Monno Ceramic Industries Ltd.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying Statement of Financial Position of Monno Ceramic Industries Limited as of June 30, 2016 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Shareholder's Equity and Statement of Cash Flows for the period then ended and a summary of significant accounting policies & other explanatory notes.

Management's responsibility for the financial statements:

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

Auditors' responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expression an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion:

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of June 30, 2016 and of the results of its operations and it's cash flows for the year then ended and comply with the applicable section of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

c) The company's Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash flow dealt with by the report are in agreement with the books of accounts; and

d) The expenditure incurred was for the purposes of the company's business.

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

Dated: Dhaka, November 06, 2016

Monno Ceramic Industries Ltd.

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

(Amount in Taka)

Particulars	Notes	30.06.2016	30.06.2015
ASSETS			
NON-CURRENT ASSETS		**2,326,942,874**	**2,267,282,507**
Property, Plant and Equipment - At cost Less Depreciation	**10.00**	2,135,547,422	2,154,086,548
Capital Work-in-Progress	**11.00**	78,199,493	-
Investments	**12.00**	113,195,959	113,195,959
CURRENT ASSETS		**887,939,747**	**783,381,023**
Inventories	**13.00**	348,365,177	333,780,837
Trade & other Receivables	**14.00**	174,351,319	142,648,497
Advance, Deposits & Pre-payments	**15.00**	244,125,206	191,877,432
Group Currrent Account	**16.00**	102,768,311	106,018,250
Cash and cash Equivalents	**17.00**	18,329,734	9,056,007
TOTAL ASSETS	**Taka**	**3,214,882,621**	**3,050,663,530**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY		**2,266,050,250**	**2,275,832,775**
Issued and Paid-up Share Capital	**18.01**	239,280,200	239,280,200
Revenue Reserve & Surplus	**19.00**	2,026,770,050	2,036,552,575
NON-CURRENT LIABILITIES		**240,019,974**	**11,863,330**
Long Term Loan (Secured)	**20.00**	230,154,280	-
Deferred Liability	**21.00**	9,865,694	11,863,330
CURRENT LIABILITIES		**708,812,397**	**762,967,425**
Short Term Borrowings	**22.00**	489,185,131	430,469,590
Long Term Loans (Current portion)	**23.00**	53,473,200	2,311,589
Trade & other Payables	**24.00**	67,638,682	101,689,557
Accrued Expenses	**25.00**	18,658,911	20,771,388
Unclaimed Dividend	**26.00**	13,828,542	11,699,095
Provision for Income Tax (Current & deferred)	**27.00**	28,534,045	28,130,724
Deferred Tax Liability	**28.00**	700,000	500,000
Liabilities for other Finance	**29.00**	36,793,886	167,895,482
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**Taka**	**3,214,882,621**	**3,050,663,530**
Net Assets Value per share		**94.70**	**95.11**

The annexed notes from 01 to 50 form an integral part of the financial statements.
Approved and authorized for issue by the Board of Directors on 24-10-2016 and signed for and on behalf of the Board.

SD/-	SD/-	SD/-	
MD.EKRAMUL HOQUE	AFROZA KHAN	H. R. KHAN	Subject to our separate report of even date.
COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN	

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

Dated : Dhaka, November 06, 2016

Monno Ceramic Industries Ltd.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

Amount in Taka

Particulars	Notes	30.06.2016	30.06.2015
Net Revenue	**30.00**	819,055,956	757,385,343
Cost of Goods Sold	**31.00**	(667,546,472)	(617,334,682)
Gross Profit		**151,509,484**	**140,050,661**
Operating Expenses		**(86,901,778)**	**(84,313,319)**
Administrative Expenses	**32.00**	(52,471,130)	(47,454,061)
Selling and Distribution Expenses	**33.00**	(34,430,648)	(36,859,258)
Profit from Operations		**64,607,706**	**55,737,342**
Finance cost	**34.00**	(61,158,662)	(50,790,590)
Net Profit Before Contribution to WPPF		**3,449,044**	**4,946,752**
Contribution to WPPF & WWF	**35.00**	(164,240)	(235,560)
Net Profit Before Tax		**3,284,804**	**4,711,192**
Income Tax Provision (Current & deferred)	**27.00**	(903,321)	(1,140,815)
Deffered Tax Liability	**28.00**	(200,000)	(500,000)
Net Profit after Tax	**Taka**	**2,181,483**	**3,070,377**
Basic Earnings per share (Par value Tk.10.00)	**37.00**	**0.09**	**0.13**

The annexed notes from 01 to 50 form an integral part of the financial statements.

