FAR EAST KNITTING & DYEING INDUSTRIES LTD.

ISO 9001-2008 Implemented and Certified Company

FAR EAST KNITTING & DYEING INDUSTRIES LTD.
Moyeen Center
House # 9/B, Road # 3
Gulshan -1, Dhaka.

Statement of Financial Position
As at September 30, 2018

Particulars	Period Ended Sept. 30'2018 Amount (Tk.)	Year Ended June 30'2018 Amount (Tk.)
PROPERTY & ASSETS		
A. **Non-Current Assets:**	**2,069,951,929**	**2,080,366,285**
Property Plant and Equipment	2,061,255,264	2,075,093,665
Intangible assets	5,008,989	5,272,620
Capital work-in-progress	3,687,676	-
B. **Current Assets:**	**2,720,973,283**	**2,774,396,071**
Advance, deposits & prepayments	90,833,020	90,079,937
Accounts receivable	1,015,370,846	1,249,313,191
Inventories	1,094,912,163	992,559,709
Fixed deposit	6,604,813	6,533,871
Cash and cash equivalents	513,252,441	435,909,363
C. **Total Property & Assets (A+B)**	**4,790,925,213**	**4,854,762,356**
EQUITY & LIABILITIES		
D. **Equity & Reserve**	**4,039,060,533**	**3,982,495,198**
Issued, subscribed & paid up capital	1,856,753,860	1,856,753,860
Share premium	425,000,000	425,000,000
Retained earnings	1,187,916,633	1,130,155,223
Revaluation surplus	569,390,041	570,586,115
E. **Non-Current Liability:**	**139,133,605**	**145,202,566**
Employee benefit	26,770,473	25,913,768
Long term loan	29,985,091	38,612,262
Deffered tax liability	50,014,504	48,101,927
Deffered tax liability for other comprehensive income	32,363,537	32,574,609
F. **Current Liabilities**	**612,731,074**	**727,064,592**
Subscription refundable (For IPO)	3,109,695	3,109,695
Dividend payable	1,580,346	1,580,346
Mid term loan	69,085,228	75,962,542
Accounts payable	16,279,275	18,940,022
Accepted bills payable	275,885,015	361,495,440
Provision for expenses	6,399,774	6,669,458
Tax payables	34,956,013	27,292,045
Short term loan	161,168,007	194,864,213
Current portion of long term loan	14,764,812	10,755,130
Payable for asset purchase	4,976,101	4,516,178
Workers' profit participation fund(WPPF)	20,906,679	17,610,138
Other liabilities	3,620,129	4,269,384
G. **Total Liabilities & Shareholders' Equity (D+E+F)**	**4,790,925,213**	**4,854,762,356**
Net Asset Value Per Share (NAV)	**21.75**	**21.45**

Chairman | Managing Director | Director

Company Secretary | Chief Financial Officer

Corporate Office : Moyeen Centre: House # 9/B, Road # 3, Gulshan-1, Dhaka-1212, Bangladesh.
: ☎: 9848508, 58810170, 58814013, Fax: 880-2-9848509, E-mail: info@fareastknit.com, Web: www. fareastknit.com

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Statement of Profit or Loss
For the period ended September 30, 2018

Particulars	Period Ended July to Sept 2018 Amount (Tk.)	Period Ended July to Sept 2017 Amount (Tk.)
Sales Revenue (Export)	708,401,873	695,127,551
Less : Cost of goods sold	589,727,447	546,693,609
Gross profits	**118,674,426**	**148,433,942**
Less: Office & administrative expenses	60,520,206	56,587,151
Profit from Operation	**58,154,220**	**91,846,791**
Add: Other income	22,453,753	941,542
Net profit/ (Loss) before Finance cost	**80,607,973**	**92,788,333**
Less: Finance cost	11,380,624	10,515,602
Net profit/(loss) after financial expenses	**69,227,349**	**82,272,731**
Less: Workers' profit participation Fund(WPPF)	3,296,540	3,917,749
Net profit/ (Loss) before Income tax	**65,930,808**	**78,354,982**
Less : Provision for income tax	7,663,968	9,524,998
Less: Deffered Tax Expenses / (Income)	1,912,577	6,438,701
Net profit/ (Loss) after tax	**56,354,263**	**62,391,282**
Earnings per share (weighted average method)	**0.30**	**0.34**

