

Mozaffar Hossain Spinning Mills Limited

Statement of Financial Position (Un-Audited)

As at September 30, 2015

Particulars	Notes	Amount in Taka	
		30.09.2015	30.06.2015
ASSETS			
NON-CURRENT ASSETS			
		702,875,477	706,073,249
Property, Plant and Equipments	5.00	638,498,331	641,696,103
Capital Work-In-Progress	6.00	64,377,146	64,377,146
INVESTMENT			
		5,510,547	5,510,547
Investment	7.00	5,510,547	5,510,547
CURRENT ASSETS			
		990,854,573	927,335,956
Inventories	8.00	313,836,906	326,136,767
Accounts Receivable	9.00	521,834,577	437,215,251
Advances, Deposits & Pre-Payments	10.00	140,958,118	148,505,818
Cash and Cash Equivalents	11.00	14,224,972	15,478,120
TOTAL ASSETS		<u>1,699,240,597</u>	<u>1,638,919,752</u>
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY			
		1,387,023,750	1,314,725,862
Share Capital	12.00	780,937,500	780,937,500
Revaluation Reserve		130,314,640	130,314,640
Tax Holiday Reserve	13.00	72,845,417	72,845,417
Retained Earnings	14.00	402,926,193	330,628,305
LONG TERM LIABILITIES			
		54,944,722	62,442,502
Long Term Loan Net Off Current Maturity	15.00	41,428,072	48,421,400
Deferred Tax Liability		13,516,650	14,021,102
CURRENT LIABILITIES			
		257,272,125	261,751,388
Accounts Payable	16.00	20,184,422	28,506,751
Workers profit participation fund		23,922,829	19,669,992
Current portion of long term loan	17.00	20,654,911	12,767,739
Refundable fund of IPO subscribers	18.00	8,044,500	8,164,500
Short Term Bank loan	19.00	91,180,905	115,890,001
Provision for Tax	20.00	73,337,049	60,073,748
Accrued Expenses	21.00	19,947,509	16,678,657
TOTAL EQUITY & LIABILITIES		<u>1,699,240,597</u>	<u>1,638,919,752</u>
Net Asset Value Per Share (NAVPS)		17.76	16.84

The accompanying notes 1 to 30 form an integral part of these Financial Statements.

Chief Financial Officer

Company Secretary

Director

Managing Director

Signed as per annexed report of same date.

Place: Dhaka

October 29, 2015

Mozaffar Hossain Spinning Mills Limited
Statement of Comprehensive Income (Un-Audited)
For the three months period ended September 30, 2015

Particulars	Notes	Amount in Taka	
		30.09.2015	30.09.2014
Turnover	22.00	405,970,471	336,534,939
Less: Cost of goods sold	23.00	302,687,266	252,734,818
Gross Profit		103,283,205	83,800,121
Other Income	24.00	3,383	188,276
Operating Expenses:		2,867,423	3,543,643
Administrative Expenses	25.00	2,099,684	2,696,721
Marketing and Distribution Expenses	26.00	767,739	846,922
Profit from Operation		100,419,165	80,444,754
Less: Financial expenses	27.00	11,109,591	12,884,783
Profit before WPPF		89,309,574	67,559,971
Less: Workers profit participation fund 5%		4,252,837	3,217,141
Profit before Tax after WPPF		85,056,737	64,342,830
Income tax expenses:		12,758,849	9,674,959
Current tax		13,263,301	10,251,482
Deferred Tax Expenses/(Income)		(504,452)	(576,523)
Net Profit after Tax Transferred to Equity		72,297,888	54,667,871
Earning Per Share for the period	28.00	0.93	0.70
Earning Per Share for the period (Re-stated)	28.00	0.81	0.61

The accompanying notes 1 to 30 form an integral part of these Financial Statements.

Chief Financial Officer

Company Secretary

Director

Managing Director

Signed as per annexed report of same date.

Place: Dhaka
October 29, 2015

Mozaffar Hossain Spinning Mills Limited
Statement of Changes in Equity (Un-Audited)
For the three months period ended September 30, 2015

Particulars	Amount in Taka				
	Share Capital	Tax holiday Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on 30.06.2015	780,937,500	72,845,417	130,314,640	330,628,305	1,314,725,862
Net Profit / (Loss) for the period	-	-	-	72,297,888	72,297,888
Balance as on 30.09.2015	780,937,500	72,845,417	130,314,640	402,926,193	1,387,023,750

Statement of Changes in Equity
For the three months period ended September 30, 2014

Particulars	Amount in Taka				
	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 period	-	-	-	54,667,871	54,667,871
Tax Holiday Reserve	-	-	-	-	-
Balance as on 30.09.2014	624,750,000	72,845,417	130,314,640	365,535,402	1,193,445,459

Chief Financial Officer

Company Secretary

Director

Managing Director

Signed as per annexed report of same date.

