

**INDEPENDENT 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 of the statement of financial position as at 30 June 2018 along with statement of Profit or Loss and Other 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 Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Companies Act 1994, The Securities and Exchange rules 1987, and other applicable rules & Regulation. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement 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 circumstance.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' 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 the 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 30 June 2018 and of its financial performance for the year then ended in accordance with International Financial Reporting Standards, the Securities and Exchange rules 1987 and companies Act 1994 and other applicable rules and regulation.

Emphasis of Matters

We draw attention to notes no-4.4 enclosed in the financial statements.

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 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 Profit or Loss and other comprehensive Income and Statement of Cash flows deal 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.

Dated: Dhaka,
27 October 2018


ATA KHAN & CO.
Chartered Accountants

Mozaffar Hossain Spinning Mills Limited
Statement of Financial Position
As at June 30, 2018

Particulars	Notes	Amount in Taka	
		30.06.2018	30.06.2017
ASSETS			
NON-CURRENT ASSETS		1,027,995,960	736,456,966
Property, Plant and Equipment's	5.00	598,991,247	649,098,560
Capital Work-In-Progress	6.00	429,004,713	87,358,406
INVESTMENT		5,063,647	5,021,147
Investment	7.00	5,063,647	5,021,147
CURRENT ASSETS		1,059,205,792	1,135,828,131
Inventories	8.00	292,102,132	300,687,974
Accounts Receivable	9.00	621,553,495	639,652,959
Advances, Deposits & Pre-Payments	10.00	134,255,558	168,818,491
Cash and Cash Equivalents	11.00	11,294,607	26,668,707
TOTAL ASSETS		2,092,265,399	1,877,306,244
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY		1,638,208,275	1,589,729,287
Share Capital	12.00	942,982,020	898,078,125
Revaluation Reserve	13.00	127,708,347	127,708,347
Tax Holiday Reserve	14.00	72,845,417	72,845,417
Retained Earnings	15.00	494,672,491	491,097,398
LONG TERM LIABILITIES		99,393,842	44,210,785
Long Term Borrowings - Net off Current Maturity	16.00	87,949,625	29,500,575
Deferred Tax Liability	17.00	11,444,217	14,710,210
CURRENT LIABILITIES		354,663,282	243,366,172
Accounts Payable	18.00	6,087,595	5,620,029
Cash Dividend Payable	19.00	472,738	495,079
Long Term Borrowings- Current Maturity	20.00	13,635,157	10,326,427
Refundable Fund of IPO Subscribers	21.00	7,755,000	7,755,000
Short Term Borrowings	22.00	179,942,376	61,171,936
Provision for Tax	23.00	98,761,522	111,140,411
Accrued Expenses	24.00	48,008,894	46,857,290
TOTAL EQUITY & LIABILITIES		2,092,265,399	1,877,306,244
Net Asset Value Per Share (NAVPS)		17.37	17.70

The accompanying notes 1 to 33 form an integral part of these Financial Statements.



Chief Financial Officer



Company Secretary



Director



Managing Director



Chairman

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Place: Dhaka
27 October, 2018


ATA KHAN & CO.
Chartered Accountants

Mozaffar Hossain Spinning Mills Limited
Statement of Profit or Loss & Other Comprehensive income
For the year ended June 30, 2018

Particulars	Notes	Amount in Taka	
		30.06.2018	30.06.2017
Turnover	25.00	674,569,340	1,147,562,431
Less: Cost of goods sold	26.00	555,867,024	903,289,890
Gross Profit		118,702,317	244,272,541
Other Income	27.00	661,594	269,059
Operating Expenses:		21,741,871	16,261,795
Administrative Expenses	28.00	20,008,478	14,826,895
Marketing and Distribution Expenses	29.00	1,733,393	1,434,900
Profit from Operation		97,622,040	228,279,805
Less: Financial expenses	30.00	40,510,100	50,689,795
Profit Before Tax		57,111,940	177,590,010
Income tax expenses:		8,632,952	26,655,565
Current tax		11,898,945	28,598,528
Deferred Tax Expenses/(Income)		(3,265,993)	(1,942,963)
Net Profit after Tax Transferred to Equity		48,478,988	150,934,445
Earnings Per Share (EPS)/ Restated EPS	TK	0.51	1.60
Number of Shares used to compute EPS	No's	94,298,202	94,298,202

The accompanying notes 1 to 33 form an integral part of these Financial Statements.


