

**KDS ACCESSORIES LIMITED  
AUDITORS' REPORT AND FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 30 June 2018**

**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 2018, 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 2018, and of its financial performance and its cash flows for the period from 01 July 2017 to 30 June 2018 in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

**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.

Chattogram, 20 AUG 2018




*Hussain Farhad*  
Hussain Farhad & Co.  
Chartered Accountants

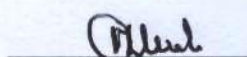
**KDS ACCESSORIES LIMITED**  
**Statement of Financial Position**  
**As at 30 June 2018**

	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	4	1,371,421,690	1,295,466,955
Intangible assets	5	1,662,505	2,726,992
Capital work-in-progress	6	14,529,904	88,327,777
Investment in associate	7	48,265,804	48,297,694
Other investment	8	4,920,847	4,713,519
<b>Total Non-current Assets</b>		<b>1,440,800,750</b>	<b>1,439,532,937</b>
<b>Current Assets</b>			
Inventories	9	667,063,710	455,064,873
Trade receivables	10	1,128,378,143	845,978,918
Other receivables	11	373,446	2,125,996
Advances, deposits and prepayments	12	58,349,397	82,639,393
Due from affiliated company	13	421,112,376	205,826,629
Short term investment	14	8,820,656	8,443,638
Cash and cash equivalents	15	6,082,955	5,609,269
<b>Total Current Assets</b>		<b>2,290,180,683</b>	<b>1,605,688,716</b>
<b>Total Assets</b>		<b>3,730,981,433</b>	<b>3,045,221,653</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share capital	16	600,600,000	572,000,000
Share premium		120,000,000	120,000,000
Revaluation reserve		214,391,703	214,391,703
Retained earnings		559,538,849	512,354,021
<b>Total Shareholders' Equity</b>		<b>1,494,530,552</b>	<b>1,418,745,724</b>
<b>Non-current Liabilities</b>			
Long term borrowings	17.01	113,581,686	178,540,034
Defined benefit obligation- gratuity	18	66,478,037	59,715,197
Deferred tax liability	19	43,999,854	40,424,331
<b>Total Non-current Liabilities</b>		<b>224,059,577</b>	<b>278,679,562</b>
<b>Current Liabilities</b>			
Trade and other payables	20	937,557,390	532,569,135
Current portion of long term borrowings	17.01	90,559,800	103,185,860
Current portion of lease finance	21.01	-	646,529
Current tax liability	22	36,859,697	32,093,217
Due to affiliated company	23	39,918,292	-
Short term bank loan	24	842,600,806	617,937,369
Provision for WPPF and Welfare Fund	25	64,895,319	61,364,257
<b>Total Current Liabilities</b>		<b>2,012,391,304</b>	<b>1,347,796,367</b>
<b>Total Equity and Liabilities</b>		<b>3,730,981,433</b>	<b>3,045,221,653</b>
<b>Net Assets Value Per Share</b>	34.03	<b>24.88</b>	<b>24.80</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Managing Director

  
Director

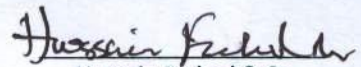
  
Company Secretary

Signed in terms of our annexed report of same date

Chattogram, 20 AUG 2018

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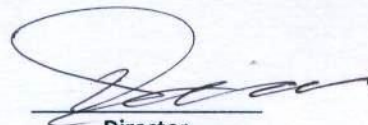
  
Hussain Farhad & Co.  
Chartered Accountants

**KDS ACCESSORIES LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2018**

	Note(s)	01 July 2017 to 30 June 2018 Taka	01 July 2016 to 30 June 2017 Taka
Revenue	26	2,070,885,808	1,585,937,175
Cost of goods sold	27	(1,693,676,814)	(1,252,576,655)
<b>Gross Profit</b>		<b>377,208,994</b>	<b>333,360,520</b>
Operating expenses	28	(120,943,556)	(95,224,565)
Selling and distribution expenses	29	(44,518,310)	(32,407,569)
<b>Operating Profit</b>		<b>211,747,128</b>	<b>205,728,386</b>
Finance cost	30	(102,452,340)	(71,406,024)
Finance income	31	58,508,370	20,850,219
<b>Profit before other income</b>		<b>167,803,158</b>	<b>155,172,581</b>
Other income	32	1,856,963	1,711,651
Profit/(loss) from investment in associates	7.02	(31,890)	190,083
<b>Profit before income tax and distribution of WPPF and Welfare Fund</b>		<b>169,628,231</b>	<b>157,074,315</b>
Workers' Profit Participation and Welfare Fund	25	(8,481,412)	(7,853,716)
<b>Profit before income tax</b>		<b>161,146,819</b>	<b>149,220,599</b>
Provision for income tax:			
-Current tax	22	(24,586,468)	(18,154,988)
-Deferred tax	19	(3,575,523)	(5,477,260)
<b>Profit after Income Tax</b>		<b>132,984,828</b>	<b>125,588,351</b>
<b>Other Comprehensive Income</b>			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
<b>Other Comprehensive Income - net of tax</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>132,984,828</b>	<b>125,588,351</b>
<b>Earnings Per Share (Basic)</b>	34.01	<b>2.21</b>	<b>2.20</b>
<b>Restated Earnings Per Share (Basic)</b>	34.01		<b>2.09</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Managing Director

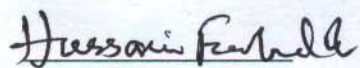
  
Director

  
Company Secretary

Signed in terms of our annexed report of same date

Chattogram, 20 AUG 2018



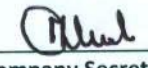
  
Hussain Farhad & Co.  
Chartered Accountants

**KDS ACCESSORIES LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2018**

Particulars	Amount in Taka				
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total Equity
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>
Balance as on 01 July 2017	572,000,000	120,000,000	214,391,703	512,354,021	1,418,745,724
Bonus share for the year 2016-2017	28,600,000	-	-	(28,600,000)	-
Cash dividend for the year 2016-2017	-	-	-	(57,200,000)	(57,200,000)
Net Profit after tax for the year	-	-	-	132,984,828	132,984,828
<b>Balance as at 30 June 2018</b>	<b>600,600,000</b>	<b>120,000,000</b>	<b>214,391,703</b>	<b>559,538,849</b>	<b>1,494,530,552</b>

  
 Managing Director

  
 Director


  
 Company Secretary



**KDS ACCESSORIES LIMITED**  
**Statement of Cash Flows**  
**For the year ended 30 June 2018**

	Note(s)	01 July 2017 to 30 June 2018 Taka	01 July 2016 to 30 June 2017 Taka
<b>A. Operating activities</b>			
Received from customers		1,824,323,485	1,469,978,953
Received from other sources		3,298,500	918,300
Paid to suppliers		(1,483,747,345)	(1,118,781,086)
Paid for operating expenses		(71,193,514)	(108,959,922)
<b>Cash generated by operations</b>	33.00	<b>272,681,126</b>	<b>243,156,245</b>
Interest paid (net)		(66,360,542)	(59,368,222)
Income Tax Paid		(21,280,367)	(23,340,871)
<b>Net cash flows from operating activities</b>		<b>185,040,217</b>	<b>160,447,152</b>
<b>B. Investing activities</b>			
Acquisition of property, plant and equipment		(98,400,681)	(165,353,810)
Addition to intangible assets		-	(1,082,985)
Proceed from sale of non-current assets		305,500	10,000
Increase in investments		(584,346)	(607,170)
<b>Net cash flows from investing activities</b>		<b>(98,679,527)</b>	<b>(167,033,965)</b>
<b>C. Financing activities</b>			
Dividend Paid		(57,158,688)	(25,826,133)
Receipt / (Repayment) of long term loans		(77,584,407)	104,834,478
Repayment of lease finance		(646,529)	(3,674,765)
Receipt of short term borrowings		224,663,437	294,643,821
Short term loan paid to affiliated companies		(175,367,455)	(371,724,532)
<b>Net cash flows from financing activities</b>		<b>(86,093,642)</b>	<b>(1,747,131)</b>
<b>D. Net changes of cash and cash equivalents (A+B+C)</b>		267,048	(8,333,944)
<b>E. Cash and cash equivalents at the beginning of the year</b>		5,609,269	14,017,276
<b>F. Effect of foreign exchange rate changes on cash and cash equivalents</b>		206,638	(74,063)
<b>G. Cash and cash equivalents at the end of the year (D+E+F)</b>		<b>6,082,955</b>	<b>5,609,269</b>
<b>Net operating cash flows per share</b>	34.04	<b>3.08</b>	<b>2.81</b>