Chairman | Managing Director | Director

Company Secretary | Chief Financial Officer

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Statement of Changes in Equity
For the period ended September 30, 2018

Particulars	Share Capital	Share Premium	Retained earnings	Revaluation Surplus	Total
Period Ended : 30-09-2018					
Balance as on July 01, 2018	1,856,753,860	425,000,000	1,130,155,223	570,586,115	3,982,495,198
Net profit during the period	-	-	56,354,263	-	56,354,263
Adjustment for Dererred Tax Liabilities on Other Comprehensive Income	-	-	-	211,072	211,072
Adjustment for Revaluation Surplus			1,407,146	(1,407,146)	-
Balance as on September 30, 2018	**1,856,753,860**	**425,000,000**	**1,187,916,633**	**569,390,041**	**4,039,060,533**
Period Ended : 30-09-2017					
Balance as onJuly 01, 2017	1,614,568,580	425,000,000	1,105,124,211	268,665,310	3,413,358,101
Net profit during the period	-	-	62,391,282	-	62,391,282
Stock Dividend	-	-	-	-	-
Adjustment for Revaluation Surplus			1,327,592	(1,327,592)	-
Balance as on September 30, 2017	**1,614,568,580**	**425,000,000**	**1,168,843,085**	**267,337,718**	**3,475,749,382**

Chairman | Managing Director | Director | Company Secretary

Chief Financial Officer

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Gulshan -1, Dhaka.

Statement of Cash Flows
For the period ended September 30, 2018

Particulars	Period Ended Sept. 30'2018 Amount (Tk.)	Period Ended Sept. 30'2017 Amount (Tk.)
A CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	942,344,219	803,319,640
Cash received from other income	22,453,753	941,542
Cash paid to suppliers	(560,675,696)	(620,910,995)
Operating expenses paid	(240,507,625)	(213,897,276)
Finance cost	(11,380,624)	(10,515,602)
Tax paid	(7,663,968)	-
Net cash flow from operating activities	**144,570,058**	**(41,062,692)**
B CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(18,104,575)	(82,689,256)
Capital work-in-progress	(3,687,676)	(18,583,857)
Encashment of FDR	(70,942)	(847,388)
Net cash used in investing activities	**(21,863,193)**	**(102,120,501)**
C CASH FLOWS FROM FINANCING ACTIVITIES:		
Short term loan received / (paid)	(33,696,206)	(9,212,236)
Midterm Loan	(6,877,314)	(7,111,683)
Long Term Loan	(8,627,170)	(590,233)
Dividend Paid	-	(84,579)
Current portion of long term loan	4,009,682	(5,122,711)
Net cash flow from financing activities	**(45,191,009)**	**(22,121,441)**
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	77,515,856	(165,304,634)
Cash & Cash Equivalents at the beginning of the period	435,909,363	375,969,893
	513,425,219	**210,665,259**
Less: Unrealized loss arising from exchange in foreign currency	**(172,778)**	-
Cash & Cash Equivalents at the end of the year	**513,252,441**	**210,665,259**
The above balance consists of the followings:		
Cash in hand	246,572	800,000
Cash at bank	513,005,869	209,865,259
	513,252,441	**210,665,259**
Net Operating Cash Flow per Share	**0.78**	**(0.22)**

1. Cash outflows are indicated in brackets.

Chairman | Managing Director | Director | Company Secretary | Chief Financial Officer

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FAR EAST KNITTING & DYEING INDUSTRIES LTD.
Moyeen Center
House # 9/B, Road # 3
Gulshan -1, Dhaka

NOTES TO THE FINANCIAL STATEMENTS
For the period ended September 30, 2018

1.00 Corporate History of the Reporting Entity:

Far East Knitting & Dyeing Industries Ltd. was incorporated in Bangladesh on April 19, 1994 under the companies Act, 1913 vide registration no. C – 25772 (1606)/94 as a public company limited by shares. It commenced commercial operation in 1994. The company floated its shares to the public through IPO in June 2014 and the shares of the company were listed in both Dhaka & Chittagong Stock Exchange on August 14 & August 18, 2014 respectively.

