etc.

Deposits are measured at payment value.

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

3.8. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Amount of Cash and Cash Equivalent under USD has been reflected in BDT and exchange rate fluctuation has been recognized accordingly.

3.9. Other Current Assets

Other current assets have a value on realization in the ordinary course of the Company's business which is at least equal to the amount at which they are stated in the balance sheet.

3.10. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation

3.11. Trade Creditors and Accruals

Trade and other payables are stated at cost.

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be

required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Trade Creditors under foreign currency has been presented in BDT and fluctuation loss has been charged to Profit and Loss Account.

3.12.Loans and Borrowing

Principal amounts of loans and borrowings are stated at their outstanding amount. Borrowings repayable after twelve months from the reporting date are classified as non-current liabilities whereas the portion payable within twelve months, unpaid interest and other charges are classified as current liabilities.

3.13.Revenue Recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably as provided in BAS 18 "Revenue" and there is no continuing management involvement with the goods. The timing of the transfer of risk and rewards depends on the individual terms of the sales agreement. Normally, revenue is recognized when the fabrics is supplied to the buyer or its agents. Scrape and wastage sales are included as part of revenue.

3.14.Foreign Exchange

Transactions in foreign currencies are translated at the average rate of the month. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Bangladesh Taka at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement in accordance with BAS 21 "The effects of Changes in Foreign Currency Rates."

3.15.Employee Retirement Benefits

Defined Contribution Plan

Obligations for the Company's contributions to defined contribution plans (provident fund and Workers Profit Participation Fund) are recognized as an expense in the income statement as incurred.

Defined Benefit Plan

The Company operates an unfunded Gratuity Scheme which is considered as Defined Benefit Plan. The present value of the obligation for a defined benefit plan is measured using the Projected Unit Credit method. As the Gratuity Scheme is fairly new and the numbers of staffs, who have completed the required service qualification period of five years, are limited, no professional actuarial assessment of the Gratuity obligation is performed at Reporting Date. However, based on the review of undiscounted value of the present gratuity obligation Management is confident that the actuarial assessment will not result in any significant difference with the gratuity provision recorded.

3.16.Finance Income and Expenses

Finance income comprises interest income on funds invested. Interest income is recognized on maturity.

Finance expenses comprise interest expenses on loan, overdraft and bank charges. All borrowing costs are recognized in the profit and loss account using effective interest method except to the extent that they are capitalized during constructions period of the plants in accordance with BAS-23 Borrowing cost.

3.17.Earnings Per Share (EPS)

The Company calculates Earning per Share (EPS) in accordance with BAS 33: Earning per Share, which has been shown on the face of Statement of Comprehensive Income account, and the computation of EPS is stated in related note.

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority 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

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

3.18.Cash flows statement

Cash Flow Statement is prepared in accordance with BAS 7 “Cash Flow Statement”. The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(a) of BAS-7 which provides that “Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method”. Prior year’s outstanding balance of Short-term loans and borrowings of the Company are disclosed in cash flow as fully settled and current year’s outstanding balance is shown as cash inflow.

3.19.Responsibility for Preparation and Presentation of Financial Statements:

The Management is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act, 1994 and as per the Provision of “The Framework for the preparation and presentation of Financial Statements” issued by the International Accounting Standard Board (IASB) as adopted by the Institute of The Chartered Accountants of Bangladesh (ICAB).

3.20.Comparative Amounts

Certain comparative amounts have been re-classified & rearranged to confirm with the current year's presentation.

3.21.Event after the reporting period

Events after the reporting period that provide additional information about the Company’s positions at the balance sheet date are reflected in the financial statements if any. The Board of Directors in its meeting held on October 21, 2017 recommended 15% cash dividend for the year ended June 30, 2017 for general shareholders only.

3.22.Related Party Transactions

The objective of Related Party Disclosure IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

The Company transacts with related parties and recognize as per BAS 24 'Related Party Disclosures'.

Related party transactions have been disclosed under Note – 35.

3.23. Contingent Liabilities and Assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company. No contingent liabilities and assets were recognized in the financial statements for the year as no such event existed.

3.24. Segment reporting

The Company has three interdependent units such as weaving, yarn dyeing and finishing units. These are process units of its finished products i.e. finished fabrics of different qualities. No price is available for its intermediate product and it is also not saleable. So, Segment reporting is not applicable for the Company.

4. Taxation

4.1. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for corporate income tax is made @ 15% on estimated taxable profit in accordance with the income tax laws. The corporate income tax assessment of the Company is completed up to the assessment year 2016-2017 (accounting year ended 30 June 2016) and tax liability is settled in full.

4.2. Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

| | 30-06-2017 | 30-06-2016 |
|--|----------------------|----------------------|
| | Amount in Taka | Amount in Taka |
| 5 Property, Plant and Equipment | | |
| Land & Land Development | 855,709,891 | 855,544,891 |
| Building & Construction | 675,926,440 | 227,428,829 |
| Plant & Machinery | 1,668,260,438 | 482,116,651 |
| Vehicles | 21,689,526 | 6,245,609 |
| Electricity Installation | 97,801,502 | 12,614,120 |
| Gas Line Installation | 15,646,793 | 17,385,325 |
| Office Equipment | 51,069,114 | 12,871,407 |
| Furniture & Fixtures | 12,863,190 | 12,053,212 |
| Capital Work in Progress | 23,569,918 | 1,613,629,958 |
| | 3,422,536,810 | 3,239,890,003 |

Capital Work-in-progress represents Building & Construction Tk. 94,61,903 and Plant & Machinery Tk. 1,41,08,015 for Yarn Dyeing and Weaving Units of the Company on which no depreciation was charged. Upon completion of construction activities, some items of CAPEX have been transferred to respective asset categories.

For further details please refer to Annexure-A

The property, plant and equipment of the company are mortgaged with various banks and financial institutions to secure different current and long-term loans and borrowings.

| | | |
|--------------------------------|------------------|------------------|
| 6 Intangible Assets | | |
| Cost | 5,700,000 | 5,700,000 |
| Less: Accumulated amortization | (3,832,224) | (3,365,280) |
| | 1,867,776 | 2,334,720 |

This amount represent the value of Computer Software.

| | | |
|---|--------------------|--------------------|
| 7 Investment | | |
| Security Deposit against Titas Gas | 13,387,844 | 12,972,009 |
| Lien against Loan | 16,417,567 | 15,880,692 |
| | 29,805,411 | 28,852,701 |
| Security Deposit against Titas Gas in the form of FDR with | | |
| Janata Bank Limited (Lien to Titas Gas) - Unit-1 | 3,090,381 | 2,992,641 |
| Janata Bank Limited (Lien to Titas Gas) - Unit-2 | 10,297,463 | 9,979,368 |
| | 13,387,844 | 12,972,009 |
| Lien against Loan in the form of FDR with | | |
| Janata Bank Limited (Lien against SOD Loan) | 16,038,149 | 15,516,681 |
| Bank Asia Limited (Lien against Term Loan) | 379,418 | 364,011 |
| | 16,417,567 | 15,880,692 |
| 8 Trade Debtors | 756,967,099 | 894,087,274 |

For further details please refer to Annexure-B

Receivable amount against Trade Debtors has been reflected in BDT and exchange rate fluctuation has been recognised accordingly. The above amount is considered good and secured by Letter of Credit (L/C).

