

KDS ACCESSORIES LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Correspondent Firm to **Deloitte Touche Tohmatsu**

AUDITORS' REPORT TO THE SHAREHOLDERS OF KDS ACCESSORIES LIMITED

We have audited the accompanying financial statements of **KDS ACCESSORIES LIMITED**, which comprises the statement of financial position as at 31 December 2010 and the related statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

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 (BFRS), the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 31 December 2010 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by KDS Accessories Limited so far as it appeared from our examination of those books;
- (iii) The Company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.

Chittagong, 18 May 2011

Hoda Vasi Chowdhury

Chartered Accountants

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**KDS ACCESSORIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Notes	2010 Taka	2009 Taka
ASSETS & PROPERTIES			
NON CURRENT ASSETS & PROPERTIES			
		476,036,749	425,155,425
Property, Plant & Equipment	3.1	427,870,483	418,655,425
Capital Work-in-Progress	4	27,666,266	-
Investments	5	20,500,000	6,500,000
CURRENT ASSETS & PROPERTIES			
		797,594,212	476,852,967
Advances, Deposits & Prepayments	6	8,200,730	3,903,409
Inventory	7	376,434,553	199,998,285
Trade Receivables	8	374,221,543	242,050,568
Due from Affiliated Companies	9	2,355,888	-
Cash & Bank Balances	10	36,381,498	30,900,705
TOTAL ASSETS & PROPERTIES	Taka	1,273,630,961	902,008,392
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY			
		301,540,339	218,999,617
Share Capital	11.2	126,060,000	21,010,000
General Reserve		-	4,609,646
Retained Earnings		175,480,339	193,379,971
NON CURRENT LIABILITIES			
		57,567,630	74,090,085
Long Term Loan	12	57,567,630	74,090,085
CURRENT LIABILITIES AND PROVISIONS			
		914,522,992	608,918,690
Current portion of Long Term Loan	12	35,003,436	35,003,436
Short Term Loan	13	811,943,869	522,136,826
Creditors & Accruals	14	21,279,632	9,375,305
Provision for Taxation	15	46,296,055	42,403,124
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	Taka	1,273,630,961	902,008,392
CONTINGENT LIABILITIES AND COMMITMENTS			
	16		
NET ASSET VALUE PER SHARE	23	23.92	1,042.36

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 3 May 2011
and were signed on its behalf by :


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong, 18 May 2011


Hoda Vasi Chowdhury
CHARTERED ACCOUNTANTS



**KDS ACCESSORIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 Taka	2009 Taka
Net Turnover	17	950,564,234	753,148,528
Cost of Sales	18	(761,451,388)	(602,537,810)
Gross Profit/ (Loss)		189,112,846	150,610,718
Operating expenses			
Administrative Expenses	19	(33,023,909)	(29,893,889)
Selling & Distribution Expenses	20	(13,743,375)	(9,312,304)
		(46,767,284)	(39,206,193)
Trading profit		142,345,562	111,404,525
Financial Expenses	21	(36,596,193)	(11,411,414)
Profit before contribution to WPP & WF		105,749,369	99,993,111
Contribution to WPP & WF @ 5%		(5,287,468)	-
Gross operating income		100,461,901	99,993,111
Non-Operating Income	22	1,464,684	651,262
Profit before Income Tax		101,926,585	100,644,373
Provision for Income Tax	15	(19,385,863)	(18,992,932)
Profit after Tax		82,540,722	81,651,441
Unappropriated profit brought forward		193,379,971	111,728,530
Profit available for appropriation		275,920,693	193,379,971
Appropriations:			
Bonus share issue @ 500%		105,050,000	-
Transfer from General Reserve		(4,609,646)	-
		100,440,354	-
Unappropriated profit carried forward		175,480,339	193,379,971
		275,920,693	193,379,971
Earning per share (Basic)	24.1	6.55	388.63
Earning per share (Adjusted)	24.2	6.55	6.48

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on **3 May** 2011
and were signed on its behalf by :


