

**KDS ACCESSORIES LIMITED**  
**AUDITORS' REPORT AND FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 30 June 2017**

**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF  
KDS ACCESSORIES LIMITED**

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

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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.

The financial statements of the Company's associate, SKYS Securities Limited (SKYSSL), was not audited by us. Our opinion, in so far as it relates to the amounts included in respect of the company's associate, is based on the audited financial statements and reports issued by associate's auditor.

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2017, and of its financial performance and its cash flows for the period from 01 July 2016 to 30 June 2017 in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

**Other matter**

The financial statements of the company for the six months ended 30 June 2016 were audited by Syful Shamsul Alam & Co., Chartered Accountants and issued unmodified opinion on 09 August 2016.

The prior period financial statements used for the comparative purpose covers one year from 01 July 2015 to 30 June 2016 which includes unaudited financial information for the period from 01 July 2015 to 31 December 2015.

**Report on Other Legal and Regulatory Requirements**

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

- we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- the statement of financial position, and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- the expenditure incurred was for the purposes of the Company's business.

Chittagong,




*Hussain Farhad & Co.*  
Hussain Farhad & Co.  
Chartered Accountants  
HFC

**KDS ACCESSORIES LIMITED**  
**Statement of Financial Position**  
**As at 30 June 2017**

	Note(s)	30 June 2017	30 June 2016*
		Taka	Taka
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	4	1,295,466,955	1,100,247,637
Intangible assets	5	2,726,992	2,603,560
Capital work-in-progress	6	88,327,777	191,195,601
Investment in associate	7	48,297,694	48,107,611
Other investment	8	4,713,519	4,504,950
<b>Total Non-current Assets</b>		<b>1,439,532,937</b>	<b>1,346,659,360</b>
<b>Current Assets</b>			
Inventories	9	455,064,873	372,552,778
Trade receivables	10	845,978,918	718,558,677
Other receivables	11	2,125,996	1,314,796
Advances, deposits and prepayments	12	82,639,393	66,330,297
Due from affiliated companies	13	205,826,629	25,299,855
Short term investment	14	8,443,638	8,045,037
Cash and cash equivalents	15	5,609,269	14,017,276
<b>Total Current Assets</b>		<b>1,605,688,716</b>	<b>1,206,118,716</b>
<b>Total Assets</b>		<b>3,045,221,653</b>	<b>2,552,778,076</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share capital	16	572,000,000	520,000,000
Share premium		120,000,000	120,000,000
Revaluation reserve		214,391,703	214,391,703
Retained earnings		512,354,021	464,765,670
<b>Total Shareholders' Equity</b>		<b>1,418,745,724</b>	<b>1,319,157,373</b>
<b>Non-current Liabilities</b>			
Long term borrowings	17.01	178,540,034	99,081,534
Lease finance	18.01	-	1,622,770
Defined benefit obligation- gratuity	19	59,715,197	49,199,971
Deferred tax liability	20	40,424,331	34,947,071
<b>Total Non-current Liabilities</b>		<b>278,679,562</b>	<b>184,851,346</b>
<b>Current Liabilities</b>			
Trade and other payables	21	532,569,135	363,068,522
Current portion of long term borrowings	17.01	103,185,860	77,809,882
Current portion of lease finance	18.01	646,529	2,698,524
Current tax liability	22	32,093,217	40,923,876
Due to affiliated company	23	-	191,197,758
Short term bank loan	24	617,937,369	323,293,548
Provision for WPPF and Welfare Fund	25	61,364,257	49,777,247
<b>Total Current Liabilities</b>		<b>1,347,796,367</b>	<b>1,048,769,357</b>
<b>Total Equity and Liabilities</b>		<b>3,045,221,653</b>	<b>2,552,778,076</b>
<b>Net Assets Value Per Share</b>	33.03	<b>24.80</b>	<b>25.37</b>

\*Re-stated

The annexed notes 1 to 42 form an integral part of these financial statements.

  
Managing Director

  
Director

  
Company Secretary

Signed in terms of our annexed report of same date

Chittagong,

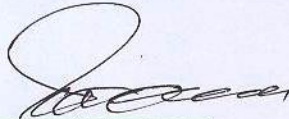
**KDS ACCESSORIES LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2017**


	Note(s)	01 July 2016 to 30 June 2017 Taka	01 July 2015 to 30 June 2016* Taka
Revenue	26	1,585,937,175	1,609,773,407
Cost of goods sold	27	(1,252,576,655)	(1,250,566,654)
<b>Gross Profit</b>		<b>333,360,520</b>	<b>359,206,753</b>
Operating expenses	28	(95,224,565)	(104,501,302)
Selling and distribution expenses	29	(32,407,569)	(29,849,938)
<b>Operating Profit</b>		<b>205,728,386</b>	<b>224,855,513</b>
Finance cost	30	(71,406,024)	(97,764,866)
Finance income	31	20,850,219	19,682,673
<b>Profit before Other Income</b>		<b>155,172,581</b>	<b>146,773,320</b>
Other income	32	1,711,651	1,797,600
Income from associates	7	190,083	1,406,130
<b>Profit before Income Tax and distribution of WPPF and Welfare Fund</b>		<b>157,074,315</b>	<b>149,977,050</b>
Workers' Profit Participation and Welfare Fund	25	(7,853,716)	(7,498,853)
<b>Profit before Income Tax</b>		<b>149,220,599</b>	<b>142,478,197</b>
Provision for income tax:			
-Current tax	22	(18,154,988)	(21,305,638)
-Deferred tax	20	(5,477,260)	1,167,665
<b>Profit after Income Tax</b>		<b>125,588,351</b>	<b>122,340,224</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>Total Comprehensive Income</b>		<b>125,588,351</b>	<b>122,340,224</b>
<b>Earnings Per Share (Basic)</b>	33.01	<b>2.20</b>	<b>2.35</b>
<b>Restated earning per share (Basic)</b>	33.01		<b>2.14</b>

\*Re-stated

The annexed notes 1 to 42 form an integral part of these financial statements.

  
\_\_\_\_\_  
Managing Director

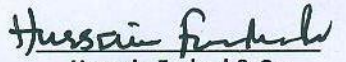
  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Company Secretary

Signed in terms of our annexed report of same date

Chittagong,



  
Hussain Farhad & Co.  
Chartered Accountants  
HFC

**KDS ACCESSORIES LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2017**

Particulars	Amount in Taka				
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total Equity
Balance as on 01 July 2015	400,000,000	-	214,391,703	322,587,097	936,978,800
Excess of proportionate net assets' value of associate over acquisition cost (Net of tax)	-	-	-	19,838,349	19,838,349
<b>Balance as on 01 July 2015 (Re-stated)</b>	<b>400,000,000</b>	<b>-</b>	<b>214,391,703</b>	<b>342,425,446</b>	<b>956,817,149</b>
Ordinary share issued through Initial Public Offering	120,000,000	-	-	-	120,000,000
Share premium	-	120,000,000	-	-	120,000,000
Net Profit after tax for the year	-	-	-	122,340,224	122,340,224
<b>Balance as at 30 June 2016</b>	<b>520,000,000</b>	<b>120,000,000</b>	<b>214,391,703</b>	<b>464,765,670</b>	<b>1,319,157,373</b>
Balance as on 01 July 2016	520,000,000	120,000,000	214,391,703	464,765,670	1,319,157,373
Bonus share for the year 2015	52,000,000	-	-	(52,000,000)	-
Cash dividend for the year 2015	-	-	-	(26,000,000)	(26,000,000)
Net Profit after tax for the year	-	-	-	125,588,351	125,588,351
<b>Balance as at 30 June 2017</b>	<b>572,000,000</b>	<b>120,000,000</b>	<b>214,391,703</b>	<b>512,354,021</b>	<b>1,418,745,724</b>

  
 Managing Director

  
 Director

  
 Company Secretary



**KDS ACCESSORIES LIMITED**  
**Statement of Cash Flows**  
**For the year ended 30 June 2017**

	01 July 2016 to 30 June 2017	01 July 2015 to 30 June 2016
	Taka	Taka
<b>A. Cash flows from operating activities</b>		
Received from customers	1,469,978,953	1,742,295,981
Received from other sources	918,300	4,022,795
Paid to suppliers	(1,116,234,047)	(1,401,754,087)
Paid for operating expenses	(108,959,922)	(87,023,839)
Interest paid (net)	(61,989,324)	(84,202,734)
Income Tax Paid	(23,340,871)	(43,283,953)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>160,373,089</b>	<b>130,054,163</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(165,353,810)	(263,691,910)
Addition to intangible assets	(1,082,985)	(1,052,549)
Proceed from sale of non-current assets	10,000	-
Investments	(607,170)	(20,236)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(167,033,965)</b>	<b>(264,764,695)</b>
<b>C. Cash flows from financing activities</b>		
Share issued through IPO	-	120,000,000
Share Premium	-	120,000,000
Dividend Paid	(25,826,133)	-
Receipt / (Repayment) of long term loans	104,834,478	(107,201,490)
Receipt / (Repayment) of lease finance	(3,674,765)	(781,714)
Receipt / (Repayment) of short term borrowings	294,643,821	(184,506,366)
Short term loan (paid to)/ received from affiliated companies	(371,724,532)	192,720,981
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(1,747,131)</b>	<b>140,231,411</b>
<b>D. Net increase of cash and cash equivalents (A+B+C)</b>	<b>(8,408,007)</b>	<b>5,520,879</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>14,017,276</b>	<b>8,496,397</b>
<b>F. Cash and cash equivalents at the end of the year (D+E)</b>	<b>5,609,269</b>	<b>14,017,276</b>
<b>Net operating cash flows per share</b>	<b>33.04</b>	<b>2.50</b>

  
 Managing Director

  
 Director

  
 Company Secretary



**KDS ACCESSORIES LIMITED**  
**Notes to the Financial Statements**  
**As at and for the year ended 30 June 2017**

**1.00 REPORTING ENTITY**

**1.01 Formation and Legal Status**

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 (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 1 July 1991. 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 Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 15 October 2015.

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 April 2010. The change of name was certified by the Registrar of Joint Stock Companies & Firms on 11 May 2010 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.

**1.02 Nature of Business**

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

**1.03 Description of Associates**

**(i) Formation and legal status of SKYS Securities Limited**

SKYS Securities Limited is an associate of the company having 46.69% holding in paid up capital. It was incorporated on 17 June 1997, vide the certificate CH-2675 of 1997 and commenced operation on 01 January 2006. Paid up capital at the Reporting date stands at Tk. 50,132,000 (50,132 shares @ Tk 1,000 each).

