

**Hoda Vasi
Chowdhury & Co**

To
The Chairman
KDS Accessories Limited
191-192 Baizid Bostami Road,
Nasirabad Industrial Area,
Chittagong 4210.

**Audited Financial Statement
Of
KDS Accessories Limited**

For the year ended 31 December 2011

Independent Correspondents firm to **Deloitte Touche Tohmatsu**

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 2011 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 2011 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, *12 July* 2012



Hoda Vasi Chowdhury & Co
Chartered Accountants
Hoda Vasi

**KDS ACCESSORIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Note(s)	2011 Taka	2010 Taka
ASSETS & PROPERTIES			
NON CURRENT ASSETS & PROPERTIES			
Property, Plant & Equipment	3.1	579,629,628	427,870,483
Capital Work-in-Progress	4	69,655,298	27,666,266
Investments	5	20,500,000	20,500,000
		669,784,926	476,036,749
CURRENT ASSETS & PROPERTIES			
Advances, Deposits & Prepayments	6	7,306,172	8,200,730
Inventory	7	681,645,429	376,434,553
Trade Receivables	8	341,259,145	374,221,543
Due from Affiliated Companies	9	18,917,997	2,355,888
Cash & Bank Balances	10	47,374,154	36,381,498
TOTAL ASSETS & PROPERTIES	Taka	1,766,287,823	1,273,630,961
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	11.2	126,060,000	126,060,000
Retained Earnings		267,187,620	175,480,339
		393,247,620	301,540,339
NON CURRENT LIABILITIES			
Long Term Loan	12	33,816,282	57,567,630
		33,816,282	57,567,630
CURRENT LIABILITIES AND PROVISIONS			
Current portion of Long Term Loan	12	35,445,996	35,003,436
Short Term Loan	13	1,239,471,811	811,943,869
Creditors & Accruals	14	26,305,688	21,279,632
Provision for Taxation	15	38,000,426	46,296,055
		1,339,223,921	914,522,992
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	Taka	1,766,287,823	1,273,630,961
CONTINGENT LIABILITIES AND COMMITMENTS			
	16		
NET ASSET VALUE PER SHARE	23	31.20	23.92

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 11.7, 2012
and were signed on its behalf by


COMPANY SECRETARY

 
DIRECTOR MANAGING DIRECTOR
Signed in terms of our separate report of even date annexed

Chittagong, 12 July 2012


Hoda Vasi Chowdhury & Co
CHARTERED ACCOUNTANTS


**KDS ACCESSORIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note(s)	2011 Taka	2010 Taka
Net Profit before tax		113,303,143	101,926,585
Adjustments for non-cash items:			
Depreciation	3.2	35,600,509	27,395,220
		<u>148,903,652</u>	<u>129,321,805</u>
(Increase)/decrease in current assets:			
Advance, Deposits & Prepayments	6	894,559	(4,297,321)
Inventories	7	(305,210,876)	(176,436,269)
Trade receivables	8	32,962,399	(132,170,975)
Due from Affiliated Companies	9	(16,562,109)	(2,355,888)
		<u>(287,916,027)</u>	<u>(315,260,453)</u>
Increase/(decrease) in current liabilities			
Short term loan	13	427,527,942	289,807,043
Creditors & Accruals	14	5,026,056	11,904,327
		<u>432,553,998</u>	<u>301,711,371</u>
Income tax paid	15	(29,891,491)	(15,492,932)
CASH FLOW FROM OPERATING ACTIVITIES		263,650,132	100,279,791
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	3	(187,359,655)	(36,610,277)
Capital work-in-progress	4.1	(41,989,032)	(27,666,266)
Increase in investment	5	-	(14,000,000)
Net cash inflow / (outflow) from Investing Activities		(229,348,687)	(78,276,543)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan (refunded)/received	12	(23,308,788)	(16,522,455)
Net cash inflow / (outflow) from Financing Activities		(23,308,788)	(16,522,455)
Net increase in cash & cash equivalents		10,992,657	5,480,793
Cash and cash equivalents at the beginning		36,381,498	30,900,705
Cash and cash equivalents at the end		47,374,154	36,381,498
OPERATING CASH FLOW PER SHARE	25	20.91	7.95

