



**KDS Accessories Ltd.**

BANGLADESH | CHINA | HONG KONG | UK

# Financial Statements (Un-audited) As at and for the period ended 30 September 2019

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CHITTAGONG OFFICE : 191-192 BAIZID BOSTAMI ROAD, NASIRABAD I/A, CHITTAGONG 4210, BANGLADESH  
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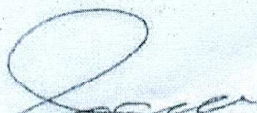
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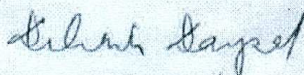





**KDS ACCESSORIES LIMITED**  
**Statement of Financial Position (Un-audited)**  
**As at 30 September 2019**

	30 Sep 2019	30 June 2019
	Taka	Taka
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,279,379,303	1,303,884,221
Intangible assets	847,555	952,397
Capital work-in-progress	13,966,028	12,847,598
Investment in associate	48,357,767	48,327,650
Other investment	5,315,852	5,315,852
<b>Total Non-current Assets</b>	<b>1,347,866,505</b>	<b>1,371,327,718</b>
<b>Current Assets</b>		
Inventories	533,733,065	469,273,711
Trade receivables	1,027,226,594	1,098,372,683
Other receivables	804,461	391,548
Advances, deposits and prepayments	50,506,804	46,499,788
Due from affiliated company	302,407,725	273,722,099
Short term investment	9,527,523	9,327,332
Cash and cash equivalents	9,958,151	9,248,096
<b>Total Current Assets</b>	<b>1,934,164,323</b>	<b>1,906,835,257</b>
<b>Total Assets</b>	<b>3,282,030,829</b>	<b>3,278,162,975</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Equity</b>		
Share capital	630,630,000	630,630,000
Share premium	120,000,000	120,000,000
Revaluation reserve	214,391,703	214,391,703
Retained earnings	630,346,705	607,889,066
<b>Total Shareholders' Equity</b>	<b>1,595,368,408</b>	<b>1,572,910,769</b>
<b>Non-current Liabilities</b>		
Long term borrowings	146,871,836	167,829,216
Defined benefit obligation- gratuity	79,852,963	76,083,015
Deferred tax liability	43,156,271	44,014,741
<b>Total Non-current Liabilities</b>	<b>269,881,070</b>	<b>287,926,972</b>
<b>Current Liabilities</b>		
Trade and other payables	715,640,886	558,458,901
Current portion of long term borrowings	142,553,451	150,891,654
Current tax liability	48,771,975	43,446,375
Short term bank loan	432,161,333	590,432,585
Provision for WPPF and Welfare Fund	77,653,706	74,095,719
<b>Total Current Liabilities</b>	<b>1,416,781,351</b>	<b>1,417,325,234</b>
<b>Total Equity and Liabilities</b>	<b>3,282,030,829</b>	<b>3,278,162,975</b>
<b>Net Assets Value Per Share</b>	<b>25.30</b>	<b>24.94</b>

  
Chairman

  
Managing Director  
CFO

  
Director

  
CFO

  
Company Secretary

Page - 1

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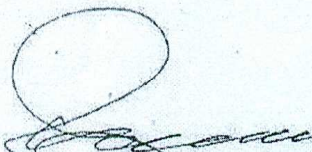
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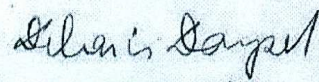




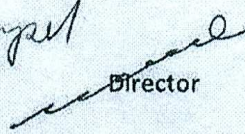
**KDS ACCESSORIES LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the period from 01 July 2019 to 30 September 2019 (Un-audited)**

