

**Auditors' Report & Financial Statements  
Of  
Generation Next Fashions Limited**

**For the year ended December 31, 2010**

**ATA KHAN & CO.  
Chartered Accountants  
67, Motijheel Commercial Area  
Dhaka-1000  
Tel: 9560933, 9552833, 9560716**

ATA KHAN & CO.  
Chartered Accountants

67, Motijheel C/A  
Dhaka-1000  
Tel:9560933, 9552833,9560716

**AUDITORS' REPORT**  
**OF**  
**GENERATION NEXT FASHIONS LIMITED**

We have audited the accompanying Statement of Financial Position of **GENERATION NEXT FASHIONS LIMITED** as of December 31, 2010 and the related Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity together with related notes for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

**Scope**

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the Company's affairs as of December 31, 2010 and of the results of its operations and its cash flow for the year then ended and comply with the applicable sections of the companies Act 1994 and other applicable laws and regulations.

**We also report that:**

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof,
- b) In our opinion, proper books of account as required by the law have been kept by the company so far as it appeared from our examination of those books and (where applicable) proper return adequate for the purpose of our audit.
- c) The company's Statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of accounts, read in conjunction with the annexed notes and related schedules attached.

Place: Dhaka  
Dated: April 25, 2011

*ata khan*

**ATA KHAN & CO.**  
Chartered Accountants.

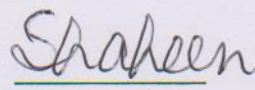


**GENERATION NEXT FASHIONS LIMITED**  
**Statement of Financial Position**  
**As at December 31, 2010**

Particulars	Notes	Amount in Taka	
		31.12.2010	31.12.2009
<b>A. NON-CURRENT ASSETS</b>		<b>1,717,956,510</b>	<b>1,484,787,328</b>
Property, Plant & Equipment	15	1,289,999,471	1,196,135,081
Capital Works-in-Progress	16	427,957,039	288,510,657
Preliminary Expenses		-	141,590
<b>B. CURRENT ASSETS</b>		<b>896,098,045</b>	<b>580,122,981</b>
Inventories	17	362,034,597	281,807,010
Accounts Receivable	18	367,141,772	273,141,610
Advances, Deposits & Pre-Payments	19	89,938,221	15,993,796
Cash & Cash Equivalents	20	76,983,455	9,180,565
<b>C. CURRENT LIABILITIES &amp; PROVISIONS</b>		<b>798,540,477</b>	<b>614,520,317</b>
Accounts & Other Payables	21	9,636,734	56,989,757
Accrued Expenses	22	42,253,703	25,442,758
Bank Overdraft	23	30,913,010	31,275,906
Short Term Bank Credits	24	428,399,941	219,748,335
Deferred L/C Liabilities	25	143,095,210	165,513,961
Current Maturity of Long Term Loans		144,241,879	115,549,600
<b>D. NET CURRENT ASSETS (B-C)</b>		<b>97,557,568</b>	<b>(34,397,337)</b>
<b>E. NET ASSETS (A+D)</b>		<b>1,815,514,077</b>	<b>1,450,389,991</b>
<b>F. SHAREHOLDERS' EQUITY</b>		<b>1,019,381,814</b>	<b>675,592,273</b>
Share Capital	26	350,000,000	47,200,000
Proposed Bonus Share		-	52,800,000
Revaluation Surplus		506,889,888	506,889,888
Retained Earnings		162,491,926	68,702,385
<b>G. SHARE MONEY DEPOSIT</b>		<b>212,950,000</b>	<b>200,000,000</b>
<b>H. LONG TERM LOANS</b>	27	<b>583,182,263</b>	<b>574,797,718</b>
<b>I. LIABILITIES &amp; SHAREHOLDERS' EQUITY (F+G+H)</b>		<b>1,815,514,077</b>	<b>1,450,389,991</b>
Net Assets Value Per Share (NAVPS)		<b>29.13</b>	<b>19.30</b>

