

ANNUAL REPORT

2008-2009



Desh Garments Limited

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Desh Garments Limited

LETTER OF TRANSMITTAL

The
Shareholders
Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.

Sub : Annual Report for the year ended 30th June, 2009

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report together with the Audited Accounts including Balance Sheet as at June 30, 2009 and Income Statement for the year ended June 30, 2009 along with notes thereon for your record/necessary measures.

Yours faithfully,

Sd/-
Habibur Rahman
Company Secretary

Dated : 10th December, 2009

Notice of the Thirtysecond Annual General Meeting

Notice is hereby given that the Thirtysecond Annual General Meeting of the Shareholders of Desh Garments Limited will be held on Sunday the 27th December, 2009 at 12.00 noon in the Auditorium of Hotel Razmoni Ishakha International, 89/3, V.I.P. Road, Kakrail, Dhaka-1000 to transact the following business :

- 01 To receive, consider and adopt the Audited Accounts of the Company for the year ended 30th June, 2009 together with Report of the Directors and Auditors thereon.
02. To declare dividend.
03. To elect Directors.
04. To appoint auditors for the year 2009-2010 and to fix their remuneration.

By order of the Board

Dated : Dhaka
28th October, 2009

Sd/-
(Habibur Rahman)
Company Secretary

Notes:

The Share Transfer Book of the Company will remain closed from 15th November, 2009 to 14th December, 2009 (both days inclusive).

Any member of the Company entitled to attend and vote at the above meeting may appoint a Proxy to attend and vote on his/her behalf. The Proxy Form duly affixing Revenue Stamp of Tk.10.00 must be submitted at the Registered Office (Share Department) of the Company not later than 48 hours before the time appointed for the meeting.

Admittance to the meeting venue will be on production of the attendance slip. Shareholders are requested not to be accompanied by child or guest.

Written queries, if any, expected to be replied at the Annual General Meeting on the Audited Accounts for the year ended 30th June 2009 should reach the Head Office (Share Department) of the Company at least 7 (seven) days before the meeting for convenience and appropriate explanation.

Desh Garments Limited

CORPORATE GOVERNANCE

The Company follows the guidelines no. SEC/CMRRCD/2006-158/Admin/02-08 dated 20/02/2006 issued by the Securities and Exchange Commission (SEC). The company's internal control and reporting procedures are adequate and effective. Corporate Governance involves decision making process for any corporate body as a going concern for the benefit of all concerned, present and future. The involvement of the entrepreneur in all these areas invokes decision making complying with the principles of corporate governance on a continuous basis. These aspect of governance are shared by the Board of Directors, Executive Management, operational participants, workers and others in fulfillment of the common goals that converge in increasing the benefits of all stakeholders.

The organisms through which the corporate governance functions are carried out are as under:

a) **Constitution:**

Board of Directors, the top management echelon, consisting of the founding entrepreneurs/successors and an Independent Director, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of five members including the Independent Director with varied education and experience which provides a balancing character in decision making process. The Board is reconstituted every year at each Annual General Meeting when one-third of the members retire and seek re-election.

b) **Role & Responsibilities:**

The main role of the Board of Directors which is the highest level of authority is to provide general superintendence, oversee the operations and control the affairs of the company through appropriate delegations and accountability processes via the lines of command. The Board of Directors, in fulfillment of its responsibility hold periodic meetings, at least once a quarter and provide appropriate decisions/directions to the executive management. Board also remains continuously responsive for ensuring hazards free life and good health of workers and friendly environment of work condition.

c) **Relationship with shareholders & public:**

The shareholders as owners, are provided with material information on the company's operation, half-yearly and annually, the latter at the Annual General Meeting. They are also provided with routine services by the Company Secretary. The Board is however responsible to the public for publication of any Price Sensitive Information as per Securities And Exchange Commission regulation. A Company Secretary is in-charge for all these responsibilities.

Desh Garments Limited

d) **Audit Committee of Board:**

The Audit Committee of the Board consisting of three directors continuously monitor the financial results and internal financial control and system of the company. The Audit Committee is headed by the Independent Director, Mr. Ranjit Chakraborty, MBA and a Senior Banker of the country and vastly experienced in company matters. Other members are Miss Vidiya Amrit Khan, Director and Mr. Dilwar Hossain, Director. The Audit Committee carried out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee also co-ordinates with the internal and external auditors as and when required. The Audit Committee also ensures compliance of requirement of Securities And Exchange Commission and other agencies.

e) **Executive Management:**

The executive management is led by the Managing Director (CEO) who is appointed by the Board of Directors for a term of five years (renewable) with the approval of shareholders in the Annual General Meeting. The Managing Director is supported by professional, well educated, trained and experienced team consisting of Executive Director, General Managers and host of Senior Executives in the hierarchy of Management.

f) **Independent Director:**

In compliance of the Securities And Exchange Commission's regulations on good governance, the Board of Directors as empowered by the Regulations, appointed Mr. Ranjit Chakraborty, MBA one of the Senior Bankers of the country and having vast experience in various listed companies. It is expected that his expertise will help contribute to the further disclosure and protect the interest of all investors in general and smaller investors in particular.

Desh Garments Limited

MANAGEMENT APPARATUS

A. Board of Directors:

Mrs. Rokeya Quader	-	Chairman
Mr. Omar Quader Khan	-	Managing Director
Miss Vidiya Amrit Khan	-	Director
Mr. Dilwar Hossain	-	Director
Mr. Ranjit Chakraborty	-	Independent Director

Auditors:

M/s. Saha Mazumder & Co.
Chartered Accountants
21, Purana Paltan Line
(4th & 7th Floor)
Dhaka-1000

Banker:

National Bank Limited

B. Audit Committee:

Mr. Ranjit Chakraborty	-	Chairman
Miss Vidiya Amrit Khan	-	Member
Mr. Dilwar Hossain	-	Member

Legal Advisors:

Barrister Rafiqul Huq
M/s. Huq & Company
47/1, Purana Paltan, Dhaka

C. Management Committee:

Mr. Omar Quader Khan	-	Chairman
Miss Vidiya Amrit Khan	-	Member
Mr. Habibur Rahman	-	Member

Insurance:

M/s.Desh General Insurance Co.Ltd.
Jiban Bima Bhaban (5th Floor),
10, Dilkusha C/A., Dhaka-1000

D. Senior Corporate Officials:

Mr. Habibur Rahman	-	Company Secretary
Mr. K.K. Moulic	-	Chief Financial Officer
Mr. A.Z.M. Ahsanullah	-	Head of Internal Audit

Listing:

Dhaka Stock Exchange Ltd.

REGISTERED OFFICE

Desh Garments Limited
Awal Centre (5th Floor)
34, Kemal Ataturk Avenue, Road No.17
Banani C/A., Dhaka-1213
Tel : 8828505, 9894241

FACTORY

53/A, Kalurghat Industrial Area
Chittagong

Desh Garments Limited

CORPORATE HISTORY

1. Date of Incorporation : 27/12/1977
2. Year of Commencement of Business : 1977
3. Date of IPO : 19/06/1989
4. Date of listing with DSE : 24/09/1989
5. Authorised Capital : Tk.100,000,000.00
6. Paid up Capital : Tk. 33,700,000.00
7. Number of Shareholders (30th June 2009) : 3,306
8. Number of total Employees : 2,199
9. Main product: : Woven Shirts
10. Main Export Market (countries) : USA, Canada, EU

CORPORATE OPERATIONAL RESULTS

PARTICULARS	2008-2009 (Taka)	2007-2008 (Taka)	2006-2007 (Taka)	2005-2006 (Taka)	2004-2005 (Taka)
Total Turnover	143,338,743	283,988,678	358,385,194	352,661,640	258,897,997
Gross Profit (Loss)	13,497,361	26,307,538	33,239,602	34,219,654	25,205,225
Net Profit (Loss) (AT)	595,816	858,217	779,262	1,839,113	759,851
Earning per share (Tk.)	1.77	2.55	2.31	5.46	2.25
Dividend Rate (%)	4%	5%	-	5%	5%
Total Assets	123,087,323	141,458,265	167,922,889	176,797,958	127,997,072
Total Liabilities	(84,155,435)	(102,556,753)	(129,172,794)	(138,265,206)	(88,003,580)
Net Asset Value	38,931,888	38,901,512	38,750,095	38,532,752	39,993,492
N.A.V. Per share	115.52	115.43	114.98	114.34	118.68