  
**Managing Director**

  
**Director**

  
**Company Secretary**



**KDS ACCESSORIES LIMITED**  
**Notes to the Financial Statements**  
**As at and for the year ended 30 June 2018**

**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 01 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, hanger, 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 2018;
- b) A statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018;
- c) A statement of Changes in Equity for the year ended 30 June 2018;
- d) A statement of Cash Flows for the year ended 30 June 2018; 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 20 August 2018.

## 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 flows from operating activities have been presented under direct method. A reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for the net changes in operating accruals 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 2017 to 30 June 2018.

## 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 preparation of the financial statements for the year under report:





## Accounting Standards

BAS-1	Presentation of Financial Statements
BAS-2	Inventories
BAS-7	Statement of Cash Flows
BAS-8	Accounting Policies, Changes in Accounting Estimates and Errors
BAS-10	Events after the Reporting Period
BAS-12	Income Taxes
BAS-16	Property, Plant and Equipment
BAS-17	Leases
BAS -19	Employee Benefits
BAS-21	The Effects of Changes in Foreign Exchange Rate
BAS-23	Borrowing Costs
BAS-24	Related Party Disclosures
BAS-26	Accounting and Reporting by Retirement Benefit Plans
BAS-28	Investments in Associates and Joint Ventures
BAS-33	Earnings Per Share
BAS-34	Interim Financial Reporting
BAS-36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets
BAS-38	Intangible Assets
BFRS-7	Financial Instruments: Disclosures
BFRS- 13	Fair Value Measurement

### 2.11 Standards adopted but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards -

- (a) BFRS - 9 Financial Instruments
- (b) BFRS - 15 Revenue from Contracts with Customers

The above standards are effective for annual reporting periods beginning on or after 01 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9 and BFRS 15.

### 2.12 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: 18	Defined benefit obligation- gratuity
Note: 19	Deferred tax liability
Note: 22	Current tax liability

### 2.13 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.



## 2.14 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.

## 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.

Set out below is an index of the significant accounting policies, the details of which are available on the following:

- 3.01 Consistency
- 3.02 Property, Plant and Equipment
- 3.03 Intangible Assets
- 3.04 Capital Work-in-Progress
- 3.05 Leasehold Assets
- 3.06 Investment in Associates
- 3.07 Inventories
- 3.08 Financial Instruments
- 3.09 Impairment
- 3.10 Share Capital
- 3.11 Revaluation Reserve
- 3.12 Employee Benefits
- 3.13 Taxation
- 3.14 Loans and Borrowings
- 3.15 Provisions, Contingent Liabilities and Contingent Assets
- 3.16 Revenue Recognition
- 3.17 Operating Income
- 3.18 Finance Income and Cost
- 3.19 Foreign Currency Transaction / Translation
- 3.20 Related Party Transactions
- 3.21 Earnings Per Share (EPS)
- 3.22 Measurement of Fair Values
- 3.23 Events after the Reporting Period

### 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 2018 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 June 2017.

### 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 2018 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 Operating Income

Operating income includes gain / (loss) on sale of property, plant and equipment and rental income. Operating income is recognized as revenue on accrual basis.

### 3.18 Finance Income and Cost

#### 3.18.01 Finance Income

Interest income on Fixed Deposit Receipts (FDR) and Short Term Deposits (STD) is accrued on a time basis by reference to the principal outstanding at the effective interest applicable.

#### 3.18.02 Finance Cost

Interest expenses except expenses related to acquisition/construction of assets, incurred during the period are charged to Statement of Profit or Loss and Other Comprehensive Income on accrual basis.

### 3.19 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.

### 3.20 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.

Interest income/expenses on amount due to/due from affiliated companies has been recognized periodically.

### 3.21 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.

### 3.22 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.

### 3.23 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 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>
Balance as on 01 July 2017	419,730,792	845,729,927	42,090,876	356,460,485	26,272,242	41,393,090	13,501,476	24,343,952	66,293,547	1,835,816,387
Addition during the year	-	25,275,329	8,613,654	86,387,636	2,011,929	46,379,001	1,020,787	2,510,218	-	172,198,554
Disposal/Adjustment during the year	-	-	-	-	(120,000)	-	-	-	(1,346,385)	(1,466,385)
<b>Balance as at 30 June 2018</b>	<b>419,730,792</b>	<b>871,005,256</b>	<b>50,704,530</b>	<b>442,848,121</b>	<b>28,164,171</b>	<b>87,772,091</b>	<b>14,522,263</b>	<b>26,854,170</b>	<b>64,947,162</b>	<b>2,006,548,556</b>
<b>Accumulated depreciation</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>
Balance as on 01 July 2017	-	285,237,271	15,376,467	128,439,727	17,134,438	24,961,842	10,117,773	21,435,712	37,646,202	540,349,432
Charged for the year	-	55,717,642	1,301,426	17,934,737	2,282,029	8,612,701	1,294,200	1,822,876	7,269,671	96,235,282
Adjustment for disposal during the year	-	-	-	-	(111,464)	-	-	-	(1,346,384)	(1,457,848)
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>340,954,913</b>	<b>16,677,893</b>	<b>146,374,464</b>	<b>19,305,003</b>	<b>33,574,543</b>	<b>11,411,973</b>	<b>23,258,588</b>	<b>43,569,489</b>	<b>635,126,866</b>
<b>Carrying amount</b>										
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
As at 30 June 2018	419,730,792	530,050,343	34,026,637	296,473,657	8,859,168	54,197,548	3,110,290	3,595,582	21,377,673	1,371,421,690

Depreciation allocated to:

Note(s)	Allocation Basis	01 Jul 2017 to 30 Jun 2018		01 Jul 2016 to 30 Jun 2017	
		Taka		Taka	
27.02	80%	76,988,226	58,356,774		
28.00	20%	19,247,056	14,589,193		
		<b>96,235,282</b>	<b>72,945,967</b>		



