

Auditors' Report

We have audited the accompanying financial statements of Mozaffar Hossain Spinning Mills Limited, which comprise the Statement of Financial position as at June 30, 2012 along with Statement of comprehensive Income, Statement of Changes in equity and Statement of Cash flows for the period 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. 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, 2012 and of its financial performance for the year then ended in accordance with Bangladesh Financial Reporting Standards 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 expenditures incurred during the year were for the purpose of the business of the Company.

Date: Dhaka
November 28, 2012

Ahmed Zaker & Co.
Chartered Accountants

Mozaffar Hossain Spinning Mills Limited
Statement of Financial Position
As at June 30, 2012

| Particulars | Notes | Amount in Taka | |
|---|-------|----------------------|----------------------|
| | | 30.06.2012 | 30.06.2011 |
| NON-CURRENT ASSETS | | 694,018,230 | 482,095,676 |
| Property, Plant and Equipments | 5.00 | 694,018,230 | 482,095,676 |
| CURRENT ASSETS | | 634,031,733 | 563,457,984 |
| Inventories | 6.00 | 212,525,076 | 177,230,593 |
| Accounts Receivable | 7.00 | 337,617,212 | 286,016,320 |
| Fixed Deposits with Bank | 8.00 | - | 10,000,000 |
| Other Receivable | 9.00 | - | 604,869 |
| Inter Company Current Account | 10.00 | - | 13,851,783 |
| Advances, Deposits & Pre-Payments | 11.00 | 82,237,793 | 74,834,113 |
| Cash and bank balance | 12.00 | 1,651,652 | 920,306 |
| TOTAL ASSETS | | 1,328,049,963 | 1,045,553,660 |
| SHAREHOLDERS' EQUITY | | 658,598,098 | 355,960,049 |
| Share Capital | 13.00 | 349,750,000 | 99,750,000 |
| Revaluation Reserve | 14.00 | 130,314,640 | 130,314,640 |
| Tax Holiday Reserve | 15.00 | 57,743,696 | 42,856,878 |
| Retained Earnings | | 120,789,762 | 83,038,531 |
| LONG TERM LIABILITY | | 208,508,815 | 252,603,952 |
| Long Term Loan Net Off Current Maturity | 17.00 | 208,508,815 | 252,603,952 |
| Deferred Tax Liability | | 16,213,483 | - |
| CURRENT LIABILITIES | | 444,729,567 | 436,989,659 |
| Accounts Payable | 18.00 | 10,460,459 | 19,151,858 |
| Workers profit participation fund | | 9,339,885 | 5,618,181 |
| Current portion of long term loan | 19.00 | 79,602,320 | 36,339,400 |
| Short term Bank loan | 20.00 | 327,053,951 | 366,563,850 |
| Provision for Tax | | 8,891,948 | 3,309,391 |
| Accrued Expenses | 21.00 | 9,381,004 | 6,006,979 |
| TOTAL EQUITY & LIABILITIES | | 1,328,049,963 | 1,045,553,660 |
| Net Asset Value Per Share (NAVPS)-Restated | | 18.83 | 10.18 |

The annexed notes 1 to 30 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28th November 2012 and were signed on it behalf by:

Chairman

Managing Director

Director

Signed as per annexed report on even date

Place: Dhaka

Dated: November 28, 2012

Ahmed Zaker & Co.
Chartered Accountants

Mozaffar Hossain Spinning Mills Limited
Statement of Comprehensive Income
For the year ended June 30, 2012

| Particulars | Notes | Amount in Taka | |
|---|--------------|--------------------|--------------------|
| | | 30.06.2012 | 30.06.2011 |
| Turnover | 22.00 | 738,494,616 | 638,921,387 |
| Less: Cost of goods sold | 23.00 | 558,078,030 | 488,294,678 |
| Gross Profit | | 180,416,586 | 150,626,709 |
| Other Income | 24.00 | 241,067 | 608,592 |
| Operating Expenses: | | 9,725,660 | 8,100,554 |
| Administrative Expenses | 25.00 | 6,500,981 | 4,358,609 |
| Marketing and Distribution Expenses | 26.00 | 3,224,679 | 3,741,945 |
| Profit from Operation | | 170,931,993 | 143,134,747 |
| Less: Financial expenses | 27.00 | 92,776,200 | 73,637,537 |
| Net Profit before WPPF | | 78,155,793 | 69,497,210 |
| Less: Workers profit participation fund 5% | | 3,721,704 | 3,309,391 |
| Net Profit after WPPF | | 74,434,089 | 66,187,819 |
| Income tax expenses: | | 6,816,176 | 3,309,391 |
| Current tax | | 5,582,557 | 3,309,391 |
| Deferred Tax | | 1,233,619 | - |
| Net Profit after Tax Transferred to Equity | | 67,617,913 | 62,878,428 |
| Earning Per Share for the period (Restated) | 28.00 | 2.78 | 2.59 |

The annexed notes 1 to 30 form an integral part of these financial statements.
These financial statements were approved by the Board of Directors on 28th November 2012
and were signed on it behalf by:

Chairman

Managing Director

Director

Signed as per annexed report on even date

Place: Dhaka
Dated: November 28, 2012

Ahmed Zaker & Co.
Chartered Accountants

Statement of Cash Flows
For the period ended June 30,2012

| Particulars | Notes | Amount in Taka | Amount in Taka |
|--|-------|---------------------|---------------------|
| | | 30.06.2012 | 30.06.2011 |
| A. Cash flows from operating activities : | | | |
| Collection from Turnover | | 687,739,660 | 599,662,072 |
| Payment to suppliers, employees | | (575,417,033) | (540,969,998) |
| Cash Generated from operation | | 112,322,627 | 58,692,074 |
| Financial Expenses | | (92,776,200) | (73,637,537) |
| Net cash flows/(used) in operating activities | | 19,546,427 | (14,945,463) |
| B. Cash flow from investing activities: | | | |
| Acquisition of Property, Plant & Equipment | | (2,324,748) | (32,249,136) |
| FDR with Bank | | 10,000,000 | (10,000,000) |
| | | - | - |
| Net cash flows/ (used) in Investing Activities | | 7,675,252 | (42,249,136) |
| C. Cash flow from financing activities: | | | |
| Received from short term loan | | (39,509,899) | 83,479,327 |
| Received/ (repaid) Inter company Current Account | | 13,851,783 | (16,338,306) |
| Received/(Repaid) long term loan | | (832,217) | (11,465,263) |
| Net cash flows/(used) in financing activities | | (26,490,333) | 55,675,758 |
| D. Net Cash Increase/ (Decrease) (A+B+C) | | 731,346 | (1,518,841) |
| E. Opening cash and cash equivalents at the begining of the year | | 920,306 | 2,439,147 |
| F. Closing cash and cash equivalents at the end of the year (D+E) | | 1,651,652 | 920,306 |
| Operating Cash flow Per Share | | 0.56 | (1.50) |

Mozaffar Hossain Spinning Mills Limited

**Statement of Changes in Equity
For the year ended June 30, 2012**

Amount in Taka

| Particulars | Share Capital | Tax holiday Reserve | Revaluation Reserve | Retained Earnings | Total |
|----------------------------------|--------------------|---------------------|---------------------|--------------------|--------------------|
| Balance as on 01.07.2011 | 99,750,000 | 42,856,878 | 130,314,640 | 83,038,531 | 355,960,049 |
| Adjustment for Deferred Tax | | | | (14,979,864) | (14,979,864) |
| Issued during the year | 250,000,000 | - | - | - | 250,000,000 |
| Net Profit / (Loss) for the year | - | - | - | 67,617,913 | 67,617,913 |
| Tax Holiday Reserve | - | 14,886,818 | - | (14,886,818) | - |
| Balance as on 30.10.2012 | 349,750,000 | 57,743,696 | 130,314,640 | 120,789,762 | 658,598,098 |

**Statement of Changes in Equity
For the year ended June 30, 2011**

| Particulars | Share Capital | Tax holiday Reserve | Revaluation Reserve | Retained Earnings | Total |
|----------------------------------|-------------------|---------------------|---------------------|-------------------|--------------------|
| Balance as on 01.07.2010 | 99,750,000 | 26,130,308 | - | 31,852,265 | 157,732,573 |
| Adjustment | | (923,515) | | 5,957,923 | 5,034,408 |
| Restatement of Opening Balance | 99,750,000 | 25,206,793 | - | 37,810,188 | 162,766,981 |
| Net Profit / (Loss) for the year | - | - | - | 62,878,428 | 62,878,428 |
| Tax Holiday Reserve | - | 17,650,085 | - | (17,650,085) | - |
| Revaluation reserve | | | 130,314,640 | | 130,314,640 |
| Balance as on 30.06.2011 | 99,750,000 | 42,856,878 | 130,314,640 | 83,038,531 | 355,960,049 |

These financial statements were approved by the Board of Directors on 28th November 2012 and were signed on it behalf by:

Chairman

Managing Director

Director

Signed as per annexed report on even date

Place: Dhaka
Dated: November 28, 2012

Ahmed Zaker & Co.
Chartered Accountants

Mozaffar Hossain Spinning Mills Limited
Notes to the Accounts
For the year ended 30 June, 2012

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, Vulta, Ruggong, Narayangong.

2. Nature of Business Activities

Mozaffar Hossain Spinning Mills Limited runs the business of 100% export oriented woven brics 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 payoff 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:

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, 2012.
- ii) Statement of Comprehensive Income for the year ended June 30, 2012.
- iii) Statement of Changes in Equity for the year ended June 30, 2012.
- iv) Statement of Cash Flows for the year ended June 30, 2012.
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial Statements for the year ended June 30, 2012.

4.7 Reporting Period

The Financial Period of the company under audit cover for a year from 01 July 2011 to June 30, 2012.

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. Full year depreciation is charged in the year of acquisition regardless of the date of purchase. No depreciation is charged in the year of disposal regardless of the date of disposal. Depreciation of an asset begins when it is available for use. Depreciation is charged on all fixed assets except land and land developments on **reducing balance 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 30.06.2012 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 - 28”.

Basic earnings:

This represents earnings for the year ended June 30, 2012 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 is 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 28 November, 2012.

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.

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 30).

