

Monno Ceramic Industries Ltd.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying Statement of Financial Position of MONNO CERAMIC INDUSTRIES LIMITED as of June 30, 2015 and the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows together with the notes 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 Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and 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.

Auditors' responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider 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 expression an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles 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 opinion.

Opinion:

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of June 30, 2015 and of the results of its operations and its cash flows for the year then ended and comply with the applicable section of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The company's Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows dealt with by the report are in agreement with the books of accounts; and
- d) The expenditure incurred was for the purposes of the company's business.

Dhaka,
Dated : October 27, 2015

SD/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

Monno Ceramic Industries Ltd.

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2015

		(Amount in Taka)	
Particulars	Notes	30.06.2015	30.06.2014
ASSETS			
NON-CURRENT ASSETS		2,267,282,507	2,274,486,284
Property, Plant and Equipment - At cost Less Depreciation	11.00	2,154,086,548	2,161,290,325
Investments	12.00	113,195,959	113,195,959
CURRENT ASSETS		783,381,023	793,939,068
Inventories	13.00	333,780,837	347,164,704
Trade & other Receivables	14.00	142,648,497	146,096,915
Advance, Deposits & Pre-payments	15.00	297,895,682	271,192,189
Cash and cash Equivalents	16.00	9,056,007	29,485,260
TOTAL ASSETS	Taka	3,050,663,530	3,068,425,352
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY		2,275,832,775	2,277,808,859
Issued and Paid-up Share Capital	17.01	239,280,200	239,280,200
Revenue Reserve & Surplus	18.00	2,036,552,575	2,038,528,659
NON-CURRENT LIABILITIES		11,863,330	17,772,138
Long Term Loan (Secured)	19.00	-	4,734,152
Deferred Liability	20.00	11,863,330	13,037,986
CURRENT LIABILITIES		762,967,425	772,844,355
Short Term Borrowings	21.00	430,469,590	376,786,535
Long Term Loans (Current portion)	22.00	2,311,589	16,744,000
Trade & other Payables	23.00	101,689,557	120,402,375
Accrued Expenses	24.00	20,771,388	24,619,082
Unclaimed Dividend	25.00	11,699,095	10,421,553
Provision for Income Tax (Current & deferred)	26.00	28,130,724	26,489,909
Liabilities for other Finance	27.00	167,895,482	197,380,901
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	Taka	3,050,663,530	3,068,425,352
Net Assets Value per share		95.11	95.19

The annexed notes from 01 to 49 form an integral part of the financial statements.

Approved and authorized for issue by the Board of Directors on October 27, 2015 and signed for and on behalf of the Board.

SD/-
MD.EKRAMUL HOQUE
COMPANY SECRETARY

SD/-
AFROZA KHAN
MANAGING DIRECTOR

SD/-
H. R. KHAN
CHAIRMAN

Subject to our separate report
of even date.

Dhaka,
Dated : October 27, 2015

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Monno Ceramic Industries Ltd.

STATEMENT OF COMPREHENSIVE INCOME For the year ended June 30, 2015

Particulars	Notes	Amount in Taka	
		30.06.2015	30.06.2014
Net Revenue	28.00	757,385,343	692,427,630
Cost of Goods Sold	29.00	(617,334,682)	(546,208,372)
Gross Profit		140,050,661	146,219,258
Operating Expenses		(84,313,319)	(76,899,954)
Administrative Expenses	30.00	(47,454,061)	(42,461,414)
Selling and Distribution Expenses	31.00	(36,859,258)	(34,438,540)
Profit from Operations		55,737,342	69,319,304
Finance cost	32.00	(50,790,590)	(65,608,938)
Net Profit Before Contribution to WPPF		4,946,752	3,710,366
Contribution to WPPF & WF	33.00	(235,560)	(176,684)
Net Profit Before Tax		4,711,192	3,533,682
Income Tax Provision (Current & deferred)	26.00	(1,640,815)	(989,293)
Net Profit after Tax	Taka	3,070,377	2,544,389
Basic Earnings per share (Par value Tk.10.00)	34.00	0.13	0.11

The annexed notes from 01 to 49 form an integral part of the financial statements.

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Monno Ceramic Industries Ltd.

STATEMENT OF CHANGES IN EQUITY For the year ended June 30, 2015

For the Year-2013-2014

(Amount in Taka)

Particulars	Share capital	Dividend equalisation reserve	General reserve	Capital Reserve	Revaluation Surplus	Retained Earning	Proposed Dividend	Total
Balance, July 01, 2013	239,280,200	21,700,000	149,491,999	9,081,550	1,817,737,370	66,036,592	5,046,460	2,308,374,170
Transferred to Dividend Payable	-	-	-	-	-	-	(5,046,460)	(5,046,460)
Depreciation on Revaluation of Assets	-	-	-	-	(28,063,240)	-	-	(28,063,240)
Net Profit for the year	-	-	-	-	-	2,544,389	-	2,544,389
Transferred to Dividend Payable	-	-	-	-	-	(5,046,460)	5,046,460	-
At the end of the year	239,280,200	21,700,000	149,491,999	9,081,550	1,789,674,130	63,534,521	5,046,460	2,277,808,859

For the Year-2014-2015

(Amount in Taka)

Particulars	Share capital	Dividend equalisation reserve	General reserve	Capital Reserve	Revaluation Surplus	Retained Earning	Proposed Dividend	Total
Balance, July 01, 2014	239,280,200	21,700,000	149,491,999	9,081,550	1,789,674,130	63,534,521	5,046,460	2,277,808,859
Transferred to Dividend Payable	-	-	-	-	-	-	(5,046,460)	(5,046,460)
Depreciation on Revaluation of Assets	-	-	-	-	(26,787,266)	26,787,266	-	-
Net Profit for the year	-	-	-	-	-	3,070,377	-	3,070,377
At the end of the year	239,280,200	21,700,000	149,491,999	9,081,550	1,762,886,864	93,392,163	-	2,275,832,776

The annexed notes from 01 to 49 form an integral part of the financial statements.

