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# Transmittal Letter

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

**Subject: Annual Report for the year ended June 30, 2016.**

Dear sir (s),

Enclosed please find a copy of Annual Report together with the Audited Financial Statements including Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income, Statement of Cash Flow and Statement of Changes in Equity for the year ended June 30, 2016 along with notes to thereon of Mozaffar Hossain Spinning Mills Limited for your kind information and records.

Thank you.

Sincerely yours,



**(Md. Shahazul Islam ACA)**  
Company secretary





## Mozaffar Hossain Spinning Mills Limited

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

### Notice of the 11th Annual General Meeting

Notice is hereby given that the 11th Annual General Meeting (AGM) of the shareholders of **Mozaffar Hossain Spinning Mills Limited** will be held on **Thursday, December 29, 2016** at **10.30 a.m.** at the DOHS Baridhara Convention Center, Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment, Dhaka-1206 to transact the following business.

#### Agenda

01. To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2016 along with report of the Auditors and Directors.
02. To approve the dividend for the year ended June 30, 2016 as recommended by the Board of Directors.
03. To re-appoint the Independent Directors (Md. Kamrul Hossain & Md. Alamgir Akando Mintu) of the Company.
04. To appoint Auditors of the Company and fixation of their remuneration for the year ended June 30, 2017.

By order of the Board



**Md. Shahazul Islam ACA**  
Company Secretary

Dated: November 15, 2016

#### Notes:

01. The Record Date is December 06, 2016.
02. The shareholders whose name will appear in the Share Register of the Company and in the Depository Register on the date will be eligible to attend the 11th Annual General Meeting (AGM) and qualify for the dividend to be declared at the AGM.
03. A Shareholder eligible to attend and vote at the Annual General Meeting (AGM) or may appointed a proxy to attend and vote in his/her place by filling proxy Form. The proxy form must be affixed with a revenue stamp of Tk. 20/= and submitted to the Head Office of the Company not later than 48 hours before the day of the Annual General Meeting (AGM).
04. Members are requested to notify change of address, if any, through their respective Depository Participants before the Record Date.
05. Annual Report 2016 of Mozaffar Hossain Spinning Mills Ltd. will also be available at the Company website: [www.simgroup-bd.com](http://www.simgroup-bd.com).
06. Shareholders attendance counter will open at 9.00 a.m. and to be continued till 10.30 a.m.

বিঃ দ্রঃ সম্মানিত শেয়ার হোল্ডারবৃন্দের অবগতির জন্য জানানো যাচ্ছে যে, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর সার্কুলার নংঃ এসইসি/সিএমআরআরসিডি/২০০৯-১৯৩/১৫৪ তারিখ- অক্টোবর ২৪, ২০১৩ অনুযায়ী আসন্ন ১১তম বার্ষিক সাধারণ সভায় (এজিএম) কোন প্রকার উপহার বা আপ্যায়নের ব্যবস্থা নেই।



## Corporate Directory

➤	Date of Incorporation	29.11.2005
➤	License from Ministry of Environment	22.01.2009
➤	License from Bangladesh Export Promotion Bureau	14.01.2008
➤	License from Bangladesh Import Promotion Bureau	04.10.2010
➤	Signing of Management Contract with Suntech Energy Ltd.	28.02.2015

✓	Approval of Initial Public Offering by Bangladesh Securities and Exchange Commission	10.09.2013
✓	Listing with Dhaka Stock Exchange Ltd.	21.01.2014
✓	Listing with Chittagong Stock Exchange Ltd.	21.01.2014
✓	Category of Share Change to "A" from "N"	13.11.2014
✓	Authorized Share Capital	Tk. 3,000 million
✓	Paid up Share Capital	Tk. 898.08 million
✓	Date of Last AGM	20.12.2015



# Corporate Management

## Board of Directors

### Chairman

Mrs. Rahima Hossain

### Managing Director

Md. Mozaffar Hossain

### Director

Raisul Hasan

### Nominee Director

ASM Rakibul Hasan

Mr. Sanwar Hossain

### Independent Director

Md. Alamgir Akando Mintu

Md. Kamrul Hossain

### Company Secretary

Md. Shahazul Islam ACA

### Chief Financial Officer

Shahin Ahmed

### Audit Committee

Md. Alamgir Akando Mintu : Chairman

Raisul Hasan : Director

ASM Rakibul Hasan : Nominee Director

Md. Shahazul Islam ACA : Secretary

### Head of Internal Audit

Md. Atiqur Rahman Bhuiyan ACMA

### Auditor

AHMED ZAKER & CO.

Chartered Accountants

Green City Edge (level-10)

89, Kakrail, Dhaka-1000

### Banker

Islami Bank Bangladesh Limited

Mouchak Branch

Hosaf Twin Tower (Ground Floor)

New Circular Road, Malibag, Dhaka-1217

### Corporate Governance Certified

Mazumdar Sikder & Associates

105/A (3rd Floor), Kakrail, Dhaka-1000

### Insurer

Progressive Life Insurance Company Ltd.

National Scout Bhaban (4th, 5th, 6th, 7th & 8th Floor)

70/1 Inner Circular Road, Kakrail

Dhaka, Bangladesh-1000.

### Registered Office

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

Phone: +88-02-8415961-3, Fax: +88-02-8415964

E-mail: [info@simgroup-bd.com](mailto:info@simgroup-bd.com)

Web: [www.simgroup-bd.com](http://www.simgroup-bd.com)

### Factory Office

Thakurbari Teac, Masumabad

Bhulta, Rupgonj, Narayangonj



# 05 (Five) Years' Financial Summary

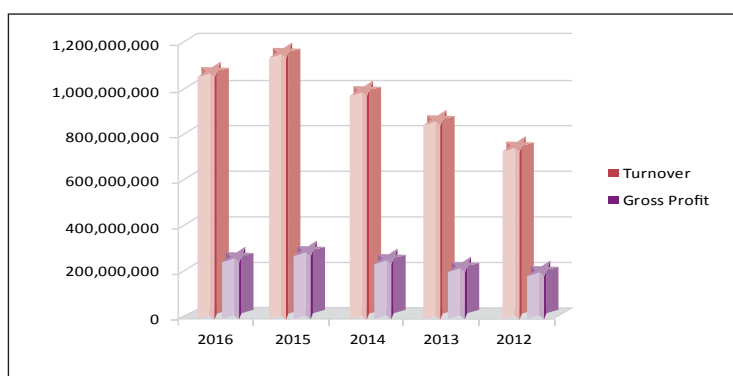


Amount in Taka

Operational Result	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	30-Jun-12
Turnover	1,061,069,970	1,134,470,479	982,322,640	850,511,230	738,494,616
Gross Profit	251,430,251	278,256,200	240,619,016	208,006,078	180,416,586
Profit from Operation	240,007,832	266,990,350	234,933,119	198,029,370	170,931,993
Net Profit before tax	182,867,165	206,375,099	156,860,163	79,452,511	74,434,089
Net Profit after Tax	154,373,254	175,369,270	132,898,391	72,464,245	67,617,913
Net Cash Flow From Operation	207,401,863	195,321,643	111,497,477	121,371,674	257,559,605

Financial Position	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	30-Jun-12
Fixed Assets	739,205,845	706,073,249	634,782,553	656,635,086	694,018,230
Current Assets	1,006,291,727	927,335,956	817,109,165	686,468,796	488,794,755
Shareholder's Equity	1,465,913,819	1,311,540,565	1,138,777,588	730,580,375	658,598,098
Long Term Liability	39,622,307	65,048,795	14,639,268	222,756,021	224,722,298

Key Financial Ratio	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	30-Jun-12
Current Ratio	4.11	3.54	2.74	1.76	1.66
Quick Ratio	2.84	2.30	1.71	1.05	0.95
Debt to Equity Ratio	0.03	0.05	0.01	0.31	0.34
Net Income Ratio (%)	14.55	15.45	13.53	8.46	9.16
Return on Equity (%)	10.53	13.37	11.67	9.86	10.27
Earning Per Share	1.72	1.95	1.70	2.07	2.78



**Our Vision**

**Our Company  
Leadership Believes**

**Our Mission**

**Our Employees**

**Our Customers see us as**

## **Company Profile**



Mozaffar Hossain Spinning Mills Limited (here in after referred to as “MHSML” or “the Company”) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-59784(1791)/05 dated November 29, 2005 as a Private Limited Company by shares namely Mozaffar Hossain Textile Mills Limited. Subsequently the company renamed as Mozaffar Hossain Spinning Mills Limited in December 14, 2011 and the company was emerged as a public limited company on the same date and year. The registered office and principal place of business of the company is situated at House # 315, Road # 04, DOHS Baridhara, Dhaka-1206, Bangladesh and the manufacturing establishment is located at Thakurbari Teac, Masumabad, Bhulta, Rupgong, Narayangonj.