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on **11.7. 2012**
and were signed on its behalf by :


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong, *12 July* 2012

Hoda Vasi Chowdhury & Co
CHARTERED ACCOUNTANTS
Huda

**KDS ACCESSORIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011**

Particulars	Amount in Taka			
	Share Capital	General Reserve	Retained Earnings	Total Equity
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
Balance as on 01 January 2011	126,060,000	-	175,480,339	301,540,339
Net profit (after tax) transferred from I/S	-	-	91,707,281	91,707,281
Bonus share Issue	-	-	-	-
Adjustment of general reserve	-	-	-	-
	-	-	91,707,281	91,707,281
Balance as at 31 December 2011	126,060,000	-	267,187,620	393,247,620

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

See annexed report *Amber*


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

**KDS ACCESSORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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.

Hoda Vasi

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

Handwritten signature

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 statement of financial position 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 statement of financial position 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 statement of financial position.

Hoda Vasi

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;
- 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 but no Board of Trustees has yet been constituted.

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 statement of comprehensive income 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 2011, the earliest period reported i.e. 2010.

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 2011 to 31 December 2011.

Hoda Vasi

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 31.12.11
	Opening Balance as on 01.01.11	Addition during the year	Deletion/ Adjustment during the year	Closing Balance as on 31.12.11		Depreciation as on 01.01.11	Charged during the year	Disposed during the year	Depreciation as on 31.12.11	
Land & Land Development	66,428,972	44,679,325	-	111,108,297	0%	-	-	-	-	111,108,297
Administrative Building	40,896,043	-	-	40,896,043	5%	5,832,798	1,753,162	-	7,585,960	33,310,083
Factory Building	177,706,421	235,775	-	177,942,196	5%	74,443,911	5,174,914	-	79,618,825	98,323,371
Plant & Machinery	270,490,665	137,104,486	-	407,595,151	7%	82,731,756	22,740,438	-	105,472,194	302,122,957
Furniture & Fixture	8,776,248	298,636	-	9,074,884	10%	3,322,354	575,253	-	3,897,607	5,177,277
Electric Equipment & Installation	9,068,933	-	-	9,068,933	15%	4,173,206	734,359	-	4,907,565	4,161,368
Motor Vehicles	26,717,689	1,911,119	-	28,628,808	15%	11,272,250	2,603,484	-	13,875,734	14,753,074
Office Equipments	11,360,176	849,820	-	12,209,996	10%	7,014,790	519,521	-	7,534,311	4,675,685
Computer & Software	10,677,663	2,280,494	-	12,958,157	20%	5,461,263	1,499,379	-	6,960,642	5,997,515
2011 Total Taka	622,122,810	187,359,655	-	809,482,465		194,252,327	35,600,509	-	229,852,837	579,629,628
2010 Total Taka	585,512,533	36,610,277	-	622,122,810		166,857,107	27,395,220	-	194,252,327	427,870,483

3.2 Allocation of Depreciation:

Direct Expenses - note 18.2
Administrative Expenses - note 19

	2011 Taka	2010 Taka
	28,480,407	21,916,176
	7,120,102	5,479,044
Tk	<u>35,600,509</u>	<u>27,395,220</u>

Amber

Hoda Vasi Chowdhury & Co

4 CAPITAL WORK-IN-PROGRESS

Closing Balance

	2011 Taka	2010 Taka
Taka	69,655,298	27,666,266

4.1 The Break up

Particulars	Opening Balance	Expenditure incurred during the year	Capitalized during the year	Closing Balance
Land & Land Development	-	44,679,325	44,679,325	-
Factory Building	-	809,871	235,775	574,096
Plant & Machinery	29,985	140,357,252	137,104,486	3,282,751
Furniture & Fixture	-	298,636	298,636	-
Motor Vehicles	-	1,911,119	1,911,119	-
Office Equipments	-	909,120	849,820	59,300
Computer & Software	-	2,280,494	2,280,494	-
Dhaka project expansion unit	27,636,281	38,102,870	-	65,739,151
Total	27,666,266	229,348,687	187,359,655	69,655,298

