

ANNUAL REPORT 2018-2019



MONNO CERAMIC INDUSTRIES LTD.

Monno Ceramic Industries Ltd.

BOARD OF DIRECTORS :

MRS. AFROZA KHAN

Chairman

MR. RASHEED MYMUNUL ISLAM

Managing Director

(Appointment on 31.12.2018)

MRS. HURON NAHAR RASHID

Director

MR. RASHEED SAMIUL ISLAM

Director

MR. RASHEED RAFIUL ISLAM

Director

DR. MD. ANWAR HOSSAIN

Independent Director

MRS. MINARA HAI

Independent Director

MR. NASIR UDDIN ACS

Company Secretary

(Appointment on 06.08.2019)

AUDITORS :

Messrs. A. Wahab & Co.,
Chartered Accountants,
Hotel Purbani, Annex-2, 4th floor,
1 Dilkusha Commercial Area,
Dhaka-1000.

BANKER:

Social Islami Bank Ltd., Principal Branch.

FACTORY:

Islampur, Dhamrai,
Dhaka.

REGISTERED OFFICE :

Islampur, Dhamrai,
Dhaka-1350.

LIAISON OFFICE :

9, Wyre Street, Wari,
Dhaka-1203.

Monno Ceramic Industries Ltd.

NOTICE OF THE THIRTY EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Eighth Annual General Meeting of the shareholders of Monno Ceramic Industries Limited will be held on Thursday the 19th December 2019 at 10-00 a.m. at the Registered Office of the Company at Islampur, Dhamrai, Dhaka-1350, to transact the following businesses:

1. To confirm the proceedings of the Thirty Seventh Annual General Meeting held on Thursday the 6th December 2018.
2. To receive, consider and adopt the Directors' Report and Audited Financial Statement of the Company for the year ended the 30th June 2019 along with the report of the Auditors thereon.
3. To declare 10% Cash Dividend and 10% Stock Dividend to the shareholders.
4. To elect Directors.
5. To appointment, as per provisions of sections 109 and 110 of the companies Act, 1994, Mr. Rasheed Mymunul Islam as Managing Director of the Company for the term of five years with effect from 31st December 2018, as recommended by the Board, subject to the approval of the shareholders & to fix his remuneration.
6. To appoint Auditors for the year ending the 30th June 2020 & to fix their remuneration and also appoint professional auditors for providing certificate on compliance of Corporate Governance Code for the year ending the 30th June 2020 & to fix their remuneration.

By order of the Board,



Afroza Khan
Chairman

Dated: Dhaka, the 27th October 2019.

Notes:

1. November 19, 2019 is scheduled as record date. Shareholders whose names would appear in the Register of Members/CDS record on the record date would be entitled to dividend/stock.
2. Any member of the Company entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his/her behalf. The proxy form, with duly affixed revenue stamps of Tk.20.00, should be submitted at the Liaison Office of the Company at 9, Wyre Street, Wari, Dhaka-1203 not less than 48 hours before the time fixed for the meeting.
3. Members are requested to notify change of address, if any, to the Company.
4. Admission to the meeting will be strictly on production of the attendance slip attached with the proxy form.

Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013 অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/উপহার কুপন/খাবার/যাতায়াত ভাতা প্রদানের ব্যবস্থা থাকবে না।

Monno Ceramic Industries Ltd.

Vision We see business as a means to the well-being of the shareholders and all other stakeholders, society as well as the national interest as a whole.

Mission Our Mission is to provide world class quality products to our valued customers, strictly maintain ethical standard in business operation.

Objectives Our objectives are to conduct transparent business operation within the legal & social frame work with aims to attain the mission with a quantitative/qualitative target in business operation.

Corporate Focus Our vision, our mission and our objectives are to emphasise on the continuous development in making value addition to our products for producing the higher end products, to keep well prepared for competitive world market.

Financial Management Policy

All financial policies like investments policy, dividend policy and financing policy is to maximise the value of the organisation.

Corporate Governance:

Top Management : Board of Directors

As per provisions of the Article of Association, Board of Directors hold periodic meetings to resolve issue of policies and strategies, recording minutes/decisions for implementation by the Executive Management.

Executive Management:

The Executive Management is headed by the Managing Director/the Chief Executive Officer (CEO) who has been delegated necessary and adequate authority by the Board of Directors. The Executive Management operates through further delegations of authority at every echelon of the line management. The Executive Management is responsible for preparation of segment plans/sub-segment plans for every profit centres with budgetary targets for every items of goods & services and are held accountable for deficiencies with appreciation for exceptional performance.

WE STRIVE FOR

- ◇ Protection of shareholders' capital as well as to ensure maximise the value of the organisation.
- ◇ Best compensation to all the employees who constitute the back-bone of the management and operational strength of the Company through a pay-package composing salary/wages, allowances, bonuses, profit participation and leave salary as per Company rules.

Monno Ceramic Industries Ltd.

- ◇ The best co-operation of the suppliers by timely payment of their bills, the banks & financial Institutions by repayment of loan before due date and the authority relating to utilities-power, gas etc. by regular payment of their bills.
- ◇ Fulfillment of our responsibility to the Government through regular payment of taxes, VAT and duties etc.
- ◇ As responsible citizen, for a social order devoid of malpractices, anti-environmental behaviours, unethical and immoral activities and corruptive dealings.
- ◇ Practicing good-governance in every sphere of activities covering full disclosure & reporting to shareholders, holding AGM and distribution of dividends and other benefits to shareholders in time, reporting/dissemination of price sensitive information, recruitment & promotion of staff, procurement & supplies, sale of assets etc. all that directly and indirectly affect the interest of concerned groups - the shareholders, the creditors, suppliers, employees and the government.
- ◇ Regular repayment of loan and lease installments to the financial institutions is the ideology of Monno.

Monno Ceramic Industries Ltd.

FIVE YEARS FINANCIAL STATISTICS

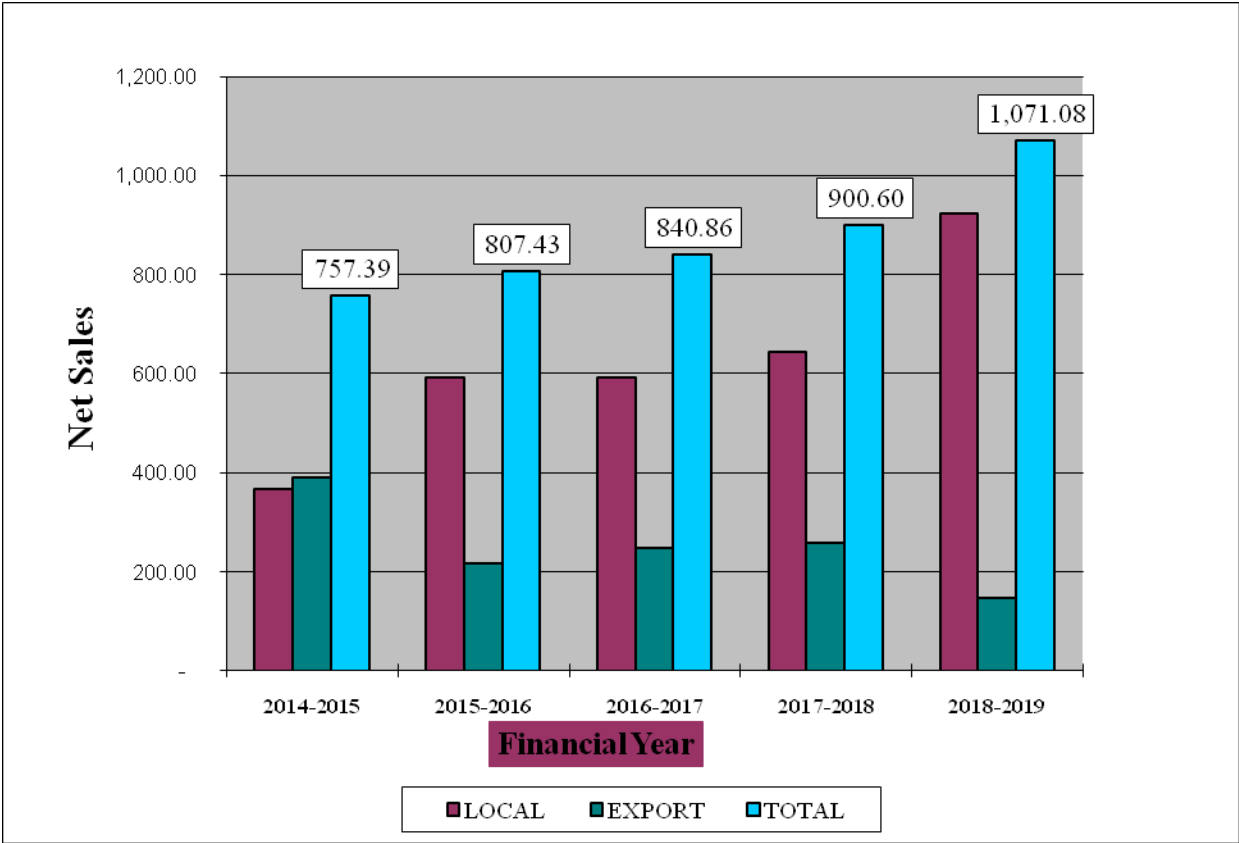
(Figures in '000 taka)

P A R T I C U L A R S	F i n a n c i a l y e a r s				
	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Authorised capital	1,000,000	500,000	500,000	500,000	500,000
Paid-up capital	326,617	251,244	239,280	239,280	239,280
Revenue reserves & surplus	1,825,828	2,046,698	2,017,523	2,026,770	2,036,553
Shareholders equity	2,152,445	2,297,943	2,256,803	2,266,050	2,275,833
Fixed assets (gross)	3,297,145	3,232,500	3,232,550	3,071,927	3,044,171
Fixed assets (net)	2,203,905	2,190,855	2,242,000	2,135,547	2,154,087
Turnover (net)	1,071,078	906,031	859,493	819,056	757,385
Gross margin	199,503	168,626	159,283	151,509	140,051
Net profit before income tax provision	92,167	71,071	4,023	3,285	4,711
Net profit after income tax provision	72,653	53,103	2,717	2,181	3,070
Amount of cash dividend	-	-	11,964	11,964	11,964

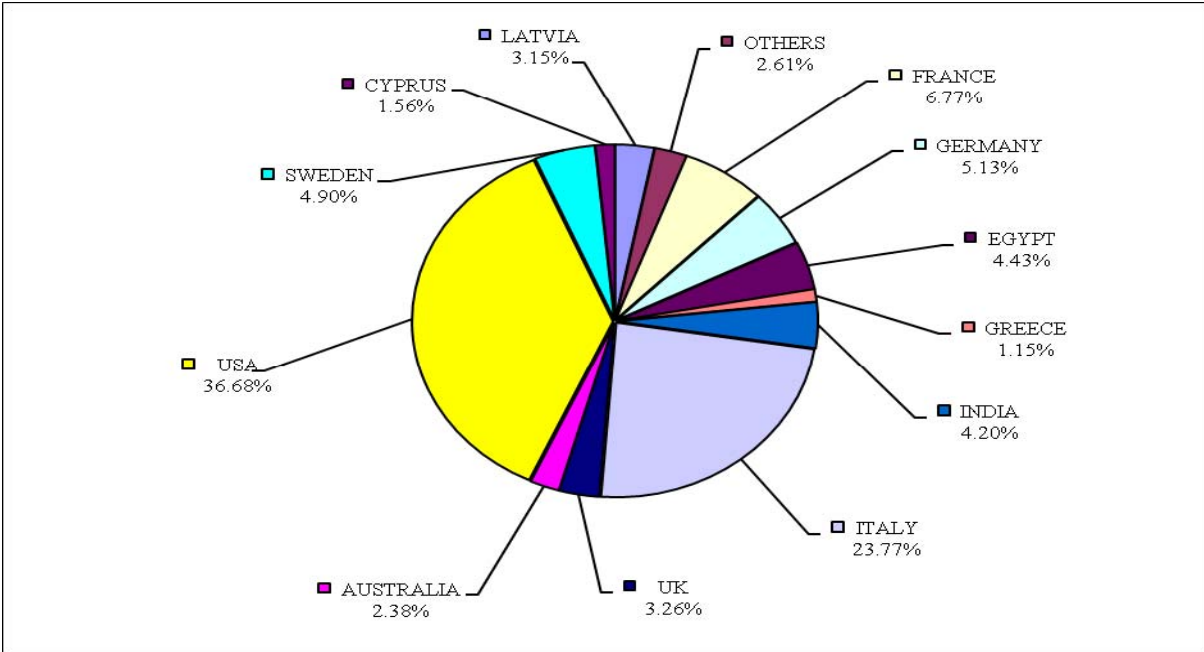
Number of shares	32,661,747	25,124,421	23,928,020	23,928,020	23,928,020
Shareholders equity per share	66	91	94	95	95
Return on paid-up capital	22%	21%	1%	1%	1%
Rate of dividend	10% cash 10% stock	30% stock	5% cash 5% stock	5%	5%
Earning per share	2.22	2.11	0.11	0.09	0.13
Net asset value per share	66	91	94	95	95
Pay out ratio	-	-	455%	556%	385%
Net operating cash flow per share	3.35	8.00	7.82	(7.42)	(0.47)
Number of shareholders	14,210	7,823	7,338	7,413	8,549

Monno Ceramic Industries Ltd.

STATISTICS OF FIVE YEARS NET SALES



Country Wise Export for the year 2018-2019



Monno Ceramic Industries Ltd.