Desh Garments Limited

Directors' Report to Shareholders for the year ended 30th June, 2009

Bismillahir Rahmanir Rahim

Dear Shareholders,
Assalamu Alaikum,

In term of provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and IAS-1(International Accounting Standards-1) codes as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), I am pleased on behalf of the Board of Directors to welcome you to the 32nd Annual General Meeting of the company and present the Report of Directors on the activities of the company together with the auditors' report thereon, for the year ended 30th June 2009 for your consideration and approval in the following paragraphs:

OPERATIONS:

The garment is the flagship industry of Bangladesh. But it has been showing a declining trend from October'08 as demand of garments fell drastically in the globalization during the period due to the global financial meltdown and low export prices. It is said that the RMG import of USA fell by 6.97% due to the global economic meltdown which had put direct affect on Bangladesh's export. It is a red signal for the largest sector of the country which employs 2.5 million employees, 90% of whom are women. We are getting export orders at reduced prices and also facing fierce competition from rival countries like India, Pakistan, China, Vietnam and Sri-Lanka. A low price now being offered for apparels from International buyers has become a concern for us for doing this business. Moreover, cost of production of the industry is becoming higher in the recent time due to erratic power situation as garment units are consuming huge quantity of diesel to operate generator to maintain production. On the other hand, high bank interest rates and port charges in the garments sector are making this sector more un-competitive. The big buyers have downsized their orders as well as offering low price. The sector is passing acute order shortage resulting in closure of many factories. Big buyers are now shifting from Bangladesh to other countries at cheap rate as factories here have lost their competitiveness.

FINANCIAL RESULTS:

Due to insufficient orders and low FOB price during the year ended 30/06/09 the turn-over (export) i.e. Tk.143,338,743/= was much less than last year and we could not achieve our export target due to global economic recession. As a result our net profit earning had also decreased. A summarized comparative result for the years 2007-08 and 2008-09 are given below :

	2008-09(Taka)	2007-08(Taka)
Turnover (Exports)	143,338,743	283,988,678
Gross Profit	13,497,361	26,307,538
Operating Profit	695,119	1,001,253
Net Profit (AT)	595,816	858,217
Earning Per Share(EPS)	1.77	2.55

Desh Garments Limited

Board Meeting And Attendance :

During the year under review (2008-09) 12 Board Meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Position	Meetings held	Attended
Mrs. Rokeya Quader	Chairman	12	12
Mr. Omar Quader Khan	Managing Director	12	12
Miss Vidiya Amrit Khan	Director	12	11
Mr. Dilwar Hossain	Director	12	1
Mr. Ranjit Chakraborty	Independent Director	12	2

The Directors who could not attend the meetings were granted leave of absence.

Shareholding

The Pattern of shareholding as on 30.06.2009 are as follows:

Sl.No.	Name-wise details	No. of Shareholding	Percentage	Remarks
	Parent/Subsidiary/Associate Company			
i)	Directors, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:			
	Directors:			
	Mrs. Rokeya Quader	27,412	8.13	
	Mr. Omar Quader Khan Chief Executive Officer(CEO)	117,290	34.8	
	Miss Vidiya Amrit Khan	50,683	15.03	
	Mr. Dilwar Hossain	100		
	Mr. Ranjit Chakraborty	Independent Director		
	Company Secretary (CS)	180	-	
	Chief Financial Officer (CFO)	10	-	
	Head of Internal Audit (HIA)	-	-	
ii)	Executives (Top five salaried persons other than CEO, CS, CFO, HIA)			
1.	Mrs. Jolly Hassan	-	-	
2.	Mr. Sharafat Ali Akand	-	-	
3.	Mr. Md. Hossainuzzaman	-	-	
4.	Mr. Ahmed Anis Chowdhury	-	-	
5.	Mr. K.A.M. Khaled	-	-	

Shareholders holding 10% or more voting right

1.	Mr. Omar Quader Khan	117,290	34.8	
2.	Miss Vidiya Amrit Khan	50,683	15.03	

The Directors also report that :

The financial statement of the company present true and fair view of the company's state of affairs, result of its operations, cash flows and changes in equity.

Desh Garments Limited

Proper books of accounts as required by law have been maintained.

Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.

The financial statements were prepared in accordance with International Accounting Standard (IAS) as applicable in Bangladesh.

The internal control system is sound in design and effectively implemented and monitored.

There are no significant doubt upon the company's ability to continue as a going concern.

Dividend

The operating profit earned during the financial year under report is Tk.595,816 which is much less than the last year and meagre to set off the accumulated losses of previous years. The directors, however, recommended 4% dividend per share of Tk.100/= each, total of which comes to Tk.5,65,440/= from the profit of the current financial year payable to all shareholders of the company other than the Sponsors/Directors.

Managing Director's Remuneration

The Managing Director and other Directors have not drawn any remuneration during the year under report.

Retirement of Director by Rotation

Miss Vidiya Amrit Khan is due to retire by rotation as per Article 120 of the Articles of Association of the Company and being eligible she seeks re-election as per Article 121.

Appointment of Auditors

M/s. Saha Mazumder & Co., Chartered Accountants, retire at this Annual General Meeting. The retiring auditors have expressed their willingness to continue. Auditors are required to be appointed at this Annual General Meeting and fix their remuneration.

Management Appreciation

We take this opportunity to thank all our shareholders, well wishers, banks and business associates for their sincere co-operation and understanding.

We also thank the workers, staff and officers of the company for their sincere work.

The status of compliance required to be presented by the company in pursuance to Notification No.SEC/CMRRCD/2006-158/Admin/02-08 of February 20, 2006 issued by the Securities And Exchange Commission is given in Annex.-01 and Audit Committee Report for the year 2008-09 is also enclosed vide Annex.-02.

Thanking you,

Sd/-
Rokeya Quader
Chairman

Dated : 28/10/2009

Desh Garments Limited

ANNEXURE-01

Status of compliance with the conditions imposed by the Securities And Exchange Commission's notification No.SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006:

Condition No.	Title	Compliance Status	Explanation for non-compliance with the condition
1.1	Board's Size: Board members should not be less than 5(five) and more than 20(Twenty)	complied	-
1.2(i)	Independent Director: At least 1/10th	complied	-
1.2(ii)	Appointment of Independent Director by elected Directors	complied	-
1.3	Individual Chairman of the Board, Chief Executive, clearly defined roles and responsibilities	complied	-
1.4	The Directors report to Shareholders on:-		
1.4(a)	Fairness of financial statements	complied	-
1.4(b)	Maintenance of proper books of accounts	complied	-
1.4(c)	Adaptation of appropriate Accounting policies and estimates	complied	-
1.4(d)	Compliance with International Accounting Standard(IAS)	complied	-
1.4(e)	Soundness of Internal Control System	complied	-
1.4(f)	Ability to continue as going concern	complied	-
1.4(g)	Significant deviation from last year	complied	-
1.4(h)	Presentation of last three years data	complied	-
1.4(i)	Declaration of Dividend	complied	-
1.4(j)	Details of Board Meeting	complied	-
1.4(k)	Shareholding Pattern	complied	-
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and defining of their respective roles, responsibilities and duties.	complied	-
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	complied	-
3.00	Audit Committee		
3.1(i)	Constitution of Committee	complied	-
3.1(ii)	Constitution of Committee with Board members including one Independent Director	complied	-
3.1(iii)	Filling of casual vacancy in committee	Not applicable	-
3.2(i)	Chairman of the Committee	complied	-
3.2(ii)	Professional qualification and experience of the Chairman of the Committee	complied	-
3.3.1(i)	Reporting to the Board of Directors	complied	-
3.3.1(ii)(a)	Reporting of conflict of interest to the Board of Directors	Not applicable	-
3.3.1(ii)(b)	Reporting of any fraud or irregularity to the Board of Directors	Not applicable	-
3.3.1(ii)(c)	Reporting of violation of laws to the Board of Directors	Not applicable	-
3.3.1(ii)(d)	Reporting of any other matter to the Board of Directors	Not applicable	-
3.3.2	Reporting of Qualified point to Commission	Not applicable	-
3.4	Reporting to the shareholders and General Investors	Complied	-
4.00	External/Statutory Auditors		
4.00 (i)	Non-engagement in appraisal or valuation	complied	-
4.00(ii)	Non-engagement in designing of Financial Information System	complied	-
4.00(iii)	Non-engagement in Book-keeping	complied	-
4.00(iv)	Non-engagement in Broker-dealer service	complied	-
4.00(v)	Non-engagement in Actuarial Services	complied	-
4.00(vi)	Non-engagement in Internal Audit	complied	-
4.00(vii)	Non-engagement in any other services	complied	-