Chief Financial Officer


Company Secretary


Director


Managing Director


Chairman

SIGNED IN TERMS OF OUR ANNEXED REPORT OF EVEN DATE

Place: Dhaka
 27 October, 2018


ATA KHAN & CO.
 Chartered Accountants

Mozaffar Hossain Spinning Mills Limited
Statement of Changes in Equity
For the year ended June 30, 2018

Amount in Taka

Particulars	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2017	898,078,125	72,845,417	127,708,347	491,097,398	1,589,729,287
Net Profit / (Loss) for the period	-	-	-	48,478,988	48,478,988
Bonus Share Issued 5% Stock	44,903,895	-	-	(44,903,895)	-
Balance as on 30.06.2018	942,982,020	72,845,417	127,708,347	494,672,491	1,638,208,275

Statement of Changes in Equity
For the year ended June 30, 2017

Particulars	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2016	898,078,125	72,845,417	127,708,347	367,281,930	1,465,913,819
Net Profit / (Loss) for the year	-	-	-	150,934,445	150,934,445
Cash Dividend (5% for the 2015-2016)	-	-	-	(27,118,977)	(27,118,977)
Balance as on 30.06.2017	898,078,125	72,845,417	127,708,347	491,097,398	1,589,729,287



Chief Financial Officer



Company Secretary



Director



Managing Director



Chairman

Place: Dhaka
27 October, 2018

Mozaffar Hossain Spinning Mills Limited
Statement of Cash Flows
For the year ended June 30, 2018

Particulars	Amount in Taka	
	July 2017 to June 2018	July 2016 to June 2017
A. Cash flows from operating activities :		
Collection from Turnover and other Income	693,287,898	1,033,271,693
Payment of tax	(4,448,937)	(6,152,156)
Payment to suppliers, employees & Others	(498,278,969)	(888,534,992)
Net cash flows from/(used) in operating activities	190,559,992	138,584,545
B. Cash flow from investing activities:		
Acquisition of Property, Plant & Equipment	(2,328,524)	(28,705,804)
Capital Work-In-Progress	(341,646,307)	(19,230,960)
Net cash flows from/ (used) in Investing Activities	(343,974,831)	(47,936,764)
C. Cash flow from financing activities:		
Received/(Repaid) short term loan	118,770,440	(15,856,712)
Refundable fund of IPO subscriber	-	(45,000)
Cash Dividend paid	(22,341)	(22,703,622)
Financial Expenses	(42,465,140)	(51,092,004)
Received/(Repaid) long term loan	61,757,780	4,473,534
Net cash flows from/(used) in financing activities	138,040,739	(85,223,804)
D. Net Cash Increase/ (Decrease) (A+B+C)	(15,374,100)	5,423,977
E. Opening cash and cash equivalents at the beginning of the year	26,668,707	21,244,730
F. Closing cash and cash equivalents at the end of the year (D+E)	11,294,607	26,668,707
Net Operating Cash Flow Per Share (Restated)	2.02	1.54
Number of Shares used to compute NOCFPS	94,298,202	89,807,812


Chief Financial Officer


Company Secretary


Director


Managing Director


Chairman

Place: Dhaka
27 October, 2018

Mozaffar Hossain Spinning Mills Limited
Notes to the Financial Statements
For the year ended 30 June, 2018

1.0 Legal Status of the Company

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

Registered office of the company

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

2.0 Nature of Business Activities

Mozaffar Hossain Spinning Mills Limited runs the business of 100% export oriented Woven fabrics cotton yarn. Products of the company are sold in domestic and International markets.

3.0 Risk Exposure

3.1 Interest Rate Risk

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

Management perception:

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

3.2 Exchange Rate Risk

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

Management Perception:

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

3.3 Industry Risks

(a) Market demand:

The products of MHSML are sold both in 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.

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 spinning 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, favourable government policies and industry friendly policies by other regulatory bodies have proved to be congenial to the economy of the country.

(c) Natural calamities:

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

Management perception:

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

4.0 Basis of preparation and significant accounting policies

4.1 Basis of Measurement of Elements of Financial Position

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

4.2 Statement on Compliance with Local Laws

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Bangladesh Securities and Exchange Rules 1987, the Listing Regulations of Dhaka & Chittagong Stock Exchanges 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.

Expansion project of 36,000 Spindle Ring Spinning Mills are under construction. Due to power up-gradation and short supply of Gas, 50% of rotor machine are shut down from May 2018, as a result daily yarn production and revenue will be less than regular expectation for the time being.