Place: Dhaka
 October 29, 2015

Mozaffar Hossain Spinning Mills Limited
Statement of Cash Flows (Un-Audited)
For the three months period ended September 30, 2015

Particulars	Notes	Amount in Taka	
		30.09.2015	30.09.2014
A. Cash flows from operating activities :			
Collection from Turnover and other Income		321,354,528	343,546,992
Payment of tax		(870,213)	(2,000,000)
Payment to suppliers, employees & Others		(279,486,974)	(309,752,624)
Net cash flows from/(used) in operating activities		<u>40,997,341</u>	<u>31,794,368</u>
B. Cash flow from investing activities:			
Acquisition of Property, Plant & Equipment		(4,714,383)	(85,000)
Capital Work-In-Progress		(3,581,879)	-
Net cash flows from/ (used) in Investing Activities		<u>(8,296,262)</u>	<u>(85,000)</u>
C. Cash flow from financing activities:			
Received/(Repaid) short term loan		(24,709,096)	(20,330,732)
Refundable fund of IPO subscriber		(120,000)	(1,301,250)
Financial Expenses		(10,018,975)	(12,884,783)
Received/(Repaid) long term loan		893,844	-
Net cash flows from/(used) in financing activities		<u>(33,954,227)</u>	<u>(34,516,765)</u>
D. Net Cash Increase/ (Decrease) (A+B+C)		<u>(1,253,148)</u>	<u>(2,807,397)</u>
E. Opening cash and cash equivalents at the begining of the period		<u>15,478,120</u>	<u>13,146,164</u>
F. Closing cash and cash equivalents at the end of the period (D+E)		<u>14,224,972</u>	<u>10,338,767</u>
Operating Cash Flow Per Share		0.52	0.51

Chief Financial Officer

Company Secretary

Director

Managing Director

Signed as per annexed report of same date.

Place: Dhaka
October 29, 2015

Mozaffar Hossain Spinning Mills Limited
Notes to the Financial Statements
For the 3 month period ended September 30, 2015

1.0 Legal Status of the Company

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

Registered office of the company

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

2.0 Nature of Business Activities

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

3.0 Risk Exposure

3.1 Interest Rate Risk

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

Management perception:

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

3.2 Exchange Rate Risk

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

Management Perception:

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

3.3 Industry Risks

(a) Market demand:

The products of MHSML are sold both in international markets. Any economic recession, changes in tastes and fashions of the consumers, national income and other related factors may cause to decline the market demand of the company products.

Management Perception:

MHSML always gives values to its customers' satisfaction and changes in tastes and fashion. Therefore its expert team promptly dedicates their creativity and research work to respond any changes in customers demand and product diversifications.

(b) Competition:

MHSML is operating in a free market economy regime. The company might have to face stiff competition from its competitors:

Management Perception:

Bangladesh is the prime source of cheapest garments in the world, earning comparative advantages for its industries over their global competitors. In addition, the management of MHSML employs their efficiencies; expertise and discretions to minimize the cost of its products.

(c) Rising of Raw Materials costs:

The cost of yarn and other chemicals are rising gradually and drastically round the year. It may hamper the profitability of the company to a greater extent.

Management Perception:

MHSML is aware of the continuing market situation of its raw materials. The management of MHSML believes that long term planning for raw material management, exploring number of global markets, job wise costing for its finished products and trustworthy relations with the suppliers and mitigate the risk of rising of materials cost.

3.4 Risks steaming from technological changes:

Changes in technologies may reduce the cost efficiency of the company.

Management perception:

MHSML applies the latest technology in the dyeing process in the production. The machineries and equipment of the company are also the latest invention in the sector which is imported from renowned manufacturers of the world.

3.5 Other risk factors:

(a) Political Unrest:

Bangladesh is prone to serious unrest in the political condition embraced by Hartal, Road-Block and many other politicized barriers to the business. Due to these factors it would stem the cost of the product upwards.

Management Perception:

During the last forty one years of post independence period, Bangladesh has gone through a variety of political situations. But presently, a sound political atmosphere is prevailing in the country. Both the ruling and opposition parties are committed to the betterment of the country. Last democratic national assembly election and local council polls are instances of peaceful political situation in Bangladesh.

