

Golden Son Limited

Nature of Business	Golden Son Limited is involved in producing and exporting non-electrical and Sports items to Taiwan, U.K, Canada, South Africa, Australia, Hong Kong and Singapore.
Subscription Open	November 08, 2009
Subscription Close	November 12, 2009
For Non resident Bangladeshi	November 08, 2009 to November 21, 2009
Offer Price (Tk.)	20.00
Face Value (Tk.)	10.00
Market lot (Share)	500
Public Offer (Shares)	1,00,00,000
No. of shares before RPO	27,530,209
No. of shares after RPO	37,530,209
Total Issued Shares	37,530,209
Total Paid up Capital (after RPO)	Tk. 375,302,090.00
Reason for RPO:	Construction of building, Repayment of term loan, Acquisition of plant and machinery, Registration cost of land.
EPS (as per prospectus)	1.52 (as on 31.12. 2008)
NAV per share (as per prospectus)	20.49 (as on 31.12 . 2008)
Manager to the Issue	ICB Capital Management Limited
Application Document Available at:	DSE & CSE Library, DSE Members house, Issue Manager, Underwriter and designated banks.
Website	www.gsibdg.com

(If there is any contrary information please communicate with DSE through e-mail: listing@dsebd.org)

Disclaimer:

The contents of this presentation are entirely based on disclosures made by the company. Therefore, DSE does not assume any responsibility on the authenticity of the facts and figures presented thereof.

Brief Overview of the Company

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| 1. Date of Incorporation as a private limited Company | : August 05, 2003 |
| 2. Date of Conversion into a public limited Company | : April 30, 2005 |
| 3. Commercial operation | : January 2005 |
| 4. Public Issue of Shares | : March 2007 |
| 5. Listing in DSE and CSE | : May 20, 2007 |
| 6. Trading of Shares in DSE | : May 22, 2007 |
| 7. Authorised Capital | : Tk. 500,000,000.00 |
| 8. Paid-up Capital (pre RPO)* | : Tk. 275,302,100.00 |

Details of the Issue

Description	Ordinary Shares	Face Value per share	Offer Value In Taka	Premium per share (Tk.)	Premium in Taka	Capital in Taka
Repeat Public Offering	10,000,000	10	20	10	100,000,000	100,000,000

Paid up Capital after RPO and allotment of shares

Particulars	No. of Ordinary Shares	Face Value (Tk.)	Capital in Taka
Pre-RPO Paid up capital*	27,530,210	10	275,302,100
RPO	10,000,000	10	100,000,000
Paid up capital after RPO	37,530,210	10	375,302,100
Paid up capital after RPO and allotment of shares	42,905,210	10	429,052,100

*Considering 10% stock dividend for the year 2008

Issue Manager: ICB Capital Management Limited

Auditor: ACNABIN

Golden Son Limited (at a glance)

The company was incorporated as a private company limited by shares under the Companies Act, 1994 in the name and style of Golden Son Limited vide Registration No. C-50117 (412)/2003 dated 5 August 2003. Subsequently the company was converted into a Public Company limited by shares and accordingly RJSC certified the Memorandum and Articles of Associations of Golden Son Limited on April 30, 2005. The company started commercial operation since January 2005. The Company was listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 20.05.2007 through Initial Public Offering issued on March 2007 and started trading of shares in Dhaka & Chittagong Stock Exchange Ltd. on 22.05.2007. The authorized capital of the company is Tk. 500 million divided into 50,000,000 Ordinary Shares of Tk. 10.00 each and the paid up capital is Tk. 250,274,630.00 divided into 25,027,463 Ordinary Shares of Tk 10.00 each.

Nature of business

Golden Son Limited is involved in producing and exporting non-electrical and Sports items to Taiwan, U.K, Canada, South Africa, Australia, Hong Kong and Singapore. The company has also started production of various garments accessories and these are being exported to various renowned exporters of Chittagong EPZ, Chittagong.

Principal product and services

The principal products of the company include manufacturing of Hotpot/Cooker, Sports / Games items, Home Appliance (electrical-Fan, Fan motor & Grill), Garments accessories and Misc. Household products and exporting of these items.