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

  
Chairman

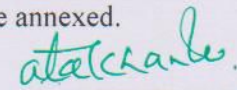
  
Director

  
Managing Director

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
April 25, 2011



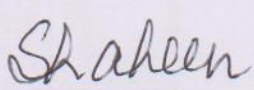
  
ATA KHAN & CO.  
Chartered Accountants


**GENERATION NEXT FASHIONS LIMITED**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2010**

Particulars	Notes	Amount in Taka	
		31.12.2010	31.12.2009
Sales Revenue	28	1,289,543,519	1,014,538,165
Less: Cost of Goods Sold	29	1,021,092,324	807,425,529
<b>Gross Profit</b>		<b>268,451,195</b>	<b>207,112,636</b>
Less: Administrative & Selling Expenses	30	98,747,472	79,651,392
<b>Operating Profit</b>		<b>169,703,722</b>	<b>127,461,244</b>
Add: Other Income	31	112,505,521	115,397,056
		<b>282,209,243</b>	<b>242,858,300</b>
Less: Financial Expenses	32	169,149,917	164,891,128
<b>Net Profit Before Tax</b>		<b>113,059,326</b>	<b>77,967,172</b>
Provision for Income Tax	33	19,269,786	8,491,050
<b>Net Profit After Tax</b>		<b>93,789,541</b>	<b>69,476,122</b>
<b>Earning Per Share (EPS)</b>	34	<b>4.72</b>	<b>3.50</b>

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

  
Chairman


  
Director

  
Managing Director

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
April 25, 2011



  
ATA KHAN & CO.  
Chartered Accountants


**GENERATION NEXT FASHIONS LIMITED**

Statement of Changes in Equity  
For the year ended December 31, 2010

Particulars	Share Capital	Share Money Deposit	Proposed Bonus Share	Retained Earnings	Revaluation Surplus	(Amount in Taka)
						Total
<b>For 2009</b>						
Balance at January 01, 2009	47,200,000	-	-	63,614,569	506,889,888	617,704,457
Net Profit for the year	-	-	-	57,887,816	-	57,887,816
Proposed Bonus share	-	-	52,800,000	(52,800,000)	-	-
Balance at December 31, 2009	<b>47,200,000</b>	-	<b>52,800,000</b>	<b>68,702,385</b>	<b>506,889,888</b>	<b>675,592,273</b>
<b>For 2010</b>						
Balance at January 01, 2010	47,200,000	200,000,000	52,800,000	68,702,385	506,889,888	875,592,273
Net Profit for the year	-	-	-	93,789,541	-	93,789,541
Issue of Share	302,800,000	(200,000,000)	(52,800,000)	-	-	50,000,000
Balance at December 31, 2010	<b>350,000,000</b>	-	-	<b>162,491,926</b>	<b>506,889,888</b>	<b>1,019,381,814</b>

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

  
**Chairman**

  
**Director**

  
**Managing Director**



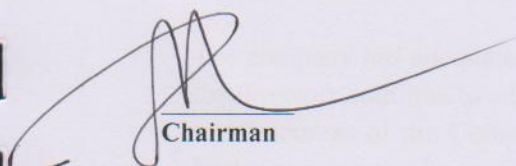
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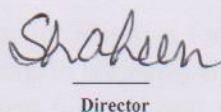
Dated, Dhaka;  
April 25, 2011



**GENERATION NEXT FASHIONS LIMITED**  
**Statement of Cash Flow**  
**For the year ended December 31, 2010**

Particulars	Amount in Taka	
	31.12.2010	31.12.2009
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>(44,911,615)</b>	<b>(20,563,956)</b>
Cash Received from Customers	1,308,048,878	1,070,938,904
Cash Payment for Materials	(1,123,738,662)	(872,029,751)
Cash Payment for Operating Expenses	(229,221,831)	(219,473,109)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>	<b>(348,248,005)</b>	<b>(212,397,921)</b>
Acquisition of Fixed Assets	(134,857,198)	(102,740,710)
Expenditures for Capital Work-in-Progress	(213,390,807)	(109,657,211)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>	<b>460,962,510</b>	<b>225,622,389</b>
Bank Overdraft Repaid / Received	(362,896)	76,412
Issue of Share Capital	250,000,000	-
Short Term Bank Credit Received	208,651,606	150,129,621
Accounts & Other Payables Repaid	(47,353,022)	(7,906,750)
Long Term Loan Received	37,076,823	83,323,106
Share Money Deposit	12,950,000	200,000,000
Other Loan Paid	-	(200,000,000)
<b>D. Net Increase/(Decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>67,802,890</b>	<b>(7,339,488)</b>
<b>E. Cash &amp; Cash equivalents at the beginning of the year</b>	<b>9,180,565</b>	<b>16,520,054</b>
<b>F. Cash &amp; Cash equivalents at the end of the year (D+E)</b>	<b>76,983,455</b>	<b>9,180,565</b>
<b>Operating Cash Flow Per Share</b>	<b>(2.26)</b>	<b>(1.03)</b>

  
Chairman


  
Director

  
Managing Director

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
April 25, 2011



  
**ATA KHAN & CO.**  
Chartered Accountants

**GENERATION NEXT FASHIONS LIMITED**  
**Accounting Policies and Explanatory Notes**  
**For the year ended December 31, 2010**

**1. Corporate Business**

Generation Next Fashions Limited was incorporated in Bangladesh under the Companies Act, 1994 vide Certificate of Incorporation No-C-53966(661)/2004 dated August 19, 2004, to carry out business of spinning, weaving, manufacturing of textile, various types of ready-made garments of international standard and design. The Company was converted from private company to public company on September 19, 2010.

