

Interim Financial Statements

**1st Quarter
1st July 2020 To 30 September 2020**



Mozaffar Hossain Spinning Mills Limited

Head Office: House # 315, Road # 04, Baridhara DOHS, Dhaka-1206, Bangladesh

Mozaffar Hossain Spinning Mills Limited

Statement of Financial Position (Un-Audited)

As at September 30, 2020

Particulars	Notes	Amount in Taka	
		Sep-30,2020	June 30, 2020
ASSETS:			
Non-Current Assets		3,536,324,873	3,511,101,149
Property, Plant and Equipment's	5.00	3,519,924,808	1,657,189,187
Deferred Tax Assets	6.00	16,400,065	6,966,655
Capital Work-In-Progress	7.00	-	1,846,945,307
Investment		4,451,171	4,451,171
Investment	8.00	4,451,171	4,451,171
Current Assets		955,890,560	1,025,889,220
Inventories	9.00	844,615,766	785,173,583
Accounts Receivable	10.00	7,885,157	143,971,075
Advances, Deposits & Pre-Payments	11.00	89,191,418	81,479,890
Cash and Cash Equivalents	12.00	14,198,219	15,264,672
Total Assets		4,496,666,604	4,541,441,541
EQUITY AND LIABILITIES:			
Shareholders' Equity		1,373,169,333	1,415,156,554
Share Capital	13.00	1,009,933,740	1,009,933,740
Revaluation Reserve	14.00	127,708,347	127,708,347
Tax Holiday Reserve	15.00	72,845,417	72,845,417
Retained Earnings	16.00	162,681,829	204,669,050
Non-Current Liabilities		1,304,134,493	971,881,330
Long Term Borrowings	17.00	1,304,134,493	971,881,330
Deferred Tax Liability		-	-
Current Liabilities		1,819,362,776	2,154,403,656
Accounts Payable	18.00	497,899,880	824,297,597
Cash Dividend Payable	19.00	469,705	469,705
Long Term Borrowings- Current Maturity	20.00	84,574,601	85,970,223
Refundable Fund of IPO Subscribers	21.00	2,755,000	2,755,000
Short Term Borrowings	22.00	1,051,380,084	1,034,950,373
Provision for Tax	23.00	86,123,223	84,700,386
Accrued Expenses	24.00	96,160,283	121,260,372
Total Equity & Liabilities		4,496,666,604	4,541,441,541
Net Asset Value Per Share (NAVPS)	33.00	13.60	14.01

The accompanying notes 1 to 35 form an integral part of these Financial Statements.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Director	Managing Director	Chairman

Signed in terms of our separate report of even date.

Dated: Dhaka

11 November ,2020

Mozaffar Hossain Spinning Mills Limited
Statement of Profit or Loss & Other Comprehensive Income (Un-Audited)
For the period ended July 01, 2020 to September 30, 2020

Particulars	Notes	Amount in Taka	
		July 01, 2020 to September 30, 2020	July 01, 2019 to September 30, 2019
Turnover	25.00	120,214,962	72,336,450
Less: Cost of Goods Sold	26.00	115,302,157	68,394,435
Gross Profit		4,912,805	3,942,015
Other Income	27.00	(796,740)	169,015
Operating Expenses:		12,191,757	5,547,006
Administrative Expenses	28.00	11,981,257	5,191,506
Marketing and Distribution Expenses	29.00	210,500	355,500
Profit from Operation		(8,075,692)	(1,435,976)
Less: Financial expenses	30.00	41,922,102	28,795,271
Profit Before Tax		(49,997,794)	(30,231,247)
Income tax expenses:		(8,010,573)	986,027
Current tax		1,422,837	(435,033)
Deferred Tax Expenses/(Income)		(9,433,410)	1,421,060
Net Profit after Tax Transferred to Equity		(41,987,221)	(29,245,220)
Earnings Per Share (EPS)	31.00	(0.42)	(0.29)
Number of Shares used to compute	No's	100,993,374	100,993,374

The accompanying notes 1 to 35 form an integral part of these Financial Statements.

Sd/- Sd/- Sd/- Sd/- Sd/-
 Chief Financial Officer Company Secretary Director Managing Director Chairman

Signed in terms of our separate report of even date.

Dated: Dhaka
11 November ,2020

Mozaffar Hossain Spinning Mills Limited

Statement of Changes in Equity (Un-Audited)

For the period ended July 01, 2020 to September 30, 2020

Amount in Taka

Particulars	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2020	1,009,933,740	72,845,417	127,708,347	204,669,050	1,415,156,554
Net Profit / (Loss) for the period	-	-	-	(41,987,221)	(41,987,221)
Bonus Share Issued 2% Stock		-	-	-	-
Balance as on 30.09.2020	1,009,933,740	72,845,417	127,708,347	162,681,829	1,373,169,333

Statement of Changes in Equity (Un-Audited)

For the period ended July 01, 2019 to September 30, 2019

Amount in Taka

Particulars	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2019	990,131,120	72,845,417	127,708,347	355,041,180	1,545,726,064
Net Profit / (Loss) for the period	-	-	-	(29,245,220)	(29,245,220)
Balance as on 30.09.2019	990,131,120	72,845,417	127,708,347	325,795,960	1,516,480,844

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Sd/-
Director

Sd/-
Managing Director

Sd/-
Chairman

Dated: Dhaka
11 November ,2020

Mozaffar Hossain Spinning Mills Limited

Statement of Cash Flows (Un-Audited)

For the period ended July 01, 2020 to September 30, 2020

Particulars	Notes	Amount in Taka	
		July 01, 2020 to September 30, 2020	July 01, 2019 to September 30, 2019
A. Cash flows from operating activities :			
Cash Collection from Turnover and Others		256,314,648	95,990,525
Foreign Exchange Gain/(Loss)		(810,508)	-
Cash Paid to Suppliers, Employee and Others		(480,823,316)	(61,739,462)
Cash Generated from Operation		(225,319,176)	34,251,063
Income Tax Paid		(1,422,837)	(113,528)
Net cash flows from/(used) in operating activities		(226,742,013)	34,137,535
B. Cash flow from investing activities:			
Acquisition of Property, Plant & Equipment		(1,925,625,018)	-
Payment for Capital Work in Progress		1,846,945,307	(43,572,467)
Advanced for Ring Spinning Project		26,354	(8,400,000)
Advance for Acquisition of Property, Plant & Equipment Investment		(1,050,000)	-
		-	-
Net cash flows from/ (used) in Investing Activities		(79,703,357)	(51,972,467)
C. Cash flow from financing activities:			
Received/(Repaid) short term loan		16,429,711	15,243,597
Financial Expenses		(41,922,102)	-
Cash Dividend Paid		-	-
Received/(Repaid) long term loan		330,857,541	3,049,300
Refundable fund of IPO subscriber		-	-
Net cash flows from/(used) in financing activities		305,365,149	18,292,895
D. Net Cash Increase/ (Decrease) (A+B+C)		(1,080,221)	457,963
E. Opening cash and cash equivalents at the beginning of the period		15,264,672	1,821,964
F. Closing cash and cash equivalents at the end of the period (D+E)		14,184,451	2,279,927
G. Unrealized Fc Gain/(Loss) for Cash and Cash Equivalents		13,768	-
H. Cash and Cash Equivalents carried forward (F+G)		14,198,219	2,279,927
Net Operating Cash Flow Per Share	32.00	(2.25)	0.34
Number of Shares used to compute NOCFPS		100,993,374	100,993,374