Board of Directors and their involvement in other organization:

Sl No	Name of Directors	Position in GSL	Name of other Organizations	Position
1	Ms. Lin Yu-Chen	Chairman and Director	N/A	N/A
2	Mr. Belal Ahmed	Managing Director and Director	Janata Insurance Company Ltd.	Director
			Ronson Ltd.	Managing Director
			Panmark Accessories (Pvt.) Ltd.	Managing Director
3	Mr. Lin Tzu Chiang	Director	Hsieh Chou Enterprise Co. Ltd.	Director
4	Mr. Lin Shih – Hsien	Director	Hsieh Chou Enterprise Co. Ltd.	Director
5	Mr. Iftikhar-uz-zaman	Director (Nominee of ICB)		

Ownership of the Company's Security:

Share holding position as on 31.12.2008 (As per schedule X certified by RJSC):

Sl. No.	Name in full	Status	No. of Share	Percentage of ownership
1	Ms. Lin Yu-Chen	Chairman	72,64,952	29.03%
2	Mr. Belal Ahmed	Managing Director	-	-
3	Mr. Lin Tzu Chiang	Director	36,34,226	14.52%
4	Mr. Lin Shin Hsien	Director	20,000	0.08%
5	Mr. Iftikhar-uz-zaman	Director	-	-
6	Lin Liao Yu-Ying	Shareholders	20,000	0.08%
7	Lin Wan-Yi	Shareholders	20,000	0.08%
8	Cheng Wu-Ho	Shareholders	20,000	0.08%
9	Ha Mong-Chi	Shareholders	20,000	0.08%
10	Ronson Ltd.	Shareholders	28,61,385	11.43%
11	Pan Mark Accessories (Pvt.) Ltd.	Shareholders	11,66,900	4.66%
12	Institution & General Public	Shareholders	10,000,000	39.96%
Total			2,50,27,463	100%

Purpose of Repeat Public Offering (RPO) / Use of Proceeds

Proceeds from the Repeat Public Offering will be used for the following purposes:

Sl. No.	Particulars	Amount in Taka
01	Registration cost of land	1,23,00,000.00
02	Construction of building	6,00,00,000.00
03	Repayment of term loan of Dhaka Bank Ltd. Jubilee Road Branch, Chittagong	3,25,00,000.00
04	Acquisition of plant & machinery	3,00,00,000.00
05	Working capital	6,03,86,000.00
06	RPO expenses	48,14,000.00
Total		20,00,00,000.00

The company has started new section namely Golden Son Accessories Division for production & Export of Garment Accessories based on elastic, in joint collaboration with foreign firm M/S Pentium Delicate Machine, People Trust Machine Group Ltd., of China. One of the biggest American companies has shown their interest to start export of our product, ribbon all type. In order to meet up the order the company needs to complete its expansion project. In this respect the company has got consent to issue 53,75,000 ordinary shares of Tk. 10 each at an issue price of Tk. 20 each (including a premium of Tk. 10 each) through private placement in course of purchase of 215 decimal (Tk. 5 lac per decimal at Khawaj Nagar, Azimpara, Karnafully, Chittagong) land from Mr. Belal Ahmed and M/S Ronson Ltd. And the expansion project on this 215 decimal land will be set up by the proceeds from RPO.

Implementation Schedule

Sl. No.	Purpose	Amount in Taka	Approximate date of completion of the project	Projected date of full commercial operation
1.	Registration cost of land	1,23,00,000.00	After 01 month of RPO fund received.	-
2.	Construction of building	6,00,00,000.00	After 03 months of RPO fund received.	-
3.	Repayment of term loan of Dhaka Bank Ltd. Jubilee Road Branch, Chittagong	3,25,00,000.00	After 01 months of RPO fund received.	
4.	Power press & Hydraulic shearing Machine	14,08,000.00	After 06 months of RPO fund received.	15 March, 2010
5.	Heavy base making machine- complete set	27,80,000.00	Do	Do
6.	Dyeing machine with ETP plant	1,03,83,000.00	Do	Do
7.	Fancy yarn making machine	1,18,15,000.00	Do	Do
8.	Needle loom machine-13 sets	36,14,000.00	Do	Do

Performance at a glance (continued):