**2. Corporate Financial Statements and Reporting**

This comprises Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow, notes and explanatory materials covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994 and the International Accounting Standards (IASs)/ International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as well as those standards, disclosures recommended by IASs / IFRSs and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the International Accounting Standards (IASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at the date of the reporting period. Due to the inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

**3. Fundamental Accounting Concepts/ Assumption**

The financial statements have been prepared based on Going concern, Consistency and Accrual concepts and such other convention as required by IAS-1 for fair presentation of financial statements.

**4. Going Concern**

The company has adequate resources to continue its operation for the foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the Company provides sufficient fund to meet the present requirements of its existing business.



## 5. Corporate Accounting Standards Practiced

The following IAS is applicable to the financial statements for the year under review:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Cash Flow Statement
IAS 10	Events after the Balance Sheet Date
IAS 12	Income Taxes
IAS 16	Property, Plant And Equipment
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 33	Earnings Per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets

## 6. Reporting Period

The period of the financial statements covers from 1st January 2010 to 31st December 2010 consistently.

## 7. Provisions

In accordance with the guidelines as prescribed by IAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- a. when the company has an obligation ( legal or constructive) as a result of past events;
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. reliable estimates can be made of the amount of the obligation.

## 8. Segmental Reporting

No segmental reporting is applicable for the company as required by BAS 14: Segment Reporting as the company operates in a single industry segment and within a single geographical segment.

## 9. Events after the Reporting Period.

In compliance with the requirements of BAS 10: Events After the Reporting Period that provide additional information about the Company's position at the Statement of Financial Position date are reflected in the financial statements and events after the reporting period date that are not adjusting events are disclosed in the notes when material.





**10. Net profit Before Tax**

**Net profit before tax for the year were not materially affected by:**

- (a) Transactions of a nature not usually undertaken by the company;
- (b) Circumstances of an exceptional or non-recurring nature;
- (c) Changes of credits relating to prior years; and
- (d) Changes in accounting policies.

**11. Functional and Presentational (Reporting) Currency**

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

Figures in brackets indicated deductions.

**12. Comparative Information and Rearrangement Thereof**

In accordance with the provisions of BAS-34: Interim Financial Reporting, Comparative information has been disclosed for all numerical 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.

Comparative figures have been re-arranged 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 statements.

**13. Historical Cost Profit and Losses**

There was no revaluation of Fixed Assets during the period under review. However, S.F. Ahmed & Co, Chartered Accountants (when auditors were Ata Khan & Co. Chartered Accountants) revalued the fixed assets of the Company as of 31 December 2008 following "depreciated current cost method", resulting in a revaluation surplus at Tk 506,889,888. This required additional depreciation on revaluation surplus amounting to Tk 11,588,306 each chargeable to revenue.

**14. Principal 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 IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

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



#### 14.1 Recognition of Tangible Fixed Assets

These are capitalized at cost of acquisition or valuation and subsequently stated at cost less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs 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 the fixed assets, the expenditure is capitalized as an additional cost of the assets.

There is no intangible asset and the fixed assets do not include any assets held under lease.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of assets and the net sales proceeds.

#### 14.2 Depreciation of Tangible Fixed Assets

No depreciation is charged on Land & Land development. Depreciation on all other fixed assets is computed using the reducing balance method so as to write off the assets over their expected useful life.

Half year's depreciation has been charged on additions in respect of date when the related assets are put into use and no depreciation is charged on retirement, irrespective of date of retirement.

After considering the useful life of assets as per IAS-16, the annual depreciation rates have been applied as under which are considered reasonable by the management.

Category of Assets	Rate of Depreciation
Building	2%
Plant & Machinery	5%
Vehicles	10%
Other Assets	10%

#### 14.3 Impairment of assets

All fixed assets have been reviewed and it was confirmed that no such fixed assets have been impaired during the year and for this reason, no provision has been made for impairment of assets.

#### 14.4 Revenue Recognition

Revenue are recognised when goods are delivered from the factory godown and delivery challans are issued as per IAS-18.

