

## **Auditors' Report**

### **To the Shareholders of Mozaffar Hossain Spinning Mills Limited**

We have audited the accompanying financial statements of **Mozaffar Hossain Spinning Mills Limited**, which comprise the Statement of Financial position as at June 30, 2015 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 Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements of the company based on our audit. The assets and liabilities as at June 30, 2015 and Income and expenses for the period ended June 30, 2015 of the company's one associate namely Suntech Energy Limited has been accounted for in the financial statements. The financial statements of the associate company audited by other auditors whose reports have been furnished to us and our opinion is as so far as it relates to the amounts included in respect of the company's associate based on the reports. 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 of the company 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, 2015 and of its financial performance for the year then ended in accordance with Bangladesh Financial Reporting Standards, Bangladesh Securities & Exchange Rules 1987 and comply with the Companies Act 1994 and other applicable laws and regulations.

## **Report on Other Legal and Regulatory Requirements**

We also report that;

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

Place: Dhaka  
Date: October 29, 2015

**Ahmed Zaker & Co.**  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Financial Position**  
**As at June 30, 2015**

Particulars	Notes	Amount in Taka	
		30.06.2015	30.06.2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
		<b>706,073,249</b>	<b>634,782,553</b>
Property, Plant and Equipments	5.00	641,696,103	617,905,407
Capital Work-In-Progress	6.00	64,377,146	16,877,146
<b>INVESTMENT</b>			
		<b>5,510,547</b>	<b>-</b>
Investment	7.00	5,510,547	-
<b>CURRENT ASSETS</b>			
		<b>927,335,956</b>	<b>817,109,165</b>
Inventories	8.00	326,136,767	305,591,342
Accounts Receivable	9.00	437,215,251	383,100,847
Advances, Deposits & Pre-Payments	10.00	148,505,818	115,270,812
Cash and Cash Equivalents	11.00	15,478,120	13,146,164
<b>TOTAL ASSETS</b>		<b><u>1,638,919,752</u></b>	<b><u>1,451,891,718</u></b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
		<b>1,314,725,862</b>	<b>1,138,777,588</b>
Share Capital	12.00	780,937,500	624,750,000
Revaluation Reserve		130,314,640	130,314,640
Tax Holiday Reserve	13.00	72,845,417	72,845,417
Retained Earnings	14.00	330,628,305	310,867,531
<b>LONG TERM LIABILITIES</b>			
		<b>62,442,502</b>	<b>14,639,268</b>
Long Term Loan Net Off Current Maturity	15.00	48,421,400	-
Deferred Tax Liability		14,021,102	14,639,268
<b>CURRENT LIABILITIES</b>			
		<b>261,751,388</b>	<b>298,474,862</b>
Accounts Payable	16.00	28,491,751	29,465,476
Workers profit participation fund		19,669,992	9,351,814
Current portion of long term loan	17.00	12,767,739	-
Refundable fund of IPO subscribers	18.00	8,164,500	10,639,250
Short Term Bank loan	19.00	115,890,001	193,863,557
Provision for Tax	20.00	60,073,748	32,149,755
Accrued Expenses	21.00	16,693,657	23,005,010
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b><u>1,638,919,752</u></b>	<b><u>1,451,891,718</u></b>
<b>Net Asset Value Per Share (NAVPS)</b>		<b>16.84</b>	<b>14.58</b>

The accompanying notes 1 to 31 form an integral part of these Financial Statements.

Company Secretary

Chief Financial Officer

Director

Managing Director

Signed as per annexed report of same date.

**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Profit or Loss & Other Comprehensive Income**  
 For the year ended June 30, 2015

Particulars	Notes	Amount in Taka	
		30.06.2015	30.06.2014
Turnover	22.00	1,134,470,479	982,322,640
Less: Cost of goods sold	23.00	856,214,279	741,703,624
<b>Gross Profit</b>		<b>278,256,200</b>	<b>240,619,016</b>
Other Income	24.00	512,935	7,609,722
<b>Operating Expenses:</b>		<b>11,790,330</b>	<b>13,295,619</b>
Administrative Expenses	25.00	10,060,966	11,136,723
Marketing and Distribution Expenses	26.00	1,729,364	2,158,896
Profit from Operation		<b>266,978,805</b>	<b>234,933,119</b>
Less: Financial expenses	27.00	50,297,073	94,457,559
<b>Profit before WPPF</b>		<b>216,681,732</b>	<b>140,475,560</b>
Less: Workers profit participation fund 5%		10,318,178	6,689,312
<b>Profit before Tax after WPPF</b>		<b>206,363,554</b>	<b>133,786,248</b>
Add: Income from IPO fund net of Expenses	28.00	-	23,073,915
Profit from Associate		590,547	-
<b>Profit Before Tax</b>		<b>206,954,101</b>	<b>156,860,163</b>
<b>Income tax expenses:</b>		<b>31,005,827</b>	<b>23,961,772</b>
Current tax		31,623,993	25,321,534
Deferred Tax Expenses/(Income)		(618,166)	(1,359,762)
<b>Net Profit after Tax Transferred to Equity</b>		<b>175,948,274</b>	<b>132,898,391</b>
<b>Other Comprehensive Income:</b>		-	-
<b>Total Comprehensive Income</b>		<b>175,948,274</b>	<b>132,898,391</b>
<b>Earning Per Share for the Year</b>	29.00	<b>2.25</b>	<b>2.62</b>
<b>Earning Per Share for the Year (Re-stated)</b>	29.00	<b>2.25</b>	<b>1.70</b>

The accompanying notes 1 to 31 form an integral part of these Financial Statements.