8.01 Age Analysis of Trade Debtors

| | | |
|---------------------|--------------------|--------------------|
| Less than 06 months | 729,270,854 | 883,399,439 |
| More than 06 months | 27,696,245 | 10,687,835 |
| | 756,967,099 | 894,087,274 |

No amount was due by the Director (including Managing Director), Managing Agent, Manager & other Officers of the Company and any of them severally or jointly with any other person.

Management considered the trade debts are collectable, however an amount of Tk. 44,68,207 has been kept as provision for doubtful debts for this year.

| | 30-06-2017 Amount in Taka | 30-06-2016 Amount in Taka |
|---|------------------------------|------------------------------|
| Trade Debtors includes Tk. 22,92,57,367 and Tk. 10,68,36,578 due from Hamid Weaving Mills Limited and Tazrian Weaving Mills Ltd. respectively, which are related party transaction against Tk. 26,29,85,469 and Tk. 7,62,18,107 on 30-06-2016 which has been done on arm length basis. The said amount is considered good and secured by Letter of Credit (L/C). Additional discloser also give in Note - 35. | | |

9 Advances, Deposits and Prepayments

| | | |
|--|--------------------|--------------------|
| Advances | 56,582,634 | 20,108,848 |
| Security Deposits | 10,733,888 | 8,282,688 |
| FC Deposit with Banks | 52,637,651 | 73,310,336 |
| | 119,954,173 | 101,701,872 |
| Advances: | | |
| Salary (Head Office) | 2,780,400 | 2,084,785 |
| Advance against Salary (Factory) | 995,800 | 1,390,146 |
| Advance against ERP | 38,996,584 | 784,938 |
| Advance against Expenses | 1,210,090 | 3,678,419 |
| Tax Deduction at Source | 10,884,408 | 10,489,225 |
| Prepaid Insurance | 1,397,323 | 1,115,676 |
| Advance against Services | 318,029 | 565,659 |
| | 56,582,634 | 20,108,848 |
| Security Deposits: | | |
| Titas Gas Transmission Co Ltd. | 4,987,459 | 4,987,459 |
| Rural Electrification Board (REB) | 3,944,744 | 1,493,544 |
| Bank Guarantee margin - Titas Gas | 1,764,685 | 1,764,685 |
| Gas Cylinder | 32,000 | 32,000 |
| Mobile Company | 5,000 | 5,000 |
| | 10,733,888 | 8,282,688 |
| FC Deposit with Bank: | | |
| BTB L/C Deposit - Janata Bank Limited | 14,821,515 | 790,487 |
| Sundry Deposit - Janata Bank Limited | 12,355,025 | 11,354,025 |
| Foreign Currency Held for BTB L/C - Prime Bank Limited | 7,474 | 7,240 |
| Foreign Currency Held for BTB L/C - Bank Asia Limited | 17,994,646 | 251,150 |
| Foreign Currency Held for BTB L/C - UCBL | 7,458,990 | 60,907,434 |
| | 52,637,651 | 73,310,336 |

- i) All advances and deposits amount are considered good and recoverable.
- ii) There is no amount due from directors or officers of the Company other than Advance Against Salary & Expenses to the employees.

10 Inventories

| | | |
|--------------------------------|--------------------|--------------------|
| Yarn | 63,098,160 | 65,222,763 |
| Work In Process - Yarn | 7,061,205 | 2,031,671 |
| Finished Fabrics | 5,104,533 | 25,507,396 |
| Gray Fabrics | 100,133,701 | 76,440,444 |
| Spare Parts | 60,760,630 | 39,552,094 |
| Chemicals | 75,957,249 | 82,412,615 |
| Dyes | 77,314,574 | 87,121,007 |
| Work In Process Finished Goods | 107,447,967 | 93,778,767 |
| Lubricant | 278,400 | 182,310 |
| WTP Materials | 501,366 | 766,850 |
| Packing Materials | 372,857 | 557,460 |
| Store in Transit | 2,058,053 | 6,127,400 |
| | 500,088,695 | 479,700,776 |

| | 30-06-2017 Amount in Taka | 30-06-2016 Amount in Taka |
|---|------------------------------|------------------------------|
| A) The above inventories are as per physical checking made, valued and certified by inventory team consists of management staff and Auditors. | | |
| B) Inventories in hand have been valued at lower of cost and net realizable value. | | |
| C) Quantitative reconciliation shown in Annexure - D. | | |
| 11 Cash and Cash Equivalent | | |
| Cash in Hand | 287,195 | 358,235 |
| Cash at Bank | 20,745,336 | 26,043,384 |
| | 21,032,531 | 26,401,619 |
| Cash in Hand | | |
| Head Office | 119,794 | 278,655 |
| Factory | 137,401 | 79,580 |
| Petty Cash (Imprest) | 30,000 | - |
| | 287,195 | 358,235 |
| Cash at Banks | | |
| Janata Bank CD A/C # 8534 | 17,740 | 70,753 |
| United commercial Bank Limited -Narsingdi | - | 704 |
| United commercial Bank Limited -CD#20092/898 | - | 5,920 |
| United commercial Bank Limited ERQ A/C#160 | 12,559 | 170,178 |
| Prime Bank CD A/C # 749 | 578,513 | 2,206 |
| Prime Bank CD A/C # 546 | 452,124 | 1,827,609 |
| Brac Bank CD A/C # 9001 | 12,622 | 3,999 |
| Bank Asia CD A/C # 5473 | 37,641 | 807,350 |
| United commercial Bank Limited -SND#365 | 17,300 | 2,129 |
| Bank Asia (STD) Account | 242,424 | 231,385 |
| IPO Collection Account | 2,110,701 | 1,905,601 |
| Uncleared Share Application Account | 4,823,250 | 6,760,944 |
| Uncleared Dividend Account | 5,077,795 | 4,472,779 |
| Janata Bank CD A/C # 346 | 27,542 | 26,401 |
| Janata Bank Retention Quota | 38,736 | 37,683 |
| Prime Bank CD A/C # 737 (Motijheel) | 1 | 787 |
| Prime Bank CD A/C # 266 (Gulshan) | 413,481 | 2,286,540 |
| Prime Bank ERQ A/C#2009 | 408,101 | 395,841 |
| Prime Bank STD # 2032 | - | 546 |
| Prime Bank STD # 744 (Madhobdi) | 1,503,323 | 82,832 |
| Brac Bank CD A/C # 1001 | 11,003 | 12,305 |
| United commercial Bank Limited -CD#20071/1030 | 4,142,384 | 49,961 |
| Bank Asia CD#0023 | 115,418 | 1,517,166 |
| Bank Asia ERQ#361 | 665,491 | 3,530,352 |
| United Commercial Bank Limited ERQ A/C#182 | 37,187 | 1,841,413 |
| | 20,745,336 | 26,043,384 |

Amount of Cash and Cash Equivalent under USD has been reflected in BDT and exchange rate fluctuation has been recognised accordingly.

Dividend account is used only to pay dividends to the shareholders. The balance of this account moves with dividend transactions only.

12 Share Capital

Authorised Share Capital

200,000,000 Ordinary Shares of Tk. 10 each.

