

ANNUAL REPORT

2010-2011



Desh Garments Limited

Desh Garments Limited

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Desh Garments Limited

LETTER OF TRANSMITTAL

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

Sub : Annual Report for the year ended 30th June, 2011

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, 2011, Income Statement, Statement of Changes in Equity and Cash Flow Statement along with notes thereon and all related consolidated Financial Statements for your kind information, records and necessary measures for the year ended June 30, 2011.

Yours faithfully,

Sd/-
Habibur Rahman
Company Secretary

Dated : 2nd November, 2011

Desh Garments Limited

NOTICE OF EGM

Notice is hereby given that an Extra-Ordinary General Meeting (EGM) of Desh Garments Limited (Company) will be held on 23rd November, 2011 at 12.15 p.m. at Muktijoddha Sritee Milonayaton, Institute of Diploma Engineers Bangladesh, 160/A, Kakrail, VIP Road, Dhaka-1000 to transact the following business:-

- 1) The denomination of the face value of shares of the company is to be changed from Tk.100/- each to Tk.10/- each and for that purpose the following be passed as **Special Resolution to amend the relevant clause of M/A and A/A of the company:**

QUOTE

a) To amend Clause V of the Memorandum of Association to read as under:

Existing Clause	Proposed amendment
The capital of the Company is Tk.10 crore divided into 10,00,000 ordinary shares of Taka 100/- each?	The Capital of the Company is Tk.10 crore divided into 1,00,00,000 ordinary shares of Tk.10/- each?

b) To amend Article-4 of the Articles of Association to read as under::

Existing Clause	Proposed amendment
The Authorized Capital is Tk.10 crore (Tk. Ten crore) divided into 10,00,000 shares of Tk.100/- each?	The Capital of the Company is Tk.10 crore (Taka Ten Crore) divided into 1,00,00,000 (1 crore) ordinary shares of Taka 10/- (Ten) each?

UNQUOTE

- 2) “**RESOLVED** that the above amendments be incorporated in and be an integral part of the Memorandum of Association and Articles of Association of the Company and the amended Memorandum & Articles of Association of the Company incorporating the above amendments be adopted as the Memorandum & Articles of Association of the Company.”
- 3) “**Resolved** that the existing market lot of 10 shares of Tk.100/- each be and is hereby changed to 100 shares of Tk.10/- each subject to consent of the Regulatory bodies and shareholders of the company in EGM.”

All shareholders are requested to attend the meeting on the date, time and place as mentioned above.

By Order of the Board of Directors

Sd/-

Habibur Rahman

Company Secretary

Dated : 23 October 2011

Notes:

- 1) The “Record Date” of EGM is 02 November 2011.
- 2) The Shareholders whose name(s) would appear in the CDS/Register of the Members of the Company on the Record Date shall be entitled to attend the EGM.
- 3) A member eligible to attend at the Extra-Ordinary General Meeting may appoint a Proxy on his/her behalf. Proxy Form must be affixed with revenue stamp of Tk.10/- and submitted to the Registered Office of the Company not later than 48 (forty eight) hours before the time fixed for the Extra-Ordinary General Meeting.
- 4) Admission into the venue of the EGM will be allowed on production of the Attendance Slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy holder(s).

Notice of the Thirtyfourth Annual General Meeting

Notice is hereby given that the Thirtyfourth Annual General Meeting of the Shareholders of Desh Garments Limited will be held on Wednesday the 23rd November, 2011 at 12.45 p.m. in the Auditorium of Muktijodha Sritee Milonayatan, Institute of Deploma Engineers Bangladesh, 160/A, Kakrail, V.I.P. Road, 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, 2011 together with Report of the Directors and Auditors thereon.
02. To declare dividend.
03. To elect Directors.
04. To appoint auditors for the year 2011-2012 and to fix their remuneration.

By Order of the Board

Dated : Dhaka
25th October, 2011

Sd/-
(Habibur Rahman)
Company Secretary

Notes:

The Record Date is 2nd November, 2011.

Members of the company whose names appear in the register of members upto record date to be entitled to dividend for the year 2010-2011 to be approved by the Shareholders in the Annual General Meeting.

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.

The Shareholders are requested to notify change of address, if any.

Written queries, if any, expected to be replied at the Annual General Meeting on the Audited Accounts for the year ended 30th June 2011 should reach the Head Office (Share Department) of the Company at least 7 (seven) days before the meeting for convenience and appropriate explanation.

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 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 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 responsible for removal of operational hazards to life and health of workers and friendly environmental work condition.

c) **Relationship with shareholders & public**

The shareholders as owners, are required to be provided with material information on the company's operation, half-yearly and annually, the latter at the Annual General Meeting. They are also provided 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 Board of Directors has constituted an Audit Committee of the Board consisting of three directors. 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 matter. Other members are Miss Vidiya Amrit Khan, Director and Mr. Dilwar Hossain, Director. The Audit Committee would carry 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 shall also co-ordinate 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 Directors, 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. Hossainuzzaman	-	Chief Financial Officer
Mr. A.Z.M. Ahsanullah	-	Head of Internal Audit

Listing:

Dhaka Stock Exchange Ltd.