Company Secretary

Chief Financial Officer

Director

Managing Director

Signed as per annexed report of same date.

Place: Dhaka  
 October 29, 2015

**Ahmed Zaker & Co.**  
 Chartered Accountants

### Mozaffar Hossain Spinning Mills Limited

Statement of Changes in Equity  
 For the year ended June 30 , 2015

Amount in Taka

Particulars	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2014	624,750,000	72,845,417	130,314,640	310,867,531	1,138,777,588
Net Profit / (Loss) for the year	-	-	-	175,948,274	175,948,274
Bonus Paid 25%	156,187,500	-	-	(156,187,500)	-
<b>Balance as on 30.06.2015</b>	<b>780,937,500</b>	<b>72,845,417</b>	<b>130,314,640</b>	<b>330,628,305</b>	<b>1,314,725,862</b>

Statement of Changes in Equity  
 For the year ended June 30 , 2014

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

Company Secretary

Chief Financial Officer

Director

Managing Director

Signed as per annexed report of same date.

Place: Dhaka  
 October 29, 2015

**Ahmed Zaker & Co.**  
 Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Cash Flows**  
 For the year ended June 30, 2015

Particulars	Notes	Amount in Taka	
		30.06.2015	30.06.2014
<b>A. Cash flows from operating activities :</b>			
Collection from Turnover and other Income		1,080,869,010	950,067,485
Payment of tax		(7,944,416)	(12,127,489)
Payment to suppliers, employees & Others		(877,602,951)	(826,442,519)
<b>Net cash flows from/(used) in operating activities</b>		<b>195,321,643</b>	<b>111,497,477</b>
<b>B. Cash flow from investing activities:</b>			
Acquisition of Property, Plant & Equipment		(38,591,940)	(1,928,350)
Capital Work-In-Progress		(75,388,533)	(16,877,146)
Investment		(4,920,000)	-
<b>Net cash flows from/ (used) in Investing Activities</b>		<b>(118,900,473)</b>	<b>(18,805,496)</b>
<b>C. Cash flow from financing activities:</b>			
Received/(Repaid) short term loan		(77,973,556)	(13,098,020)
Preceeds from fresh issuance of share		-	275,000,000
Refundable fund of IPO subscriber ( Re-Stated)		(2,474,750)	10,639,250
Financial Expenses		(54,830,047)	(94,457,559)
Received/(Repaid) long term loan		61,189,139	(258,759,838)
<b>Net cash flows from/(used) in financing activities</b>		<b>(74,089,214)</b>	<b>(80,676,167)</b>
<b>D. Net Cash Increase/ (Decrease) (A+B+C)</b>		<b>2,331,956</b>	<b>12,015,814</b>
<b>E. Opening cash and cash equivalents at the beginning of the year</b>		<b>13,146,164</b>	<b>1,130,350</b>
<b>F. Closing cash and cash equivalents at the end of the year (D+E)</b>		<b>15,478,120</b>	<b>13,146,164</b>
<b>Operating Cash Flow Per Share</b>		<b>2.50</b>	<b>1.43</b>

Company Secretary

Chief Financial Officer

Director

Managing Director

Signed as per annexed report of same date.

Place: Dhaka  
 October 29, 2015

**Ahmed Zaker & Co.**  
 Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2015**

**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.

**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.

**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.

**(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 production 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.

#### **4.0 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 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. Alike every year, the Entity renewed sales contract during the year with Sim Fabrics Ltd. covering next 12 months. 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, 2015.
- ii) Statement of Profit & Loss and other comprehensive Income for the year ended June 30, 2015.
- iii) Statement of Changes in Equity for the year ended June 30, 2015
- iv) Statement of Cash Flows for the Year ended June 30, 2015.

- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial Statements for the year ended June 30, 2015

#### **4.7 Reporting Period**

The Financial year of the company under audit cover for a period of 12 months effective from 01 July 2014 to June 30, 2015.

#### **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. Inventories are measured at the lower of cost and net realizable value as per para 9 of BAS 2 "Inventories". 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 year. Revenue from sale of goods is recognized in the Statement of Profit or Loss and other 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 revalued by an independent valuer to reflect fair value (prevailing market price) thereof following "Current Cost Method".

##### **Subsequent Costs**

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

##### **Depreciation on Fixed Assets**

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Depreciation of an asset begins when it is available for use.

Depreciation is charged on all fixed assets except land and land developments on **Straight Line method**. Rates of depreciation 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 30.06.2015 is not materially differing with the carrying amount.