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

### **Our Vision**

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

### **Our Mission**

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

### **Our Customers see us as**

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

### **Our Employees**

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

### **Our Company Leadership Believes**

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

# Album of MHSML



জাতীয় রাজস্ব বোর্ড আয়োজিত “আয়কর সপ্তাহ ২০১৬” - এ প্রথম ১০০ সেরা করদাতাদের মধ্যে একজন গর্বিত নাগরিক হিসেবে “সেরা করদাতা সম্মাননা” পুরস্কার গ্রহণ করছেন, মোজাফ্ফর হোসেন স্পিনিং মিলস্ লিঃ এর কর্ণধার ইঞ্জিনিয়ার মোজাফ্ফর হোসেন।



সানটেক এনার্জি লিঃ এর সাথে চুক্তি



সানটেক এনার্জি লিঃ এর সাথে চুক্তি



# Factory Highlights



# Factory Highlights





## Photographs of 10th AGM, 2015



## Photographs of 10th AGM, 2015



# The Board of Directors

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



**Mrs. Rahima Hossain**  
Chairman



**Md. Mozaffar Hossain**  
Managing Director

**Md. Mozaffar Hossain** is the Founder of 'SIM GROUP' and Managing Director of Mozaffar Hossain Spinning Mills Limited. His father name is Late Saim Uddin and mother name is Mossammat Matabjan Begum. He was born in Jamalpur, Bangladesh on 01-Jan-1957. He has passed B.Sc. in Textile Technology. He has long around 32 year's business experience and started his own business in 1996 later on established woven fabrics weaving mill in 2001. During his successful career he implemented the following business enterprises: Authentic Color Limited, SIM Fabrics Limited, Mozaffar Hossain Spinning Mills Limited and SIM Apparels Limited. He has travelled UK, Switzerland, Germany, France, China, Korea, Pakistan, India, Malaysia, Saudi Arabia almost around the Globe. He is also engaged in various social activities like school, college, madrasa, and mosque. He is the Ex-President of Textile Engineer Association, Ex-Director of BTMA, President of Bangubandhu Textile Engineering Association, Vice President of Jamalpur Zilla Somity, Ex-Vice President of International Lion Club (Red Sun 315 B-3), Member of IEB, Baridhara Society, Greater Mymansingh Somity and Assistant Secretary of Bangladesh Awamileagqe.



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



**Raisul Hasan**  
Director



**A.S.M. Rakibul Hasan**  
Nominee Director

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



**Mr. Md. Sanwar Hossain**  
Nominee Director



**Mr. Md. Kamrul Hossain**  
Independent Director

**Mr. Md. Kamrul Hossain** is the Independent Director of Mozaffar Hossain Spinning Mills Limited. He has completed Bsc. in Textile Technology from College of Textile Technology, Dhaka University. He has participated in various seminars, conferences in Bangladesh as a business leader. He has long around 31 year's business experience in the field of business development. He was the

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

**Mr. Md. Alamgir Akando Mintu** is the Independent Director of Mozaffar Hossain Spinning Mills Limited. He has completed Masters in Management from Dhaka University. As a business leader he has participated in various seminars, conferences in Bangladesh. He has long around 17 year's business experience in the field of business development. He was the

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



**Md. Alamgir Akando Mintu**  
Independent Director

# Message from the Chairman

## Distinguished Shareholders

On behalf of the Board of Directors, I welcome you all and take immense pleasure and delight in addressing the 11th Annual General Meeting of the company. I also want to thank you the honourable shareholders for joining us to make the event successful.

With pleasure I present the Report of the Board of Directors, the Audited Statements of Financial Position, Statement of Profit or Loss & Other Comprehensive Income and other Financial Statements of the company for the year 2016. It gives me immense pleasure that we get the opportunity to meet with all of you, discuss on the performance of the concerned year of the company and sharing the views of each others, I assumed that to the changed situation more obligations has been created on us on behalf of the valued shareholder in respect of last AGM and to offer them assurance of our sincerity in maintaining operational results up to their expectations at present as well as in future.

As we discuss the financial year in review the western world mainly EU and USA is yet to overcome the financial recession, the world economy is also struggling hard to rehabilitate and revive financially. As a part of our revenue is generated from Exporting of yarn, it is due to these factors we faced difficulties in marketing our product on regular basis. Domestically the incessant weather, political instability created hindrance in our business. In spite of various limitations and hindrances as well as political unrest, the company had its successful year in 2016. This could not be possible without your continuous support conscious suggestion, Boards prudent strategic decision and management's successful execution for the same with passion and zeal. Kudos to all of you.

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

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

Thanking you,

Regards,



**Mrs. Rahima Hossain**  
Chairman



# Management Team

Sl.	Name	Designation	Department
1.	Md. Mozaffar Hossain	Managing Director	
2.	Md. Shahazul Islam ACA	Company Secretary	Board Secretariat
3.	Mr. Shahin Ahmed	Chief Financial Officer	Accounts & Finance
4.	Md. Atiqur Rahman Bhuiyan ACMA	Head of Internal Audit	Audit
5.	Md. Tafiqul Islam	Deputy General Manager	Planning & Commercial
6.	Md. Sahal Hossain	Assistant Manager	Procurement
7.	Md. Shakib Shah	Accounts Officer	Accounts & Finance
8.	Md. Mehadi Hasan	Sr. Executive	Audit
9.	Md. Maruf Bin Wali	Sr. Executive	Share
<b>Owner's Representative</b>			
	Mr. Md. Ayenul Hoque	Director (Operation)	Operation

## Pattern of Shareholding and No. of Shareholding as on 30 June 2016

Share Holding Range	Number of Share Holders	No. of Share	Percentage of Share Holding
1 to 500	1,287	292,446	0.33%
501 to 5,000	3,794	4,948,601	5.51%
5,001 to 10,000	419	3,167,477	3.53%
10,001 to 20,000	282	4,115,307	4.58%
20,001 to 30,000	142	3,579,993	3.99%
30,001 to 40,000	72	2,524,250	2.81%
40,001 to 50,000	46	2,107,847	2.35%
50,001 to 100,000	74	4,866,091	5.42%
100,001 to 1,000,000	58	16,566,799	18.45%
1,000,001 to Above	10	47,639,001	53.03%
<b>Total</b>	<b>6,184</b>	<b>89,807,812</b>	<b>100.00%</b>

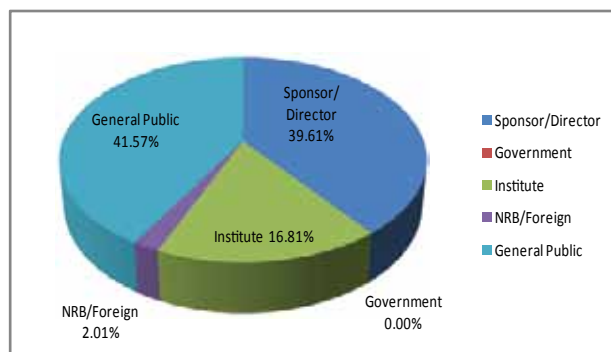
### Top 10 (Ten) Shareholders as on 30 June 2016

SI No	Name Shareholders	No. of Shares Held	% of Holding
1	SIM Fabrics Ltd.	29,612,500	32.97%
2	ICB	5,381,551	5.99%
3	Raisul Hasan	1,998,125	2.22%
4	Rahima Hossain	1,946,015	2.17%
5	Md. Mozaffar Hossain	1,811,250	2.02%
6	Sasheen Hasan	1,636,904	1.82%
7	Mostafizur Rahman	1,491,131	1.66%
8	Phoenix Fin & Investments Ltd.	1,474,821	1.64%
9	Fareast Finance & Investment Ltd.	1,236,704	1.38%
10	Fareast Stocks & Bonds Ltd.	1,050,000	1.17%
<b>Total</b>		<b>18,026,501</b>	<b>53.04%</b>

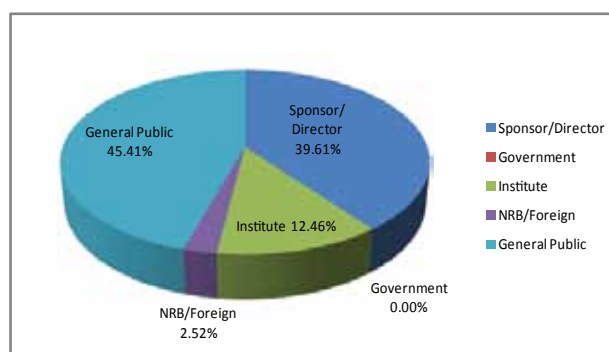
### Shareholding Composition as on 30 June

SI No	Shareholders Group	2016		2015	
		No. of Share	Percentage (%)	No. of Share	Percentage (%)
1	Sponsor/Director	35,569,858	39.61%	30,930,312	39.61%
2	Government	-	0.00%	-	0.00%
3	Institute	5,100,377	16.81%	9,738,309	12.46%
4	NRB/Foreign	1,800,005	2.01%	1,969,053	2.52%
5	General Public	37,337,572	41.57%	35,456,076	45.41%
<b>Total</b>		<b>89,807,812</b>	<b>100.00%</b>	<b>78,093,750</b>	<b>100.00%</b>

Shareholding Composition 2016



Shareholding Composition 2015



# Directors' Report

Dear Shareholders,

Assalamualaikum,

On behalf of the Board of Directors and on my own behalf I welcome you all to 10th Annual General Meeting. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for the FY 2015-2016, Auditors' Report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies ACT 1994, the guideline issued by Bangladesh Securities and Exchanges Commission and Bangladesh Accounting Standards.

