

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

**For the year ended December 31, 2011**

**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, 2011 and the related Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity together with related notes for the period 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, 2011 and of the results of its operations and its cash flow for the period then ended and comply with the applicable sections of the Companies Act, 1994, the Securities & Exchange Rules, 1987 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 thereto.
- d) The expenditure incurred was for the Company's business.

Place: Dhaka  
Dated: March 20, 2012



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



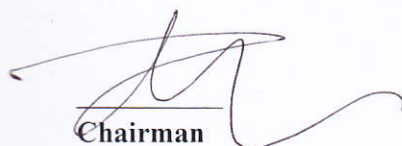
# GENERATION NEXT FASHIONS LIMITED

## Statement of Financial Position

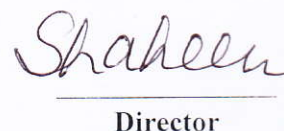
As at December 31, 2011

Particulars	Notes	Amount in Taka	
		31.12.2011	31.12.2010
<b>A. NON-CURRENT ASSETS</b>		<b>2,267,152,562</b>	<b>1,717,956,510</b>
Property, Plant & Equipment	15	1,432,890,110	1,289,999,471
Capital Works-in-Progress	16	579,537,452	427,957,039
Investments	17	254,725,000	-
<b>B. CURRENT ASSETS</b>		<b>1,014,789,671</b>	<b>896,098,045</b>
Inventories	18	520,641,340	362,034,597
Accounts Receivable	19	398,571,089	367,141,772
Loans, Advances, Deposits & Pre-Payments	20	81,423,358	89,938,221
Cash & Cash Equivalents	21	14,153,884	76,983,455
<b>C. CURRENT LIABILITIES &amp; PROVISIONS</b>		<b>953,478,661</b>	<b>798,540,477</b>
Accounts & Other Payables	22	21,843,850	10,487,094
Accrued Expenses	23	77,786,796	41,403,343
Bank Overdraft	24	31,207,424	30,913,010
Short Term Bank Credits	25	566,176,664	428,399,941
Deferred L/C Liabilities	26	137,891,927	143,095,210
Current Maturity of Long Term Loans	27	118,572,000	144,241,879
<b>D. NET CURRENT ASSETS (B-C)</b>		<b>61,311,010</b>	<b>97,557,568</b>
<b>E. NET ASSETS (A+D)</b>		<b>2,328,463,572</b>	<b>1,815,514,077</b>
<b>F. SHAREHOLDERS' EQUITY</b>		<b>1,973,443,879</b>	<b>1,019,381,814</b>
Share Capital	28	871,650,000	350,000,000
Share Premium		250,000,000	-
Revaluation Surplus	29	506,889,888	506,889,888
Retained Earnings		344,903,991	162,491,926
<b>G. SHARE MONEY DEPOSIT</b>	30	-	212,950,000
<b>H. LONG TERM LOAN</b>	31	355,019,693	583,182,263
<b>I. LIABILITIES &amp; SHAREHOLDERS' EQUITY (F+G+H)</b>		<b>2,328,463,572</b>	<b>1,815,514,077</b>
Net Assets Value Per Share (NAVPS)		22.64	11.69

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

  
Chairman


  
Managing Director

  
Director

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

Dated, Dhaka; March 20, 2012




  
ATA KHAN & CO.  
Chartered Accountants

**GENERATION NEXT FASHIONS LIMITED**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2011**

Particulars	Notes	Amount in Taka	
		31.12.2011	31.12.2010
Sales Revenue	32	1,393,627,887	1,289,543,519
Less: Cost of Goods Sold	33	1,082,489,912	1,022,524,074
<b>Gross Profit</b>		<b>311,137,975</b>	<b>267,019,445</b>
Less: Administrative & Selling Expenses	34	95,186,547	97,315,722
<b>Operating Profit</b>		<b>215,951,428</b>	<b>169,703,723</b>
Add: Other Income	35	156,542,529	112,505,521
		<b>372,493,957</b>	<b>282,209,244</b>
Less: Financial Expenses	36	153,988,754	169,149,917
<b>Net Profit Before Tax</b>		<b>218,505,203</b>	<b>113,059,327</b>
Provision for Income Tax	37	36,093,138	19,269,786
<b>Net Profit After Tax</b>		<b>182,412,065</b>	<b>93,789,541</b>
<b>Earning Per Share (EPS) (Weighted Average)</b>	38	<b>2.23</b>	<b>1.15</b>
<b>Fully Diluted EPS</b>	39	<b>2.09</b>	<b>1.08</b>
<b>EPS From Recurring Income (Weighted Average)</b>	40	<b>1.80</b>	<b>1.15</b>
<b>EPS From Recurring Income (Fully Diluted)</b>	41	<b>1.69</b>	<b>1.08</b>
<b>EPS From Non-Recurring Income (Weighted Average)</b>	42	<b>0.43</b>	<b>-</b>
<b>EPS From Non-Recurring Income (Fully Diluted)</b>	43	<b>0.40</b>	<b>-</b>