#### **CAPITAL WORK-IN-PROCESS**

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

#### **4.11 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 Profit or Loss and other comprehensive Income.

**Basic earnings:**

This represents earnings for the year ended June 30, 2015 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:**

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.

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

#### **4.16 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 29, 2015.

#### **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 financial statements. (Note-31)

#### 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 Profit or Loss and other 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) 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 financial statement 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 except the balance amount of IPO subscription money shown in (Note: 18.00) 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.

The Company has received letter of credits accepted by SIM Fabrics Ltd. Against sales of yarn worth Tk. 159,903,374 as per L/C was opened with Islami Bank Bangladesh Limited, Mouchak Branch. A short term loan amount to Tk. 159,903,374 was sanctioned by Islamic Bank Bangladesh Ltd. Keeping above mentioned Bill Receivable as collateral. The entire amount of loan liabilities has been set off against that Bill Receivable which is subject to realization upon 120 days. The company might have a liability to the extent to which the said bill becomes unrealized. No provision against that liability has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Tax assessment of 2010-2011, 2011-2012, 2012-2013, 2013-2014 is under appeal before the Appellate Commissioner and Tax Tribunal of Taxes for Tax holiday facility.

#### **4.27 Comparative Information**

Comparative information has been disclosed as required by BAS 34: '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 year comparable with preceding financial year.
- Statement of Changes in Equity for the year comparable with the preceding financial year.
- Statement Cash Flows for the year comparable with the preceding financial year.

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



	Amount in Taka	
	30.06.2015	30.06.2014
<b>5.00 Property, Plant and Equipments</b>		
Land & Land Development	385,137,050	385,137,050
Factory Building	84,963,020	50,403,918
Plant & Machinery	169,444,536	180,018,950
Vehicle	1,312,800	1,476,900
Furniture & Fixture	838,697	868,589
<b>Tk.</b>	<b>641,696,103</b>	<b>617,905,407</b>

Please refer to Annexure-'A' for further details

#### 6.00 Capital Work-In-Progress

Break-up of this are as follows:

Opening Balance	16,877,146	-
Addition during the year	75,388,533	16,877,146
<b>Total</b>	<b>92,265,679</b>	<b>16,877,146</b>
Acquisition of the Year	(27,888,533)	-
<b>Closing Balance</b>	<b>64,377,146</b>	<b>16,877,146</b>

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	4,920,000	-
	4,920,000	-
Add: Profit from the Associates	590,547	-
<b>Total</b>	<b>5,510,547</b>	<b>-</b>

The company has purchased 30% shares of Tk 4,920,000 from Sunted Energy Ltd. and accounted for complying with BAS 28 " Investment in Associates" accordingly during the year.

#### 8.00 Inventories

Break-up of this item is as follows:

	Qty. (kg.)		
<b>Finished Goods:</b>			
Yarn	372,650	65,247,191	19,411,493
Working-in-process	299,281	42,431,441	26,875,763
<b>Raw Materials:</b>		208,924,347	250,689,641
Virgin Cotton	727,760	106,232,924	137,800,711
Waste Cotton	970,695	102,691,423	112,888,930
Packing Materials		271,464	261,886
Store Materials		9,262,324	8,352,559
<b>Tk.</b>		<b>326,136,767</b>	<b>305,591,342</b>

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



Amount in Taka	
30.06.2015	30.06.2014

**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)	-	9,098,488
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)	437,215,251	374,002,359
VI) The maximum amount of receivable due by any director or other officer of the company	-	-
	<b>437,215,251</b>	<b>383,100,847</b>

**Aging of accounts receivable:**

Dues within three months	147,213,245	268,170,593
Dues above three months but within six months	290,002,006	76,620,169
Dues above six months	-	38,310,085
	<b>437,215,251</b>	<b>383,100,847</b>

**10.00 Advances, Deposits & Pre-Payments**

Advance against Purchase (Note-10.01)	47,270,861	96,801,830
Advance against Factory Expenses	1,305,818	1,331,251
Advance against L/c for Cotton & Spares Import	84,668,554	7,501,694
Advanced for Consultancy	500,000	-
Prepaid Insurance	880,132	-
Tax deducted at sources	13,880,453	9,636,037

Tk. **148,505,818** **115,270,812**

**10.01 Advance against Purchase**

Dues within three months	35,453,146	67,761,281
Dues above three months but within six months	9,454,172	19,360,366
Dues above six months	2,363,543	9,680,183
	<b>47,270,861</b>	<b>96,801,830</b>

**11.00 Cash and Cash Equivalents**

<b>Cash in hand</b>		171,522	1,165,647
<b>Cash at Banks:</b>		15,306,598	11,980,517
IBBL Mouchak CD-327918		4,006,361	11,166
IBBL Mouchak CD-438315		3,476	3,476
IBBL Mouchak Mudaraba Deposit Normal		43,568	550,904
IBBL Mouchak Mudaraba Deposit Special		2,496,013	278,614
DBBL Gausia # 176-120-1733		238,010	46,254
Bank Asia Scotia CD-3534		2,155	2,155
Bank Asia Scotia CD-36551		1,952	1,952
Habib Bank Gausia CD- 9240		1,000	1,000