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, 2018.
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2018.
- iii) Statement of Changes in Equity for the year ended June 30, 2018.
- iv) Statement of Cash Flows for the year ended June 30, 2018.
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial Statements for the year ended June 30, 2018.

4.7 Reporting Year

The Financial year of the company under audit cover for a year of 12 months effective from 01 July 2017 to June 30, 2018.

4.8 Inventories

Inventories comprises of Raw materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been measured lower of cost and net realizable value as per BAS-2. Work-in-Process has been valued at prime cost basis as required by BAS-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 year. Revenue from sale of goods is recognized in the statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the buyer. Sales are recognized when delivery certificate is raised against confirmed orders.

4.10 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 re-valued by an independent valuer to reflect fair value (prevailing market price) thereof following "Current Cost Method".

Subsequent Costs

Mozaffar Hossain Spinning Mills Limited

The cost of replacing part of an item of property, plant and equipment's 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 are noted below:

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

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 30.06.2018 is not materially differing with the carrying amount.

CAPITAL WORK-IN-PROCESS

As per decision of the Board, the company has undertaken an expression program to construct a 36,000 Spindle Ring Spinning project. The cost of supplies, development work of land and building construction and others has been incorporated in the Capital Work-In-Process.

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.

Basic earnings:

This represents earnings for the year ended June 30, 2018 attributable to the ordinary shareholders.

Basic earnings per share:

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

Diluted Earnings Per Share:

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

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 year, in compliance with the provision of BAS 21: The Effects of Changes in Foreign Exchange Rates are determined as under:

- Foreign currency monetary items are translated using the closing rate.
- 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 year 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 are assessed at the end of each reporting year to determine whether there is any indication that assets may be impaired. If any such indication exists the company assesses the recoverable amount.

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

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

4.16 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 year in which it incurs.

4.17 Authorization date for issuing Financial Statements

The financial statements were authorized for issue by Board of Directors on **October 27, 2018**

4.18 Functional and Presentation Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

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.

Mozaffar Hossain Spinning Mills Limited

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 financial statements. (Note-33)

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 the year.

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

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

(b) Deferred Tax

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

4.26 Workers Profit Participation Fund

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

4.27 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 except the balance amount of IPO subscription money shown in (Note: 21.00) yet to be refundable.

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.

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

As per the decision was taken In the 10th AGM and Board of Director's meeting held on 20/12/2015 MHSML has declared 20% Stock Dividend to all the Shareholders but later considered 15% Stock Dividend to all the Shareholders and 5% cash dividend to the general shareholder (excluding Sponsors/Directors). As per order dated 17.01.2016 passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Writ Petition No. 447/2016 15% stock dividend credited to all shareholders through CDBL, the decision regarding the remaining 5% dividend payment is awaiting by Hon'ble High Court.

4.28 Comparative Information

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

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

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

Mozaffar Hossain Spinning Mills Limited

		Amount in Taka	
		30.06.2018	30.06.2017
5.00	Property, Plant and Equipment's		
	Cost:		
	Opening balance at cost	868,423,824	839,718,020
	Add : Addition during the year	2,328,524	28,705,804
		870,752,348	868,423,824
	Add : Disposed / Sold during the year	-	-
	Total	870,752,348	868,423,824
	Depreciation:		
	Opening balance	349,639,904	298,954,261
	Charged during the year	52,435,837	50,685,643
		402,075,741	349,639,904
	Total (a)	468,676,607	518,783,920
	Revaluation:		
	Opening balance	130,314,640	130,314,640
	Add : Addition during the year	-	-
	Total (b)	130,314,640	130,314,640
	Written Down Value (WDV) (a+b)	598,991,247	649,098,560
	Please refer to Annexure-'A' for further details		
6.00	Capital Work-In-Progress		
	Break-up of this are as follows:		
	Opening Balance	87,358,406	68,127,446
	Addition during the year	341,646,307	19,230,960
	Total	429,004,713	87,358,406
	Acquisition of the year	-	-
	Closing Balance	429,004,713	87,358,406
	Expansion project (36,000 Spindle Ring Spinning mills) of Mozaffar Hossain Spinning Mills Limited are ongoing. Total Project Value USD 13.50 Million. Capital work in progress represents the cost incurred for acquisition and/or for construction of items of property, plant and equipment that are not ready for use. CWIP is measured at cost.		
7.00	Investment		
	This represents the followings		
	Suntech Energy Limited	5,021,147	4,981,778
		5,021,147	4,981,778
	Add: Profit from the Associates	42,500	39,369
	Total	5,063,647	5,021,147
	The Company has invested in suntech Energy Ltd. Tk. 49,20,000 in Compliance with BAS 28 "investment in Associates"		
8.00	Inventories		
	Break-up of this item is as follows:	Qty. (kg.)	
	Finished Goods:		
	Yarn	335,250	55,316,250
	Work-in-process	222,609	32,278,233
	Raw Materials:	185,982,447	213,315,627
	Virgin Cotton	962,793	126,366,335
	Waste Cotton	968,919	59,616,112
	Packing Materials	594,061	737,973
	Store Materials	17,931,141	13,262,074
	Total	292,102,132	300,687,974

