

Annual Report
2014



MOZAFFAR HOSSAIN SPINNING MILLS LTD.

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Transmittal Letter

To
All Share Holders,
Bangladesh Securities and Exchanges Commission,
Registrar of Joint Stock Companies & Firms,
Dhaka Stock Exchange Limited,
Chittagong Stock Exchange Limited.

Subject: Annual Report for the year ended June 30, 2014.

Dear sir (s),
Enclosed please find a copy of Annual Report together with the Audited Financial Statements including Statement of Financial Position, Statement of Comprehensive Income, statement of Cash Flow and Statement of Changes in Equity for the year ended June 30, 2014 along with notes to thereon of Mozaffar Hossain Spinning Mills Limited for your kind information and records.

Thank you

Sincerely yours,



(Md. Shahazul Islam ACA)
Company secretary

Notice of the 9th Annual General Meeting



MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

Head Office : House # 315, Road # 04, Baridhara DOHS, Dhaka-1206, Bangladesh
Phone: 88-02-8415961-3, Fax: 88-02-8415964, E-mail: info@simgroup-bd.com
Factory: Thakurbari Teac, Masumabad, Bhulta, Rupgonj, Narayangonj
Website: www.simgroup-bd.com

Notice of the 9th Annual General Meeting

Notice is hereby given that the 9th Annual General Meeting (AGM) of the shareholders of **Mozaffar Hossain Spinning Mills Limited** will be held on **Saturday, October 25, 2014** at 11.30 a.m. at the Factory Office: Thakurbari Teac, Masumabad, Bhulta, Rupgonj, Narayangonj to transact the following business.

01. To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2014 along with report of the Auditors and Directors
02. To approve the dividend for the year ended June 30, 2014 as recommended by the Board of Directors.
03. To elect the Directors.
04. To approve Independent Directors.
05. To appoint Auditors of the Company and fixation of their remuneration for the year ended June 30, 2015.
06. To re-appoint the Managing Director of the Company.

By order of the Board

Md. Shahazul Islam ACA
Company Secretary

Dated: September 22, 2014

Notes:

01. The Record Date is September 25, 2014.
02. The shareholders whose name will appear in the Share Register of the Company and in the Depository Register on the date will be eligible to attend the 9th Annual General Meeting (AGM) and qualify for the dividend to be declared at the AGM.
03. A Shareholder eligible to attend and vote at the Annual General Meeting (AGM) or may appointed a proxy to attend and vote in his/her place by filling proxy Form. The proxy form must be affixed with a revenue stamp of Tk. 20/= and submitted to the Head Office of the Company not later than 48 hours before the day of the Annual General Meeting (AGM).
04. Members are requested to notify change of address, if any, through their respective Depository Participants before the Record Date.
05. Shareholders attendance counter will open at 9.00 a.m. and to be continued till 11.30 a.m.

বিঃ দ্রঃ সম্মানিত শেয়ার হোল্ডারবৃন্দের অবগতির জন্য জানানো যাচ্ছে যে, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর সার্কুলার নংঃ এসইসি/সিএমআরআরসিডি/২০০৯-১৯৩/১৫৪ তারিখ- অক্টোবর ২৪, ২০১৩ অনুযায়ী আসন্ন ৯ম বার্ষিক সাধারণ সভায় (এজিএম) কোন প্রকার উপহার বা আপ্যায়নের ব্যবস্থা নেই।



Corporate Directory

Board of Directors

Mrs. Rahima Hossain	: Chairman
Md. Mozaffar Hossain	: Managing Director
Raisul Hasan	: Director
ASM Rakibul Hasan	: Nominee Director
Mr. Sanwar Hossain	: Nominee Director
Md. Alamgir Akando Mintu	: Independent Director

Audit Committee

Md. Alamgir Akando Mintu	: Chairman
Raisul Hasan	: Director
ASM Rakibul Hasan	: Nominee Director
Md. Shahazul Islam ACA	: Company Secretary

Company Secretary

Md. Shahazul Islam ACA

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

Chief Financial Officer	: Shahin Ahmed
Head of Internal Audit	: Md. Atiqur Rahman Bhuiyan ACMA
Auditor	: AHMED ZAKER & CO. Chartered Accountants
Banker	: Islami Bank Bangladesh Limited.
Cost Auditor	: Mazumdar Sikder & Associates
Insurer	: Progressive Life Insurance Company Ltd.
Registered Office	: House # 315, Road # 04, DOHS, Baridhara, Dhaka-1206 Phone: +88-02-8415961-3, Fax: +88-02-8415964, E-mail: info@simgroup-bd.com, Web: www.simgroup-bd.com
Factory	: Thakurbari Teac, Masumabad, Bhulta, Rupgonj, Narayangonj





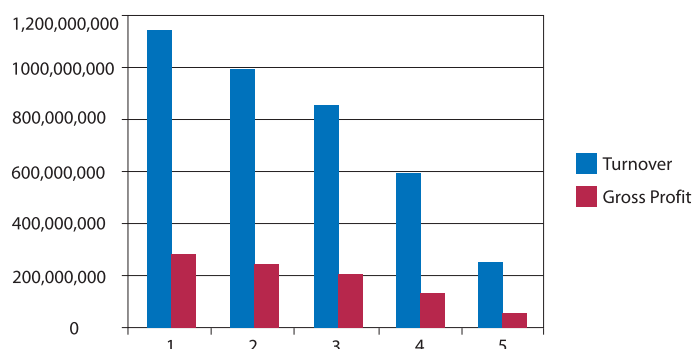
Years' Financial Summary

Amount in Taka

Operational Result	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10
Turnover	982,322,640	850,511,230	738,494,616	638,921,387	442,588,794
Gross Profit	240,619,016	208,006,078	180,416,586	150,626,709	97,195,348
Profit from Operation	234,933,119	198,029,370	170,931,993	143,134,747	93,030,862
Net Profit before tax	156,860,163	79,452,511	74,434,089	66,187,819	46,175,794
Net Profit after Tax	132,898,391	72,464,245	67,617,913	62,878,428	46,175,794
Net Cash Flow From Operation	111,497,477	121,371,674	257,559,605	(14,945,463)	(154,446,232)

Financial Position	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10
Fixed Assets	634,782,553	656,635,086	694,018,230	482,095,676	361,385,740
Current Assets	806,469,915	686,468,796	488,794,755	563,457,984	414,316,868
Shareholder's Equity	1,138,777,588	730,580,375	658,598,098	355,960,049	162,766,981
Long Term Liability	14,639,268	222,756,021	224,722,298	252,603,952	248,426,117

Key Financial Ratio	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10
Current Ratio	2.80	1.76	1.63	1.29	1.14
Quick Ratio	1.74	1.05	0.92	0.88	0.82
Debt to Equity Ratio	0.27	0.34	0.81	1.74	3.27
Net Income Ratio (%)	13.52	8.52	9.16	9.84	10.43
Return on Equity (%)	11.67	9.92	10.18	6.90	7.35
Earning Per Share	2.62	2.07	2.78	6.30	4.63





The Company

Mozaffar Hossain Spinning Mills Limited (here in 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. 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, Rupgong, Narayangong.

Mozaffar Hossain Spinning Mills Limited runs the business of 100% export oriented woven fabrics cotton yarn. The company's production facility is equipped with machineries of Germany. The company aims to provide high quality woven fabrics cotton yarn.

Our Vision

- ☐ We aspire to maintain our leadership position in the Textile Industry by producing the best quality various counts of yarns and becoming a reliable business partner of our buyer and suppliers.
- ☐ Protect the interest of our shareholder through sustainable growth and value creation.
- ☐ Preserve the Trust of all our Stakeholders by adopting ethical business practices.
- ☐ Support the society through corporate social responsibility initiative.

Our Mission

MHSML will remain an acknowledged leader in providing high quality products & services, to its customers. MHSML will continue to provide superior quality of fabrics.

Our Customers see us as:

1. Provider of state of the art product.
2. Focus on their specific needs.
3. Valuable contributors to their Organizations.

Our Employees:

1. The reason for us being in business.
2. Provide cutting edge, solutions to our customers.
3. Acquire skills in anticipation of future needs.

Our Company Leadership Believes:

The Global Textile Market provides a continuous challenge for every stage of manufacturing. The MHSML diversified interests include product line catering different market segments.

Factory Highlights



The Board of Directors



Mrs. Rahima Hossain

Chairman

Mrs. Rahima Hossain wife of Al -Haj Md. Mozzaffar Hossain is the Chairman of Mozaffar Hossain Spinning Mills Limited. Her father's name is Mr. Abdur Rahman and mother's name is Mrs. Saleha Khatun. She was born in Jamalpur, Bangladesh on 01-Apr-1960. She is related with SIM Fabrics Limited, SIM Apparels Limited and Authentic Color Limited as Chairman. She has travelled Malaysia, Saudi Arabia etc. She is engaged in various social activities like school, college, madrasa, and mosque. She is the President of Rahima Mozaffar Gairls School & College.