AUDIT COMMITTEE REPORT

For the year 2008-09

The Audit Committee consists of the following members:

Mr. Ranjit Chakraborty	Chairman
Miss Vidiya Amrit Khan	Member
Mr. Dilwar Hossain	Member

The scope of Audit Committee was defined as under:

- a. Review and recommend to the Board to approve the financial statements prepared for statutory purpose;
- b. Report to the Board of Directors on internal audit findings from time to time considering the significance of the issues;
- c. Carry on a supervision role to safeguard the system of governance and independence of statutory auditors; and
- d. Review and consider the internal report and statutory auditors' observations on internal control.

Activities carried out during the year:

The Committee reviewed and discussed the procedure and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the Company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

Sd/-
Ranjit Chakraborty
Chairman
Audit Committee

Dated : October 28, 2009

Desh Garments Limited

AUDITORS' REPORT TO THE SHAREHOLDERS OF DESH GARMENTS LIMITED

We have audited the accompanying Balance Sheet of DESH GARMENTS LIMITED as of 30 June 2009 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity 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.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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.

In our opinion the financial statements prepared in accordance with Bangladesh Accounting Standards give a true and fair view of the state of the Company's affairs as of 30 June 2009 and of the results of its operations, its cash flows and Changes in Equity Statement for the year then ended and comply with the Companies Act, 1994, the Securities and 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 law have been kept by the Company so far as it appeared from our examination of those books;
- c) The Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account; and
- d) The expenditure incurred was for the purposes of the Company's business.

Dated : Dhaka
28th October, 2009

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

BALANCE SHEET AS AT 30 JUNE 2009 (UNIT NO. 1 & 2)

NET ASSETS	NOTES	30 JUNE '09	30 JUNE '08
Non-Current Assets		86,412,894	88,127,954
Tangible Fixed Assets, Net of accumulated depreciation	20	86,278,300	87,993,360
Preliminary Expenses	21	134,594	134,594
Current Assets		36,674,429	53,330,311
Inventories	22	25,528,125	19,783,168
Sundry Debtors	23	701,313	20,342
Loans, Advances and Deposits	24	4,599,886	4,729,528
Income Tax Deduction at Source	25	4,418,130	4,061,584
Cash in Hand and at Banks	26	1,426,975	24,735,689
Current Liabilities and Provisions		(84,155,435)	(102,556,753)
Bank Loans and Overdraft (Secured)	27	(21,229,308)	(27,477,091)
Directors' Loan (Unsecured)	28	(11,672,778)	(10,517,806)
Liabilities for Goods	29	(25,729,020)	(40,769,689)
Accrued Expenses	30	(15,753,535)	(13,841,827)
Creditors	31	(3,073,720)	(3,178,108)
Unclaimed Dividend	32	(237,960)	(237,960)
Dividend Payable	33	(4,935,885)	(4,935,885)
Employees' Provident Fund	34	(208,367)	(208,367)
Provision for Income Tax	35	(749,422)	(683,220)
Proposed Dividend	36	(565,440)	(706,800)
Net Current Assets		(47,481,006)	(49,226,442)
	Tk.	38,931,888	38,901,512
Financed By :			
Shareholders' equity	38	38,931,888	38,901,512
Share capital	39	33,700,000	33,700,000
Tax Holiday Reserve	40	7,272,808	7,272,808
General Reserve	41	1,477,579	1,477,579
Capital Reserve	42	51,620,221	51,620,221
Retain Earnings – As per Profit and Loss Account		(55,138,720)	(55,169,096)
	Tk.	38,931,888	38,901,512

The accounting policies and other notes form an integral part of the Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on 28.10.2009 and signed on its behalf by :

Sd/-
ROKEYA QUADER
Chairman

Sd/-
OMAR QUADER KHAN
Managing Director

Sd/-
HABIBUR RAHMAN
Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

This is the Balance Sheet referred to in our report of even date :

21, Purana Paltan Line
(4th & Top Floor), Dhaka-1000.

Dated : 28 October 2009

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

MANUFACTURING, TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2009 (UNIT NO. 1 & 2)

Particulars :	NOTES	30 JUNE '09	30 JUNE '08
TURNOVER	43	143,338,743	283,988,678
COST OF GOODS SOLD	44	129,841,382	257,681,140
GROSS PROFIT /(LOSS)		13,497,361	26,307,538
OPERATING Expenses			
Administrative, Selling & Financial Expenses	47	12,802,242	25,306,285
OPERATING PROFIT		695,119	1,001,253
Contribution to W. P. & Welfare Fund		33,101	47,678
NET PROFIT BEFORE TAX		662,018	953,575
Income Tax Provision		66,202	95,358
NET PROFIT AFTER TAX		595,816	858,217
Paid/Proposed Dividend			
Dividend @ 4% to all shareholders other than sponsors 2008-09		565,440	706,800
		30,376	151,417
Profit upto last year		10,390,275	10,238,858
		10,420,651	10,390,275
Exceptional loss due to 29 April 1991 devastating cyclone		(65,559,371)	(65,559,371)
Profit/(Loss) Carried Forward		(55,138,720)	(55,169,096)
 Earnings Per Share (EPS) – Basic	51	 1.77	 2.55

The accounting policies and other notes form an integral part of the Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on 28-10-2009 and signed on its behalf by:

Sd/-
Rokeya Quader
Chairman

Sd/-
Omar Quader Khan
Managing Director

Sd/-
Habibur Rahman
Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

This is the Manufacturing, Trading and Profit & Loss Account referred to in our report of even date :

21, Purana Paltan Line
(4th & Top Floor), Dhaka-1000.

Dated : 28 October 2009

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Particulars		30 JUNE '09	30 JUNE '08
Cash Flows from Operating Activities			
Collections from Turnover & Others		142,657,772	303,484,554
Payment for Cost & Expenses		(157,561,589)	(275,432,290)
Advance Income Tax paid		(356,546)	(753,912)
		(15,260,363)	27,298,352
Cash Flows from Investing Activities			
Tangible Fixed Asset Acquired		(2,248,740)	(217,517)
Cash Flows from Financing Activities			
Payment of Bank Loan and Others		(6,247,783)	(4,341,827)
Other Loan Repaid/ Received		1,154,972	(47,057)
Dividend paid		(706,800)	---
		(5,799,611)	(4,388,884)
Increase/(Decrease) in Cash and Cash Equivalents		(23,308,714)	22,691,951
Cash and Cash Equivalents at Opening		24,735,689	2,043,738
Cash and Cash Equivalents at Closing	Tk.	<u>1,426,975</u>	<u>24,735,689</u>

The accounting policies and other notes form an integral part of the Financial Statements.
The Financial Statements were authorised for issue by the Board of Directors on 28-10-2009 and signed on its behalf by:

Sd/-
Rokeya Quader
Chairman

Sd/-
Omar Quader Khan
Managing Director

Sd/-
Habibur Rahman
Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

This is the Cash Flow referred to in our report of even date :

21, Purana Paltan Line
(4th & Top Floor), Dhaka-1000.