Issued and Paid Up Capital

| | |
|----------------------|----------------------|
| 2,000,000,000 | 2,000,000,000 |
| 910,573,120 | 910,573,120 |

91,057,312 Ordinary Shares of Tk. 10 each. The composition of the share capital of the Company is as follows:

| Name | No. of Shares | % | 30-06-2017 | 30-06-2016 |
|-----------------------------|-------------------|-------------|--------------------|--------------------|
| Mr. Abdullah Al-Mahmud | 28,975,635 | 31.82% | 289,756,350 | 289,756,350 |
| Mr. A. H. M. Mozammel Hoque | 1,837,166 | 2.02% | 18,371,660 | 18,371,660 |
| Ms. Salina Mahmud | 4,809,131 | 5.28% | 48,091,310 | 48,091,310 |
| Ms. Nusrat Mahmud | 4,647,431 | 5.10% | 46,474,310 | 46,474,310 |
| Ms. Nabila Mahmud | 4,647,431 | 5.10% | 46,474,310 | 46,474,310 |
| Ms. Farhana Danis | 1,848,000 | 2.03% | 18,480,000 | 18,480,000 |
| Other Shareholders | 44,292,518 | 48.64% | 442,925,180 | 442,925,180 |
| | 91,057,312 | 100% | 910,573,120 | 910,573,120 |

Shareholding status as on June 30, 2017

| Shares | No. of Sh. holders | % | Total No. of Shares |
|----------------------|--------------------|-------------|---------------------|
| Less than 500 | 17,099 | 3.76% | 3,422,419 |
| 500 to 5,000 | 2,162 | 4.48% | 4,076,763 |
| 5,001 to 10,000 | 368 | 3.14% | 2,858,423 |
| 10,001 to 20,000 | 238 | 3.92% | 3,564,909 |
| 20,001 to 30,000 | 81 | 2.24% | 2,038,562 |
| 30,001 to 40,000 | 45 | 1.75% | 1,589,089 |
| 40,001 to 50,000 | 43 | 2.21% | 2,008,949 |
| 50,001 to 100,000 | 52 | 4.05% | 3,687,503 |
| 100,001 to 1,000,000 | 44 | 13.13% | 11,958,527 |
| Above 1,000,000 | 11 | 61.34% | 55,852,168 |
| | 20,143 | 100% | 91,057,312 |

| 30-06-2017 | 30-06-2016 |
|--------------------|--------------------|
| Amount in Taka | Amount in Taka |
| 973,600,000 | 973,600,000 |

13 Share Premium Account

This is related to Pre-IPO and IPO share issue as per approval of the regulatory authorities.

14 Revaluation Reserve

Assets Revaluation Reserve-

| | | |
|---|--------------------|--------------------|
| Opening balance | 697,837,771 | 704,537,025 |
| Depreciation adjustment of Revaluation Assets | (6,364,291) | (6,699,254) |
| | 691,473,480 | 697,837,771 |

No asset was revalued during the the year.

15 Retained Earnings

| | | |
|---|--------------------|--------------------|
| Opening balance | 878,738,399 | 886,528,641 |
| Stock Dividend Issued | - | (43,360,620) |
| Cash Dividend for 2015-2016 | (66,438,777) | (63,275,025) |
| Depreciation adjustment of Revaluation Assets | 6,364,291 | 6,699,254 |
| Profit for the year | 72,057,481 | 92,146,149 |
| Closing Balance | 890,721,394 | 878,738,399 |

16 Loans & Borrowings-Net off Current Maturity

The portion of Long term loans which is repayable after twelve months from the balance sheet date.

| | | | |
|---|-------|--------------------|--------------------|
| UCB Term loan - against acquisition of Property | 16.01 | 59,474,514 | 88,990,869 |
| UCB Term loan - 01 | 16.02 | 26,514,075 | 35,189,446 |
| UCB Term loan - 02 | 16.03 | 316,286,176 | 391,066,226 |
| BA Term loan - 01 | 16.04 | 10,086,770 | - |
| BA Term loan - 02 | 16.04 | 19,105,612 | - |
| | | 431,467,147 | 515,246,540 |

16.01 The loan of Tk. 11,93,00,000 was taken from United Commercial Bank, Foreign Exchange Branch, Dhaka on August 30, 2014 for acquisition of property. This Term Loan is secured by Mortgage of the Land, Personal Guarantee of all Directors and creation of First Charge on fixed and floating assets. The grace period of the loan is one year. The rate of interest has been reduced to @10% per annum. The loan is payable by 60 monthly Installment of Tk. 27,93,325.90 each, including interest, started from September 30, 2015. An amount of Tk. 3,54,35,386 shown under the head "Loans & Borrowing - Current Maturity " Note-20.

16.02 The loan of Tk. 3,95,85,000 was taken from United Commercial Bank, Foreign Exchange Branch, Dhaka against a Term Loan sanctioned for import of a Biological ETP Machinery. The rate of interest has been reduced to @10% per annum. The loan is payable by 54 monthly Installment of Tk. 9,82,825.02 each, including interest, starting from July 31, 2016. An amount of Tk. 1,00,39,710 shown under the head "Loans & Borrowing - Current Maturity " Note-20.

16.03 The loan of Tk. 44,66,34,850.50 was taken from United Commercial Bank, Foreign Exchange Branch, Dhaka against a Term Loan sanctioned for import of Capital Machinery. This Term Loan is secured by hypothecation of the machineries. The grace period of the loan is one year. The rate of interest has been reduced to @10% per annum. The loan is payable by 60 monthly Installment of Tk. 1,09,91,063 each, including interest, starting from May 31, 2016. An amount of Tk. 12,30,39,589 shown under the head "Loans & Borrowing - Current Maturity " Note-20.

16.04 These loans of Tk. 2,42,00,000 and Tk. 95,00,000 was taken from Bank Asia, Principal Office Branch, Dhaka against Term Loan sanctioned for installation of a ERP System. The rate of interest is @11% per annum of each. Both loans are payable by 36 monthly equal Installment.

| | | | |
|-----------|---|-------------------------------------|-------------------------------------|
| 17 | Lease - Net off Current Maturity | 30-06-2017 Amount in Taka | 30-06-2016 Amount in Taka |
|-----------|---|-------------------------------------|-------------------------------------|

The portion of Lease which is repayable within twelve months from the balance sheet date

Bank Asia - Transport Loan

5,319,842

-

18 Deferred Tax Liabilities/(Assets)

| | Carrying Amount in Balance Sheet | Tax Base | Taxable/(Deductible) Temporary Difference |
|---|-------------------------------------|----------------------|--|
| 30-Jun-17 | | | |
| Property, Plant and Equipment - assets | 2,246,565,805 | 1,890,735,567 | 355,830,238 |
| Intangible Assets (Computer Software) | 1,867,776 | - | 1,867,776 |
| Gratuity Provision | (37,674,248) | - | (37,674,248) |
| | <u>2,210,759,333</u> | <u>1,890,735,567</u> | <u>320,023,766</u> |
| Applicable rate | | | 15% |
| Deferred Tax Liability-(A) | | | <u>48,003,564</u> |
| 30-Jun-16 | | | |
| Property, Plant and Equipment | 468,461,327 | 130,400,748 | 338,060,579 |
| Intangible Assets (Computer Software) | 2,334,720 | - | 2,334,720 |
| Gratuity Provision | (32,673,956) | - | (32,673,956) |
| | <u>438,122,091</u> | <u>196,043,644</u> | <u>307,721,343</u> |
| Applicable rate | | | 15% |
| Deferred Tax Liability-(B) | | | <u>46,158,201</u> |
| Net increase/ (Decrease) in deferred tax liability (A-B) | | | <u>1,845,363</u> |