Amount in Taka	
30.06.2018	30.06.2017

The above Inventories are as per physical counting made and valued by a Inventory team comprised of management nominated staff to carry out 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 working capital facilities availed from the bank (Islami Bank BD Ltd.).

9.00 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)	-	-
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)	621,553,495	639,652,959
VI) The maximum amount of receivable due by any director or other officer of the company	-	-
	621,553,495	639,652,959

Aging of accounts receivable:

Dues within three months	82,500,000	130,699,500
Dues above three months but within six months	165,589,400	374,950,740
Dues above six months	373,464,095	134,002,719
	621,553,495	639,652,959

10.00 Advances, Deposits & Pre-Payments

Advance against Purchase (Note-10.01)	99,621,778	71,441,539
Advance against Factory Expenses	5,208,553	5,361,618
Advance against L/c for Cotton & Spares Import	25,922,396	68,498,435
Advanced for Ring Spinning Project	2,320,000	2,560,000
Bank Guarantee	1,009,739	-
Prepaid Insurance	173,092	1,128,002
Tax deducted at sources	-	19,828,897
	134,255,558	168,818,491

Tk.

10.01 Advance against Purchase

Dues within three months	54,791,978	40,721,677
Dues above three months but within six months	29,886,533	28,576,616
Dues above six months	14,943,267	2,143,246
	99,621,778	71,441,539

11.00 Cash and Cash Equivalents

Cash in hand	955,293	15,208,609
Cash at Banks:	10,339,314	11,460,098
IBBL Mouchak #20501450100327918	9,832	8,639
IBBL Mouchak #20501452500004916	1	1,044,549
IBBL Mouchak #20501452600004917	1	1,369,825
DBBL Bhulta # 761200001733	1,013,294	457,459
DBBL Bashundhara # 1471100005894	560,730	10,838
EBL Principal (for ipo refundable fund)	8,253,702	8,052,836
EBL Bashundhara #1151060090420	496,869	500,520
MCB Bashundhara #11471112302611	4,885	-
IBBL Mouchak MDA UR-49	-	15,432
	11,294,607	26,668,707

Tk.

Mozaffar Hossain Spinning Mills Limited

		Amount in Taka	
		30.06.2018	30.06.2017
12.00 Issued Share Capital			
A. Authorized Capital:			
300,000,000 ordinary Shares of Tk 10/- each		3,000,000,000	3,000,000,000
B. Issued, Subscribed and Paid-up Capital:			
9,42,98,202 ordinary shares of taka 10/- each		942,982,020	898,078,125
	Tk.	942,982,020	898,078,125

The movement of Ordinary Shares during the Year ended June 30, 2018 is as follows:

	Number of Shares	Amount in Taka
Balance as on July 01, 2017	9,807,813	98,078,125
Bonus Shares issued during the year	4,490,390	44,903,895
Balance as on June 30, 2018	94,298,202	942,982,020

C. Composition of Shareholding of Ordinary Shares:

			Number of Shares	Amount in Taka
i) Sponsors	6,255,224	6.63%	62,552,240	59,573,594
ii) SIM Fabrics Limited	31,093,125	32.97%	310,931,250	296,125,000
iii) General Public & Others	56,949,853	60.39%	569,498,530	542,379,531
	94,298,202	100.00%	942,982,020	898,078,125

D. Classification of shareholder's by range of number of share held

Shareholding range	As at 30.06.2018		As at 30.06.2017	
	No. of shareholders	No. of shares	No. of shareholders	No. of shares
1 to 500	1,184	213,363	992	196,252
501 to 5,000	3,369	5,011,129	3,139	4,733,946
5,001 to 10,000	451	3,183,003	407	3,176,672
10,001 to 20,000	309	4,354,313	228	3,391,628
20,001 to 30,000	98	2,415,053	86	2,190,053
30,001 to 40,000	51	1,721,221	49	1,772,800
40,001 to 50,000	25	1,119,248	39	1,809,821
50,001 to 1,00,000	56	3,812,636	63	4,652,124
1,00,001 to 10,00,000	56	15,647,721	45	12,644,996
10,00,001 to Above	9	56,820,515	10	55,239,521
Total	5,608	94,298,202	5,058	89,807,813

13.00 Revaluation Reserve

Opening Balance	30,314,640	130,314,640
Add: Related Deferred Tax on Revaluation 2%	(2,606,293)	(2,606,293)
	27,708,347	127,708,347

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.