Dated : 28 October 2009

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

Statement of Changes in Equity FOR THE YEAR ENDED 30 JUNE 2009

Particulars	Share Capital	Tax Holiday Reserve	General Reserve	Capital Reserve	Retained Earnings	Total
At 30 June 2008	33,700,000	7,272,808	1,477,579	51,620,221	(55,169,096)	38,901,512
Net Profit for 2008-09	---	---	---	---	595,816	595,816
Proposed Dividend 2008-09	---	---	---	---	(565,440)	(565,440)
At 30 June 2009	33,700,000	7,272,808	1,477,579	51,620,221	(55,138,720)	(38,931,888)

The Notes 1 to 54 form an integral part of these financial statements.

The Financial Statements were authorized for issue by the Board of Directors on 28.10.2009 and signed on its behalf by :

Sd/-
Rokeya Quader
Chairman

Sd/-
Omar Quader Khan
Managing Director

Sd/-
Habibur Rahman
Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

This is the Statement of Changes in Equity referred to in our report of even date :

21, Purana Paltan Line
(4th & Top Floor), Dhaka-1000.

Dated : 28 October, 2009

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2009 FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

A. Compliance with the requirements of notification of the Securities and Exchange Commission dated 04.06.2008 under reference # SEC/CMMRPC/2008-181/53/ Adm/03/28.

1. Notes to the Financial Statements marked from C-1 to C-19 out line the policies are unambiguous with respect to the reporting frame work on which the accounting policies are based.
2. The accounting policies on all material areas have been stated clearly in the notes marked from C-1 to C-19.
3. The accounting standards that underpin the policies adopted by the company can be found in the following places of the notes to the financial statements:

SL. No.	Applicable Accounting Standards	Note reference
01.	IAS/BAS - 1	04.00
02.	IAS/BAS - 2	06.00
03.	IAS/BAS - 7	07.00 & 08.00
04.	IAS/BAS - 12	10.01
05.	IAS/BAS - 16	05.00
06.	IAS/BAS - 18	11.00
07.	IAS/BAS - 21	12.00
08.	IAS/BAS - 33	13.00
09.	IAS/BAS - 36	14.00
10.	IAS/BAS - 37	52.00

4. The financial statements are in compliance with the Bangladesh Financial Reporting Standards (BFRS) which are adapted from the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

AND

5. The Standards and reporting framework used in the financial statements do not differ from IFRS (BFRS) issued by IASB.

Desh Garments Limited

B. Legal status and nature of the company – Disclosure under IAS 1 as adopted by The Institute of Chartered Accountants of Bangladesh as BAS 1 “Presentation of Financial Statements”

Domicile, Legal Form and Country of Incorporation

Desh Garments Limited (hereinafter referred to as “The Company”) was incorporated in Bangladesh as a public company limited by shares on 27.12.1977. The Company owns two 100% export oriented industrial Units. Unit No. 01 has an installed capacity of 216,000 dozs in single shift. During the year under review the production in Unit No. 01 could not be restored after extensive damage of machinery and equipment in April, 1991 by the devastating cyclone, hence no export was made from Unit No. 01 production. Unit No. 02 has a production capacity of 128,000 dozs is double shift against which it has, during the year, utilized 51.76%. Shortfall in utilisation of production capacity was due to non-availability of sufficient export orders.

Address of Registered Office and Principal Place of Business

The principal place of business is the registered office at 34, Kemal Ataturk Avenue, Banani C/A, Dhaka-1213, Bangladesh and the factories are located at Kalurghat, Chittagong.

Principal Activities And Nature of Operations

The company owns and operates industrial plants for manufacturing of ready made garments and sales thereof.

Number of Employees

On the payroll of the Company, there were 11 officers, 50 Staff and 2,138 permanent / badly / contractual workers.

		<u>Taka</u>
i)	47 Staff/ Officers/Employees drew yearly salary & allowances of Tk. 36,000 or more	10,508,350
ii)	2,152 Staff/ Officers/Technicians and many other casual workers drew yearly salary/wages & allowances less than Tk. 36,000	16,357,155
	<u>2,199</u>	<u>26,865,505</u>

Desh Garments Limited

C. Significant Accounting Policies-Disclosures.

1.00 Compliance with International Accounting Standards (IASs)

The Financial Statements have been prepared in compliance with requirements of IASs as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh

2.00 Compliance with local Laws

The financial statements have been prepared in compliance with requirements of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other relevant local laws and rules.

3.00 Measurement Bases used in preparing the Financial Statements.

The elements of financial statements have been measured on “Historical Cost” Basis, which is one of the most commonly adopted base as provided in “*the frame-work for the preparation and presentation of financial statements*” Issued by the International Accounting Standards Committee (IASC).

4.00 Components of the Financial Statements

According to the International Accounting Standard (IAS) 1 as adopted by ICAB as BAS 1 “Presentation of Financial Statements”, the complete set of Financial Statements includes the following components:

- (i) Balance Sheet as at 30 June 2009.
- (ii) Income Statement (Profit and Loss Account) for the year ended 30 June 2009.
- (iii) Statements of Changes in Equity for the year ended 30 June 2009.
- (iv) Cash Flow Statement for the year ended 30 June 2009.
- (v) Accounting policies and explanatory notes.

5.00 Specific accounting policies selected and applied for significant transactions and events.

Recognition of Property, Plant and Equipment and Depreciation.

Property, Plant and Equipment are stated at their cost less accumulated depreciation in accordance with IAS 16 as adopted by ICAB as BAS 16 “Property, Plant and Equipment”. Cost represents cost of acquisition or construction and capitalisation of pre-production expenditure including interest during construction periods. No depreciation is charged on land and land development. Full year’s depreciation has been charged on additions irrespective of date when the related assets are put into use. Depreciation on all other fixed assets is computed using the diminishing balance method in amounts sufficient to write off depreciable assets over their estimated useful economic lives. Expenditure of maintenance and repairs are expensed; major replacements, renewals and betterments are capitalized.

Desh Garments Limited

The depreciation rates applicable to the principal categories are :

Factory Building and other Construction	20 %
Plant and Machinery	15 %
Office Equipment	15 %
Furniture and Fixtures	10 %
Transport and Vehicles	20 %
Other Assets	5% to 20%

6.00 Inventories

Inventories comprise raw materials, work in process and finished goods. They are stated at the lower of cost and net realizable value on consistent basis in accordance with IAS 2 as adopted by ICAB as BAS 2 "*Inventories*". Net realizable value is based on estimated selling price less any further costs expected to be incurred for completion and disposal.

7.00 Cash and Cash Equivalents

According to IAS 7 as adopted by ICAB as BAS 7 "Cash Flow Statement", cash comprises cash in hand and demand deposit and, cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. IAS 1 "*Presentation of Financial Statements*" also provides that cash and cash equivalents are those which have no restriction in use considering the provision of IAS 7 and IAS 1. Cash in hand and bank balances have been considered as cash and cash equivalents.

8.00 Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with IAS 7 as adopted by ICAB as BAS 7 "*Cash Flow Statement*" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules, 1987 and considering the provision of paragraph 19 of IAS 7 which provides that "enterprises are encouraged to report cash flow from operating activities using the direct method"

9.00 Accounting Convention and Basis

These accounts are prepared under historical cost convention, except for re-valuation of fixed assets taken into account in 1995-96, on an accrual basis assuming that the Company will continue as a going concern for the foreseeable future.

10.00 Taxation

Taxation is provided in accordance with fiscal regulations applicable. The company is publicly traded company as per *the Income Tax Ordinance, 1984*. The company qualifies for being treated as a "Publicly Traded Company". The company is 100% export oriented garments industry for which the rate of tax at 10% has been applied for while making provision for income tax.