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong, **18 May** 2011


Hoda Vasi Chowdhury
CHARTERED ACCOUNTANTS



**KDS ACCESSORIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 Taka	2009 Taka
Net Profit before tax		101,926,585	100,644,373
Adjustments for non-cash items:			
Depreciation	3.2	27,395,220	46,129,045
		129,321,805	146,773,418
(Increase)/decrease in current assets:			
Advance, Deposits & Prepayments	6	(4,297,321)	(2,362,273)
Inventories	7	(176,436,269)	(82,788,907)
Trade receivables	8	(132,170,975)	(90,500,194)
Due from Affiliated Companies	9	(2,355,888)	-
		(315,260,453)	(175,651,374)
Increase/(decrease) in current liabilities			
Short term loan	13	289,807,043	198,541,392
Creditors & Accruals	14	11,904,327	6,411,443
Due to Affiliated Companies		-	(27,622,298)
		301,711,371	177,330,537
Income tax paid	15	(15,492,932)	-
CASH FLOW FROM OPERATING ACTIVITIES		100,279,791	148,452,581
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	3	(36,610,277)	(323,464,711)
Capital work-in-progress	4.1	(27,666,266)	248,466,885
Increase in investment	5	(14,000,000)	-
Net cash inflow / (outflow) from Investing Activities		(78,276,543)	(74,997,826)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan (refunded)/received	12	(16,522,455)	(50,984,787)
Net cash inflow / (outflow) from Financing Activities		(16,522,455)	(50,984,787)
Net increase in cash & cash equivalents		5,480,793	22,469,968
Cash and cash equivalents at the beginning		30,900,705	8,430,737
Cash and cash equivalents at the end		36,381,498	30,900,705
OPERATING CASH FLOW PER SHARE	25	7.95	706.58

These financial statements should be read in conjunction with the annexed notes and were approved by the Board of Directors on **3 May** 2011 and were signed on its behalf by :


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong, **18 May** 2011


Hoda Vasi Chowdhury & Co
CHARTERED ACCOUNTANTS



**KDS ACCESSORIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

Particulars	Amount in Taka			
	Share Capital	General Reserve	Retained Earnings	Total Equity
Balance as on 01 January 2009	21,010,000	4,609,646	111,728,530	137,348,176
Net profit (after tax) transferred from I/S	-	-	81,651,441	81,651,441
Bonus share Issue	-	-	-	-
Adjustment of general reserve	-	-	-	-
	-	-	81,651,441	81,651,441
Balance as at 31 December 2009	21,010,000	4,609,646	193,379,971	218,999,617
Balance as on 01 January 2010	21,010,000	4,609,646	193,379,971	218,999,617
Net profit (after tax) transferred from I/S	-	-	82,540,722	82,540,722
Bonus share Issue	105,050,000	-	(105,050,000)	-
Adjustment of general reserve	-	(4,609,646)	4,609,646	-
	105,050,000	(4,609,646)	(17,899,632)	82,540,722
Balance as at 31 December 2010	126,060,000	-	175,480,339	301,540,339

These financial statements should be read in conjunction with the annexed notes
AUDITORS' REPORT TO THE SHAREHOLDERS

See annexed report *Hudco*



COMPANY SECRETARY



DIRECTOR



MANAGING DIRECTOR

**KDS ACCESSORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1 THE COMPANY & IT'S OPERATIONS

KDS Accessories Limited (formerly KDS Packaging Industries Ltd.) was incorporated on 21 April 1991 as a private limited company by shares (Registration no- C-H-C-862/154 of 1991) under Companies Act 1913 with the Registrar of Joint Stock Companies & Firms, Chittagong. The Company commenced its commercial production on 1 July 1991. The principal activities of the Company are printing and producing different types of corrugated boxes and other packaging materials and marketing thereof. Its Head Office is located at 255, Nasirabad I/A, Chittagong and factory is located at 191-192 Baizid Bostami Road, Nasirabad I/A, Chittagong and the Company established its 2nd unit at Mirzapur, Gazipur at Dhaka in the year 2009. The name KDS Packaging Industries Ltd. was changed to KDS Accessories Limited pursuant to the Special Resolution in the Extra Ordinary General Meeting held on 22.04.10. The change of name was certified by the Registrar of Joint Stock Companies & Firms on 11.05.10 pursuant to the provision of section 11, sub-section (7) of the Companies Act 1994 (Act XVIII of 1994). The company refixed the face value of its shares from Tk 100 to Tk 10 each and enhanced its Authorized Share Capital from Tk 200,000,000 to Tk 2,000,000,000 with approval of the shareholders through an Extra-Ordinary General Meeting held on 10 August 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION POLICIES

2.1 Basis of preparation and presentation of the financial statements

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987 and International Accounting Standard (IAS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standard (BFRS). The Board of Directors is responsible for preparing and presenting the financial statement including adequate disclosures. The statement of financial position and statement of comprehensive income have been prepared according to BAS 1 "Presentation of Financial Statement" based on accrual basis of accounting following going concern assumption and statement of cash flow according to BAS 7 "Cash Flow Statement".