	01 July 2019 to 30 Sept 2019	01 July 2018 to 30 Sept 2018
	Taka	Taka
Revenue	536,624,908	561,403,348
Cost of goods sold	(436,912,220)	(465,432,252)
<b>Gross Profit</b>	<b>99,712,689</b>	<b>95,971,096</b>
Operating expenses	(36,480,981)	(38,382,783)
Selling and distribution expenses	(12,837,688)	(16,765,683)
<b>Operating Profit</b>	<b>50,394,019</b>	<b>40,822,630</b>
Finance cost	(28,401,631)	(33,811,763)
Finance income	5,626,523	13,624,363
<b>Profit before other income</b>	<b>27,618,911</b>	<b>20,635,229</b>
Other income	905,675	525,962
Profit/(loss) from investment in associates	30,117	(7,973)
<b>Profit before income tax and distribution of WPPF and WF</b>	<b>28,554,704</b>	<b>21,153,219</b>
Workers' Profit Participation and Welfare Fund	(1,427,735)	(1,057,661)
<b>Profit before income tax</b>	<b>27,126,969</b>	<b>20,095,558</b>
Provision for income tax:		
-Current tax	(5,527,800)	(4,951,317)
-Deferred tax	858,470	220,916
<b>Profit after Income Tax</b>	<b>22,457,639</b>	<b>15,365,157</b>
<b>Other Comprehensive Income</b>		
Items that will never be reclassified to profit or loss	-	-
Items that are or may be reclassified to profit or loss	-	-
<b>Other Comprehensive Income - net of tax</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>22,457,639</b>	<b>15,365,157</b>
<b>Earnings Per Share (Basic)</b>	<b>0.36</b>	<b>0.26</b>

  
Chairman

  
Managing Director

  
CFO

  
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Page - 2

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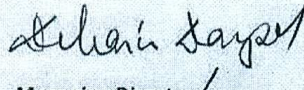


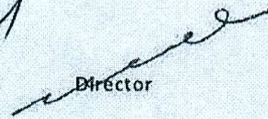


KDS ACCESSORIES LIMITED  
Statement of Changes in Equity (Un-audited)  
For the period from 01 July 2019 to 30 September 2019

Particulars	Amount in Taka				
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total Equity
Balance as on 01 July 2018	600,600,000	120,000,000	214,391,703	559,538,849	1,494,530,552
Net Profit after tax for the period	-	-	-	15,365,157	15,365,157
<b>Balance as at 30 September 2018</b>	<b>600,600,000</b>	<b>120,000,000</b>	<b>214,391,703</b>	<b>574,904,006</b>	<b>1,509,895,709</b>
Balance as on 01 July 2019	630,630,000	120,000,000	214,391,703	607,889,066	1,572,910,769
Net Profit after tax for the period	-	-	-	22,457,639	22,457,639
<b>Balance as at 30 September 2019</b>	<b>630,630,000</b>	<b>120,000,000</b>	<b>214,391,703</b>	<b>630,346,705</b>	<b>1,595,368,408</b>

  
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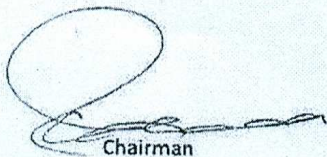


**KDS ACCESSORIES LIMITED**

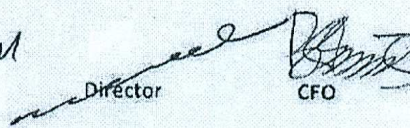
**Statement of Cash Flows (Un-audited)**