Desh Garments Limited

10.01 Discloser under BAS -12

Deferred Tax Liability is not recovered to be computed in case of this Garments Industry because the amount of tax deducted / collected at source from export bills is treated as the final tax liability under the Income Tax Ordinance from the financial year 2005-06. Irrespective of the operational results. During the financial year 2008-09 the total amount of tax deducted /collected at source is Tk. 356,546.

11.00 Revenue Recognition

The revenue during the year represents revenue arising from C.M. received and sales of readymade garments items which are recognized when deliveries are made, against the sales order received from the respective customer and after satisfying all the conditions for revenue recognition as provided in IAS 18 "*Revenue Recognition*"

12.00 Foreign currency translation

Transactions denominated in foreign currencies are translated into Bangladesh Taka and recorded at rates of exchange ruling on the date of transaction in accordance with IAS 21 as adopted by ICAB as BAS 21 "*The Effects of Changes in Foreign Currency Rates*".

13.00 Earning Per Share (EPS)

The company calculates Earnings Per Share (EPS) in accordance with IAS 33 as adopted by ICAB as BAS 33 "Earnings Per Share" which has been shown on the face of Profit and Loss Account and the computation of EPS is stated in Note-51.

Basic Earnings

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

Basic Earnings Per Share

This has been calculated by dividing the basic earnings by the weighted average of number of ordinary shares outstanding during the year.

Diluted Earnings Per Share

No diluted EPS is required to be calculated for the year, as there was no scope for dilution during the year under review.

14.00 Assets of the Company

As all assets of the company shown in the Financial Statement that are within the scope of BAS-36 are in physical existence and valued at no more than their recoverable amount following International Accounting Standards adopted in Bangladesh, disclosures with regard to "Impairment of Assets" as per BAS-36 have not been considered necessary.

15.00 Tax Holiday

Tax holiday period of "Unit No. 01" and "Unit No. 02" have expired. Separate accounts are maintained for "Unit No. 01" and "Unit No. 02". Consolidated Profit & Loss Account and Balance Sheet have been prepared in conformity with the Securities & Exchange Rule, 1987.

Desh Garments Limited

16.00 Risk and uncertainties for use of estimates in preparation of financial statements

The preparation of financial statements in conformity with the International Accounting Standards requires management to make estimates and assumption that affects the report, amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. Actual results could differ from those estimates. Estimates are used for accounting of certain terms such as long term contracts, provision for doubtful accounts, depreciation and amortization, employees' benefit plans, taxes reserves and contingencies.

17.00 Sundry Debtors

There was collectible at the year end.

18.00 Additional Information

18.01 Responsibility for preparation and presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act, 1994 and as per the provision of "the framework for the preparation and presentation of financial statements" issued by the International Accounting Standards Committee (IASC).

18.02 Reporting Period

Financial statements of the company cover one financial year from 01 July 2008 to 30 June 2009.

18.03 Comparative Information

Comparative information have been disclosed in respect of the year 2007-2008 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

18.04 Turnover:

Turnover comprises export sales of the company.

18.05 Commission

No commission has been paid to sales agents during the year under audit.

18.06 Brokerage or Discount

The company did not pay any brokerage or discount other than the conventional trade discount against sales.

Desh Garments Limited

18.07 Due by the Directors

Nothing was due by Directors (including Managing Director), Managers, and other officers of the Company or by associated undertakings and any of them severally or jointly with any other persons except interest free loan of Tk. 11,672,778 by the Managing Director for meet up day to day expenses.

18.08 Miscellaneous Expenses

Miscellaneous Expenses does not include any item exceeding 1% of total revenue.

18.09 Audit Fee

As per decision taken in the 31st Annual General Meeting of the company held on 21.12.2008 the auditors' remuneration of Tk. 80,000 has been provided in the accounts which is the sum to be paid to auditors as their fixed remuneration for 2008-2009. During the year nothing has been paid to the auditors for any other services rendered.

18.10 Board Meeting & Members

There were 5 members in the Board of Directors of the Company and 12 Board Meetings were held in the year under review.

18.11 Acknowledgement of Claims

There was no claim against the company not acknowledged as debt as on 30 June 2009.

18.12 Credit Facility not availed of

There was no general credit facilities other than those are stated in "Note-27.00" were available to the company under any contract to be availed of at the Balance Sheet date.

18.13 Transactions with Related Parties / Associated Undertakings

There were no transactions with related parties during the year ended 30 June 2009.

18.14 Going Concern

There is no significant doubt upon the company's ability to continue as going concern.

18.15 Trade Creditors and other Current Liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

18.16 Reporting Currency and level of precision

The figures in the Financial Statements represent Bangladesh currency (Taka), which have been rounded off to the nearest Taka.

19.00 RATIO AND LIQUIDITY :

19.01 Gross Profit:

The gross profit earned during the year is 9.42 % as against the gross profit earning of 9.26 % with C. M. Receipts during the preceding year.

Desh Garments Limited

19.02 <u>Liquidity</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
Liquid Assets	11,146,304	33,547,143
Current Liabilities and Provisions	(84,155,435)	(102,556,753)
Net Liquid Assets	(73,009,131)	(69,009,610)
Other Current Assets	25,528,125	19,783,168
Net Current Assets	(47,481,006)	(49,226,442)

19.03 <u>Current Ratio</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
Current Assets	36,674,429	53,330,311
Current Liabilities and Provisions	(84,155,435)	(102,556,753)
Ratio	0.44 : 1.00	0.52 : 1.00
Standard Ratio	2.00 : 1.00	2.00 : 1.00

19.04 <u>Operating Ratio</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
Turnover	143,338,743	283,988,678
Cost of Goods Sold	129,841,382	257,681,140
Add : Administrative, Selling & Financial Exp.	12,802,242	25,306,285
	142,643,624	282,987,425
Ratio	99.52 : 100.00	99.65 : 100.00

19.05 <u>Others :</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
Net Assets Value (NAV)	115.52	115.43
Operating Cash Flow per Shares	(45.28)	81.00

Desh Garments Limited

20.00 TANGIBLE FIXED ASSETS : TK. 86,278,300

The figures have been arrived at as under:

	30 June 2009	30 June 2008
At Cost July 01, 2008		
Unit No. 01	80,846,002	80,846,002
Unit No. 02	39,774,229	39,556,712
	120,620,231	120,402,714
Addition during the year		
Unit No. 01	---	---
Unit No. 02	533,680	217,517
	533,680	217,517
	121,153,911	120,620,231
Less : Accumulated depreciation		
Unit No. 01	7,251,233	7,203,847
Unit No. 02	27,624,318	25,423,024
	34,875,611	32,626,871
Written down value	86,278,300	87,993,360

Details have been shown in Annexure 'A-1 & A-2'

21.00 PRELIMINARY EXPENSES : TK.134,594

This is as per last account.

22.00 INVENTORIES : TK. 25,528,125

The detailed break up of the amount is as follows :

a) FABRICS

Sl.	Name	Unit	Quantity	Value in Taka
01.	M/s. Kohl's Flannel	Yards	3,125	286,872
02.	M/s. Sears	Yards	3,500	321,725
03.	M/s. Kohl's Flannel	Yards	227,320	20,316,551
	Total		227,945	20,925,148

b) ACCESSORIES

Assorted	4,602,977
Total (a + b)	25,528,125

Desh Garments Limited

23.00: SUNDRY DEBTORS TK. 701,313

Being the above amount receivable from Supreme as on 30 June 2009.

24.00 LOANS, ADVANCES AND DEPOSITS (CONSIDERED GOOD): TK. 4,599,886

These represent as follows :

	<u>30 June 2009</u>	<u>30 June 2008</u>
Advance against purchase	4,300,129	4,429,771
Security Deposits	299,757	299,757
Tk.	<u>4,599,886</u>	<u>4,729,528</u>

These do not include any advance paid either to subsidiary companies or to associated companies /sister concern.