**(ii) Nature of Business**

The principal activities of the company is stock broking as member of Chittagong Stock Exchange Limited (CSE) an allied service under Securities & Exchange Commission's Rules and Regulations.

**2.00 BASIS OF FINANCIAL STATEMENT PREPARATION AND PRESENTATION**

**2.01 Statement of Compliance**

The financial statements of the company under reporting have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).



## 2.02 Basis of Reporting

The financial statements are prepared and presented for external users by the company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of BAS 1 – “Presentation of Financial Statements”. The financial statements comprise of:

- a) A statement of Financial Position as at 30 June 2017;
- b) A statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017;
- c) A statement of Changes in Equity for the year ended 30 June 2017;
- d) A statement of Cash Flows for the year ended 30 June 2017; and
- e) Notes, comprising a summary of significant accounting policies and explanatory information.

## 2.03 Regulatory Compliances

As required, KDS Accessories Limited complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

- a) The Income Tax Ordinance 1984
- b) The Income Tax Rules 1984
- c) The Value Added Tax Act 1991
- d) The Value Added Tax Rules 1991
- e) Securities and Exchange Commission Rules 1987
- f) The Customs Act 1969
- g) The Labour Act 2006 (as amended in 2013)

## 2.04 Authorization for Issue

The financial statements were authorized for issue by the Board of Directors on 18 September 2017.

## 2.05 Basis of Measurement

The financial statements have been prepared on going concern basis under the historical cost convention except for land and land development of property, plant and equipment which is measured at revalued amount.

## 2.06 Functional and Presentation Currency

The financial statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

## 2.07 Cash Flows Statement

Statement of Cash Flows is prepared principally in accordance with BAS-7 "Statement of Cash Flows" and the cash flow from operating activities have been presented under direct method as per requirement of Securities and Exchange Rules 1987.

## 2.08 Going Concern

The company has adequate resources to continue its operation in foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current revenue generations and resources of the company provide sufficient fund to meet the present requirements of its existing business and operation.

## 2.09 Reporting Period

The financial statements of the company covers one year from 01 July 2016 to 30 June 2017. Until 31 December 2015, financial year of the company was from 01 January to 31 December. The company has changed its financial year end to 30 June to comply with the requirement of sub-section 35 of section 2 of the Income Tax Ordinance 1984 for uniform income year from first day of July to thirtieth day of June as amended by the provision of section 9 of the Finance Act 2015.





## 2.10 Application of Accounting Standards

The financial statements have been prepared in compliance with requirement of BASs (Bangladesh Accounting Standards) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following BASs and BFRSs are applied to the financial statements for the year under audit:

Ref. No.	Accounting Standards	Status
BAS-1	Presentation of Financial Statements	Applied
BAS-2	Inventories	Applied
BAS-7	Statement of Cash Flows	Applied
BAS-8	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
BAS-10	Events after the Reporting Period	Applied
BAS-12	Income Taxes	Applied
BAS-16	Property, Plant and Equipment	Applied
BAS-17	Leases	Applied
BAS-18	Revenue	Applied
BAS-19	Employee Benefits	Applied
BAS-21	The Effects of Changes in Foreign Exchange Rate	Applied
BAS-23	Borrowing Costs	Applied
BAS-24	Related Party Disclosures	Applied
BAS-26	Accounting and Reporting by Retirement Benefit Plans	Applied
BAS-28	Investments in Associates	Applied
BAS-32	Financial Instrument: Presentation	Applied
BAS-33	Earnings Per Share	Applied
BAS-34	Interim Financial Reporting	Applied
BAS-36	Impairment of Assets	Applied
BAS-37	Provisions, Contingent Liabilities and Contingent Assets	Applied
BAS-38	Intangible Assets	Applied
BAS-39	Financial Instruments: Recognitions and Measurement	Applied
BFRS-7	Financial Instruments: Disclosures	Applied
BFRS-13	Fair Value Measurement	Applied

## 2.11 Use of Estimates and Judgements

The preparation of these financial statements is in conformity with BAS and BFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note: 4	Property, plant and equipment
Note: 5	Intangible assets
Note: 9	Inventories
Note: 10	Trade receivables
Note: 19	Defined benefit obligation- gratuity
Note: 20	Deferred tax liability
Note: 22	Current tax liability

## 2.12 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of KDS Accessories Limited is responsible for the preparation and presentation of financial statements of the Company.



### 2.13 Comparative Information

Comparative information has been disclosed in respect of the year ended on 30 June 2017 in accordance with BAS - 1 "Presentation of Financial Statements", for all numeric information in the financial statements. Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statement. Comparative information for the period from 01 July 2015 to 31 December 2015 was taken from unaudited financial statements. Investment in associate and deferred tax for the year ended 30 June 2016 have been restated due to recognition of excess of proportionate net asset's value of associate over acquisition cost.

### 3.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in earlier periods.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

#### 3.01 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the year ended 30 June 2017 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 June 2016.

#### 3.02 Property, Plant and Equipment

##### i) Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation except land and land development which are carried at revalued amount and subsequent impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

##### ii) Pre-Operating Expenses and Borrowing Costs

Interest and other incurred by the company in respect of borrowing of fund are recognized as expenses in the year in which they incurred unless the activities that are necessary to prepare the qualifying assets for its intended use are in progress. Expenses capitalized also include applicable borrowing cost considering the requirement of BAS-23 "Borrowing Costs".

##### iii) Subsequent Costs and Maintenance Activities

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.



#### **iv) Revaluation of Property, Plant & Equipment**

Financial statement of the company has been prepared on historical cost price basis. However, the prices of land have been increased substantially during the last few years due to high inflationary trend. In this circumstance, management of KDS Accessories Limited has decided to determine fair market value of the land through revaluation. Syful Shamsul Alam & Co, Chartered Accountants had revalued the lands of the company as on 31 December 2012, following "current cost method". Such revaluation resulted in a valuation surplus aggregating Tk. 214,391,703.

#### **v) Depreciation**

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in statement of profit or loss and other comprehensive income on straight line method over the estimated useful lives of property, plant and equipment.

Depreciation is charged on addition from the month (date of service) of acquisition/addition upto the month of disposal. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. After considering the useful life of assets as per BAS-16 "Property, plant and equipment", the annual depreciation have been applied equal allocation of total cost over useful life of assets which is considered reasonable by the management.

#### **vi) Impairment of Assets**

The company reviews the recoverable amount of its assets at each reporting date. If there exists any indication that the carrying amount of assets exceeds the recoverable amount, the company recognizes such impairment loss in accordance with BAS-36 "Impairment of Assets".

#### **vii) Retirement and Disposals**

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. On disposal of property, plant & equipment, the cost and accumulated depreciation are eliminated. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

### **3.03 Intangible Assets**

#### **i) Recognition and Measurement**

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

#### **ii) Amortization**

Amortization is recognized in the statement of profit or loss and other comprehensive income on straight line method at the rate of 20% to 33.33% per annum. Amortization is charged on addition from the month (date of service) of acquisition/addition .

#### **iii) Subsequent Cost**

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

### **3.04 Capital Work-in-Progress**

Capital work-in-progress represents the cost incurred for acquisition and/or construction of property, plant and equipment that were not ready for use at the end of 30 June 2017 and these are stated at cost.



### 3.05 Leasehold Assets

Assets held under finance leases are recognized as assets of the company at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the statement of profit or loss and other comprehensive income.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

### 3.06 Investment in Associates

The company's investment in associates is accounted for in the financial statements using the Equity Method in accordance with BAS 28: 'Investment in Associates & Joint Ventures'. Investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition which is classified as non-current assets in the statement of financial position. The investor's share of investee's profit or loss is recognized in the investor's profit or loss. Adjustment after the date of acquisition to the carrying amount has been made for changes in the investor's proportionate interest in the investee that arising from the revaluation of property, plant & equipment and from foreign currency translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

The excess of company's share of net assets' value of associates over cost of investments has been recognized in the statement of profit or loss and other comprehensive income as share of associate's profit or loss during the year following the provisions of BAS 28.

Unrealized gains and losses arising from transactions with associate are eliminated against the investment to the extent of the company's interest in investee.

### 3.07 Inventories

#### i) Nature of Inventories

Inventories comprise of raw materials, work-in-process, finished goods, stores & spares and goods in transit.

#### ii) Valuation of Inventories

Inventories are measured at lower of cost or net realizable value in accordance with the Para of 21 and 25 of BAS-2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

Category	Valuation method
i) Raw materials	Valued at Cost or Net Realisable Value whichever is lower.
ii) Finished goods	Valued at Cost or Net Realisable Value whichever is lower.
iii) Goods-in-transit	Valued at Cost.
iv) Stores and spares	Based on weighted average method.

### 3.08 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.08.01 Financial Assets

The Company initially recognizes loans, receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets include Trade Receivables, Others Receivables, Advances, Deposits and Prepayments, Short Term Investments, and Cash and cash equivalents.



### **Loans and Receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost.

Loans and receivables comprise cash and cash equivalents, loans, trade receivables, other receivables and deposits.

#### **a) Trade and Other Receivables**

Trade receivable consists of due proceeds against sales through L/C with a tenure of 30 days to 180 days and realizable at the maturity date. Trade receivable is initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to uncollectability of any amount so recognized.

Other receivables is initially recognized at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses, if any, due to uncollectability of any amount so recognized.

#### **b) Advances, Deposits and Prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

Deposits are measured at payment value.

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

#### **c) Cash and Cash Equivalents**

According to BAS-7 "Statement of Cash Flows " cash comprises cash in hand and bank deposit and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. BAS-1 "Presentation of Financial Statements" provides that cash and cash equivalent are not restricted in use. Considering the provision of BAS 7 and BAS 1, cash in hand and bank balances have been considered as cash and cash equivalents.

### **Available-for-sale**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exist. Cumulative gain/losses recognized in the other comprehensive income are reclassified from equity to profit or loss upon derecognition or reclassification.

### **3.08.02 Financial Liabilities**

The company initially recognizes all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

#### **a) Trade and Other Payables**

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.



### **3.09 Impairment**

#### **i) Financial Assets**

Financial assets are not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

#### **ii) Non-financial Assets**

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

### **3.10 Share Capital**

Paid-up-capital represents total amount contributed by the shareholders and bonus shares issued by the company to the ordinary shareholders. Incremental costs directly attributable to the issue of ordinary shares are recognized as expenses as and when incurred. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the company, ordinary shareholders rank after all other shareholders. Creditors are fully entitled to any proceeds of liquidation before all shareholders.

### **3.11 Revaluation Reserve**

Revaluation reserve relates to the revaluation of land and land development.