## BACKGROUND

Mozaffar Hossain Spinning Mills Limited (here in after referred to as "MHSML" or "the Company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-59784(1791)/05 dated November 29, 2005 as a Private Limited Company by shares namely Mozaffar Hossain Textile Mills Limited. Subsequently the company renamed as Mozaffar Hossain Spinning Mills Limited in December 14, 2011 and the company was emerged as a Public Limited Company on the same date and year. The Authorized capital of the company is Tk. 3,000,000,000 (Three Hundred Crore only) and paid up capital 898,078,120 (Eighty Nine Crore Eighty Lac Seventy Eight Thousand One Hundred Twenty only). The company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the month of January 2014.

## REVENUE

As you are aware that the company is a manufacturer of 100% export oriented woven fabrics cotton yarns, the sale proceeds from yarn stood at 106.10 crores. During the last financial years the textile sector went through the toughest time in recent era both domestically and internationally with the ongoing world recession still continuing and incessant political instability hindering our regular business affairs. Yet the efficient and prudent management of process control has enabled the company to avoid financial catastrophe and earn substantial profit instead.

## FINANCIAL RESULT AND APPROPRIATION OF PROFIT

Particulars	2016	2015
Net Profit after Tax	154,373,254	175,369,270
Profit available for appreciation	212,908,676	154,680,031
Recommended for appropriations (stock dividend @ 00%, last year 15%)	-	117,140,625
Recommended for appropriations (cash dividend @ 05%, last year 00%)	27,118,977	-
Un- appropriated profit carried forward	<b>340,162,953</b>	<b>212,908,676</b>

## Segment-wise or product wise performance

Company operates in single product segment

## Industry outlook and possible future developments in the industry

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

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

### **Risk and concerns**

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

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

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

<b>Profit from Operation</b>	<b>2016</b>		<b>2015</b>	
Cost of Goods Sold	809,639,719	76.30%	856,214,279	75.47%
Gross margin	251,430,251	23.70%	278,256,200	24.53%
Net margin for the year	154,373,254	14.55%	175,369,270	15.46%

### **Discussion on continuity of extra-ordinary gain or loss**

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

### **Related party transactions**

The company has transactions with its mother company which have been disclosed in related party transaction in page no. 54 of the annual report.

### **Significant variance of financial statements**

There is no significant variance in the financial statements during the year ended on 30<sup>th</sup> June 2016.

### **Compliance of Notification No BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.**

#### **1.1 Board Size:**

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

#### **1.2 Independent Directors**

##### **1.2.1 Md. Kamrul Hossain**

In term of the provision under the sub clause the Boards of Directors has appointed Mr. Md. Kamrul Hossain as Independent Director of the company for the period of three years. He has completed Bsc. in Textile Technology, from College of Textile Technology, Dhaka University. He has participated in various seminars, conferences in Bangladesh as a business leader. He has long around 31 year's business experience in the field of business development. He was the

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

### **1.2.2 Md. Alamgir Akando Mintu**

In term of the provision under the sub clause the Boards of Directors has appointed Mr. Md. Alamgir Akando Mintu as Independent Director of the company for the period of three years. He has completed Masters in Management from Dhaka University. As a business leader he has participated in various seminars, conferences in Bangladesh. He has long around 17 year's business experience in the field of business development. He was the

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

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

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

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

### **3.0 Audit Committee**

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

### **4.0 External Statutory Auditors**

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

### **5.0 Subsidiary Company**

The company has no subsidiary company.

### **6.0 Duties of CEO & CFO**

The provision of BSEC regulations has been complied.

### **7.0 Reporting and Compliance of Corporate Governance**

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

### **Directors' Appointment and Re-Appointment**

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

1. Md. Kamrul Hossain
2. Md. Alamgir Akando Mintu

They are however eligible for re-appointment.

### **Share holding of Directors**

The share holding of directors at the end of 30<sup>th</sup> June 2016 is shown as Annexure-II of this report. Directors involved in other companies are shown as Annexure-III.

### **Board Meeting and Attendance**

During the year 11 (Eleven) Board Meetings were held. The attendance record of the directors is as given below

Name of Directors	Attendance
Mrs. Rahima Hossain	06
Md. Mozaffar Hossain	11
Raisul Hasan	11
ASM Rakibul Hasan	10
Md. Sanwar Hossain	11
Md. Kamrul Hossain	04
Md. Alamgir Akando Mintu	03

#### **Director's remuneration**

Director's remuneration is shown in the page no. 52 of the notes to the Financial Statements.

#### **Directors Responsibilities for the Financial Statements**

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

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

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

#### **Contribution to National Exchequer**

During the year the company has contributed Tk. 1.50 crore to the National exchequer as Income tax.

#### **Internal Control**

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

#### **Going Concern**

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

#### **External/Statutory Auditors**

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

- Appraisal or valuation services or fairness opinions.
- Financial information systems design and implementation.
- Book keeping or other services related to the accounting records or financial statement.



- iv. Broker-dealer services.
- v. Actuarial services.
- vi. Internal audit services.

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

#### **Dividend**

The Board of Directors has recommended 5% cash dividend to the general public shareholders other than Sponsors/Directors shareholders for the year ended June 30, 2016 (subject to the approval in the forthcoming AGM) whose names will appear in the share register of the company and/or depository register of CDBL as on record date i.e. 06<sup>th</sup> December, 2016.

#### **Corporate Social Responsibilities**

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

#### **Acknowledgment**

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

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

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

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

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

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2015-2016 and Directors' Report placed before you.

Thanking you,

On behalf of the Board of Directors,



**Mrs. Rahima Hossain**  
Chairman

## CEO & CFO's Declaration to the Board of Directors

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


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

Dear Sir,

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

- (i) We have reviewed the financial statements for the year ended on June 30, 2016 and that to the best of our knowledge and belief;
  - (a) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
  - (b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;
- (ii) There are, to the best of knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

Sincerely yours,



**(Md. Mozaffar Hossain)**  
Managing Director



**(Shahin Ahmed)**  
Chief Financial Officer (CFO)

# Audit Committee Report

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

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

## Terms of Reference

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

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

## Activities

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

## Recommendation

The audit committee recommended to the Board of Directors that:

1. The Financial Statements for the year ended 30 June, 2016 may be approved.
2. Ahmed Zaker & Company, Chartered Accountants be appointed as the auditor of the company for the year ended June 30, 2016 at existing fees including VAT and TAX subject to the approval of the members at the 11th Annual General Meeting of the company.

On behalf of the Audit Committee



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



## MAZUMDAR SIKDER AND ASSOCIATES

Cost & Management Accountants

### CERTIFICATE OF COMPLIANCE ON CORPORATE GOVERNANCE OF MOZAFFAR HOSSAIN SPINNING MILLS LIMITED

We have examined the compliance to the BSEC guidelines on Corporate Governance by **Mozaffar Hossain Spinning Mills Limited** for the year ended 30 June 2016. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, as amended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance on the attached statement of the basis of evidence gathered and representation received.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines is issued by BSEC.

Place-Dhaka.  
Date- November 19, 2016

**Mazumdar Sikder and Associates**  
Cost & Management Accountants

## Annexure-I

### Compliance Report to BSEC's Notification.

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

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.	Board of Directors:			
1.1	Board's Size:The number of the board members shall not be less than 5(Five) and more than 20 (Twenty)	✓		
1.2	Independent Directors:			
1.2(i)	One fifth(1/5) of the total number of directors	✓		
1.2(ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	✓		
1.2(ii) b)	Not connected with any Sponsor/ Director/ Shareholder who hold 1% or more shares of the total paid-up shares on the basis of family relationship	✓		
1.2.(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		
1.2(ii) d)	Not a member, director or officer of any stock exchange.	✓		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
1.2(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of any statutory audit firm.	✓		
1.2(ii) g)	Not be an independent director in more than 3 (three) listed companies.	✓		
1.2(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI.	✓		
1.2(ii) i)	Not been convicted for a criminal offence involving moral turpitude.	✓		
1.2(iii)	Nominated by the board of directors and approved by the shareholders in the AGM.	✓		Term of two independent directors has been expired on 27th August 2016, and BOD has appointed them 2nd term. This will be placed before the shareholders for approval in this AGM.
1.2(iv)	Not remain vacant for more than 90 (ninety) days	✓		
1.2(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be Recorded.	✓		
1.2(vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		