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% upto October 2010, and has been enjoying 50% tax holiday starting from November 2010 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 favorable or unfavorable, 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 half year’s financial statement.

| | | Amount in Taka | |
|--|------------|-----------------------|--------------------|
| | | 30.06.2012 | 30.06.2011 |
| 5.00 Property, Plant and Equipments | | | |
| Land & Land Development | | 382,685,000 | 132,685,000 |
| Factory Building | | 57,263,640 | 60,693,501 |
| Plant & Machinery | | 253,250,302 | 287,793,230 |
| Furniture & Fixture | | 819,288 | 923,945 |
| | Tk. | 694,018,230 | 482,095,676 |

Please refer to Annexure-'A' for further details

6.00 Inventories:

Break-up of this item is as follows:

| | | Qty. (kg.) | | |
|------------------------|------------|-------------------|--------------------|--------------------|
| Finished Goods: | | | 15,218,649 | 14,281,104 |
| Yarn | 92,000 | | 15,218,649 | 14,281,104 |
| Working-in-process | 67,227 | | 8,986,483 | 14,268,662 |
| Raw Materials: | | | 178,808,259 | 147,158,395 |
| Virgin Cotton | 778,818 | | 123,926,844 | 97,586,609 |
| Waste Cotton | 527,216 | | 54,881,415 | 49,571,786 |
| Packing Materials | | | 953,501 | 712,782 |
| Store Materials | | | 8,558,184 | 809,650 |
| | Tk. | | 212,525,076 | 177,230,593 |

The above Inventories are as per physical counting made and valued by the inventory team consists of management staff and auditors. Inventories in hand have been valued at lower of cost and net realizable value as per BAS-2. Inventories are hypothecated against working capital facilities from the bank (Islami

7.00 Accounts Receivable:

Please refer to Annexure: B for details

This is unsecured, considered good and is falling due within one year . No bad debts are considered during the period . 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 Accounts Receivable considered good in respect of which the company | - | - |
| ii) holds no security other than the debtor personal security (Annexure B) | 154,381,116 | 81,280,289 |
| 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) | 183,236,096 | 204,736,031 |
| vi) The maximum amount of receivable due by any director or other officer of the company | - | - |
| | 337,617,212 | 286,016,320 |

Aging of accounts receivable:

| | | |
|--|--------------------|--------------------|
| Dues within three months | 236,332,048 | 143,008,160 |
| Dues within three months to six months | 67,523,442 | 85,804,896 |
| Dues within six months to one year | 33,761,721 | 57,203,264 |
| | 337,617,212 | 286,016,320 |

| | | Amount in Taka | |
|---|------------------------|----------------|-------------------|
| | | 30.06.2012 | 30.06.2011 |
| 8.00 Fixed Deposit | | | |
| Bank Asia FDR no. 00755008916 | | | |
| Scotia branch, Karwanbazar | | | 5,300,000 |
| Bank Asia FDR no. 00755008903 | | | |
| Scotia branch, Karwanbazar | | | 4,700,000 |
| | | - | 10,000,000 |
| 9.00 Other Receivable | | | |
| Interest on FDR | | - | 604,869 |
| | | - | 604,869 |
| 10.00 Inter Company Current Account: | | | |
| SIM Fabrics Ltd. | | | 13,851,783 |
| | | - | 13,851,783 |
| 11.00 Advances, Deposits & Pre-Payments: | | | |
| Advance against Salaries | | - | 335,000 |
| Advance against Purchase (Note-11.01) | 76,495,338 | | 64,914,059 |
| Loan to Mr. Mozaffar Hossain | | - | 6,100,000 |
| Advance for Consultancy Fees | 1,925,000 | | 700,000 |
| Advance against L/c for Cotton & Spares Import | 369,736 | | 1,427,859 |
| Tax deducted at sources | 3,447,719 | | 1,357,195 |
| | Tk. 82,237,793 | | 74,834,113 |
| 11.01 Advance against Purchase | | | |
| Dues within three months | 53,546,737 | | 32,457,030 |
| Dues within three months to six months | 15,299,068 | | 19,474,217 |
| Dues within six months to one year | 7,649,534 | | 12,982,812 |
| | 76,495,339 | | 64,914,059 |
| 12.00 Cash and bank balance: | | | |
| Cash in hand | | 1,086,792 | 711,368 |
| Cash at Banks: | | | |
| Bank Branch A/C Type | | | |
| IBBL Mauchak CD-327918 | 16,754 | | 108,337 |
| IBBL Mauchak Mudaraba Deposit Normal | 385 | | 2,086 |
| IBBL Mauchak Mudaraba Deposit Special | 134 | | 79,453 |
| Sonali Bank Motijheel CD-1892 | 5,000 | | 5,000 |
| Bank Asia Scotia CD-3534 | 528,000 | | 138 |
| Bank Asia Scotia CD-36551 | 3,678 | | |
| Bank Asia Scotia STD-738 | 909 | | 3,924 |
| Jamuna Bank Gulshan CD-1259 | 5,000 | | 5,000 |
| IBBL Gaosia CD-987 | 5,000 | | 5,000 |
| | 564,860 | | 208,938 |
| | Tk. 1,651,652 | | 920,306 |
| 13.00 Share Capital: | | | |
| This represents the followings: | | | |
| Authorised capital: | | | |
| 100,000,000 ordinary Shares of tk 10/= each | | 1,000,000,000 | 1,000,000,000 |
| Issued subscribed and paid up capital: | | | |
| 34,975,000 ordinary shares of taka 10/= each | | 349,750,000 | 99,750,000 |
| | Tk. 349,750,000 | | 99,750,000 |

| Amount in Taka | |
|----------------|------------|
| 30.06.2012 | 30.06.2011 |

13.01 Share Holding Position:

Share holding position is as follows:

| | | | | |
|-----------------------|-------------------|---------|--------------------|-------------------|
| a) Sponsors | 4,144,250 | 11.85% | 41,442,500 | 99,750,000 |
| b) Sister Concern | 25,000,000 | 71.48% | 250,000,000 | - |
| c) Other Shareholders | 5,830,750 | 16.67% | 58,307,500 | - |
| | <u>34,975,000</u> | 100.00% | <u>349,750,000</u> | <u>99,750,000</u> |