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 15,500,000

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

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	5,603,956	6,729,575
Deposits - note 6.2	246,150	246,150
Prepayments - note 6.3	1,456,066	1,225,005
Taka	7,306,172	8,200,730

6.1 Advances - note 6

Against Salary & Allowances	649,489	310,959
Against Expenses	225,720	147,500
Against IDLC	36,880	-
Against Construction	-	56,000
Against Income Tax	3,067,165	1,991,491
Against Legal & Professional Charges	1,000,000	1,000,000
Others	624,702	3,223,625
Tk	5,603,956	6,729,575

6.2 Deposits - note 6

T & T	20,000	20,000
Karnaphuli Gas Transmission Limited	226,150	226,150
Tk	246,150	246,150

6.3 Prepayments - note 6

Insurance Premium	1,456,066	1,225,005
Tk	1,456,066	1,225,005

Hoda Vasi

Hoda Vasi Chowdhury & Co

	2011 Taka	2010 Taka
7 INVENTORY		
Raw Materials - note 7.1	592,864,838	318,504,813
Finished Goods - note 18	1,161,400	282,948
Work in Process - note 18.1	5,791,506	3,741,356
Goods in Transit	63,115,266	40,712,788
Stores & Spares - note 7.2	18,712,419	13,192,648
Taka	681,645,429	376,434,553
7.1 Raw Materials - note 7 & 18.1		
Medium Paper	190,299,041	103,844,324
Liner Paper	342,921,824	143,187,342
Others	59,643,973	71,473,147
Tk	592,864,838	318,504,813
7.2 Spares & Other Materials - note 7		
Mechanical Item	17,624,005	11,663,206
Others	1,088,414	1,529,442
Tk	18,712,419	13,192,648
8 TRADE RECEIVABLES	341,259,145	374,221,543
Taka	341,259,145	374,221,543
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	71,997	2,355,888
KDS Accessories UK Limited	18,846,000	-
Taka	18,917,997	2,355,888
10 CASH AND BANK BALANCE		
Cash in Hand	1,980,821	2,101,601
Cash at Bank - note 10.1	45,393,333	34,279,898
Taka	47,374,154	36,381,498
10.1 Cash at Bank - note 10		
Exim Bank Ltd. CD A/C No. 11000506	-	607
Exim Bank Ltd. STD A/C No. 31000720	579	14,941
Bank Asia Ltd. A/C No. 01236050518	1,061,900	129,968
Bank Asia Ltd. A/C No. 00542000115 (Old) 136 (New)	6,065,266	46,689
Bank Asia Ltd. A/C No. 00542000114	3,630,070	1,421,555
Bank Asia Ltd. A/C No. 01247000009	96,702	2,503,008
One Bank Ltd. A/C No. 0060479011	31,769	33,164
HSBC A/C # 004-046140-011	6,240,738	1,719,169
Standard Chartered Bank A/C # 01397966001	1,001,258	1,488,956
Bank Asia Ltd. (Pack. Unit-2) A/C No. 01236050569	8,739,178	7,527,386
Bank Asia Ltd. (Pack. Unit-2) A/C No. 01242000049	4,707,280	-
Bank Asia Ltd. (Pack. Unit-2) A/C No. 01247000030	4,562,628	10,958,660
Bank Asia Ltd. (FDR)	8,576,850	7,752,423
EXIM Bank Ltd.(FDR)	679,115	683,372
Tk	45,393,333	34,279,898