CHAIRMAN'S REPORT

Dear shareholders,

It gives me immense pleasure to welcome you all to this the thirty-eighth Annual General Meeting of Monno Ceramic Industries Limited. On behalf of the Board of Directors of your Company, I have the privilege to present to you the Auditor's Report which includes the Audited Financial Statements and the Directors Report for the year ended the 30th June 2019.

TURNOVER

Dear shareholders,

You will be glad to know that by the grace of Almighty Allah and with all our untiring efforts we have been able to increase the turnover of the Company. I am happy to report that 2018-2019 is a year of success of your Company. You will be happy to know that during the year under review we achieved an increased turnover of Tk.1,071.08 million against Tk. 906.03 million during the previous year. We achieved a profit before tax of Tk.92.17 million representing a substantial growth over the previous year. The net profit after tax of the Company is Tk.72.65 million against Tk.53.10 million of previous year. It is to be noted that Cost/Expenses control initiatives has been taken by the Company throughout the year contributed improvement in the profitability of the Company.

সভাপতির প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ,

মুন্সু সিরামিক ইন্ডাস্ট্রিজ লিমিটেডের ৩৮তম বার্ষিক সাধারণ সভায় আমি আনন্দের সাথে আপনাদের সবাইকে স্বাগত জানাচ্ছি এবং আপনাদের কোম্পানীর পরিচালক পর্ষদের পক্ষ থেকে কোম্পানীর ৩০শে জুন ২০১৯ তারিখে সমাপ্ত বছরের নিরীক্ষিত আর্থিক প্রতিবেদন সম্বলিত নিরীক্ষকদের প্রতিবেদন ও পরিচালকবৃন্দের প্রতিবেদন আপনাদের নিকট উপস্থাপন করছি।

বিক্রয়

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আপনারা জেনে আনন্দিত হবেন যে সর্বশক্তিমাণ আল্লাহ তায়লার দয়ায় এবং আমাদের সকলের ঐকান্তিক প্রচেষ্টায় আমরা আলোচ্য বছরেও বিক্রয় বৃদ্ধিতে সক্ষম হয়েছি। আমি আনন্দের সাথে জানাচ্ছি যে ২০১৮-২০১৯ সাল আপনাদের কোম্পানীর জন্য একটি সাফল্যের বছর। আপনারা জেনে আনন্দিত হবেন যে আলোচ্য বছরে বিক্রয় বৃদ্ধি পেয়ে ১,০৭১.০৮ মিলিয়ন টাকায় দাঁড়ায় যা গত বছরের ৯০৬.০৩ মিলিয়ন টাকা বিক্রয়ের বিপরীতে। আলোচ্য বছরে কোম্পানী ৯২.১৭ মিলিয়ন টাকা কর পূর্ব মুনাফা অর্জন করেছে যা গত বছরের তুলনায় উল্লেখযোগ্য হারে বৃদ্ধি পেয়েছে। আলোচ্য বছরে কোম্পানীর কর বাদ নীট মুনাফা ৭২.৬৫ মিলিয়ন টাকা যা গত বছরে ছিল ৫৩.১০ মিলিয়ন টাকা। এখানে উল্লেখ্য যে, বছর ব্যাপী আপনাদের কোম্পানী যে খরচ/ব্যয় নিয়ন্ত্রণ উদ্যোগ গ্রহণ করেছে তা কোম্পানীকে আরও লাভজনক প্রতিষ্ঠানে পরিণত করতে সহায়তা করেছে।

Monno Ceramic Industries Ltd.

FINANCE COST

It is to be noted that interest on long term loan and interest on working capital loan constitute the major finance cost of the Company during the year under review. Finance cost will remain the same until the Bank Loan repayments are cleared in full.

DIVIDEND

Maintaining sound liquidity—to finance the proper working capital requirements for smooth and uninterrupted production, to pay timely installments of term loan, to reallocate internal funds for modernization of the factory according to the need of time, to consistently maintain the rate of dividend and to meet any unforeseen circumstances—is the dividend policy of Monno.

The Board of Directors is always candid about its concern for your interest and it is evident from its activities over the years. After due consideration of liquidity, available surplus, fund needed to meet unforeseen circumstances and to maintain a consistency in the rate of dividend payable to shareholders, the Board of Directors has recommended a dividend of Tk.1.00 per ordinary share of Tk.10.00 and 10% stock dividend to the shareholders for the year under review, which requires your approval. We are confident that you will stand by this decision in the interest of long term prospects of the Company.

It would be evident from cash flow statement that during the year under review, we paid Tk.9.22 million as installments of the long term loan, Tk.72.25 million as interest of the loan and Tk.24.61 million for payment of dividend for the year 2017-2018. Aggregating the above payments we find that the Company does not at present have the desired level of liquidity to offer as much dividend.

আর্থিক ব্যয়

এখানে উল্লেখ্য যে, আলোচ্য বছরে কোম্পানীর আর্থিক ব্যয়ের প্রধান অংশ হচ্ছে কোম্পানীর দীর্ঘ মেয়াদী ঋণের সুদ এবং চলতি মূলধনের সুদ। ব্যাংক ঋণ যতক্ষণ পর্যন্ত সম্পূর্ণভাবে পরিশোধ না হচ্ছে আর্থিক ব্যয় একই ভাবে থাকবে।

লভ্যাংশ

আর্থিক তহবিল তারল্য বজায় রেখে প্রয়োজনীয় চলতি মূলধনের মাধ্যমে স্বচ্ছন্দ ও নিরবচ্ছিন্ন উৎপাদন, যথা সময়ে ঋণের কিস্তি পরিশোধ, সময়ের চাহিদা অনুযায়ী কারখানা আধুনিকীকরণে অভ্যন্তরীণ তহবিলকে পূনর্বিদ্যমান করা, লভ্যাংশের ধারাবাহিকতা বজায় রাখা এবং যে কোন অনাকাঙ্ক্ষিত পরিস্থিতি মোকাবেলা করা মূল্যবোধ লভ্যাংশ প্রদানের নীতি।

কোম্পানীর পরিচালনা পর্ষদ আপনাদের স্বার্থ রক্ষায় সর্বদাই আন্তরিক এবং পূর্ববর্তী বছর সমূহের কার্যক্রম তার স্বাক্ষর বহন করে। তহবিল তারল্য, পর্যাপ্ত উদ্বৃত্ত, অপ্রত্যাশিত পরিস্থিতি মোকাবেলার জন্য প্রয়োজনীয় তহবিলের প্রাপ্যতা এবং শেয়ারহোল্ডারবৃন্দকে লভ্যাংশ প্রদানের ধারাবাহিকতা বজায় রেখে পরিচালনা পর্ষদ আলোচ্য বছরে প্রতিটি ১০.০০ টাকা মূল্যের সাধারণ শেয়ারের বিপরীতে ১.০০ টাকা হারে লভ্যাংশ এবং ১০% ষ্টক লভ্যাংশ প্রদানের সুপারিশ করেছেন যা আপনাদের অনুমোদনের অপেক্ষায় রয়েছে। কোম্পানীর ভবিষ্যৎ উন্নয়নের কথা বিবেচনা করে আপনারাও এ বিষয়ে একমত হবেন বলে আমাদের বিশ্বাস।

আলোচ্য বছরে নগদ অর্থ প্রবাহ থেকে সুস্পষ্ট যে আমরা দীর্ঘ মেয়াদী ঋণের কিস্তি হিসাবে ৯.২২ মিলিয়ন টাকা, ঋণের সুদ হিসাবে ৭২.২৫ মিলিয়ন টাকা এবং ২০১৭-২০১৮ সালের লভ্যাংশ বাবদ ২৪.৬১ মিলিয়ন টাকা পরিশোধ করেছি। উপরোক্ত পরিশোধসমূহের পর আমরা দেখতে পাচ্ছি বর্তমানে কোম্পানীর কাঙ্ক্ষিত মাত্রায় তারল্য না থাকায় আপনাদেরকে অধিক হারে লভ্যাংশ প্রদান করা সম্ভব হচ্ছে না।

Monno Ceramic Industries Ltd.

It is to be noted the Company contributed Tk.4.31 million to the country's National Exchequer for the year 2018-2019 as the leading manufacturer and marketer in the country's porcelain table ware industry.

Please also note that the shares of the Company are listed in the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and the Company's shares of a nominal value of Tk.10.00 were traded @Tk.202.90 on the Dhaka Stock Exchange Limited and @ Tk.201.80 on the Chittagong Stock Exchange Limited as on 30th June 2018.

INSTALLATION OF NEW MACHINERIES

You are aware from our last Annual Report 2017-2018 we have imported some new automatic machineries for improving our products quality and quantity with in short period of time. Now we are glad to inform you that machineries have installed in the factory. With these new facilities we will be able to cater to the increasing demand for tableware both in the domestic & international market.

CONCLUSION

Dear shareholders,

With a view to meeting the new challenges in this free and competitive market environment and worldwide economic recession all our effects and activities are aimed at efficient management, reduction of operational cost and to increase more profitability of the Company. The most important is price competitiveness with our competitors compared to high local cost. We will do all our best to make the Company more profitable, value added and reputed enterprise. I seek your co-operation on our new journey.

এখানে উল্লেখ্য যে, দেশের শীর্ষ স্থানীয় পোরসেলিন টেবল ওয়্যার উৎপাদনকারী এবং বাজারজাতকারী হিসাবে আপনাদের কোম্পানী ২০১৮-২০১৯ সালে জাতীয় কোষাগারে ৪.৩১ মিলিয়ন টাকা প্রদান করেছে।

এখানে আরও উল্লেখ্য যে, কোম্পানীর শেয়ার ঢাকা স্টক এক্সচেঞ্জ লিমিটেড এবং চট্টগ্রাম স্টক এক্সচেঞ্জ লিমিটেড-এ তালিকাভুক্ত রয়েছে এবং ২০১৯ সালের ৩০শে জুন আপনাদের কোম্পানীর ১০.০০ টাকা মূল্যের প্রতিটি শেয়ার ঢাকা স্টক এক্সচেঞ্জ লিমিটেডে ২০২.৯০ টাকায় এবং চট্টগ্রাম স্টক এক্সচেঞ্জ লিমিটেডে ২০১.৮০ টাকায় ক্রয় বিক্রয় হয়।

নতুন যন্ত্রপাতি স্থাপন

গত ২০১৭-২০১৮ সালের বার্ষিক প্রতিবেদনে আপনারা অবগত হয়েছেন যে, আমাদের উৎপাদিত পণ্যের গুণগত মান ও পরিমাণ উন্নয়নের লক্ষ্যে স্বল্প সময়ের মধ্যে আরও নতুন স্বয়ংক্রিয় যন্ত্রপাতি আমদানী করা হয়েছে। আপনারা জেনে আনন্দিত হবেন যে, নতুন যন্ত্রপাতিসমূহ ফ্যাক্টরীতে স্থাপন করা হয়েছে। নতুন সুবিধাকে কাজে লাগিয়ে আমরা দেশ ও আন্তর্জাতিক বাজারের কাঙ্ক্ষিত চাহিদা পূরণে সক্ষম হবো।

উপসংহার

প্রিয় শেয়ারহোল্ডারবৃন্দ,

বর্তমান মুক্ত ও প্রতিযোগিতামূলক বাজার পরিবেশের নতুন প্রতিদ্বন্দ্বিতা এবং বিশ্বব্যাপী অর্থনৈতিক মন্দা মোকাবেলায় আমাদের সকল কর্মক্ষমতা এবং কর্মতৎপরতার উদ্দেশ্যে একটি দক্ষ ব্যবস্থাপনা, পরিচালনা ব্যয় কমানো এবং অধিক মুনাফা বৃদ্ধিকরণ। আমাদের প্রতিযোগীদের সাথে মূল্য প্রতিযোগিতায় স্থানীয় উচ্চ মূল্য বৃদ্ধি তুলনা করে প্রতিযোগিতামূলক মূল্য নির্ধারণ করা হচ্ছে বিশেষ গুরুত্বপূর্ণ। কোম্পানীকে লাভজনক, উচ্চ মূল্যমান সম্পন্ন পণ্য উৎপাদন এবং সুনাম অক্ষুণ্ন রাখতে আমরা যথাসাধ্য চেষ্টা করব। আমাদের এই নতুন যাত্রাপথে আমি আপনাদের সহযোগিতা কামনা করছি।

Monno Ceramic Industries Ltd.

I take this opportunity to express my sincere thanks and gratitude to our business associates, financial Institutions and everyone else the Company interacted with, in conducting its business. Our main strength is our dedicated and sincere human resources. I thankfully acknowledge their contribution to the Company.

Finally, we are very grateful to our valued shareholders for extending their valuable support and co-operation at all times to bring the Company to the level it has reached today. The success we have achieved so far was only possible because of the collective efforts of all concerned. Let us pray to Almighty Allah that He may guide us in all our endeavours.

Thank you.

Sd/- Afroza Khan,
Chairman.

Dated : 23rd October 2019.

আমাদের ব্যবসায়িক সহযোগী, আর্থিক প্রতিষ্ঠানসমূহ এবং আমাদের কর্মকান্ডের সাথে সংশ্লিষ্ট প্রত্যেককে আমার আন্তরিক ধন্যবাদ ও কৃতজ্ঞতা জানাচ্ছি। আমাদের অন্যতম শক্তি হচ্ছে উৎসর্গীকৃত সচেতন ও দায়িত্বসম্পন্ন কর্মীবাহিনী। আমি কৃতজ্ঞতার সাথে তাঁদের অবদানের প্রশংসা করছি।

পরিশেষে, আমরা আমাদের সম্মানিত শেয়ারহোল্ডারগণের নিকট গভীর কৃতজ্ঞতা জ্ঞাপন করছি। তাঁদের সার্বক্ষণিক সক্রিয় সমর্থন এবং সহযোগিতার ফলেই কোম্পানী বর্তমান পর্যায়ে পৌঁছাতে সক্ষম হয়েছে। এ পর্যন্ত আমাদের যে সাফল্য তা সকলের সম্মিলিত প্রচেষ্টার ফসল। আসুন আমরা সর্বশক্তিমান আল্লাহ তায়লার নিকট প্রার্থনা করি তিনি যেন আমাদের সকল প্রচেষ্টায় সঠিক দিক নির্দেশনা প্রদান করেন।

ধন্যবাদ।

স্বাক্ষর/- আফরোজা খান,
সভাপতি।

তারিখঃ ২৩শে অক্টোবর ২০১৯।

Monno Ceramic Industries Ltd.