14.00 Revaluation Reserve

| | | |
|------------------------------------|--------------------|--------------------|
| Opening | 130,314,640 | - |
| Value after revaluation | - | 132,685,000 |
| Acquisition cost of the above land | - | 2,370,360 |
| Revaluation reserve | 130,314,640 | 130,314,640 |

15.00 Tax Holiday Reserve

| | | |
|--|-------------------|-------------------|
| A. Restatement of Opening balance | 42,856,879 | 25,206,793 |
| Tax Holiday Reserve (30%) | 32,142,659 | 19,597,843 |
| Reserve for Investment (10%) | 10,714,220 | 6,532,465 |
| Less : Adjustment | | 923,515 |
| B. Add: Transferred from retained | 14,886,817 | 17,650,085 |
| Tax Holiday Reserve (30%) | 11,165,113 | 13,237,564 |
| Reserve for Investment (10%) | 3,721,704 | 4,412,521 |
| Total (A+B) | 57,743,696 | 42,856,878 |

16.00 Loan from Other Finance

| | | |
|---------------------------|---|--------------|
| opening | | 10,557,705 |
| Payment during the period | | (10,557,705) |
| | - | - |

17.00 Long Term Loan :

| | | |
|---|--------------------|--------------------|
| Outstanding for HPSM-489 | 204,378,171 | 204,355,111 |
| Outstanding for HPSM-529 | 83,732,964 | 84,588,241 |
| | 288,111,135 | 288,943,352 |
| Less: Current portion of Long term loan | 79,602,320 | 36,339,400 |
| | 208,508,815 | 252,603,952 |

This represents amount payable to Islami Bank Bangladesh Limited Mouchak Branch for import of capital machineries under deferred payment. Break up of this item is as follows with terms & conditions.

1. Purpose of Investment - To purchase/import capital machinery for BMRE of the project.
2. Period of Investment - 05 (five) years excluding gestation of 9-months.
3. Rate of return - 13% per annum and collateral is given below-
 - A.108.00 decimal project land alongwith 88,200 sft. Project building vide FSV 79.30 million.
 - B.48.10 decimal project land vide FSV 1.92 million.

18.00 Accounts Payable

| | | |
|--------------------------------|-------------------|-------------------|
| Trade Creditors (Annexure-C) | 7,278,814 | 18,167,610 |
| Bills Payable (Annexure-C) | 3,181,645 | 984,248 |
| | 10,460,459 | 19,151,858 |

19.00 Current portion of long term loan

| | | |
|--------------------------|-------------------|-------------------|
| Outstanding for HPSM-489 | 52,299,877 | 24,450,899 |
| Outstanding for HPSM-529 | 27,302,444 | 11,888,501 |
| | 79,602,320 | 36,339,400 |

| | | Amount in Taka | |
|---|------------|-----------------------|--------------------|
| | | 30.06.2012 | 30.06.2011 |
| 20.00 Short term bank loan: | | | |
| Islami Bank Bangladesh Limited Mouchak Br. | | | |
| Local Bill purchase against (MDB) | | 137,616,749 | 135,181,234 |
| Loan against Local purchase (MTR) | | 108,437,804 | 92,998,937 |
| L/C Liability for Import Merchandise (MPI) | | 13,788,185 | 88,421,594 |
| L/C Liability for Import Merchandise (MURA) | | 54,373,884 | - |
| L/C Liability for Import Merchandise (MURA FC) | | 5,217,100 | 5,600,085 |
| Cash Bill | | - | 8,000,000 |
| Total short term loan of Islami bank Bangladesh Ltd. | | 319,433,722 | 330,201,850 |
| Bank Asia Limited Scotia Br. | | | |
| Local Bill purchase against (LDBC) | | 7,620,229 | 36,362,000 |
| | Tk. | 327,053,951 | 366,563,850 |

This represents amount provided by the following Banks as working capital which is fully secured by stock hypothecation and Export bills receivable at terms & condition is 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 - 13% per annum or the rate to be determined by the bank from time to time.
4. Collateral:
 - A. 108.00 decimal project land along with 88,200 sft. Project building vide FSV 79.30 million.
 - B. 48.10 decimal project land vide FSV 1.92 million.
 - C. 194.75 decimal project land along with 96,345 sft. Factory building vide FSV 47.48 million.
 - D. Personal Guarantee of all Directors of the Project Companies & Mortgages in their individual capacity.

| | | | |
|--------------------------------|------------|------------------|------------------|
| 21.00 Accrued Expenses: | | | |
| Professional fees & charges | | 600,000 | 950,000 |
| Salaries & Allowances | | 3,003,747 | 2,508,609 |
| Gas Bill | | 3,850,718 | 2,200,081 |
| Others | | 14,625 | - |
| Store Purchase | | 1,911,914 | 348,289 |
| | Tk. | 9,381,004 | 6,006,979 |