For the period from 01 July 2019 to 30 September 2019

	01 July 2019 to 30 Sept 2019	01 July 2018 to 30 Sept 2018
	Taka	Taka
<b>A. Operating activities</b>		
Received from customers	622,464,234	565,338,051
Received from other sources	515,675	-
Paid to suppliers	(356,418,904)	(555,342,220)
Paid for operating expenses	(22,948,722)	(27,133,190)
<b>Cash generated by operations</b>	<b>243,612,284</b>	<b>(17,137,360)</b>
Interest paid (net)	(18,088,709)	(21,383,787)
Income Tax Paid	(5,730,000)	(4,535,822)
<b>Net cash flows from operating activities</b>	<b>219,793,575</b>	<b>(43,056,968)</b>
<b>B. Investing activities</b>		
Acquisition of property, plant and equipment	(2,718,151)	(4,076,078)
Proceed from sale of non-current assets	-	219,000
Increase in investments	(200,191)	-
<b>Net cash flows from investing activities</b>	<b>(2,918,342)</b>	<b>(3,857,078)</b>
<b>C. Financing activities</b>		
Receipt / (Repayment) of long term loans	(29,295,583)	(17,315,012)
Receipt of short term borrowings	(158,271,252)	68,782,687
Short term loan paid to affiliated companies	(28,685,626)	(4,004,087)
<b>Net cash flows from financing activities</b>	<b>(216,252,800)</b>	<b>47,463,587</b>
<b>D. Net changes of cash and cash equivalents (A+B+C)</b>	<b>622,432</b>	<b>549,541</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	<b>9,248,096</b>	<b>6,082,955</b>
<b>F. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>87,623</b>	<b>(46,217)</b>
<b>G. Cash and cash equivalents at the end of the period (D+E+F)</b>	<b>9,958,151</b>	<b>6,586,279</b>
<b>Net Operating Cash Flows Per Share (NOCFPS)</b>	<b>3.49</b>	<b>(0.72)</b>

  
Chairman

  
Managing Director  
CEO

  
Director

  
CFO

  
Company Secretary





## Selected Explanatory Notes to the Interim Financial Statements (Un-audited) As at and for the period ended 30 September 2019

### 1 Legal Form of Company

KDS Accessories Limited 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 (since replaced and substituted by the Companies Act 1994) with the Registrar of Joint Stock Companies & Firms. The company was converted from Private Limited Company to Public Limited Company through an Extra-Ordinary General Meeting held on 17 April 2012 and was subsequently approved by RJSC on 26 November 2012. The Company commenced its commercial production on 01 July 1991. Its Registered Office is located at 255, Nasirabad I/A, Chittagong and factory & corporate office 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 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 Nature of Business

The principal activities of the Company are producing different types of standard cartons & display cartons, woven & smart labels, hanger, offset, silk screen, web, thermal printing, button and cold peel, hot peel, puff, glitter, image & sublimation transfers and marketing thereof.

### 3 Reporting

The three months financial report has been prepared based on International Accounting Standard (IAS) - 34 "Interim Financial Reporting". This interim financial statements should be read in conjunction with the audited financial statement for the year ended 30 June 2019, as they provide an update to previously reported information.

### 4 Accounting policies and method of computations

The accounting policies and presentation used are consistent with those used in the Audited Financial Statements for the period ended 30 June 2019.

### 5 Earnings Per Share

Earnings Per Share (EPS) has been calculated based on number of shares outstanding for the period ended 30 September 2019 and profit for the same period. The number of shares outstanding for the period was 63,063,000. Earnings per share for the same period of preceding year has been calculated based on 60,060,000 number of shares.

### 6 Subsequent events

No material events occurred after the reporting date, non-disclosure of which could affect the ability of the users of this financial statement to make proper evaluation and decision.

### 7 Impairment of assets

With reference to the paragraph 9 of BAS-36, there was no such indication of impairment observed relating to capital-work-in-progress till the end of 30 September 2019.

### 8 General

**8.01** Wherever considered necessary, prior period's figures and phrases have been re-arranged to conform to this period's presentation.

**8.02** The amounts in these financial statements have been rounded off to the nearest taka.

**8.03** Bracket figures denotes negative balance.





**Selected Explanatory Notes to the Interim Financial Statements (Un-audited)**  
As at and for the period ended 30 September 2019