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

  
Chairman

  
Managing Director

  
Director

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

Dated, Dhaka; March 20, 2012



  
**ATA KHAN & CO.**  
Chartered Accountants



**GENERATION NEXT FASHIONS LIMITED**  
Statement of Changes in Equity  
For the year ended December 31, 2011


Particulars	Share Capital	Share Premium	Proposed Bonus Share	Retained Earnings	Revaluation Surplus	Total
<b>For 2010</b>						
Balance at January 01, 2010	47,200,000	-	52,800,000	68,702,385	506,889,888	675,592,273
Net Profit for the year	-	-	-	93,789,541	-	93,789,541
Issue of Share	302,800,000	-	(52,800,000)	-	-	250,000,000
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>
<b>For 2011</b>						
Balance at January 01, 2011	350,000,000	-	-	162,491,926	506,889,888	1,019,381,814
Net Profit for the year	-	-	-	182,412,065	-	182,412,065
Issue of Share	521,650,000	-	-	-	-	521,650,000
Share Premium	-	250,000,000	-	-	-	250,000,000
Balance at December 31, 2011	<b>871,650,000</b>	<b>250,000,000</b>	-	<b>344,903,991</b>	<b>506,889,888</b>	<b>1,973,443,879</b>

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

  
Chairman

  
Managing Director

  
Director

  
ATA KHAN & CO.  
Chartered Accountants



Dated, Dhaka: March 20, 2012

**GENERATION NEXT FASHIONS LIMITED**  
**Statement of Cash Flow**  
**For the year ended December 31, 2011**

Particulars	Amount in Taka	
	31.12.2011	31.12.2010
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>87,398,905</b>	<b>(92,264,637)</b>
Cash Received from Customers	1,518,741,099	1,308,048,878
Cash Payment for Materials and Expenses	(1,431,342,194)	(1,400,313,515)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>	<b>(593,167,163)</b>	<b>(348,248,005)</b>
Acquisition of Fixed Assets	(186,861,750)	(134,857,198)
Expenditures for Capital Work-in-Progress	(151,580,412)	(213,390,807)
Investments	(254,725,000)	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>	<b>442,938,688</b>	<b>508,315,532</b>
Bank Overdraft Received/(Repaid)	294,414	(362,896)
Issue of Share Capital at par/Premium	771,650,000	250,000,000
Short Term Bank Credit Received	137,776,723	208,651,606
Long Term Loan (Repaid)/Received	(253,832,449)	37,076,823
Share Money Deposit (Adjusted)/ Received	(212,950,000)	12,950,000
<b>D. Net Increase/(Decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>(62,829,570)</b>	<b>67,802,890</b>
<b>E. Cash &amp; Cash equivalents at the beginning of the period</b>	<b>76,983,455</b>	<b>9,180,565</b>
<b>F. Cash &amp; Cash equivalents at the end of the period (D+E)</b>	<b>14,153,885</b>	<b>76,983,455</b>
<b>Operating Cash Flow Per Share</b>	<b>1.00</b>	<b>(1.06)</b>

  
Chairman

  
Managing Director

  
Director

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

Dated, Dhaka; March 20, 2012



  
**ATA KHAN & CO.**  
Chartered Accountants



**GENERATION NEXT FASHIONS LIMITED**  
**Accounting Policies and Explanatory Notes**  
**For the year ended December 31, 2011**

**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 2011 to 31st December 2011.

## **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 indicate 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 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 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 and Materials in Transit. Raw materials and nd Materials in Transit have 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.



Property, Plant & Equipment: Tk.1,432,890,110.