19 Provision for Gratuity:

| | | |
|-------------------------|--------------------------|--------------------------|
| Opening Balance | 32,673,956 | 29,673,039 |
| Provision for the year | 5,449,634 | 4,263,997 |
| Less : paid during year | (449,342) | (1,263,080) |
| | <u>37,674,248</u> | <u>32,673,956</u> |

| | | 30-06-2017 Amount in Taka | 30-06-2016 Amount in Taka |
|-----------|---|------------------------------|------------------------------|
| 20 | Loans & Borrowing - Current Maturity | | |
| | The portion of long term loans which is repayable within twelve months from the balance sheet date | | |
| | UCB Term loan - against acquisition of Property16.01 | 35,435,386 | 27,376,908 |
| | UCB Term loan - 01 16.02 | 10,039,710 | 7,071,671 |
| | UCB Term loan - 02 16.03 | 123,039,589 | 97,978,645 |
| | | 168,514,685 | 132,427,223 |
| 21 | Lease - Current Maturity | | |
| | The portion of Lease which is repayable within twelve months from the balance sheet date | | |
| | Bank Asia - Transport Loan | 3,386,009 | 450,178 |
| 22 | Short Term Loans & Borrowings | | |
| | Janata Bank Limited Limited - CCH | 21,237,760 | 20,838,323 |
| | Janata Bank Limited CC (Hypo) A/C# 0958 | 39,167,004 | 40,779,371 |
| | Janata Bank Limited CC (Pledge) A/C# 0966 | 61,245,013 | 52,349,393 |
| | Bank Asia Limited O/D A/C # 2721 | 30,694,224 | 840,929 |
| | United Commercial Bank Limited O/D | 80,385,601 | 11,160,024 |
| | United Commercial Bank Limited LTR A/C | - | 2,852,971 |
| | United Commercial Bank Limited - Bills Discounted | 98,288,416 | 48,463,500 |
| | Bank Asia Limited - Bill Discounted | 50,969,947 | 73,517,476 |
| | Bank Asia Limited PC A/C | 11,178,327 | 13,747,515 |
| | Bank Asia Limited LTR A/C | 25,306,809 | 6,592,617 |
| | Janata Bank Limited - Cash Incentive loan | 1,000,000 | 1,266,000 |
| | United Commercial Bank Limited - Cash Incentive loan | 1,384,571 | 1,868,765 |
| | Bank Asia Limited - Cash Incentive loan | 4,199,553 | 4,065,858 |
| | United Commercial Bank Limited - loan general | - | 8,790,776 |
| | United Commercial Bank Limited - STL | - | 5,112,549 |
| | Bank Asia Limited - Demand loan | 13,354,165 | - |
| | | 438,411,390 | 292,246,067 |
| | These loans are taken from various local banks mainly for the purpose of working capital financing. To secure these facilities the Company has mortgaged its property, plant and equipment and hypothecated its Stocks and Debtors to the relevant Banks and Financial Institutions. Other information shown in Annexure - E. | | |
| 23 | Trade Creditors | | |
| | Trade Creditors (Payable to Suppliers) | 21,526,458 | 21,923,420 |
| | BTB Liabilities to Banks | 60,354,323 | 108,093,726 |
| | | 81,880,781 | 130,017,146 |
| | For further details please refer to Annexure-C | | |
| i) | Trade Creditors under foreign currency has been presented in BDT and fluctuation loss has been charged to profit and loss account. | | |
| ii) | This represents amount payable to regular suppliers of raw materials, chemicals, packing materials etc. | | |
| iii) | All suppliers were paid on a regular basis. | | |
| iv) | It includes Tk.5,48,21,137 payable to HWML, a related party. | | |
| 24 | Other Payable | | |
| | Gas Bill | 15,290,873 | 11,820,195 |
| | Electricity Bill | 8,793,276 | 4,318,086 |
| | Salary - HO | 4,526,832 | 5,754,755 |
| | Salary - Factory | 16,116,906 | 13,659,045 |
| | Audit Fee | 350,000 | 150,000 |
| | Interest Payable 24.01 | 12,905,254 | 12,791,934 |

| | | 30-06-2017 | 30-06-2016 |
|---|-------|--------------------|--------------------|
| | | Amount in Taka | Amount in Taka |
| WPPF - Non-Current portion | 24.02 | 13,728,627 | 12,395,478 |
| WPPF - Current portion | 24.02 | 3,014,077 | 3,630,716 |
| Insurance Premium | | - | 6,641,420 |
| Contribution to Provident Fund | | 6,993,815 | 6,115,318 |
| Uncleared Share Application Account | | 4,823,250 | 6,760,944 |
| Uncleared Dividend Account | | 5,077,795 | 4,472,779 |
| Tax Deduction from Bills | | 680,248 | 8,650,953 |
| Tax Deducted from Gas bill | | 636,986 | 492,374 |
| Provision for doubtful Debts | | 4,468,207 | - |
| Bills Payable | | 14,260,487 | 8,338,617 |
| Security Deposit | | 3,900,000 | 3,900,000 |
| | | 115,566,633 | 109,892,615 |
| i) These payable were incurred from normal business operation and paid regularly. | | | |
| 24.01 Interest Payable | | | |
| UCB Term loan - against acquisition of Property | | 1,638,316 | 2,345,663 |
| UCB Term loan - 01 | | 90,559 | - |
| UCB Term loan - 02 | | 11,176,379 | 10,446,271 |
| | | 12,905,254 | 12,791,934 |
| 24.02 Provision for WPPF (Non-current portion): | | | |
| Opening Balance | | 12,395,478 | 10,789,584 |
| Provision for the year (5% of Net Profit before Tax) | | 4,347,226 | 5,236,610 |
| Less : Current Portion | | (3,014,077) | (3,630,716) |
| | | 13,728,627 | 12,395,478 |
| 25 Income Tax Provision | | | |
| Opening Balance | | 53,107,749 | 53,816,509 |
| Add : Provision made during the year | 25.01 | 13,041,678 | 15,709,829 |
| | | 66,149,427 | 69,526,338 |
| Less : Tax settled (2015-2016) | | (10,489,225) | (16,418,590) |
| Closing Balance | | 55,660,202 | 53,107,749 |
| 25.01 Income Tax Provision for the year | | | |
| Profit before income tax | | 86,944,522 | 104,732,197 |
| Income Tax provision for the year | | 13,041,678 | 15,709,829 |