Particulars	30.09.05	30.09.06	30.09.07	01.10.07 to 31.12.07	Annulized	31.12.07	31.12.08
Shareholders Equity	154.10	202.91	271.22	272.27	272.27	272.27	513.42
No. of Shares	15027463	19027463	25027463	25027463	25027463	25027463	25027463
No. of shares after 10% stock dividend							27530210
No. of Shares (after RPO)							37530210
No. of Shares (after RPO and private placement)							42905210
ROE	1.49%	2.60%	1.84%	0.23%	0.93%	1.73%	4.47%
ROA	0.99%	1.95%	1.41%	0.17%	0.69%	1.30%	3.44%
Net Profit Margin	6.94%	10.49%	7.09%	3.48%	3.48%	6.17%	15.98%
Asset Utilization	14.30%	18.61%	19.95%	4.99%	19.97%	21.10%	21.54%
Equity Multiplier	1.50	1.33	1.30	1.33	1.33	1.33	1.30
Short-term Debt	48.07	51.12	72.38	69.61	69.61	69.61	141.87
Long-term Debt	29.41	16.45	9.10	20.87	20.87	20.87	11.90
Total Debt	77.48	67.57	81.48	90.48	90.48	90.48	153.77
Total Debt to Total Asset	33.46%	24.98%	23.10%	24.94%	24.94%	24.94%	23.05%
Capital employed	183.51	219.36	280.32	293.14	293.14	293.14	525.32
STD to Total Capital	26.19%	23.30%	25.82%	23.75%	23.75%	23.75%	27.01%
LTD to Total Capital	16.03%	7.50%	3.25%	7.12%	7.12%	7.12%	2.27%
Interest Expense	5.32	1.75	0.74	0.40	1.60	0.96	1.51
EBIT	7.03	10.55	9.05	1.45	5.80	5.68	24.77
Time Interest Earned Ratio	1.32	6.03	12.23	3.63	3.63	5.92	16.40

Revaluation of Company's Assets & Summary:

The revaluation of company's assets was made on 15.12.2008 by a reputed survey company named IIS Consulting (BD.) Limited. Company's fixed assets have been acquired long before, the present value does not reflect actual value of fixed assets particularly land and building. In order to give true picture of the financial position of the company to the share holders fixed assets have been revalued. The revalued amount was incorporated in the accounts as on 31.12.2008.

The summary of revaluation is shown bellow:

Particulars	Cost			Accumulated Depreciation	Revalued Book Value as on 31-12-2008
	Balance as on 01.01.2008	Addition During the year	Revaluation Surplus as on 31.12.2008		
Land	2,295,625	-	45,966,875	-	48,262,500
Building	92,228,565	30,565,677	161,557,758	8,433,236	275,918,764
Plant & Machinery	156,240,075	18,819,851	-	45,041,084	130,018,842
New Office Space	5,153,837	-	5,833,183	318,894	10,668,126
Electrical Installation	232,461	244,000	-	66,195	410,266
Air Conditioner	53,000	-	-	14,584	38,416
Tools & Equipment	32,735	14,000	-	5,011	41,724
Gas Generator	15,808,774	63,000	-	1,580,877	14,290,897
Gas Line Installation	-	4,055,813	-	-	4,055,813
Office Equipment	1,277,753	307,700	-	188,921	1,396,532
Motor Vehicle	2,932,654	1,300,000	-	1,149,600	3,083,054
Furniture & Fixture	57,460	17,680	-	11,611	63,529
Fire Extinguisher	49,000	-	-	6,003	42,997
Refrigerator	25,800	-	-	2,580	23,220
Total	276,387,739	55,387,721	213,357,816	56,818,596	488,314,680