Md. Mozzaffar Hossain

Managing Director

Md. Mozzaffar Hossain is the Founder of 'SIM GROUP' and Managing Director of Mozaffar Hossain Spinning Mills Limited. His father's name is Late Saim Uddin and mother's name is Mossammat Matabjan Begum. He was born in Jamalpur, Bangladesh on 01-Jan-1957. He has passed B.Sc. in Textile Technology from College of Textile Technology, Dhaka University. He has long around 30 year's business experience and started his own business in 1996 later on established woven fabrics weaving mill in 2001. During his successful career he implemented the following business enterprises: Authentic Color Limited, SIM Fabrics Limited, Mozaffar Hossain Spinning Mills Limited and SIM Apparels Limited. He has travelled UK, Switzerland, Germany, France, china, Korea, Pakistan, India, Malaysia, Saudi Arabia almost around the Globe. He is also engaged in various social activities like school, college, madrasa, and mosque. He is the Ex- President of Textile Engineer Association, Ex- Director of BTMA, President Bangubandhu Textile Engineer Association, Vice President of Jamalpur Zilla Somity, ex- Vice President of international Lion Club (Red Sun 315 B-3), Member of IEB, Baridhara Society, Greater Mymansingh Somity.



Raisul Hasan

Director

Raisul Hasan is serving as Director of Mozaffar Hossain Spinning Mills Limited from the very beginning of his career. His father's name is Al -Haj Md. Mozzaffar Hossain and mother's name is Mrs. Rahima Hossain. He was born in Dhaka, Bangladesh on 06-May-1989. He is a Graduate from NSU; Bangladesh. He is a dynamic business personality. His acumen in business and flexible manner in terms of public relations made him a role model in developing the culture of the organization.

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED



A.S.M. Rakibul Hasan

Nominee Director

A.S.M. Rakibul Hasan is the Nominee Director by SIM Fabrics Limited in Mozaffar Hossain Spinning Mills Limited. His father's name is Al -Haj Md. Mozzaffar Hossain and mother's name is Mrs. Rahima Hossain. He was born in Jamalpur, Bangladesh on 31-Jan-1979. He has passed MBA from NSU and taking care of Mozaffar Hossain Spinning Mills Limited from the very beginning of his career.



Mr. Md. Sanwar Hossain

Nominee director

Mr. Md. Sanwar Hossain is the nominee director by SIM Fabrics Limited in Mozaffar Hossain Spinning Mills Limited born on December 31, 1975 in Bangladesh. He is a commerce graduate and taking care of Mozaffar Husain Spinning Mills Limited from the very beginning of his career.

Chairman's Statement

Distinguished Shareholders

On behalf of the Board of Directors, I welcome you all and take immense pleasure and delight in addressing the 9th Annual General Meeting of the company. I also want to thank you the honourable shareholders for joining us to make the event successful.

With pleasure I present the Report of the Board of Directors, the Audited Statements of Financial Position, Statement of Comprehensive Income and other Financial Statements of the company for the year 2014. It gives me immense pleasure that we get the opportunity to meet with all of you, discuss on the performance of the concerned year of the company and sharing the views of each others, I assumed that to the changed situation more obligations has been created on us on behalf of the valued shareholder in respect of last AGM and to offer them assurance of our sincerity in maintaining operational results up to their expectations at present as well as in future.

As we discuss the financial year in review the western world mainly EU and USA is yet to overcome the financial recession, the world economy is also struggling hard to rehabilitate and revive financially. As a part of our revenue is generated from Exporting of yarn, it is due to these factors we faced difficulties in marketing our product on regular basis. Domestically the incessant weather, political instability created hindrance in our business. In spite of various limitations and hindrances as well as political unrest, the company had its successful year in 2014. This could not be possible without your continuous support conscious suggestion, Boards prudent strategic decision and management's successful execution for the same with passion and zeal. Kudos to all of you.

I on behalf of the Board would like to express my sincere thanks to the respected shareholders for the confidence respond on the Board of the company throughout the year. I am also grateful to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, and Central Depository Bangladesh Limited, Banks and Financial Institutions for their support and patronage extended to the company from time to time.

I embrace your support and seek your co-operation by all means for a brighter future for all.

Thanking you

Regards



(Mrs. Rahima Hossain)
Chairman

Directors' Report

Dear Shareholders,

Assalamualaikum,

On behalf of the Board of Directors and on my own behalf I welcome you all to 9th Annual General Meeting. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for the FY 2013-2014, Auditors' report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies ACT 1994, the guideline issued by Bangladesh Securities and Exchanges Commission and Bangladesh Accounting Standards.

BACKGROUND

Mozaffar Hossain Spinning Mills Limited (here in 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. The Authorized capital of the company is Tk. 1000 million and paid up capital 624.75 million. The company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the month of January 2014.

REVENUE

As you are aware that the company is a manufacturer of 100% export oriented woven fabrics cotton yarns, the sale proceeds from yarn stood at 98.23 crores. During the last financial years the textile sector went through the toughest time in recent era both domestically and internationally with the ongoing world recession still continuing and incessant political instability hindering our regular business affairs. Yet the efficient and prudent management of process control has enabled the company to avoid financial catastrophe and earn substantial profit instead.

FINANCIAL RESULT AND APPROPRIATION OF PROFIT

Particulars	2014	2013
Net Profit after Tax	132,898,391	72,464,245
Less: Adjustment of short tax provision	(298,822)	481,968
Less: Tax holiday reserves	4,508,053	10,593,668
Add: Previous year's surplus	182,178,371	120,789,762
Profit available for appreciation	310,867,531	182,178,371
Recommended for appropriations (stock dividend @ 25%)	156,187,500	-
Un- appropriated profit carried forward	154,680,031	182,178,371

Segment-wise or product wise performance

Mentioned in page no. 41 of the Annual Report.

Industry outlook and possible future developments in the industry

The company works as a Primary Textile Sector (PTS) for the export oriented Garments Industries. Mozaffar Hossain Spinning Mills Limited produces the 100% export oriented woven fabrics cotton yarn and delivers to the Garments Industries. The company has been operated in the market for long with reputation and commitment. Having long experience in yarn marketing we are confident of this value added yarn and believe that we can hold our reputation as a quality yarn supplier.

With the inception of the company has become one of the very few spinning mills in Bangladesh where the garments manufacturer can really rely for various types of yarns. We believe this will add great value to the company in the coming days.

Risk and concerns

Mozaffar Hossain Spinning Mills Limited being a yarn manufacturer and catering as the backward linkage industry its risk is always associated with the global supply and demand chain. Any economic downturn in the western world has a direct impact on the business. With the demand increasing from the emerging countries of Bangladesh has become a market which is very vibrant and growing everyday.

Moreover, risks and concern of the industry solely depends on the upcoming Government policy as well. However, garments being the major foreign currency earner have always enjoyed special consideration from all the successive Governments and expectation is that it will continue in the future.

A discussion on cost of goods sold, gross margin and net profit margin

Profit from Operation	2014		2013	
Cost of Goods Sold	741,703,624	(75.51%)	642,505,152	(75.54%)
Gross Margin	240,619,016	(24.49%)	208,006,078	(24.46%)
Net Margin for the year	132,898,391	(13.53%)	72,464,245	(8.52%)

Discussion on continuity of extra-ordinary gain or loss

There is extra-ordinary gain during the financial year from IPO process.

Related party transactions

The company has transactions with its mother company which have been disclosed in related party transaction in page no. 45 of the annual report.

Significant variance of financial statements

There is no significant variance in the financial statements during the year ended on 30th June 2014

Utilization of IPO fund

The company has raised Tk. 27.50 crores by issuing ordinary shares to pay off the bank loan tk. 26.15 crores and paid IPO cost Tk. 1.35 crores see in the page no. 25 of the annual report (annex-III).

Compliance of Notification No BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.**1.1 Board Size:**

The number of members of the Board of Directors stands at 07 (including Two Independent Directors) which is within the limits given by BSEC.

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

1.2 Independent Directors

1.2.1 Md. Kamrul Hossain

In term of the provision under the sub clause the Boards of Directors has appointed Mr. Md. Kamrul Hossain as Independent Director of the company for the period of three years, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the company. He has completed Bsc. in Textile Technology, from College of Textile Technology, Dhaka University. He has participated in various seminars, conferences as a business leader. He has long around 29 year's business experience in the field of business development. He was the

1. Production Officer (Responsible for Production and Maintenance) at Bangladesh Textile Mills Corporation for the period of 1985-1993.
2. Manager (Responsible for Production and Quality) at Mother Textiles Ltd for the period of 1993-1997.
3. Senior DGM (Responsible for Total Mill Management, its Production and Quality) at Fuad Spinning Mills Ltd for the period of 1997-2005.
4. General Manager (Planning, Procurement and Implementation of Project, Assessment of Existing Projects Production Capacity & Achievements, Innovation of New Products) at Jamuna Group for the period of 2005-present.

1.2.2 Md. Alamgir Akando Mintu

In term of the provision under the sub clause the Boards of Directors has appointed Mr. Md. Alamgir Akando Mintu as Independent Director of the company for the period of three years, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the company. He has completed Masters in Management from Dhaka University. As a business leader he has participated in various seminars, conferences in Bangladesh. He has long around 15 year's business experience in the field of business development. He was the

1. Director of Akunda & Trading for the period of 1998-2007.
2. Director of MB trading for the period of 2007-2013.

2.0 Company Secretary, Chief Financial Officer, Head of Internal Audit

As per corporate governance of BSEC, the company has allocated the responsibilities as follows:

Company Secretary	: Md. Shahazul Islam ACA
Chief Financial Officer	: Shahin Ahmed
Head of Internal Audit	: Md. Atiqur Rahman Bhuiyan ACMA

3.0 Audit Committee

The Audit Committee, as a sub committee of the Board of Director has been constituted with the Independence Director as Chairman and two other Directors. The company Secretary acts as Secretary to the Audit Committee. This committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. Audit committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The role of the Audit Committee has been started in the annual audit committee report.