#### 14.5 Accrued Expenses and Other Payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.



#### 14.6 Inventories

Inventories comprises of raw materials, Work-in-Process, Finished goods. Raw materials has been valued at cost. Work-in-Process have been valued at prime cost basis as required by IAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at the lower of cost and net realizable value basis. Cost is determined by weighted average method.

#### 14.7 Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was insignificant risk of changes in value of the same.

#### 14.8 Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with IAS-7 "Cash Flow Statement" and the cash flows from the operating activities have been presented under direct method.

#### 14.9 Borrowing Costs

Financial Expenses (Borrowing Costs) incurred during the year was recognized as revenue expenses in accordance with IAS-23 "Borrowing Cost".

#### 14.10 Earnings Per Share

This has been calculated in compliance with the requirements of BAS 33: Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

##### Basic Earnings

This represents earnings for the period attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

##### Weighted Average Number of Ordinary Shares Outstanding during the period.

The basis of computation of number of shares is in line with the provisions of IAS-33 : Earnings Per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.



15. Property, Plant & Equipment: Tk. 1,289,999,471

Particulars	Cost or Valuation			Rate of Dep. (%)	Depreciation			Revaluation Surplus	Written down value as on 31.12.2010	Depreciation on Revaluation			Written down value as on 31.12.2010
	Balance as on 01.01.10	Addition or valuation during the year	Balance as on 31.12.10		Balance as on 01.01.10	Charged during the year	Balance as on 31.12.10			Balance as on 01.01.10	Charged during the period	Balance as on 31.12.10	
Land & Land Development	81,134,766	5,110,500	86,245,266	0%	-	-	-	136,740,234	86,245,266	-	-	-	222,985,500
Building	140,734,525	115,000,538	255,735,063	2%	5,455,125	3,855,593	9,310,718	230,639,221	246,424,345	4,520,529	4,520,529	9,133,313	467,930,253
Plant & Machinery	532,764,705	5,381,680	538,146,385	5%	71,669,534	23,189,301	94,858,835	139,510,433	443,287,550	6,626,746	6,626,746	13,602,268	569,195,716
Vehicles	13,174,850	6,445,565	19,620,415	10%	3,155,244	1,324,239	4,479,483	-	15,140,932	-	-	-	15,140,932
Other Assets	17,565,539	2,918,915	20,484,454	10%	4,260,983	1,476,401	5,737,384	-	14,747,070	-	-	-	14,747,070
<b>Total</b>	<b>785,374,385</b>	<b>134,857,198</b>	<b>920,231,583</b>	-	<b>84,540,886</b>	<b>29,845,534</b>	<b>114,386,420</b>	<b>506,889,888</b>	<b>805,845,163</b>	<b>11,147,274</b>	<b>11,147,274</b>	<b>22,735,580</b>	<b>1,289,999,471</b>
<b>Total as on 31.12.2009</b>	<b>682,633,675</b>	<b>102,740,710</b>	<b>785,374,385</b>	-	<b>54,920,341</b>	<b>29,620,545</b>	<b>84,540,885</b>	<b>506,889,888</b>	<b>700,833,499</b>	<b>-</b>	<b>-</b>	<b>11,588,306</b>	<b>1,196,135,081</b>

Amount in Taka

Depreciation charge during the year	29,845,534
Depreciation charge on Revaluation of Assets	11,147,274
<b>Total</b>	<b>40,992,808</b>

**Head of Accounts**

Factory Overhead	38,943,168
Administrative Expenses	2,049,640
<b>Total</b>	<b>40,992,808</b>



16. Capital Works-in-Progress

	Amount in Taka	
	31.12.2010	31.12.2009
Buildings	398,916,031	269,225,984
Security Building	643,916	643,916
Engineered Steel Building	2,127,497	2,127,497
Drain Line	632,545	632,545
Gas Line and other Installation	12,086,301	8,225,619
Electrical Installation	12,051,912	6,692,258
Gazi Tanks	628,119	128,120
Deep Tubewell	870,719	834,719
<b>Total</b>	<b>427,957,039</b>	<b>288,510,657</b>

17. Inventories

Raw Materials (Note-17.01)  
Work-in-Process  
Finished Goods  
**Total**

Raw Materials (Note-17.01)	123,210,750	89,045,000
Work-in-Process	138,943,798	118,228,420
Finished Goods	99,880,049	74,533,590
<b>Total</b>	<b>362,034,597</b>	<b>281,807,010</b>

17.1 Raw Materials

Yarn  
Accessories  
Chemical

Yarn	81,986,128	69,522,500
Accessories	27,638,430	6,507,500
Chemical	13,586,192	13,015,000
<b>Total</b>	<b>123,210,750</b>	<b>89,045,000</b>