14.00 Tax Holiday Reserve

A. Opening balance

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

Mozaffar Hossain Spinning Mills Limited

		Amount in Taka	
		30.06.2018	30.06.2017
15.00	Retained Earnings		
	Details are as follows:		
	Opening Balance	491,097,398	367,281,930
	Add: Net Profit / (Loss) for the year	48,478,988	50,934,445
	Total	539,576,386	518,216,375
	Bonus Paid (5% Cash Dividend for 2015-2016)	-	(27,118,977)
	Bonus Paid (5% Stock Dividend for 2016-2017)	(44,903,895)	-
	Retained Earnings	494,672,491	491,097,398
	Tk.		
16.00	Long Term Borrowings - Net off Current Maturity		
	IBBL HPSM-20501454300078403	6,447,020	9,013,219
	IBBL HPSM-20501454300080112	2,642,088	6,139,186
	IBBL HPSM-20501454300083317	2,959,560	3,978,529
	IBBL HPSM-20501454300083500	2,329,371	2,892,745
	IBBL HPSM-20501454300089001	15,381,743	17,803,323
	IBBL HPSM-20501454300095301	71,825,000	-
	Total	101,584,782	39,827,002
	Less: Current portion of Long term loan	(13,635,157)	(10,326,427)
		87,949,625	29,500,575

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

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

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

4. Collateral:

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

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

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

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

17.00 Deferred Tax

Particulars	Carrying amount at the balance sheet date	Tax base	(Taxable)/ deductible temporary difference
As at 30 June 2018			
Property, plant & equipment's except land at cost	182,055,296	123,135,806	58,919,490
Revaluation surplus-PPE	130,314,640	-	130,314,640
Total taxable temporary difference	312,369,936	123,135,806	189,234,130
Tax on business income			15%
Tax on capital gain			2%
Closing deferred tax liabilities/(assets)-at cost			8,837,924
Closing deferred tax liabilities/(assets)-at revaluation			2,606,293
Total closing deferred tax liabilities/(assets)			11,444,217
As at 30 June 2017			
Property, plant & equipment's except land at cost	232,162,609	151,469,826	80,692,783
Revaluation surplus-PPE	130,314,640	-	130,314,640
Total taxable temporary difference	362,477,249	151,469,826	211,007,423
Tax on business income			15%
Tax on capital gain			2%

Mozaffar Hossain Spinning Mills Limited

		Amount in Taka	
		30.06.2018	30.06.2017
	Closing deferred tax liabilities/(assets)-at cost		12,103,917
	Closing deferred tax liabilities/(assets)-at revaluation		2,606,293
	Total closing deferred tax liabilities/(assets)		14,710,210
	Addition/(charge) during the year		
	Deferred tax liabilities opening balance	14,710,210	16,653,173
	Deferred tax (expenses)/income	(3,265,993)	(1,942,963)
	Deferred tax (asset)/liabilities end of the year	11,444,217	14,710,210
18.00	Accounts Payable		
	Trade Creditors (Annexure-C)	1,019,564	1,861,349
	Bills Payable (Annexure-C)	5,068,031	3,758,680
		6,087,595	5,620,029
19.00	Cash Dividend Payable		
	Opening Balance	495,079	-
	Cash Dividend Declared 5%	-	27,118,977
	Less: Tax Deducted at Sources	-	(3,920,276)
		495,079	23,198,701
	Less: Disburse during the year	(22,341)	(22,703,622)
	Balance Payable	472,738	495,079
20.00	Long Term Borrowings- Current Maturity		
	A. Islami Bank Bangladesh Limited	13,635,157	10,326,427
		13,635,157	10,326,427

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

21.00	Refundable fund of IPO subscribers		
	Refund warrant to IPO subscribers	7,755,000	7,755,000
		7,755,000	7,755,000

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

22.00	Short Term Borrowings		
	Islami Bank Bangladesh Limited Mouchak Br.		
	Loan against purchase (MTR)	115,600,000	26,500,000
	L/C Liability for Import Merchandise (MURA)	58,775,040	32,400,000
	Loan against Bill Purchases (MDB)	3,879,460	-
	Car Loan Hajj Finance Co. Ltd.	1,687,876	2,271,936
	Total short term loan	179,942,376	61,171,936

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

1. Purpose of Investment - To purchase/import raw materials for the project.
2. Period of Investment - 01 (one) year on revolving basis.
3. Rate of return -12.30% per annum or the rate to be determined by the bank from time to time.