(b) Possible slowdown in economic growth in Bangladesh:

Our performance and growth are dependent on the sound health of the Bangladesh economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, commodity and energy prices and various other factors. Any significant change may adversely affect our business and economy significantly.

Management Perception:

Bangladesh economy is booming for last few years. Consistent industrial growth along with increased agricultural production has made the Per Capita Income higher than that of recent years. In addition, favorable government policies and industry friendly policies by other regulatory bodies have proved to be congenial to the economy of the country.

(c) Natural calamities:

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

Management perception:

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

4.0 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 September 30, 2015.
- ii) Statement of Comprehensive Income for the 3 month period ended September 30, 2015.
- iii) Statement of Changes in Equity for the 3 month period ended September 30, 2015.
- iv) Statement of Cash Flows for the 3 month period ended September 30, 2015.
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial Statements for the 3 month period ended September 30, 2015.

4.7 Reporting Period

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

4.8 Inventories

Inventories comprises of Raw materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been valued at average cost. Work-in-Process has been valued at prime cost basis as required by IAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at cost of material and other production overhead attributable to bringing the goods to the stage of sale under the convention of BAS-2.

4.9 Revenue

Revenue represents the invoice value of goods supplied to customers during the year. Revenue from sale of goods is recognized in the statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the buyer. Sales are recognized when delivery certificate is raised against confirmed orders.

4.10 Property, Plant and Equipment

Initial Recognition and measurement

Property, plant and equipment are capitalized at cost of acquisition and subsequently stated at cost or valuation less accumulated depreciation in compliance with the requirements of BAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties, non-refundable taxes and un-allocated expenditures etc. The land and land developments with an effect as on June 30, 2011 have been revalued by an independent valuer to reflect fair value (prevailing market price) thereof following "Current Cost Method".

Subsequent Costs

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

Depreciation on Fixed Assets

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Depreciation of an asset begins when it is available for use. Depreciation is charged on all fixed assets except land and land developments on **Straight Line method**. Rates of depreciation are noted below:

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

Vehicle	10%
Furniture and Fixture	10%

The gain or loss on disposal or retirement of assets is included statement of comprehensive income when the item is disposed off/derecognized.

The fair value of the property, plant and equipment on 30.06.2015 is not materially differing with the carrying amount.

CAPITAL WORK-IN-PROCESS

As per decision of the Board, the company has undertaken an 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 Comprehensive Income.

Basic earnings:

This represents earnings for the period ended September 30, 2015 attributable to the ordinary shareholders.

Basic earnings per share:

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

Diluted Earnings Per Share:

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares, without inflow of resources to the Company against such issue. This is in compliance with the requirement of BAS – 33.

4.14 Foreign Currency Transactions

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of BAS 21: The Effects of Changes in Foreign Exchange Rates are determined as under:

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

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

4.15 Impairment of Assets

All assets, except inventory, arising from construction contracts and financial assets is assessed at the end of each reporting period to determine whether there is any indication that an assets may be impaired. If any such indication exists the company assesses the recoverable amount. If,

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

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

4.16 Borrowing Cost

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of fund and are recognized as an expense in the year in which it incurs.

4.17 Authorization date for issuing Financial Statements

The financial statements were authorized for issue by Board of Directors on October 29, 2015

4.18 Reporting Currency

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

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

The Preparation of Financial Statements in conformity with Bangladesh Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses, assets and liabilities and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. Due to inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

In accordance with the guidelines in BAS – 37: “Provisions, Contingent Liabilities and Contingent Assets”, provisions are recognized in the following situations: -

- When the company has an obligation as a result of past events;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the operation.

4.20 Accruals & Deferrals

Deferrals and accruals have been made as per the guidance in BAS- 1 Presentation of Financial Statements. In order to meet their objectives, Financial Statements, except for cash flow statement and related information, are prepared on accrual basis of accounting. Under the basis, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the Financial Statements of the years to which they relate.

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

4.21 Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to the statement of comprehensive income.

4.22 Financial Instruments

Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, borrowings and other payables and are shown at transaction cost.

Initial recognition

An entity recognizes a financial assets or liabilities in its statement of financial position when, and only when, the entity becomes a party to the contractual provision of the instrument and subsequently recognized at their Amortized Cost.

Bills receivable are recognized at cost or net realizable value from the ordinary course of sales in the market whichever is lower. Bills receivables from foreign currency transactions are

recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with BAS-21: The Effects of Changes in Foreign Exchange Rates.