18. Accounts Receivables

Poeticgem  
Pacific Logistics  
ASDA  
TESCO  
Carrefour  
Euha Apparels  
CW  
Primark  
Other Receivables  
Cash Subsidy from the Government.  
**Total**

Poeticgem	-	10,319,285
Pacific Logistics	13,652,040	14,292,111
ASDA	26,521,300	34,133,415
TESCO	26,354,250	23,261,213
Carrefour	34,829,249	-
Euha Apparels	28,640,400	12,347,430
CW	-	-
Primark	168,243,621	99,664,243
Other Receivables	27,398,610	36,581,014
Cash Subsidy from the Government.	41,502,302	42,542,900
<b>Total</b>	<b>367,141,772</b>	<b>273,141,610</b>

These are unsecured, considered good, No amount is due from any directors or related parties.

Dues upto 6 months  
Dues above 6 months  
**Total**

Dues upto 6 months	319,188,810	241,572,836
Dues above 6 months	47,952,962	31,568,774
<b>Total</b>	<b>367,141,772</b>	<b>273,141,610</b>

19. Advances, Deposit and Prepayments

Advances (Note: 19.1)  
Deposits  
**Total**

Advances (Note: 19.1)	89,312,517	15,368,092
Deposits	625,704	625,704
<b>Total</b>	<b>89,938,221</b>	<b>15,993,796</b>

These are unsecured, considered good, no amount is due from any directors or related parties.



19.1 Advances (Note: 19.01)

Advance Salary  
 Advance Income Tax  
 Advance against Purchase / Expenses  
 House Rent Advance  
 Advance for Construction  
**Total**

Dues upto 6 months  
 Dues above 6 months  
**Total**

20. Cash & Cash Equivalents

Cash in Hand (Note-20.1)  
 Cash at Banks (Note-20.2)  
**Total**

20.1 Cash in Hand

Balance in Central Cash  
 Balance in Petty Cash (Factory)  
**Total**

20.2 Cash at Banks

<u>Bank Name</u>	<u>A/c Number</u>	<u>Branch Name</u>
EXIM Bank Ltd	711100009514/711100038467	Gulshan Br.
EXIM Bank Ltd	711100004728	Ahsulia Br.
National Bank Ltd	004333022068	Mohakhali Br.
Prime Bank Ltd	11811020021830	Gulshan Br.
Southeast Bank Ltd	101110011987	Gulshan Br.
Southeast Bank Ltd	1015600000040	Gulshan Br.
Southeast Bank Ltd	1015500000256	Gulshan Br.
Southeast Bank Ltd	1015200000041	Gulshan Br.
Janata Bank Ltd	1020903	Corporate Br.
<b>Total</b>		

Amount in Taka	
31.12.2010	31.12.2009
1,765,000	756,520
9,777,423	4,499,957
13,553,935	2,356,200
680,000	680,000
63,536,159	7,075,415
<b>89,312,517</b>	<b>15,368,092</b>
62,742,199	9,684,500
26,570,318	5,683,592
<b>89,312,517</b>	<b>15,368,092</b>

245,122	181,464
76,738,333	8,999,101
<b>76,983,455</b>	<b>9,180,565</b>

132,562	126,464
112,560	55,000
<b>245,122</b>	<b>181,464</b>

5,661,132	(625,404)
6,606	8,216
19,623,415	-
50,039,894	-
18,846	3,868,118
129,148	2,103,837
214,577	2,646,040
1,034,715	988,293
10,000	10,000
<b>76,738,333</b>	<b>8,999,101</b>

The above balances are reconciled with Bank Statements and ledger balances.

21. Accounts & Other Payables

Happy Enterprise  
 Nokta  
 Shimanta Paribahan  
 GDS Chemical  
 Nahian Enterprise  
 Evove  
 KM Servicing  
 Trade Media  
 Other Payables  
**Total**

1,085,500	-
384,300	-
1,251,660	503,626
-	2,500,000
-	824,833
1,350,640	-
2,083,510	-
1,115,524	-
2,365,600	53,161,299
<b>9,636,734</b>	<b>56,989,757</b>

These are unsecured, payable within one year.



**22. Accrued Expenses**

Amount in Taka		
31.12.2010	31.12.2009	
Audit fee	300,000	400,000
Salaries	850,360	888,409
Gas Bill	3,941,242	6,262,033
Provision for tax	37,162,101	17,892,316
<b>Total</b>	<b>42,253,703</b>	<b>25,442,758</b>

These are unsecured, falling due within one year.