Hoda Vasi

Hoda Vasi Chowdhury & Co

		2011 Taka	2010 Taka
II SHARE CAPITAL			
11.1 Authorized			
200,000,000 Ordinary Shares of Tk 10 each		2,000,000,000	2,000,000,000
11.2 Issued, subscribed and paid-up			
	Paid-up in cash		
2,101,000	Ordinary Shares of Tk 10 each	21,010,000	21,010,000
	For consideration other than cash		
10,505,000	Ordinary Shares of Tk 10 each	105,050,000	105,050,000
12,606,000	Ordinary Shares of Tk 10 each		
	Taka	126,060,000	126,060,000
11.3 Position of share holding			
		2011	2010
SHAREHOLDERS	Position of share holding (%)	Taka	Position of share holding (%)
			Taka
Mr. Khalilur Rahman	61	76,894,000	25
Mr. S. M. Shameem Iqbal	7	8,824,000	25
Mr. Salim Rahman	21	26,476,000	50
Mrs. Hasina Iqbal	6	7,564,000	-
Mrs. Tahsina Rahman	5	6,300,000	-
Mrs. Tahmina Rahman	0	1,000	-
KDS Garments Inds. Ltd.	0	1,000	-
TOTAL	100	126,060,000	100
			126,060,000
12 LONG TERM BANK LOAN			
Due within one year		35,445,996	35,003,436
Due after one year		33,816,282	57,567,630
		Taka	92,571,066
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		32,843,011	57,567,630
		Tk	92,571,066
Total Sanctioned Amount:			
Loan No-11390	Tk. 23.16 million		
Loan No-11959	Tk. 57.34 million		
Purpose:	Building Construction and Capital Machinery		
Sanctioned on:	4th November 2008 & 7th September 2009		
Interest rate:	13 % p.a. with quarterly rest		
Payment method:	54 equal monthly installment started after 7th month next following first disbursement.		
12.2 IDLC Finance Limited, Agrabad Branch, Chittagong			
Due within one year		442,560	-
Due after one year		973,271	-
		Tk	1,415,831
Total Sanctioned Amount:			
Loan No-97301	Tk. 23.16 million		
Purpose:	Lease for Motor Vehicle		
Sanctioned on:	20th April 2011		
Payment method:	60 equal monthly installments		
13 SHORT TERM LOAN			
Bank Asia Ltd OD-5551 - note 13.1		82,242,115	85,890,257
Bank Asia Ltd.-LATR Liability - note 13.1		1,051,890,876	648,963,904
Bank Asia Ltd.- LDBP Liability		67,902,407	41,540,228
Standard Chartered Bank- LATR Liability - note 13.2		37,436,413	15,900,214
Standard Chartered Bank- LDBP Liability - note 13.2		-	19,649,266
		Taka	1,239,471,811
			811,943,869
13.1 Details of loan facilities from Bank Asia Ltd are as follows:			
Lender:	Bank Asia Ltd, Agrabad Branch. Ctg.		
Total Sanctioned limit:	750 Million (interchangeable with KDS Cotton Poly Thread Industries Ltd.)		
LATR	80 Million		
Overdraft	Working capital		
Purpose:	31.07.2012 and renewal is under process.		
Facility will be expired on:	One year and renewal on expiry		
Tenure:	15 % p.a. with quarterly rest.		
Interest rate	Land measuring 389.5 decimal, factory building and hypothecation of plant and machinery		
Security:			

Hoda Vasi

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

Lender:	Standard Chartered Bank, Agrabad Branch. Ctg.
Total Sanctioned limit:	
LATR	Tk. 110,000,000
LDBP	Tk 50,000,000
Purpose:	Working capital
Facility will be expired on:	19.05.2012
Tenure:	One year and renewal on expiry
Interest rate	12 % 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

	2011 Taka	2010 Taka
For Revenue Expenses - note 14.1	14,268,851	12,684,576
For Other finance - note 14.2	203,958	346,731
For Capital Expenditure	-	2,960,857
For Worker's Profit Participation & Welfare fund	11,832,879	5,287,468
Taka	26,305,688	21,279,632