	30 Sep 2019	30 June 2019
	Taka	Taka
<b>9.00 Property, plant &amp; equipment (at cost less accumulated depreciation)</b>		
Land and Land Development	431,214,704	431,214,704
Plant and Machineries	467,010,086	481,103,509
Administrative Building	32,059,841	32,476,825
Factory Building	280,874,329	285,977,037
Office Equipment	7,090,332	7,492,571
Electric Installation	43,998,838	46,311,566
Furniture & Fixture	2,112,905	2,319,402
Computer Equipment	2,392,199	2,657,907
Motor Vehicle	12,626,069	14,330,700
	<b>1,279,379,303</b>	<b>1,303,884,221</b>
<b>10.00 Intangible assets (at cost less accumulated amortization)</b>		
Software	847,555	952,397
	<b>847,555</b>	<b>952,397</b>
<b>11.00 Capital work-in-progress</b>		
Land and land development	12,847,598	12,847,598
Plant & machinery	1,118,430	-
	<b>13,966,028</b>	<b>12,847,598</b>
<b>12.00 Investment in associate</b>		
SKYS Securities Limited	48,357,767	48,327,650
	<b>48,357,767</b>	<b>48,327,650</b>
<b>13.00 Other investment</b>		
Investment in Fixed Deposit (1 to 3 years)	5,315,852	5,315,852
	<b>5,315,852</b>	<b>5,315,852</b>
<b>14.00 Inventories</b>		
Raw materials	326,771,159	341,571,661
Work-in-process	20,717,440	26,269,317
Finished goods	8,717,763	11,564,987
Stores & spares	48,935,812	47,798,637
Goods in transit	128,590,891	42,069,109
	<b>533,733,065</b>	<b>469,273,711</b>
<b>15.00 Trade receivables</b>	<b>1,027,226,594</b>	<b>1,098,372,683</b>
<b>16.00 Other receivables</b>		
Rent receivable	390,000	-
Accrued interest income on FDR	414,461	391,548
	<b>804,461</b>	<b>391,548</b>
<b>17.00 Advances, deposits and prepayments</b>		
Advances	36,999,310	31,619,647
Security deposits	11,989,449	11,989,449
Prepayments	1,518,045	2,890,692
	<b>50,506,804</b>	<b>46,499,788</b>
<b>18.00 Due from affiliated companies</b>		
KDS Poly Industries Limited	117,914,355	245,393,333
KDS Thread Limited	184,493,370	28,328,766
	<b>302,407,725</b>	<b>273,722,099</b>
<b>19.00 Short term investment</b>		
Investment in Fixed Deposit (less than 1 year)	9,527,523	9,327,332
	<b>9,527,523</b>	<b>9,327,332</b>
<b>20.00 Cash and cash equivalents</b>		
Cash in hand	1,035,183	1,104,586
Cash at bank	8,922,968	8,143,510
	<b>9,958,151</b>	<b>9,248,096</b>



**Selected Explanatory Notes to the Interim Financial Statements (Un-audited)**  
As at and for the period ended 30 September 2019

	<u>30 Sep 2019</u>	<u>30 June 2019</u>
	<u>Taka</u>	<u>Taka</u>
<b>21.00 Share capital</b>		
<b>Authorized Capital</b>		
200,000,000 Ordinary Shares of Tk. 10 each	2,000,000,000	2,000,000,000
	<b><u>2,000,000,000</u></b>	<b><u>2,000,000,000</u></b>
<b>Issued, subscribed and paid-up Capital</b>		
1,000 Ordinary Shares of Tk. 10 each as at 21 April 1991	10,000	10,000
2,100,000 Ordinary Shares of Tk. 10 each as at 17 June 2004	21,000,000	21,000,000
10,505,000 Ordinary Shares of Tk. 10 each as at 30 June 2010	105,050,000	105,050,000
17,522,340 Ordinary Shares of Tk. 10 each as at 6 March 2012	175,223,400	175,223,400
9,871,660 Ordinary Shares of Tk. 10 each as at 8 June 2013	98,716,600	98,716,600
12,000,000 Ordinary Shares of Tk.10 each issued through IPO 10 September 2015	120,000,000	120,000,000
5,200,000 Ordinary Shares of Tk. 10 each as at 01 September 2016 (Bonus share)	52,000,000	52,000,000
2,860,000 Ordinary Shares of Tk. 10 each as at 07 November 2017 (Bonus share)	28,600,000	28,600,000
3,003,000 Ordinary Shares of Tk. 10 each as at 04 November 2018 (Bonus share)	30,030,000	30,030,000
<b><u>63,063,000</u> Ordinary Shares of Tk. 10 each</b>	<b><u>630,630,000</u></b>	<b><u>630,630,000</u></b>
<b>22.00 Long term borrowings</b>		
Due within one year	142,553,451	150,891,654
Due after one year	146,871,836	167,829,216
	<b><u>289,425,287</u></b>	<b><u>318,720,870</u></b>
<b>23.00 Defined benefit obligation- gratuity</b>	<b><u>79,852,963</u></b>	<b><u>76,083,015</u></b>
<b>24.00 Deferred tax liability</b>		