REGISTERED OFFICE

Desh Garments Limited
Awal Centre (7th 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.10,00,00,000.00
6.	Paid up Capital	:	TK.3,37,00,000.00
7.	Number of Shareholders	:	3,035
8.	Number of total Employees	:	2,271
9.	Main product	:	Woven Shirts
10.	Main Export Market (countries)	:	USA, Canada, EU

CORPORATE OPERATIONAL RESULTS

PARTICULARS	2010-2011 (Taka)	2009-2010 (Taka)	2008-09 (Taka)	2007-08 (Taka)	2006-07 (Taka)
Total Turnover	258,981,091	255,246,569	143,338,743	283,988,678	358,385,194
Gross Profit/(Loss)	16,161,478	15,467,533	13,497,361	26,307,538	33,239,602
Net Profit/(Loss) (AT)	1,048,039	762,615	595,816	858,217	779,262
Earning per share (Tk.)	3.11	2.26	1.77	2.55	2.31
Dividend Rate (%)	7%	5%	4%	5%	-
Total Assets	122,307,243	128,794,766	123,087,323	141,458,265	167,922,889
Total Liabilities	(83,261,021)	(89,807,063)	(84,155,435)	(102,556,753)	(129,172,794)
Net Asset Value	39,046,222	38,987,703	38,931,888	38,901,512	38,750,095
N.A.V. Per share	115.86	115.69	115.52	115.43	114.98

Desh Garments Limited

Directors' Report to Shareholders for the year ended 30th June, 2011

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, I am pleased on behalf of the Board of Directors to welcome you to the 34th 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 2011 for your consideration and approval in the following paragraphs:

OPERATIONS:

The readymade garments (RMG) sector is the country's premier foreign exchange earner. It accounted for about 80% of the total shares of export. It has provided employment to about 3.5 million workers, the majority of whom are women, working in 3500 RMG factories in the country. Power and energy are major impediments to the growth of this sector at present. We need to address these issues as soon as possible. RMG factories in Chittagong are facing problem of acute shortage of power, gas and water due to which they have to face difficulties and incur huge additional cost for maintaining shipment schedules very often forcing air shipments. RMG sector being the biggest earner of foreign exchange deserves special attention of the Government. We expect, the Government will soon build adequate infrastructure facilities, for supply of gas and electricity to save the RMG sector and attract buyers from abroad. Uninterrupted supply of gas and electricity must be ensured for the survival of the sector. Increased prices of the diesel and furnace oil raises the cost of production, while we will have to reduce the cost of production to survive the garment industry in the international market. Fulfilling the strict compliance issues set by the buyers, is also important to achieve the target.

The key export driver RMG sector is facing stiff challenge due to economic worries in the European Union and the USA since the world market is shrinking. The RMG export order came down by 20-30% in recent months and most of the factories are getting declining export orders. The down-trend in export order may shrink further in the coming months.

You will be pleased to know that we have recently imported few machineries and equipment for our factory, which have been already installed in place of old machineries and equipment. With this installation we are hopeful to increase our production to meet the existing and future demand of RMG Sector.

FINANCIAL RESULTS:

Due to control of costs and expenses despite reduced FOB, we have been able to achieve export target and earned a net profit. A summarized comparative results for the years 2009-2010 and 2010-2011 are given below:

	2010-11(Taka)	2009-10(Taka)
Turnover (Exports)	258,981,091	255,246,569
Gross Profit/(Loss)	16,161,478	15,467,533
Operating Profit	1,222,712	889,718
Net Profit (AT)	1,048,039	762,615
Earning Per Share(EPS)	3.11	2.26
Net Assets Value (NAV)	115.86	115.69
Operating Cash Flow Per Share	(42.57)	121.89

Desh Garments Limited

Board Meeting And Attendance :

During the year under review (2010-11) 10 Board Meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Position	Meetings held	Attended
Mrs. Rokeya Quader	Chairman	10	10
Mr. Omar Quader Khan	Managing Director	10	10
Miss Vidiya Amrit Khan	Director	10	9
Mr. Dilwar Hossain	Director	10	5
Mr. Ranjit Chakraborty	Independent Director	10	5

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

Shareholding

The Pattern of shareholding as on 30.06.2011 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)	1,17,290	34.8	
	Miss Vidiya Amrit Khan	50,683	15.03	
	Mr. Dilwar Hossain	100		
	Mr. Ranjit Chakraborty	Independent Director		
	Company Secretary (CS)	30	-	
	Chief Financial Officer (CFO)	-	-	
	Head of Internal Audit (HIA)	10	-	
ii)	Executives (Top five salaried persons other than CEO, CS, CFO, HIA)			
1.	Mrs. Jolly Hassan	-	-	
2.	Mr. Sharafat Ali Akand	-	-	
3.	Mr. Hossainuzzaman	-	-	
4.	Mr. Ahmed Anis Chowdhury	-	-	
5.	Mr. Imam Hussain	-	-	

Shareholders holding 10% or more voting right

1.	Mr. Omar Quader Khan	1,17,290	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 doubts upon the company's ability to continue as a going concern.