		Amount in Taka		
		30.06.2015	30.06.2014	
DBBL	Bashundhara # 147-110-5894	41,236	237,144	
EBL	Principal (for ipo refundable fund)	8,463,727	10,639,250	
NRB Bank	Gulshan # 00174	5,000	5,000	
IBBL	Gausia CD-987	3,246	3,246	
IBBL	Mouchak MDA UR-49	854	200,356	
<b>Tk.</b>		<b>15,478,120</b>	<b>13,146,164</b>	
<b>12.00 Share Capital:</b>				
This represents the followings:				
<b>Authorised capital:</b>				
300,000,000 ordinary Shares of tk 10/= each		3,000,000,000	3,000,000,000	
<b>Issued subscribed and paid up capital:</b>				
78,093,750 ordinary shares of taka 10/= each		780,937,500	624,750,000	
<b>Tk.</b>		<b>780,937,500</b>	<b>624,750,000</b>	
<b>12.01 Share Holding Position:</b>				
Share holding position is as follows:				
a) Sponsors	5,180,313	6.63%	51,803,125	41,442,500
b) SIM Fabrics Limited	25,750,000	32.97%	257,500,000	206,000,000
c) Other Shareholders	47,163,438	60.39%	471,634,375	377,307,500
	<u>78,093,750</u>	100.00%	<u>780,937,500</u>	<u>624,750,000</u>
<b>13.00 Tax Holiday Reserve</b>				
<b>A. Opening balance</b>				
Tax Holiday Reserve (30%)		72,845,417	68,337,364	
Reserve for Investment (10%)		54,634,063	51,253,023	
		18,211,354	17,084,341	
<b>B. Add: During the Year</b>				
Tax Holiday Reserve (30%)		-	4,508,053	
Reserve for Investment (10%)		-	3,381,040	
		-	1,127,013	
<b>Total (A+B)</b>		<b>72,845,417</b>	<b>72,845,417</b>	
<b>Tk.</b>		<b>72,845,417</b>	<b>72,845,417</b>	
<b>14.00 Retained Earnings</b>				
Details are as follows:				
Opening Balance		310,867,531	182,178,371	
Net Profit / (Loss) for the year		175,948,274	132,898,391	
Adjustment for excess provision		-	298,822	
<b>Total</b>		<b>486,815,805</b>	<b>315,375,584</b>	
Tax Holiday Reserve (transfer)		-	(4,508,053)	
Bonus Paid (25% Stock)		(156,187,500)	-	
Retained Earnings		<u>330,628,305</u>	<u>310,867,531</u>	
<b>Tk.</b>		<b>330,628,305</b>	<b>310,867,531</b>	
<b>15.00 Long Term Loan</b>				
Outstanding for HPSM		61,189,139	-	
Total		<u>61,189,139</u>	-	
Less: Current portion of Long term loan		12,767,739	-	
		<u>48,421,400</u>	-	

1. Purpose of Investment - To purchase/import of Rotor Machine, Chiller for the project.
2. Period of Investment - 05 (five) year
3. Rate of return - 14.50% per annum or the rate to be determined by the bank from time to time.

Amount in Taka	
30.06.2015	30.06.2014

4. Collateral:

A. 156.10 decimal project land along with 88,200 sft. Project building vide FSV 81.22 million.

B. 194.75 decimal project land alongwith 96,345 sft. Factory building vide FSV 47.49 million by SFL.

C. 183.16 decimal project land alongwith 65,411 sft. Factory building vide FSV 139.50 million by SFL.

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

**16.00 Accounts Payable**

Trade Creditors ( Annexure-C )	19,691,520	25,987,776
Bills Payable ( Annexure-C )	8,800,231	3,477,700
	<b>28,491,751</b>	<b>29,465,476</b>

**17.00 Current portion of long term loan**

Outstanding for HPSM	12,767,739	-
	<b>12,767,739</b>	<b>-</b>

**18.00 Refundable fund of IPO subscribers**

Refund warrant to IPO subscribers	8,164,500	10,639,250
	<b>8,164,500</b>	<b>10,639,250</b>

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.

**19.00 Short term bank loan**

**Islami Bank Bangladesh Limited Mouchak Br.**

Loan against Local purchase (MTR)	79,100,000	114,687,405
L/C Liability for Import Merchandise (MURA)	36,790,001	79,176,152
<b>Total short term loan of Islami bank Bangladesh Ltd.</b>	<b>115,890,001</b>	<b>193,863,557</b>

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 - 14.00% 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 81.22 million.

