

KDS ACCESSORIES LIMITED
AUDITORS' REPORT AND FINANCIAL STATEMENTS
AS AT AND FOR THE EIGHTEEN MONTHS ENDED 30 June 2016

Chittagong Office :

Yunusco City Centre (9th Floor)
807, CDA Avenue, Nasirabad,
Chittagong, Bangladesh.

Phone : +880-31-2859281
+880-31-2859282
+880-31-2865269

E-mail : ctg@ssacbd.com
Web : www.ssacbd.com

**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 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 01 January 2015 to 30 June 2016, and a summary of significant accounting policies and other explanatory information.

The financial statements of the company for the year ended 31 December 2014 were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants and issued unqualified opinion on 25 April 2015.

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.

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 2016, and of its financial performance and its cash flows for the period from 01 January 2015 to 30 June 2016 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.

Chittagong, 09 August 2016


Syful Shamsul Alam & Co.
Chartered Accountants
SSAC

KDS ACCESSORIES LIMITED
Statement of Financial Position
As at 30 June 2016

	Note(s)	30 June 2016 Taka	31 December 2014 Taka
ASSETS			
Non-current Assets			
Property, plant and equipment	4	1,100,247,638	1,048,521,164
Intangible assets	5	2,603,560	2,627,961
Capital work-in-progress	6	191,195,601	13,769,598
Investment in associate	7	24,498,060	22,940,563
Other investment	8	4,504,950	4,687,483
Total Non-current Assets		1,323,049,809	1,092,546,769
Current Assets			
Inventories	9	372,552,778	465,336,160
Trade receivables	10	718,558,677	776,514,457
Other receivables	11	1,314,796	2,461,627
Advances, deposits and prepayments	12	66,330,297	16,569,539
Due from affiliated companies	13	25,299,855	38,630,242
Short term investment	14	8,045,037	7,203,111
Cash and cash equivalents	15	14,017,276	10,923,258
Total Current Assets		1,206,118,716	1,317,638,394
Total Assets		2,529,168,525	2,410,185,163
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	16	520,000,000	400,000,000
Share premium		120,000,000	-
Revaluation reserve		214,391,703	214,391,703
Retained earnings		445,214,773	259,415,714
Total Shareholders' Equity		1,299,606,476	873,807,417
Non-current Liabilities			
Long term borrowings	17.01	99,081,534	184,209,349
Lease finance	18.01	1,622,770	2,153,672
Defined benefit obligation- gratuity	19	49,199,971	22,910,189
Deferred tax liability	20	30,890,702	43,591,912
Total Non-current Liabilities		180,794,977	252,865,122
Current Liabilities			
Trade and other payables	21	363,068,522	475,888,628
Current portion of long term borrowings	17.01	77,809,882	145,771,384
Current portion of lease finance	18.01	2,698,524	1,083,672
Current tax liability	22	40,923,876	35,184,076
Due to affiliated company	23	191,197,758	-
Short term bank loan	24	323,293,548	590,668,393
Provision for WPPF and Welfare Fund	25	49,774,962	34,916,471
Total Current Liabilities		1,048,767,072	1,283,512,624
Total Equity and Liabilities		2,529,168,525	2,410,185,163
Net Assets Value Per Share	32.04	24.99	21.85

The annexed notes 1 to 41 form an integral part of these financial statements

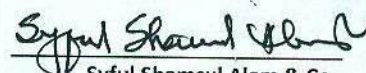

Managing Director


Director


Company Secretary

Signed in terms of our annexed report of same date

Chittagong, 09 August 2016


Syful Shamsul Alam & Co.
Chartered Accountants
SSAC

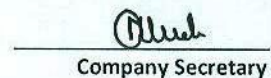
KDS ACCESSORIES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the eighteen months ended 30 June 2016

	Note(s)	01 January 2015 to 30 June 2016 Taka	01 July 2013 to 31 December 2014 Taka
Revenue	26	2,487,809,103	2,545,193,982
Cost of goods sold	27	(1,956,060,986)	(2,001,909,967)
Gross Profit		531,748,117	543,284,015
Operating expenses	28	(145,072,355)	(106,469,396)
Selling and distribution expenses	29	(47,002,662)	(38,790,155)
Operating Profit		339,673,100	398,024,464
Financial expenses	30	(154,970,150)	(224,342,722)
Profit before Other Income		184,702,950	173,681,742
Other income	31	25,251,749	8,892,441
Income from associates	7	1,557,497	1,445,484
Profit before Income Tax and distribution of WPPF and Welfare Fund		211,512,196	184,019,667
Workers' Profit Participation and Welfare Fund	25	(10,575,610)	(9,040,942)
Profit before Income Tax		200,936,586	174,978,725
Provision for income tax:			
-Current tax	22	(27,838,737)	(31,998,473)
-Deferred tax	20	12,701,210	(12,077,480)
Profit after Income Tax		185,799,059	130,902,772
Other Comprehensive Income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Other comprehensive income - net of tax		-	-
Total Comprehensive Income		185,799,059	130,902,772
Earnings Per Share	32.01	4.00	3.27

The annexed notes 1 to 41 form an integral part of these financial statements

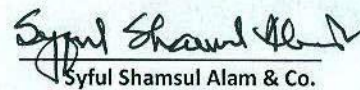

Managing Director


Director


Company Secretary

Signed in terms of our annexed report of same date

Chittagong, 09 August 2016


Syful Shamsul Alam & Co.
Chartered Accountants
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KDS ACCESSORIES LIMITED
Statement of Changes in Equity
For the eighteen months ended 30 June 2016

Particulars	Amount in Taka				
	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total Equity
Balance as on 01 July 2013	400,000,000	-	214,391,703	128,512,942	742,904,645
Net Profit after tax for the period	-	-	-	130,902,772	130,902,772
Balance as at 31 December 2014	400,000,000	-	214,391,703	259,415,714	873,807,417
Balance as on 01 January 2015	400,000,000	-	214,391,703	259,415,714	873,807,417
Ordinary share issued through Initial Public Offering	120,000,000	-	-	-	120,000,000
Share premium	-	120,000,000	-	-	120,000,000
Net Profit after tax for the period	-	-	-	185,799,059	185,799,059
Balance as at 30 June 2016	520,000,000	120,000,000	214,391,703	445,214,773	1,299,606,476


Managing Director


Director


Company Secretary



KDS ACCESSORIES LIMITED
Statement of Cash Flows
For the eighteen months ended 30 June 2016