14.1 Revenue Expenses - note 14

C&F Charges	3,015,690	2,219,283
Stores & Spares	1,159,400	1,295,943
Audit Fee	225,000	189,000
Professional Fee	165,236	146,750
Electricity Bill	337,265	28,915
Gas Charges	732,681	457,037
Telephone & Mobile bill	52,144	49,452
Insurance Expenses	1,285,239	992,137
Others (Employee cost, Provident Fund, Gratuity etc.)	7,296,196	7,306,059
Tk	14,268,851	12,684,576

14.2 Other finance - note 14

Gas Bill	24,652	16,231
Tax on Professional Fee	24,906	12,500
Tax & VAT on Audit Fee	62,500	21,000
Staff Income Tax	91,900	297,000
Tk	203,958	346,731

15 PROVISION FOR TAX

Opening Balance	46,296,055	42,403,124
Add: Addition during the year	21,595,862	19,385,863
Less: Adjusted during the year	(29,891,491)	(15,492,932)
Closing balance	38,000,426	46,296,055

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 P.

16.4 The Company issued bank guarantee for an amount of Tk. 4,121,700 (with Bank Asia Ltd Tk 3,515,700 & Exim Bank Limited Tk 606,000) was provided to various authority as of the Statement of Financial Position date.

Hoda Vasi

Hoda Vasi Chowdhury & Co

	2011 Taka	2010 Taka
17 NET TURNOVER		
The make-up		
Gross Proceeds from sales:		
Export	1,146,104,981	950,564,234
	Taka 1,146,104,981	950,564,234
18 COST OF SALES		
Opening Finished Stock	282,948	443,110
Add: Cost of Production - note 18.1	923,987,498	765,900,832
	924,270,446	766,343,942
Less: Goods used for sample making - note 20	4,735,394	4,609,606
	919,535,052	761,734,336
Less: Closing Finished Stock - note 7	1,161,400	282,948
Cost of Sales	Taka 918,373,652	761,451,388
18.1 Cost of Production - note 18		
Opening stock of:		
Raw Material	318,504,813	186,053,469
Add: Purchase	1,052,868,690	769,576,170
	1,371,373,503	955,629,639
Less Closing Stock of		
Raw Material - note 7.1	592,864,838	318,504,813
Raw and Other Materials Consumed	778,508,665	637,124,826
	1,371,373,503	955,629,639
Add: Direct Expense - note 18.2	147,528,983	131,598,502
	926,037,648	768,723,328
Add: Opening Stock of Work in Process	3,741,356	918,860
	929,779,004	769,642,188
Less: Closing Stock of Work in Process - note 7	5,791,506	3,741,356
Cost of Production	Tk 923,987,498	765,900,832
18.2 Direct Expenses - note 18.1		
Local Raw Materials	48,262,185	44,912,989
Salary, Wages & Allowances	29,012,450	25,784,525
Stores & Spares Consumption	10,730,653	12,317,625
Depreciation - note 3.2	28,480,407	21,916,176
Ansar/Security Cost	1,900,075	1,647,657
Electricity Expenses	856,216	329,391
Fuel Expenses	2,158,962	1,270,819
GAS Expenses	7,255,465	5,751,728
Telephone	234,592	237,367
Testing Fee	288,444	-
Generator Running Expenses	4,396,892	4,233,820
Insurance Premium	2,333,597	2,681,618
Labour Charges	1,645,892	1,128,454
Printing & Processing charges	1,612,452	1,565,040
Vehicle Maintenance Expenses	3,756,874	3,542,074
Repair & Maintenance	4,158,964	3,899,195
Uniform & Leverages	252,398	264,889
Water & Sanitation Expenses	192,465	115,135
	Tk 147,528,983	131,598,502