4.23 Segment Reporting

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

4.24 Related Party Disclosures

The information as required by BAS 24: "Related party Disclosure" has been disclosed separately in notes to the financial statements. (Note-31)

4.25 Corporate Tax

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

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

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

(b) Tax Holiday

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

(c) Deferred Tax

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

4.26 Contingent Assets and Liabilities

A contingent asset is disclosed when it is a possible that asset arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is disclosed when it is a possible obligation that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The company has no contingent assets or liabilities which require disclosure under BAS: 37. Contingent assets and contingent liabilities are not recognized in the financial statements except the balance amount of IPO subscription money shown in (Note: 18.00) yet to be refundable.

A contingent assets is disclosed as per BAS 37, where an inflow of or economic benefits is probable. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

The Company has received letter of credits accepted by SIM Fabrics Ltd. against sales of yarn worth Tk. 190,488,367 the L/C was opened with Islami Bank Bangladesh Limited, Mouchak Branch. A short term loan amount to Tk. 190,488,367 was sanctioned by Islamic Bank Bangladesh Ltd. Keeping above mentioned Bill Receivable as collateral. The entire amount of loan liabilities has been set off against that Bill Receivable which is subject to realization upon 120 days. The company might have a liability to the extent to which the said bill becomes unrealized. No provision against that liability has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

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

4.27 Comparative Information

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

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

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

		Amount in Taka	
		30.09.2015	30.06.2015
5.00 Property, Plant and Equipments			
Land & Land Development		385,137,050	385,137,050
Factory Building		88,280,046	84,963,020
Plant & Machinery		163,006,986	169,444,536
Vehicle		1,271,775	1,312,800
Furniture & Fixture		802,474	838,697
	Tk.	638,498,331	641,696,103

Please refer to Annexure-'A' for further details

6.00 Capital Work-In-Progress

Break-up of this are as follows:

Opening Balance		64,377,146	16,877,146
Addition during the period		-	75,388,533
Total		64,377,146	92,265,679
Acquisition for the period		-	(27,888,533)
Closing Balance	Tk.	64,377,146	64,377,146

Capital work in progress represents the cost incurred to acquire and/or construct items of property, plant and equipment that are not ready for use. CWIP is measured at cost.

7.00 Investment

This represents the followings:

Suntech Energy Limited		5,510,547	4,920,000
Add: Profit from Associate		-	590,547
Total	Tk.	5,510,547	5,510,547

8.00 Inventories

Break-up of this item is as follows:

		Qty. (kg.)	
Finished Goods:			
Yarn	10,900	1,650,633	65,247,191
Working-in-process	401,332	52,422,451	42,431,441
Raw Materials:			
		250,099,990	208,924,347
Virgin Cotton	967,541	135,382,047	106,232,924
Waste Cotton	1,131,949	114,717,943	102,691,423
Packing Materials		587,183	271,464
Store Materials		9,076,649	9,262,324
	Tk.	313,836,906	326,136,767

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

9.00 Accounts Receivable

Please refer to Annexure: B for details

Amount in Taka	
30.09.2015	30.06.2015

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)	521,834,577	437,215,251
VI) The maximum amount of receivable due by any director or other officer of the company	-	-
	521,834,577	437,215,251
Aging of accounts receivable:		
Dues within three months	405,970,471	147,213,245
Dues above three months but within six months	115,864,106	290,002,006
Dues above six months	-	-
	521,834,577	437,215,251
10.00 Advances, Deposits & Pre-Payments		
Advance against Purchase (Note-10.01)	59,737,088	47,270,861
Advance against Factory Expenses	2,982,688	1,305,818
Advance against L/C for Cotton & Spares Import	56,117,458	84,668,554
Advanced for Consultancy	500,000	500,000
Prepaid Insurance	640,096	880,132
Deffered Revenue expenses	6,230,122	-
Tax deducted at sources	14,750,666	13,880,453
	140,958,118	148,505,818
	Tk.	
10.01 Advance against Purchase		
Dues within three months	44,802,816	35,453,146
Dues above three months but within six months	11,947,418	9,454,172
Dues above six months	2,986,854	2,363,543
	59,737,088	47,270,861
11.00 Cash and Cash Equivalents		
Cash in hand:	1,105,270	171,522
Cash at Banks:	13,119,702	15,306,598
IBBL Mouchak CD-327918	211,043	4,006,361
IBBL Mouchak CD-438315	3,476	3,476
IBBL Mouchak Mudaraba Deposit Normal	1,487,319	43,568
IBBL Mouchak Mudaraba Deposit Special	1,351,713	2,496,013
DBBL Gausia # 176-120-1733	20,241	238,010
Bank Asia Scotia CD-3534	2,155	2,155
Bank Asia Scotia CD-36551	1,952	1,952
Habib Bank Gausia CD- 9240	1,000	1,000
DBBL Bashundhara # 147-110-5894	27,976	41,236