	01 January 2015 to 30 June 2016	01 July 2013 to 31 December 2014
	Taka	Taka
A. Cash flows from operating activities		
Cash received from customers	2,545,764,883	2,374,647,210
Cash received from other sources	26,398,580	6,730,179
Cash Paid to suppliers	(1,922,643,573)	(1,815,102,140)
Cash Paid for operating expenses	(169,228,189)	(68,341,947)
Cash paid for financial expenses	(154,970,150)	(224,342,722)
Income Tax Paid	(22,098,937)	(36,372,957)
Net cash inflow/(outflow) from operating activities	303,222,614	237,217,622
B. Cash flows from investing activities		
Acquisition of property, plant and equipment	(323,564,587)	(205,224,014)
Addition to intangible assets	(1,052,549)	(3,649,509)
Investment	(659,393)	3,941,551
Short term loan (paid to)/ received from affiliated companies	13,330,387	(20,436,847)
Net cash inflow/(outflow) from investing activities	(311,946,142)	(225,368,819)
C. Cash flows from financing activities		
Share issued through IPO	120,000,000	-
Share premium	120,000,000	-
Receipt / (Repayment) of long term loans	(153,089,317)	182,024,781
Receipt / (Repayment) of lease finance	1,083,950	(1,291,092)
Receipt / (Repayment) of short term borrowings	(267,374,845)	(201,656,576)
Loan receipt from affiliated companies	191,197,758	-
Net cash inflow/(outflow) from financing activities	11,817,546	(20,922,888)
D. Net increase of cash and cash equivalents for the period (A+B+C)	3,094,018	(9,074,084)
E. Cash and cash equivalents at the beginning of the period	10,923,258	19,997,342
F. Cash and cash equivalents at the end of the period (D+E)	14,017,276	10,923,258
Net operating cash flows per share	32.05	5.83
		5.93


Managing Director


Director


Company Secretary



KDS ACCESSORIES LIMITED
Notes to the Financial Statements
As at and for the period ended 30 June 2016

1.00 REPORTING ENTITY

1.01 Formation and Legal Status

KDS Accessories Limited (formerly KDS Packaging Industries Ltd.) was incorporated on 21 April 1991 as a private limited company by shares (Registration no- C-H-C-862/154 of 1991) under Companies Act 1913 (since replaced and substituted by the Companies Act 1994) with the Registrar of Joint Stock Companies & Firms. The company was converted from Private Limited Company to Public Limited Company through an Extra-Ordinary General Meeting held on 17 April 2012 and was subsequently approved by RJSC on 26 November 2012. The Company commenced its commercial production on 1 July 1991. Its Head Office is located at 255, Nasirabad I/A, Chittagong and factory is located at 191-192 Baizid Bostami Road, Nasirabad I/A, Chittagong and the Company established its 2nd unit at Mirzapur, Gazipur at Dhaka in the year 2009. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 15 October 2015.

The name KDS Packaging Industries Ltd. was changed to KDS Accessories Limited pursuant to the Special Resolution in the Extra Ordinary General Meeting held on 22 April 2010. The change of name was certified by the Registrar of Joint Stock Companies & Firms on 11 May 2010 pursuant to the provision of section 11, sub-section (7) of the Companies Act 1994 (Act XVIII of 1994). The company refixed the face value of its shares from Tk 100 to Tk 10 each and enhanced its Authorized Share Capital from Tk 200,000,000 to Tk 2,000,000,000 with approval of the shareholders through an Extra-Ordinary General Meeting held on 10 August 2010.

1.02 Nature of Business

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

1.03 Description of Associates

(i) Formation and legal status of SKYS Securities Limited

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

(ii) Nature of Business

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

2.00 BASIS OF FINANCIAL STATEMENT PREPARATION AND PRESENTATION

2.01 Statement of Compliance

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



2.02 Basis of Reporting

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

- a) A statement of Financial Position as at 30 June 2016
- b) A statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2016
- c) A statement of Changes in Equity for the period ended 30 June 2016
- d) A statement of Cash Flows for the period ended 30 June 2016
- 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 09 August 2016.

2.05 Basis of Measurement

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

2.06 Functional and Presentation Currency

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

2.07 Cash Flows Statement

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

2.08 Going Concern

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

2.09 Reporting Period

The financial period of the company covers the period from 01 January 2015 to 30 June 2016 in accordance with the requirement of the Notification no. SEC/SRMIC/2011/1240/445 dated April 27, 2016 of Bangladesh Securities and Exchange Commission (BSEC) and sub-section 35 of section 2 of the Income Tax Ordinance 1984 for uniform income year from first day of July to thirtieth day of June as amended by the provision of section 9 of the Finance Act 2015.



2.10 Application of Accounting Standards

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

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

2.11 Use of Estimates and Judgments

The preparation of these financial statements is in conformity with BAS and BFRS requires management to make judgments, 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 judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

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



2.12 Change in Accounting Estimate

For the period ended on 30 June 2016, depreciation on all items of property, plant and equipment other than land and land development has been computed using the straight line method so as to write off the assets over their expected useful life. Depreciation on additions of assets during the period is charged from the month (date of service) of addition of the respective asset. Previously, depreciation were charged by using diminishing balance method.

The company in its Board Meeting held on 03 January 2015 has reviewed the useful life and residual value of all property, plant and equipment and decided to charge depreciation using the straight line method w.e.f. 01 January 2015.

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 Figures

Comparative information has been disclosed for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements.

i) Re-arrangement

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statement.

ii) Restatement

During the period no restatement in opening balance of retained earnings and comparative figures were made.

3.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

3.01 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the period ended 30 June 2016 are consistent with those policies and methods adopted in preparing the financial statements for the period ended 31 December 2014.

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 period 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 period 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 exist 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 increase the future economic benefits embodied in the specific asset to which it relates. All other expenditure 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 2016 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 period 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 expire, 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 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 period 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 2013) but no Board of Trustees have yet been constituted.

iii) Defined Contribution Plan

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

iv) Defined Benefit Plan - Gratuity

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

3.13 Taxation

i) Current Tax

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

ii) Deferred Tax

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

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

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



3.14 Loans and Borrowings

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

3.15 Provisions, Contingent Liabilities and Contingent Assets

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

3.16 Revenue Recognition

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

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

3.17 Foreign Currency Transaction / Translation

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

3.18 Related Party Transactions

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

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

3.19 Earnings Per Share (EPS)

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

i) Basic Earnings Per Share:

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

ii) Diluted Earnings Per Share:

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



3.20 Measurement of Fair Values

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

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

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

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

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

Property, Plant and Equipment

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

3.21 Events after the Reporting Period

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

3.22 General

- i) The amounts in these financial statements have been rounded off to the nearest Taka.
- ii) Bracket figures denote negative.



