

**Hoda Vasi
Chowdhury & Co**

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

**Audited Financial Statement
Of
KDS Accessories Limited**

For the year ended 31 December 2014

Hoda Vasi Chowdhury & Co

Chartered Accountants

AUDITORS' REPORT TO THE SHAREHOLDERS OF KDS ACCESSORIES LIMITED

We have audited the accompanying financial statements of **KDS ACCESSORIES LIMITED**, which comprises the statement of financial position as at 31 December 2014 and the related statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 31 December 2014 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

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

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

Chittagong, 25 Apr '15 2015

Hoda Vasi Chowdhury
Chartered Accountants
HVC

**KDS ACCESSORIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note(s)	2014 Taka	2013 Taka
ASSETS			
NON CURRENT ASSETS			
		1,099,749,880	1,065,806,269
Property, Plant & Equipment	4	1,048,521,164	1,017,759,928
Intangible Assets	5	2,627,961	3,284,951
Capital Work-in-Progress	6	13,769,598	6,762,477
Investment	7	34,831,157	37,998,913
CURRENT ASSETS			
		1,310,435,283	1,311,889,893
Inventories	8	465,336,160	732,291,606
Trade Receivables	9	776,514,457	514,313,914
Other Receivables	10	2,461,627	615,038
Advances, Deposits and Prepayments	11	16,569,539	30,164,936
Due From Affiliated Companies	12	38,630,242	26,187,490
Cash and Cash Equivalent	13	10,923,258	8,316,909
TOTAL ASSETS		<u>2,410,185,163</u>	<u>2,377,696,162</u>
EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY			
		873,807,417	785,170,317
Share Capital	14.2	400,000,000	400,000,000
Revaluation reserve		214,391,703	214,391,703
Retained earnings		259,415,714	170,778,614
NON CURRENT LIABILITIES			
		229,954,933	120,544,241
Long Term Bank Loan	15	184,209,349	77,283,491
Lease Finance	16	2,153,672	2,652,175
Deferred Tax Liability	17.2	43,591,912	40,608,575
CURRENT LIABILITIES			
		1,306,422,814	1,471,981,604
Trade and Other payable	18	498,798,818	484,580,491
Current portion of Long Term Bank Loan	15	145,771,384	60,274,777
Current Portion of Lease Finance	16	1,083,672	1,533,408
Short Term Bank Loan	19	590,668,393	865,807,441
Current Tax Liability	17.1	35,184,076	32,737,712
Workers' Profit Participation & Welfare Fund	20	34,916,471	27,047,775
TOTAL EQUITY & LIABILITIES		<u>2,410,185,163</u>	<u>2,377,696,162</u>
Net Assets Value Per Share	28.2	<u>21.85</u>	<u>19.63</u>
Contingent Liabilities and Commitments	29.1		

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


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong, 25.4. 2015

Hoda Vasi Chowdhury & Co
Chartered Accountants


**KDS ACCESSORIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note(s)	2014 Taka	2013 Taka
Revenue	21	1,742,309,513	1,647,256,363
Cost of Goods Sold	22	(1,383,962,478)	(1,278,930,852)
Gross Profit		358,347,035	368,325,511
Operating Expenses	23	(78,085,045)	(57,617,403)
Selling & Distribution Expenses	24	(27,713,333)	(24,224,633)
Operating Profit		252,548,657	286,483,475
Financial Expenses	25	(147,016,588)	(162,508,479)
Profit before Other Income		105,532,069	123,974,996
Other Income	26	10,500,902	(8,306,128)
Income from Associates	7.2	769,291	1,235,958
Profit before Income Tax and distribution of WPP & WF		116,802,262	116,904,826
Workers' Profit Participation & Welfare Fund	20	(5,840,113)	(5,566,896)
Profit before Income Tax		110,962,149	111,337,930
Current Tax Expenses	17.1	(19,341,713)	(16,372,723)
Deferred Tax Expenses	17.2	(2,983,337)	(9,094,143)
Profit after Income Tax		88,637,099	85,871,064
Other Comprehensive Income			
Revaluation of Land & Land Development		-	-
Income Tax on other comprehensive Income		-	-
		-	-
Total Comprehensive Income		88,637,099	85,871,064
Earnings Per Share	28.1	2.22	2.14

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


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong, 25.4. 2015


Chartered Accountants


**KDS ACCESSORIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note(s)	2014 Taka	2013 Taka
Cash flows from operating activities			
Cash received from Customers	27.1	1,480,108,969	1,483,016,561
Cash received from other sources	27.2	9,423,604	(9,321,262)
Cash Paid to suppliers	27.3	(1,059,910,741)	(1,186,342,160)
Cash Paid for operating expenses	27.4	(78,797,916)	(84,548,685)
Cash payment for financial expenses	27.5	(147,016,588)	(162,508,479)
Income Tax Paid	17.1	(16,895,349)	(23,780,551)
Net cash inflow/(outflow) from operating activities (A)		186,911,979	16,515,424
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(2,105,042)	(3,261,422)
Capital Work-in-Progress	6.1	(89,260,770)	(149,824,209)
Proceed from sale of property, plant and equipment	27.6	-	5,100,000
Investment	7	3,167,756	(2,298,585)
Net cash inflow/(outflow) from investing activities (B)		(88,198,056)	(150,284,216)
Cash flows from financing activities			
Long term loan received/ (repaid)	15	192,422,465	(32,740,355)
Finance Lease (repaid)/ received	16	(948,239)	3,012,795
Short term loan (repaid)/ received	19	(275,139,047)	278,548,216
Affiliated Company transactions	12	(12,442,752)	(117,445,239)
Net cash inflow/(outflow) from financing activities (C)		(96,107,573)	131,375,417
Net increase of cash and cash equivalents for the year (A+B+C)		2,606,349	(2,393,375)
Cash and cash equivalents at the beginning of the year		8,316,909	10,710,284
Cash and cash equivalents at the end of the year		10,923,258	8,316,909
Net Operating cash Flows per share	28.3	4.67	0.41

These financial statements should be read in conjunction with the annexed Notes
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and were signed on its behalf by :


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

**KDS ACCESSORIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

Amount in Taka

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance at the beginning of the year 01 January 2014	400,000,000	214,391,703	170,778,614	785,170,317
Revaluation surplus	-	-	-	-
Net Profit (after tax) transferred from Statement of Comprehensive Income	-	-	88,637,099	88,637,099
Issuance of Bonus Share	-	-	-	-
Balance at the end of the year 31 December 2014	400,000,000	214,391,703	259,415,714	873,807,417

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance at the beginning of the year 01 January 2013	301,283,400	214,391,703	183,624,150	699,299,253
Revaluation surplus	-	-	-	-
Net Profit (after tax) transferred from Statement of Comprehensive Income	-	-	85,871,064	85,871,064
Issuance of Bonus Share	98,716,600	-	(98,716,600)	-
Balance at the end of the year 31 December 2013	400,000,000	214,391,703	170,778,614	785,170,317

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