Schedule of Fixed Assets

As at 31 December 2008

Figures are in taka

Particulars	Cost				Rate %	Depreciation				Written down value as on 31.12.2008
	Balance as on 01.01.2008	Addition during the year	Adjustment/ (Disposal) during the year	Balance as on 31.12.2008		Balance as on 01.01.2008	Charged for the year	Adjustment/ (Disposal) during the year	Balance as on 31.12.2008	
Land	2,295,625	-	45,966,875	48,262,500	-	-	-	-	-	48,262,500
Building	92,228,565	30,565,677	161,557,758	284,352,000	5	4,022,955	4,410,281	-	8,433,236	275,918,764
Plant and machinery	156,240,075	18,819,851	-	175,059,926	10	32,685,641	12,355,443	-	45,041,084	130,018,842
New Office Space	5,153,837	-	5,833,183	10,987,020	5	64,423	254,471	-	318,894	10,668,126
Electrical installation	232,461	244,000	-	476,461	10	47,721	18,474	-	66,195	410,266
Air-conditioner	53,000	-	-	53,000	10	10,315	4,269	-	14,584	38,416
Tools and equipment	32,735	14,000	-	46,735	10	1,931	3,080	-	5,011	41,724
Gas generator	15,808,774	63,000	-	15,871,774	10	-	1,580,877	-	1,580,877	14,290,897
Gas Line Installation	-	4,055,813	-	4,055,813	10	-	-	-	-	4,055,813
Office equipment	1,277,753	307,700	-	1,585,453	10	67,940	120,981	-	188,921	1,396,532
Motor vehicle	2,932,654	1,300,000	-	4,232,654	20	703,837	445,763	-	1,149,600	3,083,054
Furniture & fixture	57,460	17,680	-	75,140	10	6,517	5,094	-	11,611	63,529
Fire Extinguisher	49,000	-	-	49,000	10	1,225	4,778	-	6,003	42,997
Refrigerator	25,800	-	-	25,800	10	-	2,580	-	2,580	23,220
As of 31 Dec. 2008	276,387,739	55,387,721	213,357,816	545,133,276		37,612,505	19,206,091	-	56,818,596	488,314,680
As of 31 Dec. 2007	224,695,002	51,692,737	-	276,387,739		21,243,293	16,369,212	-	37,612,505	238,775,234

* Adjustment during the year indicates increase in the value due to revaluation of land, building and new office space of the company by IIS Consulting (BD) Limited. This revaluation of fixed assets was done with effect from 15 December 2008 and based on

Allocation of Depreciation:

Amount (Tk.)

i) Production	70 %	13,444,264
ii) Administration	30 %	5,761,827
		19,206,091

Justification of Determination of Offering Price
(As Reported By the Company)

a) Net Asset Value (NAV) Per Share

Particulars	31.12.2008 Taka
Paid up Capital	250,274,630
Revaluation Reserve	213,357,816
Tax Holiday Reserve	23,618,319
Retained Profit	26,170,462
Total shareholders' equity	513,421,227
Less: Unallocated Revenue & Preliminary Exp.	660,521
Net Shareholders' Equity	512,760,706
No. of paid up ordinary shares	25,027,463
Net Assets Value (NAV) per share	20.49

However, if we consider the 10% stock dividend for the year 2008 the paid-up share would be 27,530,210, then, the Net Asset Value (NAV) per share would be Tk. 18.64 per shares.

RISK FACTORS AND MANAGEMENT'S PERCEPTIONS ABOUT THE RISKS

As with all investments, investors should be aware that there is risk associated with an investment in the Company. These risks could result in loss of income or capital investment. Investors are encouraged to seek independent financial advice.

(a) Interest Rate Risk

Change in interest rates may also affect its financial result. The company, has so far, not had to depend significantly on debt financing. However, for future expansion, GSL may need to secure debt financing on a limited scale. Any rise in interest rate may have an impact on its financial performance in the future.

The management is confident of meeting its needs for future expansion mostly from internal sources. Therefore, management perceives that the fluctuation in interest rate on borrowing would have little impact upon the performance of the company.

(b) Exchange Rate Risk

The Company is 100% export oriented. Exchange rate fluctuation may reduce the profitability of Golden Son Ltd. because its foreign trade commitments from various sources of foreign exchange like export proceeds and Import raw materials.

Devaluation is a regular phenomenon in the country of Bangladesh. However, devaluation of the total currency is in no way going to affect the profitability of the company rather it acts reverse (As at the local express of the company is incurred in BDT) in case of this company because all the transaction with the outside world happens in the US\$ as it import raw materials in US\$ and also gets all the sales proceeds in US\$ and in case the cost of raw materials go up it instantly adjust its selling price with the increased value of the raw materials.

(c) Industry Risk

Entry of new competitor may increase the market competition and may adversely affect the profitability of Golden Son Ltd.