			Amount in Taka	
			30.09.2015	30.06.2015
EBL	Principal	(for ipo refundable fund)	8,343,727	8,463,727
NRB Bank	Gulshan	# 00174	5,000	5,000
IBBL	Gausia	CD-987	3,246	3,246
IBBL	Mouchak	MDA UR-49	1,660,854	854
Tk.			14,224,972	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:				
78,093,750 ordinary shares of taka 10/= each			780,937,500	780,937,500
Tk.			780,937,500	780,937,500
12.01 Share Holding Position:				
Share holding position is as follows:				
a) Sponsors	5,180,313	6.63%	51,803,125	51,803,125
b) SIM Fabrics Limited	25,750,000	32.97%	257,500,000	257,500,000
c) Other Shareholders	47,163,438	60.39%	471,634,375	471,634,375
	<u>78,093,750</u>	100.00%	<u>780,937,500</u>	<u>780,937,500</u>
13.00 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
Tk.			72,845,417	72,845,417
14.00 Retained Earnings				
Details are as follows:				
Opening Balance			330,628,305	310,867,531
Net Profit / (Loss) for the period			72,297,888	175,948,274
Total			402,926,193	486,815,805
Bonus Paid (25% Stock)			-	(156,187,500)
Retained Earnings			<u>402,926,193</u>	<u>330,628,305</u>
Tk.			402,926,193	330,628,305
15.00 Long Term Loan				
Outstanding for HPSM			62,082,983	61,189,139
Total			62,082,983	61,189,139
Less: Current portion of Long term loan			20,654,911	12,767,739
			<u>41,428,072</u>	<u>48,421,400</u>

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

Amount in Taka	
30.09.2015	30.06.2015

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
- C. 183.16 decimal project land alongwith 65,411 sft. Factory building vide FSV 139.50 million
- D. Personal Guarantee of all Directors of the Project Companies & Mortgages of their

16.00 Accounts Payable

Trade Creditors (Annexure-C)	11,814,183	19,691,520
Bills Payable (Annexure-C)	8,370,239	8,815,231
	20,184,422	28,506,751

17.00 Current portion of long term loan

Outstanding for HPSM	20,654,911	12,767,739
	20,654,911	12,767,739

18.00 Refundable fund of IPO subscribers

Refund warrant to IPO subscribers	8,044,500	8,164,500
	8,044,500	8,164,500

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

19.00 Short term bank loan

Islami Bank Bangladesh Limited Mouchak Br.

Loan against Local purchase (MTR)	59,000,000	79,100,000
L/C Liability for Import Merchandise (MURA)	32,180,905	36,790,001
Total short term loan of Islami bank Bangladesh Ltd.	91,180,905	115,890,001

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

1. Purpose of Investment - To purchase/import raw materials for the project.
2. Period of Investment - 01 (one) year on revolving basis.
3. Rate of return - 14.00% per annum or the rate to be determined by the bank from time to
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
 - C. 183.16 decimal project land alongwith 65,411 sft. Factory building vide FSV 139.50 million
 - D. Personal Guarantee of all Directors of the Project Companies & Mortgages of their individual properties.

20.00 Provision for Income tax

Opening Balance	60,073,748	32,149,755
Add: During the year	13,263,301	31,623,993
Total	73,337,049	63,773,748
Less: Tax Paid	-	3,700,000
Closing Balance	Tk. 73,337,049	60,073,748