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Director	Managing Director	Chairman

Dated: Dhaka
11 November ,2020

Mozaffar Hossain Spinning Mills Limited
Notes to the Financial Statements
For the period ended September 30, 2020

1.0 Legal Status of the Company

Mozaffar Hossain Spinning Mills Limited (herein after referred to as “MHSML” or “the Company”) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-59784(1791)/05 dated November 29, 2005 as a private company Limited by shares namely Mozaffar Hossain Textile Mills Limited. Subsequently the company renamed as Mozaffar Hossain Spinning Mills Limited in December 14, 2011 and the company was emerged as a public limited company on the same date and year. In January 2014, Mozaffar Hossain Spinning Mills Limited listed its shares with both Dhaka and Chittagong Stock Exchanges.

Registered office of the company

The registered office and principal place of business of the company is situated at House # 315, Road # 04, DOHS Baridhara, Dhaka-1206, Bangladesh, and the manufacturing establishment is located at Thakurbari Tec, Masumabad, Bhulta, Rupgonj, Narayangonj.

2.0 Nature of Business Activities

Mozaffar Hossain Spinning Mills Limited runs the business of 100% export oriented cotton yarn manufacturing & selling mostly to woven fabrics manufacturer. As a backward linkage industry to support 100% export oriented RMG industry of Bangladesh. Products of the company are sold at domestic market as deemed exporter delivered to the export oriented companies.

3.0 Risk Exposure

3.1 Interest Rate Risk

MHSML is exposed to the volatility of interest rate as it has long-term Bank Loan. Any higher trend in interest rate in the future will definitely aggravate the adversity.

Management perception:

The management of MHSML has decided to pay off the outstanding Bank Loan gradually to make the Gearing Ratio at a satisfactory level which is expected to reduce the financial leverage and interest burden significantly.

3.2 Exchange Rate Risk

MHSML is engaged in global trade as it procures its raw materials from overseas markets. Therefore, fluctuations in the related foreign currency rates may affect adversely to the company's liquidity and profitability and expose a threat to the stability of the Company.

Management Perception:

MHSML settles its foreign transaction through US Dollars in case of both export and import. While the value of functional currency fluctuates, the loss or gain on currency fluctuation for export automatically sets off against the loss or gain on currency fluctuation for import. As the value of export is always greater than the value of import, some balance is created in the foreign currency transaction. Furthermore, the Company is contemplating about setting a system of hedging on foreign currency transactions in the future. Movement in the exchange rate adversely may expose the company to risks of foreign currency loss.

3.3 Industry Risks**(a) Market demand:**

The products of MHSML are sold to the export oriented fabrics and garments manufacturer, The ultimate buyer are from abroad . Any economic recession, changes in tastes and fashions of the consumers, national income and other related factors may cause to decline the market demand of the company products.

Management Perception:

MHSML always gives values to its customers' satisfaction and changes in tastes and fashion. Therefore its expert team promptly dedicates their creativity and research work to respond any changes in customers demand and product diversifications.

(b) Competition:

MHSML is operating in a free market economy regime. The company might have to face stiff competition from its competitors:

Management Perception:

Bangladesh is the prime source of cheapest garments in the world, earning comparative advantages for its industries over their global competitors. In addition, the management of MHSML employs their efficiencies; expertise and discretions to minimize the cost of its products.

(c) Rising of Raw Materials costs:

The cost of raw cotton and other material are highly volatile and can take movement in any direction. Increasing trend in the raw material cost may hamper the profitability of the company to a greater extent.

Management Perception:

MHSML is aware of the continuing market situation of its raw materials. The management of MHSML believes that long term planning for raw material management, exploring number of global markets, job wise costing for its finished products and trustworthy relations with the suppliers and mitigate the risk of rising of materials cost.

3.4 Risks steaming from technological changes:

Changes in technologies may reduce the cost efficiency of the company.

Management perception:

MHSML had gone for huge BMRE to support the technological changes. The machineries and equipment of the new unit are the latest invention in the sector which is imported from renowned manufacturers of the world.

3.5 Other risk factors:

(a) Political Unrest:

Bangladesh is prone to serious unrest in the political condition embraced by Hartal, Road-Block and many other politicized barriers to the business. Due to these factors it would stem the cost of the product upwards.

Management Perception:

During the last forty-seven years of post independence period, Bangladesh has gone through a variety of political situations. However, presently, a sound political atmosphere is prevailing in the country. Both the ruling and opposition parties are committed to the betterment of the country. Last democratic national assembly election and local council polls are instances of peaceful political situation in Bangladesh.

(b) Possible slowdown in economic growth in Bangladesh:

Our performance and growth are dependent on the sound health of the Bangladesh economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, commodity and energy prices and various other factors. Any significant change may adversely affect our business and economy significantly.

Management Perception:

Bangladesh economy is booming for last few years. Consistent industrial growth along with increased agricultural production has made the Per Capita Income higher than that of recent years. In addition, favorable government policies and industry friendly policies by other regulatory bodies have proved to be congenial to the economy of the country.

(c) Natural calamities:

Bangladesh is a country where recurrent natural calamities take place every year. It is a serious threat to the business.

Management perception:

This type of situation is totally beyond the control of human being. Though the management of MHSML has a very little to do with, we can and should have some precaution measures to minimize the damage of the business in such situations.

4.0 Basis of preparation and significant accounting policies**4.1 Basis of Measurement of Elements of Financial Position**

The financial statements have been prepared on the Historical Cost convention basis and therefore, do not take into consideration the effect of inflation except that arising from revaluation of lands and land developments and buildings, as specified in Note 4.10. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with that of the previous year.

4.2 Statement of Compliance with Laws

The financial statements have been prepared in accordance with the applicable International Accounting Standards (IAS) and International Financial Reporting Standard (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and the requirements of the Companies Act 1994 and other relevant laws and regulations as applicable in Bangladesh.

4.3 Going Concern

As per IAS-1 "Presentation of Financial Statements", a company is required to make assessment at the end of each year to assess its capability to continue as going concern. Management of the company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the Directors continue to adopt the going concern assumption while preparing the financial statements.

Deviation from last period Result

Expansion project of 36,000 Spindle Ring Spinning Mills are under construction. Due to up-gradation of power supply work, machinery installation and short supply of Gas, 50% of Rotor machine were shut down for a long time. Hence, production and revenue has been decreased during the period as well gas pressure problem, Long Eid Holiday, the development & restructure at the existing rotor unit to synchronize the total production facilities hamper the total production. Fall at market demand also end resulted decrease trend in last period result. Factory building shed for new BMRE already been completed and all machinery under installation.