24.01 Security Deposits: Tk. 299,757

The amount of security deposits is comprised of the following

	<u>30 June 2009</u>	<u>30 June 2008</u>
Deposit with T & T Board	51,152	51,152
Deposit with GPO. Franking Machine	1,755	1,755
Deposit with BGSL (For gas)	126,850	126,850
Deposit with PDB (For electricity)	120,000	120,000
Tk.	<u>299,757</u>	<u>299,757</u>

25.00 INCOME TAX DEDUCTED AT SOURCE : TK. 4,418,130

These represent as follows :

	<u>30 June 2009</u>	<u>30 June 2008</u>
Balance as per last account	4,061,584	3,307,672
Add : During the year	356,546	753,912
Tk.	<u>4,418,130</u>	<u>4,061,584</u>

Desh Garments Limited

26.00 CASH AND BANK BALANCES : TK. 1,426,975

The break up of the amount is as under :

	<u>30 June 2009</u>	<u>30 June 2008</u>
Cash in hand	1,335,013	1,035,886
Cash at Banks	91,962	23,699,803
Tk.	<u>1,426,975</u>	<u>24,735,689</u>

26.01 Cash in Hand : Tk. 1,335,013

The amount comprises of the following :

	<u>30 June 2009</u>	<u>30 June 2008</u>
At Head Office	248,318	561,393
At Factory	1,086,695	474,493
Tk.	<u>1,335,013</u>	<u>1,035,886</u>

26.02 Cash at Banks : Tk. 91,962

The break up of the amount is as under :

	<u>30 June 2009</u>	<u>30 June 2008</u>
Agrani Bank, Dhaka	49,135	49,135
Eastern Bank Ltd., Dhaka	8,180	8,180
National Bank Ltd., Dhaka	3,704	553
National Bank Ltd., Chittagong	1,302	104,252
Sonali Bank, Dhaka	1,799	1,799
Sonali Bank, K. Ghat Chittagong	8,652	8,652
Sonali Bank, Kalurghat, Chittagong	1,000	1,000
National Bank, MOB A/C	13,532	23,491,109
Standard Chartered Bank, Chittagong	4,658	35,123
Tk.	<u>91,962</u>	<u>23,699,803</u>

The balances of all the bank accounts are agreed and reconciled at the close of the year ended 30 June 2009.

Desh Garments Limited

27.00 BANK LOANS AND OVERDRAFT (SECURED) : TK. 21,229,308

The Figure consists of as follows:

	<u>30 June 2009</u>	<u>30 June 2008</u>
SOD/OAP-NBL	7,346,167	7,274,014
P/C (Packing credit)	8,620,736	13,079,540
Loan General (NBL)	5,262,405	7,123,537
Tk.	<u><u>21,229,308</u></u>	<u><u>27,477,091</u></u>

Packing Credit and SOD/OAP from National Bank Limited, (NBL) is secured by hypothecation of stocks and trade debtors.

There was no general nature or credit facilities available to the company under any contract which were not availed of at the date of Balance Sheet.

28.00 DIRECTORS' LOAN (UNSECURED) : TK. 11,672,778

This loan has been taken from Managing Director of the company, which is non-interest bearing for meet up day to day expenses.

29.00 LIABILITIES FOR GOODS : TK. 25,729,020

This represents import bills payable to foreign / local suppliers against different letter of credits at the close of the business on 30 June 2009. The details are as follows :

Sl. No.	Name of Party	Amount in Taka
1	M/s. A J Textile	247,283
2	M/s. Samwon Trading	24,169,071
3	M/s. Open Data	225,652
4	M/s. Suntex In't	314,401
5	M/s. Touch Pack	374,518
6	M/s. Wash Tech	398,095
	Total Amount	25,729,020

Desh Garments Limited

30.00 ACCRUED EXPENSES : TK. 15,753,535

This is made up as follows:

	<u>30 June 2009</u>	<u>30 June 2008</u>
Audit fee	35,000	35,000
Salary, wages and others	15,294,702	13,348,421
Income Tax payable	423,833	458,406
Tk.	<u>15,753,535</u>	<u>13,841,827</u>

31.00 CREDITORS TK. 3,073,720

This is made up as follows:

	<u>30 June 2009</u>	<u>30 June 2008</u>
Workers profit participation & W. F. F	2,388,708	2,355,607
Sundry Creditors	685,012	822,501
Tk.	<u>3,073,720</u>	<u>3,178,108</u>

31.01 Workers' Profit Participation & Welfare Fund : Tk. 2,388,708

The break up of the amount is as follows :

	<u>30 June 2009</u>	<u>30 June 2008</u>
Contribution for the year 1986	146,620	146,620
Contribution for the year 1987	139,729	139,729
Contribution for the year 1988	155,751	155,751
Contribution for the year 1989	247,495	247,495
Contribution for the year 1990	229,784	229,784
Interest Accrued	175,736	175,736
Contribution for the year 1996	128,444	128,444
Contribution for the year 1997	121,376	121,376
Contribution for the year 1998	180,706	180,706
Contribution for the year 1999	293,240	293,240
Contribution for the year 2000	94,824	94,824
Contribution for the year 2001	52,564	52,564
Contribution for the year 2002	84,325	84,325
Contribution for the year 2003	6,156	6,156
Contribution for the year 2004	63,501	63,501
Contribution for the year 2005	42,213	42,213
Contribution for the year 2006	102,173	102,173
Contribution for the year 2007	43,292	43,292
Contribution for the year 2008	47,678	47,678
Contribution for the year 2009	33,101	---
Tk.	<u>2,388,708</u>	<u>2,355,607</u>

32.00 UNCLAIMED DIVIDEND TK. 237,960

This is made up as follows:

	<u>30 June 2009</u>	<u>30 June 2008</u>
For June 30, 1996	118,660	118,660
For June 30, 1997	119,300	119,300
Tk.	<u>237,960</u>	<u>237,960</u>

Desh Garments Limited

33.00 DIVIDEND PAYABLE : TK. 4,935,885

This consists of the following :

	<u>30 June, 2009</u>	<u>30 June, 2008</u>
a) Dividend declared long before and payable to directors as per last account	2,837,980	2,837,980
b) Dividend declared in 1997	1,980,400	1,980,400
c) Dividend payable for 2004 & 2005	117,505	117,505
Tk.	<u>4,935,885</u>	<u>4,935,885</u>

* Directors decided not to withdraw the dividend due to them till improvement of financial position of the company, so that normal business activities remain un-disturbed with required cash flow.

34.00 EMPLOYEES' PROVIDENT FUND : TK. 208,367

This has been brought forward from previous account.

35.00 PROVISION FOR INCOME TAX : TK. 749,422

The break up of the amount is as under :

	<u>30 June 2009</u>	<u>30 June 2008</u>
2000-2001	85,502	85,502
2003-2004	127,002	127,002
2004-2005	84,427	84,427
2005-2006	204,346	204,346
2006-2007	86,585	86,585
2007-2008	95,358	95,358
2008-2009	66,202	---
	<u>749,422</u>	<u>683,220</u>

36.00 PROPOSED DIVIDEND : TK. 565,440

The Board of Directors recommended @ 4% Dividend to all Shareholders other than Sponsors/ Directors for the year 2008-09.

37.00 AUTHORISED CAPITAL : TK. 100,000,000

The company has an Authorised Capital of Tk. 100,000,000 divided into 1,000,000 ordinary shares of Tk. 100 each.