4.00 Property, plant and equipment - at revalued model

	Land and Land development	Plant and Machineries	Administrative Building	Factory Building	Office Equipment	Electric Installation	Furniture & Fixture	Computer Equipment	Free Hold Motor Vehicle	Lease Hold Motor Vehicle	Amount in Taka Total
At cost											
Balance as on 01 July 2013	367,664,795	475,658,988	40,896,043	249,217,952	18,869,635	23,187,994	10,817,698	18,339,184	15,412,828	6,820,655	1,226,885,772
Addition during the period	8,907,000	106,087,121	344,912	26,280,361	4,643,671	12,599,499	1,194,850	2,320,560	29,110,716	3,491,707	194,980,397
Balance as at 31 December 2014	376,571,795	581,746,109	41,240,955	275,498,313	23,513,306	35,787,493	12,012,548	20,659,744	44,523,544	10,312,362	1,421,866,169
Balance as on 01 January 2015	376,571,795	581,746,109	41,240,955	275,498,313	23,513,306	35,787,493	12,012,548	20,659,744	44,523,544	10,312,362	1,421,866,169
Addition during the period	43,158,997	80,454,783	849,921	7,686,499	1,860,410	3,557,788	636,120	2,147,875	60,000	5,726,191	146,138,584
Balance as at 30 June 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	44,583,544	16,038,553	1,568,004,753
Accumulated depreciation											
Balance as on 01 July 2013	-	144,803,879	10,042,579	92,445,803	9,111,235	9,176,573	4,939,220	9,877,560	13,500,302	527,558	294,424,708
Charged for the period	-	44,183,363	2,311,478	13,290,844	1,952,934	5,366,178	1,026,673	2,957,224	6,476,712	1,354,894	78,920,299
Balance as at 31 December 2014	-	188,987,241	12,354,056	105,736,647	11,064,168	14,542,751	5,965,893	12,834,784	19,977,014	1,882,452	373,345,006
Balance as on 01 January 2015	-	188,987,241	12,354,056	105,736,647	11,064,168	14,542,751	5,965,893	12,834,784	19,977,014	1,882,452	373,345,006
Charged for the period	-	50,266,921	1,790,782	13,099,384	3,886,934	5,943,944	2,940,723	7,131,311	7,126,308	2,225,802	94,412,109
Balance as at 30 June 2016	-	239,254,162	14,144,838	118,836,031	14,951,102	20,486,695	8,906,616	19,966,095	27,103,322	4,108,254	467,757,115
Carrying amount											
As at 31 December 2014	376,571,795	392,758,868	28,886,899	169,761,666	12,449,138	21,244,742	6,046,655	7,824,960	24,546,530	8,429,910	1,048,521,164
As at 30 June 2016	419,730,792	422,946,730	27,946,038	164,348,781	10,422,614	18,858,586	3,742,052	2,841,524	17,480,222	11,930,299	1,100,247,638

Depreciation allocated to:

Note	Allocation Basis	01 Jan 2015 to 30 Jun 2016 Taka	01 Jul 2013 to 31 Dec 2014 Taka
Factory Overhead	80%	75,529,687	63,136,239
Operating Expenses	20%	18,882,422	15,784,060
		<u>94,412,109</u>	<u>78,920,299</u>



4.01 Property, plant and equipment - at cost model

	Amount in Taka										
	Land and Land development	Plant and Machineries	Administrative Building	Factory Building	Office Equipment	Electric Installation	Furniture & Fixture	Computer Equipment	Free Hold Motor Vehicle	Lease Hold Motor Vehicle	Total
At cost											
Balance as on 01 July 2013	153,273,092	475,658,988	40,896,043	249,217,952	18,869,635	23,187,994	10,817,698	18,339,184	15,412,828	6,820,655	1,012,494,069
Addition during the period	8,907,000	106,087,121	344,912	26,280,361	4,643,671	12,599,499	1,194,850	2,320,560	29,110,716	3,491,707	194,980,397
Balance as at 31 December 2014	162,180,092	581,746,109	41,240,955	275,498,313	23,513,306	35,787,493	12,012,548	20,659,744	44,523,544	10,312,362	1,207,474,466
Balance as on 01 January 2015	162,180,092	581,746,109	41,240,955	275,498,313	23,513,306	35,787,493	12,012,548	20,659,744	44,523,544	10,312,362	1,207,474,466
Addition during the period	43,158,997	80,454,783	849,921	7,686,499	1,860,410	3,557,788	636,120	2,147,875	60,000	5,726,191	146,138,584
Balance as at 30 June 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	44,583,544	16,038,553	1,353,613,050
Accumulated depreciation											
Balance as on 01 July 2013	-	144,803,879	10,042,579	92,445,803	9,111,235	9,176,573	4,939,220	9,877,560	13,500,302	527,558	294,424,708
Charged for the period	-	44,183,363	2,311,478	13,290,844	1,952,934	5,366,178	1,026,673	2,957,224	6,476,712	1,354,894	78,920,299
Balance as at 31 December 2014	-	188,987,241	12,354,056	105,736,647	11,064,168	14,542,751	5,965,893	12,834,784	19,977,014	1,882,452	373,345,006
Balance as on 01 January 2015	-	188,987,241	12,354,056	105,736,647	11,064,168	14,542,751	5,965,893	12,834,784	19,977,014	1,882,452	373,345,006
Charged for the period	-	50,266,921	1,790,782	13,099,384	3,886,934	5,943,944	2,940,723	7,131,311	7,126,308	2,225,802	94,412,109
Balance as at 30 June 2016	-	239,254,162	14,144,838	118,836,031	14,951,102	20,486,695	8,906,616	19,966,095	27,103,322	4,108,254	467,757,115
Carrying amount											
As at 31 December 2014	162,180,092	392,758,868	28,886,899	169,761,666	12,449,138	21,244,742	6,046,655	7,824,960	24,546,530	8,429,910	834,129,460
As at 30 June 2016	205,339,089	422,946,730	27,946,038	164,348,781	10,422,614	18,858,586	3,742,052	2,841,524	17,480,222	11,930,299	885,855,935



SYFUL SHAMSUL ALAM & CO.
Chittagong.
C8882

	30 June 2016	31 December 2014
	Taka	Taka
7.03 Summary of financial information of equity accounted investee:		
Non-current assets	71,763,125	73,273,744
Current assets	37,742,562	43,674,550
Total assets	109,505,687	116,948,294
Share capital	50,132,000	50,132,000
Revaluation surplus (CSE Membership)	37,873,300	37,873,300
Profit and loss account	12,964,040	9,628,213
Shareholders' equity	100,969,340	97,633,513
Current liabilities	8,536,347	19,314,781
Total liabilities	8,536,347	19,314,781
Total equity & liabilities	109,505,687	116,948,294
Revenue	14,765,747	17,319,224
Other income	1,806,938	860,567
Expenses	(13,236,859)	(15,083,874)
Net profit	3,335,826	3,095,917

8.00 Other investment

Investment in Fixed Deposit Receipts

4,504,950	4,687,483
4,504,950	4,687,483

Name of Banks	Purpose	Period	Interest rate		
Bank Asia Limited	Bank Guarantee	1 Year	8.50%- 8.75%	3,542,884	3,898,541
Exim Bank Limited	Bank Guarantee	3 Year	9.00% - 12.00%	962,066	788,942
				4,504,950	4,687,483

9.00 Inventories

Raw materials	256,709,571	340,611,241
Work- in - process	23,404,318	24,924,967
Finished goods	10,845,157	16,357,285
Stores & spares	36,245,572	29,617,638
Goods in transit	45,348,160	53,825,029
	372,552,778	465,336,160