4.4 Accrual Basis

The financial statements have been prepared, except cash flow information, using the accrual basis of accounting.

4.5 Structure, Content and Presentation of Financial Position

Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by IAS-1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- i) Statement of Financial Position as at September 30, 2020.
- ii) Statement of Profit or Loss and other Comprehensive Income for the period ended September 30, 2020.
- iii) Statement of Changes in Equity for the period ended September 30, 2020.
- iv) Statement of Cash Flows for the period ended September 30, 2020.
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the Financial Statements for the period ended September 30, 2020.

4.6 Reporting Period

The Financial year of the company under audit cover for a period of 3 months effective from 01 July 2020 to September 30, 2020.

4.7 Inventories

Inventories comprises of Raw materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been measured lower of cost and net realizable value as per IAS-2 "Inventories". Work-in-Process has been valued at prime cost basis as required by IAS-2 "Inventories" with proportionate addition of Factory Overheads. Finished goods have been valued at cost of material and other production overhead attributable to bringing the goods to the stage of sale under the convention of IAS-2 "Inventories".

4.8 Revenue

Revenue represents the invoice value of goods supplied to customers during the period. Revenue from sale of goods is recognized in the statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the buyer. Sales are recognized when delivery certificate is raised against confirmed orders.

4.9 Property, Plant and Equipment

Initial Recognition and measurement

Property, plant and equipment are capitalized at cost of acquisition and subsequently stated at cost or valuation less accumulated depreciation in compliance with the requirements of IAS-16:

"Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties, non-refundable taxes and un-allocated expenditures etc. The land and land developments with an effect as on June 30, 2011 have been revalued by an independent valuer to reflect fair value (prevailing market price) thereof following "Current Cost Method".

Subsequent Costs

The cost of replacing part of an item of property, plant and equipments is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as “Repair & Maintenance” when it is incurred.

Depreciation on Fixed Assets

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS-16: “Property, Plant and Equipment”. Depreciation of an asset begins when it is available for use. Depreciation is charged on all fixed assets except land and land developments on **Reducing Method**. Rates of depreciation are noted below:

Particular of Assets	Rate of Depreciation
Land & Land Developments	0%
Factory Building	5%
Plant & Machinery	10%
Vehicle	10%
Furniture and Fixture	10%
Air Condition	10%

The gain or loss on disposal or retirement of assets is included statement of comprehensive income when the item is disposed off/derecognized.

The fair value of the property, plant and equipment on 30.09.2020 is not materially differing with the carrying amount.

CAPITAL WORK-IN-PROCESS

As per decision of the Board, the company has undertaken an expression program to construct a ring project. The cost of supplies, development work of land and building construction and others has been incorporated in the Capital Work-In-Process.

4.10 Revaluation Reserve

In 2011, land under the ownership of MHSML was professionally revalued by ATA KHAN & Co, Chartered Accountants. Fair market value was estimated at Tk. 132,685,000 as against net book value of Tk. 2,370,360 resulting in a revaluation surplus of Taka 130,314,640 which was accounted for and transferred to revaluation reserve.

4.11 Cash and Cash Equivalent and Statement of Cash Flows:

Cash and cash equivalents comprise cash in-hand and in current account that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value.

The Statement of Cash Flows is prepared using the **Direct Method** as stipulated in Bangladesh Accounting Standards (IAS)-7 “Statement of Cash Flows”

4.12 Earnings per Share

The company calculates Earnings per Share (EPS) in accordance with the requirement of IAS-33: "Earning per Share", which has been shown on the face of the Statement of Comprehensive Income.

Basic earnings:

This represents earnings for the period ended September 30, 2020 attributable to the ordinary shareholders.

Basic earnings per share:

This has been calculated by dividing the basic earning by the number of ordinary shares outstanding for the period.

Weighted average number of ordinary shares outstanding during the year:

The basis of computation of number of shares is in line with the provision of IAS-33: Earnings per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the year.

Diluted Earnings Per Share:

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares, without inflow of resources to the Company against such issue. This is in compliance with the requirement of IAS-33. As the company has no dilutive potential ordinary shares, so diluted earnings per shares was not calculated.

4.13 Foreign Currency Transactions

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of IAS-21: "The Effects of Changes in Foreign Exchange Rates" are determined as under:

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

4.14 Impairment of Assets

All assets, except inventory, arising from construction contracts and financial assets is assessed at the end of each reporting year to determine whether there is any indication that an assets may be impaired. If any such indication exists the company assesses the recoverable amount.

And only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognized immediately in statement of Comprehensive Income, unless the asset is carried at revalued amount in accordance with another standard. Any impairment loss of a revalued asset is treated as a revaluation decrease. No such assets have been impaired during the year under audit and for this reason no provision has been made for impairment of assets.

4.15 Borrowing Cost

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of fund and are recognized as an expense in the year in which it incurs.

4.16 Authorization date for issuing Financial Statements

Board of Directors authorized the financial statements for issue on October 28, 2020.

4.17 Reporting Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency.

4.18 Risk and uncertainty for use of estimates (Provisions):

The Preparation of Financial Statements in conformity with International Accounting Standards (IAS) requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses, assets and liabilities and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. Due to inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

In accordance with the guidelines in IAS-37: "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized in the following situations: -

- When the company has an obligation as a result of past events;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the operation.

4.19 Accruals & Deferrals

Deferrals and accruals have been made as per the guidance in IAS-1 Presentation of Financial Statements. In order to meet their objectives, Financial Statements, except for cash flow statement and related information, are prepared on accrual basis of accounting. Under the basis, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the Financial Statements of the years to which they relate.

Other Payables are not interest bearing and are stated at their nominal value.

4.20 Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to the statement of comprehensive income.

4.21 Financial Instruments

Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, borrowings and other payables and are shown at transaction cost.

Initial recognition

An entity recognizes a financial assets or liabilities in its statement of financial position when, and only when, the entity becomes a party to the contractual provision of the instrument and subsequently recognized at their Amortized Cost.

Bills receivable are recognized at cost or net realizable value from the ordinary course of sales in the market whichever is lower. Bills receivables from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with IAS-21: The Effects of Changes in Foreign Exchange Rates.

4.22 Segment Reporting

As the Company operates in a single industry segment, so no segment reporting is applicable for the Company as per IAS-14: "Segment reporting".

4.23 Related Party Disclosures

The information as required by IAS-24: "Related party Disclosure" has been disclosed separately in notes to the financial statements.

4.24 Corporate Tax

(a) Current Tax: Current Tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the period.

Current tax is recognized in statement of comprehensive income except to the extent that it relates to business combination or item recognized directly in equity.

As the company has enjoying tax holiday @ 100% up-to October 2010, has been enjoying 50% up-to October 2012, and has been enjoying 25% up-to October 2013 for which provision for current tax has been made on taxable income to that extent as prescribed in Income Tax Ordinance, 1984.