Dividend

The operating profit earned during the financial year under report is Tk.1,048,039 which is meagre to set off the accumulated losses of previous years. The directors, however, recommended 7% dividend per share of Tk.100/- each, total of which comes to Tk.989,520/- 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

Mr. Dilwar Hossain is due to retire by rotation as per Article 120 of the Articles of Association of the Company and being eligible he seeks re-election as per Article 121.

Appointment of Auditors

M/s. Saha Mazumder & Co., Chartered Accountants, retire at this Annual General Meeting. 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 2010-11 is also enclosed vide Annex.-02.

Thanking you,

Sd/-
Rokeya Quader
Chairman

Dated : 25/10/2011

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 and 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 2010-11

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:

Four meetings of the Audit Committee were held during the year 2010-2011, first one in October 2010, second one in January 2011, third one in April 2011 and last one in October 2011. In the first three meetings, un-audited quarterly Income Statement and Balance Sheet were discussed and examined in details. In the last meeting held on 20 October 2011, the Audited Accounts for the year 2010-2011 was discussed and examined in details.

Through holding of meetings as above, the Committee reviewed and discussed the internal control and audit systems, justifications and correctness of the expenditures incurred and income earned. 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 20, 2011

Desh Garments Limited

AUDITORS' REPORT TO THE SHAREHOLDERS OF DESH GARMENTS LIMITED

We have audited the accompanying financial statements of DESH GARMENTS LIMITED, which comprise the financial position as at 30 June 2011, and the statement of comprehensive Income, statement of changes in equity and statement of cash flows for the year from 01 July 2010 to 30 June 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **DESH GARMENTS LIMITED** Company as at **30 June 2011**, and its financial performance and its cash flows for the year ended in accordance with Bangladesh Financial Reporting Standards.

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 Financial position and Comprehensive Income dealt with by the report are in agreement with the books of accounts; and
- d) The expenditure incurred was for the purpose of the Company's business.

Dated : Dhaka
25 October 2011.

Sd/-

SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011 (UNIT NO. 1 & 2)

NET ASSETS	NOTES	30 JUNE '11	30 JUNE '10
Non-Current Assets		85,398,873	86,336,772
Tangible Fixed Assets, Net of accumulated depreciation	20	85,264,279	86,202,178
Preliminary Expenses	21	134,594	134,594
Current Assets		36,908,370	42,457,994
Inventories	22	5,342,356	3,421,049
Sundry Debtors	23	5,099,069	34,439
Loans, Advances and Deposits	24	9,661,542	5,289,497
Income Tax Deduction at Source	25	6,123,889	5,061,804
Cash in Hand and at Banks	26	10,681,514	28,651,205
Current Liabilities and Provisions		(83,261,021)	(89,807,063)
Bank Loans and Overdraft (Secured)	27	(6,951,149)	(8,847,175)
Directors' Loan (Unsecured)	28	(13,246,778)	(13,046,778)
Liabilities for Goods	29	(34,735,589)	(42,256,238)
Accrued Expenses	30	(18,258,947)	(16,103,579)
Creditors	31	(2,746,220)	(2,630,124)
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	(950,606)	(834,157)
Proposed Dividend	36	(989,520)	(706,800)
Net Current Assets		(46,352,651)	(47,349,069)
	Total Tk.	39,046,222	38,987,703
Financed By :			
Shareholders' equity	38	39,046,222	38,987,703
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		(55,024,386)	(55,082,905)
	Total Tk.	39,046,222	38,987,703

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 25.10.2011 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 : 25 October 2011

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011 (UNIT NO. 1 & 2)

Particulars :	NOTES	30 JUNE '11	30 JUNE '10
TURNOVER	43	258,981,091	255,246,569
COST OF GOODS SOLD	44	242,819,613	239,779,036
GROSS PROFIT /(LOSS)		16,161,478	15,467,533
OPERATING Expenses			
Administrative, Selling & Financial Expenses	47	14,938,766	14,577,815
OPERATING PROFIT		1,222,712	889,718
Contribution to W. P. & Welfare Fund		58,224	42,368
NET PROFIT BEFORE TAX		1,164,488	847,350
Income Tax Provision		116,449	84,735
NET PROFIT AFTER TAX		1,048,039	762,615
Paid/Proposed Dividend			
Dividend @ 7% to all shareholders other than sponsors 2010-11		989,520	706,800
		58,519	55,815
Profit upto last year		10,476,466	10,420,651
		10,534,985	10,476,466
Exceptional loss due to 29 April 1991 devastating cyclone		(65,559,371)	(65,559,371)
Profit/(Loss) Carried Forward		(55,024,386)	(55,082,905)
Earnings Per Share (EPS) – Basic	51	3.11	2.26

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 25-10-2011 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 : 25 October 2011