Approved and authorized for issue by the Board of Directors on October 27, 2015 and signed for and on behalf of the Board.

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of even date annexed.

Dhaka,
Dated : October 27, 2015

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CHARTERED ACCOUNTANTS

Monno Ceramic Industries Ltd.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2015

<u>Particulars</u>	<u>Note</u>	<i>Amount in Taka</i>	
		30.06.2015	30.06.2014
Cash Flows from Operating Activities:		(11,196,197)	36,325,049
Cash Receipts from Customers and Others		760,833,761	719,230,195
Cash Paid to Suppliers, Employees and others		(724,168,212)	(628,116,747)
Interest Paid		(47,861,746)	(54,788,399)
Cash Flows from Investing Activities		(38,805,974)	(6,847,113)
Acquisition of Property, Plant and Equipment		(38,805,974)	(6,847,113)
Cash Flows From Financing Activities:		29,572,918	(23,785,243)
Decrease in Long Term Borrowings		(19,166,563)	(14,575,216)
Increase/ (Decrease) in Short Term Borrowings		53,683,055	(5,390,432)
Dividend Paid		(3,768,918)	(3,668,592)
Deferred Liability		(1,174,656)	(151,003)
Increase/(Decrease) in cash & cash equivalents		(20,429,253)	5,692,693
Cash and Cash Equivalents at Beginning of year		29,485,260	23,792,567
Cash and Cash Equivalents at end of year	16.00	9,056,007	29,485,260
Net operating cash flows per share		(0.47)	1.52

The annexed notes from 01 to 49 form an integral part of the financial statements.

Approved and authorized for issue by the board of directors on October 27, 2015 and signed for and on behalf of the Board.

SD/-
MD.EKRAMUL HOQUE
COMPANY SECRETARY

SD/-
AFROZA KHAN
MANAGING DIRECTOR

SD/-
H. R. KHAN
CHAIRMAN

Subject to our separate report
of even date annexed.

Dhaka,
Dated : October 27, 2015

SD/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

Monno Ceramic Industries Ltd.

Notes to the Financial Statements **As at and for the year ended June 30, 2015**

1.00. Corporate History of the Reporting Entity

Monno Ceramic Industries Limited (The Company) was incorporated in Bangladesh on 21st April, 1981 as a Public Limited Company under The Companies Act, 1913. The Company went for public issue of shares in 1985 and its shares are listed with the Dhaka Stock Exchange Limited & Chittagong Stock Exchange Limited since 1983 and 1995.

The principal place of business of the company and its registered office and the factory is situated at Islampur, Dhamrai, Dhaka-1350.

2.00. Corporate Business

The Company owns and operates modern ceramic wares factory and produces high quality **Porcelain tableware** products and sells them in the local as well as International Markets.

3.00. Corporate Financial Statements and Reportings

Financial statements which comprise Statement of Financial Position as of June 30, 2015 and Statement of Comprehensive Income, Statement of Changes in Shareholders Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Financial statements are prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and the International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as well as those standards, disclosures recommended by BASs and as applicable to this company.

The Management of the Company primarily responsible for the preparation and presentation of the financial statements including adequate disclosures. The Board of Directors approved and authorized for issue of these financial statements.

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at the date of the reporting period. Due to the inherent uncertainty involved in making estimates, actual result reported could differ from those estimates.

4.00. Fundamental Accounting Concepts/Assumption

The financial statements have been prepared based on Going concern, Consistency concept, Accrual concept and such other convention as required by BAS-1 for fair presentation of financial statements.

Monno Ceramic Industries Ltd.

5.00. Corporate Accounting Standards Practiced

The Following BASs are applied for the preparation for the financial statement

BAS 1 Presentation of Financial Statements

BAS 2 Inventories

BAS 7 Cash Flow Statements

BAS 8 Net Profit or Loss for the period, Fundamental Errors and Changes in Accounting Policies

BAS 10 Events after the Balance Sheet Date

BAS 12 Income Taxes

BAS 16 Property, Plant and Equipment

BAS 17 Leases

BAS 18 Revenue

BAS 21 The effects of Changes in Foreign Exchange Rates

BAS 23 Borrowing Costs

BAS 24 Related Party Disclosures

BAS 25 Accounting for Investments

BAS 28 Accounting for Investment in Associates

BAS 33 Earnings Per Share

BAS 36 Impairment of Assets

BAS 37 Provisions, Contingent Liabilities and Contingent Assets

6.00. Related Party Transactions

All the related party transactions have been accounted for, considering these on arms length basis, the details of which are disclosed in Note 36.

7.00. Reporting Currency and Level of Precision

(a) The financial statements are presented in Bangladesh currency (Taka), which have been rounded off to the nearest Taka except where indicated otherwise.