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



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

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

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

## Annexure-II

Sl. No.	Name of Shareholders	Description	Number of share	%
1.	<b>Parent Company</b> SIM Fabrics Limited		29,612,500	32.97
2.	<b>Directors and their spouse</b> Md. Mozaffar Hossain Mrs. Rahima Hossain Raisul Hasan ASM Rakibul Hasan	Managing Director Chairman Director Nominee Director	1,811,250 1,946,015 1,998,125 201,968	2.02 2.17 2.22 0.22
3.	<b>Independent Director, Company Secretary, Chief Financial Officer, Head of Internal Audit</b> Md. Alamgir Akando Mintu Md. Shahazul Islam ACA Shahin Ahmed Md. Atiqur Rahman Bhuiyan ACMA	Independent Director Company Secretary Chief Financial Office Head of Internal Audit	Nil 37,375 Nil Nil	0.04
4.	<b>Executive (Top 5 salaried employees)</b> Md. Ayenul Hoque Md. Tafiqul Islam Md. Atiqur Rahman Bhuiyan ACMA Md. Daud Uddin Md. Rafiqul Islam	Director Operation Deputy General Manager Asst. General Manager Spinning In charge Deputy General Manager	Nil Nil Nil Nil Nil	
5.	<b>Shareholders holding 10% or more voting interest</b>		Nil	
6.	<b>Individual shareholders holding 10% or more voting</b>		Nil	

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

## **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, 2016 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, The 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, 2016 and Income and expenses for the year ended June 30, 2016 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, 2016 and of its financial performance for the year then ended in accordance with Bangladesh Financial Reporting Standards, The Securities & Exchange Rules 1987 and comply with the Companies Act 1994 and other applicable laws and regulations.

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: November 15, 2016

  
Ahmed Zaker & Co.  
Chartered Accountants

**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Financial Position**  
**As at June 30, 2016**

Particulars	Notes	Amount in Taka	
		30.06.2016	30.06.2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		<b>739,205,845</b>	<b>706,073,249</b>
Property, Plant and Equipments	5.00	671,078,399	641,696,103
Capital Work-In-Progress	6.00	68,127,446	64,377,146
<b>INVESTMENT</b>		<b>4,981,778</b>	<b>4,931,545</b>
Investment	7.00	4,981,778	4,931,545
<b>CURRENT ASSETS</b>		<b>1,006,291,727</b>	<b>927,335,956</b>
Inventories	8.00	312,681,632	326,136,767
Accounts Receivable	9.00	525,093,162	437,215,251
Advances, Deposits & Pre-Payments	10.00	147,272,203	148,505,818
Cash and Cash Equivalents	11.00	21,244,730	15,478,120
<b>TOTAL ASSETS</b>		<b>1,750,479,350</b>	<b>1,638,340,750</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>		<b>1,465,913,819</b>	<b>1,311,540,565</b>
Share Capital	12.00	898,078,125	780,937,500
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	367,281,930	330,049,301
<b>LONG TERM LIABILITIES</b>		<b>39,622,307</b>	<b>65,048,795</b>
Long Term Loan Net off Current Maturity	16.00	22,969,134	48,421,400
Deferred Tax Liability	17.00	16,653,173	16,627,395
<b>CURRENT LIABILITIES</b>		<b>244,943,224</b>	<b>261,751,390</b>
Accounts Payable	18.00	18,550,199	28,491,751
Current Portion of Long Term Loan	19.00	12,384,334	12,767,739
Refundable Fund of IPO Subscribers	20.00	7,800,000	8,164,500
Short Term Bank Loan	21.00	77,028,648	115,890,001
Provision for Tax	22.00	86,541,883	60,073,750
Accrued Expenses	23.00	42,638,160	36,363,649
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,750,479,350</b>	<b>1,638,340,750</b>
<b>Net Asset Value Per Share (NAVPS)</b>		<b>16.32</b>	<b>14.60</b>

The accompanying notes 1 to 32 form an integral part of these Financial Statements.

  
**Chief Financial Officer**

  
**Company Secretary**

  
**Director**

  
**Managing Director**

  
**Chairman**

Signed as per annexed report of same date.

Place: Dhaka  
15th November, 2016

  
**Ahmed Zaker & Co.**  
Chartered Accountants



**Mozaffar Hossain Spinning Mills Limited**  
**Statement of Profit or Loss & Other Comprehensive Income**  
**For the year ended June 30, 2016**

Particulars	Notes	Amount in Taka	
		30.06.2016	30.06.2015
Turnover	24.00	1,061,069,970	1,134,470,479
Less: Cost of goods sold	25.00	809,639,719	856,214,279
<b>Gross Profit</b>		<b>251,430,251</b>	<b>278,256,200</b>
Other Income	26.00	4,521,716	524,480
<b>Operating Expenses:</b>		<b>15,944,135</b>	<b>11,790,330</b>
Administrative Expenses	27.00	13,300,807	10,060,966
Marketing and Distribution Expenses	28.00	2,643,328	1,729,364
Profit from Operation		<b>240,007,832</b>	<b>266,990,350</b>
Less: Financial expenses	29.00	57,140,667	50,297,073
<b>Profit before WPPF</b>		<b>182,867,165</b>	<b>216,693,277</b>
Less: Workers profit participation fund 5%		-	10,318,178
<b>Profit before Tax</b>		<b>182,867,165</b>	<b>206,375,099</b>
<b>Income tax expenses:</b>		<b>28,493,911</b>	<b>31,005,829</b>
Current tax		28,468,133	31,623,995
Deferred Tax Expenses/(Income)		25,778	(618,166)
<b>Net Profit after Tax</b>		<b>154,373,254</b>	<b>175,369,270</b>
Other Comprehensive Income			
<b>Total Comprehensive Income</b>		<b>154,373,254</b>	<b>175,369,270</b>
<b>Earning Per Share for the Year</b>	30.00	<b>1.72</b>	<b>2.25</b>
<b>Earning Per Share for the Year (Re-stated)</b>	30.00	<b>1.72</b>	<b>1.95</b>

The accompanying notes 1 to 32 form an integral part of these Financial Statements.

  
**Chief Financial Officer**

  
**Company Secretary**

  
**Director**

  
**Managing Director**

  
**Chairman**

Signed as per annexed report of same date.

Place: Dhaka  
15th November, 2016

  
**Ahmed Zaker & Co.**  
Chartered Accountants

## Mozaffar Hossain Spinning Mills Limited

### Statement of Changes in Equity

For the year ended June 30, 2016

**Amount in Taka**

Particulars	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 01.07.2015	780,937,500	72,845,417	127,708,347	330,049,301	1,311,540,565
Net Profit / (Loss) for the year	-	-	-	154,373,254	154,373,254
Bonus Paid 15% Stock	117,140,625	-	-	(117,140,625)	-
<b>Balance as on 30.06.2016</b>	<b>898,078,125</b>	<b>72,845,417</b>	<b>127,708,347</b>	<b>367,281,930</b>	<b>1,465,913,819</b>

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

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	-	-	-	175,369,270	175,369,270
Bonus Paid 25% Stock	156,187,500	-	-	(156,187,500)	-
Less: Adjustment for deferred Tax			(2,606,293)	-	(2,606,293)
<b>Balance as on 30.06.2015</b>	<b>780,937,500</b>	<b>72,845,417</b>	<b>127,708,347</b>	<b>330,049,301</b>	<b>1,311,540,565</b>

  
**Chief Financial Officer**

  
**Company Secretary**

  
**Director**

  
**Managing Director**

  
**Chairman**

Signed as per annexed report of same date.

Place: Dhaka  
15th November, 2016

  
**Ahmed Zaker & Co.**  
Chartered Accountants

## Mozaffar Hossain Spinning Mills Limited

### Statement of Cash Flows For the year ended June 30, 2016

Particulars	Notes	Amount in Taka	
		30.06.2016	30.06.2015
<b>A. Cash flows from operating activities :</b>			
Collection from Turnover and other Income		977,663,542	1,080,869,010
Payment of tax		(5,835,657)	(7,944,416)
Payment to suppliers, employees & Others		(764,426,022)	(877,602,951)
<b>Net cash flows from/(used) in operating activities</b>		<b>207,401,863</b>	<b>195,321,643</b>
<b>B. Cash flow from investing activities:</b>			
Acquisition of Property, Plant & Equipment		(65,065,039)	(38,591,940)
Capital Work-In-Progress		(16,221,490)	(75,388,533)
Investment		-	(4,920,000)
<b>Net cash flows from/ (used) in Investing Activities</b>		<b>(81,286,529)</b>	<b>(118,900,473)</b>
<b>C. Cash flow from financing activities:</b>			
Received/(Repaid) short term loan		(38,861,353)	(77,973,556)
Refundable fund of IPO subscriber		(364,500)	(2,474,750)
Financial Expenses		(55,287,200)	(54,830,047)
Received/(Repaid) long term loan		(25,835,671)	61,189,139
<b>Net cash flows from/(used) in financing activities</b>		<b>(120,348,724)</b>	<b>(74,089,214)</b>
<b>D. Net Cash Increase/ (Decrease) (A+B+C)</b>		<b>5,766,610</b>	<b>2,331,956</b>
<b>E. Opening cash and cash equivalents at the begining of the year</b>		<b>15,478,120</b>	<b>13,146,164</b>
<b>F. Closing cash and cash equivalents at the end of the year (D+E)</b>		<b>21,244,730</b>	<b>15,478,120</b>
<b>Operating Cash Flow Per Share</b>		<b>2.31</b>	<b>2.17</b>

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

  
Chairman

Signed as per annexed report of same date.