B. 194.75 decimal project land alongwith 96,345 sft. Factory building vide FSV 47.49 million by SFL.

C. 183.16 decimal project land alongwith 65,411 sft. Factory building vide FSV 139.50 million by SFL.

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



		Amount in Taka	
		30.06.2015	30.06.2014
<b>20.00</b>	<b>Provision for Income tax</b>		
	Opening Balance	32,149,755	12,587,670
	Add: During the year	31,623,993	25,321,534
	<b>Total</b>	<b>63,773,748</b>	<b>37,909,204</b>
	Less: AIT Adjustment	-	2,969,175
	Less: Adjustment of excess provision	-	298,822
	Less: Tax Paid	3,700,000	2,491,452
	<b>Closing Balance</b>	<b>60,073,748</b>	<b>32,149,755</b>
		Tk.	
<b>21.00</b>	<b>Accrued Expenses</b>		
	Audit fees	115,000	115,000
	Salaries & Allowances	6,530,665	5,675,571
	Gas Bill	4,675,584	6,600,693
	TDS, VAT & Others	277,962	1,248,616
	Store materials	1,743,013	1,480,723
	Accrued Interest	3,351,433	7,884,407
		Tk.	
		<b>16,693,657</b>	<b>23,005,010</b>
<b>22.00</b>	<b>Turnover</b>		
		<b>Qty. (kg.)</b>	<b>Rate</b>
	Yarn 20's	3,313,100	245.94
	Yarn 16's	1,280,750	231.61
	Yarn 12's	77,150	200.79
	Yarn 10's	30,000	194.64
	Yarn 7's	9,600	174.80
		<b>4,710,600</b>	
		<b>1,134,470,479</b>	<b>982,322,640</b>
<b>23.00</b>	<b>Cost of Goods Sold</b>		
	Opening Work-in-Process	26,875,763	27,213,464
	Raw materials consumed (Note-23.01)	801,946,853	634,672,949
	Accessories & Stores Consumed (Note-23.02)	16,412,228	15,360,797
	Packing Materials Consumed (Note-23.03)	8,985,918	5,754,615
	Factory overhead (Note-23.04)	96,182,246	94,417,716
	Closing Work-in-Process	(42,431,441)	(26,875,763)
	<b>Cost of Production</b>	<b>907,971,567</b>	<b>750,543,778</b>
	Opening stock of Finished Goods	19,411,493	12,295,352
	<b>Cost of Goods Available for Sale</b>	<b>927,383,060</b>	<b>762,839,130</b>
	Closing stock of Finished Goods	(65,247,191)	(19,411,493)
	Wastage Sales	(5,921,590)	(1,724,013)
	<b>Cost of Goods Sold</b>	<b>856,214,279</b>	<b>741,703,624</b>
<b>23.01</b>	<b>Raw Materials Consumption</b>		
	Opening Raw Materials	250,689,641	228,813,793
	Purchase during the year	760,181,559	656,548,797
	Available for use	<b>1,010,871,200</b>	<b>885,362,590</b>
	Closing Raw Materials	(208,924,347)	(250,689,641)
		<b>801,946,853</b>	<b>634,672,949</b>
<b>23.02</b>	<b>Accessories &amp; Stores Consumption</b>		
	Opening Accessories & Stores	8,352,559	7,404,183
	Purchase during the year	17,321,993	16,309,173
	Available for use	<b>25,674,552</b>	<b>23,713,356</b>
	Closing Accessories & Stores	(9,262,324)	(8,352,559)
		<b>16,412,228</b>	<b>15,360,797</b>

		Amount in Taka	
		30.06.2015	30.06.2014
<b>23.03</b>	<b>Packing Materials Consumption</b>		
	Opening Packing Materials	261,886	16,564
	Purchase during the year	8,995,496	5,999,937
	Available for use	<b>9,257,382</b>	<b>6,016,501</b>
	Closing Packing Materials	(271,464)	(261,886)
		<b>8,985,918</b>	<b>5,754,615</b>
<b>23.04</b>	<b>Factory Overhead</b>		
	Gas Bill	21,396,699	22,708,758
	Salary & Wages	28,589,349	26,613,367
	Repair & Maintenance	1,632,591	2,147,915
	Factory Insurance	1,106,679	1,120,000
	Sundry Carrying Charges	737,961	873,020
	Sundry daily labor charges	278,631	166,551
	Medical & other Expenses	59,551	427,568
	Depreciation	42,380,785	40,360,537
	<b>Tk.</b>	<b>96,182,246</b>	<b>94,417,716</b>
<b>24.00</b>	<b>Other Operating Income</b>		
	Cash Incentive	-	7,609,000
	Interest on Bank Account	512,935	722
	<b>Tk.</b>	<b>512,935</b>	<b>7,609,722</b>
<b>25.00</b>	<b>Administrative Expenses</b>		
	Salary and Allowances	2,991,272	2,437,155
	Bonus	521,500	171,625
	Audit Fees	115,000	115,000
	Managing Director Remuneration	600,000	600,000
	Director's Remuneration	2,215,000	1,800,000
	Board Meeting Fees	240,000	80,000
	Entertainment	470,525	850,445
	Group Insurance Exp.	-	133,600
	Traveling and Conveyance	240,640	982,682
	House & Office rent	780,000	780,000
	Telephone (mobile)	93,400	116,620
	Fuel, newspaper & other Expenses	1,484,637	2,772,104
	Depreciation	308,992	297,492
	<b>Tk.</b>	<b>10,060,966</b>	<b>11,136,723</b>

**Payment/ Perquisites to Directors and officers**

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

**Particulars**

Managing Director Remuneration	600,000	600,000
Director's Remuneration	2,215,000	1,800,000
Board Meeting Fees	240,000	80,000

During the year 11 (eleven) Board meeting was held .