(b) Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

4.25 Workers Profit Participation Fund

As per provision of Bangladesh Labor Law, Amendment 2013, Section 232(2), in case of a 100% export oriented industrial sector or for any industry investing 100% foreign exchange, the Government, through enactment of Rule, shall adopt required provisions with regard to formation of sector based central fund comprising of buyers and owners, form a Board to execute that fund, determine contributions and their realization procedure and provisions for utilizations of the money for the welfare of the beneficiaries in the sector. As per Financial Statement, Company Showing Net Loss for this reason Company did not make any provision against WPPF.

4.26 Contingent Assets and Liabilities

A contingent asset is disclosed when it is a possible that asset arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is disclosed when it is a possible obligation that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The company has no contingent assets or liabilities, which require disclosure under IAS: 37. Contingent assets and contingent liabilities are not recognized in the financial statements except the balance amount of IPO subscription money shown in (Note: 21.00) yet to be refundable.

A contingent assets is disclosed as per IAS-37, where an inflow of or economic benefits is probable. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Tax assessment for the year 2010-2011, 2011-2012, 2012-2013, 2013-2014 is under appeal Hon'ble High Court Division of the Supreme Court of Bangladesh for Tax holiday facility.

As per the decision was taken In the 10th AGM and Board of Director's meeting held on 20/12/2015 MHSML has declare 20% Stock Dividend to all the Shareholders but later considered 15% Stock Dividend to all the Shareholders and 5% cash dividend to the general shareholder (Excluding Sponsors /Directors). As per order dated 17.01.2016 passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Writ Petition No. 447/2016.15% stock dividend credited to all shareholders through CDBL, the decision regarding the remaining 5% dividend payment is awaiting Hon'ble High Court.

4.27 Comparative Information

Comparative information has been disclosed as required by IAS 01: Interim Financial Reporting' In respect of the previous year for all numerical information in the current financial statements as below:

- Statement of Financial Position as of the end of the preceding financial year.
- Statement of Profit or Loss and other Comprehensive Income for the comparable year of preceding financial year.
- Statement of Changes in Equity for the comparable year of preceding financial year.
- Statement Cash Flows for the comparable year of preceding financial year.

Comparative figures have been re-arranged wherever considered necessary to conform current year figure without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

Notes No.	Particulars	Amount in Taka	
		30.09.2020	30.06.2020
5.00	Property, Plant and Equipment's		
	Cost:		
	Opening balance at cost	2,054,274,409	873,337,325
	Add : Addition during the period	1,925,625,018	1,180,937,084
		3,979,899,427	2,054,274,409
	Add : Disposed / Sold during the period	-	-
	Total	3,979,899,427	2,054,274,409
	Depreciation:		
	Opening balance	527,399,862	454,770,076
	Depreciation during the period	62,889,398	72,629,786
		590,289,260	527,399,862
	Total (a)	3,389,610,168	1,526,874,547
	Revaluation:		
	Opening balance	130,314,640	130,314,640
	Add : Addition during the period	-	-
	Total (b)	130,314,640	130,314,640
	Written Down Value (WDV) (a+b)	3,519,924,808	1,657,189,187
	Please refer to Annexure-'A' for further details		
6.00	Deferred Tax		
	Book value of Depreciable asset	3,102,988,857	1,240,253,236
	Tax base Written down value	2,803,727,269	1,025,617,613
	Unabsorbed Depreciation	425,970,640	278,455,277
	Less : Tax base value of depreciable assets	3,229,697,908	1,304,072,890
	Revaluation surplus-PPE	-	-
	Taxable temporary difference	(126,709,052)	(63,819,654)
	Effective Tax rate	15%	15%
	Deferred tax liabilities/(asset) on original cost of assets	(19,006,357.79)	(9,572,948)
	Deferred tax liabilities on revaluation surplus Note-6.01	2,606,293	2,606,293
	Total closing deferred tax liabilities/(assets)	(16,400,065)	(6,966,655)
6.01	Deferred Tax on Revaluation Reserve of Land		
	Revaluation Reserve	130,314,640	130,314,640
	Effective Tax Rate	2%	2%
	Total taxable temporary difference	2,606,293	2,606,293
6.02	Deffered Tax (Income) / Expenses		
	Closing Deferred Tax Liabilities	(16,400,065)	(6,966,655)
	Opening Deferred Tax Liabilities	(6,966,655)	5,824,332
	Deferred tax (Income)/ Expenses	(9,433,410)	(12,790,987)
7.00	Capital Work-In-Progress		
	Break-up of this are as follows:		
	Capital Work-In-Progress (Building)	Note-7.01	-
	Capital Work-In-Progress (Machinery)	Note-7.02	1,846,945,307
	Total		1,846,945,307
7.01	Capital Work-In-Progress (Building)		
	Opening Balance	-	1,085,391,230
	Addition during the period		91,588,354
	Total	-	1,176,979,584
	Acquisition of the period	-	1,176,979,584
	Closing Balance	-	-

7.02 Capital Work-In-Progress (Machinery)

Opening Balance	1,846,945,307	1,784,831,160
Addition during the period		62,114,147
Total	1,846,945,307	1,846,945,307
Acquisition of the period	1,846,945,307	-
Closing Balance	-	1,846,945,307

Expansion project (36,000 Spindle Ring Spinning mills) of Mozaffar Hossain Spinning Mills Limited are ongoing. Total Project Value USD 25.00 Million. Capital work in progress represents the cost incurred for acquisition and/or for construction of items of property, plant, and equipment that are not ready for use. Machinery Value Approx. USD 15.70 million are already been under installation. CWIP is measured at cost. As per "IAS-16" Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

8.00 Investment

This represents the followings:

Suntech Energy Limited	4,451,171	5,110,847
	4,451,171	5,110,847
Add: Profit from the Associates	-	(659,676)
Total	4,451,171	4,451,171

The company has purchased 30% shares of Tk 4,920,000 from Suntech Energy Ltd. and accounted for complying with IAS 28 "Investment in Associates" accordingly during the period. We have assessed the project "Suntech Energy Limited" there are no too much changes on our Impairment investment.

9.00 Inventories

Break-up of this item is as follows:

Finished Goods:	Qty. (kg.)		
Yarn	771,967	131,944,431	99,487,883
Work-in-process	527,285	80,147,393	55,221,957
Raw Materials:		619,486,134	610,946,921
Virgin Cotton	4,300,799	597,811,015	588,035,261
Waste Cotton	309,645	21,675,119	22,911,660
Packing Materials		1,912,210	2,734,910
Store Materials		11,125,598	16,781,912
		844,615,766	785,173,583

The above Inventories are as per physical counting made and valued by a Inventory team comprised of management nominated staff to carryout the Inventory verification. Inventories in hand have been valued at lower of cost and net realizable value as per IAS-2. Inventories were hypothecated against working capital facilities availed from the bank (Islami Bank BD Ltd.).