Far East Knitting & Dyeing Industries Ltd. has changed its register office from Bilques Tower(3rd Floor), Plot No-6(New)2nd Circle, Gulshan, Dhaka-1212 to Purbo Chandra, Kaliakor, Gazipur on the 6th January 2015.
The industrial Unit located at Chandra Kaliakair; Gazipur and the principal place of business is Moyeen center, House # 9/B, Road # 3, Gulshan-1, Dhaka.

2.00 Corporate Business :

The company operates a readymade composite knit garments industrial unit of international standard to carry on the business of knitting, dyeing, designing, manufacturing & marketing readymade garments to deal in the foreign markets.

3.00 Corporate Financial Statements and Reporting:

This comprises Statement of Financial Position, Comprehensive Income, Changes in Equity, Cash Flow and Notes to the Financial Statements covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1994 and the International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

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

4.00 Basis of preparation

4.01 Statement of Compliance

The financial statements of the company have been prepared in accordance with Bangladesh Accounting Standards (BASs)/Bangladesh Financial Reporting Standards (BFRSs), The Companies Act 1994 and other applicable laws and regulations.

FAR EAST KNITTING AND DYEING INDUSTRIES LTD. DHAKA

The following Bangladesh Accounting Standards applied for the preparation of the financial statements for the period under review:

BAS - 1	Presentation of Financial Statements
BAS - 2	Inventories
BAS - 7	Statement of Cash Flows
BAS – 10	Events after the reporting period
BAS - 12	Income Taxes
BAS - 16	Property, Plant and Equipment
BAS – 18	Revenue
BAS – 19	Employee Benefits
BAS – 21	The effects of changes in foreign exchange rates
BAS - 23	Borrowing Costs
BAS – 24	Related Party Disclosures
BAS - 33	Earnings per Share
BAS - 37	Provisions, Contingent Liabilities and Contingent Assets.

4.02 Other regulatory compliances

The Company is also required to comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 1984
The Income Tax Rules 1984
The Value added Tax Act 1991
The Value added Tax Rules 1991
The Securities & Exchange Commission Rules 1987.

4.03 Basis of measurement

The financial statements have been prepared on going concern basis under historical cost conventions of generally accepted accounting principles.

4.04 Functional and presentational currency

These financial statements are presented in Bangladeshi Taka (TK.) currency, which is the company's functional currency.

4.05 Accrual Basis of Accounting

These financial statements have been prepared under the accrual basis of accounting.

FAR EAST KNITTING AND DYEING INDUSTRIES LTD. DHAKA

4.06 Use of estimates & judgment

The preparation of these financial statements is in conformity with BASs/BFRSs which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and used for accounting of certain terms such as provision for expenses, depreciation and amortization and tax reserve. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected thereby.

4.07 Reporting Period

The reporting period of the company covers from July 01, 2018 to September 30, 2018 and these financial statements has been prepared for the year ended September 30, 2018.

4.08 Components of the financial statements

i) Statement of Financial Position
ii) Statement of Profit or Loss
iii) Statement of Changes in Equity
iv) Statement of Cash flows
v) Notes to The Financial Statements

5.00 Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all years presented in these financial statements.

5.01 Cash flow statement

Cash flow from operating activities has been presented under Direct Method.

5.02 Earnings per share

The company presents its basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by number of ordinary shares outstanding during the year.

5.03 Transaction with related parties

The company carried a number of transactions with related parties in the normal course of business. The nature of transactions and their total value has been disclosed in note no. 21.

FAR EAST KNITTING AND DYEING INDUSTRIES LTD. DHAKA

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	Sept 30, 2018	June 30, 2018
	Amount (Tk.)	Amount (Tk.)