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Particulars		30 JUNE '11	30 JUNE '10
Cash Flows from Operating Activities			
Collections from Turnover & Others		253,916,461	255,913,443
Payment for Cost & Expenses		(267,200,878)	(214,192,846)
Advance Income Tax paid		(1,062,085)	(643,674)
		(14,346,502)	41,076,923
Cash Flows from Investing Activities			
Tangible Fixed Asset Acquired		(1,220,363)	(2,279,120)
Cash Flows from Financing Activities			
Payment of Bank Loan and Others		(1,896,026)	(12,382,133)
Other Loan Repaid/ Received		200,000	1,374,010
Dividend paid		(706,800)	(565,440)
		(2,402,826)	(11,573,563)
Increase/(Decrease) in Cash and Cash Equivalents		(17,969,691)	27,224,240
Cash and Cash Equivalents at Opening		28,651,205	1,426,975
Cash and Cash Equivalents at Closing	Tk.	<u>10,681,514</u>	<u>28,651,215</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 25-10-2011 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 : 25 October 2011

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

Statement of Changes in Equity FOR THE YEAR ENDED 30 JUNE 2011

Particulars	Share Capital	Tax Holiday Reserve	General Reserve	Capital Reserve	Retained Earnings	Total
At 30 June 2010	33,700,000	7,272,808	1,477,579	51,620,221	(55,082,905)	38,987,703
Net Profit for 2010-11	-	-	-	-	1,048,039	1,048,039
Proposed Dividend 2010-11	-	-	-	-	(989,520)	(989,520)
At 30 June 2011	33,700,000	7,272,808	1,477,579	51,620,221	(55,024,386)	39,046,222

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 25.10.2011 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 : 25 October, 2011

Sd/-
SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 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-18 outline 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-18.
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 92.09% 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 10 officers 49 Staff and 2,212 permanent / badly / contractual workers.

		<u>Taka</u>
i)	55 Staff/ Officers/Employees drew yearly salary & allowances of Tk. 36,000 or more	13,218,600
ii)	2,216 Staff/ Officers/Technicians and many other casual workers drew yearly salary/wages & allowances less than Tk. 36,000	28,874,931
	<u>2,271</u>	<u>42,093,531</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) Financial Position as at 30 June 2011.
- (ii) Statement of Comprehensive Income for the year ended 30 June 2011.
- (iii) Statement of Changes in Equity for the year ended 30 June 2011.
- (iv) Statement of Cash Flow Statement for the year ended 30 June 2011.
- (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 capitalization 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 Statement of Cash Flows

Statement of Cash Flows 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 2010-11 the total amount of tax deducted /collected at source is Tk. 1,062,085.

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

These debtors are considered to be good.

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 2010 to 30 June 2011.

18.03 Comparative Information

Comparative information have been disclosed in respect of the year 2009-2010 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. 13,246,778 by the Managing Director for meet up day to day expenses.

18.08 Miscellaneous Expenses

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

18.09 Audit Fee

As per decision taken in the 33rd Annual General Meeting of the company held on 27.12.2010 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 2010-2011. 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 10 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 2011.

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 2011.

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 recognized 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 6.24 % as against the gross profit earning of 6.42 % with C. M. Receipts during the preceding year.

Desh Garments Limited

19.02	<u>Liquidity</u>	<u>30 June 2011</u>	<u>30 June 2010</u>
	Liquid Assets	31,566,014	39,036,945
	Current Liabilities and Provisions	(83,261,021)	(89,807,063)
	Net Liquid Assets	(51,695,007)	(50,770,118)
	Other Current Assets	5,342,356	3,421,049
	Net Current Assets	(46,352,651)	(47,349,069)
19.03	<u>Current Ratio</u>	<u>30 June 2011</u>	<u>30 June 2010</u>
	Current Assets	36,908,370	42,457,994
	Current Liabilities and Provisions	(83,261,021)	(89,807,063)
	Ratio	0.44:1.00	0.47:1.00
	Standard Ratio	2.00 : 1.00	2.00 : 1.00
19.04	<u>Operating Ratio</u>	<u>30 June 2011</u>	<u>30 June 2010</u>
	Turnover	258,981,091	255,246,569
	Cost of Goods Sold	242,819,613	239,779,036
	Add : Administrative, Selling & Financial Exp.	14,938,766	14,577,815
		257,758,379	254,356,851
	Ratio	99.53:100.00	99.65:100.00
19.05	<u>Others :</u>	<u>30 June 2011</u>	<u>30 June 2010</u>
	Net Assets Value (NAV)	115.86	115.69
	Operating Cash Flow per Shares	(42.57)	121.89

Desh Garments Limited

20.00 TANGIBLE FIXED ASSETS : TK. 85,264,279

The figures have been arrived at as under:

	30 June 2011	30 June 2010
At Cost 01 July 2010		
Unit No. 01	80,846,002	80,846,002
Unit No. 02	42,587,029	40,307,909
	123,433,031	121,153,911
Addition during the year		
Unit No. 01	-	-
Unit No. 02	1,220,363	2,279,120
	1,220,363	2,279,120
Total	124,653,394	123,433,031
Less : Accumulated depreciation		
Unit No. 01	7,324,285	7,290,946
Unit No. 02	32,064,830	29,939,907
	39,389,115	37,230,853
Written down value	85,264,279	86,202,178

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. 5,342,356

The detailed break up of the amount is as follows:

a) FABRICS

Sl.	Name	Unit	Quantity	Value in Taka
1	M/s. Kohl's Tony Hawk	Yards	10,600	1,590,000
2	M/s. Bonton	Yards	430	64,505
3	M/s. Kohl's Hangtan	Yards	600	90,000
4	M/s. Shaiva Mode	Yards	10,000	1,500,000
	Total		21,638	3,244,505

b)	ACCESSORIES	Assorted	558,936
c)	FINISHED GOODS		1,538,915
	Total (a + b + c)		5,342,356

Desh Garments Limited

23.00: SUNDRY DEBTORS TK. 5,099,069

Being the above amount receivable from Supreme as on 30 June 2011.

24.00 LOANS, ADVANCES AND DEPOSITS (CONSIDERED GOOD): TK. 9,661,542

These represent as follows :

	<u>30 June 2011</u>	<u>30 June 2010</u>
Advance against purchase	4,945,085	4,989,740
Security Deposits	299,757	299,757
Deposit with CDBL	4,416,700	-
Tk.	<u>9,661,542</u>	<u>5,289,497</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 2011</u>	<u>30 June 2010</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. 6,123,889

This break up of the amount is as under :

	<u>30 June 2011</u>	<u>30 June 2010</u>
Balance as per last account	5,061,804	4,418,130
Add : During the year	1,062,085	643,674
Tk.	<u>6,123,889</u>	<u>5,061,804</u>

Desh Garments Limited

26.00 CASH AND BANK BALANCES : TK. 10,681,514

The break up of the amount is as under :

	<u>30 June 2011</u>	<u>30 June 2010</u>
Cash in hand	574,870	503,601
Cash at Banks	10,106,644	28,147,604
	<u>10,681,514</u>	<u>28,651,205</u>

26.01 Cash in Hand : Tk. 574,870

The amount comprises of the following :

	<u>30 June 2011</u>	<u>30 June 2010</u>
At Head Office	514,487	492,811
At Factory	60,383	10,790
	<u>574,870</u>	<u>503,601</u>

26.02 Cash at Banks : Tk. 10,106,644

The break up of the amount is as under :

	<u>30 June 2011</u>	<u>30 June 2010</u>
Agrani Bank, Dhaka	49,135	49,135
Eastern Bank Ltd., Dhaka	8,180	8,180
National Bank Ltd., Dhaka	5,758	2,127
National Bank Ltd., Chittagong	2,645	726
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 Ltd., MOB A/C	9,846,081	28,074,327
Standard Chartered Bank, Chittagong	8,820	1,658
Mercantile Bank Ltd., Dhaka	174,574	-
Tk.	<u>10,106,644</u>	<u>28,147,604</u>

The balances of all the bank accounts are agreed and reconciled at the close of the year ended 30 June 2011.

Desh Garments Limited

27.00 BANK LOANS AND OVERDRAFT (SECURED) : TK. 6,951,149

The Figure consists of as follows:

	<u>30 June 2011</u>	<u>30 June 2010</u>
SOD/OAP-NBL	-	2,639,918
P/C (Packing credit) (NBL)	6,951,149	5,147,017
Loan General (NBL)	-	1,060,240
	<u>6,951,149</u>	<u>8,847,175</u>

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

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

28.00 DIRECTORS' LOAN (UNSECURED) : TK. 13,246,778

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. 34,735,589

This represents import bills payable to foreign / local suppliers against different letter of credits at the close of the business on 30 June 2011. The details are as follows :

Sl. No.	Name of Party	Amount in Taka
1	M/S Samwon Trading	34,735,589
	Total Amount	34,735,589

30.00 ACCRUED EXPENSES : TK. 18,258,947

This is made up as follows:

	<u>30 June 2011</u>	<u>30 June 2010</u>
Audit fee	160,000	160,000
Salary, wages and others	17,630,611	15,485,735
Income Tax payable	468,336	457,844
Tk.	<u>18,258,947</u>	<u>16,103,579</u>

Desh Garments Limited

31.00 CREDITORS TK. 2,746,220

This is made up as follows:

	<u>30 June 2011</u>	<u>30 June 2010</u>
Workers profit participation & W. F. F	2,489,300	2,431,076
Sundry Creditors	256,920	199,048
Tk.	<u>2,746,220</u>	<u>2,630,124</u>

31.01 Workers' Profit Participation & Welfare Fund : Tk. 2,489,300

The break up of the amount is as follows :

	<u>30 June 2011</u>	<u>30 June 2010</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	33,101
Contribution for the year 2010	42,368	42,368
Contribution for the year 2011	58,224	-
Tk.	<u>2,489,300</u>	<u>2,431,076</u>