MANAGING DIRECTOR'S STATEMENT

Management's Discussion and Analysis of the Company's position and operations along with a brief discussion of changes in the financial statements as per condition no. 1.5(XXV) of Corporate Governance Code dated June 03, 2018:

Accounting policies and estimation for preparation of financial statements:

The Financial Statements 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 Stock Exchange Ltd. and the International Accounting Standards (IASs) as well as those standards, disclosures recommended by IASs and as applicable to the company.

Changes in accounting policies and estimation:

There was no change in accounting policies and estimation during the year under review.

Comparative analysis of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons:

(Figures in '000 taka)

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Turnover	1,071,078	906,030	859,493	819,056	757,385	692,428
Cost of goods sold	871,575	737,405	700,210	667,546	617,334	546,208
Gross profit	199,503	168,626	159,283	151,509	140,051	146,219
Operating expenses	69,125	70,785	74,745	86,902	84,313	76,900
Operating profit	130,377	97,841	84,538	64,608	55,737	69,319
Finance cost	73,978	79,701	80,314	61,159	50,791	65,609
Net Profit before tax	92,167	71,071	4,023	3,285	4,711	3,534
Net Profit after tax	72,653	53,103	2,717	2,181	3,070	2,544
Shareholders' equity	2,152,445	2,297,943	2,256,803	2,266,050	2,275,833	2,277,809
Total asset	3,135,473	3,099,069	3,208,032	3,214,883	3,050,664	3,068,425
Total bank borrowings	530,978	544,214	747,845	7,72,813	432,781	398,265
Total current assets	819,028	795,674	852,836	887,940	783,381	793,939
Total current liabilities	611,294	634,268	759,965	708,812	762,967	772,844
Current ratio (time)	1.34	1.25	1.12	1.25	1.03	1.02
Shareholders equity per share	66	91	94	95	95	95
Rate of dividend/stock dividend	10% cash 10% stock	30% stock	5% cash 5% stock	5%	5%	5%
Earning per share	2.22	2.11	0.11	0.09	0.13	0.11
Net asset value per share	66	91	94	95	95	95
Pay out ratio	-	-	455%	556%	385%	455%
Net operating cash flow per share	3.35	8.00	7.82	(7.42)	(0.47)	1.52
Number of shareholders	14,210	7,823	7,338	7,413	8,549	9,346

Briefly explain the financial and economic scenario of the country and the globe:

The economy of Bangladesh is largely agro-based with just under 50% of the total labour force still employed in the sector and more than 70% of the population involved directly or indirectly in agricultural activities. In broad terms of sectoral contribution to GDP, the share of agriculture is now less than 20% as service sectors have thrived which now account for about 52%, while the remaining 28% is mostly accounted for by employment in the industrial sector.

Monno Ceramic Industries Ltd.

In the first quarter of 2019, Bangladesh's was the world's seventh fastest growing economy with a rate of 7.3% real GDP annual growth. Dhaka and Chittagong are the principal financial centres of the country, being home to the Dhaka Stock Exchange and the Chittagong Stock Exchange. The financial sector of Bangladesh is the second largest in the subcontinent. Bangladesh is one of the world's fastest growing economy.

Healthy growth momentum continues in the Bangladesh economy amid tepid global growth environment, with 8.13 percent real GDP growth estimated by BBS for FY19 against global growth projection averaging 4.1percent for 2019 in emerging market and developing economies. The strong 8.13 percent FY19 real GDP growth was broad based across economic sectors, supported both by strong domestic demand and by external demand reflected in 10.5 percent export growth.

Risk and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company:

Company's management perceives investment risks within the national and international economic situation in relation to legal requirements involving intellectual property rights, scientific invention, WTO regulations and monetary & fiscal investment policies and has prepared its production & marketing strategy to meet the challenges from these risks. Besides, the power/gas problem has slightly eased off but more uninterrupted power supply needs to be ensured throughout the year to run the industries efficiently.

Future plan:

As a dynamic company, we recognize that our success depends on our ability to grow. Therefore, we plan to expand the business put in advance technology and automated modern machinery in the production process of the company. So, we are committed to produce porcelain tableware production with various specifications of our customers. We intend to continue to focus on research and development, product development as well as development of manpower skills, capacity and productivity to ensure that our products meet the evolving and stringent requirements of the ceramic industries

Sd/-

Rasheed Mymunul Islam
Managing Director

Dated : October 27, 2019

Monno Ceramic Industries Ltd.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in submitting their report and the audited accounts of the Company for the fiscal year ended the 30th June 2019 along with the Auditors' Report thereon.

FINANCIAL RESULTS

	For the year ended 30.06.2019	For the year ended 30.06.2018
Revenue	1,071,078,136	906,030,890
Cost of goods sold	(871,575,238)	(737,404,665)
	-----	-----
Gross Profit	199,502,898	168,626,225
Operating expenses	(69,125,435)	(70,785,342)
	-----	-----
Profit from Operations	130,377,463	97,840,883
Finance cost	(73,978,277)	(79,700,665)
Provision against Investment	-	(655,959)
Other Income	40,376,056	57,140,546
	-----	-----
Net Profit before Contribution to WPPF & WWF	96,775,242	74,624,805
Contribution to WPPF & WWF	(4,608,345)	(3,553,562)
	-----	-----
Net Profit before tax	92,166,897	71,071,243
Income tax provision	(23,041,724)	(17,767,811)
Deferred Tax Income/Expenses	3,527,508	(200,000)
	-----	-----
Net Profit after tax	Taka 72,652,681	53,103,432
	=====	=====

APPROPRIATION OF AVAILABLE PROFIT/SURPLUS

Maintaining sound liquidity—to finance the proper working capital requirements for smooth and uninterrupted production, to pay timely installments of term loan, to reallocate internal funds for modernisation of the factory according to the need of time, and to meet any unforeseen circumstances—is the ideology of Monno.

Worldwide economic recessions and free & competitive market environment during the year under review, we could not earn more profit. Keeping in view the performance of the Company during the year under review, the Board of Directors has recommended 10% Cash Dividend & 10% Stock Dividend to the shareholders for the year under review, which requires your approval. We are confident that you will stand by this decision in the interest of long term prospects of the Company.

Monno Ceramic Industries Ltd.

DIRECTORS

Mrs. Afroza Khan and Mrs. Huron Nahar Rashid retire from the Board of Directors by rotation in accordance with provisions of Articles 137 and 138 of the Articles of Association of the Company and being eligible, offers themselves for re-election as per Article 139.

APPOINTMENT OF MANAGING DIRECTOR

In compliance of the condition no. 1(4) of Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, "The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company". Therefore as per provisions of Section 109 and 110 of the Companies Act 1994, the Board of Directors recommended Mr. Rasheed Mymunul Islam to appointment as Managing Director for a period of five years with effect from 31st December 2018 for better and smooth operation of the Company, subject to the approval of the shareholders & to fix his remuneration.

AUDITORS

The retiring auditors of the Company, Messrs. A. Wahab & Co., Chartered Accountants, being eligible for re-appointment, expressed their willingness to continue in office for the next term and offered themselves for re-appointment as auditors for the year ending the 30th June 2020.

In compliance of the condition no. 9.2 of Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, Chowdhury Bhattacharjee & Co., Chartered Accountants, offer themselves to appoint professional auditors for providing certificate on compliance of Corporate Governance Code for the year ending the 30th June 2020.

BOARD MEETINGS AND ATTENDANCE :

The number of Board Meetings and the attendance of Directors during the year 2018-2019 were as follows:-

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended
Mrs. Afroza Khan Chairman	13	13
Mr. Rasheed Mymunul Islam Managing Director	13	13
Mrs. Huron Nahar Rashid Director	13	13
Mr. Rasheed Samiul Islam Nominee Director	13	8
Mr. Rasheed Rafiul Islam Nominee Director	13	13
Dr. Md. Anwar Hossain Independent Director	13	11
Ms. Minara Hai Independent Director	13	12

Monno Ceramic Industries Ltd.

Brief Resume of the Directors

Directors who seek re-appointed

Mrs. Afroza Khan

Mrs. Afroza Khan, wife of Mr. Moynul Islam & Daughter of Late Mr. Harunar Rashid Khan & Mrs. Huron Nahar Rashid of House No. 9 (new), Road No. 16 (new), Dhanmondi R/A, Dhaka. She is the Managing Director of Monno Fabrics Limited and the Chairman of Monno Ceramic Industries Limited, Monno Jute Stafflers Limited & other concern of Monno Group of Industries. Mrs. Afroza Khan is an Honours Graduate and Masters Degree holder of the University of Dhaka has gathered commendable experience in the field of Industrial and Business management.

Mrs. Afroza Khan travelled most of the countries of the world in connection with international trade and business of the group.

Mrs. Huron Nahar Rashid

Mrs. Huron Nahar Rashid, is a Director of the Company, wife of Mr. Harunar Rashid Khan of House No. 9 (new), Road No. 16 (new), Dhanmondi R/A, Dhaka. She is the Managing Director of Monno Jute Stafflers Limited and Director of other concern of Monno Group of Industries. She has travelled most of the countries of the world in connection with international trade and business of the group.

Mr. Rasheed Mymunul Islam

Mr. Rasheed Mymunul Islam, is the Managing Director of the Company, Son of Mr. Moynul Islam & Mrs. Afroza Khan of House No. 9 (new), Road No. 16 (new), Dhanmondi R/A, Dhaka. He is an energetic young man having a Chemical Engineering degree from Imperial College, London. Mr. Rasheed Mymunul Islam is also the Director of Monno Jute Stafflers Limited and Monno Fabrics Limited. As a man of dynamic efforts and sincere services in the field of Planning and Development and also one of the main contributors, under whose dynamic leadership the group has achieved such a high success and majority of the reputation.

Mr. Rasheed Mymunul Islam is looking after the local & export business of the group and travelled most of the countries of the world in connection with promotion of international business of the group.

AUDIT COMMITTEE

Mrs. Minara Hai	Chairman
Mr. Rasheed Samiul Islam	Member
Mr. Rasheed Rafiul Islam	Member
Mr. Nasir Uddin ACS	Member Secretary

NOMINATION & REMUNERATION COMMITTEE (NRC)

Mrs. Minara Hai	Chairman
Mr. Rasheed Samiul Islam	Member
Mr. Rasheed Rafiul Islam	Member
Mr. Nasir Uddin ACS	Member Secretary

Monno Ceramic Industries Ltd.

SHAREHOLDING STRUCTURE

Number of shares held by the Directors of the Company, Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouse and children as on June 30, 2019 are as follows :

Name of the Directors	Designation	No. of shares	% of shareholding
Mrs. Afroza Khan	Chairman	3,684,834	11.28
Mr. Rasheed Mymunul Islam	Managing Director	655,184	2.01
Mrs. Huron Nahar Rashid	Director	925,032	2.83
Mr. Rasheed Samiul Islam	Nominee of Monno Welfare Foundation	13,540,330	41.46
Mr. Rasheed Rafiul Islam	Nominee of Monno Welfare Foundation		
Dr. Md. Anwar Hossain	Independent Director	-	-
s. Minara Hai	Independent Director	-	-
Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouse and children.	-	-	-

Shareholders holdings ten percent (10%) or more in the Company as on June 30, 2019 is as follows:

Name of shareholder	Number of shares	% of shareholding
Mrs. Afroza Khan	3,684,834	11.28
Monno Welfare Foundation	13,540,330	41.46

The Director's also report that

- The Financial Statements of the Company present a true and fair view of Company's state of affairs, result of its operations, cash flows and changes in equity.
- Proper books of accounts as required by law have been maintained.
- Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates were reasonable and prudent.
- The Financial Statements was prepared in accordance with Bangladesh Accounting Standards (IAS) /Bangladesh Financial Reporting Standards (IFRS) as applicable in Bangladesh.
- The Internal Control System is sound in design and effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There is no significant deviation from the operating result of last year.
- Bangladesh Securities and Exchange Commission's Corporate Governance Code is enclosed herewith.

Monno Ceramic Industries Ltd.