4.01 Property, plant and equipment - at cost model

	Amount in Taka							Total		
	Land and Land development	Plant and Machineries	Administrative Building	Factory Building	Office Equipment	Electric Installation	Furniture & Fixture		Computer Equipment	Motor Vehicle
<b>At cost</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>
Balance as on 01 July 2017	205,339,089	845,729,927	42,090,876	356,460,485	26,272,242	41,393,090	13,501,476	24,343,952	66,293,547	1,621,424,684
Addition during the year	-	25,275,329	8,613,654	86,387,636	2,011,929	46,379,001	1,020,787	2,510,218	-	172,198,554
Disposal/Adjustment during the year	-	-	-	-	(120,000)	-	-	-	(1,346,385)	(1,466,385)
<b>Balance as at 30 June 2018</b>	<b>205,339,089</b>	<b>871,005,256</b>	<b>50,704,530</b>	<b>442,848,121</b>	<b>28,164,171</b>	<b>87,772,091</b>	<b>14,522,263</b>	<b>26,854,170</b>	<b>64,947,162</b>	<b>1,792,156,853</b>
<b>Accumulated depreciation</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>
Balance as on 01 July 2017	-	285,237,271	15,376,467	128,439,727	17,134,438	24,961,842	10,117,773	21,435,712	37,646,202	540,349,432
Charged for the year	-	55,717,642	1,301,426	17,934,737	2,282,029	8,612,701	1,294,200	1,822,876	7,269,671	96,235,282
Adjustment for disposal during the year	-	-	-	-	(111,464)	-	-	-	(1,346,384)	(1,457,848)
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>340,954,913</b>	<b>16,677,893</b>	<b>146,374,464</b>	<b>19,305,003</b>	<b>33,574,543</b>	<b>11,411,973</b>	<b>23,258,588</b>	<b>43,569,489</b>	<b>635,126,866</b>
<b>Carrying amount</b>										
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
As at 30 June 2018	205,339,089	530,050,343	34,026,637	296,473,657	8,859,168	54,197,548	3,110,290	3,595,582	21,377,673	1,157,029,987



	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>5.00 Intangible assets</b>			
Software	5.01	1,662,505	2,726,992
		<b>1,662,505</b>	<b>2,726,992</b>
<b>5.01 Intangible assets schedule</b>			
<b>Cost</b>			
Opening balance		6,355,893	5,272,908
Add: Addition during the year		-	1,082,985
Closing balance		<b>6,355,893</b>	<b>6,355,893</b>
<b>Accumulated amortization</b>			
Opening balance		3,628,901	2,669,348
Add: Charged during the year		1,064,487	959,553
Closing balance		<b>4,693,388</b>	<b>3,628,901</b>
<b>Carrying amount</b>		<b>1,662,505</b>	<b>2,726,992</b>
<b>6.00 Capital work-in-progress</b>			
Opening balance		88,327,777	191,195,601
Add: Expenditure incurred during the year	6.01	70,377,202	142,722,150
		<b>158,704,979</b>	<b>333,917,751</b>
Less: Adjustment made during the year	6.01	(544,969)	(2,608,500)
Less: Capitalized during the year	6.01	(143,630,106)	(242,981,474)
Closing balance		<b>14,529,904</b>	<b>88,327,777</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 2018	Balance as on 30 June 2017
Land and land development	12,847,598	-	-	-	12,847,598	12,847,598
Administrative building	389,563	7,832,641	-	(8,222,204)	-	389,563
Factory building	30,567,964	44,709,332	(544,969)	(74,732,327)	-	30,567,964
Plant & machinery	8,272,395	14,247,209	-	(20,837,298)	1,682,306	8,272,395
Electric equipment and installations	36,250,257	3,588,020	-	(39,838,277)	-	36,250,257
	<b>88,327,777</b>	<b>70,377,202</b>	<b>(544,969)</b>	<b>(143,630,106)</b>	<b>14,529,904</b>	<b>88,327,777</b>

Factory building includes Tk. 544,969 for fire door purchase which was transferred to KDS Thread Limited against due from affiliated company and the consideration amount subsequently received by the Company.

	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>7.00 Investment in associate</b>			
SKYS Securities Limited	7.01	48,265,804	48,297,694
		<b>48,265,804</b>	<b>48,297,694</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		24,892,694	24,702,611
Share of profit/(loss) for the year	7.02	(31,890)	190,083
		<b>24,860,804</b>	<b>24,892,694</b>
		<b>48,265,804</b>	<b>48,297,694</b>
<b>7.02 Share of profit/(loss) of associates (Net of tax)</b>			
Net profit attributable to the shareholders' of associate		(68,302)	407,118
<b>Ownership</b>			
		<b>46.69%</b>	<b>46.69%</b>
Net profit / (Loss) attributable to KDS Accessories Limited		(31,890)	190,083
		<b>(31,890)</b>	<b>190,083</b>

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

	30 June 2018	30 June 2017
	Taka	Taka
Non-current assets	87,664,421	77,685,175
Current assets	149,099,526	153,988,208
<b>Total assets</b>	<b>236,763,947</b>	<b>231,673,383</b>
Share capital	50,132,000	50,132,000
Revaluation surplus (CSE Membership)	37,873,300	37,873,300
Retained earnings	15,369,736	15,438,038
<b>Shareholders' equity</b>	<b>103,375,036</b>	<b>103,443,338</b>
Current liabilities	133,388,911	128,230,045
<b>Total liabilities</b>	<b>133,388,911</b>	<b>128,230,045</b>
<b>Total equity &amp; liabilities</b>	<b>236,763,947</b>	<b>231,673,383</b>

	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
	Taka	Taka
Revenue	7,909,703	7,047,154
Other income	3,837,724	821,195
Expenses	(11,815,729)	(7,461,231)
<b>Net profit</b>	<b>(68,302)</b>	<b>407,118</b>

**8.00 Other investment**

Investment in Fixed Deposit Receipts	4,920,847	4,713,519
	<b>4,920,847</b>	<b>4,713,519</b>

Name of Banks	Purpose	Period	Interest rate		
Bank Asia Limited	Bank Guarantee	1 year	5.75%-6.50%	3,911,144	3,732,056
Exim Bank Limited	Bank Guarantee	3 years	6.50%	1,009,703	981,463
				<b>4,920,847</b>	<b>4,713,519</b>

**9.00 Inventories**

Raw materials	468,878,644	307,994,045
Work-in-process	27,448,184	18,432,284
Finished goods	10,121,068	17,054,285
Stores & spares	52,924,969	43,169,743
Goods in transit	107,690,845	68,414,516
	<b>667,063,710</b>	<b>455,064,873</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	3,087,037	12,784,083	15,871,120	(11,714,998)	4,156,121
White Liner Paper	Kg	-	49,060	49,060	-	49,060
Medium Paper	Kg	1,991,091	8,187,474	10,178,565	(8,078,730)	2,099,835
Duplex Board	Kg	215,776	247,288	463,064	(449,266)	13,798
Stitching Wire	Kg	21,652	78,000	99,652	(98,044)	1,608
Yarn	Kg	88,095	223,990	312,085	(259,160)	52,925
Starch	Kg	63,706	410,000	473,706	(444,801)	28,905
Adhesive Powder	Kg	11,830	198,260	210,090	(195,099)	14,991
Art Card	Kg	4,138	55,000	59,138	(11,782)	47,356
Chemical	Ltr	1,331	20,723	22,054	(19,200)	2,855
Resin	Kg	19,196	224,400	243,596	(196,212)	47,384
PP Strap	Kg	563	30,720	31,283	(16,460)	14,824
Rubber Thread	Kg	14,811	59,984	74,795	(64,573)	10,222
Transfer Flim	Kg	2,409	146,000	148,409	(145,737)	2,672
P. Ink	Kg	12,544	15,738	28,282	(17,562)	10,719
Pigment	Kg	13	1,620	1,633	(899)	734
Ribbon	Kg	5,451	17,359	22,810	(12,150)	10,659
Self Adhesive Sticker	Kg	1,344	77,200	78,544	(78,432)	112
OPP Gum Tape	Kg	24,757	128,919	153,676	(132,600)	21,076
GPPS/PP/HIPS	Kg	-	178,000	178,000	(176,383)	1,617
		<b>5,565,744</b>	<b>23,133,818</b>	<b>28,699,562</b>	<b>(22,112,090)</b>	<b>6,587,472</b>