4. Collateral:

- A. 156.10 decimal project land along with 88,200 sft. Project building vide FSV 81.36 million.
- B. 397.00 decimal project land along with 1,89,4825 sft. Project building vide FSV 251.20 million.
- C. 505.04 decimal project land along with 2,49,904 sft. Factory building vide FSV 598.51 million by SFL.
- D. Personal Guarantee of all Directors of the Project Companies & Mortgages of their individual properties.

Mozaffar Hossain Spinning Mills Limited

			Amount in Taka	
			30.06.2018	30.06.2017
23.00	Provision for Income tax			
	Opening Balance		111,140,411	86,541,883
	Provision for the period (Note- 23.01)		11,898,945	28,598,528
	Total		123,039,356	115,140,411
	AIT & Treasury deposits during the period		(4,448,937)	(4,000,000)
	AIT Adjustment (2014 to 2017)		(19,828,897)	-
	Closing Balance		98,761,522	111,140,411
3.01	Current Tax			
	Profit Before Tax		57,111,940	177,590,010
	Less: Other Income		(661,594)	(269,059)
	Add: Accounting Depreciation		52,435,837	50,685,643
	Less: Tax Depreciation		(30,662,544)	(37,732,560)
	Taxable Income for the period		78,223,639	190,274,034
	Rate of Tax		15%	15%
	Tax on business		11,733,546	28,541,105
	Add: 25 % Tax on Other Income		165,399	57,423
	Total Provision for the year		11,898,945	28,598,528
24.00	Accrued Expenses			
	This is unsecured, falling due within one year and consists of as follows:			
	Audit fees		125,000	125,000
	Salaries & Allowances		3,780,000	4,154,936
	Gas Bill		17,665,975	14,035,460
	TDS, VAT & Others		3,920,276	4,069,211
	WPPF Payable		19,669,992	19,669,992
	Accrued Interest		2,847,651	4,802,691
			Tk. 48,008,894	46,857,290
25.00	Turnover			
		Qty. (kg.)	Avg. Rate	
	Yarn 20's	2,972,515	174.50	518,694,000
	Yarn 16's	655,735	170.07	111,520,340
	Yarn 12's	-	-	-
	Yarn 10's	295,700	150.00	44,355,000
	Yarn 06's	-		-
		3,923,950		674,569,340
				1,147,562,431
	(a) Expansion project of 36,000 Spindle Ring Spinning Mills are under construction.			
	(b) Due to power upgration on new ring spinning project 50% of rotor machine are shut down from May 2018.			
26.00	Cost of Goods Sold			
	Opening Work-in-Process		28,132,300	35,932,982
	Raw materials consumed (Note-26.01)		395,243,191	701,783,846
	Accessories & Stores Consumed (Note-26.02)		18,142,759	20,706,555
	Packing Materials Consumed (Note-26.03)		6,097,152	7,728,748
	Factory overhead (Note-26.04)		51,733,370	159,029,886
	Closing Work-in-Process		(32,278,233)	(28,132,300)
	Cost of Production		567,070,540	897,049,717
	Opening stock of Finished Goods		45,240,000	52,463,028
	Cost of Goods Available for Sale		612,310,540	949,512,745
	Closing stock of Finished Goods		55,316,250)	(45,240,000)
	Wastage Sales		(1,127,266)	(982,855)
	Cost of Goods Sold		555,867,024	903,289,890