32.00 UNCLAIMED DIVIDEND TK. 237,960

This is made up as follows:

	<u>30 June 2011</u>	<u>30 June 2010</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 2011</u>	<u>30 June 2010</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><u>4,935,885</u></u>	<u><u>4,935,885</u></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. 950,606

The break up of the amount is as under :

	<u>30 June 2011</u>	<u>30 June 2010</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	66,202
2009-2010	84,735	84,735
2010-2011	116,449	---
	<u><u>950,606</u></u>	<u><u>834,157</u></u>

36.00 PROPOSED DIVIDEND : TK. 989,520

The Board of Directors recommended @ 7% Dividend to all Shareholders other than Sponsors / Directors for the year 2010-11

37.00 AUTHORISED CAPITAL : TK. 100,000,000

The company has an Authorized 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. 39,046,222

It represents the share capital, tax holiday reserve, general reserve, capital reserve and retains earnings.

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	2011			2010		
		No. of Shares	Value of shares	%	No. of Shares	Value of shares	%
1.	Directors & Sponsor	195,740	19,574,000	58.08	195,640	19,564,000	58.05
2.	Other companies /institutions	21,794	2,179,400	6.47	57,270	5,727,000	16.99
3.	General shareholders	119,466	11,946,600	35.45	84,090	8,409,000	24.96
	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 %
3,012	Less than 500 shares	11.47
11	500 - 5,000 "	5.04
02	5,001 - 10,000 "	3.85
06	10,001 - 20,000 "	10.93
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
3,035		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:

	<u>30 June 2011</u>	<u>30 June 2010</u>
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. 258,981,091

Turnover comprises of export sales for the year ended 30 June 2011.

44.00 COST OF GOODS SOLD TK. 242,819,613

<u>Particulars</u>	<u>Note</u>	<u>30 June 2011</u>	<u>30 June 2010</u>
Materials consumed	45	195,932,185	192,494,272
Factory overheads	46	45,549,630	46,851,309
Depreciation		1,574,014	1,736,154
		243,055,829	241,081,735
Add : Opening Stock of Finished Goods		1,302,699	---
		244,358,528	241,081,735
Less : Closing Stock of Finished Goods		1,538,915	1,302,699
	Total Tk.	242,819,613	239,779,036

45.00 RAW MATERIALS CONSUMED : TK. 195,932,185

The break up of the amount is as follows:

<u>Particulars</u>	<u>30 June 2011</u>	<u>30 June 2010</u>
Opening Stock	2,118,350	25,528,125
Add : Purchases	197,617,276	169,084,497
	199,735,626	194,612,622
Less: Closing Stock	3,803,441	2,118,350
Total Tk.	195,932,185	192,494,272

Item-wise details of materials consumed are as follows :

<u>Item</u>	<u>Quantity</u>	<u>Amount in Taka</u>
Fabrics	2356740 Yards	178,413,570
Accessories & Interlining	Assorted	17,518,615
		<u>195,932,185</u>

Desh Garments Limited

46.0 FACTORY OVERHEADS : TK. 45,549,630

	<u>Particulars</u>	<u>30 June 2011</u>	<u>30 June 2010</u>
1	Salary & Allowances	5,001,039	3,757,446
2	Wages	30,318,720	33,235,304
3	Carriage Inward	9,535	3,050
4	Labor Charge	73,825	128,350
5	Conveyance	71,200	91,953
6	Entertainment	2,492	24,681
7	C & F Expenses	2,896,700	2,978,000
8	Repairs and Maintenance	1,174,914	812,867
9	Electricity, Gas & Generator Fuel	4,614,594	4,418,648
10	Photocopy, Printing & Stationery	347,673	233,420
11	Telephone Bill, Mobile & Internet	43,400	58,463
12	Miscellaneous Exp.	33,060	14,231
13	Postage, Stamp & Courier	73,241	93,362
14	Medical & Workers Welfare	658,329	653,453
15	WASA Bill	106,481	183,960
16	Newspapers & Journals	3,290	3,360
17	Rest House Expense	53,272	31,013
18	Fees & Forms	33,000	27,560
19	New Year Expenses	34,865	102,188
	Total Tk.	45,549,630	46,851,309