Finished goods

Product name	Unit	Opening balance	Production	Available for sale	Sales	Closing balance
Carton	Pcs	160,542	28,056,047	28,216,589	(28,132,739)	83,850
Label	Pcs	506,141	84,551,555	85,057,696	(84,654,121)	403,575
Elastics and Narrow Fabrics	Yards	907,227	20,367,440	21,274,667	(20,587,167)	687,500
Offset Printing	Pcs	231,004	142,034,113	142,265,117	(142,125,796)	139,321
Heat Transfer Printing	Pcs	32,282	19,663,593	19,695,875	(19,669,984)	25,891
Button	GG	7,523	189,998	197,521	(189,726)	7,795
Gum Tape	Rolls	5,001	380,875	385,876	(382,129)	3,747
Hanger	Pcs	-	21,873,908	21,873,908	(21,405,398)	468,510
		<b>1,849,720</b>	<b>317,117,529</b>	<b>318,967,249</b>	<b>(317,147,060)</b>	<b>1,820,189</b>

	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>10.00 Trade receivables</b>			
Opening balance		845,978,918	718,558,677
Add: Addition during the year	26.00	2,070,885,808	1,585,937,175
Add: Foreign currency fluctuation gain/(loss)	10.02	35,836,902	11,462,019
		<b>2,952,701,628</b>	<b>2,315,957,871</b>
Less: Realized during the year		(1,824,323,485)	(1,469,978,953)
		<b>1,128,378,143</b>	<b>845,978,918</b>
<b>10.01</b>	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.		
<b>10.02</b>	Foreign currency fluctuation gain/(loss) arises due to translation of foreign currency denominated trade receivables at the reporting date.		
		<b>30 June 2018 Taka</b>	<b>30 June 2017 Taka</b>
<b>10.03 Trade receivables include affiliated companies</b>			
KDS Apparels Limited		650,123	7,708,594
KDS Fashion Limited		41,474,135	27,772,260
KDS Garment Industries Limited		14,777,008	40,443,299
KDS Logistics Limited		740,828	137,503
KDS IDR Limited		35,514,830	9,748,232
KDS Textile Mills Ltd.		-	81,863
KYCR Coil Industries Ltd.		172,451	164,864
		<b>93,329,376</b>	<b>86,056,615</b>
<b>10.04 Ageing of trade receivables</b>			
Dues within 3 Months		513,906,467	469,095,311
Dues over 3 Months but within 6 months		614,471,676	376,883,607
		<b>1,128,378,143</b>	<b>845,978,918</b>
<b>10.05 Trade receivables - classification by security and related party:</b>			
Receivable considered good and secured		1,128,378,143	845,978,918
Receivable considered good without security		-	-
Receivable considered doubtful or bad		-	-
Receivable due by directors or other officers		-	-
Receivable due from companies under same management		93,329,376	86,056,615
Maximum receivable due by directors or officers at any time		-	-
<b>11.00 Other receivables</b>			
Rent receivable		-	1,738,500
Accrued interest income on FDR		373,446	387,496
		<b>373,446</b>	<b>2,125,996</b>



	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>12.00 Advances, deposits and prepayments</b>			
Advances	12.01	44,732,285	69,008,587
Security deposits	12.02	11,694,449	11,694,449
Prepayments	12.03	1,922,663	1,936,357
		<b>58,349,397</b>	<b>82,639,393</b>
<b>12.01 Advances</b>			
Against salary and allowances		783,229	876,301
Against advertisement		500,000	599,999
Against income tax	12.01.01	19,650,619	18,190,240
For unallocated revenue expenses		-	4,299,997
Others		23,798,437	45,042,050
		<b>44,732,285</b>	<b>69,008,587</b>
<b>12.01.01 Advance income tax</b>			
Opening balance		18,190,240	21,835,016
Add: Paid/deducted during the year		19,615,367	18,190,240
Less: Adjusted during the year		(18,154,988)	(21,835,016)
Closing balance		<b>19,650,619</b>	<b>18,190,240</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		1,687,098	1,753,389
Prepaid interest on export bills discounting		235,565	182,968
		<b>1,922,663</b>	<b>1,936,357</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 companies</b>			
KDS Poly Industries Limited		421,112,376	205,370,667
KDS Thread Limited		-	455,962
		<b>421,112,376</b>	<b>205,826,629</b>
<b>13.01</b>	The amount represent short term loan provided to KDS Poly Industries 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		8,820,656	8,443,638
		<b>8,820,656</b>	<b>8,443,638</b>
Above Fixed Deposits maintained with Bank Asia Limited, Agrabad Branch, Chittagong have been kept as lien. The rate of interest is 4.5% per annum.			
	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>15.00 Cash and cash equivalents</b>			
Cash in hand	15.01	917,833	439,432
Cash at bank	15.02	5,165,122	5,169,837
		<b>6,082,955</b>	<b>5,609,269</b>
<b>15.01 Cash in hand</b>			
Head office		538,420	191,422
Dhaka office		346,807	202,944
Gazipur factory office		32,606	45,066
		<b>917,833</b>	<b>439,432</b>



15.02 Cash at Bank Name of Banks	Branch	Account Type	30 June 2018	30 June 2017
			Taka	Taka
Bank Asia Limited	MCB Banani	SND	1,220	1,193
Bank Asia Limited	Agrabad	USD	1,571	3,488
Bank Asia Limited	Agrabad	Retention Quota	209,781	200,649
Bank Asia Limited	MCB Banani	Retention Quota	495,763	6,408
Bank Asia Limited	MCB Banani	RAD	715	684
Bank Asia Limited	MCB Banani	RAD	2,164,001	3,137,842
Bank Asia Limited	MCB Banani	SND	283,137	-
Commercial Bank of Ceylon	Motijheel	Current	-	1,029
Dutch Bangla Bank Limited	Jubilee Road	Current	5,421	-
HSBC	Agrabad	Current	2,116	146,303
Mutual Trust Bank Limited	Oxygen Mor	SND	-	775
Mutual Trust Bank Limited	Motijheel	Escrow	120,653	119,104
Mutual Trust Bank Limited	Motijheel	Escrow-USD	642,647	1,156,200
Mutual Trust Bank Limited	Motijheel	Escrow-GBP	14,061	14,807
NCC Bank Limited	Baridhara	Current	13,495	115,985
Southeast Bank Limited	Agrabad	Current	-	2,234
Standard Chartered Bank	Agrabad	Current	776,209	-
Standard Chartered Bank	Agrabad	Current	351,338	261,803
Standard Chartered Bank	Agrabad	Current	81,962	-
Trust Bank Limited	Dewan Bazar	Current	1,032	1,333
			<b>5,165,122</b>	<b>5,169,837</b>

#### 16.00 Share capital

##### Authorized Capital

200,000,000 Ordinary Shares of Tk. 10 each	2,000,000,000	2,000,000,000
	<b>2,000,000,000</b>	<b>2,000,000,000</b>

##### 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 01 September 2016 (Bonus share)	52,000,000	52,000,000
2,860,000 Ordinary Shares of Tk. 10 each as at 07 November 2017 (Bonus share)	28,600,000	-
<b>60,060,000 Ordinary Shares of Tk. 10 each</b>	<b>600,600,000</b>	<b>572,000,000</b>