Mozaffar Hossain Spinning Mills Limited

		Amount in Taka	
		30.06.2018	30.06.2017
26.01	Raw Materials Consumption		
	Opening Raw Materials	213,315,627	212,737,963
	Purchase during the year	367,910,011	702,361,510
	Available for use	581,225,638	915,099,473
	Closing Raw Materials	(185,982,447)	(213,315,627)
		395,243,191	701,783,846
26.02	Accessories & Stores Consumption		
	Opening Accessories & Stores	13,262,074	10,830,086
	Purchase during the year	22,811,826	23,138,543
	Available for use	36,073,900	33,968,629
	Closing Accessories & Stores	(17,931,141)	(13,262,074)
		18,142,759	20,706,555
26.03	Packing Materials Consumption		
	Opening Packing Materials	737,973	717,573
	Purchase during the year	5,953,240	7,749,148
	Available for use	6,691,213	8,466,721
	Closing Packing Materials	(594,061)	(737,973)
		6,097,152	7,728,748
26.04	Factory Overhead		
	Gas Bill	59,883,405	63,550,042
	Salary & Wages	37,302,065	43,208,594
	Repair & Maintenance	579,547	379,550
	Factory Insurance	1,076,052	982,546
	Sundry Carrying Charges	286,759	362,750
	Sundry daily labor charges	374,180	41,306
	Medical & other Expenses	527,000	341,625
	Depreciation	51,704,362	50,163,473
		Tk. 151,733,370	159,029,886
	(a) Repairs & maintenance includes maintenance of office, premises, vehicles, building, equipment and other infrastructures. Also included therein stores and spares that has been consumed during the year.		
	(b) Other expenses does not included any item exceeding 1% of total revenue.		
27.00	Other Operating Income		
	Interest on Bank Account	227,253	229,690
	Profit from Associate	42,500	39,369
	Exchange Rate Fluctuation Gain/(Loss)	391,841	-
		Tk. 661,594	269,059
28.00	Administrative Expenses		
	Salary and Allowances	6,617,565	3,607,607
	Festival Bonus	1,418,268	1,135,126
	Audit Fee	125,000	125,000
	Managing Director Remuneration	1,200,000	1,200,000
	Director's Remuneration	3,000,000	3,000,000
	Board Meeting Fees	136,000	200,000
	Entertainment	728,143	184,073
	Traveling and Conveyance	281,026	119,649
	House & Office rent	780,000	780,000
	Telephone (mobile)	126,000	139,100

Mozaffar Hossain Spinning Mills Limited

	Amount in Taka	
	30.06.2018	30.06.2017
Company Secretarial, Regulatory Fee and AGM Expense	1,803,100	1,480,500
Subscription and Donations	375,000	375,000
Fuel, newspaper & other Expenses	2,686,901	1,958,670
Depreciation	731,475	522,170
Tk.	20,008,478	14,826,895

Payment/ Perquisites to Directors and officers

The aggregate amount paid/ provided during the period 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	1,200,000	1,200,000
Director's Remuneration	3,000,000	3,000,000
Board Meeting Fees	136,000	200,000

29.00 Marketing, Selling & Distribution Expenses

Salaries and Allowances	670,623	314,400
Advertisement	169,270	240,500
Business Development	345,000	380,000
Sample Expenses	548,500	500,000

Tk. 1,733,393 1,434,900

30.00 Financial Expenses

Bank Charges and Commission	252,565	697,516
Interest on HPSM investment	4,363,780	4,558,633
Interest on BAI Murabaha	14,818,021	15,021,143
Interest on MDB Loan	4,860,184	12,672,124
Interest on MPI Loan	761,977	-
Interest on Murabaha TR	15,453,573	17,740,379

Tk. 40,510,100 50,689,795

31.00 Basic Earnings Per Share

Net Profit for the year	48,478,988	150,934,445
No. of Shares	94,298,202	89,807,812
No. of Shares (Re-stated 5% Stock)	94,298,202	94,298,202
Earnings Per Share	0.51	1.68
Earnings Per Share (Re-Styled)	-	1.60

32.00 General:

32.01 Claims not acknowledged

There is no claim against the Company not acknowledged as debt as on 30.06.2018

32.02 Credit Facilities not availed

There is no credit facilities extended to the Company but nor availed of as on 30.06.2018, under any contract, other than trade credit available in the ordinary course of business.

32.03 Commission, Brokerage or Discount against Sales

No commission, brokerage or discount was incurred or paid by the Company against sales during the period ended 30.06.2018.

32.04 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) .

Mozaffar Hossain Spinning Mills Limited

Amount in Taka	
30.06.2018	30.06.2017

32.05 Employees Details:

During the period there were 402 permanent employees employed for the full year out of which 205 employees received salary Taka 5,000 per month and above.

32.06 Rounding Off

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

32.07 Events after the Reporting Period

Subsequent to the Statement of Financial Position date, the Board of Directors in their meeting held on 27th October 2018 recommended 5% Stock dividend to the all shareholders for the year ended 30th June 2018. The proposed dividend is subject to the shareholders' approval in the forthcoming Annual General Meeting.