10.00 Accounts Receivable

This is unsecured, considered good and is falling due within one year . No debts are considered as bad during the year. Classification schedule as required by Schedule XI of Companies Act 1994 is as follows:

I) Accounts Receivable considered good in respect of which the company is fully secured (Annexure B)	-	-
II) Accounts Receivable considered good in respect of which the company holds no security other than the debtor's personal security (Annexure B)	139,866,862	164,899,980
III) Accounts Receivable considered doubtful or bad	-	-
IV) Accounts Receivable due by any director or other officer of the	-	-
V) Accounts Receivable due by Common management	29,234,142	118,813,392
VI) The maximum amount of receivable due by any director or other officer of the company	-	-
	169,101,004	283,713,372
Less: Adjustment of Bill Discounting (Net off Ass: Note-10.01	161,215,847	139,742,297
	7,885,157	143,971,075

Aging of Accounts Receivable:

Dues within three months	91,469,842	104,640,648
Dues above three months but within six months	48,397,020	48,397,020
Dues above six months	29,234,142	130,675,704
	169,101,004	283,713,372

10.01 Adjustment of Bill Discounting (Net off Assets & Liabilities)

Woori Bank Limited	158,200,662	130,881,600
Marcantile Bank Limited	-	8,860,697
Southeast Bank	3,015,185	-
	161,215,847	139,742,297

11.00 Advances, Deposits & Pre-Payments

Advance against Purchase	Note-11.01	72,572,125	71,522,125
Advance against Factory Expenses		1,840,166	2,055,800
Advance against L/c Margin		4,583,000	4,583,000
Advanced for Ring Spinning Project		1,056,012	1,082,366
Bank Guarantee		1,176,349	1,176,349
Prepaid Insurance		5,587,637	106,958
Tax deducted at sources	Note-11.02	2,376,129	953,292
		89,191,418	81,479,890

11.01 Advance against Purchase

Dues within three months	21,065,200	21,015,200
Dues above three months but within six months	11,671,680	11,671,680
Dues above six months	39,835,245	38,835,245
	72,572,125	71,522,125

11.02 Tax Deductions at Sources

Opening Balance	953,292	113,528
Addition during the period	1,422,837	839,764
	2,376,129	953,292

12.00 Cash and Cash Equivalents

Cash in Hand		5,065,673	3,808,658
Cash at Banks:		9,132,546	11,456,014
IBBL Mouchak #20501450100327918		1,464	17,491
IBBL Mouchak #20501452500004916		37,307	6,691
IBBL Mouchak #20501452600004917		207	207
IBBL(FCAD ORQ) Mouchak #20501452800001714		770,280	926,218
DBBL Bhulta # 1761200001733		1,266,762	973,409
DBBL Bashundhara # 1471100005894		367,337	2,092,337
MBL Pragati Sarani A/C No. 114711123026113		63,042	83,109
EBL Principal		1,531	1,531
EBL Principal #1011360231502		151,253	151,253
Woori Bank FC #1509640003099		3,083,127	5,315,920
Woori Bank RQA		3,369,126	432,475
Woori Bank #1509640002993		21,110	1,455,374
		14,198,219	15,264,672

13.00 Share Capital

This represents the followings:

Authorized Capital:

300,000,000 ordinary Shares of Tk 10/- each	3,000,000,000	3,000,000,000
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Issued, Subscribed and Paid-up Capital:

100,993,374 ordinary shares of taka 10/- each	Note-13.01	1,009,933,740	1,009,933,740
		1,009,933,740	1,009,933,740

13.01 Share holding Position:

i) Sponsors	6,699,343	6.63%	66,993,425	66,993,425
ii) SIM Fabrics Limited	33,300,737	32.97%	333,007,365	333,007,365
iii) General Public & Others	60,993,295	60.39%	609,932,950	609,932,950
	<u>100,993,374</u>	100.00%	<u>1,009,933,740</u>	<u>1,009,933,740</u>

14.00 Revaluation Reserve

Opening Balance	130,314,640	130,314,640
Add: Related Deferred Tax on Revaluation 2%	(2,606,293)	(2,606,293)
	<u>127,708,347</u>	<u>127,708,347</u>

In 2011, land under the ownership of MHSML was professionally revalued by ATA KHAN & Co, Chartered Accountants. Fair market value was estimated at Tk. 132,685,000 as against net book value of Tk. 2,370,360 resulting in a revaluation surplus of Taka 130,314,640 which was accounted for and transferred to revaluation reserve.

15.00 Tax Holiday Reserve

A. Opening balance	<u>72,845,417</u>	<u>72,845,417</u>
Tax Holiday Reserve (30%)	54,634,063	54,634,063
Reserve for Investment (10%)	18,211,354	18,211,354
B. Add: During the Period	-	-
Tax Holiday Reserve (30%)	-	-
Reserve for Investment (10%)	-	-
Total (A+B)	<u>72,845,417</u>	<u>72,845,417</u>

16.00 Retained Earnings

Details are as follows:

Opening Balance	204,669,050	344,309,067
Add: Net Profit / (Loss) for the period	(41,987,221)	(119,837,397)
Total	<u>162,681,829</u>	<u>224,471,670</u>
Bonus Paid (2% Stock Dividend)	-	(19,802,620)
Retained Earnings	<u>162,681,829</u>	<u>204,669,050</u>

17.00 Long Term Borrowings

Hajj Finance Com. Ltd - 1813	32,226,545	31,138,201
Hajj Finance Com. Ltd - 1925	57,897,076	56,504,458
Hajj Finance Com. Ltd - 1947	185,625,764	180,615,947
Hajj Finance Com. Ltd - 2149	23,948,664	23,640,876
IBBL HPSM-20501454300078403	2,896,434	2,801,449
IBBL HPSM-20501454300083317	1,775,920	1,738,232
IBBL HPSM-20501454300083500	1,630,971	1,597,507
IBBL HPSM-20501454300089001	13,072,308	12,812,663
IBBL HPSM-20501454300095301	99,455,962	97,885,380
IBBL HPSM-20501454300097909	50,500,038	49,592,642
IBBL HPSM-20500246106759815	70,129,023	68,767,927
IBBL HPSM-FC-20500246106759815	810,604,228	491,483,224
IDLC	38,946,161	39,273,047
Total	<u>1,388,709,094</u>	<u>1,057,851,553</u>
Less: Current portion of Long term loan	(84,574,601)	(85,970,223)
	<u>1,304,134,493</u>	<u>971,881,330</u>

1. Purpose of Investment - To purchase/import of New Ring Spinning Machine, Utilities and Factory Shed building for the project.