### **3.12 Employee Benefits**

#### **i) Short Term Employee Benefits**

Salaries, bonuses and allowances are accrued in the financial year in which the associated services are rendered by the employees of the Company.

#### **ii) Workers' Profit Participation & Welfare Fund**

The Company maintains a Worker's profit participation & welfare fund at 5% of net profit before tax as per the requirement of The Companies Profit (worker's participation) (amendment) ordinance 1985 & Labour Act 2006 (As amended in 2013).

#### **iii) Defined Contribution Plan**

The company maintains an unrecognized provident fund for its officers only. Both the employees and company contribute 10% of basic salary to the fund.

#### **iv) Defined Benefit Plan - Gratuity**

The company maintains a Gratuity scheme for its officers only. Officers are entitled to gratuity when their length of service reaches five years. Provision has been made in the books on monthly basis based on the rules of the scheme.

### **3.13 Taxation**

#### **i) Current Tax**

Income Tax is calculated and provision is made in accordance with BAS 12 'Income taxes'. As per 6th schedule Part A Para 28 of Income Tax Ordinance, 1984 provision for income has been made at the rate of 25% on operational income after deducting 50% of income as export rebate resulting in an effective tax rate of 12.50% on operational income. Besides this the company charged tax at a rate of 25% on other income of this company.



## ii) Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the Statement of Financial Position date. The impact of changes on the account in the deferred tax assets and liabilities has also been recognized in the statement of profit or loss and other comprehensive income as per BAS-12 "Income Taxes".

The deferred tax asset/income or liability/expenses does not create a legal liability/recoverability to and from the income tax authority.

Deferred tax on revaluation surplus of lands has not been recognized in the financial statements on the ground that income tax payable at source on capital gain during registration of sale of land are generally borne by the buyer. Hence, possibility of having any income tax implications on land is very remote.

### 3.14 Loans and Borrowings

Principal amount of the loans and borrowings are stated at their outstanding amount. Borrowings repayable within twelve months from the balance sheet date are classified as current liabilities whereas borrowings repayable after twelve months from the balance sheet date are classified as non-current liabilities. Accrued interest and other charges are classified as current liabilities.

### 3.15 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized in the statement of financial position when the company has a legal or contractual obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. In accordance with BAS 37 "Provisions, Contingent Liabilities and Contingent Assets", contingent liabilities and commitments are disclosed in the financial statements.

### 3.16 Revenue Recognition

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

- i) The products are invoiced and dispatched to the customers (i.e. significant risk and reward associated with ownership are transferred to the customers);
- ii) Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest applicable.

### 3.17 Foreign Currency Transaction / Translation

Transactions in foreign currencies are translated into Bangladesh Taka at the Exchange rate prevailing on the date of transactions in accordance with BAS- 21 "The Effects of Changes in Foreign Exchange Rate." Monetary assets and liabilities in foreign currencies at the Statement of Financial Position date are translated into Bangladesh Taka at the rate of exchange prevailing at the Statement of Financial Position date. All exchange differences are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

### 3.18 Related Party Transactions

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

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

### 3.19 Earnings Per Share (EPS)

The company calculates its earnings per share in accordance with Bangladesh Accounting Standard BAS-33 "Earnings Per Share" which has been reported on the face of Statement of Profit or Loss and Other Comprehensive Income.

**i) Basic Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

**ii) Diluted Earnings Per Share:**

No diluted earnings per share was required to be calculated for the year under review as there was no scope for dilution of Earnings Per Share for the year.

**3.20 Measurement of Fair Values**

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**Property, Plant and Equipment**

The fair value of land of property, plant and equipment has been determined based on the current cost method and net realizable value method as applicable.

**3.21 Events after the Reporting Period**

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.





4.00 Property, plant and equipment - at revalued model

Amount in Taka

	Land and Land development	Plant and Machineries	Administrative Building	Factory Building	Office Equipment	Electric Installation	Furniture & Fixture	Computer Equipment	Motor Vehicle	Total
<b>At cost</b>										
Balance as on 01 July 2015	416,978,935	591,867,126	41,240,955	276,040,375	24,337,784	36,132,763	12,038,729	21,085,044	58,414,506	1,478,136,217
Addition during the year	2,751,857	70,333,766	849,921	7,144,437	1,035,932	3,212,518	609,939	1,722,575	2,207,591	89,868,536
Disposal/Adjustment during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2016</b>	<b>419,730,792</b>	<b>662,200,892</b>	<b>42,090,876</b>	<b>283,184,812</b>	<b>25,373,716</b>	<b>39,345,281</b>	<b>12,648,668</b>	<b>22,807,619</b>	<b>60,622,097</b>	<b>1,568,004,753</b>
Balance as on 01 July 2016	419,730,792	662,200,892	42,090,876	283,184,812	25,373,716	39,345,281	12,648,668	22,807,619	60,622,097	1,568,004,753
Addition during the year	-	183,529,035	-	73,275,673	898,526	2,047,809	1,129,308	1,536,333	5,804,950	268,221,634
Disposal/Adjustment during the year	-	-	-	-	-	-	(276,500)	-	(133,500)	(410,000)
<b>Balance as at 30 June 2017</b>	<b>419,730,792</b>	<b>845,729,927</b>	<b>42,090,876</b>	<b>356,460,485</b>	<b>26,272,242</b>	<b>41,393,090</b>	<b>13,501,476</b>	<b>24,343,952</b>	<b>66,293,547</b>	<b>1,835,816,387</b>
<b>Accumulated depreciation</b>										
Balance as on 01 July 2015	-	204,277,310	12,957,346	109,491,376	11,957,829	15,879,708	6,554,173	12,995,132	24,455,141	398,568,015
Charged for the year	-	34,976,852	1,187,492	9,344,655	2,993,273	4,606,987	2,352,443	6,970,963	6,756,436	69,189,101
Adjustment for disposal during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2016</b>	<b>-</b>	<b>239,254,162</b>	<b>14,144,838</b>	<b>118,836,031</b>	<b>14,951,102</b>	<b>20,486,695</b>	<b>8,906,616</b>	<b>19,966,095</b>	<b>31,211,577</b>	<b>467,757,116</b>
Balance as on 01 July 2016	-	239,254,162	14,144,838	118,836,031	14,951,102	20,486,695	8,906,616	19,966,095	31,211,577	467,757,116
Charged for the year	-	45,983,109	1,231,629	9,603,696	2,183,336	4,475,147	1,442,319	1,469,617	6,557,114	72,945,967
Adjustment for disposal during the year	-	-	-	-	-	-	(231,162)	-	(122,489)	(353,651)
<b>Balance as at 30 June 2017</b>	<b>-</b>	<b>285,237,271</b>	<b>15,376,467</b>	<b>128,439,727</b>	<b>17,134,438</b>	<b>24,961,842</b>	<b>10,117,773</b>	<b>21,435,712</b>	<b>37,646,202</b>	<b>540,349,432</b>
<b>Carrying amount</b>										
As at 30 June 2016	419,730,792	422,946,730	27,946,038	164,348,781	10,422,614	18,858,586	3,742,052	2,841,524	29,410,520	1,100,247,637
As at 30 June 2017	419,730,792	560,492,656	26,714,409	228,020,758	9,137,804	16,431,248	3,383,703	2,908,240	28,647,345	1,295,466,955

Depreciation allocated to:	Note	Allocation Basis	01 Jul 2016 to	01 Jul 2015 to
			30 Jun 2017	30 Jun 2016
			Taka	Taka
Factory Overhead	27.02	80%	58,356,774	55,351,281
Operating Expenses	28.00	20%	14,589,193	13,837,820
			<u>72,945,967</u>	<u>69,189,101</u>



4.01 Property, plant and equipment - at cost model

	Amount in Taka									
	Land and Land development	Plant and Machineries	Administrative Building	Factory Building	Office Equipment	Electric Installation	Furniture & Fixture	Computer Equipment	Motor Vehicle	Total
<b>At cost</b>										
Balance as on 01 July 2015	202,587,232	591,867,126	41,240,955	276,040,375	24,337,784	36,132,763	12,038,729	21,085,044	58,414,506	1,263,744,514
Addition during the year	2,751,857	70,333,766	849,921	7,144,437	1,035,932	3,212,518	609,939	1,722,575	2,207,591	89,868,536
Disposal/Adjustment during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2016</b>	<b>205,339,089</b>	<b>662,200,892</b>	<b>42,090,876</b>	<b>283,184,812</b>	<b>25,373,716</b>	<b>39,345,281</b>	<b>12,648,668</b>	<b>22,807,619</b>	<b>60,622,097</b>	<b>1,353,613,050</b>
Balance as on 01 July 2016	205,339,089	662,200,892	42,090,876	283,184,812	25,373,716	39,345,281	12,648,668	22,807,619	60,622,097	1,353,613,050
Addition during the year	-	183,529,035	-	73,275,673	898,526	2,047,809	1,129,308	1,536,333	5,804,950	268,221,634
Disposal/Adjustment during the year	-	-	-	-	-	-	(276,500)	-	(133,500)	(410,000)
<b>Balance as at 30 June 2017</b>	<b>205,339,089</b>	<b>845,729,927</b>	<b>42,090,876</b>	<b>356,460,485</b>	<b>26,272,242</b>	<b>41,393,090</b>	<b>13,501,476</b>	<b>24,343,952</b>	<b>66,293,547</b>	<b>1,621,424,684</b>
<b>Accumulated depreciation</b>										
Balance as on 01 July 2015	-	204,277,310	12,957,346	109,491,376	11,957,829	15,879,708	6,554,173	12,995,132	24,455,141	398,568,015
Charged for the year	-	34,976,852	1,187,492	9,344,655	2,993,273	4,606,987	2,352,443	6,970,963	6,756,436	69,189,101
Adjustment for disposal during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2016</b>	<b>-</b>	<b>239,254,162</b>	<b>14,144,838</b>	<b>118,836,031</b>	<b>14,951,102</b>	<b>20,486,695</b>	<b>8,906,616</b>	<b>19,966,095</b>	<b>31,211,577</b>	<b>467,757,116</b>
Balance as on 01 July 2016	-	239,254,162	14,144,838	118,836,031	14,951,102	20,486,695	8,906,616	19,966,095	31,211,577	467,757,116
Charged for the year	-	45,983,109	1,231,629	9,603,696	2,183,336	4,475,147	1,442,319	1,469,617	6,557,114	72,945,967
Adjustment for disposal during the year	-	-	-	-	-	-	(231,162)	-	(122,489)	(353,651)
<b>Balance as at 30 June 2017</b>	<b>-</b>	<b>285,237,271</b>	<b>15,376,467</b>	<b>128,439,727</b>	<b>17,134,438</b>	<b>24,961,842</b>	<b>10,117,773</b>	<b>21,435,712</b>	<b>37,646,202</b>	<b>540,349,432</b>
<b>Carrying amount</b>										
As at 30 June 2016	205,339,089	422,946,730	27,946,038	164,348,781	10,422,614	18,858,586	3,742,052	2,841,524	29,410,520	885,855,935
As at 30 June 2017	205,339,089	560,492,656	26,714,409	228,020,758	9,137,804	16,431,248	3,383,703	2,908,240	28,647,345	1,081,075,252