| 22.00 Turnover | qty. (kg.) | Rate | | |
|-----------------------|-------------------|-------------|--------------------|--------------------|
| Yarn 20's | 767,946 | 238.46 | 183,124,403 | 142,752,533 |
| Yarn 16's | 620,550 | 232.80 | 144,464,040 | 162,260,441 |
| Yarn 12's | 823,468 | 217.20 | 178,857,250 | 79,478,177 |
| Yarn 10's | 944,581 | 203.30 | 192,033,317 | 129,317,567 |
| Yarn 9's | 1,400 | 191.60 | 268,240 | 32,082,603 |
| Yarn 8's | - | - | - | 24,233,500 |
| Yarn 7's | 223,350 | 177.96 | 39,747,366 | 61,901,966 |
| Yarn 6's | - | - | - | 6,894,600 |
| | 3,381,295 | | 738,494,616 | 638,921,387 |

| | | | |
|---|--|--------------------|--------------------|
| 23.00 Cost of Goods Sold: | | | |
| Opening Work-in-Process | | 14,268,662 | 4,088,809 |
| Raw materials consumed | | 471,381,196 | 435,191,868 |
| Accessories & Stores Consumed | | 6,463,532 | 5,150,542 |
| Packing Materials Consumed | | 4,039,385 | 3,957,744 |
| Factory overhead (Note-23.01) | | 73,105,384 | 65,990,481 |
| Closing Work-in-Process | | (8,986,483) | (14,268,662) |
| Cost of Production | | 560,271,676 | 500,110,782 |
| Opening stock of FG | | 14,281,104 | 5,705,720 |
| Cost of Goods Available for Sale | | 574,552,780 | 505,816,502 |
| Closing stock of Finished Goods | | (15,218,649) | (14,281,104) |
| Wastage Sales | | (1,256,101) | (3,240,720) |
| Cost of Goods Sold | | 558,078,030 | 488,294,678 |

| | | Amount in Taka | |
|--------------|--|-----------------------|-------------------|
| | | 30.06.2012 | 30.06.2011 |
| 23.01 | Factory Overhead | | |
| | Gas Bill | 11,684,333 | 9,486,179 |
| | Salary & Wages | 16,438,952 | 13,672,495 |
| | Repair & Maintenance | 2,111,387 | 1,534,168 |
| | Factory Insurance | 1,738,512 | 227,530 |
| | Sundry Carrying Charges | 530,195 | 623,825 |
| | Sundry daily labour charges | 254,742 | 321,877 |
| | Other Expenses | 49,726 | 59,344 |
| | Depreciation | 40,297,537 | 40,065,063 |
| | Tk. | 73,105,384 | 65,990,481 |
| 24.00 | Other Operating Income: Tk. 241,067 | | |
| | Interest on FDR | 241,000 | 604,866 |
| | Interest on Bank Account | 67 | 3,726 |
| | Tk. | 241,067 | 608,592 |
| 25.00 | Administrative Expenses: | | |
| | Salary and Allowances | 1,044,300 | 1,387,500 |
| | Bonus | 132,000 | 84,250 |
| | Audit Fees | 325,000 | 350,000 |
| | Managing Director Remuneration | 600,000 | - |
| | Director's Remuneration | 1,800,000 | - |
| | Board Meeting Fees | 80,000 | - |
| | Entertainment | 135,278 | 248,451 |
| | Traveling and Conveyance | 209,398 | 316,267 |
| | House rent | 162,263 | 177,980 |
| | Telephone (mobile) | 46,500 | 71,840 |
| | General Maintenance | 140,500 | 282,089 |
| | Other Expenses | 1,721,085 | 1,335,575 |
| | Depreciation | 104,657 | 104,657 |
| | Tk. | 6,500,981 | 4,358,609 |
| | 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 Securities and Exchange Rules 1987 are disclosed below : | | |
| | Particulars | | |
| | Managing Director Remuneration | 600,000 | - |
| | Director's Remuneration | 1,800,000 | - |
| | Board Meeting Fees | 80,000 | - |
| | During the period four Board meeting were held in the company. | | |
| 26.00 | Marketing, Selling & Distribution Expenses: | | |
| | Salaries and Allowances | 132,000 | 532,000 |
| | Advertisement | 25,000 | 10,000 |
| | Business Development | 287,250 | - |
| | Export Expenses | 685,330 | 455,982 |
| | Other Expenses | 2,095,099 | 2,743,963 |
| | Tk. | 3,224,679 | 3,741,945 |
| 27.00 | Financial Expenses: | | |
| | Bank Charges and Commission | 3,361,711 | 4,553,346 |
| | Interest on HPSM investment | 37,865,783 | 37,892,737 |
| | Interest in BAI Murabah FC Bills | 1,037,878 | 462,774 |
| | Interest on MDB Loan | 18,707,852 | 21,003,545 |
| | Interest on MPI | 13,113,693 | 1,046,838 |
| | Interest on Murabaha TR | 10,784,615 | 8,061,339 |
| | Interest on LDBC Loan | 7,904,668 | 616,958 |
| | Tk. | 92,776,200 | 73,637,537 |

| Amount in Taka | |
|----------------|------------|
| 30.06.2012 | 30.06.2011 |

28.00 Earning Per Share

| | | |
|---|-------------------|-------------------|
| Net Profit for the Period | 67,617,913 | 62,878,428 |
| Weighted average no. of Shares (Note-28.01) | 24,290,068 | 24,290,068 |
| Basic EPS for the period (Re-stated) | 2.78 | 2.59 |

28.01 Weighted average number of share:

| | |
|--------------------------------|-------------------|
| 99,75,000 share for 365 days | 9,975,000 |
| 2,50,00,000 share for 209 days | 14,315,068 |
| | 24,290,068 |

*Previous year's EPS has been adjusted as per the requirement of BAS-33 "Earning per share".