| | | 2016-2017 Amount in Taka | 2015-2016 Amount in Taka |
|--------------|--|-----------------------------|-----------------------------|
| 26 | Revenue | | |
| | Sale of Fabrics | 384,710,915 | 657,511,526 |
| | Dyeing, Finishing & Processing charge | 904,338,548 | 681,924,503 |
| | Cash Subsidy | 28,822,747 | 27,664,379 |
| | Others Sales | 4,814,250 | 4,815,233 |
| | | 1,322,686,460 | 1,371,915,641 |
| 26.01 | Revenue in Foreign Currency | | |
| | Sale of Fabric in USD | \$ 5,234,603 | \$ 8,673,113 |
| 27 | Cost of Goods Sold | | |
| | Material Consumed | 27.01 141,220,161 | 218,910,092 |
| | Manufacturing Overhead | 27.02 770,896,206 | 728,036,793 |
| | Manufacturing costs for the year | 912,116,367 | 946,946,885 |
| | Add : Opening Stock of Work in Process | 95,810,438 | 126,233,390 |
| | | 1,007,926,805 | 1,073,180,275 |
| | Less : Closing Stock of Work in Process | 114,509,172 | 95,810,438 |
| | Cost of Goods Manufactured | 893,417,633 | 977,369,837 |
| | Add : Opening Stock of Finished Goods | 25,507,396 | 7,177,400 |
| | | 918,925,029 | 984,547,237 |
| | Less : Closing Stock of Finished Goods | 5,104,533 | 25,507,396 |
| | Cost of Goods Sold | 913,820,496 | 959,039,841 |
| 27.01 | Material Consumed : | | |
| | Opening Stock of Raw Materials | 141,663,207 | 131,166,191 |
| | Add : Purchase during the year | 162,788,815 | 229,407,108 |
| | | 304,452,022 | 360,573,299 |
| | Less : Closing Stock of Raw Materials | 163,231,861 | 141,663,207 |
| | Material Consumed | 141,220,161 | 218,910,092 |
| 27.02 | Manufacturing Overhead : | | |
| | Direct Labour | 205,441,501 | 166,854,225 |
| | Factory Overhead | 565,454,705 | 561,182,568 |
| | | 770,896,206 | 728,036,793 |
| | Direct Labour | | |
| | Wages | 194,694,853 | 156,824,409 |
| | Bonus | 10,746,648 | 10,029,816 |
| | | 205,441,501 | 166,854,225 |
| | Factory Overhead | | |
| | Dyes & Chemicals | | |
| | Opening Stock | 169,533,622 | 95,493,123 |
| | Add: Purchase during the year | 304,573,990 | 415,668,379 |
| | | 474,107,612 | 511,161,502 |
| | Less: Closing Stock | 153,271,823 | 169,533,622 |
| | Dyes & Chemicals Consumed | 320,835,789 | 341,627,881 |
| | Electricity Bill | 46,429,770 | 20,825,409 |
| | Gas Bill | 91,104,788 | 77,012,671 |
| | External Processing Cost | 14,186,411 | 9,292,441 |
| | Exchange Rate fluctuation (gain)/loss on BTB L/C | (488,508) | 29,904,729 |
| | Welfare Expenses | 4,569,982 | 5,046,036 |
| | Packing Materials | 6,583,510 | 8,716,828 |

| | 2016-2017 Amount in Taka | 2015-2016 Amount in Taka |
|---|-----------------------------|-----------------------------|
| Fuel & Vehicle maintenance | 2,204,577 | 7,247,406 |
| Water Treatment Expenses | 265,484 | 439,650 |
| Medical Expenses | 441,054 | 546,925 |
| Fuel, Oil & Lubricants | 4,079,612 | 2,794,476 |
| Repairs & Maintenance | 5,041,239 | 2,796,627 |
| Carrying & Handling | 1,583,781 | 803,156 |
| Spare Parts (Electrical & Mechanical) | 17,765,722 | 20,170,881 |
| Depreciation | 50,851,495 | 33,957,452 |
| | 565,454,705 | 561,182,568 |
| 28 Administrative Expenses | | |
| Directors Remuneration | 3,600,000 | 3,600,000 |
| Salary | 66,021,946 | 63,852,252 |
| Bonus | 3,402,989 | 4,633,602 |
| Printing & Stationery | 5,646,640 | 4,566,293 |
| Entertainment | 1,986,682 | 2,110,584 |
| Factory Insurance Premium | 5,202,192 | 3,695,099 |
| Group Insurance Premium | 597,164 | 501,418 |
| Establishment | 21,877,640 | 20,841,474 |
| Newspaper & Periodicals | 54,958 | 59,456 |
| Subscription & Donation | 1,530,390 | 1,388,765 |
| Rent, Rates & Taxes | 4,401,797 | 5,972,154 |
| Fuel | 3,132,248 | 1,072,561 |
| Travelling & Conveyance (Local) | 2,392,111 | 2,011,455 |
| Travelling & Conveyance (Foreign) | 1,748,685 | 2,328,611 |
| Medical Expenses | 107,460 | 266,840 |
| Gratuity | 5,449,634 | 4,263,997 |
| Vehicle Maintenance | 1,877,967 | 5,367,850 |
| Miscellaneous Expenses | 138,993 | 195,750 |
| Telephone | 3,582,931 | 2,666,175 |
| AGM Expenses | 1,368,482 | 1,138,450 |
| Board Meeting Fee | 96,000 | 220,000 |
| Legal Fees | 1,343,579 | 300,000 |
| Welfare Expenses | 1,544,270 | 1,110,905 |
| Utility Bills | 4,008,420 | 3,763,907 |
| Contribution to Provident Fund | 3,589,197 | 3,353,545 |
| Trade Promotion | 1,121,660 | 7,541,902 |
| Audit Fee | 200,000 | 150,000 |
| Guest House Expenses | 1,184,842 | 1,202,184 |
| Gardening | 240,210 | 186,359 |
| Postage & Parcel | 143,100 | 193,294 |
| Repairs & Maintenance | 1,551,282 | 2,313,024 |
| Amortization of Computer Software | 466,944 | 583,680 |
| Provision for doubtful Debts/Bad Debt written off | 4,468,207 | 3,562,612 |
| Depreciation | 19,518,135 | 11,499,610 |
| | 173,596,755 | 166,513,808 |
| 29 Selling and Distribution Expenses | | |
| Selling & distribution expenses | 8,875,586 | 17,903,050 |
| C & F expenses | 46,373 | 170,115 |
| Advertisement | 1,242,046 | 1,279,820 |
| Trade promotion expenses | 3,367,570 | 5,134,543 |
| Local carrying cost | 3,146,936 | 2,401,350 |
| | 16,678,511 | 26,888,878 |

| | | 2016-2017 Amount in Taka | 2015-2016 Amount in Taka |
|-----------|--|-----------------------------|-----------------------------|
| 30 | Financial Expenses | | |
| | Janata Bank | 16,744,654 | 16,744,918 |
| | Bank Asia | 18,414,911 | 22,324,705 |
| | Brac Bank | 1,250 | 43,810 |
| | UCBL | 19,157,826 | 19,657,230 |
| | Bank Charge & Commission | 3,955,546 | 4,782,784 |
| | Interest on Term loan | 73,683,779 | 65,315,066 |
| | | 131,957,966 | 128,868,513 |
| 31 | Contribution to WPPF | | |
| | This amount represents the provision @ 5% on the Profit Before Income Tax | 4,347,226 | 5,236,610 |
| 32 | Non-operating Income | | |
| | FDR Interest | 1,286,369 | 13,556,734 |
| | IPO Account Interest | 244,741 | 5,807,470 |
| | Gain/(Loss) on Disposal of Assets | 3,127,906 | - |
| | | 4,659,016 | 19,364,204 |
| 33 | Earnings Per Share (EPS) | | |
| | (a) Profit after tax | 72,057,481 | 92,146,149 |
| | (b) Weighted Average Numbers of Shares Outstanding | 91,057,313 | 91,057,312 |
| | Basic EPS (a/b) | 0.79 | 1.01 |
| | Diluted EPS | 0.79 | 1.01 |
| 34 | Net Assets Value Per Share | | |
| | (a) Shareholders' Equity | 3,466,367,994 | 3,460,749,290 |
| | (b) Share outstanding | 91,057,312 | 91,057,312 |
| | Net Assets Value Per Share (a/b) | 38.07 | 38.01 |