	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>5.00 Intangible assets</b>			
Computer software	5.01	2,726,992	2,603,560
		<b>2,726,992</b>	<b>2,603,560</b>
<b>5.01 Intangible assets schedule</b>			
<b>Cost</b>			
Opening balance		5,272,908	4,220,359
Add: Addition during the year		1,082,985	1,052,549
Closing balance		<b>6,355,893</b>	<b>5,272,908</b>
<b>Accumulated amortization</b>			
Opening balance		2,669,348	1,855,194
Add: Charged during the year		959,553	814,154
Closing balance		<b>3,628,901</b>	<b>2,669,348</b>
<b>Carrying amount</b>		<b>2,726,992</b>	<b>2,603,560</b>
<b>6.00 Capital work-in-progress</b>			
Opening balance		191,195,601	17,372,227
Add: Expenditure incurred during the year	6.01	142,722,150	211,679,280
		<b>333,917,751</b>	<b>229,051,507</b>
Less: Adjustment made during the year	6.01	(2,608,500)	-
Less: Capitalized during the year	6.01	(242,981,474)	(37,855,906)
Closing balance		<b>88,327,777</b>	<b>191,195,601</b>

**6.01 Details of capital work-in-progress**

Particulars	Opening Balance	Additions during the year	Adjusted during the Year	Capitalized during the Year	Balance as on 30 June 2017	Balance as on 30 June 2016
Land and land development	15,456,098	-	(2,608,500)	-	12,847,598	15,456,098
Administrative building	-	389,563	-	-	389,563	-
Factory building	49,774,407	47,616,128	4,646,727	(71,469,298)	30,567,964	49,774,407
Plant & machinery	106,164,670	73,606,901	-	(171,499,176)	8,272,395	106,164,670
Electric equipment and installations	19,800,426	21,109,558	(4,646,727)	(13,000)	36,250,257	19,800,426
	<b>191,195,601</b>	<b>142,722,150</b>	<b>(2,608,500)</b>	<b>(242,981,474)</b>	<b>88,327,777</b>	<b>191,195,601</b>

Land and land development includes Tk. 2,608,500 as bininama against land purchase and subsequently management has transferred the land to KDS Thread Limited. Consideration amount has duly been received.

	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>7.00 Investment in associate</b>			
SKYS Securities Limited	7.01	48,297,694	48,107,611
		<b>48,297,694</b>	<b>48,107,611</b>
<b>7.01 Movement of investment in associates</b>			
Investment in equity share		23,405,000	23,405,000
<b>Share of profit/(loss)</b>			
Opening balance		24,702,611	23,048,341
Share of profit/(loss) for the year	7.02	190,083	1,654,270
		<b>24,892,694</b>	<b>24,702,611</b>
		<b>48,297,694</b>	<b>48,107,611</b>
<b>7.02 Share of profit/(loss) of associates (Net of tax)</b>			
Net profit attributable to the shareholders' of associate		407,118	3,543,093
<b>Ownership</b>			
		46.69%	46.69%
Net profit / (Loss) attributable to KDS Accessories Limited		190,083	1,654,270
		<b>190,083</b>	<b>1,654,270</b>



**7.03 Summary of financial information of equity accounted investee:**

Non-current assets

Current assets

**Total assets**

Share capital

Revaluation surplus (CSE Membership)

Retained earnings

**Shareholders' equity**

Current liabilities

**Total liabilities**

**Total equity & liabilities**

30 June 2017	30 June 2016
Taka	Taka
77,685,175	71,766,625
153,988,208	160,935,270
<b>231,673,383</b>	<b>232,701,895</b>
50,132,000	50,132,000
37,873,300	37,873,300
15,438,038	15,030,920
<b>103,443,338</b>	<b>103,036,220</b>
128,230,045	129,665,675
<b>128,230,045</b>	<b>129,665,675</b>
<b>231,673,383</b>	<b>232,701,895</b>

Revenue

Other income

Expenses

**Net profit**

01 July 2016 to 30 June 2017	01 July 2015 to 30 June 2016
Taka	Taka
7,047,154	8,855,375
821,195	3,562,174
(7,461,231)	(8,874,456)
<b>407,118</b>	<b>3,543,093</b>

**8.00 Other investment**

Investment in Fixed Deposit Receipts

4,713,519	4,504,950
<b>4,713,519</b>	<b>4,504,950</b>

Name of Banks	Purpose	Period	Interest rate		
Bank Asia Limited	Bank Guarantee	1 year	6.50%	3,732,056	3,542,884
Exim Bank Limited	Bank Guarantee	3 years	9.00% - 12.00%	981,463	962,066
				<b>4,713,519</b>	<b>4,504,950</b>

**9.00 Inventories**

Raw materials

Work- in - process

Finished goods

Stores & spares

Goods in transit

307,994,045	256,709,571
18,432,284	23,404,318
17,054,285	10,845,157
43,169,743	36,245,572
68,414,516	45,348,160
<b>455,064,873</b>	<b>372,552,778</b>

**9.01 Quantitative movement of raw materials and finished goods**

**Raw Materials**

Product name	Unit	Opening balance	Procurement	Available for consumption	Consumption	Closing balance
Liner Paper	Kg	1,814,943	9,917,852	11,732,795	(8,645,758)	3,087,037
White Liner Paper	Kg	9,239	-	9,239	(9,239)	-
Medium Paper	Kg	1,108,996	6,086,954	7,195,950	(5,204,859)	1,991,091
Duplex Board	Kg	39,565	443,249	482,814	(267,038)	215,776
Stitching Wire	Kg	24,796	135,000	159,796	(138,144)	21,652
Yarn	Kg	96,040	200,272	296,311	(208,216)	88,095
Starch	Kg	13,365	369,060	382,425	(318,719)	63,706
Adhesive Powder	Kg	4,626	217,400	222,026	(210,196)	11,830
Art Card	Kg	17,761	35,876	53,637	(49,499)	4,138
Chemical	Ltr	950	14,781	15,731	(14,400)	1,331
Resin	Kg	13,238	194,280	207,518	(188,321)	19,196
PP Strap	Kg	-	1,920	1,920	(1,357)	563
Rubber Thread	Kg	59,405	38,300	97,705	(82,894)	14,811
Transfer Flim	Kg	-	110,000	110,000	(107,591)	2,409
P. Ink	Kg	6,609	24,653	31,262	(18,718)	12,544
Pigment	Kg	330	630	960	(947)	13
Ribbon	Kg	6,138	6,100	12,238	(6,787)	5,451
Self Adhesive Sticker	Kg	-	14,000	14,000	(12,656)	1,344
OPP Gum Tape	Kg	13,801	43,379	57,180	(32,423)	24,757
		<b>3,229,800</b>	<b>17,853,706</b>	<b>21,083,506</b>	<b>(15,517,762)</b>	<b>5,565,744</b>



Finished goods

Product name	Unit	Opening balance	Production	Available for sale	Sales	Closing balance
Carton	Pcs	134,411	29,271,182	29,405,593	(29,245,051)	160,542
Label	Pcs	65,100	71,691,494	71,756,594	(71,250,453)	506,141
Elastics and Narrow Fabrics	Yards	713,194	22,089,283	22,802,477	(21,895,250)	907,227
Offset Printing	Pcs	169,815	120,989,750	121,159,565	(120,928,561)	231,004
Heat Transfer Printing	Pcs	1,000	8,336,303	8,337,303	(8,305,021)	32,282
Button	GG	6,646	186,545	193,191	(185,668)	7,523
Gum Tape	Rolls	47,731	234,602	282,333	(277,332)	5,001
		<b>1,137,897</b>	<b>252,799,159</b>	<b>253,937,056</b>	<b>(252,087,336)</b>	<b>1,849,720</b>

	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>10.00 Trade receivables</b>			
Opening balance		718,558,677	845,376,706
Add: Addition during the year	26.00	1,585,937,175	1,609,773,407
Add: Foreign currency fluctuation gain/(loss)	10.02	11,462,019	5,704,545
		<b>2,315,957,871</b>	<b>2,460,854,658</b>
Less: Realized during the year		(1,469,978,953)	(1,742,295,981)
		<b>845,978,918</b>	<b>718,558,677</b>

**10.01** Trade receivables have been stated at their nominal value. Trade receivables are accrued in the ordinary course of business. These are carried at invoice amount. All receivables are secured by letter of Credit (L/C) and have been considered as good and realizable. Therefore, no amount was written off as bad debt and no debt was considered as doubtful to provide for.

**10.02** Foreign currency fluctuation gain/(loss) arises due to translation of foreign currency denominated trade receivables at the reporting date.