KEY OPERATING AND FINANCIAL DATA

(Figures in '000 taka)

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Turnover	1,071,078	906,030	859,493	819,056	757,385
Cost of goods sold	871,575	737,405	700,210	667,546	617,334
Gross profit	199,503	168,626	159,283	151,509	140,051
Operating expenses	69,125	70,785	74,745	86,902	84,313
Operating profit	130,377	97,841	84,538	64,608	55,737
Finance cost	73,978	79,701	80,314	61,159	50,791
Net Profit before tax	92,167	71,071	4,023	3,285	4,711
Net Profit after tax	72,653	53,103	2,717	2,181	3,070
Shareholders' equity	2,152,445	2,297,943	2,256,803	2,266,050	2,275,833
Total asset	3,135,473	3,099,069	3,208,032	3,214,883	3,050,664
Total bank borrowings	530,978	544,214	747,845	7,72,813	432,781
Total current assets	819,028	795,674	852,836	887,940	783,381
Total current liabilities	611,294	634,268	759,965	708,812	762,967

Current ratio (time)	1.34	1.25	1.12	1.25	1.03
Shareholders equity per share	66	91	94	95	95
Return on paid-up capital	22%	21%	1%	1%	1%
Rate of dividend/stock dividend	10% cash 10% stock	30% stock	5% cash 5% stock	5%	5%
Earning per share	2.22	2.11	0.11	0.09	0.13
Net asset value per share	66	91	94	95	95
Pay out ratio	-	-	455%	556%	385%
Net operating cash flow per share	3.35	8.00	7.82	(7.42)	(0.47)
Number of shareholders	14,210	7,823	7,338	7,413	8,549

VALUE ADDED STATEMENT

Particulars	2018-2019		2017-2018	
	Amount	%	Amount	%
Turnover & other Income	1,071,078,136	-	906,030,890	-
Bought-in-Materials & Services	(358,324,899)	-	(321,890,873)	-
Value Added	Taka 712,753,237	-	584,140,017	-

Applications:

Duties & Taxes to Government Exchequer	4,306,501	1.20	11,168,737	3.47
Salaries and benefits to employees	209,114,498	58.36	179,386,943	55.73
Interest to lenders	72,251,219	20.16	78,231,761	24.30
Retained by the Company	72,652,681	20.28	53,103,432	16.50
Taka	358,324,899	100	321,890,873	100

Monno Ceramic Industries Ltd.

Industry outlook and possible future developments in the industry

Monno Ceramic Industries Limited 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. This sector in the country witnessed a moderate growth during the year.

For the capacity and quality improvement of the products, management have been processing to replace some new machineries in place of old machineries in the factory of the company.

As a result, it is expected that the growth trend will be increased under the prevailing market conditions. The growth is expected to the better level after complete of processing.

Segment-wise or product-wise performance

Monno Ceramic Industries Limited produces high quality **Porcelain tableware** products. It is very difficult to separation of Product wise performance reporting. However, the major products of the Company are Dinner Set, Coffee Set, Tea Set, Soup Set, Tea Cup & Saucer, Coffee Cup & Saucer, Tea Pot, Sugar Pot, Milk Pot, Flower Vase, Coffee Mug, Soup Spoon, Salt Pot, Casserole, Salad Bowl, Oval Platter, Tray, etc.

Risks and concerns

Company's management perceives investment risks within the national and international economic situation in relation to legal requirements involving intellectual property rights, scientific invention, WTO regulations and monetary & fiscal investment policies and has prepared its production & marketing strategy to meet the challenges from these risks. Besides, the power/gas problem has slightly eased off but more uninterrupted power supply needs to be ensured throughout the year to run the industries efficiently.

Analysis of Cost of Goods sold, Gross Profit Margin and Net Profit Margin

This year's cost of goods sold was Tk.871.58 million as compared to last year's cost of goods sold of Tk. 737.40 million. Gross profit earned during the year was Tk.199.50 million as against last year's gross profit of Tk. 168.63 million. Net profit after tax earned during the year was Tk.72.65 million as compared to last year's Net Profit after tax of Tk. 53.10 million. The Ceramic Sectors of the country has made a better market progress both at home and in global context. But economic recession & other prevailing, we could not earn more profit during the year.

Extra-Ordinary gain or loss

During the year there was no realized extra-ordinary gain or loss made by the company.

Related party transactions

During the year there are related parties transactions in the normal course of business shown in the note 34.00 of the Annual Report 2018-2019.

Utilization of proceeds from public issues and/ or rights issues:

There was no public issues and/or right issue offered during the year.

Monno Ceramic Industries Ltd.

Financial results after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.:

Initial Public Offering was made on February 26, 1985. Since then the company is performing well.

Remuneration to directors including independent directors:

The remunerations of Directors have been shown in the note 36.01 of the Annual Report 2018-2019 and Independent Directors have not taken any remunerations/perquisites from the Company during the year.

Other Information

The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

Proper books of account of the issuer company have been maintained.

Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

Bangladesh Accounting Standards (IAS) /Bangladesh Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.

The system of internal control is sound in design and has been effectively implemented and monitored.

There are no significant doubts upon the issuer company's ability to continue as a going concern.

Dividend

The Board of Directors has recommended 10% Cash Dividend & 10% Stock Dividend for the year 2018-2019 which is subject to approval by the shareholders in the ensuing annual general meeting. Upon your approval in this General Meeting, the dividend/stock will be paid to the Shareholders whose names would appear in the Register of Members/CDS Record as on November 19, 2019 at the close of office.

RESEARCH AND NEW PRODUCTS DEVELOPMENT

We have scientific Porcelain Tableware experts who continuously conduct research & development programs for improving quality of products, reduction of cost, adaptation of products that are free of intellectual property rights and innovative products. These efforts have enabled the company to add new products to its product lines every year to the benefit of the common men of the country and the shareholders. The success in this field has secured the leading position for the company in the Ceramic sector.

Monno Ceramic Industries Ltd.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

The Board of Directors is also awoken of the Corporate Social Responsibilities (CSR) especially

in the areas of gender equality, race-religion-regional equality, non-employment of child labour, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and population control programs, elimination of corruption programs, participation in charitable activities etc. in non-partisan manner) right to form and participate in Union under ILO convention, employment of disabled etc.

HUMAN RESOURCES DEVELOPMENT

In order to improve the human skills, capacity and their productivity, the company continuously provides formal and informal training to the employees at every echelon of operation and management. During the year under review 1,918 persons (note – 36.12) of employees working in factory as well as Head Office of the Company which will ultimately make great contribution to the company's profitability as well as their own remuneration in due course.

FAIRNESS OF THE ACCOUNTS

According to Companies Act 1994, it is the responsibility of the Directors to prepare financial statements for each year to be presented before the shareholders in the general meeting. The financial statements and other financial information included in this report fairly present in all material respects, the financial conditions, results of operations, cash flow and changes in equity of company as of and for the year ended June 30, 2019.

REPORTING ON THE CORPORATE GOVERNANCE CODE

Corporate Governance is the practice of good citizenship, through which the Company is governed by the Board, keeping in view its accountability to the shareholders/stakeholders and to the society. Pursuant to the condition no. 9.00 of the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, we attach the Corporate Governance Code with the conditions in prescribed format.

On behalf of the Board of Directors,

Sd/-
Afroza Khan
Chairman

Monno Ceramic Industries Ltd.

AUDIT COMMITTEE REPORT For the Year 2018-2019

The Audit Committee as a sub-committee of the Board of Directors of the Company and the Audit Committee assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of the affairs of the Company and in assuring a good monitoring system within the business.

Composition of the Audit Committee

In accordance with the requirements of Corporate Governance Code of BSEC, the Audit Committee of Monno Ceramic Industries Limited consists of the following members :

Sl. No.	N a m e	Status of the Company	Status of the Committee
1.	Mrs. Minara Hai	Independent Director	Chairman
2.	Mr. Rasheed Samiul Islam	Director	Member
3.	Mr. Rasheed Rafiul Islam	Director	Member
4.	Mr. Nasir Uddin ACS	Company Secretary	Member Secretary

The scope of Audit Committee was defined as under:

- Review and recommend to the Board to approve the quarterly, half-yearly and annual financial statements prepared for statutory purpose;
- Monitor and oversee choice of accounting policies and principles, internal control risk management process, auditing matter, hiring and performance of external auditors;
- Review statement of significant related party transactions submitted by the management.
- Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors; and
- Review and consider the report of internal auditors and statutory auditors' observations on internal control.

Activities carried out during the year

The Committee reviewed the integrity of the quarterly and annual financial statement and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

Acknowledgements

The Audit Committee would like to express their thanks to the members of the Board, Managements and the Auditors for their support in carrying out its duties and responsibilities effectively.

Sd/-
Chairman
Audit Committee

Date: October 27, 2019

Monno Ceramic Industries Ltd.

চৌধুরী ভট্টাচার্য এন্ড কোং

CHOWDHURY BHATTACHARJEE & CO.
CHARTERED ACCOUNTANTS

DHAKA OFFICE : 47/8, Indira Road, (Gr. Floor), Dhaka-1215
Ph : 48110567, E-mail: bimal_cbc@yahoo.com

CTG. OFFICE : 922, Jubilee Road, Ctg.-4000
Ph : 031-614907 (O) 624228 (R)

Report to the Shareholders of Monno Ceramic Industries Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Monno Ceramic Industries Limited for the year ended on 30 June, 2019 This Code relates to the Notification No. BSEC/ CMRRCD/2016-158/207/Admin/80 dated 03 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is highly satisfactory.

Place: Dhaka
Dated : 30 October, 2019



A handwritten signature in black ink, appearing to read "Saptam Biswas".

Saptam Biswas, FCA
Partner
Chowdhury Bhattacharjee & Co.
Chartered Accountants

Monno Ceramic Industries Ltd.

Declaration by CEO and CFO

Dated : October 27, 2019

The Board of Directors,
Monno Ceramic Industries Limited,
Islampur, Dhamrai,
Dhaka-1350.

Subject: Declaration on Financial Statements for the year ended on June 30, 2019.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Monno Ceramic Industries Limited for the year ended on June 30, 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

- i) We have reviewed the financial statements for the year ended on June 30, 2019 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Sd/-
(Rasheed Mymunul Islam)
Chief Executive Officer

Sd/-
(Md. Rafiqul Islam FCA)
Chief Financial Officer

Dated : October 27, 2019

Monno Ceramic Industries Ltd.

Corporate Governance Code

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

Condition No.	Title	Compliance Status		Remarks (If any)
		Compiled	Not Compiled	
1.00	Board of Directors			
1.1(1)	Board Size (minimum - 5 and maximum - 20)	√		
1.2	Independent Director			
1.2(a)	1/5th of total as Independent Director (ID)	√		
1.2(b)(i)	Does not hold any share of less than 1% shares in the Company	√		
1.2(b)(ii)	Not a Sponsor of the Company	√		
1.2(b)(iii)	Who has not been an executive of the company	√		
1.2(b)(iv)	Does not have other relationship	√		
1.2(b)(v)	Not a Member or TREC, Director or Officer of any Stock Exchange	√		
1.2(b)(vi)	Not a Shareholder/Director/Officer of any Member/TREC holder of Stock Exch.	√		
1.2(b)(vii)	Not a partner or an Executive or was not a partner or an Executive during the preceding 3 (Three) years of the concerned Company's statutory audit firm.	√		
1.2(b)(viii)	Not an Independent Director in more than five listed Companies.	√		
1.2(b)(ix)	Not Convicted by a court of competent jurisdiction as a defaulter in payment of any loan/advance to a Bank or a Non-Bank Financial Institution.	√		
1.2(b)(x)	Not convicted for a Criminal Offence	√		
1.2(c)	Appointed by the Board and approved by the shareholders in AGM.	√		
1.2(d)	Post cannot remain vacant more than 90 days.	√		
1.2(e)	Tenure of the Independent Director.	√		
1.3	Qualification of Independent Director			
1.3(a)	Independent Director shall be a knowledgeable individual.	√		
1.3(b)(i)	Business Leader who is or was a promoter or director of an unlisted company.	√		
1.3(b)(ii)	Should be a Corporate Leader/Business Leader.	√		
1.3(b)(iii)	Former official of government.	√		
1.3(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law.	√		
1.3(b)(v)	Professional Chartered Accountant/ Secretary or equivalent qualification.	√		
1.3(c)	The independent director shall have at least 10(ten) years of experiences.	√		
1.3(d)	Relaxation in special cases.			N/A
1.4	Duality of Chairperson of the Board of Directors and Managing Director or	Chief Executive	Officer	
1.4(a)	The posts of Chairperson of the board and CEO are different individuals.	√		
1.4(b)	MD and/or CEO of a listed Company shall not hold the same position in another listed Company.	√		
1.4(c)	The Chairperson shall be elected from among the non-executive directors.	√		
1.4(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO.	√		
1.4(e)	In absence of Chairperson of the Board etc.	√		
1.5	The Directors' Report to Shareholders :			
1.5(i)	Industry outlook and possible future developments in the industry	√		
1.5(ii)	Segment-wise or product-wise performance	√		
1.5(iii)	Risks and concerns including internal and external risk factor.	√		
1.5(iv)	Discussion on Cost of Goods sold Gross profit Margin and Net Profit Margin.	√		
1.5(v)	Discussion on continuity of any extraordinary activities and implications.	√		
1.5(vi)	Detailed discussion and statement on related party transactions.	√		
1.5(vii)	Utilization of proceeds from public/rights issues and/or through any others.			N/A
1.5(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc.			N/A
1.5(ix)	Explanation by the Management if significant variance occurs between Quarterly Financial Performance and Annual Financial Statements.			N/A
1.5(x)	Remuneration to Directors including Independent Director.	√		
1.5(xi)	Statement that financial statements prepared by the management of the issuer present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1.5(xii)	Proper books of account of the issuer company have been maintained.	√		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation to the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
1.5(xiv)	International Accounting Statement (IAS) Bangladesh Accounting Standard (BAS) /International Financial Reporting standard (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.	√		

Monno Ceramic Industries Ltd.