		Amount in Taka	
		30.06.2015	30.06.2014
<b>26.00</b>	<b>Marketing, Selling &amp; Distribution Expenses</b>		
	Salaries and Allowances	314,400	296,400
	Advertisement	925,837	1,479,708
	Business Development	165,000	292,778
	Export Expenses	58,722	17,410
	Sample & other Expenses	265,405	72,600
	<b>Tk.</b>	<b>1,729,364</b>	<b>2,158,896</b>
<b>27.00</b>	<b>Financial Expenses</b>		
	Bank Charges and Commission	1,088,843	1,153,880
	Interest on HPSM investment	977,063	22,361,313
	Interest in BAI Murabah	11,961,763	13,061,015
	Interest on MDB Loan	21,586,068	39,167,084
	Interest on Murabaha TR	14,683,336	18,714,267
	<b>Tk.</b>	<b>50,297,073</b>	<b>94,457,559</b>
<b>28.00</b>	<b>Other Income of IPO process</b>		
	Bank Interest Received	-	49,412,286
	Less: IPO Expenses:	-	26,338,371
	BSEC Fees & Renewal	-	412,500
	BUET Fees & Renewal	-	394,981
	CDBL Fees & Renewal	-	217,831
	Banker to the Issue Commission	-	6,710,080
	CSE Fees & Renewal	-	1,122,125
	DSE Fees & Renewal	-	1,122,125
	Hall Rent	-	347,478
	Issue Management Fees	-	2,000,000
	Post IPO Fees	-	13,323,751
	Underwriter Commission	-	687,500
	<b>Tk.</b>	<b>-</b>	<b>23,073,915</b>
<b>29.00</b>	<b>Basic Earning Per Share</b>		
	Net Profit for the year	<b>175,948,274</b>	<b>132,898,391</b>
	No. of Shares	78,093,750	50,646,233
	No. of Shares (Re-stated)	78,093,750	78,093,750
	<b>Earning Per Share for the Year</b>	<b>2.25</b>	<b>2.62</b>
	<b>Earning Per Share for the Year (Re-stated)</b>	<b>2.25</b>	<b>1.70</b>
<b>29.01</b>	<b>Net Profit for the year (Excluding Other Income)</b>	<b>175,435,339</b>	<b>102,214,754</b>
	No. of Shares ( Re- Stated)	78,093,750	78,093,750
	Earning per share excluding other income	<b>2.25</b>	<b>1.31</b>
<b>29.02</b>	<b>Weighted average number of shares:</b>		
	34,975,000 share for 365 days	-	34,975,000
	27,500,000 share for 208 days	-	15,671,233
		<b>78,093,750</b>	<b>50,646,233</b>

Amount in Taka	
30.06.2015	30.06.2014

**30.00 General:**

**30.01 Claims not Acknowledged**

There is no claim against the Company not acknowledged as debt as on 30.06.2015

**30.02 Credit Facilities not Availed**

There is no credit facilities extended to the Company but nor availed of as on 30.06.2015, under any contract, other than trade credit available in the ordinary course of business.

**30.03 Commission, Brokerage or Discount Against Sales**

No commission, brokerage or discount was incurred or paid by the Company against sales during the year ended 30.06.2015.

**30.04 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) .

**30.05 Employees Details:**

During the year there were 405 permanent employees employed for the full year all employees received salary Taka 5,000 per month and above.

**30.06 Rounding Off**

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

**30.07 Rearrangement of Last Year's Figures**

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged or re-stated or reclassified whenever considered necessary to conform to current year presentation. During the year previous year figures for cash & cash equivalents and refundable fund of IPO subscribers have been Re- stated by Tk. 10,639,250.

**30.08 Events after the Reporting Period**

Subsequent to the Statement of Financial Position date, the Board of Directors in their meeting held on 29th October, 2015 recommend 5% cash dividend to the general public shareholders other than Sponsors/ Directors shareholders & 15% Stock dividend to the all shareholders for the year ended 30th June 2015. The dividend proposal is subject to shareholders' approval at the forthcoming Annual General Meeting.



**30.09 Disclosed as per requirement of schedule XI, part II para 8**
**Value of Raw material, packing materials and Capital goods**

Particular	Local Purchase	Import	Total Purchase	Consumption	
Raw Material	359,613,029	400,568,530	760,181,559	801,946,853	
Packing Materials	8,995,496	-	8,995,496	8,985,918	
Spare Parts	17,321,993	-	17,321,993	16,412,228	

**Value of Export**

Particular	In Foreign Currency USD	In BDT
Export	\$ 14,544,493.32	1,134,470,479

**30.10 Details of capacity has given below**

Particular	Licence Capacity	Installed Capacity	Actual Production
Annual Production (kg)	5,475,000	5,475,000	4,959,050