Hoda Vasi

Hoda Vasi Chowdhury & Co

	2011 Taka	2010 Taka
19 ADMINISTRATIVE EXPENSES		
Salary, Wages & Allowances	18,589,451	16,006,790
Directors Remuneration - note 30	1,452,000	1,452,000
Group Insurance	234,157	112,621
Security Cost- Ansar Cost	386,439	-
Staff Fooding	566,429	540,156
Medical Expenses	514,596	496,580
Staff Training Expenses	209,561	198,450
Office Maintenance	796,582	718,540
Foreign Tour Expenses	614,258	448,772
Rent, Rates, Taxes & License fee	969,461	63,520
Guest House Expenses	192,000	192,000
Postage & Parcel Expenses	612,458	482,279
Printing & Stationeries	1,214,568	985,063
Travelling & Conveyance	1,635,692	1,281,035
Audit Fees - note 26	287,500	210,000
Professional Fees	245,142	220,720
Consultancy Fee	386,300	202,250
Electricity Expenses	214,054	92,902
Entertainment	506,892	496,899
Fuel Expenses	605,892	554,493
Telephone	369,875	326,816
Insurance Expenses	259,289	102,747
Internet Expenses	538,176	402,557
Misc Expenses	656,890	630,886
News Paper Expenses	10,456	9,916
Repair & Maintenance	748,956	646,486
Vehicle Maintenance Expenses	789,456	670,387
Interest on non payment of WPP & WF	680,761	-
Depreciation - note 3.2	7,120,102	5,479,044
Taka	41,407,393	33,023,909
20 SELLING AND DISTRIBUTION EXPENSES		
Salary, Wages & Allowances	3,952,451	2,938,690
Advertisement Exp	2,687,000	672,227
Carriage Outward	6,139,583	4,741,976
Sales Promotion Exp.	427,500	780,876
Sample Expenses - note 18	4,735,394	4,609,606
Taka	17,941,928	13,743,375
21 FINANCIAL EXPENSES		
Bank Charge & commission	2,854,053	2,147,845
Bank Interest	48,234,950	34,448,348
Taka	51,089,003	36,596,193
22 NON-OPERATING INCOME		
Interest Earned from FDR	425,819	701,113
Interest Earned from STD	950,802	414,217
Accrued Interest Earned from FDR	498,167	349,354
Taka	1,874,788	1,464,684



Hoda Vasi Chowdhury & Co

	2011 Taka	2010 Taka
23 NET ASSETS VALUE PER SHARE		
Net Assets Value per Share	Taka 31.20	23.92

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

- a) Net Assets Value during the year Tk 393,247,620 [2010 : Tk 301,540,339]
b) Number of Ordinary Shares at the close of business 12,606,000 Nos [2010 : 12,606,000 Nos]

24 EARNING PER SHARE (EPS)

24.1 Basic Earning per share	Taka 7.27	6.55
24.2 Adjusted Earning per share	Taka 7.27	6.55

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

- a) Earning attributed during the year to the ordinary shareholder Tk 91,707,281 [2010 : Tk 82,540,722]
b) Number of Ordinary Shares at the close of business 12,606,000 Nos [2010 : 12,606,000 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 20.91	7.95
---	------------	------

The Composition of Operating Cash Inflow/Outflow Value per share is given below :

- a) Operating Cash Inflow/(Outflow) during the year Tk 263,650,132 [2010 : Tk 100,279,791]
b) Number of Ordinary Shares at the close of business 12,606,000 Nos [2010 : 12,606,000 Nos]

26 AUDITOR'S REMUNERATION

Audit Fee - Statutory	287,500	210,000
	287,500	210,000

27 NUMBER OF EMPLOYEES

	2011 Persons	2010 Persons
Employees drawing salary above Tk 3,000 per month	496	388
Employees drawing salary Tk 3,000 or below per month	-	-
	496	388

28 CAPACITY & PRODUCTION

	2011 Units	2010 Units
Production Capacity (In Units)	25,500,000	25,500,000
Actual Production (In Units)	21,766,800	20,410,993
Capacity Utilization (%)	85.36	80.04

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

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	2011 Taka	2010 Taka
1	Skys Securities Limited	Sister Concern	Temporary loan given	71,997	2,355,888
2	KDS Accessories UK Limited	Sister Concern	Temporary loan given	18,846,000	-

Hoda Vasi