21.00 Accrued Expenses

Audit fees	143,750	115,000
Salaries & Allowances	7,105,181	6,530,665

		Amount in Taka	
		30.09.2015	30.06.2015
	Gas Bill	5,910,469	4,675,584
	TDS, VAT & Others	247,181	262,962
	Store materials	2,098,879	1,743,013
	Accrued Interest	4,442,049	3,351,433
	Tk.	19,947,509	16,678,657
22.00 Turnover			
	Qty. (kg.)	Rate	
	Yarn 20's	1,606,700	204.05
	Yarn 16's	337,350	200.20
	Yarn 12's	34,050	192.50
	Yarn 10's	21,800	184.80
	Yarn 7's	-	-
		1,999,900	405,970,471
			336,534,939
23.00 Cost of Goods Sold			
	Opening Work-in-Process	42,431,441	26,875,763
	Raw materials consumed (Note-23.01)	218,260,238	206,079,507
	Accessories & Stores Consumed (Note-23.02)	2,731,225	5,407,251
	Packing Materials Consumed (Note-23.03)	1,791,953	3,716,589
	Factory overhead (Note-23.04)	26,464,313	26,719,576
	Closing Work-in-Process	(52,422,451)	(26,916,383)
	Cost of Production	239,256,719	241,882,303
	Opening stock of Finished Goods	65,247,191	19,411,493
	Cost of Goods Available for Sale	304,503,910	261,293,796
	Closing stock of Finished Goods	(1,650,633)	(6,644,540)
	Wastage Sales	(166,011)	(1,914,438)
	Cost of Goods Sold	302,687,266	252,734,818
		25.44%	24.90%
23.01 Raw Materials Consumption			
	Opening Raw Materials	208,924,347	250,689,641
	Purchase during the year	259,435,881	238,794,235
	Available for use	468,360,228	489,483,876
	Closing Raw Materials	(250,099,990)	(283,404,369)
		218,260,238	206,079,507
23.02 Accessories & Stores Consumption			
	Opening Accessories & Stores	9,262,324	8,352,559
	Purchase during the year	2,545,550	6,730,250
	Available for use	11,807,874	15,082,809
	Closing Accessories & Stores	(9,076,649)	(9,675,558)
		2,731,225	5,407,251
23.03 Packing Materials Consumption			
	Opening Packing Materials	271,464	261,886
	Purchase during the year	2,107,672	3,914,349
	Available for use	2,379,136	4,176,235
	Closing Packing Materials	(587,183)	(459,646)
		1,791,953	3,716,589

		Amount in Taka	
		30.09.2015	30.06.2015
23.04	Factory Overhead		
	Gas Bill	4,904,343	5,700,759
	Salary & Wages	9,107,676	9,984,118
	Repair & Maintenance	520,735	278,570
	Factory Insurance	240,036	312,500
	Sundry Carrying Charges	145,220	256,375
	Sundry daily labor charges	129,517	61,840
	Medical & other Expenses	-	35,280
	Depreciation	11,416,786	10,090,134
	Tk.	26,464,313	26,719,576
24.00	Other Operating Income		
	Interest on Bank Account	3,383	188,276
	Tk.	3,383	188,276
25.00	Administrative Expenses		
	Salary and Allowances	678,994	726,381
	Bonus	110,161	161,500
	Audit Fees	28,750	28,750
	Managing Director Remuneration	150,000	150,000
	Director's Remuneration	585,000	510,000
	Board Meeting Fees	40,000	60,000
	Entertainment	118,969	239,388
	Traveling and Conveyance	22,569	168,225
	House & Office rent	195,000	195,000
	Telephone (mobile)	19,800	28,500
	Fuel, newspaper & other Expenses	73,193	352,479
	Depreciation	77,248	76,498
	Tk.	2,099,684	2,696,721
	Payment/ Perquisites to Directors and officers		
	The aggregate amount paid/ provided during the period in respect of Directors and officers of the company as defined in the Bangladesh Securities and Exchange Rules 1987 are disclosed below :		
	Particulars		
	Managing Director Remuneration	150,000	150,000
	Director's Remuneration	585,000	510,000
	Board Meeting Fees	40,000	60,000
	During the period 02 (Two) Board meetings were held .		
26.00	Marketing, Selling & Distribution Expenses		
	Salaries and Allowances	78,600	78,600
	Advertisement	262,500	459,600
	Business Development	40,000	60,000
	Export Expenses	-	58,722
	Sample & other Expenses	386,639	190,000
	Tk.	767,739	846,922

		Amount in Taka	
		30.09.2015	30.06.2015
27.00	Financial Expenses		
	Bank Charges and Commission	532,080	286,708
	Interest on HPSM investment	1,970,918	-
	Interest in BAI Murabah	2,307,473	3,426,354
	Interest on MDB Loan	2,710,465	4,226,831
	Interest on Murabaha TR	3,588,655	4,944,890
	Tk.	11,109,591	12,884,783
28.00	Basic Earning Per Share		
	Net Profit for the year	72,297,888	54,667,871
	No. of Shares	78,093,750	78,093,750
	No. of Shares (Re-stated)	89,807,813	89,807,813
	Earning Per Share for the period	0.93	0.70
	Earning Per Share for the Year (Re-stated)	0.81	0.61

29.00 General:

29.01 Claims not Acknowledged

There is no claim against the Company not acknowledged as debt as on 30.09.2015

29.02 Credit Facilities not Availed

There is no credit facilities extended to the Company but not availed of as on 30.09.2015, under any contract, other than trade credit available in the ordinary course of business.