### 31.00 Related Party Disclosure

#### a) Transaction with Key Management Personnel of the entity:

No.	Particulars	Value in Tk.
(a)	Managerial Remuneration paid or payable during the year to the directors, including Managing directors or manager	2,815,000
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value applicable.	240,000
(c)	Other allowances and commission including guarantee commission	Nil
(d)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest	Nil
(e)	Share Based payments	Nil

#### b) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2014	Addition during the Year	Realized during the Year	Balance as at 30.06.2015
(a)	SIM Fabrics Limited yarn sale	Common Management	374,002,359	1,134,470,479	1,071,257,587	437,215,251
	Total		<b>374,002,359</b>	<b>1,134,470,479</b>	<b>1,071,257,587</b>	<b>437,215,251</b>

#### c) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2014	Addition during the year	Realized during the year	Balance as at 30.06.2015
(a)	SIM Fabrics Limited (land transferred against shares)	Common Management	250,000,000	-	-	250,000,000
	Total		<b>250,000,000</b>	<b>-</b>	<b>-</b>	<b>250,000,000</b>

**Mozaffar Hossain Spinning Mills Limited**  
**Annexure of Property, Plant & Equipment**  
**As at June 30, 2015**

**Annexure A**  
**Amount in Taka**

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2015
	As at July 01, 2014	Addition During the year	As at 30.06.2015		As at July 01, 2014	Addition During the year	As at 30.06.2015	
Land & Land Dev.	385,137,050	-	385,137,050	-	-	-	-	385,137,050
Factory Building	68,597,225	38,476,940	107,074,165	5%	18,193,307	3,917,838	22,111,145	84,963,020
Plant & Machinery	369,306,764	27,888,533	397,195,297	10%	189,287,814	38,462,947	227,750,761	169,444,536
Vehicle	1,641,000	-	1,641,000	10%	164,100	164,100	328,200	1,312,800
Furniture & Fixture	1,333,919	115,000	1,448,919	10%	465,330	144,892	610,222	838,697
<b>Balance as on 30.06.2015</b>	<b>826,015,958</b>	<b>66,480,473</b>	<b>892,496,431</b>		<b>208,110,551</b>	<b>42,689,777</b>	<b>250,800,328</b>	<b>641,696,103</b>
<b>Balance as on 30.06.2014</b>	<b>824,087,608</b>	<b>1,928,350</b>	<b>826,015,958</b>		<b>167,452,522</b>	<b>40,658,029</b>	<b>208,110,551</b>	<b>617,905,407</b>

**Depreciation Charged To-**

Administrative Cost	308,992
Manufacturing Cost	42,380,785
<b>Total</b>	<b><u>42,689,777</u></b>

**Mozaffar Hossain Spinning Mills Limited**

**Annexure of Accounts Receivable**

**Annexure No. - B**

For the year ended June 30, 2015

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:

Name of Customer	Amount in Taka			
	Balance as at 01.07.2014	Addition during the year	Realized during the year	Balance as at 30.06.2015
All Tex Textile	2,091,590	-	2,091,590	-
Dhaka Denime	7,006,898	-	7,006,898	-
<b>Total</b>	<b>9,098,488</b>	<b>-</b>	<b>9,098,488</b>	<b>-</b>

**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 01.07.2014	Addition during the year	Realized during the year	Balance as at 30.06.2015
SIM Fabrics Limited	374,002,359	1,134,470,479	1,071,257,587	437,215,251
Sub-total	<b>374,002,359</b>	<b>1,134,470,479</b>	<b>1,071,257,587</b>	<b>437,215,251</b>
<b>Total</b>	<b>383,100,847</b>	<b>1,134,470,479</b>	<b>1,080,356,075</b>	<b>437,215,251</b>

**Mozaffar Hossain Spinning Mills Limited**
**Schedule of Trade Creditors**

For the year ended 30th June 2015

Annexure No. - C

**Trade Creditors:**

Amount in Taka

Name of Supplier	Balance as at 01.07.2014	Payment during the year	Bill during the year	Balance as at 30.06.2015
AB Enterprise	3,886,567	499,132,296	499,894,945	4,649,216
Cotton Bezz	-	35,437,193	35,459,737	22,544
Deferred LC against virgin cotton	18,651,732	186,354,026	181,723,676	14,021,382
Fariha Cotton	32,000	32,000	-	-
Nurul Islam Enterprise	86,490	86,490	-	-
Sinha Enterprise	3,330,987	2,332,609	-	998,378
Sub Total (A)	<b>25,987,776</b>	<b>723,374,614</b>	<b>717,078,358</b>	<b>19,691,520</b>