**23. Bank Overdraft**

Bank Name	Br Name		
Southeast Bank Ltd. CC A/c 0173300000167	Gulshan Br.	30,913,010	31,275,906
<b>Total</b>		<b>30,913,010</b>	<b>31,275,906</b>

This is secured loan approved by the bank through the approval letter No. SBL/GB/CAD/2007/4786 dated September 27, 2007 against the renewal with enhancement of OD Limit from Tk. 1.00 crore to 3.00 crore to meet working capital requirements. The above loan has been approved under the facility of Enhancement of Revolving Time Loan Limit to Tk.3.00 crore with 16.00% interest per annum at quarterly rest including 1% on SDB on front end fee against the lien on Export L/C or confirmed sales contract and shall not exceed 90% of net FoB value of respective L/C or confirmed Sale Contract. This is secured by (01) undated cheque to cover the entire loan amount along with a letter of authority to insert date on the cheque, personal gurantee of all the directors of the company, personal gurantee of two shareholders of the company, usage charge documents of the bank with an overdue service charge @ 1% p.a. in case of overdue situation is to be realized.

**24. Short Term Bank Credits :**

Southeast Bank Ltd.:			
Time Loan		34,381,365	47,631,417
Packing Credit		60,135,178	50,986,253
Bill Purchase		95,812,267	36,444,295
Others		238,071,131	84,686,371
<b>Total</b>		<b>428,399,941</b>	<b>219,748,335</b>

These are secured and may refer to the Long Term bank credits for security arrangement of the company.



**25 Deferred L/C Liabilities**

NRG Composite Mills Ltd
Pakiza Cotton Mills Ltd
Talha Spinning Mills Ltd.
Oswal Cotton Mills Ltd
Al-Haj Karim Textiles
AR Enterprise
Amit Spinning Mills Ltd
Zubair Spinning Mills Ltd.
Tamijuddin Textiles
Keya Spinning Mills Ltd
Aegis Cotton Mills Ltd
Sraboni Knitwer
Hyosung-Vietnam
Auxichem
Aman Spinning Mills Ltd
Divine Fabrics
Delowar Printing Packaging
Gulshan Spinning Mills Ltd
Basher Spinning Mills Ltd.
Mosaraf Composite
Oasis Trade Int'l
Square Yarn Ltd.
Other Deferred L/C Liabilities
<b>Total</b>

Amount in Taka	
31.12.2010	31.12.2009
14,377,580	11,676,000
17,552,500	-
25,194,000	-
-	-
27,200,000	-
-	6,687,000
-	-
25,500,000	-
16,432,200	-
-	8,545,000
-	-
-	-
3,410,880	-
-	5,678,000
-	7,374,000
-	5,252,000
-	12,396,000
-	5,439,000
-	5,440,000
-	14,081,000
-	5,378,000
9,590,856	7,440,000
3,837,194	70,127,961
<b>143,095,210</b>	<b>165,513,961</b>

These are unsecured except by letters of credit, falling due within one year.

**26. Share Capital****26.1 Authorised Capital**

200,000,000 (2009: 50,000,000) Ordinary shares of Tk.10/- each

<b>2,000,000,000</b>	<b>500,000,000</b>
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26.2 Issued, Subscribed, Called-up & Paid-up Capital

29,720,000 Ordinary Shares of Tk. 10/- each  
5,280,000 Bonus Shares of Tk.10/- each

Amount in Taka	
31.12.2010	31.12.2009
297,200,000	47,200,000
52,800,000	-
<b>350,000,000</b>	<b>47,200,000</b>

The Shareholding position of the Company are as under :