Particulars	Cost or Valuation			Rate of Dep. (%)	Depreciation			Written down value as on 31.12.2011	Revaluation Surplus	Depreciation on Revaluation			Written down value as on 31.12.2011
	Balance as on 01.01.11	Addition or valuation during the year	Balance as on 31.12.11		Balance as on 01.01.11	Charged during the year	Balance as on 31.12.11			Balance as on 01.01.11	Charged during the year	Balance as on 31.12.11	
Land & Land Development	86,245,266	-	86,245,266	0%	-	-	-	86,245,266	136,740,234	-	-	-	222,985,500
Building	255,735,063	102,538,520	358,273,583	2%	9,310,718	5,953,872	15,264,590	343,008,993	230,639,221	9,133,313	4,430,118	13,563,431	560,084,783
Plant & Machinery	538,146,385	83,105,050	621,251,435	5%	94,858,835	24,242,004	119,100,838	502,150,597	139,510,433	13,602,268	6,295,408	19,897,676	621,763,354
Trucks	19,620,415	-	19,620,415	10%	4,479,483	1,514,093	5,993,576	13,626,839	-	-	-	-	13,626,839
Other Assets	20,484,454	1,218,180	21,702,634	10%	5,737,384	1,535,616	7,273,000	14,429,634	-	-	-	-	14,429,634
Total	920,231,583	186,861,750	1,107,093,333	-	114,386,420	33,245,585	147,632,005	959,461,328	506,889,888	22,735,580	10,725,526	33,461,107	1,432,890,110
Balance as on 31.12.2010	785,374,385	134,857,198	920,231,583	-	84,540,886	29,845,534	114,386,420	805,845,163	506,889,888	11,588,306	11,147,274	22,735,580	1,289,999,471

Particulars	Amount in Taka	
	31.12.2011	31.12.2010
Depreciation charge during the year	33,245,585	29,845,534.13
Depreciation charge on Revaluation of Assets	10,725,526	11,147,274.29
Total	43,971,111	40,992,808

of Accounts		
by Overhead	41,772,556	38,943,168.00
Administrative Expenses	2,198,556	2,049,640
	43,971,111	40,992,808





16. Capital Works-in-Progress

Buildings  
Security Building  
Engineered Steel Building  
Drain Line  
Gas Line and other Installation  
Electrical Installation  
Water Tanks  
Deep Tubewell  
Total

Amount in Taka	
31.12.2011	31.12.2010
548,194,243	398,916,031
643,916	643,916
2,527,497	2,127,497
632,545	632,545
13,017,301	12,086,301
12,978,112	12,051,912
628,119	628,119
915,719	870,719
<b>579,537,452</b>	<b>427,957,039</b>

17 Investment

A.J Corporation Limited

254,725,000	-
<b>254,725,000</b>	<b>-</b>

This carries an interest of 15% per annum effective from 01 January 2011. The shares against the investment shall be issued to the Company within January 01, 2013 or else the money along with interest shall be refunded.

18 Inventories

Raw Materials (Note-18.01)  
Work-in-Process (410,114 Kgs; 2010: 371,278 Kgs)  
Finished Goods (174,050 Dozens; 2010: 117,604 Dozens)  
Materials in Transit  
Total

189,261,748	123,210,750
141,962,500	138,943,798
162,845,300	99,880,049
26,571,792	-
<b>520,641,340</b>	<b>362,034,597</b>

18.1 Raw Materials

Yarn (582,360 Kgs; 2010: 337,044 Kgs)  
Chemicals (261,697 Kgs; 2010: 247,022 Kgs)  
Accessories

131,031,156	81,986,128
15,701,862	13,586,192
42,528,730	27,638,430
<b>189,261,748</b>	<b>123,210,750</b>

19 Accounts Receivables

Pacific Logistics  
ASDA Stores Limited  
TESCO Stores Limited  
Carrefour Inport SAS  
Euha Apparels Limited  
Miles Fashions GMBH  
Primark Stores Limited  
Gymboree Manufacturing Inc  
Impetus Vandillen Asiatex GMBH  
Other Receivables (Note: 19.01)  
Cash Subsidy from the Government.  
Total

-	13,652,040
38,597,563	26,521,300
32,386,148	26,354,250
20,254,670	34,829,249
-	28,640,400
48,086,594	77,788
126,901,160	168,243,621
43,357,467	-
16,172,850	-
44,877,948	27,320,822
27,936,689	41,502,302
<b>398,571,089</b>	<b>367,141,772</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

314,644,139	319,188,810
83,926,950	47,952,962
<b>398,571,089</b>	<b>367,141,772</b>



**19.01 Other Receivables**

TU Clothing  
Pelican Limited  
Basspro  
Alok Industries Limited  
Matalan Retail Limited  
Hanebrands Europe GMBH  
Elegant Team Development Limited  
GEBR. Huber GMBH  
The Prevue Limited  
Cadeau  
Protegeen Limited  
Fashions FX Limited  
**Total**

Amount in Taka	
31.12.2011	31.12.2010
6,798,535	6,678,784
-	2,472,824
1,906,166	1,906,167
8,903,317	-
-	287,600
1,467,562	-
4,261,680	-
9,385,782	-
-	9,327,100
-	6,648,347
9,435,106	-
2,719,800	-
<b>44,877,948</b>	<b>27,320,822</b>