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	3,608,854	14,369,282	17,978,136	(16,163,193)	1,814,943
White Liner Paper	Kg	697	25,402	26,099	(16,861)	9,239
Medium Paper	Kg	2,104,398	8,352,993	10,457,391	(9,348,395)	1,108,996
Duplex Board	Kg	8,443	307,457	315,899	(276,335)	39,565
Stitching Wire	Kg	21,321	78,000	99,321	(74,526)	24,796
Yarn	Kg	6,165	364,209	370,374	(274,334)	96,040
Starch	Kg	51,447	322,260	373,707	(360,342)	13,365
Adhesive Powder	Kg	6,828	366,620	373,448	(368,821)	4,626
Art Card	Kg	24,205	122,002	146,206	(128,446)	17,761
Chemical	Ltr	4,682	19,868	24,550	(23,600)	950
Textiran CP	Kg	2,301	-	2,301	(2,301)	-
Resin	Kg	6,436	241,055	247,491	(234,253)	13,238
PP Strap	Kg	10,080	2,880	12,960	(12,960)	-
Rubber Thread	Kg	5,297	135,516	140,812	(81,408)	59,405
Transfer Flim	Kg	350	100,000	100,350	(100,350)	-
P. Ink	Kg	3,878	19,289	23,167	(16,558)	6,609
Pigment	Kg	314	1,230	1,544	(1,214)	330
Ribbon	Kg	8,662	33,358	42,020	(35,882)	6,138
Self Adhesive Sticker	Kg	-	60,700	60,700	(60,700)	-
Art Paper	Pcs	-	528,000	-	(528,000)	-
OPP Gum Tape	Kg	-	27,077	27,077	(13,276)	13,801
		5,874,356	25,477,198	30,823,553	(28,121,754)	3,229,800



Finished goods

Product name	Unit	Opening balance	Production	Available for sale	Sales	Closing balance
Carton	Pcs	51,787	34,163,484	34,215,271	(34,080,860)	134,411
Label	Pcs	704,429	139,301,673	140,006,102	(139,941,002)	65,100
Elastics and Narrow Fabrics	Yards	703,412	29,054,106	29,757,518	(29,044,324)	713,194
Offset Printing	Pcs	292,158	78,005,870	78,298,028	(78,128,213)	169,815
Heat Transfer Printing	Pcs	90,000	18,962,953	19,052,953	(19,051,953)	1,000
Button	GG	2,415	245,131	247,546	(240,900)	6,646
Gum Tape	Rolls	-	128,678	128,678	(80,947)	47,731
		1,844,201	299,861,895	301,706,096	(300,568,199)	1,137,897

	Note(s)	30 June 2016 Taka	31 December 2014 Taka
10.00 Trade receivables			
Opening balance		776,514,457	605,967,685
Add: Addition during the period	26.00	2,487,809,103	2,545,193,982
Add: Foreign currency fluctuation gain/(loss)	10.02	21,115,503	4,434,108
		3,285,439,063	3,155,595,775
Less: Realized during the period		(2,566,880,386)	(2,379,081,318)
		718,558,677	776,514,457

10.01 Trade receivables have been stated at their nominal value. Trade receivable are accrued in the ordinary course of business. These are carried at invoice amount. All receivable have been considered as good and realizable. Therefore, no amount was written off as bad debt and no debt was considered as doubtful to provide for.

10.02 Foreign currency fluctuation gain/(loss) arises due to translation of foreign currency denominated trade receivables during the period.

	30 June 2016 Taka	31 December 2014 Taka
10.03 Trade receivables include affiliated companies		
KDS Apparels Limited	4,329,931	4,140,633
KDS Fashion Limited	13,648,961	18,024,862
KDS Garment Industries Limited	46,034,019	40,946,331
KDS Logistics Limited	228,404	-
KDS IDR Limited	4,473,125	-
KDS Textile Mills Ltd.	247,379	-
	68,961,819	63,111,826
10.04 Ageing of trade receivables		
Dues within 3 Months	384,788,172	435,919,305
Dues over 3 Months but within 6 months	333,770,505	340,595,152
	718,558,677	776,514,457

10.05 Trade receivables - Classification by security and related party:

Receivable considered good & secured	718,558,677	776,514,457
Receivable considered good without security	-	-
Receivable considered doubtful or bad	-	-
Receivable due by directors or other officers	-	-
Receivable due from companies under same management	68,961,819	63,111,826
Maximum receivable due by directors or officers at any time	-	-

11.00 Other receivables

Rent receivable	898,800	1,797,600
Accrued interest income on FDR	415,996	664,027
	1,314,796	2,461,627



		30 June 2016	31 December 2014
	Note(s)	Taka	Taka
12.00 Advances, deposits and prepayments			
Advances	12.01	52,963,643	14,996,375
Security deposits	12.02	11,694,449	1,054,561
Prepayments	12.03	1,672,205	518,603
		66,330,297	16,569,539
12.01 Advances			
Against salary and allowances		710,070	503,692
Against advertisement		998,835	768,834
Against IDLC lease finance		-	36,880
Against income tax		21,835,016	7,721,890
For unallocated revenue expenses		735,518	-
Others		28,684,204	5,965,079
		52,963,643	14,996,375
12.02 Security deposits			
T & T		20,000	20,000
Titas Gas Transmission & Distribution Company Limited		1,260,200	240,000
Margin for vehicle		-	245,400
Gazipur Palli Bidyut Samity		9,065,088	-
Karnaphuli Gas Transmission Limited		549,161	549,161
Central Depository Bangladesh Limited (CDBL)		500,000	-
Gulshan Club Limited		300,000	-
		11,694,449	1,054,561
12.03 Prepayments			
Insurance Premium		1,558,504	358,676
Prepaid Interest		113,701	159,927
		1,672,205	518,603

12.04 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.

	30 June 2016	31 December 2014
	Taka	Taka
13.00 Due from affiliated companies		
KDS Thread Limited	25,299,855	38,630,242
	25,299,855	38,630,242

13.01 The amount represent short term loan provided to KDS Thread Limited as and when required to meet funding requirement. All transactions were done through account payee cheque and interests were charged on all related companies balances. No amount is receivable from Directors at the reporting date.

14.00 Short term investment		
Investment in Fixed Deposit Receipts	8,045,037	7,203,111
	8,045,037	7,203,111

Above Fixed Deposits maintained with Bank Asia Limited, Agrabad Branch, Chittagong has been kept as lien at the rate of 7.50% - 8.00% interest per annum.

		30 June 2016	31 December 2014	
	Note(s)	Taka	Taka	
15.00	Cash and cash equivalents			
	Cash in hand	15.01	1,700,331	772,760
	Cash at bank	15.02	12,316,945	10,150,498
			14,017,276	10,923,258
15.01	Cash in hand			
	Head office at Chittagong		1,189,880	501,370
	Dhaka office		468,513	257,097
	Gazipur factory office		41,938	14,293
			1,700,331	772,760



15.02 Cash at Bank			30 June 2016	31 December 2014
Name of Banks	Branch	Account Type	Taka	Taka
Bank Asia Limited	MCB Banani	SND	1,166	1,121
Bank Asia Limited	Agrabad	USD	2,228	276
Bank Asia Limited	Agrabad	Retention Quota	106,521	2,220,314
Bank Asia Limited	MCB Banani	Retention Quota	65,357	1,175
Bank Asia Limited	MCB Banani	RAD	680	675
Bank Asia Limited	MCB Banani	RAD	1,959,537	950,741
Commercial Bank of Ceylon	Motijheel	Current	984	-
Dutch Bangla Bank Limited	Jubilee Road	Current	437,370	-
HSBC	Agrabad	Current	1,443,722	4,048,590
Mutual Trust Bank Limited	Pragati Sharani	SND	3,650	5,000
Mutual Trust Bank Limited	Motijheel	Escrow	6,643,956	-
Mutual Trust Bank Limited	Motijheel	Escrow-USD	1,395,428	-
Mutual Trust Bank Limited	Motijheel	Escrow-GBP	89,343	-
Southeast Bank Limited	Agrabad	Current	3,232	231,810
Standard Chartered Bank	Ctg. Main	Current	163,771	2,690,796
			12,316,945	10,150,498

16.00 Share capital

Authorized Capital				
200,000,000 Ordinary Shares of Tk 10 each			2,000,000,000	2,000,000,000
			2,000,000,000	2,000,000,000
Issued, subscribed and paid-up Capital				
2,100,000 Ordinary Shares of Tk 10 each for consideration other than cash (Assets Acquisition)			21,000,000	21,000,000
1,000 Ordinary Shares of Tk 10 each as at 18 May 1992 for consideration other than cash (Bonus)			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	16.01		120,000,000	-
52,000,000 Ordinary Shares of Tk 10 each			520,000,000	400,000,000

16.01 Ordinary shares issued through IPO

12,000,000 ordinary shares of Tk. 10 each was issued at a premium of Tk. 10 each.