6.00 Inventory : Tk. 1,094,912,163

This balance consists of as follows :

Accessories	83,728,988	69,130,425
Dyes & chemicals	187,719,937	169,463,547
Fabrics	61,891,976	81,897,212
Finished garments	206,494,327	204,148,649
General store	10,825,436	10,813,424
Yarn	544,251,499	457,106,452
	1,094,912,163	**992,559,709**

7.00 Fixed deposit : Tk. 6,604,813

Fixed deposit	6,604,813	6,533,871
	6,604,813	**6,533,871**

The above balance consists of as follows :

Particulars	Account no.	Amount (Tk.)	Amount (Tk.)
Janata Bank Ltd.	003005789	1,887,432	1,865,397
Janata Bank Ltd.	003005792	1,629,862	1,610,834
Janata Bank Ltd.	3004801	832,452	822,734
Janata Bank Ltd.	003006565	1,252,378	1,237,758
Janata Bank Ltd.	3004837	474,616	469,075
National Bank Limited	0043-55027664	528,073	528,073
Total		**6,604,813**	**6,533,871**

8.00 Issued, subscribed & paid up capital : Tk. 1,856,753,860

Authorized capital:		
Divided into 300,000,000 ordinary shares of Taka 10 each	**3,000,000,000**	**3,000,000,000**
Issued, subscribed & paid up capital :	**1,856,753,860**	**1,856,753,860**

Divided in to 185,675,386 ordinary shares of Taka 10 each.

Shareholding position as on September 30, 2018

Name of directors and shareholders	No. of shares	Value	Percentage of of total Share Holding	Amount (Tk.) 30-Sep-2018
Mr. Asif Moyeen	90,463,031	10	48.72	904,630,310
Mr. Mohammad Bin Quasem	4,297,706	10	2.31	42,977,060
Mr. Md. Salamat Ullah	702,022	10	0.38	7,020,220
Ms. Farha Lazina	12,998,950	10	7.00	129,989,500
Mr. Nesar Uddin Md. Oliullah	354,129	10	0.19	3,541,290
Mrs. Sadia Moyeen	4,834,759	10	2.60	48,347,590
Mr. Sayed Mazharul Haq	354,129	10	0.19	3,541,290
Mr. M.K.M. Mohiuddin	13,441,890	10	7.24	134,418,900
Mr. Omar Moyeen	4,480,630	10	2.41	44,806,300
General Public	53,748,140	10	28.95	537,481,400
	185,675,386		**100.00**	**1,856,753,860**

9.00 Share Premium : Tk. 425,000,000

Number Of Shares	Premium Amount	Sept 30, 2018 Amount (Tk.)	June 30, 2018 Amount (Tk.)
25,000,000	17.00	425,000,000	425,000,000

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	Sept 30, 2018	June 30, 2018
	Amount (Tk.)	Amount (Tk.)

10.00 Short term loan: Tk. 161,168,007

The above loan represents short term loan facility namely Cash Credit(H) and Export Cash Credit with Janata Bank.
The above balance consists of as follows :

Name of the Bank	Branch	Account Type	Account no.	Interest rate	Amount (Tk.)	Amount (Tk.)
Janata Bank Ltd.	Kamal Ataturk Corporate	Cash credit (H)	201-000-369	13%	40,755,766	32,174,021
Janata Bank Ltd.	Kamal Ataturk Corporate	Export cash credit	202-000-649	7%	42,877,937	38,508,196
The City Bank	Gulshan Avenue	Over Draft	9201577221001	9%	53,370,553	48,853,695
Habib Bank Ltd.		Over Draft	2624070002626	10.75%	24,163,751	25,328,302
Habib Bank Ltd.		STL	2624070002837	10.75%	-	50,000,000
Total					**161,168,007**	**194,864,213**

11.00 Current portion of long term loan : Tk. 14,764,812

The above balance consists of as follows :