4.0 External Statutory Auditors

The BSEC guidelines are being strictly followed in engaging statutory Auditors.

5.0 Subsidiary Company

The company has no subsidiary company.

6.0 Duties of CEO & CFO

The provision of BSEC regulations has been complied.

7.0 Reporting and Compliance of Corporate Governance

Requirement of the above are being complied with and is shown as annexure-I

Directors' Appointment and Re-Appointment

With regard to the appointment, retirement and re appointment of directors, the company is governed by its Articles of Association, the Companies Act. 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the annual general meeting:

1. ASM Rakibul Hasan
2. Md. Mozaffar Hossain
3. Md. Sanwar Hossain

They are however eligible for re-appointment.

Share holding of Directors

The share holding of directors at the end of 30th June 2014 is shown as Annexure-II of this report. Directors involved in other companies are shown as Annexure-III.

Board Meeting and Attendance

During the year 4 (four) Board Meetings were held. The attendance record of the directors is as given below

Name of Directors	Attendance
Mrs. Rahima Hossain	4
Md. Mozaffar Hossain	4
Raisul Hasan	4
ASM Rakibul Hasan	4
Md. Sanwar Hossain	2
Md. Alamgir Akando Mintu	2

Director's remuneration

Director's remuneration is shown in the page no. 43 of the notes to the Financial Statements.

Directors Responsibilities for the Financial Statements

In accordance with the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/ 2006-158/ 134/Admin/44 dated 07 August 2012 the Directors are pleased to confirm the following:

The financial statements together with notes thereon have been drawn up in conformity with the Companies Act, 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the companies state of affairs, the result of its operations, cash flow and changes in equity.

- Proper books and accounts of the company have been maintained.
- Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reason able and prudent judgment.
- The International Financial Reporting standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- The systems of internal control is sound and have been implemented and monitored effectively.
- The key operating and financial data for the last five years are shown on page 6.
- The pattern of shareholding is provided in Annexure-II of the annual report.

Contribution to National Exchequer

During the year the company has contributed Tk. 2.53 crore to the National exchequer as Income tax.

Internal Control

The Board has ultimate responsibilities to establish the effective system of internal control. To ensure internal control regarding risk management, financial control and compliance legislation, the company already has a strong internal audit department to ensure internal control and compliance in place.

Going Concern

While approving the financial statements, the directors have made appropriate enquiries and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the company to continue its operation for a foreseeable period. Directors are convinced and have a reasonable expectation that the company has adequate resource to continue its operation consistently for the foreseeable future. Therefore the company adopted the going concern basis in preparing the financial statements.

External/Statutory Auditors

The company did not engage its external/statutory auditors to perform the following services of the company;

- Appraisal or valuation services or fairness opinions.

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

- ii. Financial information systems design and implementation.
- iii. Book keeping or other services related to the accounting records or financial statement.
- iv. Broker-dealer services.
- v. Actuarial services.
- vi. Internal audit services.

No partner or employees of the external audit firm possess any share of the company.

Dividend

The Board of Directors has recommended 25% stock dividend for the existing shareholders for the year ended 30th June 2014 (subject to the approval in the forthcoming AGM) whose names will appear in the share register of the company and/or depository register of CDBL as on record date i.e. 25th September, 2014.

Corporate Social Responsibilities

As per CSR of the company made cash donations to Mosques, Universities. It always distributes clothes for winter to the workers. The company distributed relief to the flood victims.

Acknowledgment

I take this opportunity, on behalf of the Board of Directors, to express my heartfelt gratitude to all of our valued clients, shareholders and well wishers home and aboard for their wholehearted co-operation and active support in discharging the responsibilities reposed on me and the Board during the year under review.

I also thank Registrar of Joint Stock Companies (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Government and private sector Organization and many others for their sincere support and whole hearted co-operation to our company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which we could not have achieved this result.

Thanks are also due to all directors, all executives, officers, staff and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year under review.

To ensure financial security we always welcome your suggestions and opinion to improve present and future services of the company.

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2013-2014 and Directors' Report placed before you.

Thanking you,

On behalf of the Board of Directors,



Mrs. Rahima Hossain
Chairman

CEO & CFO's Declaration to the Board of Directors

The Board of Directors
Mozaffar Hossain Spinning Mills Limited
House # 315, Road # 04, DOHS,
Baridhara, Dhaka-1206

Subject: CEO & CFO's Declaration to the Board of Directors

Dear Sir,

In compliance with the condition no. 6 imposed by Bangladesh Securities and Exchange Commission's notification no. BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities & Exchange Ordinance 1969, we do hereby certify to the Board of Directors that:

- (i) We have reviewed the financial statements for the year ended on June 30, 2014 and that to the best of our knowledge and belief;
- (a) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
- (b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;
- (ii) There are, to the best of knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

Sincerely yours



(Md. Mozaffar Hossain)
Managing Director



(Shahin Ahmed)
Chief Financial Officer (CFO)

Audit Committee report

Mozaffar Hossain Spinning Mills Limited established an audit committee as a sub-committee of the Board of Directors. The committee supports the Board in fulfilling its oversight responsibilities.

The audit committee of Mozaffar Hossain Spinning Mills Limited of the following Board members:

Md. Alamgir Akando Mintu (Independent Director)	: Chairman
Raisul Hasan (Director)	: Member
ASM Rakibul Hasan (Nominee Director)	: Member
Md. Shahazul Islam ACA	: Member

Terms of Reference

The terms of reference of the committee has been agreed upon as follows

- To review all internal and external audit report.
- To recommend the statutory annual audited financial statements to the Board of Directors for approval.
- To review the finding of the internal and external auditors.
- To review and approve the Annual "Audit Plan" of the Internal Audit Department.
- To monitor the implementation of the recommendations of the Internal and External auditors.
- To review the performance of the external auditors and make recommendations to the Board regarding their appointment and fees.
- To review the quarterly, half yearly and annual financial statements before submission to the Board, focusing particularly on.
- To review the company's statement on internal control systems prior to endorsement by the Board.
- The company secretary shall be the secretary of the audit committee.

Activities

- The financial statements of the first quarter, half year, third quarter and the full year were reviewed by the committee and subsequently recommended to the Board for consideration and approval.
- The committee also reviewed the work of the internal audit department and made suggestions for improvement.
- The committee recognized the observation of the internal audit department regarding internal control and suggestions made to improve operational systems and procedures and their implementation.

Recommendation

The audit committee recommended to the Board of Directors that:

1. The Financial Statements for the year ended 30 June, 2014 may be approved.
2. Ahmed Zaker & Company, Chartered Accountants be appointed as the auditor of the company for the year ended June 30, 2015 at existing fees including VAT and TAX subject to the approval of the members at the 9th Annual General Meeting of the company.

On behalf of the Audit Committee



(Md. Alamgir Akando Mintu)
Chairman of the Audit Committee

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

Mazumdar Sikder & Associates
Cost & Management Accountants
45 Bijoy Nagar, Siam Sky View Tower
(9th floor), Dhaka-1000


**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE GUIDELINES**

To the members of Mozaffar Hossain Spinning Mills Limited

This is to certify that Mozaffar Hossain Spinning Mills Limited has complied with the conditions of corporate governance guidelines imposed by Bangladesh Securities & Exchange Commission vide their notification no. SEC/CMRRCD/2006-158/134/ADMIN/44 Dated 7th August 2012.

Place: Dhaka

Dated: October 20, 2013


Md. Salauddin Sikder ACMA
Mazumdar Sikder & Associates
Cost & Management Accountants

Compliance Report to BSEC's Notification.

Status of compliance with the conditions imposed by the Commission's Notification No BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012:

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.	Board of Directors:			
1.1	Board's Size: The number of the board members shall not be less than 5(Five) and more than 20 (Twenty)	✓		
1.2	Independent Directors:			
1.2(i)	One fifth(1/5) of the total number of directors	✓		
1.2(ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	✓		
1.2(ii) b)	Not connected with any Sponsor/ Director/ Shareholder who hold 1% or more shares of the total paid -up shares on the basis of family relationship	✓		
1.2.(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		
1.2(ii) d)	Not a member, director or officer of any stock exchange.	✓		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
1.2(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3(three) years Of any statutory audit firm.	✓		
1.2(ii) g)	Not be an independent director in more than 3 (three) listed companies.	✓		
1.2(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI.	✓		
1.2(ii) i)	Not been convicted for a criminal offence involving moral turpitude.	✓		
1.2(iii)	Nominated by the board of directors and approved by the shareholders in the AGM.	✓		
1.2(iv)	Not remain vacant for more than 90 (ninety) days	✓		
1.2(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be Recorded.	✓		
1.2(vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.3	Qualification of Independent Director (ID):			
1.3(i)	Knowledge of Independent Directors.	✓		
1.3(ii)	Background of Independent Directors.	✓		
1.3(iii)	Special cases for qualifications.	✓		
1.4	Individual Chairman of the Board and CEO.	✓		
1.5	The Directors’ Report to Shareholders:			
1.5(i)	Industry outlook and possible future developments in the industry.	✓		
1.5(ii)	Segment-wise or product-wise performance.	✓		
1.5(iii)	Risks and concerns.	✓		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss.	✓		
1.5(vi)	Basis for related party transactions.	✓		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others.	✓		
1.5(viii)	Explanation of the financial results deteriorates after the company goes for IPO, RPO, Rights Offer, and Direct Listing.	✓		
1.5(ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements.			N/A
1.5(x)	Remuneration to directors including independent directors.	✓		
1.5(xi)	Fairness of Financial Statement.	✓		
1.5(xii)	Maintenance of proper books of accounts.	✓		
1.5(xiii)	Adoption of appropriate accounting policies and estimates.	✓		
1.5(xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements.	✓		
1.5(xv)	Soundness of internal control system.	✓		
1.5(xvi)	Ability to continue as a going concern.	✓		
1.5(xvii)	Significant deviations from the last year’s.			N/A
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) year.	✓		
1.5(xix)	Reasons for declared dividend.	✓		