Desh Garments Limited

38.00 SHAREHOLDERS' EQUITY TK 38,931,888

39.00 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL :TK. 33,700,000

a) It represents the paid up capital of the company consisting of 337,000 ordinary shares of Tk. 100 each issued for cash and fully paid up.

b) Composition of shareholders

	Particulars	2009			2008		
		No. of Shares	Value of shares	%	No. of Shares	Value of shares	%
1.	Directors & Sponsors	195,640	19,564,000	58.05	195,640	19,564,000	58.05
2.	Other companies /institutions	62,770	6,277,000	18.63	106,020	10,602,000	31.46
3.	General shareholders	78,590	7,859,000	23.32	35,340	3,534,000	10.49
	Total	337,000	33,700,000	100.00	337,000	33,700,000	100.00

39.01 The percentage of shareholding by different categories of shareholders are as follows:

NOS. OF HOLDERS	HOLDINGS			TOTAL HOLDING %
3,274	Less than	500	shares	13.70
26	500	-	5,000 "	6.57
--	5,001	-	10,000 "	--
03	10,001	-	20,000 "	11.02
01	20,001	-	30,000 "	8.13
01	30,001	-	40,000 "	10.74
--	40,001	-	50,000 "	--
01	50,001	-	1,00,000 "	15.04
01	Over	-	1,00,000 "	34.80
3,306				100.00

40.00 TAX HOLIDAY RESERVE :TK. 7,272,808

It represents accumulated Special Reserve U/S 45 of Income Tax Ordinance 1984 as follows:

	30 June, 2009	30 June, 2008
Unit No. 01	2,248,331	2,248,331
Unit No. 02	5,024,477	5,024,477
Tk.	<u>7,272,808</u>	<u>7,272,808</u>

41.00 GENERAL RESERVE TK. 1,477,579

This is as per last account.

Desh Garments Limited

42.00 CAPITAL RESERVE :TK. 51,620,221

This is the carry forward balance emanating through revaluation of fixed assets taken into account in 1996-97.

43.00 TURNOVER/EXPORT PROCEEDS TK. 143,338,743

Turnover comprises of export sales for the year ended 30 June 2009.

44.00 COST OF GOODS SOLD TK. 129,841,382

<u>Particulars</u>	<u>Note</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
Materials consumed	45.00	97,491,333	186,674,493
Factory overheads	46.00	30,347,723	57,186,162
Depreciation		2,002,326	2,371,309
		129,841,382	246,231,964
Add : Opening Stock of Finished Goods		---	11,449,176
		129,841,382	257,681,140
Less : Closing Stock of Finished Goods		---	---
Total Tk.		129,841,382	257,681,140

45.00 RAW MATERIALS CONSUMED : TK. 97,491,333

<u>Particulars</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
Opening Stock	19,783,168	36,632,575
Add : Purchases	103,236,290	169,825,086
Less: Closing Stock	123,019,458	206,457,661
	25,528,125	19,783,168
Total Tk.	97,491,333	186,674,493

Item-wise details of materials consumed are as follows :

<u>Item</u>	<u>Quantity</u>	<u>Amount in Taka</u>
Fabrics	913,860 Yards	84,989,605
Accessories & Interlining	Assorted	12,501,728
		<u>97,491,333</u>

Desh Garments Limited

46.0 FACTORY OVERHEADS : TK. 30,347,723

	<u>Particulars</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
1	Salary & Allowances	3,293,988	3,252,032
2	Wages	20,757,406	45,826,234
3	Carriage Inward	30,600	195,790
4	Labor Charge	72,290	52,339
5	Conveyance	214,587	193,877
6	Entertainment	14,848	9,770
7	C & F Expenses	886,916	1,606,038
8	Repairs and Maintenance	62,5663	710,001
9	Electricity, Gas & Generator Fuel	3,324,058	3,994,423
10	Photocopy, Printing & Stationary	166,983	100,550
11	Telephone Bill, Mobile & Internet	36,512	61,015
12	Miscellaneous Exp.	5,152	6,603
13	Washing Charges	--	2,490
14	Postage, Stamp & Courier	60,171	128,355
15	Medical & Workers Welfare	606,631	686,791
16	WASA Bill	199,889	264,148
17	Newspapers & Journals	4,060	3,773
18	Rest House Expense	47,969	91,933
	Total Tk.	30,347,723	57,186,162

Desh Garments Limited

47.00 ADMINISTRATIVE, SELLING AND FINANCIAL EXPENSES : TK. 12,802,242

<u>Particulars</u>	<u>30 June 2009</u>	<u>30 June 2008</u>
Salary of Management & Non-management	4,014,111	6,961,177
Electricity & WASA	282,411	381,011
Printing, Stationery & Photocopy	78,458	114,641
Repairs & Maintenance Vehicles and Others	143,064	453,465
Postage, Stamps and Courier	74,751	195,678
Bank Charge & Commission	1,559,460	2,865,011
Audit Fees	80,000	35,000
Travelling & Conveyance	167,095	316,395
Advertisement	39,500	40,054
AGM Expenses	409,517	370,370
Terminal Handling Expenses	---	21,082
Carriage and Freight	269,630	309,750
Bank Interest and Charges	3,696,912	7,125,783
Legal Consultancy & Professional Fee	4,700	10,550
Newspapers & Journals	---	40
Entertainment	3,393	8,113
Fuel for Vehicles	132,705	340,383
Forwarding Expenses	378,584	2,493,294
Fees & Forms	70,776	187,785
Insurance Premium	251,337	1,242,838
Donation & Subscription	32,134	21,468
Miscellaneous Expenses	83,941	234,796
Labor Charge	---	630
BGMEA Fee	12,000	12,000
E-mail Expenses	93,950	135,320
Telephone, Telex, Fax & Mobile	276,197	239,773
Holding Tax	---	897,000
Land Development Tax	401,200	
Depreciation	246,416	292,878
Total Tk.	12,802,242	25,306,285

Desh Garments Limited

48.00 INCOME TAX ASSESSMENT STATUS :

Accounting Year	Assessment Year	Tax demand as per assessment	Tax Paid (Tk. In Lac)
2000-2001	2001-2002	Tk. 988,817	TK. 0.87
2001-2002	2002-2003	Tk. 909,451	TK. ---
2003-2004	2004-2005	Under Appeal	TK. 3.67
2004-2005	2005-2006	Under Appeal	TK. 1.25
2005-2006	2006-2007	Under Appeal	TK. 8.40
2006-2007	2007-2008	Not Assessed	TK. 18.89
2007-2008	2008-009	Not Assessed	TK. 7.54
2008-2009	2009-2010	Return not submitted	TK. 3.57
		Total	TK. 44.19

49.00 SOME INFORMATION WITH REGARD TO QUANTITY OF STOCKS, PURCHASE ETC.

Sl. No	Particulars	30 June 2009	30 June 2008
		<u>Unit – 01</u>	<u>Unit - 02</u>
01.	Opening stock		
	Fabrics	--- 228,386 yards	355,723 yards
	Accessories	--- Assorted	Assorted
02.	Closing stocks		
	Fabrics	-- 227,945 yards	228,386 yards
	Accessories	--- Assorted	Assorted
03.	Purchases		
	Fabrics	--- 918,185 yards	1,653,913 yards
	Interlining	--- 103,138 yards	128,527 yards
	Accessories	--- Assorted	Assorted
04.	Production		
	Finished Goods	--- 795,017 Pcs.	1,337,838 Pcs.

50.00 SOME INFORMATION WITH REGARD TO INCOME AND EXPENDITURE IN FOREIGN CURRENCY ETC

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Desh Garments Limited

51.00 BASIC EARNINGS PER SHARE (EPS) :

The computation of EPS is given below :

	<u>30 June 2009</u>	<u>30 June 2008</u>
(a) Earnings attributable to the Ordinary Shareholders	595,816	858,217
(b) Weighted average of number of Ordinary Shares Outstanding during the year	337,000	337,000
(c) Basic EPS	<u>1.77</u>	<u>2.55</u>

52.00 THERE WAS NO CONTINGENT LIABILITY AS ON 30-06-2009.

53.00 THERE WAS NO CLAIM AGAINST THE COMPANY WHICH IS TO BE ACKNOWLEDGED AS DEBT AS ON 30-06-2009.

54.00 SUBSEQUENT EVENT :

- Although dividend at 4% has been proposed which is required to be shown as current liability as per provisions of the Companies Act, 1994 and Clause 10B-11 of Schedule-1 of the Securities and Exchange Rule, 1987, this has not been shown as such following provision contains in Para 11 of the BAS-10 (Bangladesh Accounting Standard).
- There is no significant event that has occurred between the Balance Sheet date and the date when the financial statements were authorised for issue by the Board of Directors.