Place: Dhaka  
15th November, 2016

  
**Ahmed Zaker & Co.**  
Chartered Accountants

## **Mozaffar Hossain Spinning Mills Limited**

### **Notes to the Financial Statements**

For the year ended June 30, 2016

#### **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 yarn 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 year, 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. 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, 2016.
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2016.
- iii) Statement of Changes in Equity for the year ended June 30, 2016.
- iv) Statement of Cash Flows for the year ended June 30, 2016.
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial Statements the year ended June 30, 2016.

**4.7 Reporting Year**

The Financial year of the company under audit cover for a year of 12 months effective from 01 July 2015 to June 30, 2016.



#### 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 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 year 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 of an assets has been ceases when it is classified held for sale. 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 30.06.2016 is not materially differing with the carrying amount.

##### CAPITAL WORK-IN-PROCESS

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

#### **4.11 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, 2016 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 year, 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 year or in previous financial statements is recognized in profit or loss in the year 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 year to determine whether there is any indication that an assets may be impaired. If any such indication exists the company assesses the recoverable amount. 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 and 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 15th November, 2016

**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 profit or loss and other 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-32)

**4.25 Corporate Tax****(a) Current Tax**

Provision for current income tax has been made at the rate of 15% as prescribed in the Finance Act, 2015 on the accounting profit made by the Company making some adjustments as per ITO 1984 in compliance with BAS-12 "Income Taxes".

**(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: 20.00) 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 opened a L/C for Tk.163, 871,787 with the Islami Bank Bangladesh Bank in favor of SIM Fabrics Ltd. against sale of Yarn. The above mentioned L/C amount as bill receivable as kept as collateral. Entire amount of loan liabilities subject to set off against the Bill Receivable amount realize within 120 days. The company might have a liability to the extent to which the said bill becomes unrealized. No provision has been made against the liability 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 for the year 2010-2011, 2011-2012, 2012-2013, 2013-2014 is under appeal to the Tribunal against Commissioner of Taxes for Tax holiday facility.

As per decision taken In the 10th AGM and Board of Director's meeting held on 20/12/2015 MHSML has declare 20% Stock Dividend to all the Shareholders but later Considered 15% Stock Dividend to all the Shareholders 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. Decision regarding the remaining 5% dividend payment is awaiting Hon'ble High Court.

#### **4.28 Comparative Information and Rearrangement Thereof**

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.

		Amount in Taka	
		30.06.2016	30.06.2015
<b>5.00</b>	<b>Property, Plant and Equipments</b>		
	<b>Cost:</b>		
	Opening balance at cost	762,181,791	695,701,318
	Add : Addition during the year	77,536,229	66,480,473
		<b>839,718,020</b>	<b>762,181,791</b>
	Add : Disposed / Sold during the year	-	-
	<b>Total</b>	<b>839,718,020</b>	<b>762,181,791</b>
	<b>Depreciation:</b>		
	Opening balance	250,800,328	208,110,551
	Charged during the year	48,153,933	42,689,777
		<b>298,954,261</b>	<b>250,800,328</b>
	<b>Total ( a)</b>	<b>540,763,759</b>	<b>511,381,463</b>
	<b>Revaluation:</b>		
	Opening balance	130,314,640	130,314,640
	Add : Addition during the year	-	-
	<b>Total (b)</b>	<b>130,314,640</b>	<b>130,314,640</b>
	<b>Written Down Value (WDV) (a+b)</b>	<b>671,078,399</b>	<b>641,696,103</b>
	Please refer to Annexure-'A' for further details		
<b>6.00</b>	<b>Capital Work-In-Progress</b>		
	Break-up of this are as follows:		
	Opening Balance	64,377,146	16,877,146
	Addition during the year	16,221,490	75,388,533
	<b>Total</b>	<b>80,598,636</b>	<b>92,265,679</b>
	Acquisition of the Year	(12,471,190)	(27,888,533)
	<b>Closing Balance</b>	<b>68,127,446</b>	<b>64,377,146</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.		
<b>7.00</b>	<b>Investment</b>		
	This represents the followings:		
	Suntech Energy Limited	4,931,545	4,920,000
		4,931,545	4,920,000
	Add: Profit from the Associates	50,233	11,545
	<b>Total</b>	<b>4,981,778</b>	<b>4,931,545</b>
	The company has Invested in Suntech Energy Ltd. Tk. 4,920,000 in compliance with BAS 28 " Investment in Associates" .		
<b>8.00</b>	<b>Inventories</b>		
	Break-up of this item is as follows:		
	<b>Qty. (kg.)</b>		
	Finished Goods:		
	Yarn	328,390	52,463,028
	Work-in-process	256,612	35,932,982
	<b>Raw Materials:</b>	<b>212,737,963</b>	<b>208,924,347</b>
	Virgin Cotton	900,304	113,056,103
	Waste Cotton	1,216,413	99,681,861
	Packing Materials		717,573
	Store Materials		10,830,086
	<b>Tk.</b>	<b>312,681,632</b>	<b>326,136,767</b>



Amount in Taka	
30.06.2016	30.06.2015

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.).

## 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)	525,093,162	437,215,251
VI) The maximum amount of receivable due by any director or other officer of the company	-	-
	<b>525,093,162</b>	<b>437,215,251</b>

### Aging of accounts receivable:

Dues within three months	138,594,970	147,213,245
Dues above three months but within six months	386,498,192	290,002,006
Dues above six months	-	-
	<b>525,093,162</b>	<b>437,215,251</b>

## 10.00 Advances, Deposits & Pre-Payments

Advance against Purchase (Note-10.01)	66,364,317	47,270,861
Advance against Factory Expenses	3,236,638	1,305,818
Advance against L/c for Cotton & Spares Import	57,615,138	84,668,554
Advanced for Consultancy	1,460,000	500,000
Prepaid Insurance	880,000	880,132
Tax deducted at sources	17,716,110	13,880,453
<b>Tk.</b>	<b>147,272,203</b>	<b>148,505,818</b>

## 10.01 Advance against Purchase

Dues within three months	49,773,238	35,453,146
Dues above three months but within six months	13,272,863	9,454,172
Dues above six months	3,318,216	2,363,543
	<b>66,364,317</b>	<b>47,270,861</b>

			Amount in Taka		
			30.06.2016	30.06.2015	
11.00	Cash and Cash Equivalents		6,492,812	171,522	
	Cash in hand		6,492,812	171,522	
	Cash at Banks:		14,751,918	15,306,598	
	IBBL	Mouchak CD-327918	4,851,639	4,006,361	
	IBBL	Mouchak CD-438315	3,476	3,476	
	IBBL	Mouchak Mudaraba Deposit Normal	37,695	43,568	
	IBBL	Mouchak Mudaraba Deposit Special	56,005	2,496,013	
	DBBL	Gausia # 176-120-1733	287,759	238,010	
	Bank Asia	Scotia CD-3534	-	2,155	
	Bank Asia	Scotia CD-36551	-	1,952	
	Habib Bank	Gausia CD- 9240	-	1,000	
	DBBL	Bashundhara # 147-110-5894	231,915	41,236	
	EBL	Principal (for ipo refundable fund)	7,897,824	8,463,727	
	NRB Bank	Gulshan # 00174	5,000	5,000	
	IBBL	Gausia CD-987	3,246	3,246	
	IBBL	Mouchak MDA UR-49	1,377,359	854	
	Tk.		21,244,730	15,478,120	
	12.00	Share Capital:			
This represents the followings:					
Authorised capital:					
300,000,000 ordinary Shares of tk 10/= each		3,000,000,000	3,000,000,000		
Issued subscribed and paid up capital:					
89,807,812.5 ordinary shares of taka 10/= each		898,078,125	780,937,500		
Tk.		898,078,125	780,937,500		
12.01	Share Holding Position:				
	Share holding position is as follows:				
	a) Sponsors	5,957,359.4	6.63%	59,573,593.75	51,803,125
	b) SIM Fabrics Limited	29,612,500.0	32.97%	296,125,000.00	257,500,000
	c) Other Shareholders	54,237,953.1	60.39%	542,379,531.25	471,634,375
		89,807,812.5	100.00%	898,078,125.00	780,937,500
13.00	Revaluation Reserve				
	Opening Balance		130,314,640	130,314,640	
	Add: Related Deferred Tax on Revaluation 2%		(2,606,293)	(2,606,293)	
			127,708,347	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 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		72,845,417	72,845,417	
	Tax Holiday Reserve (30%)		54,634,063	54,634,063	
	Reserve for Investment (10%)		18,211,354	18,211,354	
	B. Add: During the Year		-	-	
	Tax Holiday Reserve (30%)		-	-	
	Reserve for Investment (10%)		-	-	
	Total (A+B)		72,845,417	72,845,417	

		Amount in Taka	
		30.06.2016	30.06.2015
<b>15.00 Retained Earnings</b>			
Opening Balance		330,049,301	310,867,531
Add: Net Profit / (Loss) for the year		154,373,254	175,369,270
<b>Total</b>		<b>484,422,555</b>	<b>486,236,801</b>
Bonus Paid (15% Stock)		(117,140,625)	(156,187,500)
	<b>Tk.</b>	<b>367,281,930</b>	<b>330,049,301</b>
<b>16.00 Long Term Loan</b>			
Outstanding for HPSM		35,353,468	61,189,139
<b>Total</b>		<b>35,353,468</b>	<b>61,189,139</b>
<b>Less:</b> Current portion of Long term loan		(12,384,334)	(12,767,739)
		<b>22,969,134</b>	<b>48,421,400</b>

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 -13.80% 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.