2. Period of Investment - 07 (seven) years excluding 12 month gestration period.

3. Rate of return -12.30% per annum or the rate to be determined by the bank from time to time.

4. Collateral:

A. 156.10 decimal project land along with 88,200 sft. Project building vide FSV 81.36 million.

B. 397.00 decimal project land along with 1,89,4825 sft. Project building vide FSV 251.20 million.

C. 505.04 decimal project land along with 2,49,904 sft. Factory building vide FSV 598.51 million by

D. Personal Guarantee of all Directors of the Project Companies & Mortgages of their individual

18.00 Accounts Payable

Trade Creditors (Annexure-C)	133,462	133,462
Bills Payable (Annexure-C)	6,260,921	6,325,241
Liability against Import Machinery	491,505,497	817,838,894
	497,899,880	824,297,597

19.00 Cash Dividend Payable

Opening Balance	469,705	469,705
Less: Disburse during the period	-	-
Balance Payable	469,705	469,705

20.00 Long Term Borrowings- Current Maturity

Islami Bank Bangladesh Limited	84,574,601	85,970,223
	84,574,601	85,970,223

This consists of as follows and is payable within next twelve months from the Balance Sheet date.

21.00 Refundable fund of IPO subscribers

Refund warrant to IPO subscribers	2,755,000	2,755,000
	2,755,000	2,755,000

This represents the amount payable to IPO subscribers against which refund warrant already been issued but not presented to the bank by the subscribers during the year.

22.00 Short Term Borrowings

Islami Bank Bangladesh Limited Mouchak Br.

Murabaha TR	322,164,653	235,508,465
Bai Murabaha	267,117,560	361,400,189
MFCI	461,611,572	437,397,387
Car Loan (Hajj Finance Co. Ltd-1034)	486,299	644,333
Total short term loan of Islami bank Bangladesh Ltd.	1,051,380,084	1,034,950,373

This represents amount excluded by the following Banks as working capital which are fully secured by Stock hypothecation and Export bills receivable at the terms & condition given below.

1. Purpose of Investment - To purchase/import raw materials for the project.
2. Period of Investment - 01 (one) year on revolving basis.
3. Rate of return -12.30% per annum or the rate to be determined by the bank from time to time.
4. Collateral:
 - A. 156.10 decimal project land along with 88,200 sft. Project building vide FSV 81.36 million.
 - B. 397.00 decimal project land along with 1,89,4825 sft. Project building vide FSV 251.20 million.
 - C. 505.04 decimal project land along with 2,49,904 sft. Factory building vide FSV 598.51 million by
 - D. Personal Guarantee of all Directors of the Project Companies & Mortgages of their individual properties.

23.00 Provision for Income tax

Opening Balance	84,700,386	100,877,371
Provision for the period	Note-23.01 1,422,837	839,764
Total	86,123,223	101,717,135
Tax Paid to DCT against Claim for Assessment 2016-2017	-	17,016,749
AIT Adjustment	-	-
Closing Balance	86,123,223	84,700,386

23.01 Current Tax

A. Minimum tax

Trunover and other income	119,418,222	283,389,787
Minimum tax rate	0.26%	0.26%
	306,905	728,312

B. Regular tax		
Profit Before Tax	(49,997,794)	(131,788,620)
Less: Other Income	796,740	158,379
Add: Accounting Depreciation	62,889,398	72,629,786
Less: Tax Depreciation	-	-
Taxable Income for the period	13,688,344	(59,000,455)
Rate of Tax	15%	15%
Tax on business	2,053,252	(8,850,068)
Add: 25 % Tax on Other Income	(199,185)	(39,595)
Total Provision for the Period	1,854,067	(8,889,663)
C. Tax deducted at Source	1,422,837	839,764
Current tax expenses (Higher of A,B & C)	1,422,837	839,764

24.00 Accrued Expenses

This is unsecured, falling due within one year and consists of as follows:

Audit fees	125,000	125,000
Salaries & Wages	1,918,554	4,918,554
Remuneration	-	1,757,500
Gas Bill	56,722,140	65,208,745
WPPF Payable	37,394,589	33,898,347
Accrued Interest	-	15,352,226
	96,160,283	121,260,372

Amount in Taka	
01.07.2020 to 30.09.2020	01.07.2019 to 30.09.2019

25.00 Turnover

	Qty. (kg.)	Avg. Rate		
Yarn 20's	32,400	202	6,539,904	40,401,690
Yarn 16's	107,700	195	21,018,648	14,263,680
Yarn 30's	372,200	197	73,343,592	-
Yarn 12's	17,700	181	3,211,740	-
Yarn 24's,14's,10's,07's	72,200	223	16,101,078	17,671,080
	602,200		120,214,962	72,336,450

Deviation from last period Result:

Expansion project of 36,000 Spindle Ring Spinning Mills are under construction. Due to up-gradation of power supply work, machinery installation and short supply of Gas, 50% of Rotor machine were shut down for a long time. The factory was shut down for Covid-19. Effect on demand due to spread of Covid-19 since January 2020. Hence, production and revenue have been decreased during the period.

26.00 Cost of Goods Sold

Raw materials consumed	Note-26.01	58,888,645	41,781,861
Accessories & Stores Consumed	Note-26.02	7,569,806	5,507,752
Packing Materials Consumed	Note-26.03	1,078,955	991,600
Factory overhead	Note-26.04	105,547,553	45,612,582
Opening Work-in-Process		55,221,957	43,996,350
Closing Work-in-Process		(80,147,393)	(35,155,400)
Cost of Production		148,159,523	102,734,745
Opening stock of Finished Goods		99,487,883	53,715,750
Cost of Goods Available for Sale		247,647,406	156,450,495
Closing stock of Finished Goods		(131,944,431)	(87,700,250)
Wastage Sales		(400,818)	(355,810)
Cost of Goods Sold		115,302,157	68,394,435

26.01 Raw Materials Consumption

Opening Raw Materials	610,946,921	123,382,139
Purchase during the period	67,427,858	-
Available for use	678,374,779	123,382,139
Closing Raw Materials	(619,486,134)	(81,600,278)
	58,888,645	41,781,861

26.02 Accessories & Stores Consumption

Opening Accessories & Stores	16,781,912	16,513,210
Purchase during the period	1,913,492	-
Available for use	18,695,404	16,513,210
Closing Accessories & Stores	(11,125,598)	(11,005,458)
	7,569,806	5,507,752

26.03 Packing Materials Consumption

Opening Packing Materials	2,734,910	1,477,100
Purchase during the period	256,255	25,000
Available for use	2,991,165	1,502,100
Closing Packing Materials	(1,912,210)	(510,500)
	1,078,955	991,600

26.04 Factory Overhead

Gas Bill	22,509,323	17,491,312
Wages and Salary & Allowance	17,956,097	13,564,555
Repair & Maintenance	460,503	359,800
Factory Insurance	1,062,544	525,000
Sundry Carrying Charges	233,873	103,500
Sundry daily labor charges	509,896	365,900
Medical & other Expenses	9,675	211,800
Depreciation	62,805,642	12,990,715
	105,547,553	45,612,582

(a) Repairs & maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures. Also included therein stores and spares that has been consumed during the year.

(b) Other expenses does not included any item exceeding 1% of total revenue.