29.03 Commission, Brokerage or Discount Against Sales

No commission, brokerage or discount was incurred or paid by the Company against sales during the year ended 30.09.2015.

29.04 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) .

29.05 Employees Details:

During the period there were 420 permanent employees employed for the full year all employees received salary Taka 5,000 per month and above.

29.06 Rounding Off

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

29.07 Rearrangement of Last Year's Figures

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

29.08 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	118,426,328	141,009,553	259,435,881	218,260,238	
Packing Materials	2,107,672	-	2,107,672	1,791,953	
Spare Parts	2,545,550	-	2,545,550	2,731,225	

Value of Export

Particular	In Foreign Currency USD	In BDT
Export	\$ 5,204,749.63	405,970,471

29.09 Details of capacity has given below

Particular	Licence Capacity	Installed Capacity	Actual Production
Annual Production (kg)	6,600,000	6,600,000	1,638,150

30.00 Related Party Disclosure

a) Transaction with Key Management Personnel of the entity:

No.	Particulars	Value in Tk.
(a)	Managerial Remuneration paid or payable during the period to the directors, including Managing directors or manager	735,000
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value applicable.	40,000
(c)	Other allowances and commission including guarantee commission	Nil
(d)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest	Nil
(e)	Share Based payments	Nil

b) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2015	Addition during the period	Realized during the period	Balance as at 30.09.2015
(a)	SIM Fabrics Limited yarn sale	Common Management	437,215,251	405,970,471	321,351,145	521,834,577
	Total		437,215,251	405,970,471	321,351,145	521,834,577

c) Transaction with Related Entity:

Sl.	Name of Customer	Relationship	Balance as at 01.07.2015	Addition during the period	Realized during the period	Balance as at 30.09.2015
(a)	SIM Fabrics Limited (land transferred against shares)	Common Management	250,000,000	-	-	250,000,000
	Total		250,000,000	-	-	250,000,000

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

Annexure A
Amount in Taka

Particulars	COST			Rate of Dep.	DEPRECIATION			Written down value as at 30.09.2015
	As at July 01, 2015	Addition during the period	As at 30.09.2015		As at July 01, 2015	Addition during the period	As at 30.09.2015	
Land & Land Dev.	385,137,050	-	385,137,050	-	-	-	385,137,050	
Factory Building	107,074,165	4,714,383	111,788,548	5%	22,111,145	1,397,357	88,280,046	
Plant & Machinery	397,195,297	3,581,879	400,777,176	10%	227,750,761	10,019,429	163,006,986	
Vehicle	1,641,000	-	1,641,000	10%	328,200	41,025	1,271,775	
Furniture & Fixture	1,448,919	-	1,448,919	10%	610,222	36,223	802,474	
Balance as on 30.06.2015	892,496,431.00	8,296,262	900,792,693		250,800,328	11,494,034	638,498,331	

Depreciation Charged To-

Administrative Cost	77,248
Manufacturing Cost	11,416,786
Total	<u>11,494,034</u>

Mozaffar Hossain Spinning Mills Limited
Annexure of Accounts Receivable
For the three months period ended September 30, 2015

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 due by Common management:

The debtors occurred in the ordinary course of business are considered good. The details of Accounts Receivable are given below:

Name of Customer	Amount in Taka			
	Balance as at 01.07.2015	Addition during the period	Realized during the period	Balance as at 30.09.2015
SIM Fabrics Limited	437,215,251	405,970,471	321,351,145	521,834,577
Total	437,215,251	405,970,471	321,351,145	521,834,577
Sub-Total	437,215,251	405,970,471	321,351,145	521,834,577

Mozaffar Hossain Spinning Mills Limited

Schedule of Trade Creditors

For the 3 month period ended 30th September 2015

Annexure No. - C

Trade Creditors:

Amount in Taka

Name of Supplier	Balance as at 01.07.2015	Payment during the period	Bill during the period	Balance as at 30.09.2015
AB Enterprise	4,649,216	52,536,000	54,026,328	6,139,544
Cotton Bezz	22,544	23,963,100	23,940,556	-
Deferred LC against virgin cotton	14,021,382	149,994,674	141,009,553	5,036,261
Sinha Enterprise	998,378	360,000	-	638,378
Sub Total (A)	19,691,520	226,853,774	218,976,437	11,814,183