29.00 General:

29.01 Claims not Acknowledged

There is no claim against the Company not acknowledged as debt as on Amount in Taka

29.02 Credit Facilities not Availed

There is no credit facilities available to the Company but not availed of as on 30.06.2012. under any contract, other than trade credit available in the ordinary course of business.

29.03 Commission, Brokerage or Discount

No commission, brokerage or discount was incurred or paid by the Company against sales during the ended Amount in Taka

29.04 Directors Responsibility Statements

The Board of Directors takes the responsibility for the preparation and presentation of these financial

29.05 Employee Details:

During the year there were 249 permanent employees employed for the full year out of which 187

29.06 Rounding Off

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

29.07 Rearrangement of Last Year Figures

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

29.08 Disclose 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 | % of Consumption |
|-------------------|----------------|-------------|----------------|-------------|------------------|
| Raw Material | 360,954,452 | 142,076,608 | 503,031,060 | 471,381,196 | 63.83% |
| Packing Materials | 4,183,236 | - | 4,183,236 | 4,039,385 | 0.88% |
| Spare Parts | 22,163,234 | - | 22,163,234 | 6,463,532 | 0.55% |

Value of Export

| Particular | In Foreign Currency USD | In BDT |
|------------|-------------------------|-------------|
| Export | \$ 5,084,500.00 | 416,929,000 |

29.09 Details of capacity has given below

| Particular | Licence Capacity | Installed Capacity | Actual Production |
|------------------------|------------------|--------------------|-------------------|
| Annual Production (kg) | 4,550,000 | 4,550,000 | 3,396,195 |

30. 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 where 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 (Notes-4.28) | Nil |

b) Transaction with Related Entity:

| Sl. | Name of Customer | Relationship | Balance as at 01.07.2011 | Addition during the period | Realized during the period | Balance as at 30.06.2012 |
|-----|-------------------------------|-------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| (a) | SIM Fabrics Limited yarn sale | Common Management | 204,736,031 | 184,206,406 | 205,706,341 | 183,236,096 |
| | Total | | 204,736,031 | 184,206,406 | 205,706,341 | 183,236,096 |

c) Transaction with Related Entity:

| Sl. | Name of Customer | Relationship | Balance as at 01.07.2011 | Addition during the period | Realized during the period | Balance as at 30.06.2012 |
|-----|---|-------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| (a) | SIM Fabrics Limited (land transferred against shares) | Common Management | - | 250,000,000 | - | 250,000,000 |
| | Total | | - | 250,000,000 | - | 250,000,000 |

Mozaffar Hossain Spinning Mills Limited
Fixed Assets Schedule
For the Year ended June 30, 2012

Annexure A
Amount in Taka

| Particulars | COST | | | Rate of Dep. | DEPRECIATION | | | Written down value as at 30.06.2012 |
|---------------------------------|------------------------------------|--------------------------|--------------------|--------------|------------------------------------|--------------------------|--------------------|-------------------------------------|
| | Opening balance as at July 01,2011 | Addition During the year | As at 30.06.2012 | | Opening balance as at July 01,2011 | Addition During the year | As at 30.06.2012 | |
| Land & Land Dev. | 132,685,000 | 250,000,000 | 382,685,000 | - | - | - | - | 382,685,000 |
| Factory Building | 68,597,225 | - | 68,597,225 | 5% | 7,903,724 | 3,429,861 | 11,333,585 | 57,263,640 |
| Plant & Machinery | 366,352,016 | 2,324,748 | 368,676,764 | 10% | 78,558,786 | 36,867,676 | 115,426,462 | 253,250,302 |
| Furniture & Fixture | 1,046,569 | - | 1,046,569 | 10% | 122,624 | 104,657 | 227,281 | 819,288 |
| Balance as on 31.12.2011 | 568,680,810 | 252,324,748 | 821,005,558 | | 86,585,134 | 40,402,194 | 126,987,328 | 694,018,230 |

Note: Ata Khan & Co., Chartered Accountants have revalued the Land & Land Development of the Company as of June 30, 2011 following Current Cost Method showing Total Cost of Tk. 0 resulting in a revaluation surplus of Tk. 0

Depreciation Charged To-

| | |
|---------------------|--------------------------|
| Administrative Cost | 104,657 |
| Manufacturing Cost | 40,297,537 |
| Total | <u>40,402,194</u> |

Mozaffar Hossain Textile Mills Limited
Fixed Assets Schedule
For the year ended June 30,2012

Carrying value (tax base):

| Particulars | WDV | | | Rate of Dep. | DEPRECIATION | | | Written down value as at 30.06.12 |
|---------------------------------|--------------------|--------------------------|--------------------|--------------|----------------|--------------------------|----------------|-----------------------------------|
| | As at 01.07.11 | Addition During the year | As at 30.06.12 | | As at 01.07.11 | Addition During the year | As at 30.06.12 | |
| Factory Building | 38,227,553 | - | 38,227,553 | 20% | - | 7,645,511 | - | 30,582,042 |
| Plant & Machinery | 202,156,725 | 2,324,748 | 204,481,473 | 20% | - | 40,896,295 | - | 163,585,178 |
| Furniture & Fixture | 845,153 | - | 845,153 | 10% | - | 84,515 | - | 760,638 |
| Balance as on 30.06.2010 | 241,229,431 | 2,324,748 | 243,554,179 | | - | 48,626,321 | - | 194,927,858 |

| | |
|-----------------------------------|-------------------------|
| Book Value as on 30.06.12 | 303,017,746 |
| Tax Base as on 30.06.12 | <u>194,927,858</u> |
| Diferrence | 108,089,888 |
| Tax Rate | 15% |
| Deferred Tax Liab. As on 30.06.12 | 16,213,483 |
| Closing Balance as on 30.06.12 | 16,213,483 |
| Closing Balance as on 30.06.11 | <u>14,979,864</u> |
| Deferred Tax Expenses | <u><u>1,233,619</u></u> |