(b) Figures in brackets indicate negative balance.

8.00. Comparative Amounts

Wherever necessary, figures of the prior year have been re-arranged to conform with the current year's presentation as required by BAS-1.

9.00. Historical Cost Profit and Losses

There was no revaluation of fixed assets in previous year and during the year under audit. Therefore, there was no factor like the differences between historical cost depreciation and depreciation on revalued amount, realization of revenue surplus on retirement or disposal of assets, etc. Accordingly, no separate note of historical cost profit and loss has been presented.

Monno Ceramic Industries Ltd.

10.00. Principal Accounting Policies

The specific accounting policies selected and applied by the Company's directors for significant transactions and events that have material effect within the framework of BAS 1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS 1 "Presentation of Financial Statements". The recommendation of BAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

10.01. Recognition of Tangible Fixed Assets

These are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the Income Statement which is determined with reference to the net book value of assets and the net sales proceeds.

Fixed assets which are yet to be certified for operation, have been kept as Capital Work-in-progress.

10.02. Depreciation of Tangible Fixed Assets

No depreciation is charged on land and land development and capital work in progress. Depreciation on all other fixed assets is computed using the reducing balance method.

After considering the useful life of assets as per BAS-16, the annual depreciation rates have been applied as under, which is considered reasonable by the management.

	2014-2015	2013-2014
Building and other Constructions	2.5%	2.5%
Plant, Machinery & Equipments	5%	5%
Vehicles	10%	10%
Furniture & Fixtures	10%	10%
Sundry Assets	10%	10%

Monno Ceramic Industries Ltd.

10.03. Impairment of Assets

In accordance with the provisions of BAS 36 : Impairment of Assets, the carrying amount of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated and impairment losses are recognized in Profit and Loss Account. No such indication of impairment has been observed till to date.

10.04. Revenue Recognition

In compliance with the requirements of BAS 18 : Revenue, revenue from receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from sales is exclusive of VAT.

10.05. Inventories

Inventories comprise of Raw Materials, Work-in-process, Finished goods, Stores & Spares and Materials-in-transit. Raw Materials and Stores and Spares have been valued at average cost. Materials-in-transit have been valued at the cost incurred upto the date of Balance Sheet. Work-in-process have been valued at prime cost basis as required by BAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at the lower of cost and net realizable value basis.

10.06. Income Tax-Current Tax

The Company qualifies as a “Publicly Traded Company” as per income tax law and therefore provision for income tax has been made at the existing rate of 27.5% on business income with due consideration of rebate allowable on profit attributable from export (as applicable).

10.07. Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as cash and cash equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was insignificant risk of changes in value of the same.

10.08. Cash Flow Statement

Cash flow statement is prepared principally in accordance with BAS-7 “Cash Flow Statements” and the cash flows from the operating activities have been presented under Direct method as required by the Securities and Exchange rules 1987 and considering the provisions of paragraph-19 of BAS-7 which provides that “Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method”.

10.09. Transactions in Foreign Currencies

Transactions in foreign currencies are converted into Bangladesh Taka at the exchange rate ruling on the date of Balance Sheet. Any gain/loss in foreign currency transaction is recognized as gain/loss from foreign currency transaction in the profit and loss account.

Monno Ceramic Industries Ltd.

10.10. Borrowing Costs

Finance Cost (Borrowing Costs) incurred during the year was recognized as revenue expenses, except for IDCP which has been capitalized with due consideration of BAS-23.

10.11. Leases

The lease is classified as an operating lease.

Lease payments are recognized as finance cost in the income statement.

10.12. Earning Per Share (EPS)

The company calculates Basic Earnings per share (EPS) in accordance with the Bangladesh Accounting Standards (BAS-33). Diluted earning per share is not applicable for the Company as it has no such convertible securities.

10.13. Reporting Period

The financial period of the company covers one fiscal year from 1st July to 30th June Consistently.

11.00. PROPERTY, PLANT & EQUIPMENT: TK. 2,154,086,548

The movement in property, Plant & equipment is as under :

Particulars	C O S T			DEPRECIATION				Written
	Balance as on 01.07.2014	Addition during the year	Balance as on 30.06.2015	Balance as on 01.07.2014	Charged during the year	Rate	Balance as on 30.06.2015	down Value as on 30.06.2015
AT COST								
Land & land development	26,527,530	-	26,527,530	-	-	0.00%	-	26,527,530
Building and other construction	236,862,165	-	236,862,165	171,953,610	1,622,714	2.50%	173,576,324	63,285,841
Plant, machinery and equipment	816,665,875	8,721,637	825,387,512	621,203,595	10,209,196	5.00%	631,412,791	193,974,721
Lease Plant, machinery	91,905,283	-	91,905,283	10,112,445	4,089,642	5.00%	14,202,087	77,703,196
Vehicles	1,329,166	-	1,329,166	1,265,975	6,319	10.0%	1,272,294	56,872
Furniture and fixtures	9,543,256	-	9,543,256	7,316,420	222,684	10.0%	7,539,104	2,004,152
Sundry assets	4,794,800	30,084,337	34,879,137	4,159,835	3,071,930	10.0%	7,231,765	27,647,372
Sub Total :	1,187,628,075	38,805,974	1,226,434,049	816,011,880	19,222,485		835,234,365	391,199,684
AT REVALUATION :								
Land & land development	1,154,722,470	-	1,154,722,470	-	-	0.0%	-	1,154,722,470
Building and other construction	203,500,193	-	203,500,193	5,087,505	4,960,317	2.50%	10,047,822	193,452,371
Plant , machinery and equipment	459,514,707	-	459,514,707	22,975,735	21,826,949	5.00%	44,802,684	414,712,023
Sub Total :	1,817,737,370	-	1,817,737,370	28,063,240	26,787,266	-	54,850,506	1,762,886,864
Total as on 30.06.2015 :	3,005,365,445	35,520,652	3,044,171,419	844,075,120	46,009,751	-	890,084,871	2,154,086,548

Notes :

1) The rate and basis of depreciation are stated in note 10.02.