As mentioned above the retained amount of 5% stock dividend for the year 2017-2018 will be utilized for the expansion of 36,000 spindle ring spinning project of Mozaffar Hossain Spinning Mills Limited.

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

Value of Raw material, packing materials and Capital goods

Particular	Opening	Purchases	Consumption	Closing
Raw Material	213,315,627	367,910,011	(395,243,191)	185,982,447
Packing Materials	737,973	5,953,240	(6,097,152)	594,061
Spare Parts	13,262,074	22,811,826	(18,142,759)	17,931,141

Value of Export

Particular	In Foreign Currency USD @ 81.00 BDT	In BDT
Export	\$ 8,328,016.54	674,569,340

32.09 Details of capacity has given below

Particular	License Capacity	Installed Capacity	Actual Production
Annual Production (kg)	6,600,000	6,600,000	3,950,200

Note: Expansion project of 36,000 Spindle Ring Spinning Mills are under construction. Due to power up-gradation and short supply of Gas, 50% of rotor machine are shut down from May 2018, such a result daily yarn production are less than regular production.

33.00 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 period to the directors, including Managing directors or manager	4,200,000
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value applicable.	136,000
(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

Mozaffar Hossain Spinning Mills Limited

Amount in Taka	
30.06.2018	30.06.2017

b) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2017	Addition during the Year	Realized during the Year	Balance as at 30.06.2018
(a)	SIM Fabrics Limited yarn sale	Common Management	639,652,959	644,994,934	663,094,398	621,553,495
	Total		639,652,959	644,994,934	663,094,398	621,553,495

c) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2017	Addition during the Year	Realized during the Year	Balance as at 30.06.2018
(a)	SIM Fabrics Limited (land transferred against shares)	Common Management	250,000,000	-	-	250,000,000
	Total		250,000,000	-	-	250,000,000

Mozaffar Hossain Spinning Mills Limited
Annexure of Property, Plant & Equipment
As at June 30, 2018

Annexure A
Amount in Taka

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down values at 30.06.2018
	As at July 01,2017	Addition during the year	As at 30.06.2018		As at July 01,2017	Charged during the year	As at 30.06.2018	
Land & Land Dev.	286,621,311	-	286,621,311	-	-	-	286,621,311	
Factory Building	119,545,355	-	119,545,355	5%	33,768,747	5,977,268	79,799,340	
Plant & Machinery	454,942,417	2,328,524	457,270,941	10%	314,101,073	45,727,094	97,442,774	
Vehicle	5,586,326	-	5,586,326	10%	853,666	558,633	4,174,027	
Furniture & Fixture	1,728,415	-	1,728,415	10%	916,418	172,842	639,155	
Balance as on 30.06.2018	868,423,824	2,328,524	870,752,348		349,639,904	52,435,837	468,676,607	

Balance as on 30.06.2017	839,718,020	28,705,804	868,423,824		298,954,261	50,685,643	518,783,920
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Revaluation:

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down values at 30.06.2018
	As at July 01,2017	Addition during the year	As at 30.06.2018		As at July 01,2017	Charged during the year	As at 30.06.2018	
Land & Land Dev.	130,314,640	-	130,314,640	-	-	-	130,314,640	
Balance as on 30.06.2018	130,314,640	-	130,314,640	-	-	-	130,314,640	
Balance as on 30.06.2017	130,314,640	-	130,314,640	-	-	-	130,314,640	
Balance as on 30.06.2018	998,738,464	2,328,524	1,001,066,988		349,639,904	52,435,837	598,991,247	
Balance as on 30.06.2017	970,032,660	28,705,804	998,738,464		298,954,261	50,685,643	649,098,560	

Depreciation Charged To-

Administrative Cost	731,475
Manufacturing Cost	51,704,362
Total	52,435,837

Mozaffar Hossain Spinning Mills Limited
Annexure of Accounts Receivable
For the year ended June 30, 2018

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 01.07.2017	Addition during the year	Realized during the year	Balance as at 30.06.2018
Globex Agency	-	28,408,006	28,408,006	-
New Tex Dyeing		1,166,400	1,166,400	-
Total	-	29,574,406	29,574,406	-

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 01.07.2017	Addition during the year	Realized during the year	Balance as at 30.06.18
SIM Fabrics Limited	639,652,959	644,994,934	663,094,398	621,553,495
Sub-total	639,652,959	644,994,934	663,094,398	621,553,495
Total	639,652,959	674,569,340	692,668,804	621,553,495