Condition No.	Title	Compliance Status		Remarks (If any)
		Compiled	Not Compiled	
1(5)(xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons there of should be explained.	√		
1(5)(xix)	Key operating and financial data of at least preceding 5 (Five) years shall be summarized.	√		
1(5)(xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons there of shall be given.			N/A
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend paid as interim dividend.			N/A
1(5)(xxii)	The number of Board meetings held during the year and attendance by each Director shall be disclosed.	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate (name wise details).	√		
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	√		
1(5)(xxiii)(b)	Directors, CEO, Company Secretary, CFO, HIAC and their spouses and minor children (name wise details).	√		
1(5)(xxiii)(c)	Executives	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)(a)	A brief resume of the director in case of appointment or reappointment.	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas.	√		
1(5)(xxiv)(c)	Names of the companies in which the person also holds the directorship and	√		
1(5)(xxv)	Management discussion and analysis signed by CEO/MD presenting detail	analysis of the	company's position and	
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements.	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes	√		
1(5)(xxv)(c)	Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding five years explaining reasons	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario.	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements.	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation shall be explained to the shareholders in the next AGM	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(30) shall be disclosed as per Annexure-A	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed	√		
1(6)	Meeting of the Board of Directors			
1(6)	Compliance under Bangladesh Secretarial Standards (BSS).	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee(NRC)	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior.....	√		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary.	√		
2(b)	Independent Director of holding company also in the subsidiary company.	√		
2(c)	Minutes of subsidiary to be placed in the meeting of holding company.	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.	√		
3	Managing Director (MD) or Chief Executive Officer, Chief Financial Officer (CFO), Head of Internal Audit and			
3.1	Appointment			
3(1)(a)	Board shall appoint a MD or CEO, Company Secretary, CFO, and HIAC.	√		
3(1)(b)	The positions of the MD,CEO,CS,CFO & HIAC shall be filled by different individuals.	√		
3(1)(c)	The MD or CEO, CS, CFO, and HIAC of a listed company shall not hold any executive position in any other company at the same time.	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	√		
3(1)(e)	MD or CEO, CS, CFO, and HIAC shall not be removed from their position with approval of the Board and be disseminated to the commission and exchange.	√		
3.2	Requirement to attend Board of Directors' Meetings			
3(2)	MD or CEO,CS,CFO and HIAC shall attend the meetings of the Board.	√		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
3(3)(a)(ii)	The statements together present a true and fair view of the company's affairs and are in compliance	√		

3(3)(b)	The MD or CEO and CFO to certify on due diligence in the Report.	√		
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Monno Ceramic Industries Ltd.

Condition No.	Title	Compliance Status		Remarks (If any)
		Compiled	Not Compiled	
3(3)(c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee			
4 (i)	Audit Committee	√		
4 (ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5.1	Responsibility to the Board of Directors			
5(1)(a)	Company shall have an Audit Committee as a sub-committee of the Board.	√		
5(1)(b)	Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company.	√		
5(1)(c)	Audit Committee shall report on its activities to the Board of Directors.	√		
5.2	Constitution of the Audit committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5(2)(b)	Board shall appoint members of the Audit Committee who shall be non-executive director.	√		
5(2)(c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial.	√		
5(2)(d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold	√		
5(2)(e)	The Company Secretary shall act as the Secretary of the Audit Committee	√		
5(2)(f)	Quorum of Audit Committee meeting, at least One independent director.	√		
5.3	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select Chairperson of the Audit Committee who will be ID.	√		
5(3)(b)	Absence of the Chairperson of the Audit Committee members to elect one.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the AGM.	√		
5.4	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least 4 meetings in a financial year.	√		
5(4)(b)	Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher.	√		
5.5	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process.	√		
5(5)(b)	Monitor choice of accounting policies and principles.	√		
5(5)(c)	Internal Audit and Compliance process to ensure that it is adequately resourced.	√		
5(5)(d)	Performance of external auditors.	√		
5(5)(e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption.	√		
5(5)(f)	Review with the management, the annual financial statements before submission to the Board for approval.	√		
5(5)(g)	Review with the management, the Quarterly and half yearly financial statements before submission to the Board for approval.	√		
5(5)(h)	The review adequacy of internal audit function.	√		
5(5)(i)	Review the management's discussion and analysis before disclosing in the Annual Report.	√		
5(5)(j)	Review statement of all related party transactions submitted by the Mgt.	√		
5(5)(k)	Review management letters or letter of Internal Control weakness issued by statutory auditors.	√		
5(5)(l)	Oversee determination of audit fees based on scope and magnitude.	√		
5(5)(m)	Oversee whether IPO proceeds utilized as per the published Prospectus.			N/A
5.6	Reporting of the Audit Committee			
5.6 (a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)(a)	Report on conflicts of interests.	√		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process.	√		
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation.	√		
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.	√		
5.6 (b)	Reporting to the Authorities			
5.7	Reporting to the Shareholders and General Investors			
5(7)	Reporting to the Shareholders and General Investors	√		
6	Nomination and Remuneration Committee (NRC)			
6.1	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a NRC as a sub-committee of the Board.	√		
6(1)(b)	NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications	√		
6(1)(c)	The Terms of Reference of the NRC shall be clearly set forth in writing.	√		
6.2	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an ID.	√		
6(2)(b)	All members of the Committee shall be non-executive directors.	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board.	√		

Monno Ceramic Industries Ltd.

Condition No.	Title	Compliance Status		Remarks (If any)
		Compiled	Not Compiled	
6(2)(d)	Board have authority to remove and appoint any member of the committee.	√		
6(2)(e)	Board shall fill the vacancy within 180 days of such vacancy in the Committee.	√		
6(2)(f)	The Chairperson of the Committee may appoint/co-opt any external expert.	√		
6(2)(g)	The company secretary shall act as the secretary of the committee.	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director.	√		
6(2)(i)	No member of the NRC shall receive any remuneration/advisory, other than Director's fees or honorarium from the company.	√		
6.3	Chairperson of the NRC			
6(3)(a)	Board shall select 1 member of the NRC to be Chairperson of the Committee	√		
6(3)(b)	Absence of chairperson, the remaining members may elect one of them.	√		
6(3)(c)	Chairperson of the NRC shall attend the AGM.	√		
6.4	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year.	√		
6(4)(b)	The Chairperson of the NRC, may convene any emergency meeting.	√		
6(4)(c)	Quorum of NRC meeting, presence of 2 or 2/3 members whichever is higher.	√		
6(4)(d)	Proceedings of NRC meeting shall be recorded in the minutes and such minutes shall be confirmed in the next meeting.	√		
6.5	Role of NRC			
6(5)(a)	NRC shall be independent and responsible/accountable to the Board and to the shareholders.	√		
6(5)(b)(i)(a)	Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.	√		
6(5)(b)(i)(b)	Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.	√		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance.	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, experience etc.	√		
6(5)(b)(iii)	Identifying persons who are qualified the criteria laid down and recommend their appointment and removal to the Board.	√		
6(5)(b)(iv)	Formulating criteria for evaluation of performance of independent directors and the Board.	√		
6(5)(b)(v)	Identifying company's needs for employees at different levels and determine their selection, transfer or replacement.	√		
6(5)(b)(vi)	Developing recommending and reviewing annually the company's human resources and training policies.	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC at a glance in its annual report.	√		
7	External or Statutory Auditors			
7(1)	Issuer company shall not engage its external auditors to perform the following:			
7(1)(i)	Appraisal or valuation services or fairness opinions.	√		
7(1)(ii)	Financial information systems design and implementation.	√		
7(1)(iii)	Book keeping or other service related to the account ion records.	√		
7(1)(iv)	Broker-dealer services	√		
7(1)(v)	Actuarial services	√		
7(1)(vi)	Internal/special audit services.	√		
7(1)(vii)	Any services that the Audit Committee may determine.	√		
7(1)(viii)	Certification services on compliance of corporate governance.	√		
7(1)(ix)	Any other service that may create conflict of interest.	√		
7(2)	No partner or employees of the External/Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure.	√		
7(3)	Representative of External Auditors shall remain present in the AGM.	√		
8	Maintaining a website by the company			
8(1)	The company shall have an official website linked with that of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchanges.	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate. The professional who will provide the certificate on compliance of	√		
9(2)	Corporate Governance shall be appointed by the Shareholders in the AGM.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure- C attached, in the directors report whether the company has complied with these conditions.	√		

Monno Ceramic Industries Ltd.

Independent Auditor's Report To the Shareholders of Monno Ceramic Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Monno Ceramic Industries Limited (the "Company"), which comprise the Statement of Financial Position as at June 30, 2019, and the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Revenue recognition	
<p>At year end the Company reported total revenue of BDT 1,071,078,136 of which Export Sales BDT 146,810,649 and Local Sales BDT 924,267,487 is net of VAT.</p> <p>Sales made during the year are material and consider to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimation.</p> <p>There is a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none">• Segregation of duties in invoice creation and modification and• Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none">• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;• Collecting all VAT Return to assess & calculation of total Local sales and• Finally assess the appropriateness and presentation of disclosures against relevant accounting standards.
See note no. 22.00 to the financial statements	

Monno Ceramic Industries Ltd.

<p>Measurement of Deferred Tax Liability</p>	
<p>Company reported net deferred tax liability totaling BDT 215,722,262 as at 30 June 2019.</p> <p>Significant judgment is required in relation to deferred tax liability as their adjustability is dependent on forecasts of future.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax liability and the assumptions used in estimating the Company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We also assessed the appropriateness of presentation of disclosures against IAS 12 Income Tax.</p> <p>We also use the 3rd schedule of the Income Tax Ordinance (ITO 1984) for the calculation of deferred tax.</p>
<p>See note no. 14.00 to the financial statements</p>	
<p>Other Income-Wastage Sales</p>	
<p>At year end the Company reported total wastage sales of BDT 40,334,000 as other income.</p> <p>There is a risk that income may be overstated due to sales of wastage recognized resulting from the pressure local management may feel to achieve performance targets.</p> <p>Moreover, the company made cash transactions for the above amount.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Segregation of duties in invoice creation and modification & duties of issuing money receipt. • Timing of income recognition. <p>Our substantive procedures in relation to the income recognition comprises the following:</p> <ul style="list-style-type: none"> • Obtaining supporting documentation for wastage sales transactions recorded; • Collecting ledger and all voucher of different parties and cash memo. • Finally assess the appropriateness and presentation of disclosures against relevant accounting standards.
<p>See note no. 27.00 to the financial statements</p>	
<p>Legal and regulatory matters</p>	
<p>We focused on this area because the company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the company's best estimate for existing legal matters that have a probable and estimable impact on the company's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the company's provisions and contingent liabilities disclosure.</p>

Monno Ceramic Industries Ltd.

Reporting to other information

Management is responsible for other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Monno Ceramic Industries Ltd.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- 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 accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

For, A. Wahab & Co.
Chartered Accountants

Dated, Dhaka, October 30, 2019

Sd/-
Md. Showkat Hossain FCA
Partner

Monno Ceramic Industries Ltd.

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

Particulars	Notes	30.06.2019	30.06.2018
ASSETS			
NON-CURRENT ASSETS		2,316,445,326	2,303,395,284
Property, Plant and Equipment - At cost Less Depreciation	3.00	2,203,905,326	2,190,855,284
Investments	4.00	112,540,000	112,540,000
CURRENT ASSETS		819,028,154	795,674,180
Inventories	5.00	288,735,963	344,779,884
Trade & other Receivables	6.00	135,219,314	94,861,867
Advance, Deposits & Pre-payments	7.00	32,331,441	24,069,597
Advance Income Tax	8.00	183,151,835	179,489,747
Group Current Account	9.00	164,315,311	144,265,311
Cash and cash Equivalents	10.00	15,274,290	8,207,774
TOTAL ASSETS	Taka	3,135,473,480	3,099,069,464
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY		2,152,445,462	2,297,942,551
Issued and Paid-up Share Capital	11.00	326,617,470	251,244,210
Total Reserve & Surplus	12.00	1,825,827,992	2,046,698,341
NON-CURRENT LIABILITIES		371,733,112	166,859,069
Long Term Loan (Secured)	13.00	146,478,948	156,227,167
Deferred Tax Liability	14.00	215,722,262	1,100,000
Deferred Liability	15.00	9,531,902	9,531,902
CURRENT LIABILITIES		611,294,906	634,267,844
Short Term Borrowings	16.00	309,630,882	313,646,839
Long Term Loan (Current Portion)	13.00	74,868,000	74,340,000
Trade & other Payables	17.00	94,843,031	112,883,437
Accrued Expenses	18.00	17,558,135	17,470,099
Unclaimed Dividend	19.00	4,546,784	29,154,265
Provision for Income Tax	20.00	70,449,986	47,408,262
Liabilities for other Finance	21.00	39,398,088	39,364,942
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,135,473,480	3,099,069,464
Net Assets Value per share (Restated)	28.00	65.90	70.36

The annexed Notes from 1.00 to 36.00 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 27-10-2019 and were signed on its behalf by:

SD/-
NASIR UDDIN ACS
COMPANY SECRETARY

SD/-
RASHEED MYMUNUL ISLAM
MANAGING DIRECTOR

SD/-
AFROZA KHAN
CHAIRMAN

Subject to our separate report
of even date.

Dated : Dhaka, October 30, 2019

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

Monno Ceramic Industries Ltd.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

Particulars	Notes	30.06.2019	30.06.2018
Revenue	22.00	1,071,078,136	906,030,890
Cost of Goods Sold	23.00	(871,575,238)	(737,404,665)
Gross Profit		199,502,898	168,626,225
Operating Expenses		(69,125,435)	(70,785,342)
Administrative Expenses	24.00	(45,039,221)	(46,082,341)
Selling and Distribution Expenses	25.00	(24,086,214)	(24,703,001)
Profit from Operations		130,377,463	97,840,883
Finance cost	26.00	(73,978,277)	(79,700,665)
Provision against Investment	4.00	-	(655,959)
Other Income	27.00	40,376,056	57,140,546
Net Profit Before Contribution to WPPF		96,775,242	74,624,805
Contribution to WPPF & WWF	21.01	(4,608,345)	(3,553,562)
Net Profit Before Tax		92,166,897	71,071,243
Income Tax Provision	20.00	(23,041,724)	(17,767,811)
Deferred Tax Income/Expenses	14.00	3,527,508	(200,000)
Net Profit after Tax		72,652,681	53,103,432
Earnings per share (Restated)	29.00	2.22	1.63

The annexed Notes from 1.00 to 36.00 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 27-10-2019 and were signed on its behalf by:

SD/-
NASIR UDDIN ACS
COMPANY SECRETARY

SD/-
RASHEED MYMUNUL ISLAM
MANAGING DIRECTOR

SD/-
AFROZA KHAN
CHAIRMAN

Subject to our separate report
of even date.