2) Depreciation has been apportioned as below :

		<u>30.06.2015</u>	<u>30.06.2014</u>
Conversion cost	(Note : 29.1.2)	45,780,748	16,256,696
Administrative expenses	(Note : 30.00)	222,684	317,978
Selling and distribution expenses	(Note : 31.00)	6,319	7,021
		-----	-----
Taka		46,009,751	16,581,695
		=====	=====

Monno Ceramic Industries Ltd.

11.01. Depreciation on Re-valuation: Tk. 26,787,266

Until last year depreciation on revaluation of assets has been shown in the statement of changes in equity and deducted from the retained earnings, but this year the amount of depreciation has been charged to statement of Comprehensive Income.

12.00. INVESTMENTS : TK 113,195,959

		<u>30.06.2015</u>	<u>30.06.2014</u>
Investment in share	(Note-12.01)	113,195,959	113,195,959
	Taka	113,195,959	113,195,959

12.01. Investment in shares represents the cost of 11,254,000 Ordinary shares of Tk.10.00 each of Monno Fabrics Ltd. (MFL) an associated undertaking of the company.

13.00. INVENTORIES : TK. 333,780,837

Break-up of the amount is given below :		<u>30.06.2015</u>	<u>30.06.2014</u>
Raw & other auxiliary materials	(Note-13.01 & 29.1.1)	123,201,883	99,841,605
Finished goods	(Note-13.02 & 29.00)	45,360,978	59,279,870
Stores & spares	(Note-13.03)	46,090,716	41,774,016
Work-in-process	(Note-13.04 & 29.01)	102,166,128	129,547,781
Materials-in-transit	(Note-13.05)	16,961,132	16,721,432
	Taka	333,780,837	347,164,704

13.01. The raw & other auxiliary materials have been valued at average cost.

13.02. The finished goods have been valued at lower of cost and net realizable value basis.

13.03. Stores & spares have been valued at average cost.

13.04. The work-in-process have been valued at prime cost with proportionate addition of factory overhead.

13.05. Materials-in-transit represents the cost incurred up to the date of Balance Sheet for consignment which have subsequently been cleared.

14.00. TRADE & OTHER RECEIVABLE: TK. 142,648,497

The break-up and nature of receivable are given below:		<u>30.06.2015</u>	<u>30.06.2014</u>
Export bills receivable	(secured)	90,255,433	85,848,477
Duty draw back	(secured)	4,666,100	3,070,379
Parties/Institutions		47,726,964	57,178,059
	Taka	142,648,497	146,096,915

14.01. The amount due from parties/institutions are considered good and most of them have been realized subsequently.

14.02. No amount was due from the directors (including Managing Director), managers and other officers of the company and from any of them severally or jointly with any other person.

Monno Ceramic Industries Ltd.

15.00. ADVANCES, DEPOSITS & PREPAYMENTS : TK. 297,895,682

This is made up as follows:

	<u>30.06.2015</u>	<u>30.06.2014</u>
i) ADVANCES:		
Advance against purchase/supplies (Note 15.01)	17,529,325	29,358,778
Advance income tax (Note 15.02)	144,218,805	130,971,667
Advance rent, rates & taxes	4,212,511	9,091,714
Other advances	109,433,686	71,586,705
	275,394,327	241,008,864
DEPOSITS:		
Security deposits	8,944,704	7,782,844
Lease deposits	6,781,340	6,781,340
Value added tax	6,775,311	14,255,881
	22,501,355	28,820,065
iii) PREPAID INSURANCE	-	1,363,260
Taka	297,895,682	271,192,189

15.01. This represents the amount paid to different suppliers against purchase of raw and other auxiliary materials. Such advances were made in the normal course of business where no collateral security is required. The entire amount has been adjusted subsequently.

15.02. ADVANCE INCOME TAX : TK. 144,218,805

This is made-up as follows:

	<u>30.06.2015</u>	<u>30.06.2014</u>
Opening Balance	130,971,667	116,522,650
Add.: Addition During the Year	13,247,138	14,449,017
Taka	144,218,805	130,971,667

16.00. CASH AND CASH EQUIVALENTS :TK. 9,056,007

This is made-up as follows:

	<u>30.06.2015</u>	<u>30.06.2014</u>
a. Cash in hand	464,021	2,928,575
b. Cash at banks	7,168,847	24,999,560
In current accounts	7,039,999	24,874,609
In STD accounts	128,848	124,951
c. Foreign currency retention account, \$ 11,772.55 & EURO 5,731.83	1,423,139	1,557,125
Taka	9,056,007	29,485,260

16.01. The amount of cash in hand has been certified by the management.

16.02. The above bank balances have been confirmed and reconciled with respective bank statement balances as on 30.06.2015. The above balances were held and available for use by the company without any restriction.