Mozaffar Hossain Textile Mills Limited
Fixed Assets Schedule
For the year ended June 30,2010

Carrying value (tax base):

| Particulars | WDV | | | Rate of Dep. | DEPRECIATION | | | Written down value as at 30.06.10 |
|---------------------------------|--------------------|--------------------------|--------------------|--------------|----------------|--------------------------|----------------|-----------------------------------|
| | As at 01.07.09 | Addition During the year | As at 30.06.10 | | As at 01.07.09 | Addition During the year | As at 30.06.10 | |
| Factory Building | 42,622,563 | 8,163,152 | 50,785,715 | 20% | - | 10,157,143 | - | 40,628,572 |
| Plant & Machinery | 190,064,095 | 94,439,204 | 284,503,299 | 20% | - | 56,900,660 | - | 227,602,639 |
| Furniture & Fixture | 28,530 | 1,014,869 | 1,043,399 | 10% | - | 104,340 | - | 939,059 |
| Balance as on 30.06.2010 | 232,715,188 | 103,617,225 | 336,332,413 | | - | 67,162,143 | - | 269,170,270 |

For the year ended June 30,2011

Carrying value (tax base):

| Particulars | WDV | | | Rate of Dep. | DEPRECIATION | | | Written down value as at 30.06.11 |
|---------------------------------|--------------------|--------------------------|--------------------|--------------|----------------|--------------------------|----------------|-----------------------------------|
| | As at 01.07.10 | Addition During the year | As at 30.06.11 | | As at 01.07.10 | Addition During the year | As at 30.06.11 | |
| Factory Building | 40,628,572 | 7,155,869 | 47,784,441 | 20% | - | 9,556,888 | - | 38,227,553 |
| Plant & Machinery | 227,602,639 | 25,093,267 | 252,695,906 | 20% | - | 50,539,181 | - | 202,156,725 |
| Furniture & Fixture | 939,059 | - | 939,059 | 10% | - | 93,906 | - | 845,153 |
| Balance as on 30.06.2010 | 269,170,270 | 32,249,136 | 301,419,406 | | - | 60,189,975 | - | 241,229,431 |

| | |
|-----------------------------------|--------------------|
| Book Value as on 30.06.11 | 341,095,192 |
| Tax Base as on 30.06.11 | <u>241,229,431</u> |
| Diferrence | 99,865,761 |
| Tax Rate | 15% |
| Deferred Tax Liab. As on 30.06.11 | 14,979,864 |

Mozaffar Hossain Spinning Mills Limited

Schedule of Accounts Receivable

Annexure No. - B

For the year ended June 30, 2012

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 01.07.2011 | Addition during the period | Realized during the period | Balance as at 30.06.2012 |
| ACS Textile Mills Limited | - | 33,250,376 | 11,962,376 | 21,288,000 |
| Abanti Fabrics | - | 900,000 | 900,000 | - |
| Akhi Enterprise (P+S) | - | 154,591,700 | 115,868,410 | 38,723,290 |
| Angana Traders | - | 1,455,032 | 1,455,032 | - |
| Asiatic Textile Mills Ltd | - | 3,747,820 | 3,747,820 | - |
| Boss Textile | - | 326,750 | 326,750 | - |
| All Tex Textile | 13,081,175 | 36,911,754 | 35,255,579 | 14,737,350 |
| Dhaka Denime | 63,420,977 | 95,963,955 | 96,140,129 | 63,244,803 |
| Dhaka Fabrics | - | 1,386,500 | 1,386,500 | - |
| Erham Fabrics | - | 434,500 | 434,500 | - |
| Farha Textile | - | 5,022,808 | 5,022,808 | - |
| Ferdows Enterprise | - | 1,461,466 | 1,461,466 | - |
| Friend Fashion | - | 6,472,797 | 3,422,882 | 3,049,915 |
| F tec fation | - | 478,911 | 478,911 | - |
| Globex Agency | - | 143,855,356 | 136,576,029 | 7,279,327 |
| Harmonic Tex. | - | 1,093,400 | 1,093,400 | - |
| Hazibour Rahman | - | 412,500 | 412,500 | - |
| Rois Uddin | - | 382,504 | 382,504 | - |
| Julhas Enterprise | - | 3,827,930 | 3,827,930 | - |
| Mamun traders | - | 165,370 | 165,370 | - |
| Nabila Fashion | - | 859,800 | 859,800 | - |
| Newlook Enterprise | - | 3,090,139 | 3,090,139 | - |
| Padma Textile | 620,888 | 19,237 | 640,125 | - |
| One Denime | - | 357,074 | 357,074 | - |
| Refat Textile Mills | 891,590 | - | - | 891,590 |
| Ramzan Ali | - | 864,469 | 864,469 | - |
| Santa Enterprise | - | 9,128 | 9,128 | - |
| SSB Textile | - | 1,964,290 | 1,964,290 | - |
| Shibchar Yarn Trading | - | 1,554,020 | 1,554,020 | - |
| Sikder Textile | - | 9,405,355 | 4,238,514 | 5,166,841 |
| Trust Fashion | - | 859,790 | 859,790 | - |
| Unifeel Textile Mills Ltd. | 3,265,659 | 593,922 | 3,859,581 | - |
| Unique Textile | - | 992,000 | 992,000 | - |
| Wasip Textile | - | 157,300 | 157,300 | - |
| Total | 81,280,289 | 512,867,953 | 439,767,126 | 154,381,116 |