**20 Loans, Advances, Deposit and Prepayments**

Loans and Advances (Note: 20.1)  
Deposits  
**Total**

80,797,654	89,312,517
625,704	625,704
<b>81,423,358</b>	<b>89,938,221</b>

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

**20.1 Loans and Advances**

Advance against Salary  
Advance Income Tax  
Advance against Purchase / Expenses **Note: 20.01(a)**  
House Rent Advance  
Advance for Construction & Others **Note: 20.01(b)**  
**Total**

1,950,000	1,765,000
16,805,156	9,777,423
15,496,440	13,553,935
680,000	680,000
45,866,058	63,536,159
<b>80,797,654</b>	<b>89,312,517</b>

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

50,045,613	62,742,199
30,752,041	26,570,318
<b>80,797,654</b>	<b>89,312,517</b>

**20.01(a) Advance against Purchase / Expenses**

Mr. Mosaraf (Procurement)  
Nokta Accessories  
Mehedi Hasan Enterprise  
Mr. Munir (Procurement)  
Dhaka Traders  
Mr. Noman (C & F)  
Dayamoy Enterprise

4,944,420	4,258,200
1,150,000	1,050,000
2,721,100	2,221,100
2,556,520	2,108,400
960,400	850,000
2,564,000	2,264,000
600,000	802,235
<b>15,496,440</b>	<b>13,553,935</b>





**20.01(b) Advance for Construction & Others**

Brothers Builders  
Hasib Thai  
Taslima Enterprise  
Biplop Enterprise  
Royal Marble  
Millenium Enterprise  
Faruk Eng. Works  
Mehedi Hasan Enterprise  
M/S. Happy Enterprise  
Maliha Enterprise  
Hott Media  
Maa Electronics  
M/S. Saleem Sanitary Ent.  
M/S. Mohana Enterprise

Amount in Taka	
31.12.2011	31.12.2010

5,845,250	7,953,000
4,642,300	6,952,459
5,546,000	5,894,000
3,564,360	3,885,600
3,228,600	4,765,100
2,564,200	4,564,200
2,463,100	3,785,200
1,836,500	2,985,600
2,654,748	-
-	2,865,000
10,000,000	10,000,000
-	2,277,000
-	2,088,000
3,521,000	5,521,000
<b>45,866,058</b>	<b>63,536,159</b>

**21 Cash & Cash Equivalents**

Cash in Hand (Note-21.1)  
Cash at Banks (Note-21.2)  
Total

3,168,739	245,122
10,985,145	76,738,333
<b>14,153,884</b>	<b>76,983,455</b>

**21.1 Cash in Hand**

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

1,965,030	132,562
1,203,709	112,560
<b>3,168,739</b>	<b>245,122</b>

**21.2 Cash at Banks**

Bank Name	A/c Number	Branch Name
EXIM Bank Ltd	711100009514/711100038467	Gulshan Br.
EXIM Bank Ltd	0211100004728/4288	Ahsulia Br.
National Bank Ltd	004333022068	Mohakhali Br.
National Bank Ltd.	00036000534	Gulshan Br.
Prime Bank Ltd	11811020021830	Gulshan Br.
Prime Bank Ltd	11831020024366	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.
Southeast Bank Ltd	1013100001554	Gulshan Br.
Standard Bank Ltd	933010404	Gulshan Br.
IFIC Bank Ltd.	1002390905001	Gulshan Br.
Janata Bank Ltd	1020903	Corporate Br.
<b>Total</b>		

86,923	5,661,132
6,606	6,606
-	19,623,415
29,608	-
-	50,039,894
631,336	-
23,497	18,846
550,103	129,148
1,163,338	214,577
1,605,551	1,034,715
6,721,273	-
3,400	-
153,510	-
10,000	10,000
<b>10,985,145</b>	<b>76,738,333</b>

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



**22 Accounts & Other Payables**

Happy Enterprise
Nokta
Shimanta Paribahan
Evoe
KM Servicing
Trade Media
Nahian Enterprise
Salaries and Wages Payable
Other Payables
<b>Total</b>

These are unsecured, payable within one year.

Amount in Taka	
31.12.2011	31.12.2010
-	1,085,500
-	384,300
1,432,111	1,251,660
-	1,350,640
1,000,000	2,083,510
585,538	1,115,524
328,000	-
15,124,560	850,360
3,373,641	2,365,600
<b>21,843,850</b>	<b>10,487,094</b>

**23 Accrued Expenses**

Audit fee
Gas Bill
Provision for tax (Note: 23.01)
<b>Total</b>

These are unsecured, falling due within one year.