**Bills Payable:**

Amount in Taka

Name of Supplier/Service Provider	Balance as at 01.07.2014	Payment during the year	Bill during the year	Balance as at 30.06.2015
Bills Payable staff	-	247,955	447,412	199,457
3N Printers	64,190	205,000	299,353	158,543
Abdullah Techo Trade	-	-	24,000	24,000
AB Reingier Industries Pvt. Ltd.	-	105,975	105,975	-
Ahee Sohi Transport Agency	-	153,100	153,100	-
Al-Amin Net	-	42,200	42,200	-
Alpha Capital Management	1,010	-	-	1,010
Amreen Refrigeration	115,000	250,000	250,000	115,000
Arthoprobaho National Economic	-	10,000	10,000	-
Axis Engineering	63,220	100,000	52,490	15,710
Ayshi Engineering	23,000	23,000	-	-
Bangla Courier Services	-	6,175	6,175	-
Bangladesh Chartered Accountancy Chhatra	5,000	5,000	-	-
Bangla Hardware & Mills Store	-	311,615	311,615	-
Bangla Trac Limited	327,970	1,754,277	1,754,277	327,970
BBS Cables	61,850	150,000	148,999	60,849
Bengal Roots	-	614,324	659,489	45,165
Bestair Engineering	-	-	54,250	54,250
Beximco Online	-	69,000	82,800	13,800
Bismillah Paper Products	321,868	455,000	373,017	239,885
Cargo Control Group	79,866	80,000	185,652	185,518
Central Depository Bangladesh	-	61,225	61,225	-
Chemtex BD	-	22,000	22,000	-
Chittagong Stock Exchange	-	339,281	429,281	90,000
City Express	30,284	33,284	9,000	6,000
Confidence Associates Ltd	128,311	460,000	496,500	164,811
Delzan Enterprise	132,415	80,000	-	52,415
Desh Somoy	20,000	30,000	10,000	-
Dhaka Stock Exchange	-	-	433,331	433,331
Dhaka Wood House	-	57,800	113,994	56,194
Dohar Engineering Works	-	80,000	88,720	8,720
Ekushey Express	-	23,700	26,700	3,000
Enviro Enginiering	-	190,000	312,950	122,950
Express Insurance Ltd.	-	23,422	23,422	-
Fahim Transport Agency	86,600	300,000	323,000	109,600
Faith Courier Service	-	1,200	4,200	3,000
Fast Tech Engineering Ltd	-	262,000	262,000	-
Financial Express	-	100,000	100,000	-
Galaxy Corporation	-	228,000	248,000	20,000
Gazi International	-	674,900	674,900	-

Gazi Tank	15,400	15,400	-	-
Haque Engeneering Workshop	-	-	90,192	90,192
Harun Metal Eng. Workshop	-	75,900	75,970	70
Insaf Trading	-	-	41,000	41,000
Islamia Commercial Insurance	-	364,673	364,673	-
Jamalpur Shipping Lines	-	966,400	1,351,168	384,768
Kabir Hossain	-	-	5,000	5,000
Mahi Trade International	-	334,400	419,235	84,835
Minarva Engineering Works	206,351	350,000	361,735	218,086
Mollah & Sons	-	-	21,786	21,786
MSK Inspection	-	10,000	10,000	-
New Asia Ltd	-	146,268	155,808	9,540
New Mokka Trading	-	1,471,000	1,856,604	385,604
Panasonis Electronics	-	88,000	88,000	-
Peoples Insurance Co. Ltd	-	26,789	32,590	5,801
Provati Insurance Company Limited	-	66,288	162,764	96,476
Rahman Enterprise	-	3,241,566	3,260,000	18,434
Rapid PR	-	-	11,500	11,500
Real Tech Engineering	-	100,000	116,372	16,372
Reyan Machineries	43,100	262,000	1,050,000	831,100
Riya Enterprise	-	554,650	666,650	112,000
R. K Enterprise	-	-	877,022	877,022
Rofiq & Brothers	-	-	60,000	60,000
RM Courier Services	4,575	7,575	14,569	11,569
Safety Source	10,950	-	-	10,950
S Brother Courier Service	-	1,800	1,800	-
Shahazul Islam	77,341	77,341	-	-
Shah Jalal Courier	-	-	3,000	3,000
Shahin Ahmed	4,490	4,490	-	-
ShareBiz Kortcha	46,000	536,000	544,500	54,500
Shelter	5,600	-	-	5,600
Shewly Enterprise	-	70,000	183,700	113,700
Shemel Engineering Works	28,423	76,018	47,595	-
Simul Traders	819,237	2,300,000	2,285,250	804,487
Solution Technology	-	40,000	40,000	-
Slogan Communication	-	47,250	47,250	-
Step Transmission	-	37,900	54,045	16,145
Somoy Express	14,485	18,985	4,500	-
Tally Software	-	12,600	12,600	-
Sumaya Enterprise	-	35,000	228,200	193,200
Textile Associates	23,782	577,608	553,826	-
Touch Paper Products	-	900,000	1,972,943	1,072,943
Trust Logistic	500	500	-	-
United Trade Center	-	132,000	159,000	27,000
Uttaran Paper Products	716,882	2,420,000	2,409,491	706,373
Vision Express	-	6,174	6,174	-
Xerox Express	-	2,400	2,400	-
<b>Sub Total (B)</b>	<b>3,477,700</b>	<b>22,926,408</b>	<b>28,248,939</b>	<b>8,800,231</b>
<b>Total (A+B)</b>	<b>29,465,476</b>	<b>746,301,022</b>	<b>745,327,297</b>	<b>28,491,751</b>