This type of business has become brand-dependent. GSL is asked by the consumers by its name. The company is continuously concentrating on a “pull” strategy instead of “push”. To this end, GSL spends a large budget for promotion and advertisement to further enhance and strengthen its brand name. Therefore it is difficult and time consuming for a new entrant to quickly establish itself in the market. The other barrier to entry in this sector is high requirement of capital and initial cost of entry

is extremely high. This is also a deterrent to new entrants. Due to this high capital barrier, we did not see any significant new entrant in the last 6 years.

(d) Market and technology related Risk

The company is a 100% export oriented company, thus its sales purely depend on the buyers around the world. The raw materials used in plastic molding are basically petro-chemical products. So the increasing price in petroleum products may contribute to the rise in COGS resulting in lower profit margin and risk the company to become uncompetitive. The production facilities of GSL are based on high-tech machineries. So any invention of new and more cost effective technology may cause functional obsolescence resulting in further substantial capital investment.

All plastic products basically based on petro-chemical products. Price hike in petroleum products is applicable for all user i.e. producers and consumers. If cost of our products is increase then cost of production of all such products at home and abroad will increase. More over the export/sales price shall also be increased hence there will be no risk of reducing profitability. GSL is equipped with the most modern technologies. As per previous experience no frequent technological change has taken place in this industry so far. Furthermore according to feasibility study report as well as in practice this project's earning capacity is satisfactory and pay back period is short. So investment in the machineries will be recovered before any major technological change becomes commercially effective. In addition the project is capable to absorb any small technological changes.

(e) Potential or existing government regulations

The Company operates under companies act, taxation policy adopted by NBR, Security and Exchange Commission (SEC)'s rules and rules adopted by other regulatory organizations. Any abrupt changes of the policies formed by those bodies will impact the business of the Company adversely.

GSL management has been very selective in its investment decisions, which have already produced positive result. It feels Government will not create any situation leading to abrupt losses of investments, especially when industrial output is showing signs of growth. GSL located at good distance away from the major city. The work force is well trained, experienced and remunerated and most of them live in the surrounding areas of the respective plants. Therefore, management believes that political unrest will have little impact upon the key operations of the company.

(f) Potential changes in global or national policies

As a result of Bangladesh's membership of the World Trade Organisation (WTO) and South Asian Association for Regional Cooperation (SAARC), the Government may reduce import tariff on various products, including plastic raw materials. Reductions in import duties and lower priced imports from countries that benefit from preferential tariffs may have an effect on GSL's business and financial performance.

Duty reductions on plastic raw materials are a welcome outcome for the company, always. The company, through its trade association, continuously tries to convince the tax authorities to reduce the duty/tariff of raw materials. So this is in fact not a risk, but rather a positive outcome. The company can prosper in a situation of political stability and a congenial business environment. Political turmoil and the disturbance are bad for the economy and so also for *us*.

(g) Changes in Economic & Political Condition

Changing economic conditions may affect the demand for the product offered by the company. Downturn of economic activity or uncertainty may result in a downturn in demand for loan funds for industry.

GSL strong brand and widest distribution network amongst its customer group in European, Australian and Taiwan market will always enable it to withstand any such potential threats. In addition to the foregoing, Government policy may help bring down the cost of raw materials helping the existing companies to reduce their production costs.

(h) Operational risk

Due to the adverse power situation in the country, labor unrest, unavailability or price increase of raw material, natural calamities like flood, cyclone and earth quack etc. production may be hampered and wastage might rise.

GSL generates its own power through its own gas generator. With the current PDB power supply situation in the country, all other factories are suffering power shortages, as well as high raw material wastage. Under the circumstance, GSL's own power generation is enabling to produce power at a much cheaper cost than PDB. At the same time it is also more efficient as it is reducing costs through reduction of raw material wastage. The company has a unique labour relation record of not having any unrest since inception. GSL management perceives that competitive compensation package, congenial work and environment and attractive long-term benefits will discourage any potential labour dissatisfaction or unrest. The project of the Company is situated at a high land where less record of flood. The factory building has strong RCC foundation, RCC

floor, pre-fabricated steel structure to withstand wind, storm, rain etc. along with good drainage facility. The risks from these factors are also covered through Insurance. The company is also facilitated to keep a rational reserve for any future price escalation of the raw materials.