Name of Shareholders	No. of Shares	Percentages (%)	Amount (Tk.)
Mr. Tauhidul Islam Chaudhury	7,673,430	21.92	76,734,300
Mrs. Saida Muna Tasneem	1,000,000	2.86	10,000,000
Shaheen Akhter Chaudhury	52,970	0.15	529,700
Mr. Wahid Salam	1,708,000	4.88	17,080,000
Mr. Rajiv Sethi	1,265,600	3.62	12,656,000
Mr. Javed Opgenhaffen	3,200,000	9.14	32,000,000
Mr. Alavee Chaudhury	1,000,000	2.86	10,000,000
Mehmood Equities Ltd.	1,350,000	3.86	13,500,000
Assign Holding Ltd.	150,000	0.43	1,500,000
Mrs. Mehtab Hussain khan	100,000	0.29	1,000,000
Mrs. Irin Pervin	100,000	0.29	1,000,000
Mr. Syed Golam Wadud	125,000	0.36	1,250,000
Mrs. Tanipa Wadud	25,000	0.07	250,000
Mr. Waheedur Gorky Rahman	100,000	0.29	1,000,000
Meghna Life Insurance Co. Ltd.	50,000	0.14	500,000
Karnaphuli Insurance Co. Ltd.	50,000	0.14	500,000
Mr. Md. Akther	3,090,000	8.83	30,900,000
Mrs Farzana Ahmed	50,000	0.14	500,000
Olympic Industries Limited	100,000	0.29	1,000,000
Mr. Captain M. Moazzam Hossain	150,000	0.43	1,500,000
Mr. Yousuf Ismail	200,000	0.57	2,000,000
Mr. Matiur Rahman	400,000	1.14	4,000,000
Mr. Tariq Ismail	100,000	0.29	1,000,000
BRAC Bank Limited	1,000,000	2.86	10,000,000
Mr. Syed Tawqir Hussain	110,000	0.31	1,100,000
Cosmopolitan Traders (Pvt.) Ltd.	700,000	2.00	7,000,000
Mr. Saifur Rahman	100,000	0.29	1,000,000
Transcom Limited Staff Provident Fund	200,000	0.57	2,000,000
Marina Tea Company Limited	100,000	0.29	1,000,000
Monipur Tea Company Limited	100,000	0.29	1,000,000
Mr. Maiz Majibur Rahman	200,000	0.57	2,000,000
Mr. Rajeeb Bhattacharjee	100,000	0.29	1,000,000
BRAC EPL Stock Brokerage Ltd.	1,000,000	2.86	10,000,000
Mrs. Lafifa Yousuf	250,000	0.71	2,500,000
Beximco Holdings Limited	3,000,000	8.57	30,000,000
New England Equity Ltd.	3,000,000	8.57	30,000,000
Mr. Major Md. Rabiul Alam	100,000	0.29	1,000,000
Mr. Richard D. Rozario	473,880	1.35	4,738,800
Mr. Md. Wahid Miah	1,026,120	2.93	10,261,200
Mrs. Bilkis Fatima Jesmin	1,000,000	2.86	10,000,000
Mr. R.Y Shamser	500,000	1.43	5,000,000
	<b>35,000,000</b>	<b>100.00</b>	<b>350,000,000</b>



27. Long Term Loans

Amount in Taka	
31.12.2010	31.12.2009

Particulars	Bank Name		
Term Loan	Southeast Bank	576,967,516	570,926,152
Car Loan	UCBL	1,274,600	1,769,450
Car Loan	BRAC Bank	376,637	1,056,907
Car Loan	HSBC	243,998	737,998
Car Loan	Prime Bank	40,512	307,211
Car Loan	Prime Bank	2,341,000	-
Car Loan	BRAC Bank	1,938,000	-
<b>Total</b>		<b>583,182,263</b>	<b>574,797,718</b>

**Nature of Security of Loans :**

<b>Bank Overdraft</b>	Fully secured by 1 (one) undated cheque to cover the entire the limit along with a letter of authority to insert date on the cheque and personal guarantee of the Directors of the Company..
<b>Long Term Bank Credits</b>	Fully secured by first charge on the fixed assets of the Company.
<b>Packing Credit, Bill Purchase &amp; Demand/ Forced Loan</b>	Lien on Master/Export L/C
<b>Time Loan</b>	Fully secured by first charge on the fixed assets of the Company.

**Interest on Bank Loan:**

Bank interest on the above loan has been charged in the Income Statement as Financial Expenses.

<b>Bank Overdraft</b>	12.5% p.a. with Quarterly rests subject to revision from time to time.
<b>Long Term Loan</b>	12.50% p.a. with Quarterly rests subject to revision from time to time.
<b>Time Loan , Forced Loan, Packing Credit &amp; Bill Purchase</b>	Time Loan : 12.50% p.a. with Quarterly rests subject to revision from time to time. Force Loan : 13.50% p.a. with Quarterly rests subject to revision from time to time. Packing Credit : 7.00% p.a. with Quarterly rests subject to revision from time to time. Bill Purchase : 12.50% p.a. with Quarterly rests subject to revision from time to time
<b>All funded facilities except Packing Credit from 12.50% to 12.00% at quarter. (Ref SBL/GB/CR/2010/1659 dated October 24, 2010)</b>	



## 28. Sales Revenue

Export Sales Revenue is recognised at USD 18,554,583 @ Tk.69.50 equivalent to Tk.1,289,543,519 (USD 14,597,671.43 @ Tk.69.50 equivalent to Tk.1,014,538,165) when delivery challan is issued.