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.5(xx)	Number of board meetings held during the year and attendance.	✓		
1.5(xxi)	Pattern of shareholding:			
1.5(xxi)a)	Parent/Subsidiary/Associated Companies and other related parties.	✓		
1.5(xxi)b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children.	✓		
1.5(xxi)c)	Executives.	✓		
1.5(xxi)d)	10% or more voting interest.	✓		
1.5(xxii)	Appointment/re-appointment of director:	✓		
1.5(xxii)a)	Resume of the director	✓		
1.5(xxii)b)	Expertise in specific functional areas.	✓		
1.5(xxii)c)	Holding of directorship and membership of committees of the board other than this company.	✓		
2.	CFO, Head of Internal Audit (HIA) and CS:			
2.1	Appointment of CFO, HIA and CS and defining their responsibilities.	✓		
2.2	Attendance of CFO and CS at the meeting of the Board of Directors.	✓		
3.	Audit Committee:			
3(i)	Constitution of Audit Committee	✓		
3(ii)	Assistance of the Audit Committee to Board of Directors.	✓		
3(iii)	Responsibility of the Audit Committee.	✓		
3.1	Constitution of the Audit Committee:	✓		
3.1(i)	At least 3 (three) members.	✓		
3.1(ii)	Appointment of members of the Audit Committee.	✓		
3.1(iii)	Qualification of Audit Committee members.	✓		
3.1(iv)	Term of service of Audit Committee members.	✓		
3.1(v)	Secretary of the Audit Committee.	✓		
3.1(vi)	Quorum of the Audit Committee.	✓		
3.2	Chairman of the audit committee:			
3.2(i)	Board of Director shall select the Chairman.	✓		
3.2(ii)	Chairman of the audit committee shall remain present in the AGM.	✓		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
3.3	Role of Audit Committee:			
3.3(i)	Oversee the financial reporting process.	✓		N/A
3.3(ii)	Monitor choice of accounting policies and principles.	✓		
3.3(iii)	Monitor Internal Control Risk management process.			
3.3(iv)	Oversee hiring and performance of external auditors.	✓		
3.3(v)	Review the annual financial statements before submission to the board for approval.	✓		
3.3(vi)	Review the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3(vii)	Review the adequacy of internal audit function.	✓		
3.3(viii)	Review statement of significant related party transactions.	✓		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3(x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue.	✓		
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors.	✓		
3.4.1(i)	Activities of Audit Committee.	✓		
3.4.1(ii)	a Conflicts of interests.	✓		
3.4.1(ii)b	Material defect in the internal control system.	✓		
3.4.1(ii)c	Infringement of laws, rules and regulations.	✓		
3.4.1(ii)d	Any other matter.	✓		
3.4.2	Reporting to the Authorities.	✓		
3.5	Reporting to the Shareholders and General Investors.	✓		
3.4.1(ii)a	Conflicts of interests.	✓		
4	Engagement of External/Statutory Auditors:			
4(i)	Appraisal or valuation services or Fairness opinions.	✓		
4(ii)	Financial information systems design and Implementation.	✓		
4(iii)	Book-keeping.	✓		
4(iv)	Broker-dealer services.	✓		
4(v)	Actuarial services	✓		
4(vi)	Internal audit services.	✓		

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
4(vii)	Services that the Audit Committee determines	✓		
4(viii)	Audit firms shall not hold any share of the company they audit.	✓		
5	Subsidiary Company:	✓		
5(i)	Composition of the Board of Directors.			N/A
5(ii)	At least 1 (one) independent director to the subsidiary company.			N/A
5(iii)	Submission of Minutes to the holding company.			N/A
5(iv)	Review of Minutes by the holding company.			N/A
5(v)	Review of Financial Statement by the holding company.			N/A
6	Duties of Chief Executive Officer and Chief Financial Officer:			
6(i)a)	Reviewed the materially untrue of the financial statement.	✓		
6(i)b)	Reviewed about compliance of the accounting standard.	✓		
6(ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct.	✓		
7	Reporting and Compliance of Corporate Governance:			
7(i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines.	✓		
7(ii)	Annexure attached in the directors' report.	✓		

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED
Annexure-II

SL. NO.	Name of Shareholders	Description	Number of share	%
1.	Parent Company SIM Fabrics Limited		20,600,000	32.97
2.	Directors and their spouse Md. Mozaffar Hossain Mrs. Rahima Hossain Raisul Hasan	MD Chairman Director	1,260,000 1,353,750 1,390,000	2.02 2.17 2.22
3.	Independent Director, Company Secretary, CFO, Head of Internal Audit Md. Alamgir Akando Mintu Md. Shahazul Islam ACA Shahin Ahmed Dipok Kumar shaha	Independent Director Company Secretary CFO Head of Internal Audit	Nil 50000 Nil Nil	0.14
4.	Executive (Top 5 salaried employees) Md. Aynul Haque Md. Taufiqul Islam Md. Atiqur Rahman ACAM Md.. Atiqul Islam Md. Rafiqul Islam	Director Operation Deputy General Manager Asst. General Manager Deputy General Manager Deputy General Manager	Nil Nil Nil Nil Nil	
5.	Shareholders holding 10% or more voting interest		Nil	
6.	Individual shareholders holding 10% or more voting		Nil	

Annexure-III

Name	Designation	Directorship	Directorship
Md. Mozaffar Hossain	MD	SIM Fabrics Limited Authentic Color Limited SIM Apparels Ltd.	SIM Fabrics Limited Authentic Color Limited SIM Apparels Ltd.
Mrs. Rahima Hossain	Chairman	SIM Fabrics Limited Authentic Color Limited SIM Apparels Ltd.	SIM Fabrics Limited Authentic Color Limited SIM Apparels Ltd.
Raisul Hasan	Director	SIM Fabrics Limited Authentic Color Limited SIM Apparels Ltd.	SIM Fabrics Limited Authentic Color Limited SIM Apparels Ltd.
ASM Rakibul Hasan	Nominee Director	SIM Fabrics Limited Authentic Color Limited SIM Apparels Ltd.	SIM Fabrics Limited Authentic Color Limited SIM Apparels Ltd.
Md. Sanwar Hossain	Nominee Director	N/A	N/A
Md. Alamgir Akando Mintu	Independent Director	N/A	N/A

IPO Proceed Utilization

Name of the Company	Date of Subscription	Amount of Subscription		Purpose of Public Issue	East Cost		Revised Cost Amount	East Time for completion as per prospectus
		Shares	Deben ture		Item	Amount		
MHSML	3-Nov-13	275,000,000	-	Bank Loan Pay-off		261,495,000	261,495,000	Within one month after receiving IPO Fund
				IPO Cost		13,505,000	26,338,371	Within one month after receiving IPO Fund
						275,000,000	287,833,371	

Auditors Report to the Shareholders

Auditors' Report

To the Shareholders of Mozaffar Hossain Spinning Mills Limited

We have audited the accompanying financial statements of Mozaffar Hossain Spinning Mills Limited, which comprise the Statement of Financial position as at June 30, 2014 along with Statement of comprehensive Income, Statement of Changes in equity and Statement of Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, Bangladesh securities & Exchange Rules 1987, Companies Act 1994 and other applicable Rules & Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Mozaffar Hossain Spinning Mills Limited** as of June 30, 2014 and of its financial performance for the year then ended in accordance with Bangladesh Financial Reporting Standards, Bangladesh Securities & Exchange Rule 1987 and comply with the Companies Act 1994 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

We also report that;

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's Statement of Financial position, Statement of comprehensive Income and Statement of Cash flows dealt with by the report are in agreement with the books of accounts;
- d) the expenditure incurred and payments made were for the purpose of the company's business for the year.

Place: Dhaka
Date: September 03, 2014


Ahmed Zaker & Co.
Chartered Accountants

Mozaffar Hossain Spinning Mills Limited
Statement of Financial Position

As at June 30, 2014

Particulars	Notes	Amount in Taka	
		30.06.2014	30.06.2013
ASSETS			
NON-CURRENT ASSETS		634,782,553	656,635,086
Property, Plant and Equipments	5.00	617,905,407	656,635,086
Capital Work-In-Progress		16,877,146	-
CURRENT ASSETS		806,469,915	686,468,796
Inventories	6.00	305,591,342	275,743,356
Accounts Receivable	7.00	383,100,847	320,162,055
Advances, Deposits & Pre-Payments	8.00	115,270,812	89,433,035
Cash and Cash Equivalents	9.00	2,506,914	1,130,350
TOTAL ASSETS		1,441,252,468	1,343,103,882
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY		1,138,777,588	730,580,375
Share Capital	10.00	624,750,000	349,750,000
Revaluation Reserve	11.00	130,314,640	130,314,640
Tax Holiday Reserve	12.00	72,845,417	68,337,364
Retained Earnings		310,867,531	182,178,371
LONG TERM LIABILITIES		14,639,268	222,756,021
Long Term Loan Net Off Current Maturity	13.00	-	206,756,991
Deferred Tax Liability		14,639,268	15,999,030
CURRENT LIABILITIES		287,835,612	389,767,486
Accounts Payable	14.00	29,465,476	66,829,922
Workers profit participation fund		9,351,814	13,312,511
Current portion of long term loan	15.00	-	52,002,847
Short Term Bank loan	16.00	193,863,557	206,961,577
Provision for Tax	17.00	32,149,755	12,587,670
Accrued Expenses	18.00	23,005,010	38,072,959
TOTAL EQUITY & LIABILITIES		1,441,252,468	1,343,103,882
Net Asset Value Per Share (NAVPS)		18.23	20.89

The accompanying notes 1 to 28 form an integral part of these Financial Statements.