27.00 Other Operating Income

Interest on Bank Account	-	119,638
Exchange Rate Fluctuation Gain/(Loss)	(796,740)	49,377
Profit from Associate	-	-
	(796,740)	169,015

28.00 Administrative Expenses

Salary and Allowances	8,084,729	1,853,748
Festival Bonus	1,705,510	450,000
Audit Fee	-	31,250
Managing Director Remuneration	150,000	300,000
Director's Remuneration	450,000	600,000
Board Meeting Fees	30,000	50,000
Entertainment	169,941	75,000
Traveling and Conveyance	53,536	110,240
House & Office rent	188,500	215,000
Telephone & Mobile Bill	27,550	35,600
Company Secretarial, Regulatory Fee and AGM Expense	125,433	440,000
Subscription and Donations	73,000	122,000
Fuel, Fees & Renewals & other Expenses	828,952	725,800
IT Solution	10,350	-
Depreciation	83,756	182,868
	11,981,257	5,191,506

Payment/ Perquisites to Directors and officers

The aggregate amount paid/ provided during the period in respect of Directors and officers of the

Particulars

Managing Director Remuneration	150,000	300,000
Director's Remuneration	450,000	600,000
Board Meeting Fees	30,000	50,000
	630,000	950,000

29.00 Marketing, Selling & Distribution Expenses

Salaries and Allowances	190,000	160,000
Advertisement	20,500	35,000
Business Development	-	120,000
Sample Expenses	-	40,500
	210,500	355,500

30.00 Financial Expenses

Bank Charges and Commission	446,747	60,203
Interest on HPSM	5,176,958	4,978,961
Interest on BAI Murabaha	10,518,787	15,790,520
Interest on Murabaha TR	8,636,048	7,965,587
Interest on MBL -IDBP	40,526	-
Interest on Woori -IDBP	1,674,174	-
Interest on Hajj Finance	7,402,435	-
Interest on MFCI	7,284,742	-
Interest on IDLC	741,685	-
	41,922,102	28,795,271

31.00 Basic Earning Per Share

Net Profit after Taxes	(41,987,221)	(29,245,220)
Number of Shares for respected period	100,993,374	99,013,112
Earning per share (Taka) (Basic)	(0.42)	(0.30)

Net Profit after Taxes	(41,987,221)	(29,245,220)
Weighted Average Number of Share	100,993,374	100,993,374
Earning per share (Taka) (Adjusted)	(0.42)	(0.29)

Weighted average/Total existing number of share:

Opening number of share outstanding	100,993,374
Add: Issued during the year (% Stock dividend)	-
	100,993,374

32.00 Net Operating Cash Flow Per Share(NOCFPS)

Cash flow from operating activities	(226,742,013)	34,137,535
Number of Share	100,993,374	100,993,374
Net Operating Cash Flows per Share (NOCFPS)	(2.25)	0.34

33.00 Net Asset Value Per Share (NAVPS)

Net Asset Value	1,373,169,333	1,415,156,554
Number of Shares	100,993,374	100,993,374
Net Asset Value Per Share (NAVPS)	13.60	14.01

34.00 General:**34.01 Claims not Acknowledged**

There is no claim against the Company not acknowledged as debt as on 30.09.2020 .

34.02 Credit Facilities not Availed

There is no credit facilities extended to the Company but nor availed of as on 30.09.2020, under any contract, other than trade credit available in the ordinary course of business.

34.03 Commission, Brokerage or Discount Against Sales

No commission, brokerage or discount was incurred or paid by the Company against sales during the period ended 30.09.2020.

34.04 Directors Responsibility Statements

The Board of Directors and management of the company takes the responsibility for the preparation and presentation of these financial statements as per section 183 of Companies Act 1994 and Corporate Governance Guidelines issued by Bangladesh Securities & Exchange Commission (BSEC) .

34.05 Employees Details:

During the period there were 417 permanent employees employed for the full year out of which 101 employees received salary Taka 8,425 per month and above.

34.06 Rounding Off

Amounts appearing in these financial statements have been rounded off to the nearest Taka wherever considered necessary.

34.07 Reconciliation of Net Income with Cash Flows from Operating Activities

Statement of Cash Flows have been prepared in accordance with IAS 7 "Statement of Cash Flows" under direct method and the Reconciliation of Net Income with Cash Flows from Operating Activities are shown under indirect method as activities.

Profit before Income Tax	(49,997,794)	(30,231,247)
Adjustment for items not involving movement of cash:		
Depreciation on Property, Plant and Equipment	62,889,398	13,173,583
Financial Expenses	41,922,102	-
Profit from associates	-	-
Foreign Exchange Gain/(Loss)	(810,508)	-
	54,003,198	(17,057,664)
(Increase)/Decrease in Accounts Receivable	136,896,426	23,654,075
(Increase)/Decrease in Inventory	(59,442,183)	12,022,663
(Increase)/Decrease in Advance, Deposits & Prepayments	(5,265,045)	14,491,293
Increase/(Decrease) in Accounts Payable	(326,411,485)	1,038,640
Increase/(Decrease) in Accrued expenses	(25,100,089)	(125,000)
	(279,322,376)	51,081,671
Tax paid to DCT against Claim for Assessment 2016-2017	-	-
Income Tax paid during the year	(1,422,837)	113,528
Net Cash Flows from operating activities	(226,742,013)	34,137,535

34.08 Disclosed as per requirement of schedule XI, part II Para 8

Value of Raw material, packing materials and Capital goods

Particular	Opening	Purchases	Consumption	Closing
Raw Material	610,946,921	67,427,858	(58,888,645)	619,486,134
Packing Materials	2,734,910	256,255	(1,078,955)	1,912,210
Spare Parts	16,781,912	1,913,492	(7,569,806)	11,125,598

Value of Export

Particular	In Foreign Currency USD	In BDT
Export	\$ 1,431,131	120,214,962

34.09 Details of capacity has given below

Particular	License Capacity	Installed Capacity	Actual Production
Annual Production (kg) Rotor Unit	6,600,000	6,600,000	633,665
Annual Production (kg) Ring Unit	6,600,000	6,600,000	-

Note: Expansion project of 36,000 Spindle Ring Spinning Mills are under construction. Due to up-gradation of power supply work, machinery installation and short supply of Gas, 50% of Rotor machine were shut down for a long time, Hence, production and revenue has been decreased during the period.