#### 16.01 Shareholding position

Name of the shareholders	30 June 2018		30 June 2017	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Mr. Khalilur Rahman	46.92%	28,181,046	46.92%	26,839,092
Mr. Salim Rahman	16.16%	9,703,245	16.16%	9,241,186
Mr. S. M. Shameem Iqbal	5.38%	3,233,925	5.38%	3,079,929
Ms. Hasina Iqbal	4.62%	2,772,144	4.62%	2,640,138
Ms. Tahsina Rahman	3.84%	2,308,899	3.84%	2,198,952
Ms. Tahmina Rahman	0.00%	366	0.00%	349
KDS Garments Inds. Limited	2.01%	1,208,180	2.01%	1,150,648
General Public (IPO)	21.07%	12,652,195	21.07%	12,049,706
	<b>100%</b>	<b>60,060,000</b>	<b>100%</b>	<b>57,200,000</b>



16.02 Classification of shares by holding

Slab by number of shares	No. of Shareholders	No. of Shares	Holding (%)
Less than 500	2,076	345,263	0.57%
From 500 to 5,000	1,343	2,220,393	3.70%
From 5,001 to 10,000	178	1,246,409	2.08%
From 10,001 to 20,000	91	1,271,461	2.12%
From 20,001 to 30,000	27	655,111	1.09%
From 30,001 to 40,000	17	603,530	1.00%
From 40,001 to 50,000	6	259,258	0.43%
From 50,001 to 100,000	22	1,565,744	2.61%
From 100,001 to 1,000,000	22	5,693,572	9.48%
Above 1,000,000	5	46,199,259	76.92%
	<b>3,787</b>	<b>60,060,000</b>	<b>100%</b>

17.00 Long term borrowings

Note(s)	30 June 2018 Taka	30 June 2017 Taka
Opening balance	281,725,894	176,891,416
Add: Received during the year	-	203,375,000
Add: Interest applied	23,390,381	18,400,066
Add: Bank charges	118,150	54,000
	<b>305,234,425</b>	<b>398,720,482</b>
Less: Paid during the year	(101,092,939)	(116,994,588)
Closing balance	<b>204,141,486</b>	<b>281,725,894</b>

17.01 Current/non-current classification

Due within one year	90,559,800	103,185,860
Due after one year	113,581,686	178,540,034
	<b>204,141,486</b>	<b>281,725,894</b>

17.02 Details of long term borrowings

Bank Asia Limited - Agrabad	17.03	21,387,546	34,024,883
Bank Asia Limited - MCB Banani	17.04	37,207,792	44,494,327
Trust Bank Limited	17.05	96,368,698	125,852,618
Industrial Promotion & Development Company (IPDC)	17.06	-	11,195,340
NCC Bank Limited	17.07	4,694,290	5,614,490
Southeast Bank Limited	17.08	44,483,160	60,544,236
		<b>204,141,486</b>	<b>281,725,894</b>

17.03 Bank Asia Limited, Agrabad, Chittagong.

Total sanctioned amount	Tk. 6.50 Crore
Purpose	Machinery Import
Interest rate	11% (Revised from time to time)
Tenure	Five years
Payment method	The loan is repayable in equal monthly installment.
Securities	i) Hypothecation of stocks, plant and machinery, book debts and receivables. ii) Two undated cheques with borrower declaration covering LC and term loan limit.

17.04 Bank Asia Limited, MCB Banani, Dhaka.

Total sanctioned amount	Tk. 7.30 Crore
Purpose	Construction of factory building, utility building.
Interest rate	11% (Revised from time to time)
Tenure	Seven years
Payment method	The loan is repayable in equal monthly installment.
Securities	i) Personal Guarantee of all directors of the company. ii) Post dated cheques.

17.05 Trust Bank Limited, Dewan Bazar, Nawab Sirajuddowla Road, Chittagong

Total sanctioned amount	Tk. 30.00 Crore
Purpose	Working Capital
Interest rate	12% (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 all 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.





**17.06 Industrial Promotion & Development Company of Bangladesh Limited, Head Office, Gulshan, Dhaka**

Total sanctioned amount	Tk. 7.5 Crore
Purpose	Working Capital
Interest rate	9.50% (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	11.50% (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	12% (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.

**18.00 Defined benefit obligation- gratuity**

	Note(s)	30 June 2018 Taka	30 June 2017 Taka
Opening balance		59,715,197	49,199,971
Add: Provision made during the year	27.02 & 28	8,375,464	10,688,117
Less: Paid during the year		68,090,661	59,888,088
Closing balance		<u>(1,612,624)</u>	<u>(172,891)</u>
		<b>66,478,037</b>	<b>59,715,197</b>

**19.00 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 2018 Taka	30 June 2017 Taka
Opening balance	40,424,331	34,947,071
<b>Provided during the year</b>		
Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land)	4,427,256	6,753,972
Provision for Gratuity	(845,355)	(1,314,403)
Investments in associates	(6,378)	37,691
	3,575,523	5,477,260
<b>Adjusted during the period</b>		
Closing balance	<u>43,999,854</u>	<u>40,424,331</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	953,353,403	567,577,995	12.50%	385,775,408	48,221,926
Gratuity	(66,478,037)	-	12.50%	(66,478,037)	(8,309,755)
Investment in associates	48,265,804	23,405,000	15% - 20%	24,860,804	4,087,683
<b>Net taxable temporary difference</b>				<b>344,158,175</b>	<b>43,999,854</b>



	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>20.00 Trade and other payables</b>			
Trade payable	20.01	815,590,719	457,037,721
For revenue expenses	20.02	117,965,152	71,332,339
For other finance	20.03	4,001,519	4,199,075
		<b>937,557,390</b>	<b>532,569,135</b>
<b>20.01 Trade payable</b>			
Liability for imported goods		797,026,915	431,822,729
Liability for local goods		18,563,804	25,214,992
		<b>815,590,719</b>	<b>457,037,721</b>

Liability for imported goods includes foreign currency translation loss of Tk. 20,095,733 (foreign currency translation loss for the corresponding year 2016-2017 was of Tk. 2,503,590) arising due to translation of trade payables in foreign currency at the reporting date.

<b>20.02 For revenue expenses</b>			
Audit fee		270,000	247,500
C & F charges		11,073,238	998,000
Electricity bill		482,145	342,490
Employee salaries and director's remuneration		25,454,954	14,881,776
Gas charges		1,661,952	1,075,637
Insurance expenses		4,036,602	1,348,339
Provident fund		65,302,885	48,369,624
Rent expenses		9,506,806	3,965,217
Telephone & mobile bill		176,570	103,756
		<b>117,965,152</b>	<b>71,332,339</b>

<b>20.03 For other Finance</b>			
IPO over subscription money payable		619,875	1,168,103
Staff income tax		1,274,210	995,785
Supplier income tax		229,123	978,333
Tax & VAT on rent expenses		1,385,348	487,843
Tax & VAT on audit fee		71,250	65,000
VAT payable-others		206,534	330,144
Unclaimed dividend		215,179	173,867
		<b>4,001,519</b>	<b>4,199,075</b>

<b>21.00 Lease finance</b>			
Opening balance		646,529	4,321,294
Less: Paid during the year		(646,529)	(3,674,765)
Closing balance		-	<b>646,529</b>

<b>21.01 Long term borrowings -Maturity analysis</b>			
Due within one year		-	646,529
Due after one year		-	-
		<b>-</b>	<b>646,529</b>

<b>21.02 Details of lease finance</b>			
Industrial Promotion & Development Company (IPDC)	21.03	-	646,529
		<b>-</b>	<b>646,529</b>

<b>21.03 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	9.50% (Revised from time to time)		
Payment method	The loan is repayable in 60 (Sixty) equal monthly installments.		
Tenure	Five years		