## 29. Cost of Goods Sold

	Amount in Taka	
	31.12.2010	31.12.2009
Opening Stock of Raw Materials:	89,045,000	115,474,642
Add: Purchases (Note : 29.01)	907,605,889	696,445,494
Less: Closing Stock of Raw Materials (Note : 29.02)	123,210,750	89,045,000
<b>Material Consumed</b>	<b>873,440,139</b>	<b>722,875,136</b>
Add: Direct Labour	126,222,126	84,402,605
<b>Prime Cost</b>	<b>999,662,265</b>	<b>807,277,741</b>
Add: Factory Overhead (Note : 29.03)	84,991,896	65,345,052
<b>Cost of Manufacturing</b>	<b>1,084,654,161</b>	<b>872,622,793</b>
Add: Opening Work-In-Process	108,228,420	63,064,746
Less: Closing Work-In-Process	138,943,798	108,228,420
<b>Cost of Goods Manufactured</b>	<b>1,053,938,783</b>	<b>827,459,119</b>
Add: Opening Stock of Finished Goods	67,033,590	47,000,000
Less: Closing Stock of Finished Goods	99,880,049	67,033,590
<b>Cost of Goods Sold</b>	<b>1,021,092,324</b>	<b>807,425,529</b>

### 29.1 Purchases

Yarn	525,038,783	438,519,492
Accessories	280,040,321	170,264,968
Chemicals	102,526,785	87,661,035
<b>Total</b>	<b>907,605,889</b>	<b>696,445,495</b>

### 29.2 Closing stock of Raw Material

Yarn	81,986,128	59,522,500
Accessories	27,638,430	16,507,500
Chemicals	13,586,192	13,015,000
<b>Total</b>	<b>123,210,750</b>	<b>89,045,000</b>

### 29.3 Factory Overhead

Rent	200,000	150,000
Security Service	5,843,971	1,849,150
Depreciation	38,943,168	28,646,903
Utility Charges	21,028,136	27,571,738
Transport	8,876,421	3,331,323
Repair and Maintenance	2,597,359	696,302
Fuel & Lubricant	3,799,116	1,153,910
Carriage Inward	580,955	533,171
Other Expenses	3,122,770	1,412,555
<b>Total</b>	<b>84,991,896</b>	<b>65,345,052</b>



### 30. Administrative & Selling Expenses

	Amount in Taka	
	31.12.2010	31.12.2009
Staff Salaries	47,566,497	44,867,378
Directors' Remuneration	4,800,000	1,554,000
Bonus	1,561,250	1,070,708
Overtime and Similar Allowance	1,184,368	1,020,651
Air Freight Charges	962,500	1,078,161
Buying House Expenses	4,279,088	-
Utility Charge	728,211	1,063,865
Entertainment	560,354	327,821
C & F Charges	5,014,147	3,864,229
Courier & Postage	551,760	3,973,416
Telephone and Other	639,203	938,061
Labour Bill	247,382	424,848
Office Rent	3,029,710	2,523,800
Service Charges	727,534	2,070,729
Car Rent and Other Expenses	1,525,778	-
Depreciation	2,049,640	973,642
Preliminary Expenses Written off	141,590	-
Insurance Premium	2,120,566	374,816
Audit Fee	700,000	100,000
Professional and Consultancy fee	3,249,395	-
Traveling & Conveyance	1,974,479	1,067,970
Stationery	629,818	366,859
Fuel & Lubricant	1,627,067	572,990
Carriage Outward	1,350,014	1,413,824
Advertisement	593,750	-
License & Renewals	166,498	1,472,326
Commercial Expenses	2,893,008	2,124,000
Business Development Expenses	1,672,920	1,026,000
Legal Fee	102,200	104,130
Inspection charge	2,265,071	251,165
Exchange Loss/Gain	1,275,631	1,434,024
Other Expenses	2,558,043	3,591,979
	<b>98,747,472</b>	<b>79,651,392</b>

### 31. Other Income

Sub-Contract Revenue	54,938,600	74,358,623
Interest Income	-	742,542
Income from Cash Incentive	27,865,406	38,181,700
Other Revenues	29,701,515	2,114,191
<b>Total</b>	<b>112,505,521</b>	<b>115,397,056</b>

### 32. Financial Expenses

Bank Charges	27,714,169	29,853,451
Interest on Time Loan	6,492,317	4,282,963
Interest on Packing Credit	10,993,428	2,162,474
Interest on Term Loan	96,185,684	100,066,595
Interest on Bill Purchase	4,786,962	17,947,881
Interest on Forced Loan	22,977,357	10,577,764
<b>Total</b>	<b>169,149,917</b>	<b>164,891,128</b>