16.02 Shareholding position

Name of the shareholders	30 June 2016		31 December 2014	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Mr. Khalilur Rahman	46.92%	24,399,175	61.00%	24,399,175
Mr. Salim Rahman	16.16%	8,401,079	21.00%	8,401,079
Mr. S. M. Shameem Iqbal	5.38%	2,799,936	7.00%	2,799,936
Ms. Hasina Iqbal	4.62%	2,400,126	6.00%	2,400,126
Ms. Tahsina Rahman	3.84%	1,999,048	5.00%	1,999,048
Ms. Tahmina Rahman	0.00%	318	0.00%	318
KDS Garment Inds. Limited	0.00%	318	0.00%	318
General Public (IPO)	23.08%	12,000,000	0.00%	-
	100%	52,000,000	100%	40,000,000



16.03 Classification of shares by holding

Slab by number of shares	No. of Shareholders	No. of Shares	Holding (%)
Less than 500	3,411	629,008	1.66%
From 500 to 5,000	1,974	3,265,588	6.23%
From 5,001 to 10,000	231	1,734,705	3.17%
From 10,001 to 20,000	132	1,836,703	3.56%
From 20,001 to 30,000	25	612,687	2.32%
From 30,001 to 40,000	13	450,271	1.21%
From 40,001 to 50,000	14	610,326	0.81%
From 50,001 to 100,000	19	1,445,166	2.27%
From 100,001 to 1,000,000	4	1,416,182	1.84%
Above 1,000,000	5	39,999,364	76.92%
	5,828	52,000,000	100%

	Note(s)	30 June 2016 Taka	31 December 2014 Taka
17.00 Long term borrowings			
Opening balance		329,980,733	147,955,952
Add: Received during the period		159,063,198	298,368,000
Add: Interest applied		54,371,340	39,412,573
Add: Bank charges		76,950	59,825
		543,492,221	485,796,350
Less: Paid during the period		(366,600,805)	(155,815,617)
Closing balance		176,891,416	329,980,733
17.01 Current/non-current classification			
Due within one year		77,809,882	145,771,384
Due after one year		99,081,534	184,209,349
		176,891,416	329,980,733
17.02 Details of long term borrowings are follows :			
Bank Asia Limited - Agrabad	17.03	87,415,511	158,970,644
Bank Asia Limited - MCB Banani	17.04	51,345,034	-
Premier Leasing & Finance Limited	17.05	-	98,262,430
Industrial Promotion & Development Company (IPDC)	17.06	38,130,871	72,747,659
		176,891,416	329,980,733
17.03 Bank Asia Limited, Agrabad, Chittagong.			
Total sanctioned amount:	Tk. 23.71 Crore		
Purpose	Machinery Import, Purchase of Vehicle, Working Capital		
Interest rate	11% (Revised from time to time)		
Tenure	Three to Five years		
Securities	i) Mortgage of Land, Plant & Machinery, Hypothecation of stocks ii) Personal Guarantee of all directors of the companies iii) Post dated cheques.		
17.04 Bank Asia Limited, MCB Banani, Dhaka.			
Total sanctioned amount:	Tk. 4.87 Crore		
Purpose	Construction of factory building, utility building and establishment of REB substation.		
Interest rate	11% (Revised from time to time)		
Tenure	Seven years		
Securities	i) Mortgage of Land, Plant & Machinery, Hypothecation of stocks. ii) Personal Guarantee of all directors of the companies. iii) Post dated cheques.		
17.05 Premier Leasing & Finance Limited, Head Office, Motijheel, Dhaka			
Total sanctioned amount:	Tk. 10 Crore		
Purpose	Working Capital		
Interest rate	13% (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 all directors of KDS Accessories Limited. ii) Corporate guarantee of KDS Accessories Limited. iii) Demand promissory note, letter of continuity, undertaking etc. iv) One post dated MICR 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 10.50% (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 Garments Limited and KYCR Coil Industries Limited.
 ii) Post dated cheques.
 iii) Demand promissory note, letter of continuity, undertaking etc.

	Note(s)	30 June 2016 Taka	31 December 2014 Taka
18.00 Lease finance			
Opening balance		3,237,344	4,528,436
Add: Received during the period		4,160,000	-
Less: Paid during the period		(3,076,050)	(1,291,092)
Closing balance		4,321,294	3,237,344
18.01 Current/non-current classification			
Due within one year		2,698,524	1,083,672
Due after one year		1,622,770	2,153,672
		4,321,294	3,237,344
18.02 Details of lease finance are follows :			
IDLC Finance Limited	18.03	-	560,810
Industrial Promotion & Development Company (IPDC)	18.04	1,539,449	2,676,534
Bank Asia Limited	18.05	2,781,845	-
		4,321,294	3,237,344

18.03 IDLC Finance Limited, Agrabad Branch, Chittagong

Total sanctioned amount: Tk. 15.00 Lac
 Purpose Lease for Motor Vehicle
 Interest rate 13% (Revised from time to time)
 Payment method The loan is repayable in 52 (Fifty Two) equal monthly installments.

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

Total sanctioned amount: Tk. 34.90 Lac
 Purpose Lease for Motor Vehicle
 Interest rate 10.50% (Revised from time to time)
 Payment method The loan is repayable in 60 (Sixty) equal monthly installments.
 Tenure Five years

18.05 Bank Asia Limited, Agrabad, Chittagong.

Total sanctioned amount: Tk. 41.60 Lac
 Purpose Lease for Motor Vehicle
 Interest rate 11% (Revised from time to time)
 Payment method The loan is repayable in 36 (Thirty six) equal monthly installments.
 Tenure Three years

	30 June 2016 Taka	31 December 2014 Taka
19.00 Defined benefit obligation- gratuity		
Opening balance	22,910,189	7,911,989
Add: Provision made during the period	27,918,924	16,808,542
	50,829,113	24,720,531
Less: Paid during the period	(1,629,142)	(1,810,342)
Closing balance	49,199,971	22,910,189



20.00 Deferred tax liability

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

	30 June 2016	31 December 2014
	Taka	Taka
Opening balance	43,591,912	31,514,432
Add/(Less): Provision / adjustment made during the period	(12,701,210)	12,077,480
Closing balance	30,890,702	43,591,912

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

	Carrying Amount	Tax Base	Taxable / (Deductible) Temporary Difference	
	Taka	Taka	Taka	Taka
Property, plant & equipment	680,516,846	384,191,260	296,325,586	272,006,823
Gratuity	(49,199,971)	-	(49,199,971)	(22,910,189)
Net taxable temporary difference			247,125,615	249,096,634
Applicable rate			12.50%	17.50%
Deferred tax liability			30,890,702	43,591,912

	Note(s)	30 June 2016	31 December 2014
		Taka	Taka
21.00 Trade and other payables			
Trade payable	21.01	296,539,792	431,435,449
For revenue expenses	21.02	62,447,633	43,328,654
For other finance	21.03	4,081,097	1,124,526
		363,068,522	475,888,628
21.01 Trade payable			
Liability for imported goods		276,434,984	424,377,434
Liability for local goods		20,104,808	7,058,015
		296,539,792	431,435,449

Liability for imported goods includes foreign currency translation gain of Tk. 22,07,233 (foreign exchange loss for the corresponding year 2014 was of Tk. 20,46,051) arising due to translation of Trade Payables in foreign currency.