Desh Garments Limited

47.00 ADMINISTRATIVE, SELLING AND FINANCIAL EXPENSES : TK. 14,938,766

<u>Particulars</u>	<u>30 June 2011</u>	<u>30 June 2010</u>
Salary of Management & Non-management	6,773,722	5,072,790
Electricity & WASA	539,324	698,552
Printing, Stationery & Photocopy	84,217	49,152
Repairs & Maintenance-Vehicles and Others	391,115	299,863
Postage, Stamps and Courier	135,150	112,255
Bank Charge & Commission	1,483,982	1,916,850
Audit Fees	80,000	80,000
Travelling & Conveyance	208,536	185,986
Advertisement	2,100	16,311
AGM Expenses	559,583	489,027
Carriage and Freight	1,486,703	67,750
Bank Interest and Charges	707,678	28,77,202
Legal Consultancy & Professional Fee	8,000	18,000
Newspapers & Journals	-	8
Entertainment	9,213	392
Fuel for Vehicles	63,220	47,311
Forwarding Expenses	422,715	362,315
Fees & Forms	53,737	82,020
Insurance Premium	46,102	33,918
Donation & Subscription	7,414	24,562
Miscellaneous Expenses	5,650	90,530
BGMEA Fee	14,000	12,000
Telephone, Telex, Fax, Mobile & Internet	320,359	474,998
Rest House Rent	152,000	144,000
Land Development Tax	800,000	802,935
Depreciation	584,246	619,088
Total Tk.	14,938,766	14,577,815

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. 44,484	TK. ---
2003-2004	2004-2005	Under Appeal	TK. 3.67
2004-2005	2005-2006	Tk. 541,512	TK. 1.25
2005-2006	2006-2007	Tk. 234,515	TK. 8.40
2006-2007	2007-2008	Not Assessed (submitted u/s 82BB)	TK. 18.89
2007-2008	2008-009	Not Assessed (submitted u/s 82BB)	TK. 7.54
2008-2009	2009-2010	Not Assessed (u/s 82BB)	TK. 3.57
2009-2010	2010-2011	Not Assessed (u/s 82BB)	TK. 6.44
2010-2011	2011-2012	Return not submitted	TK. 10.62
Total			TK. 61.24

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

Sl. No.	Particulars	30 June 2011	30 June 2010
01.	Opening stock		
	Fabrics	23,880 yards	227,945 yards
	Accessories	Assorted	Assorted
02.	Closing stocks		
	Fabrics	21,630 yards	23,880 yards
	Accessories	Assorted	Assorted
03.	Purchases		
	Fabrics	2,354,490 yards	2,013,871 yards
	Interlining	---	198,753 yards
	Accessories	Assorted	Assorted
04.	Production		
	Finished Goods	1,414,553 Pcs.	1,416,940 Pcs.

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

(c) Value of imported Raw Materials, Packing Materials, Spares and Components consumed with percentage:

(d)	The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the number of non-resident shareholders,	Nil
(e)	Earnings in foreign exchange classified under the following heads, namely :-	
(i)	Export of goods calculated on F.O.B. basis;	Nil
(ii)	Royalty, know-how, professional and consultation fees;	Nil
(iii)	Interest and dividend;	Nil
(iv)	Other income, indicating the nature thereof.	Nil

Desh Garments Limited

51.00 BASIC EARNINGS PER SHARE (EPS)

The computation of EPS is given below :

	<u>30 June 2011</u>	<u>30 June 2010</u>
(a) Earnings attributable to the Ordinary Shareholders	1,048,039	762,615
(b) Weighted average of number of Ordinary Shares Outstanding during the year	337,000	337,000
(c) Basic EPS	<u><u>3.11</u></u>	<u><u>2.26</u></u>

52.00 THERE WAS NO CONTINGENT LIABILITY AS ON 30-06-2011

53.00 THERE WAS NO CLAIM AGAINST THE COMPANY WHICH IS TO BE ACKNOWLEDGED AS DEBT AS ON 30-06-2011

54.00 SUBSEQUENT EVENT

a) Although dividend at 7% 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, but provision contains in Para 11 of the BAS-10 (Bangladesh Accounting Standard) do require it to be shown as current liability. However, we have complied with SEC Rule 1987, and shown accordingly.

b) 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 : 25 October 2011

Desh Garments Limited

Schedule of Fixed Assets as on 30 June, 2011

Unit - 01

Annexure - "A-1"

Particulars	Cost				Value for Depreciation Charge	Rate	Depreciation			Written down value as on 30 June 2011
	Balance as at 01 July 2010	Addition during the year	Total as on 30 June 2011	Balance as on 01 July 2010			Charged During the Year	Total as on 30 June 2011		
Land and land Development	30,484,000	-	30,484,000	-	-	-	-	-	-	30,484,000
Factory Building	40,226,400	-	40,226,400	25,607	20%	556,629	5,121	561,750	39,664,650	
Plant & Machinery	3,022,500	-	3,022,500	40,092	15%	2,982,379	6,014	2,988,393	34,107	
Electrical Installation	2,997,436	-	2,997,436	42,626	15%	372,154	6,394	378,548	2,618,888	
Office Equipment	1,077,499	-	1,077,499	22,908	15%	1,054,591	3,436	1,058,027	19,472	
Furniture & Fixture	1,001,858	-	1,001,858	55,658	10%	946,200	5,566	951,766	50,092	
Motor vehicle	622,176	-	622,176	3,672	20%	618,504	734	619,238	2,938	
Road, Bridge and Fencing	1,273,700	-	1,273,700	28,627	20%	622,279	5,725	628,004	645,696	
Electrical Appliances	125,487	-	125,487	1,953	15%	123,535	293	123,828	1,659	
Crockeries and Cutleries	14,946	-	14,946	270	20%	14,676	54	14,730	216	
Total Taka	80,846,002	-	80,846,002	221,413		7,290,947	33,338	7,324,285	73,521,717	

Depreciation has been charged to:-

Production

Administration

Taka

23,336

10,001

33,338

Tk.