Dated : Dhaka, October 30, 2019

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

Monno Ceramic Industries Ltd.

STATEMENT OF CHANGES IN EQUITY For the year ended June 30, 2019

For the Year-2018-2019

Particulars	Share Capital	Dividend equalisation Reserve	General Reserve	Capital Reserve	Revaluation Reserve	Retained Earning	Total Reserve & Surplus	Total
Balance, July 01, 2018	251,244,210	21,700,000	149,491,999	9,081,550	1,689,589,334	176,835,458	2,046,698,341	2,297,942,551
Depreciation on Revaluation of Assets	-	-	-	-	(22,260,765)	22,260,765	-	-
Prior year adjustment of deferred tax(Note: 14)	-	-	-	-	-	(218,149,770)	(218,149,770)	(218,149,770)
Net Profit for the year	-	-	-	-	-	72,652,681	72,652,681	72,652,681
Bonus share issued during the year	75,373,260	-	-	-	-	(75,373,260)	(75,373,260)	-
At the end of the year	326,617,470	21,700,000	149,491,999	9,081,550	1,667,328,569	(21,774,126)	1,825,827,992	2,152,445,462

For the Year-2017-2018

Particulars	Share Capital	Dividend equalisation Reserve	General Reserve	Capital Reserve	Revaluation Reserve	Retained Earning	Total Reserve & Surplus	Total
Balance, July 01, 2017	239,280,200	21,700,000	149,491,999	9,081,550	1,712,900,731	124,348,649	2,017,522,929	4,274,326,058
Depreciation on Revaluation of Assets	-	-	-	-	(23,311,397)	23,311,397	-	-
Net Profit for the year	-	-	-	-	-	53,103,432	53,103,432	106,206,864
Bonus share issued during the year	11,964,010	-	-	-	-	(11,964,010)	(11,964,010)	(11,964,010)
Cash dividend declared during the year	-	-	-	-	-	(11,964,010)	(11,964,010)	(23,928,020)
At the end of the year	251,244,210	21,700,000	149,491,999	9,081,550	1,689,589,334	176,835,458	2,046,698,341	4,344,640,892

The annexed Notes from 1.00 to 36.00 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 27-10-2019 and were signed on its behalf by:

SD/-
NASIR UDDIN ACS
COMPANY SECRETARY

SD/-
RASHEED MYMUNUL ISLAM
MANAGING DIRECTOR

SD/-
AFROZA KHAN
CHAIRMAN

Subject to our separate report
of even date.

Dated : Dhaka, October 30, 2019

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

Monno Ceramic Industries Ltd.

STATEMENT OF CASH FLOWS For the year ended June 30, 2019

<u>Particulars</u>	<u>Note</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
Cash Flows from Operating Activities:		109,504,815	200,927,679
Cash Receipts from Customers	31.00	1,039,579,400	927,250,744
Cash Receipts from Others	27.00	40,376,056	57,140,546
Cash Paid to Suppliers	32.00	(785,856,260)	(656,594,646)
Cash paid to Employees and Others	33.00	(108,681,074)	(35,256,512)
Income Tax Expenses	8.00	(3,662,088)	(13,380,692)
Interest Paid	26.00	(72,251,219)	(78,231,761)
Cash Flows from Investing Activities		(64,594,643)	-
Acquisition of Property, Plant and Equipment	3.00	(64,594,643)	-
Cash Flows From Financing Activities:		(37,843,657)	(208,475,986)
Increase/(Decrease) in Long Term Borrowings		(9,220,219)	(29,706,172)
Increase/ (Decrease) in Short Term Borrowings		(4,015,957)	(173,925,142)
Dividend Paid	19.00	(24,607,481)	(4,844,672)
Increase/(Decrease) in cash & cash equivalents		7,066,516	(7,548,307)
Cash and Cash Equivalents at Beginning of year		8,207,774	15,756,081
Cash and Cash Equivalents at end of year	10.00	15,274,290	8,207,774
Net operating cash flows per share (Restated)	30.00	3.35	6.15

The annexed Notes from 1.00 to 36.00 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 27-10-2019 and were signed on its behalf by:

SD/-
NASIR UDDIN ACS
COMPANY SECRETARY

SD/-
RASHEED MYMUNUL ISLAM
MANAGING DIRECTOR

SD/-
AFROZA KHAN
CHAIRMAN

Subject to our separate report
of even date.

Dated : Dhaka, October 30, 2019

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

Monno Ceramic Industries Ltd.

Notes to the Financial Statements for the year ended June 30, 2019

1.00. COMPANY AND ITS ACTIVITIES

1.01. 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 respectively.

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

1.03. 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.

2.00. SIGNIFICANT ACCOUNTING POLICIES AND OTHER RELEVANT INFORMATION

2.01. Corporate Financial Statements and Reporting's

Financial statements which comprise the following:

- a) Statement of Financial Position
- b) Statement of Profit or Loss and other Comprehensive Income
- c) Statement of Changes in Equity
- d) Statement of Cash Flows, for the year then ended, and,
- e) 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 IASs 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 International Accounting Standards requires Management 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.

Monno Ceramic Industries Ltd.

2.02. 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 IAS-1 for fair presentation of financial statements.

2.03. Corporate Accounting Standards Practiced

The Following IASs are applied for the preparation for the financial statement:

- IAS 1 Presentation of Financial Statements
- IAS 2 Inventories
- IAS 7 Cash Flow Statements
- IAS 8 Net Profit or Loss for the period, Fundamental Errors and Changes in Accounting Policies
- IAS 10 Events after the Balance Sheet Date
- IAS 12 Income Taxes
- IAS 16 Property, Plant and Equipment
- IAS 17 Leases
- IAS 21 The effects of Changes in Foreign Exchange Rates
- IAS 23 Borrowing Costs
- IAS 24 Related Party Disclosures
- IAS 25 Accounting for Investments
- IAS 28 Accounting for Investment in Associates
- IAS 33 Earnings Per Share
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IFRS 15 Revenue from Contracts with Customers

2.04. 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.

2.05. Comparative Amounts

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

2.06. 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.

2.07. 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 IAS 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 IAS 1 "Presentation of Financial Statements". The recommendation of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

a) Recognition of Property, Plant & Equipment

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 Statement of Profit or Loss and other Comprehensive Income which is determined with reference to the net book value of assets and the net sales proceeds.

b) Depreciation of Property, Plant & Equipment

No depreciation is charged on land and land development and capital work in progress. Depreciation on all other Property, Plant & Equipment is computed using the Reducing Balance Method. Full year depreciation has been charged on addition of Property, Plant & Equipment, irrespective of this date of addition.

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

	2018-2019	2017-2018
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.

c) Impairment of Assets

In accordance with the provisions of IAS 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 Statement of Profit or Loss and other Comprehensive Income. No such indication of impairment has been observed till to date.

d) Revenue Recognition

In compliance with the requirements of IFRS 15 : Revenue from Contracts with Customers, 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.

e) 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 Statement of Financial Position. Work-in-process have been valued at prime cost basis as required by IAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at the lower of cost and net realizable value basis.

f) 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 25% on business income with due consideration of rebate allowable on profit attributable from export (as applicable).

g) 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.

h) Cash Flow Statement

Cash flow statement is prepared principally in accordance with IAS-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 IAS-7 which provides that “Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method”.

i) 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.

j) 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 IAS-23.

k) Leases

The lease is classified as an operating lease.

Lease payments are recognized as finance cost in the Statement of Profit or Loss and other Comprehensive Income.

l) Earning Per Share (EPS)

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

m) Net Asset Value (NAV) Per Share

The Company has calculated deferred tax and restated the account during the year, as a result current liabilities of the company has increased significantly. Therefore, Net Asset Value (NAV) Per Share decreased from the last Financial year.

n) Net Operating Cash Flow (NOCF) Per Share

Cash Flow of the Company has decreased due to payment to the Suppliers, Employee & Others has increased from the last financial year. Therefore, Net Operating Cash Flow (NOCF) per share has decreased during the financial year ended June 30, 2019.

o) Reporting Period

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

3.00. PROPERTY, PLANT & EQUIPMENT

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

Particulars	C O S T			DEPRECIATION			Written down Value as on 30.06.2019	Written down Value as on 30.06.2018
	Balance as on 01.07.2018	Addition during the year	Balance as on 30.06.2019	Balance as on 01.07.2018	Charged during the year	Rate		
AT COST								
Land & Land Development	26,527,530	-	26,527,530	-	-	0.00%	-	26,527,530
Building and Other Construction	239,384,976	-	239,384,976	178,389,610	1,524,884	2.50%	179,914,494	60,995,366
Plant, Machinery and Equipment	1,032,497,060	64,594,643	1,097,091,703	695,595,357	20,074,817	5.00%	715,670,174	336,901,703
Vehicles	46,747,550	-	46,747,550	9,917,199	3,683,035	10.0%	13,600,234	33,147,316
Furniture and Fixtures	9,543,256	-	9,543,256	8,082,229	146,103	10.0%	8,228,332	1,314,924
Sundry Assets	60,112,386	-	60,112,386	21,562,413	3,854,997	10.0%	25,417,410	38,549,973
Sub Total :	1,414,812,758	64,594,643	1,479,407,401	913,546,808	29,283,836		942,830,644	501,265,950

AT REVALUATION :									
Land & land development	1,154,722,470	-	1,154,722,470	-	-	0.00%	-	1,154,722,470	1,154,722,470
Building and other construction	203,500,193	-	203,500,193	24,197,050	4,482,579	2.50%	28,679,629	174,820,564	179,303,143
Plant, machinery and equipment	459,514,707	-	459,514,707	103,950,986	17,778,186	5.00%	121,729,172	337,785,535	355,563,721

Sub Total :	1,817,737,370	-	1,817,737,370	128,148,036	22,260,765		150,408,801	1,667,328,569	1,689,589,334
Total as on 30.06.2019 :	3,232,550,128	64,594,643	3,297,144,771	1,041,694,844	51,544,601		1,093,239,445	2,203,905,326	2,190,855,284

Monno Ceramic Industries Ltd.

Notes :

1) Depreciation has been apportioned as below : **30.06.2019**

Conversion cost	(Note : 23.1.2)	47,715,463
Administrative expenses	(Note : 24.00)	3,683,035
Selling and distribution expenses	(Note : 25.00)	146,103

Taka 51,544,601

4.00. INVESTMENTS

The details break-up is made up as follows **30.06.2019** **30.06.2018**

Investment in share	(Note-4.01)	112,540,000	113,195,959
Less: Provision against Investment		-	(655,959)

Taka 112,540,000 112,540,000

4.01. 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. 30.06.2019 transaction rate of the share of Monno Fabrics Limited was @ 12.00 taka.

5.00. INVENTORIES

The details break-up is made up as follows: **30.06.2019** **30.06.2018**

Raw & other auxiliary materials	(Note-5.01 & 22.1.1)	116,358,865	130,187,412
Finished goods	(Note-5.02 & 22.00)	41,153,834	53,215,494
Stores & spares	(Note-5.03)	32,408,655	43,381,210
Work-in-process	(Note-5.04 & 22.01)	90,370,918	103,879,746
Materials-in-transit	(Note-5.05)	8,443,691	14,116,022

Taka 288,735,963 344,779,884

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

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

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

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

5.05. Materials-in-transit represents the cost incurred up to the date of Statement of Financial Position for consignment which have subsequently been cleared.

6.00. TRADE & OTHER RECEIVABLE

The details break-up is made up as follows: **30.06.2019** **30.06.2018**

Export bills receivable	(secured) (Note-6.01)	66,669,988	70,131,960
Duty draw back	(secured) (Note-6.02)	13,473,992	8,027,320
Parties/Institutions	(Note-6.03)	55,075,334	16,702,587

Taka 135,219,314 94,861,867

Monno Ceramic Industries Ltd.

6.01. **Export Bills Receivable (Secured)**

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance	70,131,960	92,746,316
Add: Addition during the year	<u>146,810,649</u>	<u>257,823,868</u>
	216,942,609	350,570,184
Less: Collection during the year	150,272,621	280,438,224
	-----	-----
Closing Balance	<u>66,669,988</u>	<u>70,131,960</u>

6.02. **Duty Draw Back (Secured)**

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance	8,027,320	9,187,467
Add: Addition during the year	<u>8,858,711</u>	<u>5,425,017</u>
	16,886,031	14,612,484
Less: Collection during the year	3,412,039	6,585,164
	-----	-----
Closing Balance	<u>13,473,992</u>	<u>8,027,320</u>

6.03. **Parties/Institutions**

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance	16,702,587	14,147,938
Add: Addition during the year	<u>924,267,487</u>	<u>642,782,005</u>
	940,970,074	656,929,943
Less: Collection during the year	885,894,740	640,227,356
	-----	-----
Closing Balance	<u>55,075,334</u>	<u>16,702,587</u>

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

6.05. 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.

7.00. ADVANCES, DEPOSITS & PREPAYMENTS

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
i) ADVANCES:		
Advance against purchase/supplies/others (Note 7.01)	16,564,868	4,266,348
Advance rent, rates & taxes	633,732	1,077,732
Other advances	3,072,864	1,466,314
	20,271,464	6,810,394
ii) DEPOSITS:		
Security deposits	10,286,856	10,286,856
Value added tax	1,773,121	6,972,347
	12,059,977	17,259,203
	-----	-----

Taka 32,331,441 24,069,597

Monno Ceramic Industries Ltd.