2.2 Accounting convention and assumption

The financial statements are prepared under the historical cost convention method.

2.3 Principal accounting policies

The specific accounting policies have been selected and applied by the Company's management for significant transactions and events that have a material effect within the Framework for the Preparation and Presentation of Financial Statements. Financial Statements have been prepared and presented in compliance with BAS 1 "Preparation of Financial Statements". The previous year's figures were prepared according to the same accounting principles.

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2.4 Application of Standards

The following BAS are applied to the financial statements for the year under review:

BAS 1	Presentation of Financial Statements
BAS 2	Inventories
BAS 7	Cash Flow Statements
BAS 8	Accounting policies, changes in accounting estimates and errors
BAS 10	Events after the Balance Sheet date
BAS 12	Income Taxes
BAS 16	Property, Plant & Equipment
BAS 17	Leases
BAS 18	Revenue Recognition
BAS 23	Borrowing Costs
BAS 24	Related Party Transaction
BAS 28	Investments in Associates
BAS 33	Earnings Per Share
BAS 37	Provisions, Contingent Liabilities and Contingent Assets

2.5 Property, Plant & Equipment

Property, Plant & Equipment are accounted for according to BAS 16 "Property, Plant and Equipment" at historical cost less cumulative depreciation and the capital work-in-progress (when arises) is stated at cost. All assets are depreciated/amortized according to the diminishing balance method. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and it is recognized as non-operating income/ loss.

2.6 Depreciation of the fixed assets

Depreciation is provided on a diminishing balance method at the annual rate(s) shown below

<u>Category</u>	<u>Rate %</u>
Land & Land development	Nil
Administrative Building	5
Factory Building	5 (Till 2009: 15%)
Plant and Machinery	7 (Till 2009: 10%)
Furniture and Fixture	10
Electric Installation	15
Motor Vehicles	15 (Till 2009: 20%)
Office Equipment	10
Computer & Software	20

Full year's depreciation is charged on the assets acquired during the period irrespective of the date of acquisition and no depreciation is charged in the year of disposal/deletion.

2.7 Investment

This is valued at cost. Market value or intrinsic value of shares was not considered.

2.8 Valuation of Inventories

Inventories are valued according to the basis given below

<u>Category</u>	<u>Basis of valuation</u>
Raw & Packing Materials	Average Cost
Finished Goods	Cost or NRV whichever is lower
Goods-in-transit	At Cost
Stores and spares	Average Cost

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2.9 Cash and cash equivalents

Cash in hand and cash at banks have been considered as the cash and cash equivalents for preparation of these financial statements as there was insignificant risk of changes in value of these current assets.

2.10 Creditors and Accruals

2.10.1 Trade and Other Payable

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Company, whether or not billed by the suppliers.

2.10.2 Provision

The preparation of financial statements is in conformity with Bangladesh Accounting Standards (BAS) 37 "Provisions, contingent liabilities and contingent assets" requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities during and at the date of financial statements.

In accordance with the guidelines as prescribed by BAS 37 provisions were recognized in the following situation:

- When the company has a present obligation as a result of past events;
- When it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

We have shown the provisions in the balance sheet at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represented the best estimate of the probable expenditure required to fulfill the current obligation on the balance sheet date.

Other provisions are valued at in accordance with BAS 37 Provisions, Contingent Liabilities and Contingent Assets. Other provisions comprise all realizable risks from uncertain liabilities and anticipated losses from pending transactions.

2.11 Taxation

As per 6th schedule Part A Para 28 of Income Tax Ordinance, 1984 provision for income has been made at the rate of 37.5% after deducting 50% of income as export rebate

2.12 Contingent liabilities and assets

Contingent liabilities are current or possible obligations, 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. In accordance with BAS 37 Provisions, Contingent Liabilities and Contingent Assets are disclosed in note - 16 of the financial statements.

2.13 Foreign Currency Translation

2.13.1 The items in foreign currencies are translated & recorded in Taka currency at the rate of exchange ruling on the relevant date.

2.13.2 Monetary assets or liabilities in terms of foreign currency are translated into local currency at the rate ruling on the date of balance sheet.

2.14 Revenue

In compliance with the requirements of BAS 18 "Revenue", revenue is recognized only when:

- The products are invoiced and dispatched to the customers;

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- Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest rate applicable.

2.15 Workers' profit participation & welfare funds

The Company maintains a Worker's profit participation & welfare fund as per the requirement of The Companies Profit (worker's participation) (amendment) ordinance 1985 & Labour Act 2006.