Sd/-

SAHA MAZUMDER & CO.
Chartered Accountants

Desh Garments Limited
Schedule of Fixed Assets as on 30 June, 2011

Unit - 02 **Annexure - "A-2"**

Particulars	Cost		Rate	Depreciation			Written down value as on 30 June 2011
	Balance as on 01 July 2010	Addition during the year		Balance as on 01 July 2010	Charged During the Year	Total as on 30 June 2011	
Factory Building	987,127	-	20%	948,709	7,683.52	956,393	30,734
Plant & Machinery	32,652,754	696,560	15%	23,823,772	1,428,831.35	25,252,603	8,096,711
Electrical Installation	694,316	-	15%	556,148	20,725.25	576,873	117,443
Office Equipment	663,110	2,700	15%	418,484	37,098.86	455,583	210,227
Furniture & Fixture	1,648,491	306,000	10%	516,585	143,790.57	660,376	1,294,115
Motor Vehicle	2,590,000	-	20%	1,340,043	249,991.36	1,590,035	999,965
Crockery and Cutleries	1,666	-	20%	1,601	12.96	1,614	52
Boiler and Water Softener	443,297	-	15%	399,277	6,602.97	405,880	37,417
Generator	133,562	-	15%	120,227	2,000.22	122,227	11,335
Tools and Equipment	32,641	1,920	10%	23,966	1,059.51	25,025	9,536
Fire Extinguisher	140,185	20,633	15%	54,727	15,913.67	70,641	90,177
Computer & Computer Software	1,539,880	192,550	20%	1,110,543	124,377.36	1,234,921	497,509
Power Substation	1,060,000	-	20%	625,824	86,835.20	712,659	347,341
	42,587,029	1,220,363		29,939,907	2,124,922.80	32,064,830	11,742,562

Depreciation has been charged to:-

Production
Administration

Taka

1,550,678
574,245

Tk.

2,124,923

Sd/-

SAHA MAZUMDER & CO.
Chartered Accountants

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 6th E.G.M and 34th Annual General Meeting of the Company to be held on the 23rd November, 2011 at 12.15 p.m. and 12.45 p.m. respectively or at any adjournment thereof. As witness my/our hand this day of November, 2011 signed by the said in presence of Mr./Mrs.
of

(Signature of the Proxy)
Dated

(Signature of the Shareholder)
Folio/B.O. No.
Dated

Revenue Stamp of Tk. 10.00

(Signature of witness & date)

- Note :
1. A member entitled to attend and vote at the 6th E.G.M and 34th 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 6th E.G.M and 34th Annual General Meeting held on the 23rd November, 2011 at 12.15 p.m. and 12.45 p.m. respectively in Dhaka.

Name of the Member/Proxy

Folio/B.O. 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 ২৩শে নভেম্বর, ২০১১ইং তারিখে যথাক্রমে দুপুর ১২.১৫ এবং ১২.৪৫ মিনিটে অনুষ্ঠিতব্য কোম্পানীর ৬ষ্ঠ ই.জি.এম এবং ৩৪তম
বার্ষিক সাধারণ সভায় এবং পরবর্তী মূলতবী সভায় আমার/আমাদের পক্ষে ভোট প্রদানের জন্য নিযুক্ত করিলাম। ২০১১ইং সনের
.....নভেম্বর তারিখে আমার/আমাদের সম্মুখে স্বাক্ষী হিসেবে জনাব/জনাবা ঠিকানা.....
.....এর উপস্থিতিতে স্বাক্ষর করিলেন।

প্রতিনিধির স্বাক্ষর
তাং

শেয়ারহোল্ডার স্বাক্ষর
ফলিও/বিও নং--
তাং

দশ টাকার
রেভিনিউ স্ট্যাম্প

(স্বাক্ষীর স্বাক্ষর ও তারিখ)

- বিঃ দ্রঃ ১। একজন সদস্য যিনি ৬ষ্ঠতম ই.জি.এম এবং ৩৪তম বার্ষিক সাধারণ সভায় উপস্থিত হইবার এবং ভোট দিবার যোগ্য, তিনি
তাহার 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)

২৩শে নভেম্বর, ২০১১ তারিখে যথাক্রমে দুপুর ১২.১৫ এবং ১২.৪৫ মিনিটে অনুষ্ঠিতব্য কোম্পানীর ৬ষ্ঠ ই.জি.এম এবং ৩৪তম বার্ষিক
সাধারণ সভায় আমার উপস্থিতি এতদ্বারা তালিকাভুক্ত করা হইল।

সদস্যের নাম/প্রতিনিধির নাম.....

ফলিও/বিও নং

স্বাক্ষর
(শেয়ার হোল্ডার/প্রতিনিধি)