500,000	300,000
4,031,557	3,941,242
73,255,239	37,162,101
<b>77,786,796</b>	<b>41,403,343</b>

**23.01 Provision for tax**

<u>Accounting Year</u>	<u>Assessment Year</u>	<u>Amount</u>	<u>Status</u>
2011	2012-2013	36,093,137	Return not yet due
2010	2011-2012	19,269,787	Return filed
2009	2010-2011	8,491,050	Assessment Completed
2008	2009-2010	4,818,731	Assessment Completed
2007	2008-2009	4,424,603	Assessment Completed
2006	2007-2008	157,931	Assessment Completed
<b>Total</b>		<b>73,255,239</b>	

**24 Bank Overdraft**

Bank Name	Br Name		
Southeast Bank Ltd. CC A/c 0173300000167	Gulshan Br.	31,207,424	30,913,010
<b>Total</b>		<b>31,207,424</b>	<b>30,913,010</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.

**25 Short Term Bank Credits :**

<b>Southeast Bank Ltd.:</b>			
Time Loan	205,865,128	34,381,365	
Packing Credit	60,801,071	60,135,178	
Bill Purchase	89,388,746	95,812,267	
Other Loans	210,121,719	238,071,131	
<b>Total</b>	<b>566,176,664</b>	<b>428,399,941</b>	

These are secured, falling due within one year. The security and other term are specified as follows:

Time Loan are fully secured by first charge on the fixed assets of the Company.

Packing Credit, Bill Purchase and other Loans are Lien on Master/Export L/C.





## 26 Deferred L/C Liabilities

NRG Knit Composite Mills Ltd	15,294,000	14,377,580
Pakiza Cotton Mills Ltd	29,511,000	17,552,500
Talha Spinning Mills Ltd.	-	25,194,000
Al-Haj Karim Textiles Ltd.	35,167,000	27,200,000
Zubair Spinning Mills Ltd.	-	25,500,000
Tamijuddin Textiles Mills Ltd.	12,957,000	16,432,200
Hyosung-Vietnam	-	3,410,880
Square Yarn Ltd.	4,035,000	9,590,856
Syed Spinning Mills Limited	25,188,000	-
Other Deferred L/C Liabilities	15,739,927	3,837,194
<b>Total</b>	<b>137,891,927</b>	<b>143,095,210</b>

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

## 27 Long Term Bank Loans (Current Portion)

Current portion of Long Term Bank Loans tk.118,572,000 has been shown under the head Current Liabilities which is payable within December-2012.

## 28 Share Capital

### 28.1 Authorised Capital

200,000,000 Ordinary shares of Tk.10/- each

Amount in Taka	
31.12.2011	31.12.2010
<b>2,000,000,000</b>	<b>2,000,000,000</b>

### 28.2 Issued, Subscribed, Called-up & Paid-up Capital

81,885,000 Ordinary Shares of Tk. 10/- each

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

818,850,000	297,200,000
52,800,000	52,800,000
<b>871,650,000</b>	<b>350,000,000</b>

The Shareholding position of the Company are as under :

Name of Shareholders	No. of Shares	Percentages (%)	Amount (Tk.)
Mr. Tauhidul Islam Chaudhury	17,158,930	19.69	171,589,300
Mrs. Saida Muna Tasneem	2,057,500	2.36	20,575,000
Shaheen Akhter Chaudhury	108,470	0.12	1,084,700
Mr. Wahid Salam	1,708,000	1.96	17,080,000
Mr. Rajiv Sethi	3,903,600	4.48	39,036,000
Mr. Javed Opgenhaffen	7,332,500	8.41	73,325,000
Mr. Alavee Chaudhury	2,056,000	2.36	20,560,000
Mehmood Equities Ltd.	2,350,000	2.70	23,500,000
Assign Holding Ltd.	150,000	0.17	1,500,000
Mrs. Mehtab Hussain khan	100,000	0.11	1,000,000
Mrs. Irin Pervin	100,000	0.11	1,000,000
Mr. Syed Golam Wadud	125,000	0.14	1,250,000
Mrs. Tanipa Wadud	25,000	0.03	250,000
Mr. Waheedur Gorky Rahman	100,000	0.11	1,000,000
Meghna Life Insurance Co. Ltd.	50,000	0.06	500,000
Karnaphuli Insurance Co. Ltd.	50,000	0.06	500,000
Mr. Md. Akhter	4,250,000	4.88	42,500,000
Mrs Farzana Ahmed	50,000	0.06	500,000