Sd/-
Rokeya Quader
Chairman

Sd/-
Omar Quader Khan
Managing Director

Sd/-
Habibur Rahman
Company Secretary

Dhaka-1000.
Dated : 28 October 2009.

Desh Garments Limited

Schedule of Fixed Assets as on 30 June, 2009

Unit - 01

Annexure - "A-1"

Particulars	Cost				Depreciation			Written down value as on 30 June 2009	
	Balance as at 01 July 2008	Addition during the year	Total as on 30 June 2009	Value for Depreciation Charge	Rate	Balance as on 01 July 2008	Charged During the Year		Total as on 30 June 2009
Land and land Development	30,484,000	-	30,484,000	-	-	-	-	-	30,484,000
Factory Building	40,226,400	-	40,226,400	40,011	20%	542,225	8,002	550,227	39,676,173
Plant & Machinery	3,022,500	-	3,022,500	55,491	15%	2,966,980	8,324	2,975,304	47,196
Electrical Installation	2,997,436	-	2,997,436	58,998	15%	355,782	8,850	364,632	2,632,804
Office Equipment	1,077,499	-	1,077,499	31,707	15%	1,045,792	4,756	1,050,548	26,951
Furniture & Fixture	1,001,858	-	1,001,858	68,713	10%	933,145	6,871	940,016	61,842
Motor vehicle	622,176	-	622,176	5,738	20%	616,438	1,148	617,586	4,590
Road, Bridge and Fencing	1,273,700	-	1,273,700	44,730	20%	606,176	8,946	615,122	658,578
Electrical Appliances	125,487	-	125,487	2,702	15%	122,785	405	123,190	2,297
Crockeries and Cutleries	14,946	-	14,946	422	20%	14,524	84	14,608	338
Total Taka	80,846,002	-	80,846,002	308,512		7,203,847	47,386	7,251,233	73,594,769

Depreciation has been charged to:-

Production

Administration

Taka

34,527

12,859

Tk.

47,386

Sd/-

SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

Schedule of Fixed Assets as on 30 June, 2009

Unit - 02

Annexure - "A-2"

Particulars	Cost			Depreciation				Written down value as on 30 June 2009
	Balance as on 01 July 2008	Addition during the year	Total as on 30 June 2009	Rate	Balance as on 01 July 2008	Charged During the Year	Total as on 30 June 2009	
Factory Building	987,127	-	987,127	20%	927,099	12,006	939,105	48,022
Plant & Machinery	32,367,354	216,400	32,583,754	15%	20,483,074	1,782,642	22,265,716	10,318,038
Electrical Installation	694,316	-	694,316	15%	503,080	28,685	531,765	162,551
Office Equipment	663,110	-	663,110	15%	324,528	50,787	375,315	287,795
Furniture & Fixture	756,141	253,550	1,009,691	10%	350,227	40,591	390,818	618,873
Motor Vehicle	1,080,000	-	1,080,000	20%	1,014,442	13,112	1,027,554	52,446
Crockeries and Cutleries	1,666	-	1,666	20%	1,565	20	1,585	81
Boiler and Water Softener	441,297	2,000	443,297	15%	382,723	8,786	391,509	51,788
Generator	133,562	-	133,562	15%	115,106	2,768	117,874	15,688
Tools and Equipment	32,641	-	32,641	10%	21,931	1,071	23,002	9,639
Fire Extinguisher	84,995	34,930	119,925	15%	31,643	8,003	39,646	80,279
Computer & Computer Software	1,472,020	26,800	1,498,820	20%	886,006	117,203	1,003,209	495,611
Power Sub-station	1,060,000	-	1,060,000	20%	381,600	135,680	517,280	542,720
	39,774,229	533,680	40,307,909		25,423,024	2,201,354	27,624,378	12,683,531

Depreciation has been charged to:

Taka

Production
Administration

1,967,799
233,555

TK. 2,201,354

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

NB: No depreciation has been charged on the addition amount during the year.

Desh Garments Limited

The Directors
Desh Garments Limited

PROXY FORM

I/We,
of
being a member of Desh Garments Limited hereby appoint
Mr./Mrs.
of
as my/our proxy to attend and vote for me/us on my/our behalf at the 32nd Annual General Meeting of
the Company to be held on the 27th December, 2009 at 12.00 noon or at any adjournment thereof. As
witness my/our hand this day of December, 2009 signed by the said in presence of Mr./Mrs.
.....
of

(Signature of the Proxy)
Dated

(Signature of the Shareholder)
Register Folio No.
Dated

Revenue Stamp of Tk. 10.00

(Signature of witness & date)

- Note :
1. A member entitled to attend and vote at the 32nd Annual General Meeting may appoint a proxy to attend and vote in his/her stead.
 2. The proxy form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time appointed for the meeting.

Signature verified

Desh Garments Limited ATTENDANCE SLIP

(Please complete this slip and hand over at the entrance of the Hall)
I hereby record my attendance at the 32nd Annual General Meeting held on the 27th December, 2009 at
12.00 noon in Dhaka.

Name of the Member/Proxy

Register Folio No.

Signature
(Shareholder/Proxy)

Desh Garments Limited

পরিচালকবৃন্দ
দেশ গার্মেন্টস লিমিটেড

প্রক্সি ফরম

আমি/আমরা, ঠিকানা
..... দেশ গার্মেন্টস লিমিটেড-এর শেয়ারহোল্ডার হিসাবে এতদ্বারা
জনাব/জনাবা ঠিকানা
.....কে
আগামী ২৭শে ডিসেম্বর, ২০০৯ইং তারিখে দুপুর ১২.০০টায় অনুষ্ঠিতব্য কোম্পানীর ৩২তম বার্ষিক সাধারণ সভায় এবং পরবর্তী মূলতবী
সভায় আমার/আমাদের পক্ষে ভোট প্রদানের জন্য নিযুক্ত করিলাম। ২০০৯ইং সনেরডিসেম্বর তারিখে আমার/আমাদের সম্মুখে
স্বাক্ষরী হিসেবে জনাব/জনাবা ঠিকানা
.....এর উপস্থিতিতে স্বাক্ষর করিলেন।

প্রতিনিধির স্বাক্ষর
তাং

শেয়ারহোল্ডার স্বাক্ষর
ফলিং নং--
তাং

দশ টাকার
রেভিনিউ স্ট্যাম্প

(স্বাক্ষরী স্বাক্ষর ও তারিখ)

- বিঃ দ্রঃ ১। একজন সদস্য যিনি ৩২তম বার্ষিক সাধারণ সভায় উপস্থিত হইবার এবং ভোট দিবার যোগ্য, তিনি তাঁহার পক্ষে উপস্থিত
থাকিবার জন্য এবং ভোট দেওয়ার জন্য একজন প্রক্সি নিযুক্ত করিতে পারিবেন।
২। প্রক্সি ফর্ম যথাযথ রেভিনিউ স্ট্যাম্পসহ কোম্পানীর রেজিস্ট্রার অফিসে সাধারণ সভার নির্ধারিত সময়ের অন্তত পক্ষে ৪৮ ঘন্টা
পূর্বে জমা দিতে হইবে।

স্বাক্ষর পরীক্ষিত

দেশ গার্মেন্টস লিমিটেড উপস্থিতির রশিদ

(এ রশিদটি পূরণ করে সভা কক্ষে জমা দিতে হবে)

২৭শে ডিসেম্বর, ২০০৯ তারিখে দুপুর ১২.০০টায় ঢাকায় অনুষ্ঠিত কোম্পানীর ৩২তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি এতদ্বারা
তালিকাভুক্ত করা হইল।

সদস্যের নাম/প্রতিনিধির নাম.....

রেজিস্ট্রার ফলিং নং

স্বাক্ষর
(শেয়ার হোল্ডার/প্রতিনিধি)