Bills Payable:

Amount in Taka

Name of Supplier/Service Provider	Balance as at 01.07.2015	Payment during the period	Bill during the period	Balance as at 30.09.2015
Bills Payable staff	199,457	436,899	238,675	1,233
3N Printers	158,543	200,000	72,710	31,253
Abdullah Techo Trade	24,000	-	-	24,000
Ahmed zaker & Co.	15,000	-	-	15,000
Alpha Capital Management	1,010	-	-	1,010
Amreen Refrigeration	115,000	115,000	-	-
Axis Engineering	15,710	15,710	-	-
Bangla Trac Limited	327,970	246,980	178,234	259,224
BBS Cables	60,849	60,800	1,215,730	1,215,779
Bengal Roots	45,165	45,165	-	-
Bestair Engineering	54,250	54,250	-	-
Beximco Online	13,800	13,800	10,350	10,350
Bismillah Paper Products	239,885	150,000	-	89,885
Cargo Control Group	185,518	150,000	-	35,518
Chittagong Stock Exchange	90,000	90,000	-	-
City Express	6,000	6,000	-	-
Confidence Associates Ltd	164,811	150,000	36,000	50,811
Delzan Enterprise	52,415	40,000	-	12,415
Dhaka Stock Exchange	433,331	-	-	433,331
Dhaka Wood House	56,194	-	-	56,194
Dohar Engineering Works	8,720	8,720	-	-
Ekushey Express	3,000	-	-	3,000
Enviro Engineering	122,950	200,000	198,250	121,200
Fahim Transport Agency	109,600	135,000	101,000	75,600
Faith Courier Service	3,000	3,000	-	-
Galaxy Corporation	20,000	-	-	20,000
Haque Engeneering Workshop	90,192	90,192	-	-
Harun Metal Eng. Workshop	70	70	-	-
Hazrat Shah Jalal Shah Poran Ent.	-	2,500	2,500	-
Insaf Trading	41,000	-	-	41,000
Islamia Commercial Insurance	-	6,662	24,451	17,789

Jamalpur Shipping Lines	384,768	134,000	14,445	265,213
Kabir Hossain	5,000	-	-	5,000
Meghna Metal	-	8,800	13,940	5,140
Mahi Trade International	84,835	84,835	-	-
Minarva Engineering Works	218,086	218,086	-	-
Mollah & Sons	21,786	-	15,012	36,798
New Asia Ltd	9,540	9,540	-	-
New Mokka Trading	385,604	435,440	135,440	85,604
Peoples Insurance Co. Ltd	5,801	5,801	-	-
Provati Insurance Company Limited	96,476	96,476	-	-
Rahman Enterprise	18,434	18,434	-	-
Rapid PR	11,500	-	-	11,500
Real Tech Engineering	16,372	123,717	107,345	-
Reyan Machineries	831,100	-	-	831,100
Riya Enterprise	112,000	112,000	-	-
R. K Enterprise	877,022	-	-	877,022
Rofiq & Brothers	60,000	-	540,000	600,000
RM Courier Services	11,569	11,569	-	-
Safety Source	10,950	10,950	-	-
Shahin Alam Enterprise	-	373,500	375,667	2,167
Shah Jalal Courier	3,000	-	-	3,000
Shanda Enterprise	-	-	79,638	79,638
ShareBiz Kortcha	54,500	125,000	132,500	62,000
Shelter	5,600	5,600	-	-
Shewly Enterprise	113,700	170,000	333,400	277,100
Showrob Enterprise	-	137,500	141,000	3,500
Simul Traders	804,487	950,000	718,500	572,987
Slogan Communication	-	100,000	110,000	10,000
Step Transmission	16,145	17,145	4,000	3,000
SR Shipping Agency	-	181,633	295,021	113,388
Sumaya Enterprise	193,200	120,000	-	73,200
Suntech energy Party	-	35,000	134,250	99,250
Suntech energy	667,000	-	-	667,000
Touch Paper Products	405,943	750,000	837,596	493,539
Tanbir Sabbir Enterprise	-	170,000	300,000	130,000
United Trade Center	27,000	44,000	17,000	-
Uttaran Paper Products	706,373	300,000	98,563	504,936
UCAS	-	-	43,565	43,565
Sub Total (B)	8,815,231	6,969,774	6,524,782	8,370,239
Total (A+B)	28,506,751	233,823,548	225,501,219	20,184,422