2.16 Statement of Cash flow

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

2.17 Earning per share

The Company calculates Earning Per Share (EPS) in accordance with BAS 33 "Earning Per Share" which has been shown on the face of Profit and Loss Account and the computation of EPS is stated in note - 24 of the financial statements.

2.17.1 Basic earnings

The Company calculates earnings for the year attributable of the ordinary shareholders. As there is no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to ordinary shareholders.

2.17.2 Basic earning per share

This has been calculated by dividing the basic earnings by the total number of ordinary shares outstanding during the year.

2.17.3 Diluted earning per share

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

2.17.4 Adjusted earning per share

Since the bonus issue is an issue without consideration, the issue is treated as if it had occurred prior to the beginning of 2010, the earliest period reported i.e. 2009.

2.18 Certain Accounting Practices

The following expenditures are charged out to revenue as and when incurred

2.18.1 Cost of office supplies, publicity materials and services on procurement.

2.18.2 Charges on account of repairs and maintenance.

2.18.3 Applicable accrual in respect of creditors for supplies or services is considered only at the time of the year end closing of the Company's books of account.

2.19 Reporting Period

The financial period of the Company covers from 01 January 2010 to 31 December 2010.

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3 PROPERTY, PLANT & EQUIPMENT

3.1 Operating Property, Plant & Equipment at Cost less Accumulated Depreciation

Amount in Taka

Particulars	Cost				Dep. Rate	Depreciation				Written Down Value (WDV) at 31.12.10
	Opening Balance as on 01.01.10	Addition during the year	Deletion/ Adjustment during the year	Closing Balance as on 31.12.10		Depreciation as on 01.01.10	Charged during the year	Disposed during the year	Depreciation as on 31.12.10	
Land & Land Development	66,428,972	-	-	66,428,972	0%	-	-	-	-	66,428,972
Administrative Building	40,896,043	-	-	40,896,043	5%	3,987,364	1,845,434	-	5,832,798	35,063,245
Factory Building	175,451,723	2,254,698	-	177,706,421	5%	69,009,042	5,434,869	-	74,443,911	103,262,510
Plant & Machinery	249,905,318	20,585,347	-	270,490,665	7%	68,599,365	14,132,391	-	82,731,756	187,758,909
Furniture & Fixture	7,556,708	1,219,540	-	8,776,248	10%	2,716,366	605,988	-	3,322,354	5,453,894
Electric Equipment & Installation	8,259,483	809,450	-	9,068,933	15%	3,309,254	863,952	-	4,173,206	4,895,727
Motor Vehicles	17,232,714	9,484,975	-	26,717,689	15%	8,546,584	2,725,666	-	11,272,250	15,445,439
Office Equipments	10,842,276	517,900	-	11,360,176	10%	6,531,969	482,821	-	7,014,790	4,345,386
Computer & Software	8,939,296	1,738,367	-	10,677,663	20%	4,157,163	1,304,100	-	5,461,263	5,216,400
2010 Total Taka	585,512,533	36,610,277	-	622,122,810		166,857,107	27,395,220	-	194,252,327	427,870,483
2009 Total Taka	262,047,822	323,464,711	-	585,512,533		120,728,063	46,129,045	-	166,857,108	418,655,425

3.2 Allocation of Depreciation:

Direct Expenses (2010: 80%; 2009: 85%) - note 18.2
 Administrative Expenses (2010: 20%; 2009 15%) - note 19

	2010 Taka	2009 Taka
	21,916,176	39,209,688
	5,479,044	6,919,357
Tk	<u>27,395,220</u>	<u>46,129,045</u>

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4 CAPITAL WORK-IN-PROGRESS

Plant & Machinery
Dhaka project expansion unit

	2010 Taka	2009 Taka
	29,985	-
	27,636,281	-
Taka	27,666,266	-

4.1 The Break up

Particulars	Opening Balance	Expenditure incurred during the year	Capitalized during the year	Closing Balance
Plant & Machinery	-	29,985	-	29,985
Dhaka project expansion unit	-	27,636,281	-	27,636,281
Total	-	27,666,266	-	27,666,266

5 INVESTMENTS

KDS Cotton Poly Thread Industries Limited - note 5.1
(50,000 ordinary shares @ Tk 100 each fully paid in cash)

5,000,000 5,000,000

Skys Securities Limited - note 5.2

{15,500 (2009: 1,500) ordinary shares @ Tk 1000 each fully paid in cash}

15,500,000 1,500,000

Taka **20,500,000** **6,500,000**

5.1 KDS Cotton Poly Thread Industries Limited - note 5

The Company was incorporated on 22 November 1992 and has commenced its commercial production on 1 July 1994. The Authorized share capital of the Company is 3,000,000 ordinary shares @ Tk 100 each and the Issued, Subscribed and Paid up capital is 750,000 shares @ Tk 100 each. Out of this KDS Accessories Limited Subscribed 50,000 Shares @ Tk 100 each i.e. share holding position is 6.67%.