Bank Name	Account No.		
The City Bank	9191577221001	791,841	527,894
The City Bank	9191577221002	5,867,766	3,911,844
The City Bank	9191577221003	4,209,660	3,157,245
The City Bank	9191577221004	837,006	837,006
The City Bank	9191577221008	2,212,194	1,474,796
The City Bank	9191577221011	846,345	846,345
		14,764,812	**10,755,130**

12.00 Sales Revenue: Tk. 708,401,873

Type of sales	July 2018 to September 2018				Amount(tk.) 30-Sep-2017
	Gross Sales	TDS	SD	VAT	Gross Sales
Export	708,401,873	4,250,411	-	-	695,127,551
Total	**708,401,873**	**4,250,411**	-	-	**695,127,551**

As per schedule XI, part II, Para 3 of the Companies Act 1994. Product wise Breakup are given bellow -

Name of product	July 2018 to September 2018			July 2017 to September 2017		
	Sales in (Tk.)	Sales in (Qty.)	% of sales	Sales in (Tk.)	Sales in (Qty.)	% of sales
Tank Top	127,512,337	1,082,285	18%	139,025,510	1,241,299	20%
T - Shirt	524,217,386	2,670,305	74%	493,540,561	2,597,582	71%
Others	56,672,150	398,673	8%	62,561,480	446,868	9%
Total	**708,401,873**	**4,151,263**	**100%**	**695,127,551**	**4,285,749**	**100%**

13.00 Other income : Tk. 22,453,753

This balance consists of as follows :

Interest on FDR	78,825	941,542
Cash Incentive	22,364,000	-
Bank Interest (IPO)	-	-
Interest on STD/SND	10,928	-
	22,453,753	**941,542**

14.00 Workers' profit participation Fund (WPPF): Tk. 3,296,540

This balance consists of as follows :

Workers' profit participation Fund (WPPF)	3,296,540	3,917,749
	3,296,540	**3,917,749**

Note: Allocation for workers' profit participation funds has been made @ 5% of net profit as per provisions of the Labor Act (Ammended) 2013.

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		Sept 30,2018 Amount (Tk.)	Sept 30,2017 Amount (Tk.)
15.00	**Provision for income tax: Tk. 7,663,968**		
	Provision for tax has been calculated as follows :		
	Net Profit including other income	65,930,808	78,354,982
	Less: Other Income	22,453,753	941,542
	Net Operating income	**43,477,055**	**77,413,440**
	Add: Accounting base Depreciation and impairement loss	**32,402,899**	-
	Less: Capital Allowance	(47,353,018)	-
	Taxable operating income	**28,526,937**	**77,413,440**
	Provision for Tax @ 12% on operating profit (A)	3,423,232	9,289,613
	Income Tax @ 3% on Cash Incentive	670,920	-
	Provision for Tax @ 25% on Other Income (A)	22,438	235,385
	Total Income Tax Expenses	**4,116,591**	**9,524,998**
	Tax Deducted at Source	**7,663,968**	**5,818,392**
	Minimum Tax liability on Gross receipt @ 0.60% (C)	**2,136,428**	**2,007,617**
	Provision for income tax (Which ever is higher)	**7,663,968**	**9,524,998**
16.00	**Deferred Tax Liabilities: Tk. 50,014,504**		
	Opening balance	48,101,927	70,025,043
	Add: Addition during the period	1,912,577	-
		50,014,504	**70,025,043**
	Less: Adjustment during the period (Deferred Tax Asset)	-	(21,923,116)
	Deferred Tax Liabilities Closing Balance	**50,014,504**	**48,101,927**
17.00	**Earnings per Share (EPS)**		
	Earnings per Share (EPS) Weighted Average Method		
	Net profit attributable to ordinary shareholders	56,354,263	62,391,282
	Weighted average number of ordinary shares	185,675,386	185,675,386
		0.30	**0.34**

Reason for singnificant change in EPS:

Earnings Per Share decreased by Tk. 0.04 due to increase in Cost of Good Sold than previous period.