		30 June 2018	30 June 2017
		Taka	Taka
<b>22.00 Current tax liability</b>			
Opening balance		32,093,217	40,923,876
Add: Provision made during the year		24,586,468	18,154,988
		56,679,685	59,078,864
Less: Paid/adjusted during the year		(19,819,988)	(26,985,647)
		<b>36,859,697</b>	<b>32,093,217</b>
<b>23.00 Due to affiliated company</b>			
KDS Thread Limited		39,918,292	-
		<b>39,918,292</b>	-
<b>23.01</b>	The amount represent short term loan received from KDS Thread Limited as and when required to meet funding requirement. All transactions were done through banking channel and interest was charged on outstanding balances.		
		30 June 2018	30 June 2017
	Note(s)	Taka	Taka
<b>24.00 Short term bank loan</b>			
Bank Overdraft	24.01	31,083,819	72,144,340
Loan Against Trust Receipt (LATR)	24.02	110,838,032	24,499,402
Local Documentary Bill Purchase (LDBP)	24.03	320,172,498	256,317,586
Demand Loan and Time Loan	24.04	380,506,457	264,976,041
		<b>842,600,806</b>	<b>617,937,369</b>
<b>24.01 Bank Overdraft</b>			
Bank Asia Limited		28,483,690	18,804,639
Southeast Bank Limited		2,600,129	49,399,895
Standard Chartered Bank		-	3,939,806
		<b>31,083,819</b>	<b>72,144,340</b>
<b>24.02 Loan Against Trust Receipt (LATR)</b>			
Standard Chartered Bank		80,263,002	24,499,402
Southeast Bank Limited		29,695,417	-
Bank Asia Limited		879,613	-
		<b>110,838,032</b>	<b>24,499,402</b>
<b>24.03 Local Documentary Bill Purchase (LDBP)</b>			
Bank Asia Limited		260,552,663	218,060,771
Standard Chartered Bank		59,619,835	38,256,815
		<b>320,172,498</b>	<b>256,317,586</b>
<b>24.04 Demand Loan and Time Loan</b>			
Bank Asia Limited		229,281,457	61,331,022
NCC Bank Limited		-	203,645,019
Ducth Bangla Bank Limited		151,225,000	-
		<b>380,506,457</b>	<b>264,976,041</b>
<b>25.00 Provision for WPPF and Welfare Fund</b>			
Opening balance		61,364,257	49,777,247
Add: Provision made during the year		8,481,412	7,853,716
Add: Interest during the year	28.00	6,892,528	3,733,294
Less: Paid during the year		(11,842,878)	-
		<b>64,895,319</b>	<b>61,364,257</b>

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 2018 with a view to protecting the interest of the workers. However, during the year the Company has distributed WPPF and Welfare Fund for the year 2010 and 2011. The Company expects to distribute the remaining fund gradually.

	Notes	01 July 2017 to 30 June 2018		01 July 2016 to 30 June 2017	
		USD	Taka	USD	Taka
<b>26.00 Revenue</b>					
Export sales	26.01	26,436,512	2,070,885,808	20,395,427	1,585,937,175
		<b>26,436,512</b>	<b>2,070,885,808</b>	<b>20,395,427</b>	<b>1,585,937,175</b>



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

Product name	01 July 2017 to 30 June 2018		01 July 2016 to 30 June 2017	
	(%)	Taka	(%)	Taka
Carton	77.07%	1,596,128,495	78.91%	1,251,430,301
Label	2.95%	61,178,765	3.19%	50,661,298
Elastics and Narrow Fabrics	5.79%	119,909,951	5.87%	93,113,538
Offset Printing	4.80%	99,313,875	5.16%	81,887,656
Heat Transfer Printing	0.99%	20,484,094	0.56%	8,900,588
Button	4.88%	100,994,947	5.81%	92,209,901
Gum Tape	0.77%	15,867,839	0.49%	7,733,893
Hanger	2.75%	57,007,842	0.00%	-
	<b>100%</b>	<b>2,070,885,808</b>	<b>100%</b>	<b>1,585,937,175</b>

	Note(s)	01 July 2017	01 July 2016
		to 30 June 2018	to 30 June 2017
		Taka	Taka
<b>27.00 Cost of goods sold</b>			
Raw materials consumed	27.01	1,395,532,530	1,015,887,523
Factory overhead	27.02	301,552,422	243,815,457
<b>Cost of Production</b>		<b>1,697,084,952</b>	<b>1,259,702,980</b>
Add: Opening work-in-process		18,432,284	23,404,318
Less: Closing work-in-process	9.00	(27,448,184)	(18,432,284)
<b>Cost of goods manufactured</b>		<b>1,688,069,052</b>	<b>1,264,675,014</b>
Goods used for sample making	29.00	(1,325,455)	(5,889,231)
		1,686,743,597	1,258,785,783
Opening finished goods		17,054,285	10,845,157
<b>Cost of goods available for sale</b>		<b>1,703,797,882</b>	<b>1,269,630,940</b>
Closing finished goods	9.00	(10,121,068)	(17,054,285)
		<b>1,693,676,814</b>	<b>1,252,576,655</b>
<b>27.01 Raw materials consumed</b>			
Opening inventory		307,994,045	256,709,571
Add: Purchases during the year		1,556,417,129	1,067,171,997
Total materials available		1,864,411,174	1,323,881,568
Less: Closing inventory	9.00	(468,878,644)	(307,994,045)
		<b>1,395,532,530</b>	<b>1,015,887,523</b>
<b>27.02 Factory overhead</b>			
Salary, wages and others		110,082,498	80,940,554
Ansar/security cost		3,197,895	3,074,055
Depreciation	4.00	76,988,226	58,356,774
Electricity expenses		16,090,823	1,396,020
Fuel expenses		11,417,629	4,718,891
Gas and furnace oil expenses		33,671,757	47,447,929
Generator running expenses		1,830,669	1,465,410
Gratuity	18.00	1,675,093	2,137,623
Insurance premium		2,088,987	1,991,060
Labour charges		3,740,975	2,438,606
Printing and processing charges		2,689,955	2,284,474
Repair and maintenance		5,166,800	4,333,337
Stores and spares consumption	27.03	22,400,411	25,125,338
Telephone expenses		1,245,215	840,150
Testing fee		1,451,329	1,147,367
Uniform and liveries		924,189	1,041,432
Vehicle maintenance expenses		6,219,681	4,543,853
Water and sanitation expenses		670,290	532,584
		<b>301,552,422</b>	<b>243,815,457</b>



		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
	Note(s)	Taka	Taka
<b>27.03 Stores and spares consumption</b>			
Opening inventory		43,169,743	36,245,572
Add: Purchases during the year		32,155,637	32,049,509
Total spare parts available		75,325,380	68,295,081
Less: Closing inventory	9.00	(52,924,969)	(43,169,743)
		<b>22,400,411</b>	<b>25,125,338</b>
<b>28.00 Operating expenses</b>			
Salaries and wages		52,019,667	40,988,462
Director's remuneration		2,500,000	2,500,000
Audit fee		341,250	312,500
Amortization	5.00	1,064,487	959,553
Depreciation	4.00	19,247,056	14,589,193
Consultancy fee		251,000	152,695
Electricity expenses		2,839,557	246,357
Entertainment		1,842,474	801,190
Fuel expenses		2,014,876	832,745
Gratuity	18.00	6,700,371	8,550,494
Group insurance		587,833	566,368
Guest house expenses		357,466	342,600
Insurance expenses		1,807,532	1,548,707
Interest on non-payment of WPP and WF	25.00	6,892,528	3,733,294
Internet expenses		1,953,836	1,783,092
Medical expenses		190,117	311,520
Miscellaneous expenses		1,043,420	782,505
Newspaper expenses		27,610	24,637
Office maintenance		720,290	2,124,270
Postage and parcel expenses		461,183	238,810
Printing and stationeries		1,790,233	2,089,255
Professional fees		410,420	21,000
Rent expenses - Dhaka office		6,708,240	4,800,000
Rent, rates, license, renewal and others fee		2,900,386	1,951,771
Repair and maintenance		911,788	764,707
Security cost - Ansar cost		564,334	542,480
Staff fooding		1,894,427	1,565,430
Staff training expenses		29,840	69,708
Telephone		1,245,215	840,150
Travelling and conveyance		935,044	686,199
Vehicle maintenance expenses		691,076	504,873
		<b>120,943,556</b>	<b>95,224,565</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		12,447,949	8,916,491
Advertisement expenses		2,943,194	3,124,299
Carriage outward		25,351,432	12,309,670
Employee reward		37,000	35,000
Sales promotion expenses		2,413,280	2,132,878
Sample expenses	27.00	1,325,455	5,889,231
		<b>44,518,310</b>	<b>32,407,569</b>