	30 June 2016	31 December 2014
	Taka	Taka
21.02 For revenue expenses		
C & F charges	3,986,796	4,420,930
Audit fee	225,000	225,000
Rent expenses	2,280,000	4,560,000
Electricity bill	220,502	135,508
Gas charges	1,953,191	1,479,603
Telephone & mobile bill	90,625	85,640
Insurance expenses	1,718,913	368,377
Provident fund	40,746,583	20,713,032
Employee salaries and director's remuneration	11,226,023	11,340,564
	62,447,633	43,328,653
21.03 For other Finance		
Supplier income tax	637,009	154,326
Tax & VAT on audit fee	62,500	62,500
Staff income tax	933,931	235,700
Tax on rent expenses	20,700	240,000
VAT on rent expenses	223,560	432,000
Tax & VAT payable-others	721,531	-
IPO over subscription money payable	1,481,866	-
	4,081,097	1,124,526



			30 June 2016	31 December 2014
		Note(s)	Taka	Taka
22.00 Current tax liability				
Opening balance			35,184,076	39,558,560
Add: Provision made during the period			27,838,737	31,998,473
			63,022,813	71,557,033
Less: Paid during the period			(22,098,937)	(36,372,957)
			40,923,876	35,184,076
23.00 Due to affiliated company				
KDS Poly Industries Ltd.			191,197,758	-
			191,197,758	-
24.00 Short term bank loan				
Bank Asia Limited - Overdraft			1,711,614	84,788,302
Southeast Bank Limited - Overdraft			24,518,516	-
Bank Asia Limited - Demand loan			12,732,681	141,300,903
Loan Against Trust Receipt (LATR)	24.01		57,052,125	86,581,208
Local Documentary Bill Purchase (LDBP)	24.02		227,278,612	277,997,980
			323,293,548	590,668,393
24.01 Loan Against Trust Receipt (LATR)				
Bank Asia Limited			-	-
Standard Chartered Bank			38,658,662	86,581,208
Southeast Bank Limited			18,393,463	-
			57,052,125	86,581,208
24.02 Local Documentary Bill Purchase (LDBP)				
Bank Asia Limited			211,445,256	253,737,446
Standard Chartered Bank			15,833,356	24,260,534
			227,278,612	277,997,980
25.00 Provision for WPPF and Welfare Fund				
Opening balance			34,916,471	23,097,613
Add: Provision made during the period			10,575,610	9,040,942
Add: Interest during the period	28.00		4,282,881	2,777,916
			49,774,962	34,916,471

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 from 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 2016 with a view to protect the interest of the workers.

			01 January 2015 to 30 June 2016	01 July 2013 to 31 December 2014
	Notes		USD	Taka
26.00 Revenue				
Export sales	26.01		32,245,098	2,487,809,103
			32,245,098	2,487,809,103
			33,216,188	2,545,193,982
			33,216,188	2,545,193,982

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

			01 January 2015 to 30 June 2016	01 July 2013 to 31 December 2014
Product name			(%)	Taka
Carton			77.67%	1,932,266,669
Label			5.67%	140,970,132
Elastics and Narrow Fabrics			5.34%	132,942,591
Offset Printing			5.25%	130,708,945
Heat Transfer Printing			0.78%	19,445,131
Button			5.18%	128,931,247
Gum Tape			0.10%	2,544,388
			100%	2,487,809,103
			100.00%	2,545,193,982



		01 January 2015 to 30 June 2016	01 July 2013 to 31 December 2014
	Note(s)	Taka	Taka
27.00 Cost of goods sold			
Raw materials consumed	27.01	1,663,086,507	1,788,587,048
Factory overhead	27.02	294,842,006	244,896,708
Cost of Production		1,957,928,513	2,033,483,756
Add: Opening work-in-process		24,924,967	16,260,884
Less: Closing work-in-process		(23,404,318)	(24,924,967)
Cost of goods manufactured		1,959,449,162	2,024,819,673
Goods used for sample making	29.00	(8,900,304)	(8,551,800)
		1,950,548,858	2,016,267,873
Opening finished goods		16,357,285	1,999,379
Cost of goods available for sale		1,966,906,143	2,018,267,252
Closing finished goods		(10,845,157)	(16,357,285)
		1,956,060,986	2,001,909,967
27.01 Raw materials consumed			
Opening inventory		340,611,241	626,767,070
Add: Purchase during the period		1,579,184,837	1,502,431,219
Total materials available		1,919,796,078	2,129,198,289
Less: Closing inventory		(256,709,571)	(340,611,241)
		1,663,086,507	1,788,587,048
27.02 Factory overhead			
Salary , wages and others		106,003,605	78,837,922
Stores and spares consumption	27.03	33,089,033	30,033,303
Gratuity	19.00	5,614,175	3,663,757
Depreciation	4.00	75,529,687	63,136,239
Ansar/security cost		4,583,052	4,004,677
Electricity expenses		2,514,795	1,657,330
Fuel expenses		5,965,649	5,656,791
Gas expenses		28,205,208	25,746,189
Generator running expenses		8,494,035	7,633,860
Insurance premium		2,657,592	3,918,662
Labour charges		3,781,363	3,911,829
Printing and processing charges		2,962,853	2,421,356
Repair and maintenance		5,379,369	5,336,278
Telephone		995,658	755,541
Testing fee		821,811	504,538
Uniform and liveries		1,096,941	1,038,424
Vehicle maintenance expenses		6,638,527	6,265,267
Water and sanitation expenses		508,653	374,745
		294,842,006	244,896,708
27.03 Stores and spares consumption			
Opening inventory		29,617,638	25,850,416
Add: Purchase during the period		39,716,967	33,800,525
Total spare parts available		69,334,605	59,650,941
Less: Closing inventory		(36,245,572)	(29,617,638)
		33,089,033	30,033,303