Olympic Industries Limited	100,000	0.11	1,000,000
Captain M. Moazzam Hossain	1,150,000	1.32	11,500,000
Mr. Yousuf Ismail	1,200,000	1.38	12,000,000
Mr. Matiur Rahman	1,400,000	1.61	14,000,000
Mr. Tariq Ismail	100,000	0.11	1,000,000
BRAC Bank Limited	1,000,000	1.15	10,000,000
Mr. Syed Tawqir Hussain	110,000	0.13	1,100,000
Cosmopolitan Traders (Pvt.) Ltd.	700,000	0.80	7,000,000
Mr. Saifur Rahman	100,000	0.11	1,000,000
Transcom Limited Staff Provident Fund	200,000	0.23	2,000,000
Marina Tea Company Limited	100,000	0.11	1,000,000
Monipur Tea Company Limited	100,000	0.11	1,000,000
Mr. Maiz Majibur Rahman	200,000	0.23	2,000,000
Mr. Rajeeb Bhattacharjee	100,000	0.11	1,000,000
BRAC EPL Stock Brokerage Ltd.	1,000,000	1.15	10,000,000
Mrs. Lafifa Yousuf	250,000	0.29	2,500,000
Beximco Holdings Limited	13,000,000	14.91	130,000,000
New England Equity Ltd.	13,000,000	14.91	130,000,000
Mr. Major Md. Rabiul Alam	100,000	0.11	1,000,000
Mr. Richard D. Rozario	473,880	0.54	4,738,800
Mr. Md. Wahid Miah	1,026,120	1.18	10,261,200
Mrs. Bilkis Fatima Jesmin	1,000,000	1.15	10,000,000
Mr. R.Y Shamser	500,000	0.57	5,000,000
Mr. Abdur Rahman	500,000	0.57	5,000,000
Mercantile Securities Limited	100,000	0.11	1,000,000
Mercantile Securities Investor's Portfolio A/C	2,020,000	2.32	20,200,000
Mrs. Poly Rani Shaha	300,000	0.34	3,000,000
Mr. Omar Mohammad Bhai	75,000	0.09	750,000
Mr. Raja Mohammad Bhai	100,000	0.11	1,000,000
Mrs. Sakina Miraly	200,000	0.23	2,000,000
Mrs. Nurjehan Hudda	200,000	0.23	2,000,000
Mr. Mohammad Bhai	300,000	0.34	3,000,000
Mr. Pankaj Roy	100,000	0.11	1,000,000
Mr. Tanveer Ali	110,000	0.13	1,100,000
Mr. Abdus Sattar	800,000	0.92	8,000,000
Mr. Ahad Mohammad Bhai	425,000	0.49	4,250,000
Mr. Md. Alauddin	50,000	0.06	500,000
Mr. Ganesh Chandra Pramanik	50,000	0.06	500,000
IFIC Securities Limited	2,000,000	2.29	20,000,000
Mr. Md. Khabir Uddin	500,000	0.57	5,000,000
Mrs. Shamim Ara Begum	100,000	0.11	1,000,000
Mr. M.A Hayee	86,000	0.10	860,000
Mr. Mahabub Hasan	14,000	0.02	140,000
Mrs. Farzana Moazzam	100,000	0.11	1,000,000
Dr. Monowar Hossain	200,000	0.23	2,000,000
Mr. Ehsan-E-Moazzam	200,000	0.23	2,000,000
Mr. Khursid Alam Mamun	50,000	0.06	500,000
<b>Total</b>	<b>87,165,000</b>	<b>100.00</b>	<b>871,650,000</b>





## 29 Revaluation Surplus

Land & Land Development  
Building  
Plant & Machinery  
Total

Amount in Taka	
31.12.2011	31.12.2010
136,740,234	136,740,234
230,639,221	230,639,221
139,510,433	139,510,433
<b>506,889,888</b>	<b>506,889,888</b>

S.F. Ahmed & 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.

## 30 Share Money Deposit

These have been adjusted against issue of capital approved by SEC vide SEC letter no.SEC/CI/CPLC-274/2010/561 dated December 08, 2010.

## 31 Long Term Loans

Particulars	Bank Name		
Term Loan	Southeast Bank	351,217,093	576,967,516
Car Loan	UCBL	771,600	1,274,600
Car Loan	BRAC Bank	-	376,637
Car Loan	HSBC	-	243,998
Car Loan	Prime Bank	-	40,512
Car Loan	Prime Bank	1,717,000	2,341,000
Car Loan	BRAC Bank	1,314,000	1,938,000
<b>Total</b>		<b>355,019,693</b>	<b>583,182,263</b>

Fully secured by first charge on the fixed assets of the Company.