35.00 Related Party Disclosure :**a) Transaction with Key Management Personnel of the entity:**

No.	Particulars	Amounts in Tk
(a)	Managerial Remuneration paid or payable during the period to the directors, including Managing directors or manager	600,000
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value applicable.	30,000
(c)	Other allowances and commission including guarantee commission	Nil
(d)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest	Nil
(e)	Share Based payments	Nil

b) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2020	Addition during the Period	Realized during the Period	Balance as at 30.09.2020
(a)	SIM Fabrics Limited yarn sale	Common Management	118,813,392	-	89,579,250	29,234,142
	Total		118,813,392	-	89,579,250	29,234,142

c) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2020	Addition during the Period	Realized during the Period	Balance as at 30.09.2020
(a)	SIM Fabrics Limited (land transferred against shares)	Common Management	250,000,000	-	-	250,000,000
	Total		250,000,000	-	-	250,000,000

Mozaffar Hossain Spinning Mills Limited
Annexure of Property, Plant & Equipment
As at September 30, 2020

Annexure A
Amounts in Taka

Cost:

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2020
	As at July 01, 2020	Addition during the period	Closing Balance As on 30.09.2020		As at July 01, 2020	Charged during the Period	Closing Balance As on 30.09.2020	
Land & Land Dev.	286,621,311	-	286,621,311	-	-	-	-	286,621,311
Factory Building	1,296,524,939	75,396,611	1,371,921,550	5%	71,316,877	16,257,558	87,574,436	1,284,347,114
Plant & Machinery	462,545,918	1,850,228,407	2,312,774,325	10%	452,013,684	46,519,016	498,532,700	1,814,241,625
Vehicle	5,586,326	-	5,586,326	10%	2,529,565	76,419	2,605,984	2,980,342
Furniture & Fixture	1,728,415	-	1,728,415	10%	1,434,944	7,337	1,442,281	286,134
Air Condition	1,267,500	-	1,267,500	10%	104,792	29,068	133,859	1,133,641
Balance as on 30.09.2020	2,054,274,409	1,925,625,018	3,979,899,427		527,399,862	62,889,398	590,289,260	3,389,610,168
Balance as on 30.06.2020	873,337,325	1,180,937,084	2,054,274,409		454,770,076	72,629,786	527,399,862	1,526,874,547

Revaluation:

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2020
	As at July 01, 2020	Addition during the period	Closing Balance As on 30.09.2020		As at July 01, 2020	Charged during the Period	Closing Balance As on 30.09.2020	
Land & Land Dev.	130,314,640	-	130,314,640	-	-	-	-	130,314,640
Balance as on 30.09.2020	130,314,640	-	130,314,640	-	-	-	-	130,314,640
Balance as on 30.06.2020	130,314,640	-	130,314,640	-	-	-	-	130,314,640

Balance as on 30.09.2020	2,184,589,049	1,925,625,018	4,110,214,067		527,399,862	62,889,398	590,289,260	3,519,924,808
Balance as on 30.06.2020	1,003,651,965	1,180,937,084	2,184,589,049		454,770,076	72,629,786	527,399,862	1,657,189,187

Depreciation Charged To-

Administrative Cost	83,756
Manufacturing Cost	62,805,642
Total	<u>62,889,398</u>

Note: The company use an accounting software(Intangible asset) which is fully amortized.

Mozaffar Hossain Spinning Mills Limited
Annexure of Accounts Receivable
For the period ended July 01, 2020 to September 30, 2020

Annexure No. - B

Disclosure as per requirement of Schedule XI, Part - I (A. Horizontal Form) of Companies Act.1994

In regard to sundry debtors the following particulars' shall be given separately:-

The debtors occurred in the ordinary course of business are considered good. The details of Accounts Receivable are given below:

Amounts in Taka

Name of Customer	Balance as at 01.07.2020	Addition during the period	Realized during the period	Balance as at 30.09.2020
ACS Textile Ltd.	124,418,700	84,725,802	121,080,815	88,063,687
ACS Towel Ltd.	14,795,340	26,296,578	9,503,915	31,588,003
Rownok Textile Mills	10,597,440	3,375,960	4,500,000	9,473,400
Moom Tex. Expo Ltd	14,049,000	-	10,163,350	3,885,650
Amber Denim Mills Ltd	1,039,500	-	-	1,039,500
Crosswear Industries Ltd.	-	2,416,722	-	2,416,722
Rony Knit Composite (Pvt) Ltd	-	3,399,900	-	3,399,900
Sub-total	164,899,980	120,214,962	145,248,080	139,866,862

Accounts Receivable due by Common management:

The debtors occurred in the ordinary course of business are considered good. The details of Accounts Receivable are given below:

Amount in Taka

Name of Customer	Balance as at 01.07.2020	Addition during the period	Realized during the period	Balance as at 30.09.2020
SIM Fabrics Limited	118,813,392	-	89,579,250	29,234,142
Sub-total	118,813,392	-	89,579,250	29,234,142
Total	118,813,392	120,214,962	234,827,330	169,101,004

Mozaffar Hossain Spinning Mills Limited
Schedule of Trade Creditors
For the period ended July 01, 2020 to September 30, 2020

Annexure No. - C
Amounts in Taka

Trade Creditors:

Name of Supplier	Balance as at 01.07.2020	Payment during the Period	Bill during the Period	Balance as at 30.09.2020
AB Enterprise	133,462	-	-	133,462
Sub Total (A)	133,462	-	-	133,462

Bills Payable:

Amounts in Taka

Name of Supplier/Service Provider	Balance as at 01.07.2020	Payment during the Period	Bill during the Period	Balance as at 30.09.2020
Amreen Refrigeration & Engineering	267,500	-	-	267,500
AMSLER Textile Effect Systems	214,200	100,000	-	114,200
Asia Pacific Textrade Ltd	907,325	-	-	907,325
Bangladesh Association of Public Listed Co.	50,000	-	-	50,000
Bangla Trac Limited	146,127	589,500	570,480	127,107
Beximco Online	13,800	-	-	13,800
Bestair Engineering	46,050	-	-	46,050
Central Depository Bangladesh	116,679	-	-	116,679
Chemtex B.D	30,700	-	-	30,700
Chittagong Stock Exchange Ltd	1,314,734	-	-	1,314,734
Changzhou Tonghe Textile Machinery	34,128	-	-	34,128
Dhaka Stock Exchange LTd	458,617	-	-	458,617
Mahin Enterprise & Packaging	156,147	-	-	156,147
Minarva Engineering Works	37,606	411,000	400,000	26,606
Monir Steel House	508,800	-	-	508,800
MH Rubber & Plastic Machinerics Ltd.	86,552	-	-	86,552
MS Enterprise	132,125	-	-	132,125
New Mokka Trading	197,176	-	-	197,176
Maa Enterprise& Packaging	95,347	-	-	95,347
Mostakim Enterprise	42,871	-	-	42,871
Orient Plastic & Packing Ind. Ltd	50,000	-	-	50,000
Peoples Insurance Company Ltd.	334,669	-	-	334,669
Reyan Machinery	165,175	-	-	165,175
Kaizer Enterprise	99,860	-	-	99,860
Sabuj Timber & Traders	141,471	-	-	141,471
Touch Paper Products	347,812	474,861	615,000	487,951
Textile Associates Ltd	59,500	-	-	59,500
S.R Shipping Agency	103,738	-	-	103,738
Amra Bangla	10,000	-	-	10,000
SAIL International Ltd	9,700	-	-	9,700
Step Transmission	146,832	200,000	125,561	72,393
Sub Total (B)	6,325,241	1,775,361	1,711,041	6,260,921
Total (A+B)	6,458,703	1,775,361	1,711,041	6,394,383