 Company Secretary


 Director


 Managing Director

Signed as per annexed report of same date.

Place: Dhaka
 Date: September 03, 2014


 Ahmed Zaker & Co.
 Chartered Accountants

Mozaffar Hossain Spinning Mills Limited
Statement of Comprehensive Income
For the year ended June 30, 2014

Particulars	Not	Amount in Taka	
		30.06.2014	30.06.2013
Turnover	19.00	982,322,640	850,511,230
Less: Cost of goods sold	20.00	741,703,624	642,505,152
Gross Profit		240,619,016	208,006,078
Other Income	21.00	7,609,722	8
Operating Expenses:		13,295,619	9,976,716
Administrative Expenses	22.00	11,136,723	8,208,185
Marketing and Distribution Expenses	23.00	2,158,896	1,768,531
Profit from Operation		234,933,119	198,029,370
Less: Financial expenses	24.00	94,457,559	114,604,233
Profit before WPPF		140,475,560	83,425,137
Less: Workers profit participation fund 5%		6,689,312	3,972,626
Profit before Tax after WPPF		133,786,248	79,452,511
Add: Other Income of IPO process	25.00	23,073,915	-
Profit Before Tax		156,860,163	79,452,511
Income tax expenses:		23,961,772	6,988,266
Current tax		25,321,534	7,202,719
Deferred Tax Expense/(Income)		(1,359,762)	(214,453)
Net Profit after Tax Transferred to Equity		132,898,391	72,464,245
EPS for the Year including other income	26.00	2.62	2.07
EPS for the Year excluding other income	26.01	2.02	2.07

The accompanying notes 1 to 28 form an integral part of these Financial Statements.

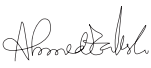

Company Secretary


Director


Managing Director

Signed as per annexed report of same date.

Place: Dhaka
Date: September 03, 2014


Ahmed Zaker & Co.
Chartered Accountants

Mozaffar Hossain Spinning Mills Limited

Statement of Changes in Equity

For the year ended June 30, 2014

Amount in Taka

Particulars	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2013	349,750,000	68,337,364	130,314,640	182,178,371	730,580,375
Adjustment for excess provision				298,822	298,822
Fresh Issue of shares	275,000,000	-	-	-	275,000,000
Net Profit / (Loss) for the year	-	-	-	132,898,391	132,898,391
Tax Holiday Reserve	-	4,508,053	-	(4,508,053)	-
Balance as on 30.06.2014	624,750,000	72,845,417	130,314,640	310,867,531	1,138,777,588

Mozaffar Hossain Spinning Mills Limited

Statement of Changes in Equity

For the year ended June 30, 2013

Particulars	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2012	349,750,000	57,743,696	130,314,640	120,789,762	658,598,098
Adjustment for short provision				(481,968)	(481,968)
Net Profit / (Loss) for the year	-	-	-	72,464,245	72,464,245
Tax Holiday Reserve	-	10,593,668	-	(10,593,668)	-
Balance as on 30.06.2013	349,750,000	68,337,364	130,314,640	182,178,371	730,580,375


Company Secretary


Director


Managing Director

Signed as per annexed report of same date.

Place: Dhaka
Date: September 03, 2014


Ahmed Zaker & Co.
Chartered Accountants

Mozaffar Hossain Spinning Mills Limited
Statement of Cash Flows

For the year ended June 30,2014

Particulars	Notes	Amount in Taka	
		30.06.2014	30.06.2013
A. Cash flows from operating activities :			
Collection from Turnover and other Income		950,067,485	722,670,139
Payment of tax		(5,460,627)	-
Payment to suppliers, employees & Others		(833,109,381)	(601,298,465)
Net cash flows from/(used) in operating activities		111,497,477	121,371,674
B. Cash flow from investing activities:			
Acquisition of Property, Plant & Equipment		(1,928,350)	(3,082,050)
Capital Work-In-Progress		(16,877,146)	-
Net cash flows from/ (used) in Investing Activities		(18,805,496)	(3,082,050)
C. Cash flow from financing activities:			
Received/(Repaid) short term loan		(13,098,020)	25,144,604
Preceeds from fresh issuance of share		275,000,000	-
Financial Expenses		(94,457,559)	(114,604,233)
Received/(Repaid) long term loan		(258,759,838)	(29,351,297)
Net cash flows from/(used) in financing activities		(91,315,417)	(118,810,926)
D. Net Cash Increase/ (Decrease) (A+B+C)		1,376,564	(521,302)
E. Opening cash and cash equivalents at the beginning of the year		1,130,350	1,651,652
F. Closing cash and cash equivalents at the end of the year (D+E)		2,506,914	1,130,350
Operating Cash Flow Per Share		2.20	3.47


Company Secretary

Director

Managing Director

Signed as per annexed report of same date.

 Place: Dhaka
 Date: September 03, 2014


Ahmed Zaker & Co.
 Chartered Accountants

Mozaffar Hossain Spinning Mills Limited

Notes to the Accounts
For the year ended 30 June, 2014

1. Legal Status of the Company

Mozaffar Hossain Spinning Mills Limited (here in 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

Registered office of the company

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

2. Nature of Business Activities

Mozaffar Hossain Spinning Mills Limited runs the business of 100% export oriented Woven fabrics cotton yarn.

3. 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 with the IPO proceeds 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 both in local and international markets. 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:

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

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 yarn and other chemicals are rising gradually and drastically round the year. It 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 applies the latest technology in the dyeing process in the production. The machineries and equipment of the company are also 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 one years of post independence period, Bangladesh has gone through a variety of political situations. But 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. 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 on Compliance with Local Laws

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

4.3 Statement on Compliance of Bangladesh Accounting Standards

The financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standard (BASs) and Bangladesh Financial Reporting Standard (BFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

4.4 Going Concern

As per BAS-1, 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.

4.5 Accrual Basis

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

4.6 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 BAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- i) Statement of Financial Position as at June 30, 2014.
- ii) Statement of Comprehensive Income for the year ended June 30, 2014.
- iii) Statement of Changes in Equity for the year ended June 30, 2014.
- iv) Statement of Cash Flows for the year ended June 30, 2014.
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial Statements for the year ended June 30, 2014.

4.7 Reporting Period

The Financial Period of the company under audit cover for a year from 01 July 2013 to June 30, 2014.

4.8 Inventories

Inventories comprises of Raw materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been valued at average cost. Work-in-Process has been valued at prime cost basis as required by IAS-2 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 BAS-2.

4.9 Revenue

Revenue represents the invoice value of goods supplied to customers during the period. Revenue from sale of goods is recognized in the income statement 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. Sales in these accounts are stated as per Net Realization Value as per BAS-18.

4.10 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 BAS 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 BAS 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 Straight Line method. Rates of depreciation is noted below:

Particular of Assets	Rate of Depreciation
Land & Land Developments	0%
Factory Building	5%
Plant & Machinery	10%
Furniture and Fixture	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 30.06.2014 is not materially differing with the carrying amount.

4.11 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.

4.12 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 (BAS) No. 7 "Statement of Cash Flows"

4.13 Earnings Per Share

The company calculates Earnings Per Share (EPS) in accordance with the requirement of BAS – 33: "Earning Per Share", which has been shown on the face of the Statement of Comprehensive Income and the computation, is shown in "Note - 26".

Basic earnings:

This represents earnings for the year ended June 30, 2014 attributable to the ordinary shareholders.

Basic earning per share:

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

Diluted Earning 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 BAS – 33. As the company has no dilutive potential ordinary shares, so diluted earning per shares was not calculated.

4.14 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 BAS 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 are translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

4.15 Impairment of Assets

All assets, except inventory, arising from construction contracts and financial assets is assessed at the end of each reporting period to determine whether there is any indication that an assets may be impaired. If any such indication exists the company assesses the recoverable amount. If, 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 profit or loss, 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 period under audit and for this reason no provision has been made for impairment of assets.

4.16 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 period in which it incurs.

4.17 Authorization date for issuing Financial Statements

The financial statements were authorized for issue by the Board of Directors on 03 September, 2014.

4.18 Reporting Currency

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

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

The Preparation of Financial Statements in conformity with Bangladesh Accounting Standards 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 BAS – 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.

4.20 Accruals & Deferrals

Deferrals and accruals have been made as per the guidance in BAS- 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.

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

4.21 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.

4.22 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 BAS-21: The Effects of Changes in Foreign Exchange Rates.

4.23 Segment Reporting

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

4.24 Related Party Disclosures

The information as required by BAS 24: "Related party Disclosure" has been disclosed separately in notes to the accounts (Note 28).

4.25 Corporate Tax

a. Current Tax:

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

Current tax is recognized in profit or loss account 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, and 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. Tax Holiday

The company has been enjoying tax holiday for five years commencing November 1, 2008. Tax holiday reserve has been made 30% on exempted Income as provision and 10% on exempted income which is required to be invested in the purchase of Shares of a company listed with any stock exchange as per section 46 B in the income tax ordinance 1984.

c. 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 balance sheet date.