7.01. 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.

8.00. ADVANCE INCOME TAX

8.01. The details break-up is made up as follows:

	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance	179,489,747	169,066,608
Add: Addition during the year	3,662,088	10,423,139
Closing Balance (Note 8.02)	<u>183,151,835</u>	<u>179,489,747</u>

8.02. Year-wise break up:

<u>Accounting Year</u>	<u>Assessment Year</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
2018-2019	2019-2020	3,662,088	-
2017-2018	2018-2019	<u>10,423,139</u>	<u>10,423,139</u>
	Taka	<u>183,151,835</u>	<u>179,489,747</u>

9.00. GROUP CURRENT ACCOUNT

The details break-up is made up as follows:

	<u>30.06.2019</u>	<u>30.06.2018</u>
Monno Attire Ltd.	73,444,322	43,194,322
Monno Fabrics Ltd.	64,897,000	66,897,000
Monno General Hospital	12,400,902	12,400,902
Monno Jute Stafflers Ltd	962,737	962,737
Monno Welfare Foundation	<u>12,610,350</u>	<u>20,810,350</u>
Taka	<u>164,315,311</u>	<u>144,265,311</u>

10.00. CASH AND CASH EQUIVALENTS

The details break-up is made up as follows:

	<u>30.06.2019</u>	<u>30.06.2018</u>
a. Cash in hand (Note-10.01)	4,960,674	1,449,673
b. Cash at banks (Note-10.02)	8,576,165	4,806,078
In current accounts	8,432,576	4,665,520
In STD accounts	143,589	140,558
c. Foreign currency retention account, with Sonali Bank Ltd, LO, Dhaka \$ 14017.63 & EURO 5,731.83	1,737,451	1,952,023
Taka	<u>15,274,290</u>	<u>8,207,774</u>

Monno Ceramic Industries Ltd.

- 10.01. The amount of cash in hand has been certified by the management.
 10.02. The above bank balances have been confirmed with respective bank statement balances as on 30.06.2019. The above balances were held and available for use by the company without any restriction.

10.00. SHARE CAPITAL

AUTHORIZED CAPITAL:	<u>30.06.2018</u>	<u>30.06.2017</u>
100,000,000 Ordinary shares of Tk. 10.00 each	<u>1,000,000,000</u>	<u>500,000,000</u>

10.01. ISSUED, SUBSCRIBED & PAID UP CAPITAL:

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</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
11,96,401 Ordinary shares of Tk.10.00 each fully paid as bonus.	11,964,010	11,964,010
7,537,326 Ordinary shares of Tk.10.00 each fully paid as bonus.	7,537,3260	-
Taka	<u>32,661,470</u>	<u>251,244,210</u>

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

	30.06.2019		30.06.2018	
	No.of shares	%	No.of shares	%
Sponsors & Directors	18,805,380	57.58	15,676,575	62.40
Institutions	3,142,215	9.62	2,298,885	9.15
General public	10,361,406	31.72	7,118,812	28.33
Foreign investors	1,842	0.01	1,417	0.01
Non Resident investors	350,904	1.07	28,732	0.11
Total	32,661,747	100.00	25,124,421	100.00

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

Range of holdings In number of shares	No. of shareholders		No. of shares		Holding %	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018
1 to 499	10,036	6,271	1,276,386	1,514,380	3.91	6.03
500 to 5,000	3,834	1,350	5,058,746	1,592,353	15.49	6.34
5,001 to 10,000	181	98	1,236,087	948,642	3.78	3.78
10,001 to 20,000	89	42	1,249,323	752,325	3.83	2.99
20,001 to 30,000	22	24	552,980	562,650	1.69	2.24
30,001 to 40,000	10	10	338,241	418,372	1.04	1.67
40,001 to 50,000	8	6	375,291	425,350	1.15	1.69
50,001 to 100,000	17	9	1,131,764	716,925	3.47	2.85
100,001 to 1,000,000	11	11	4,217,765	3,732,403	12.91	14.85
Over 1,000,000	2	2	17,225,164	14,461,021	52.74	57.56

Total	14,210	7,823	32,661,747	25,124,421	100.00	100.00
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Monno Ceramic Industries Ltd.

(c) Option on unissued shares:

There is no option regarding authorized 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.202.90 and @Tk.201.80 per share respectively in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. as on June 30, 2019.

12.00. REVENUE RESERVES & SURPLUS

The details break-up is made up as follows:		<u>30.06.2019</u>	<u>30.06.2018</u>
Dividend equalisation reserve		21,700,000	21,700,000
General reserve	(Note 12.01)	149,491,999	149,491,999
Capital reserve		9,081,550	9,081,550
Revaluation Reserve	(Note 12.02)	1,667,328,569	1,689,589,334
Retained Earnings as of June 30, 2019	(Note 12.01)	(21,774,126)	176,835,458
		-----	-----
	Taka	1,825,827,992	2,046,698,341
		=====	=====

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

12.02. Revaluation Reserve

The details break-up is made up as follows:		<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance		1,689,589,334	1,712,900,731
Less: Depreciation on Revaluation of Assets	(Note 3.00)	22,260,765	23,311,397
		-----	-----
Closing Balance	Taka	1,667,328,569	1,689,589,334
		=====	=====

13.00. LONG TERM LOAN

13.01 The break-up of the amount is given below :

Opening Balance		<u>30.06.2019</u>	<u>30.06.2018</u>
		230,567,167	260,273,339
		67,546,781	35,235,413
Add: Addition during the year		37,137,398	-
Interest during the year		30,380,933	35,147,745
Bank Charge		28,450	87,668
Less: Paid during the year		76,767,000	64,941,585
Closing Balance	Taka	221,346,948	230,567,167
		=====	=====

13.02 The break-up of the amount is given below :

Total Long Term Loan		<u>30.06.2019</u>	<u>30.06.2018</u>
		221,346,948	230,567,167
Less : Current Portion which has been shown in current Liabilities.		74,868,000	74,340,000
Balance of Long Term Loan		-----	-----

Taka 146,478,948 156,227,167

Monno Ceramic Industries Ltd.

13.03. Nature of Security of loans

The above balance is with Social Islami Bank Limited, Principal Branch, Dhaka and fully secured by first charge on the Property, Plant & Equipment of the company and personal guarantee of the Directors.

13.04. Terms of repayment

The loans are refundable in installments and the last installment was due on 30.06.2019, which was paid on 30.07.2019.

13.05. Bank interest

Bank interest on the above loan has been charged in Statement of Profit or Loss and Other Comprehensive Income as financial costs.

13.06. Current portion of the above loan has been shown under the head Current Liabilities as required by IAS.

14.00. DEFERRED LIABILITY

The details break-up is made up as follows:

	<u>30.06.2019</u>	<u>30.06.2018</u>
14.01 Deferred Tax Liability		
Carrying Value (As per Accounts)	1,022,655,326	1,100,000
Carrying Value (As per Tax Base)	159,766,277	-
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Temporary Difference	862,889,049	1,100,000
Effective Tax Rate	25%	-
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Deferred Tax Liability/(Assets)	Taka 215,722,262	1,100,000
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
14.02 Deferred Tax	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance	1,100,000	900,000
Add: Provision for the year	-	200,000
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	1,100,000	1,100,000
Add: Prior year adjustment	218,149,770	-
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	219,249,770	1,100,000
Less: Adjustment during the year	3,527,508	-
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Closing Balance	Taka 215,722,262	1,100,000
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

15.00. DEFERRED LIABILITY

The amount of represents liability on account of Gratuity as on 30.06.2019 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.

Monno Ceramic Industries Ltd.

16.00. SHORT TERM BORROWINGS

The balance includes working capital loan of Tk. 309,630,882 taken from Social Islami Bank Limited Tk. 27,744,0410 Principal Branch, Dhaka, Mercantile Bank Ltd. Tk. 41,164,399 Main Branch Dhaka and Sonali Bank Ltd. Tk. (8,973,927) Local Office, Dhaka which is secured by first charge on stock in trade and collateral security on the property, plant & equipment 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 monthly rest.

The details break-up is made up as follows:

Particulars		<u>30.06.2019</u>	<u>30.06.2018</u>
Social Islami Bank Limited	(Note-16.01)	277,440,410	277,783,417
Mercantile Bank Limited	(Note 16.02)	41,164,399	44,839,849
Sonali Bank Limited	(Note 16.03)	(8,973,927)	(8,976,427)
		-----	-----
	Taka	309,630,882	313,646,839
		=====	=====

The above balances are in agreement with the respective bank statements. The details movement is as follows:

16.01 Social Islami Bank Limited		<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance		277,783,417	-
Add: Receipt during the year		346,799,235	-
		-----	-----
		624,582,652	-
Less: Payment during the year		347,142,242	-
		-----	-----
Closing Balance	Taka	277,440,410	277,783,417
		=====	=====
16.02 Mercantile Bank Limited		<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance		44,839,849	-
Add: Receipt during the year		4,524,550	-
		-----	-----
		49,364,399	-
Less: Payment during the year		8,200,000	-
		-----	-----
Closing Balance	Taka	41,164,399	44,839,849
		=====	=====
16.03 Sonali Bank Limited		<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance		8,976,427	-
Add: Receipt during the year		-	-
		-----	-----
		8,976,427	-
Less: Payment during the year		2,500	-
		-----	-----

Closing Balance	Taka	8,973,927	8,976,427
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Monno Ceramic Industries Ltd.

17.00. TRADE & OTHER PAYABLES

Trade & Other payables Tk. 9,48,43,032 represent the Bills Payable against Materials & Utility Service to third parties.

The details break-up is made up as follows:

<u>Particulars</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance	112,883,437	-
Add: Addition during the year	371,690,813	-
	484,574,250	-
Less: Adjustment during the year	389,731,219	-
Closing Balance	Taka 94,843,031	112,883,437

18.00. ACCRUED EXPENSES

The details break-up is made up as follows:

	<u>30.06.2019</u>	<u>30.06.2018</u>
Salaries & Wages payable	16,611,957	16,278,203
Audit Fees	243,800	128,800
Others	702,378	1,063,096
	Taka 17,558,135	17,470,099

The above amounts were provided as on 30.06.2019 and majority of the amount were paid subsequently.

19.00. UNCLAIMED DIVIDEND

The details break-up is made up as follows:

	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance	29,154,265	22,034,927
Add. Cash Dividend 2016-17	-	11,964,010
	29,154,265	33,998,937
Less. Dividend payment	24,607,481	4,844,672
Closing Balance	Taka 4,546,784	29,154,265

The above amount represents dividend declared and paid to different shareholders from to the bank upto the date of Statement of Financial Position.

20.00. PROVISION FOR INCOME TAX

The details break-up is made up as follows:

	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance	47,408,262	29,640,451
Add. Provision for the year	(Note 20.01) 23,041,724	17,767,811

Closing Balance

Taka 70,449,98647,408,262

Monno Ceramic Industries Ltd.

20.01. Provision for the year

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Regular (92,166,897X25%)	23,041,724	-
Minimum (1,071,078,136X0.60%)	6,426,469	-
Advance Income Tax	3,662,088	-
Which ever is higher	Taka <u>23,041,724</u>	<u>-</u>

20.02. Income tax assessment has been finalized upto Financial year 2013-2014.

<u>Accounting Year</u>	<u>Assessment Year</u>	<u>30.06.2019</u>	<u>30.06.2018</u>
2018-2019	2019-2020	28,999,841	-
2017-2018	2018-2019	17,767,811	17,767,811
2016-2017	2017-2018	1,106,406	1,106,406
2015-2016	2016-2017	903,321	903,321
2014-2015	2015-2016	21,672,607	27,630,724
		<u>70,449,986</u>	<u>47,408,262</u>

21.00. LIABILITIES FOR OTHER FINANCE

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Security deposit	17,528,438	17,528,438
WPPF & WWF (Note-21.01)	14,687,920	10,079,575
Tax deducted at source against supply of goods/services	340,920	1,060,334
VAT deducted at source against supply of goods/services	105,620	-
Tax deducted from the salary of employees	150,250	1,227,250
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.	616,515	916,515
Temporary loan Received from Monno Bone China Ltd.	465,426	2,727,830
Temporary loan Received from Mrs. Afroza Khan	5,500,000	5,822,000
	Taka <u>39,398,088</u>	<u>39,364,942</u>

21.01. WPPF & WWF

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening Balance	10,079,575	6,526,013
Add. Contribution to WPPF & WWF	4,608,345	3,553,562
Closing Balance	Taka <u>14,687,920</u>	<u>10,079,575</u>

Monno Ceramic Industries Ltd.

22.00. REVENUE

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
A. Local Sales (Net local sales)	924,267,487	642,782,005
B. Export Sales (Net export sales)	146,810,649	257,823,868
C. Duty Drawback against Export	-	5,425,017
D. Total Revenue (A+B+C)	Taka <u>1,071,078,136</u>	<u>906,030,890</u>

23.00. COST OF GOODS SOLD

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening stock of finished goods	53,215,494	57,982,143
Add: Cost of production (note 23.01)	868,372,289	732,638,016
Total	921,587,783	790,620,159
Less: Closing stock of finished goods (note 5.00)	41,153,834	53,215,494
Less: Duty Drawback against Export	8,858,711	-
Cost of goods sold	Taka <u>871,575,238</u>	<u>737,404,665</u>

23.01. COST OF PRODUCTION

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening work-in-process	103,879,746	102,115,455
Add: Raw & other auxiliary materials consumed during the year (Note : 23.1.1)	491,298,606	412,846,406
Add : Conversion cost (Note : 23.1.2)	<u>363,564,855</u>	<u>321,555,901</u>
Total	958,743,207	836,517,762
Less: Closing work-in-process (Note : 5.00)	<u>90,370,918</u>	<u>103,879,746</u>
Cost of production	Taka <u>868,372,289</u>	<u>732,638,016</u>

23.1.1. RAW & OTHER AUXILIARY MATERIALS CONSUMED

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Opening stock	130,187,412	120,498,929
Add : Purchase during the year	477,470,059	422,534,889
	<u>607,657,471</u>	<u>543,033,818</u>
Less : Closing stock (Note : 5.00)	116,358,865	130,187,412
Raw & other auxiliary materials consumed during the year	Taka <u>491,298,606</u>	<u>412,846,406</u>

Monno Ceramic Industries Ltd.