5.2 Skys Securities Limited - note 5

The Company was incorporated on 17 June 1997 and has commenced its commercial operation on 1 January 2006. The Authorized share capital of the Company is 100,000 ordinary shares @ Tk 1,000 each and the Issued, Subscribed and Paid up capital is 33,200 shares @ Tk 1,000 each. Out of this KDS Accessories Limited Subscribed 15,500 Shares @ Tk 1,000 each i.e. share holding position is 46.70%.

6 ADVANCES, DEPOSITS AND PREPAYMENTS

Advances - note 6.1
Deposits - note 6.2
Prepayments - note 6.3

	6,729,575	2,435,577
	246,150	246,150
	1,225,005	1,221,682
Taka	8,200,730	3,903,409

6.1 Advances - note 6

Against Salary & Allowances
Against Expenses
Against Construction
Against Income Tax
Against Legal & Professional Charges
Others

	310,959	418,220
	147,500	-
	56,000	-
	1,991,491	1,821,357
	1,000,000	120,000
	3,223,625	76,000
Tk	6,729,575	2,435,577

6.2 Deposits - note 6

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Karnaphuli Gas Transmission Limited

	20,000	20,000
	226,150	226,150
Tk	246,150	246,150

6.3 Prepayments - note 6

Insurance Premium

	1,225,005	1,221,682
Tk	1,225,005	1,221,682

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	2010 Taka	2009 Taka
7 INVENTORY		
Raw Materials - note 7.1	318,504,813	186,053,469
Finished Goods - note 18	282,948	443,110
Work in Process - note 18.1	3,741,356	918,860
Goods in Transit	40,712,788	1,808,586
Stores & Spares - note 7.2	13,192,648	10,774,260
	Taka 376,434,553	199,998,285
7.1 Raw Materials - note 7 & 18.1		
Medium paper	103,844,324	55,816,604
Liner paper	143,187,342	98,608,339
Others	71,473,147	31,628,526
	Tk 318,504,813	186,053,469
7.2 Spares & Other Materials - note 7		
Mechanical item	11,663,206	9,373,606
Others	1,529,442	1,400,654
	Tk 13,192,648	10,774,260
8 TRADE RECEIVABLES	Taka 374,221,543	242,050,568
Trade receivables represent amount receivable against sale proceeds for which L/C documents were submitted to the bank on or before the Balance Sheet date.		
9 DUE FROM AFFILIATED COMPANIES		
Skys Securities Limited	2,355,888	-
	Taka 2,355,888	-
10 CASH AND BANK BALANCE		
Cash in Hand	2,101,601	2,363,563
Cash at Bank - note 10.1	34,279,898	28,537,143
	Taka 36,381,498	30,900,705
10.1 Cash at Bank - note 10		
Exim Bank Ltd. CD A/C No. 11000506	607	607
Exim Bank Ltd. STD A/C No. 31000720	14,941	15,667
Bank Asia Ltd. A/C No. 01236050518	129,968	6,614,743
Bank Asia Ltd. A/C No. 00542000115 (Old) 136 (New)	46,689	6,131,677
Bank Asia Ltd. A/C No. 00542000114	1,421,555	766,997
Bank Asia Ltd. A/C No. 01247000009	2,503,008	2,513,489
One Bank Ltd. A/C No. 0060479011	33,164	34,624
HSBC A/C # 004-046140-011	1,719,169	3,270,533
Standard Chartered Bank A/C # 01397966001	1,488,956	1,417,782
Bank Asia Ltd. (Pack. Unit-2) A/C No. 01236050569	7,527,386	149,266
Bank Asia Ltd. (Pack. Unit-2) A/C No. 01247000030	10,958,660	160,518
Bank Asia Ltd. (FDR)	7,752,423	6,858,312
EXIM Bank Ltd.(FDR)	683,372	602,927
	Tk 34,279,898	28,537,143