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 BAS: 37. Contingent assets and contingent liabilities are not recognized in the financial statements.

A contingent assets is disclosed as per BAS 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.

4.27 Event after reporting period.

An event, which could be favourable or unfavourable, that occurs between the end of the reporting period and on the date that the financial statements are authorized for issue.

An event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period and financial statements required to adjust for those events.

An event after the reporting period that is indicative of a condition that arose after the end of the reporting period.

There were no adjusting or non adjusting events after reporting period.

4.28 Comparative Information

Comparative information has been disclosed as required by BAS 34 :‘Interim Financial Reporting’ in respect of the previous period for all numerical information in the current financial statements as below:

- Statement of Financial Position as of the end of the preceding financial period.
- Statement of Comprehensive Income for the comparable Interim period of preceding financial period.
- Statement of Changes in Equity for the comparable Interim period of preceding financial period.
- Statement Cash Flows for the comparable Interim period of preceding financial period.

Narrative and descriptive information for comparative information have also been disclosed whenever it is relevant for understanding of the current year’s financial statement.

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		Amount in Taka	
		30.06.2014	30.06.2013
5.00 Property, Plant and Equipments			
Land & Land Development		385,137,050	385,137,050
Factory Building		50,403,918	53,833,779
Plant & Machinery		180,018,950	216,949,626
Vehicle		1,476,900	-
Furniture & Fixture		868,589	714,631
	Tk.	617,905,407	656,635,086
Please refer to Annexure-'A' for further details			
6.00 Inventories			
Break-up of this item is as follows:			
	Qty. (kg.)		
Finished Goods:			
Yar	124,200	19,411,493	12,295,352
Working-in-process	202,746	26,875,763	27,213,464
Raw Materials:		250,689,641	228,813,793
Virgin Cotton	843,986	137,800,711	117,945,873
Waste Cotton	1085427	112,888,930	110,867,920
Packing Materials		261,886	16,564
Store Materials		8,352,559	7,404,183
	Tk.	305,591,342	275,743,356

The above Inventories are as per physical counting made and valued by a 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 BAS-2. Inventories were hypothecated against availing working capital facilities from the bank (Islami Bank BD Ltd.).

7.00 Accounts Receivable

Please refer to Annexure: B for details

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)	9,098,488	11,904,174
II) Accounts Receivable considered good in respect of which the company holds no security other than the debtor's personal security	-	-
III) Accounts Receivable considered doubtful or bad	-	-
IV) Accounts Receivable due by any director or other officer of the company	-	-
V) Accounts Receivable due by Common management (Annexure B)	374,002,359	308,257,881
VI) The maximum amount of receivable due by any director or other officer of the company	-	-
	383,100,847	320,162,055
Aging of accounts receivable:		
Dues within three months	268,170,593	224,113,438
Dues above three months but within six months	76,620,169	64,032,411
Dues above six months	38,310,085	32,016,206
	383,100,847	320,162,055

7.01 Contingent liabilities/assets

The Company in the process has received a letter of credit accepted by SIM Fabrics Ltd. against sales of yarn worth Tk. 164,462,513 the L/C was opened with Islami Bank Bangladesh Limited, Mouchak Branch. A short term loan amounting to Tk. 164,462,513 was sanctioned by Islamic Bank Bangladesh Ltd. against mortgaging the above mentioned Bill's Receivable as collateral. The entire amount of loan liabilities has been set off against the Bills Receivable amount which is subject to realization upon 120 days. The company might have exposed to a liability to the extent of which the said bill fallen unrealizable. No provision against that liability has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

8.00 Advances, Deposits & Pre-Payments

Advance against Purchase (Note-8.01)	96,801,830	83,638,860
Advance for Consultancy Fees	-	2,825,000
Advance against L/c for Spares Import	7,501,694	-
Tax deducted at sources	9,636,037	2,969,175
Tk.	113,939,561	89,433,035

8.01 Advance against Purchase

Dues within three months	67,761,281	58,547,202
Dues above three months but within six months	19,360,366	16,727,772
Dues above six months	9,680,183	8,363,886
	96,801,830	83,638,860

9.00 Cash and Cash Equivalents

Cash in hand	1,165,647	1,040,834
Cash at Banks:	1,341,267	89,516
IBBL Mauchak CD-327918	11,166	8,472
IBBL Mauchak CD-438315	3,476	4,626
IBBL Mauchak Mudaraba Deposit Normal	550,904	8,664
IBBL Mauchak Mudaraba Deposit Special	278,614	2,167
Dutch Bangla Bank Limited # 1733	46,254	-
Bank Asia Scotia CD-3534	2,155	3,305
Bank Asia Scotia CD-36551	1,952	3,678
Habib Bank # 9240	1,000	-
Dutch Bangla Bank Limited # 5894	237,144	53,852
NRB Bank # 00174	5,000	-
IBBL Gaosia CD-987	3,246	4,396
IBBL MDA UR-49	200,356	356
Tk.	2,506,914	1,130,350

10.00 Share Capital:

This represents the followings:

Authorised capital:

100,000,000 ordinary Shares of tk 10/= each

Issued subscribed and paid up capital:

62,475,000 ordinary shares of taka 10/= each

Tk. 624,750,000 349,750,000

10.01 Share Holding Position:

Share holding position is as follows:

a) Sponsors	4,144,250	6.63%	41,442,500	41,442,500
b) SIM Fabrics Limited	20,600,000	32.97%	206,000,000	206,000,000
c) Other Shareholders	37,730,750	60.39%	377,307,500	102,307,500
	62,475,000	100.00%	624,750,000	349,750,000

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11.00 Revaluation Reserve

Opening Balance	130,314,640	130,314,640
Adjustment made during the year	-	-
Net Balance of Revaluation reserve	130,314,640	130,314,640

12.00 Tax Holiday Reserve

A. Opening balance

Tax Holiday Reserve (30%)	51,253,023	43,307,772
Reserve for Investment (10%)	17,084,341	14,435,924

	-	-
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B. Add: During the Year

Tax Holiday Reserve (30%)	3,381,040	7,945,251
Reserve for Investment (10%)	1,127,013	2,648,417

	-	-
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Total (A+B)	72,845,417	68,337,364
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13.00 Long Term Loan

Outstanding for HPSM-489	-	185,617,572
Outstanding for HPSM-529	-	73,142,266
	-	258,759,838
Less: Current portion of Long term loan	-	52,002,847
	-	206,756,991

The loan was obtained for purchased and import of capital machineries for BMRE of the project which was fully redeemed out of the share money the company was raised from Initial Public Offer (IPO).

14.00 Accounts Payable

Trade Creditors (Annexure-C)	25,987,776	62,778,782
Bills Payable (Annexure-C)	3,477,700	4,051,140
	29,465,476	66,829,922

15.00 Current portion of long term loan

Outstanding for HPSM-489	-	34,854,289
Outstanding for HPSM-529	-	17,148,558
	-	52,002,847

16.00 Short term bank loan

Islami Bank Bangladesh Limited Mouchak Br.		
Loan against Local purchase (MTR)	114,687,405	113,347,160
L/C Liability for Import Merchandise (MPI)	-	-
L/C Liability for Import Merchandise (MURA)	79,176,152	93,614,417
L/C Liability for Import Merchandise (MURA FC)	-	-
Total short term loan of Islami bank Bangladesh Ltd.	193,863,557	206,961,577

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 - 15.50% per annum or the rate to be determined by the bank from time to time.
4. Collateral:

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- A. 156.10 decimal project land along with 88,200 sft. Project building vide FSV 81.22 million.
 B. 194.75 decimal project land along with 96,345 sft. Factory building vide FSV 47.49 million by SFL.
 C. 183.16 decimal project land along with 65,411 sft. Factory building vide FSV 139.50 million by SFL.
 D. Personal Guarantee of all Directors of the Project Companies & Mortgages of their individual properties.

17.00 Provision for Income tax

Opening Balance	12,587,670	8,891,948
Add: During the year	25,321,534	7,202,719
Total	37,909,204	16,094,667
Less: AIT Adjustment	2,969,175	3,506,997
Less: Adjustment of excess provision	298,822	-
Less: Tax Paid	2,491,452	-
Closing Balance	32,149,755	12,587,670

18.00 Accrued Expenses

Audit fees	115,000	115,000
Salaries & Allowances	5,675,571	4,731,857
Gas Bill	6,600,693	8,470,074
TDS, VAT & Others	1,248,616	219,625
Store materials	1,480,723	3,856,889
Accrued Interest	7,884,407	20,679,514
Tk.	23,005,010	38,072,959

19.00 Turnover

	Qty. (kg.)	Rate		
Yarn 20's	2,156,500	224.99	485,187,186	372,904,142
Yarn 16's	1,365,200	215.63	294,374,760	246,883,560
Yarn 12's	937,165	181.31	169,920,048	200,027,341
Yarn 10's	151,600	174.18	26,405,879	23,182,930
Yarn 7's	41,367	155.55	6,434,767	7,513,257
	4,651,832		982,322,640	850,511,230