Monno Ceramic Industries Ltd.

17.00. SHARE CAPITAL

AUTHORIZED CAPITAL:	<u>30.06.2015</u>	<u>30.06.2014</u>
50,000,000 Ordinary shares of Tk. 10.00 each	500,000,000	500,000,000
	=====	=====

17.01. ISSUED, SUBSCRIBED & PAID UP CAPITAL: TK. 239,280,200

This represents :	<u>30.06.2015</u>	<u>30.06.2014</u>
90,00,000 Ordinary shares of Tk.10.00 each fully paid in cash.	90,000,000	90,000,000
1,12,50,000 Ordinary shares of Tk.10.00 each fully paid as bonus.	112,500,000	112,500,000
23,07,690 Ordinary shares of Tk.10.00 each fully paid issued in exchange of share of Monno Jutex Industries Ltd. for amalgamation.	23,076,900	23,076,900
13,70,330 Ordinary shares of Tk.10.00 each fully paid issued in exchange of share of Monno Printing & Packaging Ltd. for amalgamation.	13,703,300	13,703,300
Taka	239,280,200	239,280,200
	=====	=====

(a) The break-up of share holding is given below:

	<u>30.06.2015</u>		<u>30.06.2014</u>	
	<u>No.of shares</u>	<u>%</u>	<u>No.of shares</u>	<u>%</u>
Sponsors & Directors	12,953,378	54.13	13,353,378	55.81
Institutions	3,770,661	15.76	3,909,085	16.34
General public	7,176,357	29.99	6,578,935	27.49
Foreign investors	1,350	0.01	1,350	0.01
Non Resident investors	26,274	0.11	85,272	0.35
	-----	-----	-----	-----
Total	23,928,020	100.00	23,928,020	100.00
	=====	=====	=====	=====

b) The distribution schedule showing the number of shareholders and their shareholdings in percentage are as follows:

Range of holdings	<u>No. of shareholders</u>		<u>No. of shares</u>		<u>Holding %</u>	
In number of shares	<u>30.06.2015</u>	<u>30.06.2014</u>	<u>30.06.2015</u>	<u>30.06.2014</u>	<u>30.06.2015</u>	<u>30.06.2014</u>
1 to 499	6,430	7,319	798,505	1,021,663	3.34	4.27
500 to 5,000	1,944	1,821	1,903,586	2,570,438	7.96	10.74
5,001 to 10,000	79	106	462,687	726,186	1.93	3.04
10,001 to 20,000	39	48	538,651	577,283	2.25	2.41
20,001 to 30,000	13	17	228,549	399,529	0.95	1.67
30,001 to 40,000	9	9	320,130	316,101	1.34	1.32
40,001 to 50,000	3	2	133,300	82,450	0.56	0.35
50,001 to 100,000	7	8	618,672	650,694	2.58	2.72
100,001 to 1,000,000	22	13	4,969,317	3,223,353	20.77	13.47
Over 1,000,000	3	3	13,954,623	14,360,323	58.32	60.01
Total	8,549	9,346	23,928,020	23,928,020	100.00	100.00

Monno Ceramic Industries Ltd.

(c) Mrs. Afroza Khan, Managing Director has transferred 4,00,000 (Four Lac) shares to her son Mr. Rasheed Mymunul Islam during the year by way of gift with due approval for the competent authority.

(d) Option on unissued shares:

There is no option regarding authorised capital not yet issued but can be issued to increase the issued, subscribed and paid up capital through the issuance of new shares against cash contribution and bonus.

(e) Market Price :

The Shares of the company are listed in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. and quoted @Tk.24.80 and @Tk.24.10 per share respectively in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. as on June 30, 2015.

18.00. REVENUE RESERVES & SURPLUS: TK. 2,036,552,575

The break-up of the amount is shown below :	30.06.2015	30.06.2014
Dividend equalisation reserve	21,700,000	21,700,000
General reserve (Note 18.01)	149,491,999	149,491,999
Capital reserve	9,081,550	9,081,550
Revaluation Reserve (Note 18.02)	1,762,886,864	1,789,674,130
Retained Earnings as of June 30, 2015 (Note 18.01)	93,392,162	68,580,980
	-----	-----
Taka	2,036,552,575	2,038,528,659
	=====	=====

18.01. Details of the balance have been shown in the statement of changes in equity.

18.02. Revaluation Reserve Tk.1,762,886,864

Break-up of the amount is given below:	30.06.2015	30.06.2014
Opening Balance	1,789,674,130	1,817,737,370
Less: Depreciation on Revaluation of Assets (Note 11.00)	26,787,266	28,063,240
	-----	-----
Closing Balance	Taka 1,762,886,864	1,789,674,130
	=====	=====

19.00. LONG TERM LOAN: Tk. 2,311,589

19.01 The break-up of the amount is given below :	30.06.2015	30.06.2015
Opening Balance	21,478,152	36,053,368
	1,879,437	4,468,784
Add: Interest during the year (Note 32.00)	1,874,437	4,463,784
Bank Charge	5,000	5,000
Less: Paid during the year	21,046,000	19,044,000
Closing Balance	Taka 2,311,589	21,478,152
	=====	=====
19.02 The break-up of the amount is given below :	30.06.2015	30.06.2014
Balance as on 30.06.2015	2,311,589	21,478,152
Less : Current Portion which has been shown in current Liabilities.	2,311,589	16,744,000
	-----	-----
Taka	-	4,734,152
	=====	=====

Monno Ceramic Industries Ltd.