	30 June 2017 Taka	30 June 2016 Taka
<b>10.03 Trade receivables include affiliated companies</b>		
KDS Apparels Limited	7,708,594	4,329,931
KDS Fashion Limited	27,772,260	13,648,961
KDS Garment Industries Limited	40,443,299	46,034,019
KDS Logistics Limited	137,503	228,404
KDS IDR Limited	9,748,232	4,473,125
KDS Textile Mills Ltd.	81,863	247,379
KYCR Coil Industries Ltd.	164,864	-
	<b>86,056,615</b>	<b>68,961,819</b>

	30 June 2017 Taka	30 June 2016 Taka
<b>10.04 Ageing of trade receivables</b>		
Dues within 3 Months	469,095,311	384,788,172
Dues over 3 Months but within 6 months	376,883,607	333,770,505
	<b>845,978,918</b>	<b>718,558,677</b>

	30 June 2017 Taka	30 June 2016 Taka
<b>10.05 Trade receivables - classification by security and related party:</b>		
Receivable considered good and secured	845,978,918	718,558,677
Receivable considered good without security	-	-
Receivable considered doubtful or bad	-	-
Receivable due by directors or other officers	-	-
Receivable due from companies under same management	86,056,615	68,961,819
Maximum receivable due by directors or officers at any time	-	-

	30 June 2017 Taka	30 June 2016 Taka
<b>11.00 Other receivables</b>		
Rent receivable	1,738,500	898,800
Accrued interest income on FDR	387,496	415,996
	<b>2,125,996</b>	<b>1,314,796</b>



		30 June 2017	30 June 2016
	Note(s)	Taka	Taka
<b>12.00 Advances, deposits and prepayments</b>			
Advances	12.01	69,008,587	52,963,643
Security deposits	12.02	11,694,449	11,694,449
Prepayments	12.03	1,936,357	1,672,205
		<b>82,639,393</b>	<b>66,330,297</b>
<b>12.01 Advances</b>			
Against salary and allowances		876,301	710,070
Against advertisement		599,999	998,835
Against income tax	12.01.01	18,190,240	21,835,016
For unallocated revenue expenses		4,299,997	735,518
Others		45,042,050	28,684,204
		<b>69,008,587</b>	<b>52,963,643</b>
<b>12.01.01 Advance income tax</b>			
Opening balance		21,835,016	9,581,661
Add: Paid/deducted during the year		18,190,240	12,253,355
Less: Adjusted during the year		(21,835,016)	-
Closing balance		<b>18,190,240</b>	<b>21,835,016</b>
<b>12.02 Security deposits</b>			
T & T		20,000	20,000
Titas Gas Transmission & Distribution Company Limited		1,260,200	1,260,200
Gazipur Palli Bidyut Samity		9,065,088	9,065,088
Karnaphuli Gas Transmission Limited		549,161	549,161
Central Depository Bangladesh Limited (CDBL)		500,000	500,000
Gulshan Club Limited		300,000	300,000
		<b>11,694,449</b>	<b>11,694,449</b>
<b>12.03 Prepayments</b>			
Insurance premium		1,753,389	1,558,504
Prepaid interest		182,968	113,701
		<b>1,936,357</b>	<b>1,672,205</b>
<b>12.04</b>	The directors consider that all the above advances, deposits and prepayments are either adjustable or recoverable in cash or in kind and for that no provision against them are required at this stage.		
<b>13.00 Due from affiliated company</b>			
KDS Poly Industries Limited		205,370,667	-
KDS Thread Limited		455,962	25,299,855
		<b>205,826,629</b>	<b>25,299,855</b>
<b>13.01</b>	The amount represent short term loan provided to KDS Poly Industries Limited and KDS Thread Limited as and when required to meet funding requirement. All transactions were done through banking channel and interests were charged on outstanding balances.		
<b>14.00 Short term investment</b>			
Investment in Fixed Deposit Receipts		8,443,638	8,045,037
		<b>8,443,638</b>	<b>8,045,037</b>
Above Fixed Deposits maintained with Bank Asia Limited, Agrabad Branch, Chittagong has been kept as lien. The rate of interest is 5.25% -5.75% per annum.			
		30 June 2017	30 June 2016
	Note(s)	Taka	Taka
<b>15.00 Cash and cash equivalents</b>			
Cash in hand	15.01	439,432	1,700,331
Cash at bank	15.02	5,169,837	12,316,945
		<b>5,609,269</b>	<b>14,017,276</b>
<b>15.01 Cash in hand</b>			
Head office		191,422	1,189,880
Dhaka office		202,944	468,513
Gazipur factory office		45,066	41,938
		<b>439,432</b>	<b>1,700,331</b>



**15.02 Cash at Bank**

Name of Banks	Branch	Account Type	30 June 2017	30 June 2016
			Taka	Taka
Bank Asia Limited	MCB Banani	SND	1,193	1,166
Bank Asia Limited	Agrabad	USD	3,488	2,228
Bank Asia Limited	Agrabad	Retention Quota	200,649	106,521
Bank Asia Limited	MCB Banani	Retention Quota	6,408	65,357
Bank Asia Limited	MCB Banani	RAD	684	680
Bank Asia Limited	MCB Banani	RAD	3,137,842	1,959,537
Commercial Bank of Ceylon	Motijheel	Current	1,029	984
Dutch Bangla Bank Limited	Jubilee Road	Current	-	437,370
HSBC	Agrabad	Current	146,303	1,443,722
Mutual Trust Bank Limited	Oxygen Mor	SND	775	3,650
Mutual Trust Bank Limited	Motijheel	Escrow	119,104	6,643,956
Mutual Trust Bank Limited	Motijheel	Escrow-USD	1,156,200	1,395,428
Mutual Trust Bank Limited	Motijheel	Escrow-GBP	14,807	89,343
NCC Bank Limited	Baridhara	Current	115,985	-
Southeast Bank Limited	Agrabad	Current	2,234	3,232
Standard Chartered Bank	Agrabad	Current	-	163,771
Standard Chartered Bank	Agrabad	Current	261,803	-
Trust Bank Limited	Dewan Bazar	Current	1,333	-
			<b>5,169,837</b>	<b>12,316,945</b>

**16.00 Share capital**
**Authorized Capital**

200,000,000 Ordinary Shares of Tk 10 each

2,000,000,000

2,000,000,000

**Issued, subscribed and paid-up Capital**

2,100,000 Ordinary Shares of Tk 10 each for consideration other than cash (Assets Acquisition)	21,000,000	21,000,000
1,000 Ordinary Shares of Tk 10 each as at 18 May 1992 for consideration other than cash (Bonus share)	10,000	10,000
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	120,000,000	120,000,000
5,200,000 Ordinary Shares of Tk 10 each as at 29 March 2016 (Bonus share)	52,000,000	-
<b>57,200,000 Ordinary Shares of Tk 10 each</b>	<b>572,000,000</b>	<b>520,000,000</b>

**16.01 Shareholding position**

Name of the shareholders	30 June 2017		30 June 2016	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Mr. Khalilur Rahman	46.92%	26,839,092	46.92%	24,399,175
Mr. Salim Rahman	16.16%	9,241,186	16.16%	8,401,079
Mr. S. M. Shameem Iqbal	5.38%	3,079,929	5.38%	2,799,936
Ms. Hasina Iqbal	4.62%	2,640,138	4.62%	2,400,126
Ms. Tahsina Rahman	3.84%	2,198,952	3.84%	1,999,048
Ms. Tahmina Rahman	0.00%	349	0.00%	318
KDS Garment Inds. Limited	2.01%	1,150,648	0.00%	318
General Public (IPO)	21.07%	12,049,706	23.08%	12,000,000
	<b>100%</b>	<b>57,200,000</b>	<b>100%</b>	<b>52,000,000</b>

**16.02 Classification of shares by holding**

Slab by number of shares	No. of		
	Shareholders	No. of Shares	Holding (%)
Less than 500	2,201	381,736	0.67%
From 500 to 5,000	1,521	2,464,331	4.31%
From 5,001 to 10,000	174	1,284,837	2.25%
From 10,001 to 20,000	87	1,241,358	2.17%
From 20,001 to 30,000	34	863,767	1.51%
From 30,001 to 40,000	18	611,210	1.07%
From 40,001 to 50,000	9	406,386	0.71%
From 50,001 to 100,000	21	1,504,802	2.63%
From 100,001 to 1,000,000	17	4,442,276	7.77%
Above 1,000,000	5	43,999,297	76.92%
	<b>4,087</b>	<b>57,200,000</b>	<b>100%</b>



	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>17.00 Long term borrowings</b>			
Opening balance			
Add: Received during the year		176,891,416	282,741,260
Add: Interest applied		203,375,000	39,700,000
Add: Bank charges		18,400,066	16,007,400
		54,000	7,500
Less: Paid during the year		<b>398,720,482</b>	<b>338,456,160</b>
Closing balance		<b>(116,994,588)</b>	<b>(161,564,744)</b>
		<b>281,725,894</b>	<b>176,891,416</b>
<b>17.01 Current/non-current classification</b>			
Due within one year		103,185,860	77,809,882
Due after one year		178,540,034	99,081,534
		<b>281,725,894</b>	<b>176,891,416</b>
<b>17.02 Details of long term borrowings</b>			
Bank Asia Limited - Agrabad	17.03	34,024,883	87,415,511
Bank Asia Limited - MCB Banani	17.04	44,494,327	51,345,034
Trust Bank Limited	17.05	125,852,618	-
Industrial Promotion & Development Company (IPDC)	17.06	11,195,340	38,130,871
NCC Bank Limited	17.07	5,614,490	-
Southeast Bank Limited	17.08	60,544,236	-
		<b>281,725,894</b>	<b>176,891,416</b>
<b>17.03 Bank Asia Limited, Agrabad, Chittagong.</b>			
Total sanctioned amount		Tk. 8.49 Crore	
Purpose		Machinery Import, Purchase of Vehicle, Working Capital	
Interest rate		9% (Revised from time to time)	
Tenure		Three to Five years	
Payment method		The loan is repayable in equal monthly installment.	
Securities		i) Mortgage of Land, Plant & Machinery, Hypothecation of stocks ii) Personal Guarantee of directors of the company. iii) Post dated cheques.	
<b>17.04 Bank Asia Limited, MCB Banani, Dhaka.</b>			
Total sanctioned amount		Tk. 4.87 Crore	
Purpose		Construction of factory building, utility building.	
Interest rate		9% (Revised from time to time)	
Tenure		Seven years	
Payment method		The loan is repayable in equal monthly installment.	
Securities		i) Personal Guarantee of directors of the company. ii) Post dated cheques.	
<b>17.05 Trust Bank Limited, Dewan Bazar, Nawab Sirajuddowla Road, Chittagong</b>			
Total sanctioned amount		Tk. 13.50 Crore	
Purpose		Working Capital	
Interest rate		9% (Revised from time to time)	
Tenure		Four years	
Payment method		The loan is repayable in 48 (Forty Eight) equal monthly installment.	
Securities		i) Personal guarantee of directors of KDS Accessories Limited. ii) Corporate guarantee of KDS Accessories Limited. iii) Hypothecation on all fixed and floating assets including plant & machinery, RM,WIP,FG and an IGPA. iv) Post dated MICR cheque and one undated cheque.	
<b>17.06 Industrial Promotion &amp; Development Company of Bangladesh Limited, Head Office, Gulshan, Dhaka</b>			
Total sanctioned amount		Tk. 7.5 Crore	
Purpose		Working Capital	
Interest rate		9.75% (Revised from time to time)	
Tenure		Three years	
Payment method		The loan is repayable in 36 (Thirty Six) equal monthly installment.	
Securities		i) Corporate guarantee of KDS Garment Industries Limited and KYCR Coil Industries Limited. ii) Post dated cheques. iii) Demand promissory note, letter of continuity, undertaking etc.	