20.00 Cost of Goods Sold

Opening Work-in-Process	27,213,464	8,986,483
Raw materials consumed(Note-20.01)	634,672,949	549,209,392
Accessories & Stores Consumed(Note-20.02)	15,360,797	14,968,725
Packing Materials Consumed(Note-20.03)	5,754,615	5,369,373
Factory overhead (Note-20.04)	94,417,716	90,387,424
Closing Work-in-Process	(26,875,763)	(27,213,464)
Cost of Production	750,543,778	641,707,933
Opening stock of FG	12,295,352	15,218,649
Cost of Goods Available for Sale	762,839,130	656,926,582
Cost of Goods Available for Sale	762,839,130	656,926,582
Closing stock of Finished Goods	(19,411,493)	(12,295,352)
Wastage Sales	(1,724,013)	(2,126,078)
Cost of Goods Sold	741,703,624	642,505,152

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20.01 Raw Materials Consumption

Opening Raw Materials	228,813,793	178,808,259
Purchase during the year	656,548,797	599,214,926
Available for use	885,362,590	778,023,185
Closing Raw Materials	(250,689,641)	(228,813,793)
	634,672,949	549,209,392

20.02 Accessories & Stores Consumption

Opening Accessories & Stores	7,404,183	8,558,184
Purchase during the year	16,309,173	13,814,724
Available for use	23,713,356	22,372,908
Closing Accessories & Stores	(8,352,559)	(7,404,183)
	15,360,797	14,968,725

20.03 Packing Materials Consumption

Opening Packing Materials	16,564	953,501
Purchase during the year	5,999,937	4,432,436
Available for use	6,016,501	5,385,937
Closing Packing Materials	(261,886)	(16,564)
	5,754,615	5,369,373

20.04 Factory Overhead

Gas Bill	22,708,758	20,479,086
Salary & Wages	26,613,367	23,382,782
Repair & Maintenance	2,147,915	2,090,012
Factory Insurance	1,120,000	3,031,000
Sundry Carrying Charges	873,020	592,212
Sundry daily labor charges	166,551	276,546
Medical & other Expenses	427,568	175,249
Depreciation	40,360,537	40,360,537

Tk. 94,417,716 90,387,424

21.00 Other Operating Income

Cash Incentive	7,609,000	-
Interest on Bank Account	722	8
	7,609,722	8

22.00 Administrative Expenses

Salary and Allowances	2,437,155	1,693,824
Bonus	171,625	145,200
Audit Fees	115,000	215,000
Managing Director Remuneration	600,000	600,000
Director's Remuneration	1,800,000	1,800,000
Board Meeting Fees	80,000	80,000
Entertainmen	850,445	175,643
Group Insurance Exp.	133,600	133,600
Traveling and Conveyance	982,682	642,169
House & Office rent	780,000	177,401
Telephone (mobile)	116,620	72,070
General Maintenance	-	142,322
Fuel, newspaper & other Expenses	2,772,104	2,226,299
Depreciation	297,492	104,657

Tk. 11,136,723 8,208,185

Payment/ Perquisites to Directors and officers

The aggregate amount paid/ provided during the year in respect of Directors and officers of the company as defined in the Bangladesh Securities and Exchange Rules 1987 are disclosed below

Particulars			
	Managing Director Remuneration	600,000	600,000
	Director's Remuneration	1,800,000	1,800,000
	Board Meeting Fees	80,000	80,000
	During the period 4 (four) Board meetings were held .		
23.00	Marketing, Selling & Distribution Expenses		
	Salaries and Allowances	296,400	290,400
	Advertisement	1,479,708	1,095,000
	Business Development	292,778	257,000
	Export Expenses	17,410	15,800
	Sample & other Expenses	72,600	110,331
	Tk.	2,158,896	1,768,531
24.00	Financial Expenses		
	Bank Charges and Commission	1,153,880	942,104
	Interest on HPSM investment	22,361,313	39,554,703
	Interest in BAI Murabah	13,061,015	14,091,017
	Interest on MDB Loan	39,167,084	26,416,635
	Interest on MPI	-	3,440,322
	Interest on Murabaha TR	18,714,267	29,567,486
	Interest on LDBC Loan	-	591,966
	Tk.	94,457,559	114,604,233
25.00	Other Income of IPO process		
	Bank Interest Received	49,412,286	-
	Less: IPO Expenses:	26,338,371	-
	BSEC Fees & Renewal	412,500	-
	BUET Fees & Renewal	394,981	-
	CDBL Fees & Renewal	217,831	-
	Banker to the Issue Commission	6,710,080	-
	CSE Fees & Renewal	1,122,125	-
	DSE Fees & Renewal	1,122,125	-
	Hall Rent	347,478	-
	Issue Management Fees	2,000,000	-
	Post IPO Fees	13,323,751	-
	Underwriter Commission	687,500	-
	Tk.	23,073,915	-
26.00	Basic Earning Per Share		
	Net Profit for the year	132,898,391	72,464,245
	No. of Shares	50,646,233	34,975,000
	EPS for the Year including other income	2.62	2.07
26.01	Net Profit for the year	102,214,754	72,464,237
	No. of Shares	50,646,233	34,975,000
	EPS for the Year excluding other income	2.02	2.07
26.02	Weighted average number of share:		
	34,975,000 share for 365 days	34,975,000	34,975,000
	27,500,000 share for 208 days	15,671,233	-
		50,646,233	34,975,000

27.00 General:**27.01 Claims not Acknowledged**

There is no claim against the Company not acknowledged as debt as on 30.06.2014

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

27.02 Credit Facilities not Availed

There is no credit facilities extended to the Company but not availed of as on 30.06.2014, under any contract, other than trade credit available in the ordinary course of business.

27.03 Commission, Brokerage or Discount Against Sales

No commission, brokerage or discount was incurred or paid by the Company against sales during the year ended 30.06.2014.

27.04 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) .

27.05 Employees Details:

During the year there were 305 permanent employees employed for the full year all employees received salary Taka 3,000 per month and above.

27.06 Rounding Off

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

27.07 Rearrangement of Last Year's Figures

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged or re-stated or reclassified whenever considered necessary to conform to current year presentation.

27.08 Events after the Reporting Period

Subsequent to the Statement of Financial Position date, the Board of Directors in their meeting held on September 3, 2014 recommend 25% stock dividend existing share held at record date for the year ended 30 June 2014. The dividend proposal is subject to shareholders' approval at the forthcoming Annual General Meeting.

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

Value of Raw material, packing materials and Capital goods

Particular	Local Purchase	Import	Total Purchase	Consumption
Raw Material	378,708,075	277,840,722	56,548,797	634,672,949
Packing Materials	5,999,937	-	5,999,937	5,754,615
Spare Parts	16,309,173	-	16,309,173	15,360,797

Value of Export

Particular	In Foreign Currency USD	In BDT
Export	\$ 12,593,880.00	982,322,640

27.10 Details of capacity has given below

Particular	License Capacity	Installed Capacity	Actual Production
Annual Production (kg)	5,475,000	5,475,000	4,696,982

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

No.	Particulars	Value in Tk.
(a)	Managerial Remuneration paid or payable during the year to the directors, including Managing directors or manager	2,400,000
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value applicable.	80,000
(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 thereon	Nil
(e)	Share Based payments	Nil

b) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2013	Addition during the Year	Realized during the Year	Balance as at 30.06.2014
(a)	SIM Fabrics Limited yarn sale	Common Management	308,257,881	720,617,288	654,872,810	374,002,359
	Total		308,257,881	720,617,288	654,872,810	374,002,359

c) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2013	Addition during the year	Realized during the year	Balance as at 30.06.2014
(a)	SIM Fabrics Limited (land transferred against shares)	Management Common	250,000,000	-	-	250,000,000
	Total		250,000,000	-	-	250,000,000

Mozaffar Hossain Spinning Mills Limited

Fixed Assets Schedule

As at June 30, 2014

Annexure A
Amount in Taka

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2014
	As at July 01, 2013	Addition During year	As at 30.06.2014		As at July 01, 2013	Addition During the year	As at 30.06.2014	
Land & Land Dev.	385,137,050		385,137,050	-	-	-	-	385,137,050
Factory Building	68,597,225		68,597,225	5%	14,763,446	3,429,861	18,193,307	50,403,918
Plant & Machinery	369,306,764	-	369,306,764	10%	152,357,138	36,930,676	189,287,814	180,018,950
Vehicle	-	1,641,000	1,641,000	10%	-	164,100	164,100	1,476,900
Furniture & Fixture	1,046,569	287,350	1,333,919	10%	331,938	133,392	465,330	868,589
Balance as on 30.06.2014	824,087,608	1,928,350	826,015,958		167,452,522	40,658,029	208,110,551	617,905,407

Depreciation Charged To-

Administrative Cost	297,492
Manufacturing Cost	40,360,537
Total	<u>40,658,029</u>

Mozaffar Hossain Spinning Mills Limited

Annexure of Accounts Receivable
For the year ended June 30, 2014

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:-

Accounts Receivable considered good in respect of which the company holds no security other than the debtor personal security :

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 01.07.2013	Addition during the year	Realized during the year	Balance as at 30.06.2014
All Tex Textile	2,816,420	11,380,772	12,105,602	2,091,590
Indigo Fashion	-	2,880,953	2,880,953	-
Dhaka Denime	8,206,898	-	1,200,000	7,006,898
Desh Denim	-	120,500	120,500	-
Friend Fashion	-	1,482,300	1,482,300	-
Khan Traders	-	7,501,590	7,501,590	-
Amreen Trading	-	4,259,800	4,259,800	-
Mamun Traders	-	456,000	456,000	-
Refat Textile Mills	891,590	-	891,590	-
Resalot Fabrics	-	232,365	232,365	-
Shibchar Yarn Trading	(10,734)	30,603,748	30,593,014	-
Shikder Traders	-	27,615,730	27,615,730	-
Sohi International	-	462,950	462,950	-
Total	11,904,174	86,996,708	89,802,394	9,098,488