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	2010 Taka	2009 Taka
11 SHARE CAPITAL		
11.1 Authorized 200,000,000 (2009: 2,000,000) Ordinary Shares of Tk 10 (2009 Tk. 100) each	2,000,000,000	200,000,000
11.2 Issued, subscribed and paid-up		
Paid-up in cash		
2,101,000 (2009: 210,100) Ordinary Shares of Tk 10 (2009: Tk 100) each	21,010,000	21,010,000
10,505,000 (2009: nil) Ordinary Shares of Tk 10 each	105,050,000	-
12,606,000 (2009: 210,100) Ordinary Shares of Tk 10 each	126,060,000	21,010,000
	Taka	Taka
11.3 Position of share holding	2010	2009
SHAREHOLDERS	Position of share holding (%)	Position of share holding (%)
Mr. Khalilur Rahman	25.00	25.00
Mr. S. M. Shameem Iqbal	25.00	25.00
Mr. Salim Rahman	50.00	50.00
TOTAL	100	100
	Taka	Taka
	126,060,000	21,010,000

12 LONG TERM BANK LOAN

Due within one year	35,003,436	35,003,436
Due after one year	57,567,630	74,090,085
	Taka	Taka
	92,571,066	109,093,521

Break up of Term Loan:

12.1 Bank Asia Limited, Agrabad Branch, Chittagong

Due within one year	35,003,436	35,003,436
Due after one year	57,567,630	74,090,085
	Tk	Taka
	92,571,066	109,093,521

Total Sanctioned Amount:

Loan No-11390	Tk. 40 million	
Loan No-11959	Tk. 70 million	
Purpose:	Building	
Sanctioned on:	4th November 2008	
Interest rate:	15% p.a. with	
Payment method:	54 equal monthly installment started after 7th month next following first disbursement.	

13 SHORT TERM LOAN

Bank Asia Ltd OD-5551 - note 13.1	85,890,257	61,904,544
Bank Asia Ltd.-LATR Liability - note 13.1	648,963,904	356,994,944
Bank Asia Ltd.- LDBP Liability	41,540,228	78,615,470
Loan from EDF	-	11,185,023
Standard Chartered Bank- LATR Liability - note 13.2	15,900,214	13,436,845
Standard Chartered Bank- LDBP Liability - note 13.2	19,649,266	-
	Taka	Taka
	811,943,869	522,136,826

13.1 Details of loan facilities from Bank Asia Ltd are as follows:

Lender:	Bank Asia Ltd, Agrabad Branch. Ctg.
Total Sanctioned limit:	55 crores (interchangeable with KDS Cotton Poly Thread Industries Ltd.)
LATR	8 Crores
Overdraft	Working capital
Purpose:	31.07.2011 and renewal is under process.
Facility will be expired on:	One year and renewal on expiry
Tenure:	11.5 % p.a. with quarterly rest.
Interest rate	Land measuring 76 decimal, factory building and hypothecation of plant and machinery etc.
Security:	

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13.2 Details of loan facilities from Standard Chartered Bank are as follows:

Lender:	Standard Chartered Bank, Agrabad Branch. Ctg.
Total Sanctioned limit:	
LATR	5.7 Crores
LDBP	5 Crores
Purpose:	Working capital
Facility will be expired on:	19.05.2011
Tenure:	One year and renewal on expiry
Interest rate	11.00-11.50 % p.a. with quarterly rest.
Security:	Promissory Note of Tk 11 Crore, personal guarantee by Directors, 1st charge of stocks and book debt of KDS Accessories Limited

14 CREDITORS AND ACCRUALS

	2010 Taka	2009 Taka
For Revenue Expenses - note 14.1	12,684,576	9,357,894
For Other finance - note 14.2	346,731	17,411
For Capital expenditure	2,960,857	-
For Worker's Profit Participation & Welfare fund	5,287,468	-
Taka	21,279,632	9,375,305
14.1 Revenue Expenses - note 14		
C& F Charges	2,219,283	2,415,456
Stores & Spares	1,295,943	1,065,186
Audit Fee	189,000	9,000
Professional Fee	146,750	-
Electricity Bill	28,915	13,643
Gas Charges	457,037	400,580
Telephone & Mobile bill	49,452	72,658
Insurance Expenses	992,137	1,022,156
Others (Employee cost, Provident Fund, Gratuity etc.)	7,306,059	4,359,215
Tk	12,684,576	9,357,894
14.2 Other finance - note 14		
Gas bill	16,231	16,411
Tax on professional fee	12,500	-
Tax on Audit Fee	21,000	1,000
Staff Income Tax	297,000	-
Tk	346,731	17,411

15 PROVISION FOR TAX

Opening Balance	42,403,124	23,410,192
Add: Addition during the year	19,385,863	18,992,932
Less: Adjusted during the year	(15,492,932)	-
Closing balance	46,296,055	42,403,124

16 CONTINGENT LIABILITIES AND COMMITMENTS

16.1 There was no obligation for Capital Commitments as of the Statement of Financial Position date.

16.2 As at the Statement of Financial Position date no amount was considered as doubtful debts.

16.3 There were no claims legal or otherwise, not acknowledged as debt, outstanding as of the Statement of Financial Position date.