### 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 Loan</b>	Fully secured by first charge on the fixed assets of the Company.
<b>Packing Credit &amp; Bill Purchase</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>	16.00% p.a. with Quarterly rests subject to revision from time to time.
<b>Long Term Loan</b>	13.00% p.a. with Quarterly rests subject to revision from time to time.
<b>Time Loan , Packing Credit &amp; Bill Purchase</b>	Time Loan : 16.00% 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 : 16.00% p.a. with Quarterly rests subject to revision from time to time



### 32 Sales Revenue

Export Sales Revenue is recognised for 1,489,518 Dozens at USD 18,581,705.16 @ Tk.75.00 equivalent to Tk.1,393,627,887 (2010: 1,518,177 Dozens USD 18,554,583@ Tk.69.50 equivalent to Tk.1,289,543,519) when delivery challan is issued.

### 33 Cost of Goods Sold

	Amount in Taka	
	31.12.2011	31.12.2010
Opening Stock of Raw Materials	123,210,750	89,045,000
Add: Purchases (Note : 33.01)	979,719,165	907,605,889
Less: Closing Stock of Raw Materials (Note : 18.01)	189,261,748	123,210,750
<b>Material Consumed</b>	<b>913,668,167</b>	<b>873,440,139</b>
Add: Direct Labour	140,492,500	126,222,126
<b>Prime Cost</b>	<b>1,054,160,667</b>	<b>999,662,265</b>
Add: Factory Overhead (Note : 33.02)	94,313,198	86,423,646
<b>Cost of Manufacturing</b>	<b>1,148,473,865</b>	<b>1,086,085,911</b>
Add: Opening Work-In-Process (Note: 18.00)	138,943,798	108,228,420
Less: Closing Work-In-Process (Note: 18.00)	141,962,500	138,943,798
<b>Cost of Goods Manufactured</b>	<b>1,145,455,163</b>	<b>1,055,370,533</b>
Add: Opening Stock of Finished Goods (Note: 18.00)	99,880,049	67,033,590
Less: Closing Stock of Finished Goods (Note: 18.00)	162,845,300	99,880,049
<b>Cost of Goods Sold</b>	<b>1,082,489,912</b>	<b>1,022,524,074</b>

#### 33.01 Purchases of Raw Materials

Yarn (2,715,782 Kgs; 2010: 2,158,433 Kgs)	611,050,910	525,038,783
Chemicals (1,893,590 Kgs; 2010: 1,864,123 Kgs)	113,615,620	102,526,785
Accessories	255,052,635	280,040,321
<b>Total</b>	<b>979,719,165</b>	<b>907,605,889</b>

#### 33.02 Factory Overhead

Rent	240,000	200,000
Security Service	3,605,152	5,843,971
Depreciation	41,772,556	38,943,168
Utility Charges	26,935,547	21,028,136
Transport	9,045,523	8,876,421
Repair and Maintenance	2,765,843	2,597,359
Fuel & Lubricant	3,791,632	3,799,116
Carriage Inward	940,530	580,955
Overtime and Similar Allowance	1,212,792	1,184,368
Labour Bill	175,210	247,382
Other Expenses	3,828,413	3,122,770
<b>Total</b>	<b>94,313,198</b>	<b>86,423,646</b>



### 34 Administrative & Selling Expenses

Staff Salaries
Directors' Remuneration
Bonus
Air Freight Charge
Buying House Expenses
Utility Charge
Entertainment
C & F Charges
Courier & Postage
Telephone and Other
Office Rent
Service Charges
Car Rent and Other Expenses
Depreciation
Preliminary Expenses Written off
Insurance Premium
Audit Fee
Professional and Consultancy fee
Traveling & Conveyance
Stationery
Fuel & Lubricant
Carriage Outward
Advertisement
License & Renewals
Commercial Expenses
Business Development Expenses
Legal Fees
Inspection charge
Exchange Loss/Gain
Donation
Other Expenses

Amount in Taka	
31.12.2011	30.12.2010
43,256,842	47,566,497
6,000,000	4,800,000
2,343,079	1,561,250
940,864	962,500
7,434,268	4,279,088
778,726	728,211
142,000	560,354
5,298,702	5,014,147
666,537	551,760
732,464	639,203
1,320,000	3,029,710
200,030	727,534
3,258,592	1,525,778
2,198,556	2,049,640
-	141,590
1,200,600	2,120,566
1,000,000	700,000
1,100,000	3,249,395
1,734,049	1,974,479
457,754	629,818
1,519,129	1,627,067
3,025,652	1,350,014
320,400	593,750
241,250	166,498
1,544,463	2,893,008
1,789,856	1,672,920
555,489	102,200
92,121	2,265,071
3,925,254	1,275,631
26,000	-
2,083,871	2,558,043
<b>95,186,547</b>	<b>97,315,722</b>