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 01.07.2013	Addition during the year	Realized during the year	Balance as at 30.06.2014
SIM Fabrics Limited	308,257,881	720,617,288	654,872,810	374,002,359
Sub-total	308,257,881	720,617,288	654,872,810	374,002,359
Total	320,162,055	807,613,996	744,675,204	383,100,847

Mozaffar Hossain Spinning Mills Limited
Schedule of Trade Creditors
For the year ended June 30, 2014

Annexure No. - C

Trade Creditors:

Amount in Taka

Name of Supplier	Balance as at 01.07.2013	Payment during the year	Bill during the year	Balance as at 30.06.2014
Akhi Enterprise	398,104	698,859	300,755	-
AB Enterprise	21,831,519	411,593,270	393,648,318	3,886,567
Cotton Bezz	(4,995)	113,362,452	113,367,447	-
Chowdhury Trading	-	27,082,573	27,082,573	-
Deferred LC against virgin cotton	38,199,328	79,219,792	59,672,196	18,651,732
Fariha Cotton	-	1,032,000	1,064,000	32,000
Intimate International	46,970	153,970	107,000	-
Nurul Islam Enterprise	86,490	-	-	86,490
Sinha Enterprise	2,221,366	4,840,000	5,949,621	3,330,987
S. S Enterprise	-	717,712	717,712	-
Sub Total (A)	62,778,782	638,700,628	601,909,622	25,987,776

Bills Payable:

Amount in Taka

Name of Supplier/Service Provider	Balance as at 01.07.2013	Payment during the year	Bill during the year	Balance as at 30.06.2014
3N Printers	97,249	280,000	246,941	64,190
Access Telecome BD	-	17,000	17,000	-
Adex Corporation	-	51,628	51,628	-
A. F. C Capital Ltd.	-	250,000	250,000	-
Ahmed zaker & Co.	-	10,000	10,000	-
A Hossain & Co.	533,800	533,800	-	-
A. K. M Golam Faruk	16,450	47,350	30,900	-
Ali Refrigeration & electronics	100,000	350,000	250,000	-
Alpha Capital Management	-	7,748,779	7,749,789	1,010
Amreen Refrigeration	-	50,000	165,000	115,000
ASSL Textile	10,000	10,000	-	-
Axis Engineering	-	320,040	383,260	63,220
Ayshi Engineering	-	-	23,000	23,000
Bangla Courier Services	-	45,620	45,620	-
BCACP	-	-	5,000	5,000
Bangladesh Chartered Accountancy Hostel	-	7,500	7,500	-
Bangla Trac Limited	426,745	2,376,456	2,277,681	327,970
BBS Cables	-	-	61,850	61,850
Bdjobs.Com	-	25,000	25,000	-
Beximco Online	-	54,725	54,725	-
Bismillah Paper Products	-	849,500	1,171,368	321,868
Bonik Barta	-	95,000	95,000	-
BUET A/C	-	394,981	394,981	-
Cargo Control Group	149,866	70,000	-	79,866
Central Depository Bangladesh (CDBL)	-	717,831	717,831	-
City Express	-	10,340	40,624	30,284
Confidence Associates Ltd	-	269,282	397,593	128,311
Corporate Council Limited	-	2,950,000	2,950,000	-

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

Name of Supplier/Service Provider	Balance as at 01.07.2013	Payment during the year	Bill during the year	Balance as at 30.06.2014
Delzan Enterprise	282,415	150,000	-	132,415
Desh Somoy	-	-	20,000	20,000
Dhaka Zila Krira Sanghtha	-	32,000	32,000	-
Doel Engineering	89,300	89,300	-	-
Express Insurance Ltd.	-	60,874	60,874	-
Fahim Transport Agency	61,100	190,000	215,500	86,600
Financial Express	-	115,600.00	115,600	-
Galaxy Corporation	-	88,750.00	988,750	-
Gazi Tank	-	-	15,400	15,400
ICMAB	-	15,000.00	15,000	-
Intertek Bangladesh Ltd.	-	73,822.00	73,822	-
Islamia Commercial Insurance	-	221,109.00	221,109	-
Kendriyo Kochi Kachar Mela	-	252,000.00	252,000	-
Laser Vission	-	100,000.00	100,000	-
Liberty Association Ltd.	51,750	51,750	-	-
Maxs International	-	540,000.00	540,000	-
Mazumdar Sikder & Associates	-	25,000.00	25,000	-
Minarva Engineering Works	232,020	410,000	384,331	206,351
Muntaz Enterprise	-	84,450	84,450	-
New Asia Ltd.	-	719,370.00	719,370	-
News Today	-	60,000.00	60,000	-
Noor Ahmed (Sharif & Co.)	-	6,890,000.00	6,890,000	-
Orthoneety Protidin	-	139,000.00	139,000	-
Paltan Community Centre	-	4,000.00	34,000	-
Prime Engineering	20,000	20,000	-	-
Primenews.Com.Bd	-	26,333.00	26,333	-
Progressive Life Ins.	3,600.00	3,600.00	-	-
Raisa Paper Products	-	13,115.00	13,115	-
Rally Gear Limited	-	575,000.00	575,000	-
Reyan Machineries	11,100	375,000	407,000	43,100
Riya Enterprise	-	995,000	995,000	-
RM Courier Services	-	-	4,575	4,575
Sahara International	89,800	89,800	-	-
Abdur Rouf Authentic Color	-	5,060	5,060	-
Safety Source	-	-	10,950	10,950
SAL Inspection	-	20,302	20,302	-
Sarowar Hossain Sohel	-	800,000	800,000	-
Shahazul Islam	57,357	3,634,750	3,654,734	77,341
Shahin Ahmed	2,953	29,140	30,677	4,490
ShareBiz Kortcha	80,000	670,000	636,000	46,000
Share News 24.com	-	10,000	10,000	-
Shelter	-	-	5,600	5,600

MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

Name of Supplier/Service Provider	Balance as at 00-Jan-00	Payment during the year	Bill during the year	Balance as at 30.06.2014
Shemel Engineering Works	31,250	72,442	69,615	28,423
Simul Traders	726,987	1,650,000	1,742,250	819,237
Somoy Express	-	5,000	19,485	14,485
S.S. Vission Ltd.	127,500	127,500	-	-
Takaful Islami Insurance	-	104,742	104,742	-
Tally Soft Ware	12,600	12,600	-	-
Tanbir & Sabbir Enterprise	600	600	-	-
Tekno Pack Accessories Industries	6,162	6,162	-	-
Textile Associates	123,367	766,575	666,990	23,782
The Daily Sangram	-	10,000	10,000	-
Trust Logistic	-	525,000	525,500	500
Underwriter Payable	-	687,500	687,500	-
Uttaran Paper Products	577,170	2,650,130	,789,842	716,882
United Corporate Advisory Service Ltd.	-	8,323,751	8,323,751	-
United Trade Center	-	34,000	34,000	-
Vision Express	-	38,190	38,190	-
Sub Total (B)	4,051,141	60,998,371	61,008,239	3,477,700

**Mozaffar Hossain Spinning Mills Limited**

House # 315, Road # 04, DOHS, Baridhara, Dhaka-1206

PROXY FORM

I/we _____ being a member(s) of **Mozaffar Hossain Spinning Mills Limited** do hereby appoint Mr/Mrs _____ of _____ as my / our Proxy to attend and vote on behalf of me / us at the **9th Annual General Meeting** of the Company to be held on **Saturday, the 25th October, 2014 at 11.30 AM** at the Company's Factory office Thakurbari Teac, Bhulta, Rupganj, Narayanganj and any adjournment thereof.

As witness my/our hand this _____ day of _____ 2014.

Folio No.	BO A/C No.																		
-----------	------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature of the Proxy with date

No. of Share(s):

Revenue Stamp
for Tk. 20.00
(Twenty) only

Signature of the Member with date

N.B. : This Form of Proxy, duly signed (as recorded with the company), stamped and completed must be submitted to the Registered Office or Share Department (the Company's registered office House # 315, Road # 04, DOHS, Baridhara, and Dhaka-1206) of the Company at least 48 (Forty Eight) hours before the Meeting.

**Mozaffar Hossain Spinning Mills Limited**

House # 315, Road # 04, DOHS, Baridhara, Dhaka-1206

Attendance Slip

I do hereby submit the Attendance slip in connection with the 9th Annual General Meeting of **Mozaffar Hossain Spinning Mills Limited** held today **Saturday, the 25th October, 2014 at 11.30 AM** at the Company's registered office House # 315, Road # 04, DOHS, Baridhara, and Dhaka-1206

Full Name of the Member : _____ **Signature with Date**

Folio No. _____	BO A/C No.																		
-----------------	------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Share(s)	
-----------------	--

Signature with date

Full Name of the Attorney/ Proxy _____

Signature with date

N.B.: Shareholders are requested to handover the Attendance Slip at the entrance of the Meeting Hall.



MOZAFFAR HOSSAIN SPINNING MILLS LTD.

Head Office : House # 315, Road # 04
Baridhara DOHS, Dhaka-1206, Bangladesh
Phone: 88-02-8415961-3, Fax: 88-02-8415964
E-mail: info@simgroup-bd.com

Factory: Thakurbari Teac, Masumabad,
Bhulta, Rupgonj, Narayangonj
Website: www.simgroup-bd.com