Weighted Average number of ordinary shares calculation as per BAS - 33

17.01 Calculation of weighted average number of ordinary shares

Particulars	No. of shares	Fraction of period	No. of shares
Balance As on 01.07.18	185,675,386	90/90=1	185,675,386
Weighted average number of ordinary shares	**185,675,386**		**185,675,386**

		Sept 30, 2018 Amount (Tk.)	June 30, 2018 Amount (Tk.)
18.00	**Net Asset Value Per Share (NAV)**		
	Total assets	4,790,925,213	4,854,762,356
	Less: Total current liabilities	612,731,074	727,064,592
		4,178,194,138	**4,127,697,765**
	Less: Non-Current Liability	139,133,605	145,202,566
		4,039,060,533	**3,982,495,199**
	Number of Ordinary Share at Balance Sheet date (On share at balance sheet date)	185,675,386	185,675,386
	NAV - Per Share	**21.75**	**21.45**

Reason for singnificant change in NAV-Per Share:

NAV-Per Share increased by Tk. 0.30 due to decrease in Totall current liabilities by Tk. 114,33,517 and decrease in Non-current liabilities by Tk. 6,068,961 than previous period.

FAR EAST KNITTING AND DYEING INDUSTRIES LTD. DHAKA

FAR STOCK

		Sept 30,2018 Amount (Tk.)	Sept 30,2017 Amount (Tk.)
19.00	**Cash Flows from operating activities under inderect method**		
	Net profit/(loss) before income tax during the period	65,930,808	78,354,982
	Adjustments to reconcile net income to net cash provided by operating activities:		
	Depreciation	32,402,899	35,294,235
	Amortization	263,631	275,432
	Provision for expenses	(269,684)	1,047,511
	Income Tax paid during the period	(7,663,968)	(5,818,392)
	Unrealized loss arising from exchange in foreign currency	172,778	179,795
	Changes in current assets and liabilities:		
	Advance, deposits & prepayments	6,910,885	23,869,246
	Accounts receivable	233,942,346	108,192,089
	Inventories	(102,352,454)	(88,682,206)
	Employee benefit	856,704	(2,307,372)
	Accounts payable	(2,660,747)	(4,030,985)
	Accepted bills payable for Material purchase	(85,610,425)	(204,228,762)
	Workers' profit participation fund(WPPF)	3,296,540	16,445,272
	Other liabilities	(649,255)	346,464
	Net cash flow from operating activities	**144,570,058**	**(41,062,692)**
	Net cash flow from operating activities - Direct Method	**144,570,058**	**(41,062,692)**
	Difference	-	-

20.00 Net Operating Cash Flow Per Share

Cash flows from operating activities as per statement of cash flows (A)	144,570,058	(41,062,692)
Number of Ordinary Share at Balance Sheet date (B)	185,675,386	185,675,386
Net Operating Cash Flow - Per Share (A/B)	**0.78**	**(0.22)**

Reason for singnificant change in cash flows from operationg activities:
Net Operating Cash Flow-Per Share increased by Tk. 1.00 due to increase in Cash Received From Customers by Tk. 139,024,578 and increase in Cash Incentive by Tk. 22,364,000 than previous period.

21.00 Related party disclosure under BAS-24:

List of related parties with whom transaction have taken place as identified and certified by management.

Name of the party	Relationship with company	Nature of Transaction	No. of Month	As per Month	30-Sep-2018 Total	30-Jun-2018 Total
Mrs. Sadia Moyeen	Director	Office rent	3	295,000	885,000	3,540,000
Asif Moyeen	Managing Director	Remuneration	3	1,500,000	4,500,000	18,000,000
		House Rent		200,000	600,000	2,400,000
Zayed Moyeen	Family Member of Managing Director	Remuneration	3	200,000	600,000	2,400,000

22.00 Figures are rounded off to the nearest taka.

23.00 Previous period's figures have been rearranged, wherever consider necessary, to conform to current period's presentation without causing any impact on the operating results for the period and the value of assets and liabilities at the end of the period as shown in.

24.00 These note from an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

FAR EAST KNITTING AND DYEING INDUSTRIES LTD. DHAKA

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