### 35 Other Income

Sub-Contract Revenue
Income from Cash Incentive
Other Revenues
Interest on Investment and Bank
<b>Total</b>

59,268,000	54,938,600
25,630,900	27,865,406
36,511,600	29,701,515
35,132,029	-
<b>156,542,529</b>	<b>112,505,521</b>

### 36 Financial Expenses

Bank Charges
Interest on Time Loan
Interest on Packing Credit
Interest on Term Loan
Interest on Bill Purchase
Interest on Forced Loan
<b>Total</b>

27,575,858	27,714,169
35,386,164	6,492,317
7,714,564	10,993,428
65,769,672	96,185,684
2,001,485	4,786,962
15,541,011	22,977,357
<b>153,988,754</b>	<b>169,149,917</b>



37 Provision for Income Tax

Particulars	Amount	Rate	Tax Amount
Export	1,393,627,887	0.40%	5,574,512
Sub-Contract Revenue	59,268,000	4%	2,370,720
Income from Cash Incentive	25,630,900	5%	1,281,545
Other Revenues	36,511,600	37.50%	13,691,850
Interest on Investment and bank	35,132,029	37.50%	13,174,511
			<u>36,093,138</u>

31.12.2011

30.12.2010

38 Earnings Per Share (Weighted Average)

Earning Per Share (EPS)

Basic Earning

No. of Share

182,412,065

81,655,890 \*\*\*

= 2.23

=1.15

39 Fully Diluted EPS

Earning Per Share (EPS)

Basic Earning

No. of Share

182,412,065

87,165,000

= 2.09

=1.08

40 EPS From Recurring Income (Weighted Average)

Earning Per Share (EPS)

Earning from recurring income

No. of Share

147,280,036

81,655,890

= 1.80

=1.15

41 EPS From Recurring Income (Fully Diluted)

Earning Per Share (EPS)

Earning from recurring income

No. of Share

147,280,036

87,165,000

= 1.69

=1.08

42 EPS From Non-Recurring Income (Weighted Average)

Earning Per Share (EPS)

Earning from non-recurring income

No. of Share

35,132,029

81,655,890

= 0.43

43 EPS From Non-Recurring Income (Fully Diluted)

Earning Per Share (EPS)

Earning from non-recurring income

No. of Share

35,132,029

87,165,000

= 0.40





\*\*\*Calculation of weighted average number of shares

Particulars	Allot. Shares	Days	Days	Shares
Opening Jan. 01, 2011 to December 31, 2011	35,000,000	365	365	35,000,000
Allotment Jan. 06, 2011 to December 31, 2011	42,165,000	360	365	41,587,397
Allotment Jun 30, 2011 to December 31, 2011	10,000,000	185	365	5,068,493
<b>Total</b>	<b>87,165,000</b>			<b>81,655,890</b>

**44 Capital Expenditure Commitment**

There was no capital expenditure contracted but not incurred or provided for as on 31.12.2011

There was no material Capital expenditure authorised by the Board but not contracted for as on 31.12.2011

**45 Contingent Liabilities**

There was no sum for which the Company is contingently liable as on 31.12.2011

**46 Claims not Acknowledged**

There was no claim against the Company not acknowledged as debt as on 31.12.2011

**47 Credit Facilities Availed**

Credit facilities available were to the Company from banks as on 31.12.2011 and Trade Credit available in the ordinary course of business. No other credit facilities were available to the Company as on 31.12.2011

**48 Commission, Brokerage or Discount Against Sales**

No other commission, brokerage or discount was incurred or paid by the Company against sales during the period.

**49 Events after the Reporting Period.**

There was no events after reporting period of such importance for which accounting or disclosure is required to be adjusted

**50 Employees**

Number of employees whose salary was below Tk. 4,000 is 1187 as on 31.12.2011

Number of employees whose salary was above Tk. 4,000 is 1569 as on 31.12.2011

**51 Related Parties Transactions**

During the year the Company carried out a number of transactions with related party as investment. The name of these related party, nature of these transactions and their total value have been set out in accordance with the provisions of BAS 24: Related Party Disclosure, are as below:

Name of the party	Relationship	Nature of Transaction	Transaction Value
A. J. Corporation Limited	Common Directorship	Investment	254,725,000

**52 Capacity Utilisation**

Particulars	Capacity	Actual Production
Garments	2,625,000 Dozens	1,910,064 Dozens
Fabrics	5,000 MT	3500 MT
Dyeing	5000 MT	3500 MT

Reason: Actual production as per market demand

Chairman

Managing Director

Director