19.03. Nature of Security of loans :

The above balance is with Sonali Bank Ltd., Local Office, Dhaka, A/C # 000238007519 and fully secured by first charge on the fixed assets of the company and personal guarantee of the Directors.

19.04. Terms of repayment :

The loans are refundable in installments and the last installment was due on 30.06.2015, which was paid on 30.07.2015.

19.05. Bank interest :

Bank interest on the above loan has been charged in Statement of Comprehensive Income as financial charges.

19.06. Current portion of the above loan has been shown under the head current liabilities as required by BAS.

20.00. DEFERRED LIABILITY: TK. 11,863,330

The above amount represents liability on account of Gratuity as on 30.06.2015 but calculated upto 31.08.2007. This has been calculated on the basis of one month's basic pay (last drawn) for each completed year of service in respect of permanent employees who have completed 10 years of service as on 31.08.2007. Gratuity has been discontinued as per management decision and therefore no provision has been made during the current year.

21.00. SHORT TERM BORROWINGS: TK. 430,469,590

The balance includes working capital loan of Tk. 358,643,743 taken from Sonali Bank Limited, Local office, Dhaka, and Mercantile Bank Ltd. Main Branch Dhaka which is secured by first charge on stock in trade and collateral security on the fixed assets of the company. The rate of interest applicable on the loan is governed by the interest policy of the Bank and subject to change from time to time which is being applied on quarterly rest. The balance amount of Tk. 71,825,847 was received from Uttara Finance and Investment Limited as short term loan.

22.00. LONG TERM LOAN (Current Portion): TK. 2,311,589

Current portion of long term loan has been shown under the head Current Liabilities which is payable within June-2016.

23.00. TRADE & OTHER PAYABLES: TK. 101,689,557

Trade & Other payables represent the Bills Payable against Materials to third parties Tk.83,106,188 which has been paid subsequently and Tk.18,583,369 payable to sister concerns.

24.00. ACCRUED EXPENSES: TK. 20,771,338

This is in-respect of:

	<u>30.06.2015</u>	<u>30.06.2014</u>
Gas bill	-	4,205,728
Salaries & Wages payable	20,079,426	19,795,843
Audit Fees	100,050	86,250
Others	591,912	531,261
	-----	-----
Taka	20,771,388	24,619,082
	=====	=====

The above amounts were provided as on 30.06.2015 and majority of the amount were paid subsequently.

Monno Ceramic Industries Ltd.

25.00. UNCLAIMED DIVIDEND: TK. 11,699,095

The above amount represents dividend warrants issued to different shareholders but not presented to the bank for encashment upto the date of balance sheet.

26.00. PROVISION FOR INCOME TAX: TK. 28,130,724

The balance is arrived at as follows:	<u>30.06.2015</u>	<u>30.06.2014</u>
Opening Balance	26,489,909	25,500,616
	1,640,815	989,293
Add. Provision for the Year (Current)	1,140,815	989,293
Add. Provision for the Year (Deferred)	500,000	-
Taka	28,130,724	26,489,909

26.01. Income tax assessment has been finalized upto Financial year 2011-2012.

26.02. Income Tax case is pending in the High Court for final settlement of assessed Income Tax for assessment year 2001-2002.

26.03. Provision for deferred tax has been made on lump sum basis.

27.00. LIABILITIES FOR OTHER FINANCE: TK. 167,895,482

This is arrived at as follows:	<u>30.06.2015</u>	<u>30.06.2014</u>
Security deposit	16,955,938	16,865,938
WPPF & WF	6,160,608	5,925,048
Tax deducted at source against supply of goods/services	1,738,719	1,907,054
VAT deducted at source against supply of goods/services	171,550	90,494
Tax deducted from the salary of employees for June-2015	114,150	487,850
Amount payable to shareholders against sale-proceeds of right issue of shares	3,000	3,000
Temporary loan Received from Monno Power Generation & Distribution Ltd.	3,916,515	13,266,515
Temporary loan Received from Monno Bone China Ltd.	12,727,830	32,727,830
Temporary loan Received from Mrs. Afroza Khan	7,022,000	7,022,000
Lease Rental Payable & Int. on UFL & ULC	119,085,172	119,085,172
Taka	167,895,482	197,380,901

28.00. NET REVENUE : TK. 757,385,343

This is made up as follows :	<u>30.06.2015</u>	<u>30.06.2014</u>
A. Local Sales (Net local sales)	367,934,619	415,302,423
B. Export Sales (Net export sales)	380,140,556	277,125,207
C. Duty Drawback against Export	9,310,168	-
D. Total Net Sales (A+B+C)	757,385,343	692,427,630

Monno Ceramic Industries Ltd.