#### 17.00 Deferred Tax

As at 30 June 2016	Carrying amount	Tax base	Taxable/ deductible temporary difference
Property, plant & equipments except land at cost	254,142,448	160,496,582	93,645,866
Revaluation surplus-PPE	130,314,640	-	130,314,640
<b>Total taxable temporary difference</b>	<b>384,457,088</b>	<b>160,496,582</b>	<b>223,960,506</b>
Tax on business income			<b>15%</b>
Tax on capital gain			<b>2%</b>
Closing deferred tax liabilities/(assets)-at cost			14,046,880
Closing deferred tax liabilities/(assets)-at revaluation			2,606,293
<b>Total closing deferred tax liabilities/(assets)</b>			<b>16,653,173</b>
Opening deferred tax liabilities/(assets)-at cost			14,021,102
Opening deferred tax liabilities/(assets)-at revaluation			2,606,293
<b>Total opening deferred tax liabilities/(assets)</b>			<b>16,627,395</b>
Deferred tax expense/(income)-at cost			25,778
Deferred tax expense/(income)-at revaluation			-
<b>Total deferred tax expense/(income)</b>			<b>25,778</b>

As at 30 June 2015	Carrying amount	Tax base	Taxable/ deductible temporary difference
Property, plant & equipments except land at cost	256,559,053	163,085,040	93,474,013
Revaluation surplus-PPE	130,314,640		130,314,640
<b>Total taxable temporary difference</b>	<b>386,873,693</b>	<b>163,085,040</b>	<b>223,788,653</b>
Tax on business income			15%
Tax on capital gain			2%
Closing deferred tax liabilities/(assets)-at cost			14,021,102
Closing deferred tax liabilities/(assets)-at revaluation			2,606,293
<b>Total closing deferred tax liabilities/(assets)</b>			<b>16,627,395</b>
Opening deferred tax liabilities/(assets)-at cost			14,639,268
Opening deferred tax liabilities/(assets)-at revaluation			
<b>Total opening deferred tax liabilities/(assets)</b>			<b>14,639,268</b>
Deferred tax expense/(income)-at cost			(618,166)
Deferred tax expense/(income)-at revaluation			2,606,293
<b>Total deferred tax expense/(income)</b>			<b>1,988,127</b>

Amount in Taka		
	30.06.2016	30.06.2015
<b>18.00 Accounts Payable</b>		
Trade Creditors (Annexure-C)	6,048,055	19,691,520
Bills Payable (Annexure-C)	12,502,144	8,800,231
	<b>18,550,199</b>	<b>28,491,751</b>
<b>19.00 Current portion of long term loan</b>		
Outstanding for HPSM	12,384,334	12,767,739
	<b>12,384,334</b>	<b>12,767,739</b>
<b>20.00 Refundable fund of IPO subscribers</b>		
Refund warrant to IPO subscribers	7,800,000	8,164,500
	<b>7,800,000</b>	<b>8,164,500</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.

<b>21.00 Short term bank loan</b>		
<b>Islami Bank Bangladesh Limited Mouchak Br.</b>		
Loan against Local purchase (MTR)	43,623,648	79,100,000
L/C Liability for Import Merchandise (MURA)	33,405,000	36,790,001
<b>Total short term loan of Islami bank Bangladesh Ltd.</b>	<b>77,028,648</b>	<b>115,890,001</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 - 13.80% 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	
			30.06.2016	30.06.2015
<b>22.00</b>	<b>Provision for Income tax</b>			
<b>22.01</b>	<b>Current Tax</b>			
	Profit Before Tax		182,867,165	206,375,099
	Less: Other Income		(4,521,716)	(524,480)
	Add: Accounting Depreciation		48,153,933	42,689,777
	Less: Tax Depreciation		(40,010,301)	(38,568,654)
	Taxable Income for the year		<b>186,489,081</b>	<b>209,971,742</b>
	Rate of Tax		<b>15%</b>	<b>15%</b>
	Tax on business		27,973,362	31,495,761
	Add: 10 % Tax on Capital Gain		415,400	-
	Add: 25 % Tax on Other Income		79,371	128,234
	<b>Total Provision for the year</b>		<b>28,468,133</b>	<b>31,623,995</b>
<b>22.01</b>	<b>Provision for Tax</b>			
	Opening Balance		60,073,750	32,149,755
	Add: during the year		28,468,133	31,623,995
	<b>Total</b>		<b>88,541,883</b>	<b>63,773,750</b>
	Less: Tax Paid		2,000,000	3,700,000
	<b>Closing Balance</b>		<b>86,541,883</b>	<b>60,073,750</b>
<b>23.00</b>	<b>Accrued Expenses</b>			
	Audit fees		125,000	115,000
	Salaries & Allowances		3,330,173	6,530,665
	Gas Bill		12,337,111	4,675,584
	TDS, VAT & Others		238,365	277,962
	Store materials		1,732,619	1,743,013
	WPPF Payable		19,669,992	19,669,992
	Accrued Interest		5,204,900	3,351,433
		<b>Tk.</b>	<b>42,638,160</b>	<b>36,363,649</b>
<b>24.00</b>	<b>Turnover</b>			
		<b>Qty. (kg.)</b>	<b>Rate</b>	
	Yarn 20's	3,808,545	190.00	723,623,550
	Yarn 16's	1,517,850	180.00	273,213,000
	Yarn 12's	254,850	169.25	43,134,040
	Yarn 10's	116,400	160.84	18,722,005
	Yarn 6's	19,600	121.29	2,377,375
		<b>5,717,245</b>		<b>1,061,069,970</b>
<b>25.00</b>	<b>Cost of Goods Sold</b>			
	Opening Work-in-Process		42,431,441	26,875,763
	Raw materials consumed (Note-25.01)		640,179,818	801,946,853
	Accessories & Stores Consumed (Note-25.02)		12,865,927	16,412,228
	Packing Materials Consumed (Note-25.03)		8,005,418	8,985,918
	Factory overhead (Note-25.04)		134,562,686	96,182,246
	Closing Work-in-Process		(35,932,982)	(42,431,441)
	<b>Cost of Production</b>		<b>802,112,308</b>	<b>907,971,567</b>
	Opening stock of Finished Goods		65,247,191	19,411,493
	<b>Cost of Goods Available for Sale</b>		<b>867,359,499</b>	<b>927,383,060</b>
	Closing stock of Finished Goods		(52,463,028)	(65,247,191)
	Wastage Sales		(5,256,752)	(5,921,590)
	<b>Cost of Goods Sold</b>		<b>809,639,719</b>	<b>856,214,279</b>

		Amount in Taka	
		30.06.2016	30.06.2015
<b>25.01 Raw Materials Consumption</b>			
Opening Raw Materials		208,924,347	250,689,641
Purchase during the year		643,993,434	760,181,559
Available for use		<b>852,917,781</b>	<b>1,010,871,200</b>
Closing Raw Materials		(212,737,963)	(208,924,347)
		<b>640,179,818</b>	<b>801,946,853</b>
<b>25.02 Accessories &amp; Stores Consumption</b>			
Opening Accessories & Stores		9,262,324	8,352,559
Purchase during the year		14,433,689	17,321,993
Available for use		<b>23,696,013</b>	<b>25,674,552</b>
Closing Accessories & Stores		(10,830,086)	(9,262,324)
		<b>12,865,927</b>	<b>16,412,228</b>
<b>25.03 Packing Materials Consumption</b>			
Opening Packing Materials		271,464	261,886
Purchase during the year		8,451,527	8,995,496
Available for use		<b>8,722,991</b>	<b>9,257,382</b>
Closing Packing Materials		(717,573)	(271,464)
		<b>8,005,418</b>	<b>8,985,918</b>
<b>25.04 Factory Overhead</b>			
Gas Bill		41,625,897	21,396,699
Salary & Wages		42,024,552	28,589,349
Repair & Maintenance		1,341,095	1,632,591
Factory Insurance		960,132	1,106,679
Sundry Carrying Charges		315,980	737,961
Sundry daily labor charges		438,474	278,631
Medical & other Expenses		12,115	59,551
Depreciation		47,844,441	42,380,785
	<b>Tk.</b>	<b>134,562,686</b>	<b>96,182,246</b>
<b>26.00 Other Operating Income</b>			
Interest on Bank Account		317,483	512,935
Share Investment Income (Fareast Stock & Bond Ltd.)		4,154,000	-
Profit from Associate		50,233	11,545
	<b>Tk.</b>	<b>4,521,716</b>	<b>524,480</b>
<b>27.00 Administrative Expenses</b>			
Salary and Allowances		3,168,572	2,991,272
Bonus		1,000,410	521,500
Audit Fees		125,000	115,000
Managing Director Remuneration		1,200,000	600,000
Director's Remuneration		2,977,500	2,215,000
Board Meeting Fees		176,000	240,000
Entertainment		214,597	470,525
Traveling and Conveyance		84,497	240,640
House & Office rent		780,000	780,000
Telephone (mobile)		83,150	93,400
Fuel, newspaper & other Expenses		3,181,589	1,484,637
Depreciation		309,492	308,992
	<b>Tk.</b>	<b>13,300,807</b>	<b>10,060,966</b>