16.4 The Company issued bank guarantee for an amount of Tk. 5,103,550 (with Bank Asia Ltd Tk 4,497,550 & Exim Bank Limited Tk 606,000) was provided to various authority as of the Statement of Financial Position date.

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	2010 Taka	2009 Taka
17 NET TURNOVER		
The make-up		
Gross Proceeds from sales:		
Export	950,564,234	753,148,528
Taka	950,564,234	753,148,528
18 COST OF SALES		
Opening Finished Stock	443,110	328,715
Add: Cost of Production - note 18.1	765,900,832	605,520,459
	766,343,942	605,849,174
Less: Goods used for sample making - note 20	4,609,606	2,868,254
	761,734,336	602,980,920
Less: Closing Finished Stock - note 7	282,948	443,110
Cost of Sales	761,451,388	602,537,810
18.1 Cost of Production - note 18		
Opening stock of:		
Raw Material	186,053,469	116,438,866
Add: Purchase	769,576,170	587,691,316
	955,629,639	704,130,182
Less Closing Stock of		
Raw Material - note 7.1	318,504,813	186,053,469
Raw and Other Materials Consumed	637,124,826	518,076,713
	955,629,639	704,130,182
Add: Direct Expense - note 18.2	131,598,502	88,362,606
	768,723,328	606,439,319
Add: Opening stock of work in process	918,860	-
	769,642,188	606,439,319
Less: Closing stock of work in process - note 7	3,741,356	918,860
Cost of Production	765,900,832	605,520,459
18.2 Direct Expenses - note 18.1		
Local Raw Materials	44,912,989	15,819,349
Salary, Wages & Allowances	25,784,525	16,914,479
Stores & Spares Consumption	12,317,625	3,624,624
Depreciation - note 3.2	21,916,176	39,209,688
Ansar/Security Cost	1,647,657	804,724
Electricity Expenses	329,391	255,647
Fuel Expenses	1,270,819	-
GAS Expenses	5,751,728	3,845,989
Telephone	237,367	-
Generator Running Expenses	4,233,820	-
Insurance Premium	2,681,618	1,544,514
Labour Charges	1,128,454	3,383,782
Printing & Processing charges	1,565,040	1,324,560
Vehicle Maintenance Expenses	3,542,074	-
Repair & Maintenance	3,899,195	1,499,907
Uniform & Leverages	264,889	135,343
Water & Sanitation Expenses	115,135	-
Tk	131,598,502	88,362,606

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	2010 Taka	2009 Taka
19 ADMINISTRATIVE EXPENSES		
Salary, Wages & Allowances	16,006,790	10,790,215
Directors Remuneration - note 30	1,452,000	1,160,000
Group Insurance	112,621	-
Security Cost- Ansar Cost	-	201,181
Staff Fooding	540,156	493,360
Medical Expenses	496,580	438,124
Staff Training Expenses	198,450	114,378
Office Maintenance	718,540	624,000
Foreign Tour Expenses	448,772	378,900
Gas Charges	-	961,497
Rent, Rates & Taxes	63,520	107,469
Guest House Expenses	192,000	96,000
Postage & Parcel Expenses	482,279	273,286
Printing & Stationeries	985,063	1,385,465
Travelling & Conveyance	1,281,035	1,012,543
Audit Fees	210,000	10,000
Professional Fees	220,720	175,000
Consultancy Fee	202,250	937,000
Electricity Expenses	92,902	63,912
Entertainment	496,899	341,250
Fuel Expenses	554,493	792,462
Telephone	326,816	665,478
Insurance Expenses	102,747	386,128
Internet Expenses	402,557	-
Misc Expenses	630,886	524,970
News Paper Expenses	9,916	36,000
Repair & Maintenance	646,486	1,005,914
Vehicle Maintenance Expenses	670,387	-
Depreciation - note 3.2	5,479,044	6,919,357
Taka	33,023,909	29,893,889
20 SELLING AND DISTRIBUTION EXPENSES		
Salary, Wages & Allowances	2,938,690	2,212,450
Advertisement Exp	672,227	-
Carraige Outward	4,741,976	3,619,150
Sales Promotion Exp.	780,876	612,450
Sample Expenses - note 18	4,609,606	2,868,254
Taka	13,743,375	9,312,304
21 FINANCIAL EXPENSES		
Bank Charge & commission	2,147,845	1,974,685
Bank interest	34,448,348	9,436,729
Taka	36,596,193	11,411,414
22 NON-OPERATING INCOME		
Interest Earned from FDR	701,113	651,262
Interest Earned from STD	414,217	-
Accrued interest earned from FDR	349,354	-
Taka	1,464,684	651,262