29.00. COST OF GOODS SOLD : TK. 617,334,682

This is made up as under :		<u>30.06.2015</u>	<u>30.06.2014</u>
Opening stock of finished goods		59,279,870	50,673,273
Add: Cost of production	(note 29.01)	603,415,790	532,253,056
Total		662,695,660	582,926,329
Add: Purchase of finished goods (Monno Bone China)		-	22,561,913
		662,695,660	605,488,242
Less: Closing stock of finished goods	(note 13.00)	45,360,978	59,279,870
Cost of goods sold	Taka	617,334,682	546,208,372
		=====	=====

29.01. COST OF PRODUCTION : TK. 603,415,790

This is made up as follows :		<u>30.06.2015</u>	<u>30.06.2014</u>
Opening work-in-process		129,547,781	117,609,279
Add: Raw & other auxiliary materials consumed during the year	(Note : 29.01.1)	276,034,901	294,623,639
Add : Conversion cost	(Note : 29.01.2)	299,999,236	249,567,919
Total		705,581,918	661,800,837
Less: Closing work-in-process	(Note : 13.00)	102,166,128	129,547,781
Cost of production	Taka	603,415,790	532,253,056
		=====	=====

29.01.1. RAW & OTHER AUXILIARY MATERIALS CONSUMED : TK. 276,034,901

This is made up as follows :		<u>30.06.2015</u>	<u>30.06.2014</u>
Opening stock		99,841,605	83,260,390
Add : Purchase during the year		299,395,179	311,204,854
		399,236,784	394,465,244
Less : Closing stock	(Note : 13.00)	123,201,883	99,841,605
Raw & other auxiliary materials consumed during the year	Taka	276,034,901	294,623,639
		=====	=====

Monno Ceramic Industries Ltd.

29.01.2. CONVERSION COST:TK. 299,999,236

This consists of the followings :	<u>30.06.2015</u>	<u>30.06.2014</u>
Salaries & wages	129,805,836	116,844,051
Consumable stores & spares	45,815,462	31,196,942
Office stationary expenses	303,063	287,982
Insurance	4,245,869	4,244,040
Gas consumption	47,158,743	53,205,412
Electricity charges	25,579,926	26,364,989
Oil & lubricants	656,686	735,684
Welfare expenses	99,939	90,553
Uniform & liveries	23,450	12,253
Traveling & conveyance	224,300	125,111
Postage, telegram & telephone	88,818	104,265
Entertainment expenses	133,807	59,951
General expenses	82,589	39,990
Depreciation (note-11.00)	45,780,748	16,256,696
	-----	-----
Taka	299,999,236	249,567,919
	=====	=====

30.00. ADMINISTRATIVE EXPENSES: TK. 47,454,061

This is made up as under :	<u>30.06.2015</u>	<u>30.06.2014</u>
Salaries & allowances	26,650,043	23,127,020
Repairs & maintenance	1,570,273	1,729,883
Office stationary expenses	422,860	587,671
Power & fuel	3,168,190	2,540,442
Welfare expenses	-	3,000
Rent, rates & taxes	2,400,000	1,502,493
Traveling & conveyance	2,589,954	2,399,775
Postage, telegram & telex	1,379,824	1,368,106
Entertainment expenses	463,063	221,940
Auditors remuneration	100,050	86,250
Membership fees & Subscription	694,596	572,385
Advertisement & publicity	238,408	347,874
Directors emolument	6,700,000	6,700,000
A G M expenses	316,250	239,267
Books & periodicals	37,334	41,979
Donation	170,000	43,331
Uniform & liveries	89,080	168,560
General expenses	241,452	463,460
Depreciation (Note-11.00)	222,684	317,978
	-----	-----
Taka	47,454,061	42,461,414
	=====	=====

Monno Ceramic Industries Ltd.

31.00. SELLING & DISTRIBUTION EXPENSES : TK. 36,859,258

This consist of as follows:	<u>30.06.2015</u>	<u>30.06.2014</u>
Salaries & allowances	15,850,184	16,599,037
Repairs & maintenance	383,246	220,310
Office stationary expenses	120,984	202,245
Power & fuel	493,022	479,412
Rent, rates & taxes	7,720,066	8,156,814
Traveling & conveyance	671,243	596,597
Postage, telegram & telex	255,504	210,636
Entertainment expenses	180,823	111,794
Fair & exhibition	2,903,445	542,390
Sample expenses for export	3,669,468	3,069,321
Delivery charges	3,153,171	2,849,980
General expenses	429,783	340,893
Showroom expenses	1,022,000	1,052,090
Depreciation (Note-11.00)	6,319	7,021
	-----	-----
Taka	36,859,258	34,438,540
	=====	=====

32.00. FINANCE COST: TK. 50,790,590

This is made up as follows:	<u>30.06.2015</u>	<u>30.06.2014</u>
Interest on long term loan (Note-19.01)	1,874,437	4,463,784
Interest on cash credit (Note-32.01)	45,987,309	59,476,452
Bank charges	2,928,844	1,668,702
	-----	-----
Taka	50,790,590	65,608,938
	=====	=====

32.01. Interest on cash credit : Tk. 45,987,309

The above balance is made up as follows:	<u>30.06.2015</u>	<u>30.06.2014</u>
Interest on cash credit	45,987,309	48,134,249
Rent installment on lease of Machinery Equipments, Pre -Fabricated Steel Building with Accessories & Vehicles	-	11,342,203
	-----	-----
Taka	45,987,309	59,476,452
	=====	=====

33.00. CONTRIBUTION TO WORKERS PROFIT PARTICIPATION FUND AND WELFARE FUND: TK. 235,560

This represents 5% of net profit after charging such contribution and which is provided as per Labour Act, 2006 and is payable to workers as defined in the said Act..

Monno Ceramic Industries Ltd.