23.12. CONVERSION COST

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Salaries & wages	169,078,157	142,263,832
Consumable stores & spares	42,102,283	40,399,370
Office stationary expenses	123,750	24,591
Insurance	3,170,688	2,975,136
Gas consumption	68,707,722	60,771,574
Electricity charges	30,713,862	26,971,064
Oil & lubricants	521,050	489,558
Welfare expenses	193,556	138,409
Uniform & liveries	135,970	-
Traveling & conveyance	352,380	284,527
Postage, telegram & telephone	133,592	48,243
Entertainment expenses	311,832	226,750
General expenses	304,550	72,467
Depreciation (note-3.00)	47,715,463	46,890,380
	Taka 363,564,855	321,555,901

24.00. ADMINISTRATIVE EXPENSES

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Salaries & allowances	24,015,204	21,753,236
Repairs & maintenance	1,016,438	1,071,473
Office stationary expenses	256,466	202,227
Power & fuel	2,010,470	2,430,468
Rent, rates & taxes	2,400,000	4,350,000
Traveling & conveyance	1,003,619	1,221,315
Postage, telegram & telex	593,486	680,270
Entertainment expenses	472,366	312,821
Auditors remuneration	243,800	128,800
Membership fees & Subscription	2,251,910	2,657,212
Advertisement & publicity	179,320	140,020
Directors emolument	6,700,000	6,700,000
A G M expenses	30,980	27,740
Books & periodicals	50,820	61,920
Donation	20,500	40,500
Uniform & liveries	40,000	14,965
General expenses	70,807	197,113
Depreciation (Note-3.00)	3,683,035	4,092,261
	Taka 45,039,221	46,082,341

Monno Ceramic Industries Ltd.

25.00. SELLING & DISTRIBUTION EXPENSES

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Salaries & allowances	16,021,137	15,369,875
Repairs & maintenance	153,936	211,386
Office stationary expenses	42,890	63,798
Power & fuel	425,397	549,693
Rent, rates & taxes	2,359,578	2,482,584
Traveling & conveyance	416,515	589,467
Postage, telegram & telex	175,605	161,761
Entertainment expenses	171,787	155,389
Sample expenses for export	853,213	842,090
Delivery charges	3,003,000	3,953,937
General expenses	317,053	160,685
Depreciation (Note-3.00)	146,103	162,336
	-----	-----
Taka	24,086,214	24,703,001
	=====	=====

26.00. FINANCE COST

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Interest on long term loan	28,798,467	35,147,745
Interest on cash credit	43,452,752	43,084,016
Bank charges	990,605	1,468,904
Foreign exchange (Gain)/Loss	736,453	-
	-----	-----
Taka	73,978,277	79,700,665
	=====	=====

27.00. OTHER INCOME

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
Interest on STD #000113100000351	226	249
Interest on STD #0002636000566	2,591	2,514
Interest on STD #0002636000665	2,103	2,041
Rent Receipt A/C #163120000001 SB Nayarhat Br	37,136	43,888
Wastage Sale	40,334,000	57,091,854
	-----	-----
Taka	40,376,056	57,140,546
	=====	=====

28.00. NET ASSETS VALUE PER SHARE (NAVPS)

The details break-up is made up as follows:	<u>30.06.2019</u>	<u>30.06.2018</u>
a) Shareholders Equity	2,152,445,462	2,297,942,551
b) No. of Ordinary Shares as on 30.06.2019	32,661,747	32,661,747
	-----	-----
Net Assets Value per share (Restated)	Taka 65.90	70.36
	=====	=====

Monno Ceramic Industries Ltd.

29.00. BASIC EARNINGS PER SHARE

The details break-up is made up as follows:		<u>30.06.2019</u>	<u>30.06.2018</u>
(a) Earnings attributable to the Ordinary Shareholders (net profit after tax)		72,652,681	53,103,432
b) No. of Ordinary Shares as on 30.06.2019		32,661,747	32,661,747
		-----	-----
Earning Per Share (Restated)	Taka	2.22	1.63
		=====	=====

30.00. NET OPERATING CASH FLOWS PER SHARE (NOCFPS)

The details break-up is made up as follows:		<u>30.06.2019</u>	<u>30.06.2018</u>
a) Cash and Cash Equivalents		109,504,815	200,927,679
b) No. of Ordinary Shares as on 30.06.2019		32,661,747	32,661,747
		-----	-----
Net operating cash flows per share (Restated)	Taka	3.35	6.15
		=====	=====

31.00. CASH RECEIVED FROM CUSTOMER

The details break-up is made up as follows:		<u>30.06.2019</u>	<u>30.06.2018</u>
Export bills receivable (secured)	(Note 6.01)	150,272,621	280,438,224
Duty draw back (secured)	(Note 6.02)	3,412,039	6,585,164
Parties/Institutions	(Note 6.03)	885,894,740	640,227,356
		-----	-----
	Taka	1,039,579,400	927,250,744
		=====	=====

32.00. CASH PAID TO SUPLIERS

The details break-up is made up as follows:		<u>30.06.2019</u>	<u>30.06.2018</u>
Cost of Goods Sold	(Note 23.00)	871,575,238	737,404,665
Changes in Inventories	(Note 5.00)	(56,043,921)	(9,261,689)
Changes in Trade and Other Payable	(Note 17.00)	18,040,406	(24,657,950)
Depreciation on Conversion cost	(Note 3.00)	(47,715,463)	(46,890,380)
		-----	-----
	Taka	785,856,260	656,594,646
		=====	=====

33.00. CASH PAID TO EMPLOYEE AND OTHERS

The details break-up is made up as follows:		<u>30.06.2019</u>	<u>30.06.2018</u>
Administrative Expenses	(Note 24.00)	53,897,932	46,082,341
Selling and Distribution Expenses	(Note 25.00)	24,086,214	24,703,001
Changes in Advance, Deposits & Pre-payments	(Note 7.00)	8,261,844	(28,409,514)
Changes in Group Current Accounts	(Note 9.00)	20,050,000	(4,103,000)
Changes in Accrued Expenses	(Note 18.00)	(88,035)	322,165
Changes in Liabilities for Other Finance except WPPF & WWF	(Note 21.00)	4,575,199	(552,788)
Depreciation on Administrative & Selling expenses	(Note 3.00)	(3,829,138)	(4,254,597)
Bank charges	(Note 26.00)	990,605	1,468,904
Foreign exchange (Gain)/Loss	(Note 27.00)	736,453	-
		-----	-----
	Taka	108,681,074	35,256,512
		=====	=====

Monno Ceramic Industries Ltd.

34.00. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per International Accounting Standard (IAS) 24: "Related Party Disclosures". Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials do not involve more than a normal risk.

Details of transactions with related parties and balances with them as at 30 June 2019 as follows:

Name of the related party	Relationship	Note Ref.	Balance as at July 01, 2018	Addition Taka	Adjustment Taka	Balance at Period end receivable/ (payable) Taka
Various Party (Monno Power Generation & Distribution)	Inter Co.		-	-	-	-
Monno Power Generation & Distribution Ltd.	-do-	21.00	(916,515)	300,000	-	(616,515)
Monno Bone China Ltd.	-do-	21.00	(2,727,830)	2,262,404	-	(465,426)
Mrs. Afroza Khan	Chairman	21.00	(5,822,000)	322,000	-	(5,500,000)
Monno Attire Ltd	Inter Co.	9.00	43,194,322	30,250,000	-	73,444,322
Monno Fabrics Ltd	-do-	9.00	66,897,000	10,000,000	12,000,000	64,897,000
Monno General Hospital	-do-	9.00	12,400,902	-	-	12,400,902
Monno Jute Stafflers Ltd	-do-	9.00	962,737	-	-	962,737
Mnno Welfare Foundation	-do-	9.00	20,810,350	-	8,200,000	12,610,350
Monno Fabrics Ltd.	-do-	4.00	113,195,959	-	-	113,195,959

35.00. EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the Financial Statements date, the Board of Directors recommended in it's meeting held on 27-10-2019 for payment 10% Cash & 10% stock dividend to the shareholders on paid up capital out of reserve and surplus available for distribution at the end of the year 2019, which is subject to the approval of the shareholders in the ensuing Annual General Meeting of the company.

36.00. OTHER RELEVANT INFORMATION

36.01. DIRECTORS/OFFICERS REMUNERATION ETC.

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:

Monno Ceramic Industries Ltd.

Particulars	Directors	Officers
Directors' Remuneration	4,200,000	-
Managerial Remuneration	-	5,014,409
Bonus	700,000	835,735
Incentive Bonus	1,200,000	-
Perquisites:	-	-
Housing	360,000	2,507,205
Medical allowance	120,000	501,441
Conveyance allowance	-	501,441
Entertainment allowance	120,000	501,441
Directors/Officers Remuneration Etc. (2018-2019)	Taka 6,700,000	9,861,671
Directors/Officers Remuneration Etc. (2017-2018)	Taka 6,700,000	9,195,032

During the year under review :

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

36.02. FOREIGN INVESTORS

36.03. As on the date of Balance Sheet there were 2 Foreign shareholders whose total shareholdings were 1,842 shares.

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

36.05. PRODUCTION CAPACITY AND ACTUAL PRODUCTION.

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

Description	2018-2019	%	2017-2018	%
Production capacity (in million pieces)	22.00	-	22.00	-
Actual Production (in million pieces)	17.47	79.41	15.45	70.23

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

36.06. CONTINGENT ASSETS / LIABILITIES

There was no contingent liability as on 30th June, 2019 and there was no claim against the company not acknowledged as debt as on 30.06.2019.

36.07. CREDIT FACILITY NOT AVAILED

There was no credit facilities available to the Company under any contract but not availed of as on 30.06.2019 other than trade credit available in ordinary course of business.

36.08. CAPITAL EXPENDITURE COMMITMENT

There was no capital expenditure commitment of the company as of 30th June, 2019.

36.09. FOREIGN EXCHANGE EARNED

Export of goods calculated on FOB basis is US\$ 1.601 million.

Monno Ceramic Industries Ltd.

36.10. PAYMENTS IN FOREIGN CURRENCY

For Raw & Other auxiliary materials US\$ 1.011 million.

For Stores & Spares US\$ 0.3770 million.

36.11. VALUE ADDITION:

During the year the company made the value-addition of Tk. 712,753,237 which has been shown below:

Particulars	30.06.2019	30.06.2018
Turnover & Other Income	1,071,078,136	906,030,890
Bought-in-Materials & Services	(358,324,899)	(321,890,873)
Value Added	712,753,237	584,140,017
Duties & Taxes to Government Exchequer	4,306,501	11,168,737
Salaries and Benefits to Employees Other	209,114,498	179,386,943
Interest to Lenders	72,251,219	78,231,761
Retained by the Company	72,652,681	53,103,432
Taka	358,324,899	321,890,873

36.12. MANPOWER

The total number of employees in factory as well as Head Office of the company was 1918 an on June 30, 2019 whereas June 30, 2018 was 1948.

36.13. WPPF & WWF POLICY

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

SD/-
NASIR UDDIN ACS
COMPANY SECRETARY

SD/-
RASHEED MYMUNUL ISLAM
MANAGING DIRECTOR

SD/-
AFROZA KHAN
CHAIRMAN

Dated : Dhaka, October 30, 2019

Monno Ceramic Industries Ltd.

Liaison Office : 9 Wyre Street, Wari, Dhaka-1203

PROXY FORM

I/We,.....

of

being shareholder(s) of MONNO CERAMIC INDUSTRIES LIMITED, hereby appoint

Mr./Mrs./Miss.....

of.....

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the thirty-eighth Annual General Meeting of the Company to be held on Thursday the 19th December 2019 at 10:00 a.m. at the Registered Office of the Company at Islampur, Dhamrai, Dhaka-1350, and at any adjournment thereof.

Shareholder's Folio/BO No. :

Number of shares held :

Affix Tk.20.00 revenue stamps
--

Signature of proxy

Signature of witness

Signature of shareholder(s)

Date :

FOR OFFICIAL USE

Received in the office on

Signature verified

Note:

Authorised Signatory

The proxy form duly filled in/signed and affixed with revenue stamps of Tk.20.00 must be deposited at the Liaison Office of the Company at 9, Wyre Street, Wari, Dhaka-1203 not less than 48 hours before the time fixed for the meeting.

MONNO CERAMIC INDUSTRIES LTD.

Shareholder's Attendance Slip

I/We,

Folio/BO No.holding ordinary shares of Monno Ceramic Industries Limited, am/are recording my/our attendance at the thirty-eighth Annual General Meeting of the Company for the year 2019 to be held on Thursday the 19th December 2019 at 10:00 a.m. at the Registered Office of the Company at Islampur, Dhamrai, Dhaka-1350.

Notes: (1) Please present this slip at the Reception Desk.

(2) Shareholders/proxies only are entitled to attend at the Annual General Meeting.

Signature of shareholder(s)