35 Related Party Transaction

List of related parties with whom transactions have taken place and their relationship as identified and certified by Management is as under:

| Name of Party | Name of the Common Directors | Relationship | Nature of transaction | Amount as on 01-07-2016 | Transaction during the Year | | Balance as on 30-06-2017 |
|-------------------------------|--------------------------------|------------------|---------------------------|-------------------------|-----------------------------|-------------|--------------------------|
| | | | | | Addition | Adjustment | |
| Hamid Weaving Mills Limited | 1) Mr. Abdullah Al Mahmud | Common Directors | Trade Debtors | 262,985,469 | 437,763,469 | 471,491,571 | 229,257,367 |
| | 2) Mr. A. H. M. Mozammel Hoque | | | | | | |
| | 3) Ms. Nusrat Mahmud | | | | | | |
| | 4) Mrs. Salina Mahmud | | | | | | |
| | 5) Ms. Nabila Mahmud | | | | | | |
| Tazrian Weaving Mills Limited | 1) Mr. Abdullah Al Mahmud | Common Directors | Trade Debtors | 76,218,107 | 351,950,786 | 321,332,315 | 106,836,578 |
| | 2) Mr. A. H. M. Mozammel Hoque | | | | | | |
| | 3) Ms. Nusrat Mahmud | | | | | | |
| | 4) Mrs. Salina Mahmud | | | | | | |
| | 5) Ms. Nabila Mahmud | | | | | | |
| Crystal Insurance Co. Limited | 1) Mr. Abdullah Al Mahmud | Common Directors | Insurance Premium Payable | (6,641,420) | 8,475,299 | 15,116,719 | - |
| | 2) Mr. A. H. M. Mozammel Hoque | | | | | | |
| | 3) Ms. Farhana Danish | | | | | | |
| Mr. Abdullah Al-Mahmud | | Director | Remuneration | | 3,600,000 | | |

36 Contingent Liabilities

This has been considered as per IAS 37-"Provisions, Contingent liabilities, and contingent assets". As on 30 June 2017 following dues revealed as contingent liability of the company.

| Particulars | Amount (BDT) |
|------------------|--------------|
| Letter of Credit | 270,620,000 |
| Bank Guarantee | 7,384,000 |

37 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

The Company management 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 analyze 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 above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

37.1 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.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of the customers. Receivables are normally paid within very short time from when they are invoiced and credit risk from these receivables is very minimal.

The Company generally does not sell goods other than Export L/C confirmed by concerned Banks being a deemed exporter.

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

(a) 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:

| | June 30, 2017 Amount in Taka | June 30, 2016 Amount in Taka |
|--------------------------|---------------------------------|---------------------------------|
| Trade receivables | 420,873,153 | 554,883,698 |
| Intercompany receivables | 336,093,946 | 339,203,576 |
| | 756,967,099 | 894,087,274 |

Intercompany receivable is also through L/C confirmed by respective Banks.

(b) Ageing of receivables

The ageing of trade receivables and intercompany receivables at the end of the reporting period were:

(i) The ageing of trade receivable as at the date of the statement of financial position was:

| | | |
|----------------------------|--------------------|--------------------|
| Invoiced 0-30 days | 30,575,071 | 2,944,357 |
| Invoiced 31-60 days | 84,057,682 | 91,328,694 |
| Invoiced 61 days and above | 306,240,400 | 460,610,647 |
| | 420,873,153 | 554,883,698 |

| | June 30, 2017 Amount in Taka | June 30, 2016 Amount in Taka |
|---|---------------------------------|---------------------------------|
| (ii) The ageing of intercompany receivable as at the statement of financial position was: | | |
| Invoiced 0-30 days | 44,755,676 | 44,699,897 |
| Invoiced 31-60 days | 64,298,393 | 34,887,582 |
| Invoiced 61 days and above | 227,039,877 | 259,616,097 |
| | 336,093,946 | 339,203,576 |

The Company's export L/C is made for 04 months credit period.

37.2 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 to 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 obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

37.3 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. As stated earlier, 100% of the Company's sales revenue and substantial part of payments are denominated in USD, creating natural hedge in foreign exchange risk exposure.

| Particulars | Amount (BDT) |
|---------------------------------------|--------------|
| Value of import:- | |
| Raw materials | 466,907,713 |
| Spare parts | 7,683,802 |
| Capital Machinery Work-in-progress | 224,568,145 |
| Foreign Travel for Company's Business | 3,688,630 |

38 Capacity Utilisation

| Particulars | Unit | Installed Capacity | Utilisation during the period | % of Utilisation | Over/(Under) utilisation |
|--------------|-------|--------------------|-------------------------------|------------------|--------------------------|
| Woven Fabric | Yards | 21,600,000 | 19,251,975 | 89.13% | (2,348,025) |
| *Gray Fabric | Yards | 8,928,000 | 2,372,070 | 26.57% | (6,555,930) |
| *Yarn Dye | Kgs. | 2,737,500 | 484,925 | 17.71% | (2,252,575) |

*Partly utilised

39 Payments/ Perquisites to Directors/Officers

No director gets any remuneration from the Company other than Managing Director Mr. Abdullah Al Mahmud. The amount of his remuneration is Tk. 36,00,000 per year.

The number of staff and their drawing criteria mentioned below:

| | 30-06-2017 | 30-06-2016 |
|--|--------------|------------|
| Number of staff drawing Tk 36,000 and above per year | 1,098 | 972 |
| Number of staff drawing below Tk 36,000 per year | - | - |
| Total number of staff | 1,098 | 972 |

40 Post Balance Sheet Events

The Board of Directors of the Company in its meeting dated 21-10-2017 recommended 15% Cash Dividend for General Shareholders only (other than Sponsors/Directors) for the year 2016-2017.

41 Status of Tax Assessment

Tax assessment of the company has been completed up to the Assessment Year 2016-2017 and all tax liabilities have been settled out in full.

42 General

i. Figures in the notes and annexed financial statements have been rounded off to the nearest taka.

ii. These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

iii. Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statement for the current year.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Hamid Fabrics Ltd.
Schedule of Property, Plant & Equipment
As on June 30, 2017