Deferred tax liability has been calculated below at the applicable tax rate on the difference between the carrying value of property, plant and equipment and intangible assets as per financial statements and tax written down value and financial position method for gratuity obligation and investment in associates.

	<u>30 Sep 2019</u>	<u>30 June 2019</u>
	<u>Taka</u>	<u>Taka</u>
Opening balance	44,014,741	43,999,854
Provided during the year		
Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land)	(393,250)	1,203,140
Provision for Gratuity	(471,244)	(1,200,622)
Investments in associates	6,024	12,369
	(858,470)	14,887
Adjusted during the period	-	-
<b>Closing balance</b>	<b><u>43,156,271</u></b>	<b><u>44,014,741</u></b>

Reconciliation of deferred tax liabilities /(assets) are as follows :

	Carrying Amount	Tax Base	Tax Rate	Taxable /(Deductible) Temporary Difference	Deferred tax liabilities/ (assets)
	<u>Taka</u>	<u>Taka</u>	<u>Percentage</u>	<u>Taka</u>	<u>Taka</u>
Property, plant & equipment	849,012,154	456,757,627	12.50%	392,254,527	49,031,816
Gratuity	(79,852,963)	-	12.50%	(79,852,963)	(9,981,620)
Investment in associates	48,357,767	23,405,000	15% - 20%	24,952,767	4,106,076
<b>Net taxable temporary difference</b>				<b><u>337,354,331</u></b>	<b><u>43,156,271</u></b>







**Selected Explanatory Notes to the Interim Financial Statements (Un-audited)**  
As at and for the period ended 30 September 2019

	30 Sep 2019	30 June 2019
	Taka	Taka
<b>25.00 Trade and other payables</b>		
Trade payable	562,431,884	418,872,754
For revenue expenses	150,028,847	137,094,202
For other finance	3,180,154	2,491,945
	<b>715,640,886</b>	<b>558,458,901</b>
<b>26.00 Current tax liability</b>	<b>48,771,975</b>	<b>43,446,375</b>
<b>27.00 Short term bank loan</b>		
Bank Overdraft	32,121,738	14,945,579
Loan Against Trust Receipt (LATR)	27,750,921	24,850,614
Local Documentary Bill Purchase (LDBP)	307,319,761	351,688,492
Demand Loan and Time Loan	64,968,914	198,947,900
	<b>432,161,333</b>	<b>590,432,585</b>
<b>28.00 Provision for WPPF and Welfare Fund</b>	<b>77,653,706</b>	<b>74,095,719</b>
<b>29.00 Calculation of Net Asset Value (NAV) per ordinary share of Tk 10 each:</b>		
A. Total equity of the company	1,595,368,408	1,572,910,769
B. Total number of outstanding ordinary shares at the end of the period	63,063,000	63,063,000
C. Net Asset Value (NAV) per ordinary share (A/B) rounded off upto two decimal places	<b>25.30</b>	<b>24.94</b>





**Selected Explanatory Notes to the Interim Financial Statements (Un-audited)**  
As at and for the period ended 30 September 2019