Amount in Taka	
30.06.2016	30.06.2015

**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	1,200,000	600,000
Director's Remuneration	2,977,500	2,215,000
Board Meeting Fees	208,000	240,000

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

**28.00 Marketing, Selling & Distribution Expenses**

Salaries and Allowances	314,400	314,400
Advertisement	818,562	925,837
Business Development	400,000	165,000
Export Expenses	250,000	58,722
Sample & other Expenses	860,366	265,405
<b>Tk.</b>	<b>2,643,328</b>	<b>1,729,364</b>

**29.00 Financial Expenses**

Bank Charges and Commission	1,828,544	1,088,843
Interest on HPSM investment	6,866,403	977,063
Interest in BAI Murabah	12,016,854	11,961,763
Interest on MDB Loan	18,937,243	21,586,068
Interest on Murabaha TR	16,186,733	14,683,336
Interest on MPI	1,304,890	-
<b>Tk.</b>	<b>57,140,667</b>	<b>50,297,073</b>

**30.00 Basic Earning Per Share**

Net Profit for the year	<b>154,373,254</b>	<b>175,369,270</b>
No. of Shares	89,807,813.5	78,093,750
No. of Shares (Re-stated)	89,807,813.5	89,807,814
<b>Earning Per Share for the Year</b>	<b>1.72</b>	<b>2.25</b>
<b>Earning Per Share for the Year (Re-stated)</b>	<b>1.72</b>	<b>1.95</b>

**30.01 Net Profit for the year (Excluding Other Income)**

No. of Shares ( Re-Stated)	89,807,814	89,807,814
Earning per share excluding other income	<b>1.67</b>	<b>1.95</b>

**31.00 General:**

**31.01 Claims not Acknowledged**

There is no claim against the Company not acknowledged as debt as on 30.06.2016

**31.02 Credit Facilities not Availed**

There is no credit facilities extended to the Company but nor availed of as on 30.06.2016, under any contract, other than trade credit available in the ordinary course of business.

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

No commission, brokerage or discount was incurred or paid by the Company against sales during the year ended 30.06.2016.

**31.04 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) .

**31.05 Employees Details:**

During the year there were 402 permanent employees employed for the full year. All employees received salary Taka 5,000 per month and above.

**31.06 Rounding Off**

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

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

To facilitate comparison, certain relevant balances pertaining to the previous year has been rearranged or re-stated or reclassified whenever considered necessary to conform to current years presentation. During the year previous year figures for profit from Associate Tk. 590,547 is rectified By Tk. 11,545. The changes of the above effects has Tk. .0074 on EPS for 2015.

**31.08 Events after the Reporting Period**

Subsequent to the Statement of Financial Position date, the Board of Directors in their meeting held on 15th November, 2016 recommended 5% cash dividend to the General Public Shareholders other than Sponsor/Directors Shareholders for the year ended 30th June 2016. The proposed dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

**31.09 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		267,858,636	376,134,798	643,993,434	725,971,320
Packing Materials		8,451,527	-	8,451,527	8,005,418
Spare Parts		14,433,689	-	14,433,689	12,865,927

**Value of Export**

Particular	In Foreign Currency USD	In BDT
Export	\$ 13,603,461.15	1,061,069,970

**31.10 Details of capacity has given below**

Particular	Licence Capacity	Installed Capacity	Actual Production
Annual Production (kg)	6,600,000	6,600,000	5,672,985

**32.00 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	4,177,500
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value applicable.	176,000
(c)	Other allowances and commission including guarantee commission	Nil
(d)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
(e)	Share Based payments	Nil

**b) Transaction with Related Entity:**

Sl.	Name of Customer	Relationship	Balance as at 01.07.2015	Addition during the Year	Realized during the Year	Balance as at 30.06.2016
(a)	SIM Fabrics Limited yarn sale	Common Management	437,215,251	1,061,069,970	973,192,059	525,093,162
	<b>Total</b>		<b>437,215,251</b>	<b>1,061,069,970</b>	<b>973,192,059</b>	<b>525,093,162</b>

**c) Transaction with Related Entity:**

Sl.	Name of Customer	Relationship	Balance as at 01.07.2015	Addition during the Year	Realized during the Year	Balance as at 30.06.2016
(a)	SIM Fabrics Limited (land transferred against shares)	Common Management	250,000,000	-	-	250,000,000
	<b>Total</b>		<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, 2016

Annexure A  
Amount in Taka

Cost:

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2016
	As at July 01, 2015	Addition During the year	As at 30.06.2016		As at July 01, 2015	Addition During the year	As at 30.06.2016	
Land & Land Dev.	254,822,410	31,798,901	286,621,311	-	-	-	-	286,621,311
Factory Building	107,074,165	12,471,190	119,545,355	5%	22,111,145	5,680,334	27,791,479	91,753,876
Plant & Machinery	397,195,297	33,246,138	430,441,435	10%	227,750,761	42,164,107	269,914,868	160,526,567
Vehicle	1,641,000	-	1,641,000	10%	328,200	164,100	492,300	1,148,700
Furniture & Fixture	1,448,919	20,000	1,468,919	10%	610,222	145,392	755,614	713,305
<b>Balance as on 30.06.2016</b>	<b>762,181,791</b>	<b>77,536,229</b>	<b>839,718,020</b>		<b>250,800,328</b>	<b>48,153,933</b>	<b>298,954,261</b>	<b>540,763,759</b>
<b>Balance as on 30.06.2015</b>	<b>695,701,318</b>	<b>66,480,473</b>	<b>762,181,791</b>		<b>208,110,551</b>	<b>42,689,777</b>	<b>250,800,328</b>	<b>511,381,463</b>

Revaluation:

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2016
	As at July 01, 2015	Addition During the year	As at 30.06.2016		As at July 01, 2015	Addition During the year	As at 30.06.2016	
Land & Land Dev. 130,314,640	-	130,314,640	-	-	-	-	130,314,640	
<b>Balance as on 30.06.2016</b>	<b>130,314,640</b>	<b>-</b>	<b>130,314,640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,314,640</b>
<b>Balance as on 30.06.2015</b>	<b>130,314,640</b>	<b>-</b>	<b>130,314,640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,314,640</b>
<b>Balance as on 30.06.2016</b>	<b>892,496,431</b>	<b>77,536,229</b>	<b>970,032,660</b>		<b>250,800,328</b>	<b>48,153,933</b>	<b>298,954,261</b>	<b>671,078,399</b>
<b>Balance as on 30.06.2016</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>

Depreciation Charged To-

Administrative Cost	309,492
Manufacturing Cost	47,844,441
<b>Total</b>	<b>48,153,933</b>

**Mozaffar Hossain Spinning Mills Limited**  
**Annexure of Accounts Receivable**  
**For the year ended June 30, 2016**

**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:

**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:

<b>Amount in Taka</b>				
<b>Name of Customer</b>	<b>Balance as at 01.07.2015</b>	<b>Addition during the year</b>	<b>Realized during the year</b>	<b>Balance as at 30.06.2016</b>
SIM Fabrics Limited	437,215,251	1,061,069,970	973,192,059	525,093,162
Sub-total	437,215,251	1,061,069,970	973,192,059	525,093,162
<b>Total</b>	<b>437,215,251</b>	<b>1,061,069,970</b>	<b>973,192,059</b>	<b>525,093,162</b>

## Mozaffar Hossain Spinning Mills Limited

### Schedule of Trade Creditors

For the year ended June 30, 2016

Annexure No. - C

#### Trade Creditors:

Amount in Taka

Name of Supplier	Balance as at 01.07.2015	Payment during the Year	Purchase during the Year	Balance as at 30.06.2016
AB Enterprise	4,649,216	270,368,580	267,858,636	2,139,272
Deferred LC against virgin cotton	14,021,382	386,247,397	376,134,798	3,908,783
Sinha Enterprise	998,378	998,378	-	-
Cotton Bezz	22,544	22,544	-	-
<b>Sub Total (A)</b>	<b>19,691,520</b>	<b>657,636,899</b>	<b>643,993,434</b>	<b>6,048,055</b>