Annexure-A

| Sl. No | Particulars | Cost | | | | Dep. Rate | Depreciation | | | | W.D.V as on 30.06.2017 |
|---------------------------------|----------------------------------|--|----------------------------|---|------------------------|-----------|--------------------------|-----------------------|-------------------------|------------------------|------------------------|
| | | Balance as on 01.07.2016 (Acquisition Cost/Revised Amount) | Addition/during the period | Disposal/Capitalisation during the period | Total as on 30.06.2017 | | Balance as on 01.07.2016 | Charge for the period | Adjustment for Disposal | Total as on 30.06.2017 | |
| 01 | Land & Land Development** | 855,544,891 | 165,000 | | 855,709,891 | - | - | - | - | - | 855,709,891 |
| 02 | Building & Construction** | 278,951,906 | 465,004,129 | | 743,956,035 | 5% | 51,523,077 | 16,506,518 | - | 68,029,595 | 675,926,440 |
| 03 | Plant & Machinery | 854,465,706 | 1,217,295,266 | (5,541,720) | 2,066,219,252 | 5% | 372,349,055 | 28,829,386 | (3,219,626) | 397,958,814 | 1,668,260,438 |
| 04 | Vehicles | 26,631,929 | 4,656,647 | | 31,288,576 | 20% | 20,386,320 | 2,075,208 | | 22,461,528 | 8,827,048 |
| 05 | Electrical Installation | 46,044,964 | 95,328,731 | | 141,373,695 | 10% | 33,430,844 | 10,141,349 | | 43,572,193 | 97,801,502 |
| 06 | Gas Line Installation | 61,442,016 | - | | 61,442,016 | 10% | 44,056,691 | 1,738,533 | | 45,795,223 | 15,646,793 |
| 07 | Office Equipment | 30,760,239 | 46,506,104 | | 77,266,343 | 15% | 17,888,832 | 8,308,397 | | 26,197,229 | 51,069,114 |
| 08 | Furniture & Fixtures | 23,759,449 | 2,923,516 | | 26,682,965 | 15% | 11,706,237 | 2,113,539 | | 13,819,775 | 12,863,190 |
| | Sub-total | 2,177,601,100 | 1,831,879,393 | (5,541,720) | 4,003,938,773 | | 551,341,055 | 69,712,929 | (3,219,626) | 617,834,359 | 3,386,104,414 |
| Leasehold Assets | | | | | | | | | | | |
| 01 | Vehicles | - | 13,519,178 | - | 13,519,178 | 20% | - | 656,700 | | 656,700 | 12,862,478 |
| Capital Work in Progress | | | | | | | | | | | |
| 01 | Building & Construction** | 349,023,045 | 125,301,987 | (464,863,129) | 9,461,903 | 0% | | | | | 9,461,903 |
| 02 | Plant & Machinery | 1,264,606,913 | 108,623,164 | (1,359,122,062) | 14,108,015 | 0% | | | | | 14,108,015 |
| | Sub-total | 1,613,629,958 | 233,925,151 | (1,823,985,191) | 23,569,918 | - | - | - | - | - | 23,569,918 |
| | Grand Total at 30-06-2017 | 3,791,231,058 | 2,079,323,722 | (1,829,526,911) | 4,041,027,869 | - | 551,341,055 | 70,369,629 | (3,219,626) | 618,491,059 | 3,422,536,810 |
| | Grand Total at 30-06-2016 | 2,570,114,827 | 1,221,116,231 | - | 3,791,231,058 | - | 505,883,994 | 45,457,062 | - | 551,341,055 | 3,239,890,003 |

Allocation of Depreciation:

| | |
|-------------------------|-------------------------|
| | Depreciation Tk. |
| Cost of Production | 50,851,495 |
| Administrative Expenses | 19,518,134 |
| Total | 70,369,629 |

As per Revaluation the cost of Land & Land Development includes Tk. 558,463,171 as Revaluation Gain and Cost of Building & Constructions includes Tk.176,456,986 against which, so far, Tk. 55,535,458 has been charged as Depreciation.

The aforesaid assets of the Company are mortgaged with various banks and financial institutions to secure different current and long-term loans and borrowings.

Hamid Fabrics Limited
List of Trade Debtors

| | 30-06-2017 Amount in Taka | Annexure- B 30-06-2016 Amount in Taka |
|-----------------------------------|--|--|
| A. K. M. Knit Wear Ltd. | 39,489,847 | 68,359,264 |
| Aman Graphics & Designs Ltd. | 5,995,108 | 5,281,689 |
| Aman Knittings Ltd | 87,188 | 87,188 |
| Amichi Apparels Ltd | - | 9,554,369 |
| Atlantic Garments Ltd. | 1,649,703 | - |
| Babylon Casual Wear Ltd. | 7,951,015 | 17,010,726 |
| Centex Textile & Apparels. | 1,546,174 | 1,546,175 |
| Dhaka Hongkong | 1,855,035 | 1,855,035 |
| Experience Clothing Co. Ltd. | 1,779,073 | 1,779,074 |
| Farkan Tex Ltd. | 1,659,786 | 1,659,786 |
| Global Fashion Garments Limited | - | 4,082,728 |
| Global Outerwear Ltd. | - | 6,864,836 |
| Global Trousers Ltd. | - | 2,843,453 |
| Hamid Weaving Mills Ltd. | 229,257,367 | 262,985,469 |
| Hong-Kong Fashion Ltd. | - | 4,708,955 |
| Interco Design Ltd. | 8,246,223 | 8,118,635 |
| Intraco Fashion Ltd. | 1,383,755 | - |
| Islam Garments Ltd. | - | 3,201,255 |
| Jeans Manufacturing Co Ltd. | 3,760,577 | 3,760,577 |
| Kanpark Bangladesh App.(Pvt) Ltd. | 5,636,924 | 5,636,924 |
| Kims Corporation Ltd. | - | 2,510,000 |
| Liberty Fashion Ltd. | - | 11,415,418 |
| Multi Safh Bags Ltd. | 1,522,549 | 13,774,877 |
| Opex Garments Ltd. | 67,842,426 | - |
| Peninsula Garments Ltd. | - | 17,491,289 |
| Pioneer Apparels Ltd. | 1,691,492 | - |
| Russel Garments Ltd. | 125,377 | - |
| S. F. Denim Apparels Ltd. | - | 2,635,642 |
| Sajib Fashion Wear Ltd | - | 8,888,086 |
| Sams Attire Ltd. | 1,193,400 | - |
| Sharmin Apparels Ltd. | 16,542,006 | 51,439,054 |
| Simba Fashion Ltd. | - | 8,202,826 |
| Smart Jeans Ltd. | 25,520 | 7,782,370 |
| Tazrian Weaving Mills Ltd. | 106,836,578 | 76,218,107 |
| That'S It Sportswear Ltd. | 112,541,093 | 111,977,227 |
| Tiffany,S Wear Ltd. | 11,371,488 | 11,371,488 |
| United Apparels Industry Ltd. | 2,474,345 | 2,644,697 |
| AKR Fashion Ltd | 2,043,709 | 3,487,459 |
| Dada (Dhaka) Ltd. | 6,484,956 | 4,577,182 |
| Regency Three Ltd. | 4,765,183 | 9,530,367 |
| Radission Apparels Ltd. | 5,255,465 | 8,471,764 |
| Tarasima Apparels Ltd. | 9,856,452 | 22,142,266 |
| Tusuka Trousers Ltd. | - | 8,777,418 |
| Ananta Apparels Ltd. | 22,658,123 | 86,401,609 |
| Sterling Creation Ltd. | 7,945,832 | 15,011,990 |
| Arunima Apparels Ltd. | 9,905,906 | - |

Hamid Fabrics Limited **List of Trade Debtors**

| | 30-06-2017 <u>Amount in Taka</u> | 30-06-2016 <u>Amount in Taka</u> |
|---------------------------------|--|--|
| Jeacon Garment Ltd. | 524,570 | - |
| Panaroma App. Ltd. | 9,327,095 | - |
| TRZ Garments Industry Ltd. | 5,289,429 | - |
| Needle Work Ltd | 2,987,876 | - |
| Polestar Fashion Design Limited | 918,216 | - |
| Tasniah Fabrics Ltd. | 1,557,883 | - |
| Aswad Compositemills Ltd | 5,569,983 | - |
| Dird Compositemills Ltd | 4,193,186 | - |
| Masco Industries Ltd | 906,980 | - |
| Thermax Yarn Dyed Fabrics Ltd. | 22,906,851 | - |
| Concept Knitting Ltd. | 536,764 | - |
| Zaheen Knitwear Ltd. | 776,151 | - |
| Shanta Expressions Ltd. | 92,441 | - |
| Total | 756,967,099 | 894,087,274 |