		01 January 2015 to 30 June 2016	01 July 2013 to 31 December 2014
	Note(s)	Taka	Taka
28.00 Operating expenses			
Salaries and wages		54,260,770	42,977,069
Director remuneration	28.01	3,750,000	3,438,000
Audit fee		575,000	431,250
Amortization	5.00	1,076,950	1,067,609
Depreciation	4.00	18,882,422	15,784,060
Consultancy fee		166,945	537,596
Electricity expenses		555,374	401,461
Entertainment		906,770	969,796
Fuel expenses		1,119,388	1,359,342
Gratuity	19.00	22,304,749	13,144,785
Group insurance		809,430	531,336
Guest house expenses		270,331	75,410
Insurance expenses		1,605,041	1,816,864
Interest on non-payment of WPP and WF	25.00	4,282,881	2,777,916
Internet expenses		1,792,314	1,986,744
Medical expenses		377,222	791,002
Misc. Expenses		907,156	939,380
News paper expenses		38,051	50,000
Office maintenance		1,398,322	862,223
Post IPO expenses		12,707,981	-
Postage and parcel expenses		155,340	433,944
Printing and stationeries		938,716	1,148,652
Professional fees		316,350	1,480,458
Rent expenses - Dhaka office		7,200,000	4,800,000
Rent, rates, license, renewal and others fee		1,976,003	1,257,016
Repair and maintenance		965,243	1,058,570
Security cost - ansar cost		822,112	673,184
Staff fooding		1,884,610	1,958,123
Staff training expenses		132,150	138,110
Telephone		1,092,838	1,081,639
Travelling and conveyance		884,132	1,086,934
Vehicle maintenance expenses		917,764	1,410,923
		145,072,355	106,469,396
28.01 Director remuneration			
Remuneration		3,240,000	2,940,000
Perquisite		-	18,000
Medical and others		360,000	330,000
Festival bonus		150,000	150,000
		3,750,000	3,438,000

28.02 During the period from 01 January 2015 to 30 June 2016 no board meeting attendance fees were paid to directors.

		01 January 2015 to 30 June 2016	01 July 2013 to 31 December 2014
	Note(s)	Taka	Taka
29.00 Selling and distribution expenses			
Salary, wages and allowances		11,493,559	9,256,985
Advertisement expenses		7,514,498	4,648,258
Employee reward		519,500	480,000
Carriage outward		15,706,678	13,435,795
Sales promotion expenses		2,868,123	2,417,317
Sample expenses	27.00	8,900,304	8,551,800
		47,002,662	38,790,155



	01 January 2015 to 30 June 2016	01 July 2013 to 31 December 2014
	Taka	Taka
30.00 Financial expenses		
Bank interest	137,227,927	209,076,105
Bank charges and commission	17,742,223	15,266,617
	154,970,150	224,342,722
31.00 Other income		
Interest earned from FDR	1,507,293	1,838,531
Interest earned from STD	3,597,624	183,763
Interest income from inter-company receivable	5,477,341	524,242
Rent income	2,696,400	1,797,600
Gain/(Loss) on currency fluctuation	11,973,091	2,403,382
Profit on sale of fixed assets	-	2,144,923
	25,251,749	8,892,441
32.00 Earnings Per Share (EPS)		
32.01 Basic Earnings Per Share		
The computation of EPS is given below:		
Total earnings attributable to the ordinary shareholders	185,799,059	130,902,772
Number of ordinary shares outstanding during the period	52,000,000	40,000,000
Weighted average number of ordinary shares outstanding during the period	46,471,664	40,000,000
Basic Earnings Per Share	4.00	3.27
32.02 Diluted EPS		
No diluted EPS was required to be calculated for the period since there was no scope for dilution of share during the period under review.		
32.03 Weighted average number of shares outstanding during the period		
Opening Balance	40,000,000	40,000,000
Weighted average of shares issued through Initial Public Offering (IPO)	6,471,664	-
	46,471,664	40,000,000
	30 June 2016	31 December 2014
	Taka	Taka
32.04 Net Asset Value Per Share (NAV)		
Total Assets	2,529,168,525	2,410,185,163
Less: Liabilities	1,229,562,049	1,536,377,746
Net Asset Value (NAV)	1,299,606,476	873,807,417
Number of ordinary shares outstanding during the period	52,000,000	40,000,000
Net Assets Value (NAV) per share	24.99	21.85
	01 January 2015 to 30 June 2016	01 July 2013 to 31 December 2014
	Taka	Taka
32.05 Net operating cash flow per share		
Net Operating cash Flows (from statement of cash flows)	303,222,614	237,217,622
Number of ordinary shares outstanding during the period	52,000,000	40,000,000
Net operating cash flow per share	5.83	5.93



33.00 Contingent liabilities and commitment

Contingent liabilities and commitment at the reporting date are as follows

	30 June 2016	31 December 2014
	Taka	Taka
33.01 Bank guarantee		
Bank Asia Limited	5,301,400	4,497,300
EXIM Bank Limited	606,000	606,000
	5,907,400	5,103,300
33.02 L/C liabilities		
Bank Asia Limited	21,766,152	152,388,304
Standard Chartered Bank	65,401,036	50,677,650
Southeast Bank Limited	37,608,366	-
	124,775,554	203,065,954

33.03 Capital expenditure commitment

There is no capital expenditure commitment as at 30 June 2016.

34.00 Directors' interest in contracts with the company

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

35.00 Credit facility not availed

There was no credit facility available to the company under any contract, but not availed as on 30 June 2016 other than trade credit available in the ordinary course of business.

36.00 Related party transactions

During the period 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 January 2015	Transaction during the period (Net)	Balance as on 30 June 2016
1	KDS Apparels Limited	Common directorship	Receivable against Sales	4,140,633	189,298	4,329,931
2	KDS Fashion Limited	Common directorship	Receivable against Sales	18,024,862	(4,375,901)	13,648,961
3	KDS Garment Inds. Ltd.	Common directorship	Receivable against Sales	40,946,331	5,087,688	46,034,019
4	KDS Logistics Limited	Common directorship	Receivable against Sales	-	228,404	228,404
5	KDS IDR Limited	Common directorship	Receivable against Sales	-	4,473,125	4,473,125
6	KDS Textile Mills Ltd.	Common directorship	Receivable against Sales	-	247,379	247,379
7	KDS Poly Industries Ltd.	Common directorship	Short Term Loan	-	191,197,758	191,197,758
8	KDS Thread Limited	Common directorship	Short Term Loan	38,630,242	(13,330,387)	25,299,855



37.00 Events after the reporting period**37.01 Proposed Dividend**

The Board of Directors at the meeting held on 29 March 2016 has recommended 5% cash and 10% stock dividend for the year 2015 & has not recommended any further interim dividend for the period from 01 January 2016 to 30 June 2016 at the meeting held on 09 August 2016.

38.00 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 2016	31 December 2014
-	-
1046	770
1046	770

39.00 Quantitative information of production capacity for the period ended 30 June 2016

Particulars	Installed Capacity/pcs	01 January 2015 to 30 June 2016		01 July 2013 to 31 December 2014	
		Actual Production (Pcs)	Capacity Utilization in (%)	Actual Production (Pcs)	Capacity Utilization in (%)
Carton	38,250,000	34,163,484	89.32%	37,472,390	97.97%
Label	263,946,312	139,301,673	52.78%	120,449,863	45.63%
Elastics and Narrow Fabrics	45,864,000	29,054,106	63.35%	20,203,011	44.05%
Offset Printing	225,014,400	78,005,870	34.67%	53,546,180	23.80%
Heat Transfer Printing	37,440,000	18,962,953	50.65%	17,176,369	45.88%
Button	540,000	245,131	45.39%	183,841	34.04%
Gum Tape	6,435,000	128,678	2.00%	-	0.00%

For calculation of capacity utilization, weighted average of actual installed capacity has been considered as Financial Statements have been prepared for the period from 01 January 2015 to 30 June 2016.