	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
	Taka	Taka
<b>30.00 Finance cost</b>		
Interest on balance due to inter companies and bank loans	91,357,383	60,965,994
Bank charges and commission	11,094,957	10,440,030
	<b>102,452,340</b>	<b>71,406,024</b>
<b>31.00 Finance income</b>		
Interest earned from FDR	652,446	682,433
Interest earned from STD	33,181	101,609
Interest income from inter-company receivable	35,392,121	11,225,260
Gain/(Loss) on currency fluctuation	22,430,622	8,840,917
	<b>58,508,370</b>	<b>20,850,219</b>
<b>32.00 Other income</b>		
Rent income	1,560,000	1,758,000
Gain/(Loss) on Sale of Property, plant and equipment	296,963	(46,349)
	<b>1,856,963</b>	<b>1,711,651</b>
<b>33.00 Reconciliation of cash generated by operations</b>		
Profit before income tax	161,146,819	149,220,599
Depreciation charged	96,235,282	72,945,967
Amortization charged	1,064,487	959,553
(Gain)/loss on sale of property, plant and equipment	(296,963)	46,349
Profit/(loss) from investment in associates	31,890	(190,083)
Finance Income	(58,508,370)	(20,850,219)
Finance Cost	102,452,340	71,406,024
Increase in Inventory	(211,998,837)	(82,512,095)
Increase in Trade Receivables (after adjusting foreign currency fluctuation gain)	(246,562,323)	(115,958,222)
(Increase)/ Decrease in other receivables	1,738,500	(839,700)
(Increase) / Decrease in Advances, Deposits and Pre-payments	25,750,375	(19,953,872)
Increase in Trade and Other payables (after adjusting foreign currency fluctuation loss)	391,334,024	166,779,708
Increase in provision of WPPF and WF	3,531,062	11,587,010
Increase in the provision of gratuity	6,762,840	10,515,226
	<b>272,681,126</b>	<b>243,156,245</b>
<b>34.00 Earnings Per Share (EPS)</b>		
<b>34.01 Basic Earnings Per Share</b>		
The computation of EPS is given below:		
Total earnings attributable to the ordinary shareholders	132,984,828	125,588,351
Number of ordinary shares outstanding during the year	60,060,000	57,200,000
Weighted average number of ordinary shares outstanding during the year	60,060,000	57,200,000
<b>Basic Earnings Per Share</b>	<b>2.21</b>	<b>2.20</b>
<b>Restated Earnings Per Share (Basic)*</b>		<b>2.09</b>

\*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.

#### 34.02 Diluted EPS

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.



	30 June 2018	30 June 2017
	Taka	Taka
<b>34.03 Net Asset Value Per Share (NAV)</b>		
Total Assets	3,730,981,433	3,045,221,653
Less: Liabilities	2,236,450,881	1,626,475,929
Net Asset Value (NAV)	1,494,530,552	1,418,745,724
Number of ordinary shares outstanding during the year	60,060,000	57,200,000
<b>Net Assets Value (NAV) per share</b>	<b>24.88</b>	<b>24.80</b>
	<b>01 July 2017</b>	<b>01 July 2016</b>
	<b>to 30 June 2018</b>	<b>to 30 June 2017</b>
	Taka	Taka
<b>34.04 Net operating cash flow per share</b>		
Net operating cash flows (from statement of cash flows)	185,040,217	160,447,152
Number of ordinary shares outstanding during the year	60,060,000	57,200,000
<b>Net operating cash flow per share</b>	<b>3.08</b>	<b>2.81</b>

Net operating cash flows of comparative period has been increased by Tk. 74,063 due to presenting effect of foreign exchange rate changes on cash and cash equivalents as separate line item as per para 28 of BAS 7.

#### 35.00 Contingent liabilities and commitment

Contingent liabilities and commitment at the reporting date are as follows

	30 June 2018	30 June 2017
	Taka	Taka
<b>35.01 Bank guarantee</b>		
Bank Asia Limited	6,036,100	6,136,100
EXIM Bank Limited	605,865	605,865
	<b>6,641,965</b>	<b>6,741,965</b>
<b>35.02 L/C liabilities</b>		
Bank Asia Limited	146,489,794	100,394,614
Standard Chartered Bank	156,653,544	70,325,585
Southeast Bank Limited	-	39,315,034
	<b>303,143,338</b>	<b>210,035,233</b>

#### 35.03 Capital expenditure commitment

There is no capital expenditure commitment as at 30 June 2018.

#### 36.00 Directors' interest in contracts with the company

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

#### 37.00 Credit facility not availed

There was no credit facility available to the company under any contract, but not availed as on 30 June 2018 other than trade credit available in the ordinary course of business.

#### 38.00 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 2017	Transaction during the year (Net)	Balance as on 30 June 2018
1	KDS Apparels Limited	Common directorship	Receivable against Sales	Dr. 7,708,594	(7,058,471)	Dr. 650,123
2	KDS Fashion Limited	Common directorship	Receivable against Sales	Dr. 27,772,260	13,701,875	Dr. 41,474,135
3	KDS Garment Inds. Ltd.	Common directorship	Receivable against Sales	Dr. 40,443,299	(25,666,291)	Dr. 14,777,008

SL No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as on 01 July 2017	Transaction during the year (Net)	Balance as on 30 June 2018
4	KDS Logistics Limited	Common directorship	Receivable against Sales	Dr. 137,503	603,325	Dr. 740,828
5	KDS IDR Limited	Common directorship	Receivable against Sales	Dr. 9,748,232	25,766,598	Dr. 35,514,830
6	KDS Textile Mills Ltd.	Common directorship	Receivable against Sales	Dr. 81,863	(81,863)	Dr. -
7	KYCR Coil Ind. Limited	Common directorship	Receivable against Sales	Dr. 164,864	7,587	Dr. 172,451
8	KDS Poly Ind. Limited	Common directorship	Short Term Loan	Dr. 205,370,667	215,741,709	Dr. 421,112,376
9	KDS Thread Limited	Common directorship	Short Term Loan	Dr. 455,962	40,374,254	Cr. 39,918,292

#### 39.00 Events after the reporting period

The Board of Directors at the meeting held on 20 August 2018 has recommended 10% cash and 5% stock dividend for the year ended 30 June 2018.