34.00. BASIC EARNINGS PER SHARE :TK. 0.13

The computation of EPS is given below:	30.06.2015	30.06.2014
(a) Earnings attributable to the Ordinary Shareholders (net profit after tax)	3,070,377	2,544,389
(b) No. of Ordinary Shares as on 30.06.2015	23,928,020	23,928,020
(c) Basic EPS	Taka 0.13	0.11

35.00. PAYMENTS/PERQUISITES TO DIRECTORS AND OFFICERS

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

Directors / Officers Remuneration Etc.

Particulars	Directors	Officers
2014-2015		
Directors' Remuneration	4,200,000	-
Managerial Remuneration	-	3,696,000
Bonus	700,000	616,000
Perquisites:		
Housing	1,680,000	1,848,000
Medical allowance	-	369,600
Conveyance allowance	-	369,600
Entertainment allowance	120,000	369,600
Directors/Officers Remuneration Etc. (2014-2015) Taka	6,700,000	7,268,800
Directors/Officers Remuneration Etc. (2013-2014) Taka	6,700,000	6,608,000

During the year under review:

- (a) No compensation was allowed by the company to the Managing Director of the company.
- (b) No Board meeting attendance fee was paid to the directors of the company.
- (c) No amount of money was spent by the company for compensating any member of the Board for special services rendered, other than those mentioned.

36.00. RELATED PARTY

The nature of transactions and their total value have been set out in accordance with the provisions of BAS 24 "Related Party Disclosures" as follows :

Particulars	Nature of Transactions	Amount
Monno Power Generation & Distribution Ltd.	Services Sold	25,579,926
Various Party (Sister Concern)	Trade & Other Payables	18,583,369
Monno Power Generation & Distribution Ltd.	Temporary Loan	3,916,515
Monno Bone China Ltd.	Temporary Loan	12,727,830
Mrs. Afroza Khan	Temporary Loan	7,022,000

The above transactions took place at arms length basis and bills were raised and settled in due time.

Monno Ceramic Industries Ltd.

37.00. FOREIGN INVESTORS

37.01. As on the date of Balance Sheet there were 2 Foreign shareholders whose total shareholdings were 1,350 shares.

37.02. No dividend is paid in foreign currencies. However dividend to the foreign investors are paid in local currency through their local custodian bankers.

38.00. PRODUCTION CAPACITY AND ACTUAL PRODUCTION

The position noted below represents production capacity of Porcelain tableware on 2/3 shift basis

Description	2014-2015	%	2013-2014	%
Production capacity (in million pieces.)	22.00	-	22.00	-
Actual Production (in million pieces.)	14.65	66.59	13.57	61.68

During the year under review the Company operated keeping in view the market demand for its products.

39.00. CONTINGENT ASSETS / LIABILITIES

There was no contingent liability as on 30th June, 2015 and there was no claim against the company not acknowledged as debt as on 30.06.2015

40.00. CREDIT FACILITY NOT AVAILED

There was no credit facilities available to the Company under any contract but not availed of as on 30.06.2015 other than trade credit available in ordinary course of business.

41.00. CAPITAL EXPENDITURE COMMITMENT

There was no capital expenditure commitment of the company as of 30th June, 2015.

42.00. FOREIGN EXCHANGE EARNED

Export of goods calculated on FOB basis is US\$ 5.03 million.

Other income is nil.

43.00. PAYMENTS IN FOREIGN CURRENCY

For Raw & Other auxiliary materials US\$ 2.4908 million.

For Stores & Spares US\$ 0.2965 million.

44.00. VALUE ADDITION: TK. 506,808,478

During the year the company made the value-addition of Tk. 506,808,478 which has been shown below:

Particulars	2014-2015	%
Turnover & Other Income	757,385,343	-
Bought-in-Materials & Services	(250,576,865)	-
Value Added	Taka 506,808,478	-
Applications:		
Duties & Taxes to Government Exchequer	20,638,679	8.24
Salaries and Benefits to Employees	179,006,063	71.44
Interest to Lenders	47,861,746	19.10
Retained by the Company	3,070,377	11.23
Total :	Taka 250,576,865	100.00

Monno Ceramic Industries Ltd.

45.00. MANPOWER

As on 30th June, 2015 the total number of employees working in factory as well as Head Office of the company was 2,160.

46.00. WPPF & WF POLICY

The company has a "Recognized" Workers Profit Participation Fund & Welfare Fund. These funds are controlled and managed by separate Trustee Board.

47.00. GENERAL EXPENSES

General Expenses Account does not include any individual head of expenditure as exceeds 1% of the total revenue expenditure or Tk. 5,000 whichever is higher.

48.00. EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the Balance Sheet date, the Board of Directors recommended in it's meeting held on October 27, 2015 for payment of 5% cash dividend to the shareholders on Paid up Capital out of reserve and surplus available for distribution at the end of the year 2015, which is subject to the approval of the shareholders in the ensuing Annual General Meeting of the company.

49.00. INTERNAL CONTROL

Following steps have been taken for implementation of an effective internal control procedures of the company :

- (a) A strong internal control and compliance division has been formed with a view to establish a well designed system of internal control.
- (b) Regular review of internal audit report with a view to implement the suggestion of internal auditors in respect of internal control techniques.
- (c) To establish an effective management systems that includes planning, organizing and supervising culture in the factory as well as at Head office.

SD/-
MD.EKRAMUL HOQUE
COMPANY SECRETARY

SD/-
AFROZA KHAN
MANAGING DIRECTOR

SD/-
H. R. KHAN
CHAIRMAN

Dhaka,
Dated : October 27, 2015