40.00 Financial instruments- Financial risk management

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

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

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



40.01 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 2016	31 December 2014
	Taka	Taka
Investments in FDRs (Short term & long term)	12,549,987	11,890,594
Advances, deposits and prepayments	66,330,297	16,569,539
Trade and other receivables	719,873,473	778,976,084
Due from affiliated companies	25,299,855	38,630,242
Cash at bank	12,316,945	10,150,498
	836,370,557	856,216,957

(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 and other receivables

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

	30 June 2016	31 December 2014
	Taka	Taka
Dues within 3 Months	384,788,172	435,919,305
Dues over 3 Months but within 6 months	333,770,505	340,595,152
	718,558,677	776,514,457

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 inter 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 6% to 9% (in 2014: 14%) interest per annum and has no prescribed repayment schedule.

(iii) Cash and cash equivalents

The company held cash at bank of Tk. 12,316,945 at 30 June 2016 (2014: Tk. 10,150,498), 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 2016		
	Credit rating	Amount in Taka	(%)
Trade receivables	NR	718,558,677	89.80%
Other receivables	NR	1,314,796	0.16%
Advances, deposits and prepayments	NR	66,330,297	8.29%
Cash and cash equivalents			
Cash in hand		1,700,331	0.21%
Cash at Banks		12,316,945	1.54%
Bank Asia Limited	AA3	2,135,489	17.34%
Commercial Bank of Ceylon	AAA	984	0.01%
Dutch Bangla Bank Limited	AA1	437,370	3.55%
HSBC	AAA	1,443,722	11.72%
Mutual Trust Bank Limited	AA	8,132,377	66.03%
Standard Chartered Bank	AAA	163,771	1.33%
Southeast Bank Limited	AA	3,232	0.03%



40.02 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 managing 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	
As at 30 June 2016	Taka	Percentage	Taka	Taka	Taka	Taka
Long term borrowings	176,891,416	10.50%-11%	77,809,882	99,081,534	-	176,891,416
Lease finance	4,321,294	10.50%	2,698,524	1,622,770	-	4,321,294
Trade and other payable	363,068,522	N/A	363,068,522	-	-	363,068,522
Short term bank loan	323,293,548	5.25%-11%	323,293,548	-	-	323,293,548
Due to affiliated company	191,197,758	9.00%	191,197,758	-	-	191,197,758
Provision for WPPF and Welfare Fund	49,774,962	7.50%	49,774,962	-	-	49,774,962
	1,108,547,500		1,007,843,196	100,704,304	-	1,108,547,500
As at 31 December 2014						
Long term borrowings	329,980,733	13%-14.35%	145,771,384	184,209,349	-	329,980,733
Lease finance	3,237,344	13%-15%	1,083,672	2,153,672	-	3,237,344
Trade and other payable	475,888,628	N/A	475,888,628	-	-	475,888,628
Short term bank loan	590,668,393	6%-13%	590,668,393	-	-	590,668,393
Due to affiliated company	-	-	-	-	-	-
Provision for WPPF and Welfare Fund	34,916,471	7.50%	34,916,471	-	-	34,916,471
	1,434,691,569		1,248,328,548	186,363,021	-	1,434,691,569

40.03 Market risk

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

(a) Currency risk exposure and its management

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

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2016, 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 2016

Foreign currency denominated assets

Cash and cash equivalents
Trade receivables

Foreign currency denominated liabilities

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

Net exposure

GBP	USD	Taka
838	45,184	3,619,094
-	9,198,140	718,558,677
838	9,243,323	722,177,771
-	2,909,352	227,278,612
-	3,538,594	276,434,984
-	6,447,947	503,713,596
838	2,795,377	218,464,175



As at 31 December 2014**Foreign currency denominated assets**

Cash and cash equivalents

Trade receivables

Foreign currency denominated liabilities

Liability for Local Documentary Bill Purchase (LDBP)

Liability for Accepted Bills for Payment (ABP)

Net exposure

	GBP	USD	Taka
	-	40,839	3,173,181
	-	9,993,751	776,514,457
	-	10,034,590	779,687,638
	-	3,577,838	277,997,980
	-	5,461,743	424,377,434
	-	9,039,581	702,375,414
	-	995,009	77,312,224

The following significant exchange rate is applied during the period:

	30 June 2016	31 December 2014
US Dollar	78.12	77.70
GBP	106.61	-

(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 2016		31 December 2014	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
USD (2% movement)	4,367,497	(4,367,497)	1,546,244	(1,546,244)
GBP (2% movement)	1,787	(1,787)	-	-

(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 re-pay 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 2016	31 December 2014
	Taka	Taka
Fixed- rate instruments		
Financial assets	37,849,842	50,520,836
Financial liabilities	(695,704,016)	(923,886,470)
	(657,854,174)	(873,365,634)
Variable- rate instruments		
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.



41.00 Financial Instruments- Accounting classifications and fair values

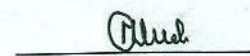
The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Note ref.	Carrying amount					Total
	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	
	Taka	Taka	Taka	Taka	Taka	Taka
30 June 2016						
Financial assets not measured at fair value						
Trade and other receivables	10 & 11	-	719,873,473	-	-	719,873,473
Due from affiliated companies	13	-	25,299,855	-	-	25,299,855
Investments in FDR	8 & 14	-	-	12,549,987	-	12,549,987
Cash at bank	15.02	-	12,316,945	-	-	12,316,945
		-	757,490,273	12,549,987	-	770,040,260
Financial liabilities not measured at fair value						
Long term borrowings	17	-	-	-	(176,891,416)	(176,891,416)
Lease finance	18	-	-	-	(4,321,294)	(4,321,294)
Trade and other payables	21	-	-	-	(363,068,522)	(363,068,522)
Due to affiliated company	23	-	-	-	(191,197,758)	(191,197,758)
Short term liabilities	24	-	-	-	(323,293,548)	(323,293,548)
		-	-	-	(1,058,772,538)	(1,058,772,538)
31 December 2014						
Financial assets not measured at fair value						
Trade and other receivables	10 & 11	-	778,976,084	-	-	778,976,084
Due from affiliated companies	13	-	38,630,242	-	-	38,630,242
Investments in FDR	8 & 14	-	-	11,890,594	-	11,890,594
Cash at bank	15.02	-	10,150,498	-	-	10,150,498
		-	827,756,824	11,890,594	-	839,647,418
Financial liabilities not measured at fair value						
Long term borrowings	17	-	-	-	(329,980,733)	(329,980,733)
Lease finance	18	-	-	-	(3,237,344)	(3,237,344)
Trade and other payables	21	-	-	-	(475,888,628)	(475,888,628)
Due to affiliated company	23	-	-	-	-	-
Short term liabilities	24	-	-	-	(590,668,393)	(590,668,393)
		-	-	-	(1,399,775,098)	(1,399,775,098)


Managing Director


Director




Company Secretary