Hamid Fabrics Limited
List of Trade Creditors

Annexure- C

| | 30-06-2017 Amount in Taka | 30-06-2016 Amount in Taka |
|--|--|--|
| Trade Creditors (Payable to Suppliers): | | |
| S S Enterprise | 399,457 | 399,457 |
| Gaowsia Trading | 617,690 | 999,348 |
| Libin poribahan sangsta | - | 276,000 |
| The Portland carrier | 588,000 | 588,000 |
| M. Shaheen & Co. Ltd | 35,555 | 35,555 |
| The Nizampur Agency | 344,826 | 358,500 |
| Al Helal transport Agency | 214,512 | 401,241 |
| Anowara Logistics | 475,580 | 15,000 |
| Safe Express | 132,914 | - |
| Kalkini Commercial Pvt Ltd | 136,568 | - |
| Xplore Enterprise | 2,550 | - |
| Emon/Harun Paper Tube | 2,051,065 | 1,631,383 |
| Gaowsia Trading | 1,632,547 | 1,820,078 |
| Libin poribahan sangsta | 100,300 | 235,300 |
| M. Shaheen & Co. Ltd | 2,791 | 2,791 |
| Al Helal transport Agency | 230,448 | 590,507 |
| Anowara Logistics | 721,960 | 193,700 |
| N.P. Chemical | 8,987,057 | 9,179,699 |
| Safe Express | 119,322 | 50,943 |
| The Nizampur Agency | 877,693 | 989,106 |
| The Portland carrier | 332,500 | 832,500 |
| Samuda Chemical complex | 605,405 | 1,250,262 |
| Taxsource international | 2,700,827 | 1,549,900 |
| E TEC Ltd | - | 355,750 |
| Sparkle colors | 168,400 | 168,400 |
| Kalkini Commercial Pvt Ltd | 48,491 | - |
| Total | 21,526,458 | 21,923,420 |
| BTB Liabilities to Banks: | | |
| Janata Bank Limited | 29,545,298 | - |
| Bank Asia Limited | 13,671,836 | 36,898,448 |
| United Commercial Bank Limited | 13,889,374 | 71,195,278 |
| Brac Bank Limited | 3,247,815 | |
| Total | 60,354,323 | 108,093,726 |

Hamid Fabrics Ltd.
Itemwise Quantity and Value of Inventory
As on June 30, 2017

Annexure - D

| Items Name | Opening as on 01 July, 2016 | | Purchase/Production | | Consumption/Sales | | Closing as on 30 June, 2017 | |
|-------------------------|-----------------------------|--------------------|---------------------|--------------------|-------------------|--------------------|-----------------------------|--------------------|
| | Quantity | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| Yarn (Kgs) | 393,992 | 65,222,763 | 679,391 | 162,333,723 | 782,783 | 157,397,121 | 290,600 | 70,159,365 |
| Gray Fabrics (Yrds) | 1,206,519 | 170,219,211 | 2,372,070 | - | 2,203,241 | - | 1,375,348 | 207,581,667 |
| Finished Fabrics (Yrds) | 191,073 | 25,507,396 | 2,051,463 | 364,308,053 | 2,213,132 | 384,710,915 | 29,404 | 5,104,534 |
| Total | | 260,949,370 | | 526,641,776 | | 542,108,036 | | 282,845,566 |

Note:

1. The Management certified that all stocks are in good condition and does not include any wastage & defective materials.
2. The Management carried out physical verification of stock as on the close of the year and found right in terms of quality and weight.

Hamid Fabrics Ltd.
The Loan and Security details of the Bank facilities
As on June 30, 2017

Annexure- E

| Name of Bank | Limit (in Million Taka) | | | | | | | | | Nature of Securities |
|------------------------|---------------------------|----------------|-----------------|-----------------|----------------|-------------------------|-----------------------------|-------------------|----------------|---|
| | Letter of Credit | Overdraft (OD) | Cash Credit (H) | Cash Credit (P) | Cash Incentive | Bill Purchase/ Discount | Loan Against Trust Receipts | Secured Overdraft | Packing Credit | |
| Janata Bank | 289.60 | - | 70.60 | 60.00 | - | - | - | - | - | Export L/C, Directors' Personal Guarantee, Hypothecation & Pledge of Imported materials, FDR Lien |
| Rate of Interest | | | 13.50% | 13.50% | | | | | | |
| Renewal date | 30/06/2017 and 30/09/2017 | | | | | | | | | |
| Bank Asia | 645.50 | 30.00 | - | - | 5.00 | 250.00 | 81.00 | - | 40.00 | Export L/C, Directors' Personal Guarantee, Hypothecation of fixed and floating assets |
| Rate of Interest | | 10.50% | | | 10.50% | 10.50% | 10.50% | | 7% | |
| Renewal date | September 30, 2017 | | | | | | | | | |
| United Commercial Bank | 400.00 | 50.00 | - | - | 5.00 | 250.00 | 63.00 | | - | Corporate Guarantee of Sister Concern, Directors' Personal Guarantee, Mortgage of 22,200 sq ft Commercial, Hypothecation of fixed and floating assets |
| Rate of Interest | | 10% | | | 10% | 10% | 10% | | | |
| Renewal date | October 2017 | | | | | | | | | |



HAMID FABRICS LIMITED

Hamid Tower (5th & 6th Floor), 24, Gulshan C/A, Circle-2, Dhaka-1212.
Phone : (+8802) 8834564-5, 8834104, 9894589, 58814775, 8833549, Fax : (+8802) 58813077
Email: info@mahingroup.com, Web site: www.mahingroup.com

PROXY FORM

I/We _____
of _____

being a member of **Hamid Fabrics Limited** do hereby appoint

Mr. /Ms. _____
of _____

as my/our proxy, to vote for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held on Wednesday, December 27, 2017 at 11:00 a.m. at Trust Milonayaton, 545 Old Airport Road, Dhaka.

Signed this _____ day of _____ 2017

Signature of Shareholder _____

Signature of Proxy _____

Revenue
Stamp
TK 20/-

Folio/BO ID No _____

No. of Shares _____

Note :

- (1) This Form of Proxy, duly completed, 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.
- (2) Signature of the Shareholder must agree with the specimen Signature registered with the Company and depository register.



HAMID FABRICS LIMITED

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Email: info@mahingroup.com, Web site: www.mahingroup.com

ATTENDANCE SLIP

I hereby record my attendance at the Twenty Third Annual General Meeting of the Company being held on Wednesday, December 27, 2017 at 11:00 a.m. at Trust Milonayaton, 545 Old Airport Road, Dhaka.

Name of Member/Proxy _____ Signature _____

Folio/BO ID No. _____ Date _____

- Note :**
- i) Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall.
 - ii) Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.

In compliance with the Bangladesh Securities and Exchange Commission's Circular No.SEC/SRMI/2000-953/1950 dated 24 October 2000; no Gift/Gift Coupon/Food Box shall be distributed at the 23rd AGM.