#### Bills Payable:

Amount in Taka

Name of Supplier/ Service Provider	Balance as at 01.07.2015	Payment during the Year	Bill during the Year	Balance as at 30.06.2016
Bills Payable Staff	199,457	1,088,535	975,173	86,095
3N Printers	158,543	250,000	305,139	213,682
Abdullah Techo Trade	24,000	-	-	24,000
Ali Refrigeration	-	-	30,800	30,800
Alpha Capital Management	1,010	-	-	1,010
Arthosuchak.com	-	-	7,000	7,000
Amreen Refrigeration	115,000	115,000	-	-
Axis Engineering	15,710	40,110	55,760	31,360
Authentic Color Ltd	-	23,000	82,552	59,552
Automation Eng. Works	-	1,073,144	1,235,936	162,792
Badal Enterprise	-	50,000	184,762	134,762
Bangla Trac Limited	327,970	246,980	178,234	259,224
Bangla Trac Limited Store	-	562,064	712,228	150,164
Bangla Trac Limited Service	-	-	16,000	16,000
BBS Cables	60,849	907,602	1,215,730	368,977
Bengal Roots	45,165	395,434	434,781	84,512
Bestair Engineering	54,250	108,500	108,500	54,250
Bhuiya Trading	-	-	201,403	201,403
Beximco Online	13,800	31,050	31,050	13,800
Bismillah Paper Products	239,885	250,000	205,173	195,058
Bushra Corporation	-	-	8,000	8,000
Bank Bima Arthonity	-	10,000	10,000	-
Bangladesh Association of Public Listed Co.	-	-	30,000	30,000
Bangladesh Chartered Accountancy Hostel	-	-	7,500	7,500
Bangla Courier Service	-	1,200	1,200	-
Bashundhara Courier Service	-	1,200	1,200	-
Cargo Control Group	185,518	150,000	160,834	196,352
Chemtex B.D	-	80,000	229,800	149,800



Confidence Associates Ltd	164,811	164,811	32,811	32,811
Capital Market Courier Service	-	1,200	1,200	-
Central Depository Bangladesh	-	-	226,861	226,861
Coolteck Bangladesh	-	-	33,000	33,000
Delzan Enterprise	52,415	40,000	-	12,415
Chittagong Stock Exchange	90,000	90,000	721,862	721,862
City Express	6,000	6,000	-	-
Dhaka Stock Exchange	433,331	433,331	721,862	721,862
Dhaka wood House	56,194	49,758	-	6,436
Dohar Engineering Works	8,720	8,720	-	-
Ekushey Express	3,000	4,200	1,200	-
Enviro Enginiering	122,950	200,000	198,250	121,200
Eastland Insurance Co. Ltd.	-	23,844	23,844	-
Express Insurance Ltd.	-	-	6,684	6,684
Fahim Transport Agency	109,600	246,200	157,700	21,100
Faith Courier Service	3,000	3,000	-	-
Galaxy Corporation	20,000	200,000	201,750	21,750
Haque Engeneering Workshop	90,192	90,192	-	-
Harun Metal Eng. Workshop	70	70	-	-
Hazrat Shahjalal Shahparan Ent.	-	2,500	2,500	-
Insaf Trading	41,000	25,000	-	16,000
Islamia Commercial Insurance	-	45,551	132,742	87,191
Industrial Electronics Solution	-	57,500	127,500	70,000
Jamalpur Shipping Lines	384,768	399,213	14,445	-
Junayet Metalic	-	-	8,750	8,750
J.S Courier Service	-	-	600	600
Kabir Hossain	5,000	-	-	5,000
KDH Engineering Works	-	35,000	35,000	-
Mahin Enterprise & Packaging	-	-	111,592	111,592
Mamun Traders	-	51,760	51,760	-
Mazumdar Sikder	-	25,000	25,000	-
Meghna Insurance Co. Ltd.	-	54,511	54,511	-
Meghna Metal	-	60,350	98,190	37,840
Mahi Trade	84,835	84,835	7,200	7,200
Mati Enterprise	-	-	80,620	80,620
Minarva Engineering Works	218,086	218,086	278,086	278,086
Mitali Agency	-	-	41,899	41,899
Mita Engineers Ltd.	-	24,420	344,643	320,223
Mollah & Sons	21,786	-	36,504	58,290
M.S Enterprise	-	-	-	-
New Asia Ltd.	9,540	22,469	19,930	7,001
New Mokka Trading	385,604	599,890	301,780	87,494
Noor Jutex Industries	-	-	27,000	27,000
Olympic Express	-	-	1,200	1,200
Peoples Insurance Co. Ltd	5,801	5,801	-	-
Provati Insurance Company Limited	96,476	96,476	-	-
Patwary Express Courier Service	-	1,200	1,200	-
Rahman Enterprise	18,434	18,434	-	-
Rofiq & Brothers	60,000	600,000	540,000	-

Rotation Engineering Ltd.	-	-	71,071	71,071
Rapid PR	11,500	-	-	11,500
Real Tech Engineering	16,372	123,717	107,345	-
Reyan Machineries	831,100	200,000	336,350	967,450
Riya Enterprise	112,000	252,000	269,000	129,000
R.K Enterprise	877,022	-	-	877,022
RM Courier Services	11,569	14,894	3,325	-
Rofiqul Enterprise	-	50,000	600,000	550,000
Raida Drinking Water	-	-	12,116	12,116
Sayeed Enterprise	-	860,137	861,048	911
Shahin Alam Enterprise	-	399,420	405,917	6,497
Shama Trading	-	-	8,500	8,500
Shah Jalal Courier	3,000	4,200	1,200	-
Shandha Enterprise	-	-	79,638	79,638
ShareBazar news .com	-	10,000	30,000	20,000
ShareBiz Kortcha	54,500	217,000	162,500	-
Shewly Enterprise	113,700	170,000	561,400	505,100
Safety Source	10,950	10,950	-	-
Shelter	5,600	5,600	-	-
Selim Enterprise	-	-	8,700	8,700
Showrob Enterprise	-	137,500	145,500	8,000
Simul Traders	804,487	975,500	1,051,000	879,987
Slogan Communication	-	150,787	150,788	1
Somoy Express Ltd.	-	1,200	1,200	-
S.R Shipping Agency	-	281,633	385,371	103,738
Star Lamp Courier Service	-	1,200	1,200	-
Step Transmission	16,145	47,145	84,550	53,550
Sumaya Enterprise	193,200	211,890	18,690	-
Suntech Energy	667,000	-	-	667,000
Suntech Energy Party	-	35,000	237,350	202,350
Tanbir Sabbir Enterprise	-	170,000	450,000	280,000
Tanvir Enterprise	-	36,500	36,500	-
Tecnological Machine & Spares Ltd.	-	-	22,000	22,000
Touch Paper Product	405,943	1,150,000	1,284,904	540,847
United Trade Centre	27,000	61,000	84,500	50,500
Uttaran Paper Product	706,373	350,000	410,233	766,606
UCAS -	43,565	43,565	-	-
Vision Express	-	1,200	1,200	-
3 Star Service Centre	-	-	22,000	22,000
<b>Sub Total (B)</b>	<b>8,800,231</b>	<b>15,345,179</b>	<b>19,047,092</b>	<b>12,502,144</b>
<b>Total (A+B)</b>	<b>28,491,751</b>	<b>672,982,078</b>	<b>663,040,526</b>	<b>18,550,199</b>



**Mozaffar Hossain Spinning Mills Limited**  
House # 315, Road # 04, DOHS, Baridhara, Dhaka-1206

### PROXY FORM

I/we \_\_\_\_\_ being a member(s) of **Mozaffar Hossain Spinning Mills Limited** do hereby appoint Mr/Mrs \_\_\_\_\_ of \_\_\_\_\_ as my / our Proxy to attend and vote on behalf of me / us at the **11th Annual General Meeting** of the Company to be held on **Thursday, the 29th December, 2016 at 10.30 A.M** at the DOHS Baridhara Convention Center, Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment, Dhaka-1206 and any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Folio No. ....	BO A/C No.																		
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Signature of the Proxy with Date

No. of Share(s)

Revenue Stamp  
for Tk. 20.00  
(Twenty) only

Signature of the Member with Date

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



**Mozaffar Hossain Spinning Mills Limited**  
House # 315, Road # 04, DOHS, Baridhara, Dhaka-1206

### Attendance Slip

I do hereby submit the Attendance Slip in connection with the **11th Annual General Meeting** of **Mozaffar Hossain Spinning Mills Limited** held today **Thursday, the 29th December, 2016 at 10.30 A.M** at the DOHS Baridhara Convention Center, Baridhara DOHS Parishad, DOHS Baridhara, Dhaka Cantonment, Dhaka-1206.

Full Name of the Member : .....

Folio No. ....	BO A/C No.																		
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No. of Share(s) .....

Dated : .....

Full Name of the Attorney/ Proxy .....

Signature of the Proxy

Signature of the Member

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