**17.07 NCC Bank Limited, Baridhara, Dhaka**

Total sanctioned amount	Tk. 55.75 Lac
Purpose	Motor Vehicle
Interest rate	8.50% (Revised from time to time)
Tenure	Five years
Payment method	The loan is repayable in 60 (Sixty) equal monthly installment.
Securities	i) Personal guarantee of directors of KDS Accessories Limited. ii) Ownership of the vehicle in the name of NCC Bank Ltd. iii) Registration of the vehicle in the name of NCC Bank Ltd.,A/C-KDS Accessories Ltd.

**17.08 Southeast Bank Limited, Agrabad Branch, Chittagong**

Total sanctioned amount	Tk. 6 Crore
Purpose	Retrofitting Works
Interest rate	8.50% (Revised from time to time)
Tenure	Three years
Payment method	The loan is repayable in 36 (Thirty Six) equal monthly installment.
Securities	i) 36 (Thirty Six) nos undated cheques. ii) Personal guarantee of directors of KDS Accessories Limited. iii) Hypothecation of machinery and equipment, furniture, fixture, stocks of Raw Materials, Work In Process, Finished Goods. iv) Mortgage of 01 (one) acre land along with factory building of KDS Thread Limited shall remain tag against this facility of KDS Accessories Limited.

	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>18.00 Lease finance</b>			
Opening balance		4,321,294	5,583,493
Less: Paid during the year		(3,674,765)	(1,262,199)
Closing balance		<u>646,529</u>	<u>4,321,294</u>
<b>18.01 Current/non-current classification</b>			
Due within one year		646,529	2,698,524
Due after one year		-	1,622,770
		<u>646,529</u>	<u>4,321,294</u>
<b>18.02 Details of lease finance</b>			
Industrial Promotion & Development Company (IPDC)	18.03	646,529	1,539,449
Bank Asia Limited	18.04	-	2,781,845
		<u>646,529</u>	<u>4,321,294</u>
<b>18.03 Industrial Promotion &amp; Development Company of Bangladesh Limited, Head Office, Gulshan, Dhaka</b>			
Total sanctioned amount	Tk. 34.90 Lac		
Purpose	Lease for Motor Vehicle		
Interest rate	9.75% (Revised from time to time)		
Payment method	The loan is repayable in 60 (Sixty) equal monthly installments.		
Tenure	Five years		
<b>18.04 Bank Asia Limited, Agrabad, Chittagong.</b>			
Total sanctioned amount	Tk. 41.60 Lac		
Purpose	Lease for Motor Vehicle		
Interest rate	9% (Revised from time to time)		
Payment method	The loan is repayable in 36 (Thirty six) equal monthly installments.		
Tenure	Three years		
	Note(s)	30 June 2017 Taka	30 June 2016 Taka
<b>19.00 Defined benefit obligation- gratuity</b>			
Opening balance		49,199,971	30,242,990
Add: Provision made during the year	28 & 27.02	10,688,117	19,611,449
		59,888,088	49,854,439
Less: Paid during the year		(172,891)	(654,468)
Closing balance		<u>59,715,197</u>	<u>49,199,971</u>



**20.00 Deferred tax liability**

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.

	30 June 2017	30 June 2016
	Taka	Taka
Opening balance	34,947,071	36,114,736
<b>Provided during the year</b>		
Investments in associates	37,691	330,854
Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land)	6,753,972	3,240,726
Provision for Gratuity	(1,314,403)	(4,739,245)
	5,477,260	(1,167,665)
<b>Adjusted during the period</b>		
Closing balance	<u>40,424,331</u>	<u>34,947,071</u>

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

	Carrying Amount	Tax Base	Tax Rate	Taxable / (Deductible) Temporary Difference	Deferred tax liabilities/ (assets)
	Taka	Taka	Percentage	Taka	Taka
Property, plant & equipment	878,463,155	528,105,793	12.50%	350,357,362	43,794,670
Gratuity	(59,715,197)	-	12.50%	(59,715,197)	(7,464,400)
Investment in associates	48,297,694	23,405,000	15% - 20%	24,892,694	4,094,061
<b>Net taxable temporary difference</b>				<u>315,534,859</u>	<u>40,424,331</u>
				<b>30 June 2017</b>	<b>30 June 2016</b>
			<b>Note(s)</b>	Taka	Taka
<b>21.00 Trade and other payables</b>					
Trade payable			21.01	457,037,721	296,539,792
For revenue expenses			21.02	71,332,339	62,447,633
For other finance			21.03	4,199,075	4,081,097
				<u>532,569,135</u>	<u>363,068,522</u>
<b>21.01 Trade payable</b>					
Liability for imported goods				431,822,729	276,434,984
Liability for local goods				25,214,992	20,104,808
				<u>457,037,721</u>	<u>296,539,792</u>
Liability for imported goods includes foreign currency translation loss of Tk. 2,503,590 (foreign exchange gain for the corresponding year 2015-2016 was of Tk. 2,207,233) arising due to translation of Trade Payables in foreign currency at the reporting date.					
<b>21.02 For revenue expenses</b>					
C & F charges				998,000	3,986,796
Audit fee				247,500	225,000
Rent expenses				3,965,217	2,280,000
Electricity bill				342,490	220,502
Gas charges				1,075,637	1,953,191
Telephone & mobile bill				103,756	90,625
Insurance expenses				1,348,339	1,718,913
Provident fund				48,369,624	40,746,583
Employee salaries and director's remuneration				14,881,776	11,226,023
				<u>71,332,339</u>	<u>62,447,633</u>
<b>21.03 For other Finance</b>					
Supplier income tax				978,333	637,009
Tax & VAT on audit fee				65,000	62,500
Staff income tax				995,785	933,931
Tax & VAT on rent expenses				487,843	244,260
VAT payable-others				330,144	721,531
IPO over subscription money payable				1,168,103	1,481,866
Unclaimed dividend				173,867	-
				<u>4,199,075</u>	<u>4,081,097</u>



		<u>30 June 2017</u>	<u>30 June 2016</u>
	<u>Note(s)</u>	<u>Taka</u>	<u>Taka</u>
<b>22.00 Current tax liability</b>			
Opening balance		40,923,876	41,067,175
Add: Provision made during the year		18,154,988	21,305,638
		59,078,864	62,372,813
Less: Paid/adjusted during the year		(26,985,647)	(21,448,937)
		<u>32,093,217</u>	<u>40,923,876</u>
<b>23.00 Due to affiliated company</b>			
KDS Poly Industries Limited		-	191,197,758
		-	<u>191,197,758</u>
<b>23.01</b>	The amount represents short term loan availed from KDS Poly Industries Limited as and when required to meet funding requirement. All transactions were done through banking channel and interest was charged on outstanding balances.		
		<u>30 June 2017</u>	<u>30 June 2016</u>
	<u>Note(s)</u>	<u>Taka</u>	<u>Taka</u>
<b>24.00 Short term bank loan</b>			
Bank Overdraft	24.01	72,144,340	26,230,130
Loan Against Trust Receipt (LATR)	24.02	24,499,402	57,052,125
Local Documentary Bill Purchase (LDBP)	24.03	256,317,586	227,278,612
Demam Loan and Time Loan	24.04	264,976,041	12,732,681
		<u>617,937,369</u>	<u>323,293,548</u>
<b>24.01 Bank Overdraft</b>			
Bank Asia Limited		18,804,639	1,711,614
Southeast Bank Limited		49,399,895	24,518,516
Standard Chartered Bank		3,939,806	-
		<u>72,144,340</u>	<u>26,230,130</u>
<b>24.02 Loan Against Trust Receipt (LATR)</b>			
Standard Chartered Bank		24,499,402	38,658,662
Southeast Bank Limited		-	18,393,463
		<u>24,499,402</u>	<u>57,052,125</u>
<b>24.03 Local Documentary Bill Purchase (LDBP)</b>			
Bank Asia Limited		218,060,771	211,445,256
Standard Chartered Bank		38,256,815	15,833,356
		<u>256,317,586</u>	<u>227,278,612</u>
<b>24.04 Demam Loan and Time Loan</b>			
Bank Asia Limited		61,331,022	12,732,681
NCC Bank Limited		203,645,019	-
		<u>264,976,041</u>	<u>12,732,681</u>
<b>25.00 Provision for WPPF and Welfare Fund</b>			
Opening balance		49,777,247	37,995,513
Add: Provision made during the year		7,853,716	7,498,853
Add: Interest during the year	28.00	3,733,294	4,282,881
		<u>61,364,257</u>	<u>49,777,247</u>

As per provision of Workers' Profit Participation Fund(WPPF) and Welfare Fund (WF) of Labor Act 2006, the company has been maintaining provision of WPP & WF since 2010. Subsequently Workers Participation Committee (WPC) was formed and approval of Office of The Joint Director of Labor, Chittagong Division was also obtained. Meantime the company has credited interest on the non-distributed WPP & WF fund till 30 June 2017 with a view to protecting the interest of the workers. However, the Company expects to distribute the fund shortly.

	Notes	<u>01 July 2016 to 30 June 2017</u>		<u>01 July 2015 to 30 June 2016</u>	
		<u>USD</u>	<u>Taka</u>	<u>USD</u>	<u>Taka</u>
<b>26.00 Revenue</b>					
Export sales	26.01	20,395,427	1,585,937,175	20,862,576	1,609,773,407
		<u>20,395,427</u>	<u>1,585,937,175</u>	<u>20,862,576</u>	<u>1,609,773,407</u>



26.01 Details of export sales during the year are as follows :

Product name	01 July 2016 to 30 June 2017		01 July 2015 to 30 June 2016	
	(%)	Taka	(%)	Taka
Carton	78.91%	1,251,430,301	76.74%	1,235,302,874
Label	3.19%	50,661,298	4.33%	69,737,256
Elastics and Narrow Fabrics	5.87%	93,113,538	7.15%	115,038,312
Offset Printing	5.16%	81,887,656	5.33%	85,730,605
Heat Transfer Printing	0.56%	8,900,588	0.56%	9,042,367
Button	5.81%	92,209,901	5.74%	92,377,610
Gum Tape	0.49%	7,733,893	0.16%	2,544,384
	<b>100%</b>	<b>1,585,937,175</b>	<b>100%</b>	<b>1,609,773,407</b>