	<u>01 July 2019 to 30 Sep 2019</u>	<u>01 July 2018 to 30 Sep 2018</u>
	<u>Taka</u>	<u>Taka</u>
<b>30.00 Calculation of nine months Earnings Per Share (EPS) per ordinary share of Tk 10 each:</b>		
A. Net profit after tax	22,457,639	15,365,157
B. Total number of outstanding ordinary shares at the end of the period	63,063,000	60,060,000
<b>C. Earnings Per Share (EPS)</b>	<b>0.36</b>	<b>0.26</b>
<b>31.00 Calculation of Net Operating Cash Flows Per Share (NOCFPS) per ordinary share of Tk 10 each:</b>		
A. Net cash (used in)/generated from operating activities	219,793,575	(43,056,968)
B. Total number of outstanding ordinary shares at the end of the period	63,063,000	60,060,000
<b>C. Net Operating Cash Flows Per Share (NOCFPS)</b>	<b>3.49</b>	<b>(0.72)</b>
<b>32.00 Reconciliation of cash (used in)/generated from operations-Indirect Method</b>		
Profit before income tax	27,126,969	20,095,558
Depreciation charged	26,104,639	26,086,975
Amortization charged	104,842	251,454
(Gain)/loss on sale of property, plant and equipment	-	(135,962)
Profit/(loss) from investment in associates	(30,117)	7,973
Finance Income	(5,626,523)	(13,624,363)
Finance Cost	28,401,631	33,811,763
Increase in Inventory	(64,459,354)	(109,460,078)
Increase in Trade Receivables (after adjusting foreign currency fluctuation gain)	85,839,326	3,934,703
(Increase)/ Decrease in other receivables	(390,000)	(390,000)
(Increase) / Decrease in Advances, Deposits and Pre-payments	1,520,784	(46,821)
Increase in Trade and Other payables (after adjusting foreign currency fluctuation loss)	137,692,154	16,570,323
Increase in provision of WPPF and WF	3,557,987	3,379,268
Increase in provision of gratuity	3,769,948	2,381,848
<b>Cash (used in)/generated from operations</b>	<b>243,612,284</b>	<b>(17,137,359)</b>
Interest paid (net)	(18,088,709)	(21,383,787)
Income tax paid (net)	(5,730,000)	(4,535,822)
<b>Reconciled net income</b>	<b>219,793,575</b>	<b>(43,056,968)</b>
<b>Net cash (used in)/generated from operating activities as per direct method</b>	<b>219,793,575</b>	<b>(43,056,968)</b>
Difference		





**Selected Explanatory Notes to the Interim Financial Statements (Un-audited)  
As at and for the period ended 30 September 2019**

**33.00 Reconciliation of effective tax rate**

	<u>2019-2020</u>		<u>2018-2019</u>	
<b>Profit before tax</b>	27,126,969		20,095,558	
<b>Total income tax expense</b>	(5,527,800)		(4,951,317)	
	<u>Rate</u>	<u>Taka</u>	<u>Rate</u>	<u>Taka</u>
<b>Factors affecting the tax charge:</b>				
Tax using the applicable rate	25%	6,781,742	25%	5,023,889
Difference between accounting and fiscal depreciation	2.90%	786,501	-0.78%	(156,819)
Inadmissible expenses	0.00%	-	0.28%	55,712
Difference between WPPF & WF provision and payment	3.28%	889,497	4.20%	844,817
Difference between gratuity provision and payment	3.47%	942,487	2.96%	595,462
Rebate on income generated from export sales	-14.30%	(3,879,824)	-7.04%	(1,413,737)
Unrealised profit/(loss) from investment in associates	-0.03%	(7,529)	0.01%	1,993
	<b>20.32%</b>	<b>5,512,874</b>	<b>24.64%</b>	<b>4,951,317</b>
Tax deducted at source		<u>5,527,800</u>		<u>4,535,822</u>
Tax liability is higher of the above two i.e.	<b>20.38%</b>	<b>5,527,800</b>	<b>24.64%</b>	<b>4,951,317</b>