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:

| Name of Customer | Amount in Taka | | | |
|-------------------------|-------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
| | Balance as at 01.07.2011 | Addition during the period | Realized during the period | Balance as at 30.06.2012 |
| SIM Fabrics Limited | 204,736,031 | 184,206,406 | 205,706,341 | 183,236,096 |
| Total | 204,736,031 | 184,206,406 | 205,706,341 | 183,236,096 |

Mozaffar Hossain Spinning Mills Limited

Schedule of Accounts Trade Creditors

For the year ended June 30, 2012

Annexure No. - C

Amount in Taka

Trade Creditors:

| Name of Supplier | Balance as at 01.07.2011 | Payment during the period | Bill during the period | Balance as at 30.06.2012 |
|------------------------------------|-----------------------------|------------------------------|---------------------------|-----------------------------|
| Akhi Enterprise | 11,484,380 | 150,855,021 | 142,397,762 | 3,027,121 |
| Akhi Waste cotton | - | 47,358,123 | 47,358,123 | - |
| AB Enterprise | - | 15,600,000 | 17,707,273 | 2,107,273 |
| Cotton Bezz | - | 41,942,515 | 41,942,515 | - |
| Fariha Cotton | - | - | - | - |
| Sinha Enterprise | 5,373,130 | 29,709,418 | 26,344,218 | 2,007,930 |
| Monir Enterprise | 1,073,610 | 3,867,311 | 2,793,701 | - |
| Suruj Enterprise | - | 1,194,000 | 1,194,000 | - |
| Elham textile | - | 8,597,940 | 8,597,940 | - |
| Arif Spinning | - | 5,958,292 | 5,958,292 | - |
| Vista Fabrics (Raw Cotton) | - | 7,936,560 | 7,936,560 | - |
| Nurul Islam Enterprise | 236,490 | 100,000 | - | 136,490 |
| R I Enterprise (A-Virgin) | - | 44,227,294 | 44,227,294 | - |
| S N Trading Corp. (A-waste cotton) | - | 48,931,102 | 48,931,102 | - |
| S S Enterprise | - | - | - | - |
| Sub Total (A) | 18,167,610 | 406,277,576 | 395,388,780 | 7,278,814 |

Bills Payable:

Amount in Taka

| Name of Supplier/Service Provider | Balance as at 01.07.2011 | Payment during the period | Bill during the period | Balance as at 30.06.2012 |
|-----------------------------------|-----------------------------|------------------------------|---------------------------|-----------------------------|
| Ahmed zaker & Co. | - | 100,000 | 150,000 | 50,000 |
| Cargo Control Group | 121,305 | 50,000 | - | 71,305 |
| Simul Traders | 77,237 | 1,150,000 | 1,801,850 | 729,087 |
| S.S. Vission Ltd. | 127,500 | - | - | 127,500 |
| Uttaran Paper Products | 64,455 | 1,750,000 | 2,167,490 | 481,945 |
| Fahim Transport Agency | 63,400 | 310,300 | 349,600 | 102,700 |
| Liberty Association Ltd. | 51,750 | - | - | 51,750 |
| Adip Paper Products | 45,671 | 45,671 | - | - |
| 3N Printers | 22,963 | 100,000 | 130,146 | 53,109 |
| A Hossain & Co. | 177,000 | 135,000 | 316,800 | 358,800 |
| A. K. M Golam Faruk | - | 200,000 | 362,300 | 162,300 |
| ASSL Textile | 10,000 | - | - | 10,000 |
| Bangla Trac Limited | 16,000 | 362,178 | 535,456 | 189,278 |
| Care Inspection Ltd. | 257 | - | - | 257 |
| Delzan Enterprise | 8,270 | 420,000 | 645,300 | 233,570 |
| Doel Engineering | 89,300 | - | - | 89,300 |
| Islamia Commercial Insurance | - | 31,105 | 31,649 | 544 |
| Reyan Machinerics | - | 21,250 | 32,350 | 11,100 |
| Minarva Engineering Works | 36,020 | 150,000 | 265,900 | 151,920 |
| Road King Tyre | - | - | 94,000 | 94,000 |
| Sahara International | - | 20,000 | 139,800 | 119,800 |
| Prime Engineering | 20,000 | - | - | 20,000 |
| Shemel Engineering Works | 10,500 | 76,910 | 97,960 | 31,550 |
| Sonar Bangla Insurance | - | 1,737,968 | 1,737,968 | - |
| Shahin Ahmed | - | 2,003,500 | 2,006,453 | 2,953 |
| Shahazul Islam | - | - | 16,615 | 16,615 |
| Tally Soft Ware | - | 12,600 | 12,600 | - |
| Tanbir & Sabbir Enterprise | 5,600 | 5,000 | - | 600 |
| Tekno Pack Accessories Industries | 6,162 | - | - | 6,162 |
| United Trade Center | 4,750 | 20,250 | 31,000 | 15,500 |
| Sub Total (B) | 958,140 | 8,701,732 | 10,925,237 | 3,181,645 |
| Total (A+B) | | | | 10,460,459 |