	Note(s)	01 July 2016	01 July 2015
		to 30 June 2017	to 30 June 2016
		Taka	Taka
<b>27.00 Cost of goods sold</b>			
Raw materials consumed	27.01	1,015,887,523	1,054,930,368
Factory overhead	27.02	243,815,457	209,731,592
<b>Cost of Production</b>		<b>1,259,702,980</b>	<b>1,264,661,960</b>
Add: Opening work-in-process		23,404,318	16,788,782
Less: Closing work-in-process		(18,432,284)	(23,404,318)
<b>Cost of goods manufactured</b>		<b>1,264,675,014</b>	<b>1,258,046,424</b>
Goods used for sample making	29.00	(5,889,231)	(5,688,150)
		1,258,785,783	1,252,358,274
Opening finished goods		10,845,157	9,053,537
<b>Cost of goods available for sale</b>		<b>1,269,630,940</b>	<b>1,261,411,811</b>
Closing finished goods		(17,054,285)	(10,845,157)
		<b>1,252,576,655</b>	<b>1,250,566,654</b>
<b>27.01 Raw materials consumed</b>			
Opening inventory		256,709,571	241,340,531
Add: Purchases during the year		1,067,171,997	1,070,299,408
Total materials available		1,323,881,568	1,311,639,939
Less: Closing inventory		(307,994,045)	(256,709,571)
		<b>1,015,887,523</b>	<b>1,054,930,368</b>
<b>27.02 Factory overhead</b>			
Salary , wages and others		80,940,554	74,668,166
Stores and spares consumption	27.03	25,125,338	23,808,622
Gratuity	19.00	2,137,623	3,937,485
Depreciation	4.00	58,356,774	55,351,282
Ansar/security cost		3,074,055	2,956,855
Electricity expenses		1,396,020	1,766,127
Fuel expenses		4,718,891	4,204,822
Gas expenses		47,447,929	19,604,148
Generator running expenses		1,465,410	6,250,313
Insurance premium		1,991,060	1,788,207
Labour charges		2,438,606	2,701,884
Printing and processing charges		2,284,474	2,000,305
Repair and maintenance		4,333,337	3,526,977
Telephone		840,150	735,296
Testing fee		1,147,367	647,886
Uniform and liveries		1,041,432	908,481
Vehicle maintenance expenses		4,543,853	4,418,570
Water and sanitation expenses		532,584	456,166
		<b>243,815,457</b>	<b>209,731,592</b>



	Note(s)	01 July 2016 to 30 June 2017 Taka	01 July 2015 to 30 June 2016 Taka
<b>27.03 Stores and spares consumption</b>			
Opening inventory		36,245,572	28,631,781
Add: Purchases during the year		32,049,509	31,422,413
Total spare parts available		68,295,081	60,054,194
Less: Closing inventory		(43,169,743)	(36,245,572)
		<b>25,125,338</b>	<b>23,808,622</b>
<b>28.00 Operating expenses</b>			
Salaries and wages		40,988,462	35,644,639
Director's remuneration		2,500,000	2,500,000
Audit fee		312,500	431,250
Amortization	5.00	959,553	814,154
Depreciation	4.00	14,589,193	13,837,820
Consultancy fee		152,695	141,495
Electricity expenses		246,357	391,321
Entertainment		801,190	615,030
Fuel expenses		832,745	674,468
Gratuity	19.00	8,550,494	15,673,964
Group insurance		566,368	550,103
Guest house expenses		342,600	186,331
Insurance expenses		1,548,707	991,891
Interest on non-payment of WPP and WF	25.00	3,733,294	4,282,881
Internet expenses		1,783,092	1,317,314
Medical expenses		311,520	217,330
Miscellaneous Expenses		782,505	613,002
News paper expenses		24,637	26,251
Office maintenance		2,124,270	1,176,604
Post IPO expenses		-	12,707,981
Postage and parcel expenses		238,810	120,140
Printing and stationeries		2,089,255	582,705
Professional fees		21,000	264,850
Rent expenses - Dhaka office		4,800,000	4,800,000
Rent, rates, license, renewal and others fee		1,951,771	1,460,198
Repair and maintenance		764,707	638,350
Security cost - ansar cost		542,480	535,136
Staff fooding		1,565,430	1,222,210
Staff training expenses		69,708	120,650
Telephone		840,150	777,298
Travelling and conveyance		686,199	599,890
Vehicle maintenance expenses		504,873	586,046
		<b>95,224,565</b>	<b>104,501,302</b>
<b>28.01</b>	Director's remuneration has only been paid to Managing Director and no other benefits have been paid.		
<b>29.00 Selling and distribution expenses</b>			
Salary, wages and allowances		8,916,491	7,759,939
Advertisement expenses		3,124,299	4,771,731
Employee reward		35,000	101,500
Carriage outward		12,309,670	10,048,517
Sales promotion expenses		2,132,878	1,480,101
Sample expenses	27.00	5,889,231	5,688,150
		<b>32,407,569</b>	<b>29,849,938</b>



	<u>01 July 2016 to 30 June 2017</u>	<u>01 July 2015 to 30 June 2016</u>
	<u>Taka</u>	<u>Taka</u>
<b>30.00 Finance cost</b>		
Interest on balance due to inter companies and bank loans	60,965,994	86,478,974
Bank charges and commission	10,440,030	11,285,892
	<u><b>71,406,024</b></u>	<u><b>97,764,866</b></u>
<b>31.00 Finance income</b>		
Interest earned from FDR	682,433	1,001,364
Interest earned from STD	101,609	3,569,596
Interest income from inter-company receivable	11,225,260	5,397,627
Gain/(Loss) on currency fluctuation	8,840,917	9,714,086
	<u><b>20,850,219</b></u>	<u><b>19,682,673</b></u>
<b>32.00 Other income</b>		
Rent income	1,758,000	1,797,600
Profit/(Loss) on Sale of Fixed Assets	(46,349)	-
	<u><b>1,711,651</b></u>	<u><b>1,797,600</b></u>
<b>33.00 Earnings Per Share (EPS)</b>		
<b>33.01 Basic Earnings Per Share</b>		
The computation of EPS is given below:		
Total earnings attributable to the ordinary shareholders	125,588,351	122,340,224
Number of ordinary shares outstanding during the year	57,200,000	52,000,000
Weighted average number of ordinary shares outstanding during the year	57,200,000	52,000,000
<b>Basic Earnings Per Share</b>	<u><b>2.20</b></u>	<u><b>2.35</b></u>
<b>Restated EPS*</b>		<u><b>2.14</b></u>
*EPS for the year 01 July 2016 to 30 June 2017 has been restated based on the new weighted average number of ordinary shares in accordance with para 64 of BAS 33.		
<b>33.02 Diluted EPS</b>		
No diluted EPS was required to be calculated for the year since there was no scope for dilution of share during the year under review.		
<b>33.03 Net Asset Value Per Share (NAV)</b>	<u><b>30 June 2017</b></u>	<u><b>30 June 2016</b></u>
	<u>Taka</u>	<u>Taka</u>
Total Assets	3,045,221,653	2,552,778,076
Less: Liabilities	1,626,475,929	1,233,620,703
Net Asset Value (NAV)	1,418,745,724	1,319,157,373
Number of ordinary shares outstanding during the year	57,200,000	52,000,000
<b>Net Assets Value (NAV) per share</b>	<u><b>24.80</b></u>	<u><b>25.37</b></u>
<b>33.04 Net operating cash flow per share</b>	<u><b>01 July 2016 to 30 June 2017</b></u>	<u><b>01 July 2015 to 30 June 2016</b></u>
	<u>Taka</u>	<u>Taka</u>
Net Operating cash Flows (from statement of cash flows)	160,373,089	130,054,163
Number of ordinary shares outstanding during the year	57,200,000	52,000,000
<b>Net operating cash flow per share</b>	<u><b>2.80</b></u>	<u><b>2.50</b></u>



**34.00 Contingent liabilities and commitment**

Contingent liabilities and commitment at the reporting date are as follows

	<u>30 June 2017</u>	<u>30 June 2016</u>
	<u>Taka</u>	<u>Taka</u>
<b>34.01 Bank guarantee</b>		
Bank Asia Limited	6,136,100	5,301,400
EXIM Bank Limited	605,865	605,865
	<u>6,741,965</u>	<u>5,907,265</u>
<b>34.02 L/C liabilities</b>		
Bank Asia Limited	100,394,614	21,766,152
Standard Chartered Bank	70,325,585	65,401,036
Southeast Bank Limited	39,315,034	37,608,366
	<u>210,035,233</u>	<u>124,775,554</u>

**34.03 Capital expenditure commitment**

There is no capital expenditure commitment as at 30 June 2017.

**35.00 Directors' interest in contracts with the company**

There was no transaction resulting in Directors' interest with the company.

**36.00 Credit facility not availed**

There was no credit facility available to the company under any contract, but not availed as on 30 June 2017 other than trade credit available in the ordinary course of business.

**37.00 Related party transactions**

During the year the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of BAS-24: Related Party Disclosures.

Sl No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as on 01 July 2016	Transaction during the year (Net)	Balance as on 30 June 2017
1	KDS Apparels Limited	Common directorship	Receivable against Sales	Dr. 4,329,931	3,378,663	Dr. 7,708,594
2	KDS Fashion Limited	Common directorship	Receivable against Sales	Dr. 13,648,961	14,123,299	Dr. 27,772,260
3	KDS Garment Inds. Ltd.	Common directorship	Receivable against Sales	Dr. 46,034,019	(5,590,720)	Dr. 40,443,299
4	KDS Logistics Limited	Common directorship	Receivable against Sales	Dr. 228,404	(90,901)	Dr. 137,503
5	KDS IDR Limited	Common directorship	Receivable against Sales	Dr. 4,473,125	5,275,107	Dr. 9,748,232
6	KDS Textile Mills Ltd.	Common directorship	Receivable against Sales	Dr. 247,379	(165,516)	Dr. 81,863
7	KYCR Coil Ind. Limited	Common directorship	Receivable against Sales	-	164,864	Dr. 164,864
8	KDS Poly Ind. Limited	Common directorship	Short Term Loan	Cr. 191,197,758	396,568,425	Dr. 205,370,667
9	KDS Thread Limited	Common directorship	Short Term Loan	Dr. 25,299,855	(24,843,893)	Dr. 455,962

**38.00 Events after the reporting period**

The Board of Directors at the meeting held on 18 September 2017 has recommended 10% cash and 5% stock dividend for the year ended 30 June 2017



**39.00 Employee position of KDS Accessories Limited**

Number of employees whose monthly salary was below Tk. 5,300  
 Number of employees whose monthly salary was above Tk. 5,300

	30 June 2017	30 June 2016
	-	-
	1,114	1,046
	<b>1,114</b>	<b>1,046</b>

**40.00 Quantitative information of production capacity for the year ended 30 June 2017**

Particulars	01 July 2016 to 30 June 2017			01 July 2015 to 30 June 2016		
	Installed Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)	Installed Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)
Carton	30,000,000	29,271,182	97.57%	25,500,000	19,451,649	76.28%
Label	175,964,208	71,691,494	40.74%	175,964,208	88,698,751	50.41%
Elastics and Narrow Fabrics	30,576,000	22,089,283	72.24%	30,576,000	23,506,568	76.88%
Offset Printing	150,009,600	120,989,750	80.65%	150,009,600	137,840,273	91.89%
Heat Transfer Printing	24,960,000	8,336,303	33.40%	24,960,000	9,029,061	36.17%
Button	360,000	186,545	51.82%	360,000	170,489	47.36%
Gum Tape	4,290,000	234,602	5.47%	4,290,000	89,397	2.08%

For calculation of capacity utilization, weighted average of actual installed capacity of each product has been considered.