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	2010 Taka	2009 Taka
23 NET ASSETS VALUE PER SHARE		
Net Assets Value per Share	Taka 23.92	1,042.36

The Composition of Net Assets Value per share is given below :

- a) Net Assets Value during the year Tk 301,540,339 [2009 : Tk 218,999,617]
 b) Number of Ordinary Shares at the close of business 12,606,000 Nos [2009 : 210,100 Nos]

24 EARNING PER SHARE (EPS)

24.1 Basic Earning per share	Taka 6.55	388.63
24.2 Adjusted Earning per share	Taka 6.55	6.48

The composition of Earning Per Share (EPS) is given below :

- a) Earning attributed during the year to the ordinary shareholder Tk 82,540,722 [2009 : Tk 81,651,441]
 b) Number of Ordinary Shares at the close of business 12,606,000 Nos [2009 : 210,100 Nos]
 c) Earning per share is calculated according to basic EPS and adjusted EPS.

25 OPERATING CASH FLOW PER SHARE

Operating cash inflow/(outflow) per share	Taka 7.95	706.58
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The Composition of Operating Cash Inflow/Outflow Value per share is given below :

- a) Operating Cash Inflow/(Outflow) during the year Tk. 100,279,791 [2009 : Tk 148,452,581]
 b) Number of Ordinary Shares at the close of business 12,606,000 Nos [2009 : 210,100 Nos]

26 AUDITOR'S REMUNERATION

Audit Fee - Statutory

	210,000	10,000
	210,000	10,000

27 NUMBER OF EMPLOYEES

Employees drawing salary above Tk 3,000 per month
 Employees drawing salary Tk 3,000 or below per month

	2010 Persons	2009 Persons
Employees drawing salary above Tk 3,000 per month	388	220
Employees drawing salary Tk 3,000 or below per month	0	108
	388	328

28 CAPACITY & PRODUCTION

Production Capacity (In M. Ton)
 Actual Production (In M. Ton)
 Capacity Utilization (%)

	2010 M. Ton	2009 M. Ton
Production Capacity (In M. Ton)	25,500,000	25,500,000
Actual Production (In M. Ton)	20,410,993	19,500,000
Capacity Utilization (%)	80.04	76.47

29 RELATED PARTY TRANSACTIONS

The Company has transactions with other associated companies that fall within the definition of related parties as set forth by BAS - 24. Such transactions are in normal course of business and are at terms which correspond to those on arms length transactions with the third

Related parties comprise of companies under common ownership and common management control. At the Statement of Financial Position date, trade and non-trade balances with related parties were as follows:

Sl. No	Name of the Related Party	Relation	Nature of Transaction	2010 Taka	2009 Taka
1	Skys Securities Limited	Sister Concern	Temporary loan given	2,355,888	-

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30 REMUNERATION OF DIRECTORS

<u>Particulars</u>	31 December 2010			31 December 2009		
	Managing Director	Other Directors	Total	Managing Director	Other Directors	Total
Salaries and allowances	960,000	-	960,000	960,000	-	960,000
Perquisite	72,000	-	72,000	-	-	-
Medical expenses	120,000	-	120,000	120,000	-	120,000
Festival bonus	300,000	-	300,000	80,000	-	80,000
Tk	1,452,000	-	1,452,000	1,160,000	-	1,160,000

31 POST BALANCE SHEET EVENTS

There were no events as such to occur after the Statement of Financial Position date.

32 GENERAL

32.1 Wherever considered necessary, previous year's figures & phrases have been re-arranged to conform to this year's presentation.

32.2 The amounts in these financial statements have been rounded off to the nearest Taka.

32.3 Bracket figure denotes negative.

Hoda Vasi

[Signature]

COMPANY SECRETARY

DIRECTOR

[Signature]

MANAGING DIRECTOR