#### 40.00 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 2018	30 June 2017
	-	-
	1,208	1,114
	<u>1,208</u>	<u>1,114</u>

#### 41.00 Quantitative information of production capacity for the year ended 30 June 2018

Particulars	01 July 2017 to 30 June 2018			01 July 2016 to 30 June 2017		
	Production Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)	Production Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)
Carton	30,000,000	28,056,047	93.52%	30,000,000	29,271,182	97.57%
Label	175,964,208	84,551,555	48.05%	175,964,208	71,691,494	40.74%
Elastics and Narrow Fabrics	30,576,000	20,367,440	66.61%	30,576,000	22,089,283	72.24%
Offset Printing	150,009,600	142,034,113	94.68%	150,009,600	120,989,750	80.65%
Heat Transfer Printing	24,960,000	19,663,593	78.78%	24,960,000	8,336,303	33.40%
Button	360,000	189,998	52.78%	360,000	186,545	51.82%
Gum Tape	4,290,000	380,875	8.88%	4,290,000	234,602	5.47%
Hanger	45,000,000	21,873,908	48.61%	-	-	0.00%

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

#### 42.00 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.

- Credit risk
- Liquidity risk
- Market risk





#### 42.01 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 2018	30 June 2017
	Taka	Taka
Investments in FDRs (Short term & long term)	13,741,503	13,157,157
Advances, deposits and prepayments	58,349,397	82,639,393
Trade and other receivables	1,128,751,589	848,104,914
Due from affiliated companies	421,112,376	205,826,629
Cash at bank	5,165,122	5,169,837
	<b>1,627,119,987</b>	<b>1,154,897,930</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 2018	30 June 2017
	Taka	Taka
Dues within 3 Months	513,906,467	469,095,311
Dues over 3 Months but within 6 months	614,471,676	376,883,607
	<b>1,128,378,143</b>	<b>845,978,918</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 one of the inter companies to meet its operational finance from time to time. The outstanding balance is redeemable including 9.42% interest per annum and has no prescribed repayment schedule.

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

The company held cash at bank of Tk. 5,165,122 at 30 June 2018 (2017: Tk. 5,169,837), 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 2018		
	Credit rating	Amount in Taka	(%)
Trade receivables	NR	1,128,378,143	94.57%
Other receivables	NR	373,446	0.03%
Advances, deposits and prepayments	NR	58,349,397	4.89%
Cash and cash equivalents			
Cash in hand		917,833	0.08%
Cash at Banks		5,165,122	0.43%
Bank Asia Limited	AA2	3,156,188	61.11%
Commercial Bank of Ceylon	AAA	-	0.00%
Dutch Bangla Bank Limited	AA+	5,421	0.10%
HSBC	AAA	2,116	0.04%
Mutual Trust Bank Limited	AA	777,361	15.05%
National Credit & Commerce Bank	AA	13,495	0.26%
Standard Chartered Bank	AAA	1,209,509	23.42%
Southeast Bank Limited	AA	-	0.00%
Trust Bank Limited	AA2	1,032	0.02%



#### 42.02 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	
	Taka	Percentage	Taka	Taka	Taka	Taka
<b>As at 30 June 2018</b>						
Long term borrowings	204,141,486	11.00%-12.00%	90,559,800	113,581,686	-	204,141,486
Trade and other payable	937,557,390	N/A	937,557,390	-	-	937,557,390
Short term bank loan	842,600,806	4.81%-12.00%	842,600,806	-	-	842,600,806
Due to affiliated company	39,918,292	9.42%	39,918,292	-	-	39,918,292
Provision for WPPF and Welfare Fund	64,895,319	11.25%	64,895,319	-	-	64,895,319
	<b>2,089,113,293</b>		<b>1,975,531,607</b>	<b>113,581,686</b>	<b>-</b>	<b>2,089,113,293</b>
<b>As at 30 June 2017</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>

#### 42.03 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.

As at 30 June 2018, 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 2018

##### Foreign currency denominated assets

Cash and cash equivalents  
Trade receivables

	GBP	USD	Taka
Cash and cash equivalents	125	43,096	3,528,539
Trade receivables	-	13,836,642	1,128,378,143
	<b>125</b>	<b>13,879,738</b>	<b>1,131,906,682</b>

##### Foreign currency denominated liabilities

Liability for Local Documentary Bill Purchase (LDBP)  
Liability for Accepted Bills for Payment (ABP)

Liability for Local Documentary Bill Purchase (LDBP)	-	3,825,239	320,172,498
Liability for Accepted Bills for Payment (ABP)	16,779	9,499,962	797,026,915
	<b>16,779</b>	<b>13,325,201</b>	<b>1,117,199,413</b>
	<b>(16,654)</b>	<b>554,537</b>	<b>14,707,269</b>

##### Net exposure

###### As at 30 June 2017

##### Foreign currency denominated assets

Cash and cash equivalents  
Trade receivables

	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>

##### Foreign currency denominated liabilities

Liability for Local Documentary Bill Purchase (LDBP)  
Liability for Accepted Bills for Payment (ABP)

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>8,702,780</b>	<b>688,140,315</b>
	<b>148</b>	<b>2,053,132</b>	<b>162,358,681</b>

##### Net exposure



The company has translated all of its monetary items in foreign currency at the end of its accounting period by using two different rates since the bank offering two different rates for settling its assets and liabilities in foreign currency.

The following significant exchange rate is applied during the year:

	30 June 2018	30 June 2017
<b>US Dollar</b>		
For denoting asset in foreign currency	81.55	79.07
For denoting liabilities in foreign currency	83.70	80.50
<b>GBP</b>		
For denoting liabilities in foreign currency	112.05	100.00
<b>EURO</b>		
For denoting liabilities in foreign currency	-	87.00

Being a 100% export oriented company, the company can directly mitigate foreign currency risk exposure by tradeoff between import and export.

#### (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 2018		30 June 2017	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
USD (2% movement)	916,373	(916,373)	3,246,877	(3,246,877)
GBP (2% movement)	(37,321)	37,321	296	(296)
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 2018	30 June 2017
	Taka	Taka
<b>Fixed- rate instruments</b>		
Financial assets	434,853,879	218,983,786
Financial liabilities	(1,086,660,584)	(900,309,792)
	<b>(651,806,705)</b>	<b>(681,326,006)</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.



#### 43.00 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.	Fair value through profit or loss	Carrying amount				Total
		Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	
	Taka	Taka	Taka	Taka	Taka	Taka
<b>30 June 2018</b>						
<b>Financial assets not measured at fair value</b>						
10 & 11	-	1,128,751,589	-	-	-	1,128,751,589
13	-	421,112,376	-	-	-	421,112,376
8 & 14	-	-	13,741,503	-	-	13,741,503
15.02	-	5,165,122	-	-	-	5,165,122
	-	<b>1,555,029,087</b>	<b>13,741,503</b>	-	-	<b>1,568,770,590</b>
<b>Financial liabilities not measured at fair value</b>						
17	-	-	-	-	(204,141,486)	(204,141,486)
20	-	-	-	-	(937,557,390)	(937,557,390)
23	-	-	-	-	(39,918,292)	(39,918,292)
24	-	-	-	-	(842,600,806)	(842,600,806)
	-	-	-	-	<b>(2,024,217,974)</b>	<b>(2,024,217,974)</b>
<b>30 June 2017</b>						
<b>Financial assets not measured at fair value</b>						
10 & 11	-	848,104,914	-	-	-	848,104,914
13	-	205,826,629	-	-	-	205,826,629
8 & 14	-	-	13,157,157	-	-	13,157,157
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>						
17	-	-	-	-	(281,725,894)	(281,725,894)
21	-	-	-	-	(646,529)	(646,529)
20	-	-	-	-	(532,569,135)	(532,569,135)
24	-	-	-	-	(617,937,369)	(617,937,369)
	-	-	-	-	<b>(1,432,878,927)</b>	<b>(1,432,878,927)</b>