**41.00 Financial instruments- Financial risk management**

Bangladesh Financial Reporting Standard BFRS 7 - Financial Instruments: Disclosures - requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the company's policies for controlling risks and exposures.

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

- a) Credit risk
- b) Liquidity risk
- c) Market risk





#### 41.01 Credit risk

Credit risk is risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arises principally from the Company's receivables and investments.

##### (a) Exposure to credit risk

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

	30 June 2017	30 June 2016
	Taka	Taka
Investments in FDRs (Short term & long term)	13,157,157	12,549,987
Advances, deposits and prepayments	82,639,393	66,330,297
Trade and other receivables	848,104,914	719,873,473
Due from affiliated companies	205,826,629	25,299,855
Cash at bank	5,169,837	12,316,945
	<b>1,154,897,930</b>	<b>836,370,557</b>

##### (i) Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. However, based on the company's operations there is no concentration of credit risk.

##### Ageing of trade receivables

The ageing of gross value at the reporting date that was not impaired was as follows:

	30 June 2017	30 June 2016
	Taka	Taka
Dues within 3 Months	469,095,311	384,788,172
Dues over 3 Months but within 6 months	376,883,607	333,770,505
	<b>845,978,918</b>	<b>718,558,677</b>

The management believes that the amounts are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

##### (ii) Due from affiliated companies

The carrying amount represents amount paid to the inter companies to meet their operational finance from time to time. The outstanding balance is redeemable including 9% interest per annum and have no prescribed repayment schedule.

##### (iii) Cash and cash equivalents

The company held cash at bank of Tk. 51,69,837 at 30 June 2017 (2016: Tk. 1,23,16,945), which represents its maximum credit exposure on these assets. The balance with banks are maintained with both local branch of International banks and domestic scheduled banks.

##### (b) Credit exposure by credit rating

	As at 30 June 2017		
	Credit rating	Amount in Taka	(%)
Trade receivables	NR	845,978,918	90.35%
Other receivables	NR	2,125,996	0.23%
Advances, deposits and prepayments	NR	82,639,393	8.83%
Cash and cash equivalents			
Cash in hand		439,432	0.05%
Cash at Banks		5,169,837	0.55%
Bank Asia Limited	AA2	3,350,264	64.80%
Commercial Bank of Ceylon	AAA	1,029	0.02%
HSBC	AAA	146,303	2.83%
Mutual Trust Bank Limited	AA	1,290,886	24.97%
National Credit & Commerce Bank	AA	115,985	2.24%
Standard Chartered Bank	AA+	261,803	5.06%
Southeast Bank Limited	AA	2,234	0.04%
Trust Bank Limited	AA2	1,333	0.03%



#### 41.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

##### Exposure to Liquidity risk

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows			Total
			Within 12 months	1 to 5 years	More than 5 years	
<b>As at 30 June 2017</b>	<b>Taka</b>	<b>Percentage</b>	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>
Long term borrowings	281,725,894	8.50%-9.75%	103,185,860	178,540,034	-	281,725,894
Lease finance	646,529	9.75%-10.00%	646,529	-	-	646,529
Trade and other payable	532,569,135	N/A	532,569,135	-	-	532,569,135
Short term bank loan	617,937,369	5.25%-9.00%	617,937,369	-	-	617,937,369
Due to affiliated company	-	9.00%	-	-	-	-
Provision for WPPF and Welfare Fund	61,364,257	7.50%	61,364,257	-	-	61,364,257
	<b>1,494,243,184</b>		<b>1,315,703,150</b>	<b>178,540,034</b>	<b>-</b>	<b>1,494,243,184</b>
<b>As at 30 June 2016</b>						
Long term borrowings	176,891,416	10.50%-11%	77,809,882	99,081,534	-	176,891,416
Lease finance	4,321,294	10.50%	2,698,524	1,622,770	-	4,321,294
Trade and other payable	363,068,522	N/A	363,068,522	-	-	363,068,522
Short term bank loan	323,293,548	5.25%-11%	323,293,548	-	-	323,293,548
Due to affiliated company	191,197,758	9.00%	191,197,758	-	-	191,197,758
Provision for WPPF and Welfare Fund	49,777,247	7.50%	49,777,247	-	-	49,777,247
	<b>1,108,549,785</b>		<b>1,007,845,481</b>	<b>100,704,304</b>	<b>-</b>	<b>1,108,549,785</b>

#### 41.03 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### (a) Currency risk exposure and its management

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company. To manage this exposure, the company is adapted direct risk reduction methods based on matching receipts and payments on assets and liabilities.

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2017, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

##### (i) Exposure to currency risk

###### As at 30 June 2017

###### Foreign currency denominated assets

Cash and cash equivalents

Trade receivables

###### Foreign currency denominated liabilities

Liability for Local Documentary Bill Purchase (LDBP)

Liability for Accepted Bills for Payment (ABP)

Net exposure

	GBP	USD	Taka
Cash and cash equivalents	148	56,977	4,520,078
Trade receivables	-	10,698,935	845,978,918
	<b>148</b>	<b>10,755,912</b>	<b>850,498,996</b>
Liability for Local Documentary Bill Purchase (LDBP)	-	3,241,600	256,317,586
Liability for Accepted Bills for Payment (ABP)	-	5,461,180	431,822,729
	<b>-</b>	<b>8,702,780</b>	<b>688,140,315</b>
Net exposure	<b>148</b>	<b>2,053,132</b>	<b>162,358,681</b>



**As at 30 June 2016****Foreign currency denominated assets**

Cash and cash equivalents  
Trade receivables

	GBP	USD	Taka
	838	45,184	3,619,094
	-	9,198,140	718,558,677
	<b>838</b>	<b>9,243,323</b>	<b>722,177,771</b>
<b>Foreign currency denominated liabilities</b>			
Liability for Local Documentary Bill Purchase (LDBP)	-	2,909,352	227,278,612
Liability for Accepted Bills for Payment (ABP)	-	3,538,594	276,434,984
	-	<b>6,447,947</b>	<b>503,713,596</b>
<b>Net exposure</b>	<b>838</b>	<b>2,795,377</b>	<b>218,464,175</b>

The following significant exchange rate is applied during the year:

	30 June 2017	30 June 2016
US Dollar	79.07	78.12
GBP	100.00	106.61
EURO	87.00	-

**(ii) Sensitivity analysis**

A reasonably possible strengthening (weakening) of the US Dollar against BD Taka at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	30 June 2017		30 June 2016	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
USD (2% movement)	3,246,877	(3,246,877)	4,367,497	(4,367,497)
GBP (2% movement)	296	(296)	1,787	(1,787)
EURO (2% movement)	-	-	-	-

**(b) Transaction risk**

Transaction risk is the risk that the company will incur exchange losses when the accounting results are translated into the home currency.

**(c) Economic risk**

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the company.

**(d) Interest risk**

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimize the risks surrounding interest payments and receipts.

**Exposure to interest rate risk**

The interest rate profile of the company's interest-bearing financial instruments as reported to the management of the company is as follows.

	30 June 2017	30 June 2016
	Taka	Taka
<b>Fixed- rate instruments</b>		
Financial assets	218,983,786	37,849,842
Financial liabilities	(900,309,792)	(695,704,016)
	<b>(681,326,006)</b>	<b>(657,854,174)</b>
<b>Variable- rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	-	-

**(e) Other market price risk**

The company is exposed to equity price risk, which arises from available for sale equity and debt securities. Management of the company monitors its investment portfolio based on market indices and all buy and sell decisions are approved by the Directors.

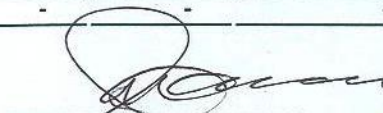


#### 42.00 Financial Instruments- Accounting classifications and fair values

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

Note ref.	Carrying amount						
	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	
	Taka	Taka	Taka	Taka	Taka	Taka	
<b>30 June 2017</b>							
<b>Financial assets not measured at fair value</b>							
Trade and other receivables	10 & 11	-	-	848,104,914	-	-	848,104,914
Due from affiliated companies	13	-	-	205,826,629	-	-	205,826,629
Investments in FDR	8 & 14	-	-	-	13,157,157	-	13,157,157
Cash at bank	15.02	-	-	5,169,837	-	-	5,169,837
		-	-	<b>1,059,101,380</b>	<b>13,157,157</b>	-	<b>1,072,258,537</b>
<b>Financial liabilities not measured at fair value</b>							
Long term borrowings	17	-	-	-	-	(281,725,894)	(281,725,894)
Lease finance	18	-	-	-	-	(646,529)	(646,529)
Trade and other payables	21	-	-	-	-	(532,569,135)	(532,569,135)
Short term liabilities	24	-	-	-	-	(617,937,369)	(617,937,369)
		-	-	-	-	<b>(1,432,878,927)</b>	<b>(1,432,878,927)</b>
<b>30 June 2016</b>							
<b>Financial assets not measured at fair value</b>							
Trade and other receivables	10 & 11	-	-	719,873,473	-	-	719,873,473
Due from affiliated companies	13	-	-	25,299,855	-	-	25,299,855
Investments in FDR	8 & 14	-	-	-	12,549,987	-	12,549,987
Cash at bank	15.02	-	-	12,316,945	-	-	12,316,945
		-	-	<b>757,490,273</b>	<b>12,549,987</b>	-	<b>770,040,260</b>
<b>Financial liabilities not measured at fair value</b>							
Long term borrowings	17	-	-	-	-	(176,891,416)	(176,891,416)
Lease finance	18	-	-	-	-	(4,321,294)	(4,321,294)
Trade and other payables	21	-	-	-	-	(363,068,522)	(363,068,522)
Due to affiliated company	23	-	-	-	-	(191,197,758)	(191,197,758)
Short term liabilities	24	-	-	-	-	(323,293,548)	(323,293,548)
		-	-	-	-	<b>(1,058,772,538)</b>	<b>(1,058,772,538)</b>

  
Managing Director

  
Director

  
Company Secretary