Approved and authorized for issue by the Board of Directors on 24-10-2016 and signed for and on behalf of the Board.

SD/-	SD/-	SD/-	
MD.EKRAMUL HOQUE	AFROZA KHAN	H. R. KHAN	Subject to our separate report
COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN	of even date.

Dated : Dhaka, November 06, 2016

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

AMARSTOCK

Monno Ceramic Industries Ltd.

STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2016

(Amount in Taka)

For the Year-2014-2015

Particulars	Share Capital	Dividend equalisation Reserve	General Reserve	Capital Reserve	Revaluation Surplus	Retained Earning	Proposed Dividend	Total
Balance, July 01, 2014	**239,280,200**	**21,700,000**	**149,491,999**	**9,081,550**	**1,789,674,130**	**63,534,521**	**5,046,460**	**2,277,808,859**
Transferred to Dividend Payable	-	-	-	-	-	-	(5,046,460)	(5,046,460)
Depreciation on Revaluation of Assets	-	-	-	-	(26,787,266)	26,787,266	-	-
Net Profit for the year	-	-	-	-	-	3,070,377	-	3,070,377
Transferred to Dividend Payable	-	-	-	-	-	(11,964,010)	11,964,010	-
At the end of the year	**239,280,200**	**21,700,000**	**149,491,999**	**9,081,550**	**1,762,886,864**	**81,428,154**	**11,964,010**	**2,275,832,776**

For the Year-2015-2016

(Amount in Taka)

Particulars	Share Capital	Dividend equalisation Reserve	General Reserve	Capital Reserve	Revaluation Surplus	Retained Earning	Proposed Dividend	Total
Balance, July 01, 2015	**239,280,200**	**21,700,000**	**149,491,999**	**9,081,550**	**1,762,886,864**	**81,428,154**	**11,964,010**	**2,275,832,777**
Transferred to Dividend Payable	-	-	-	-	-	-	(11,964,010)	(11,964,010)
Depreciation on Revaluation of Assets	-	-	-	-	(25,571,910	25,571,910	-	-
Net Profit for the year	-	-				2,181,483	-	2,181,483
At the end of the year	**239,280,200**	**21,700,000**	**149,491,999**	**9,081,550**	**1,737,314,954**	**109,181,547**	-	**2,266,050,250**

The annexed notes from 01 to 50 form an integral part of the financial statements.

Approved and authorized for issue by the Board of Directors on 24-10-2016 and signed for and on behalf of the Board.

SD/-	SD/-	SD/-	
MD.EKRAMUL HOQUE	AFROZA KHAN	H. R. KHAN	Subject to our separate report
COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN	of even date annexed.

Dated : Dhaka, November 06, 2016

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

Monno Ceramic Industries Ltd.

STATEMENT OF CASH FLOWS
For the year ended June 30, 2016

Amount in Taka

Particulars	Note	30.06.2016	30.06.2015
Cash Flows from Operating Activities:		**62,602,711**	**(11,196,197)**
Cash Receipts from Customers and Others		787,353,134	760,833,761
Cash Paid to Suppliers, Employees and others		(665,175,493)	(724,168,212)
Interest Paid		(59,574,930)	(47,861,746)
Cash Flows from Investing Activities		**(27,756,060)**	**(38,805,974)**
Acquisition of Property, Plant and Equipment		(27,756,060)	(38,805,974)
Cash Flows From Financing Activities:		**98,044,953**	**29,572,918**
Decrease in Long Term Borrowings		51,161,611	(19,166,563)
Increase/ (Decrease) in Short Term Borrowings		58,715,541	53,683,055
Dividend Paid		(9,834,563)	(3,768,918)
Deferred Liability		(1,997,636)	(1,174,656)
Increase/(Decrease) in cash & cash equivalents		**132,891,604**	**(20,429,253)**
Cash and Cash Equivalents at Beginning of year		9,056,007	29,485,260
Cash and Cash Equivalents at end of year	**17.00**	**141,947,611**	**9,056,007**
Net operating cash flows per share		**2.62**	**(0.47)**

The annexed notes from 01 to 50 form an integral part of the financial statements.

Approved and authorized for issue by the Board of Directors on 24-10-2016 and signed for and on behalf of the Board.

SD/-	SD/-	SD/-	
MD.EKRAMUL HOQUE	AFROZA KHAN	H. R. KHAN	Subject to our separate report
COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN	of even date annexed.

Dated : Dhaka, November 06, 2016

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

Monno Ceramic Industries Ltd.

Notes to the Financial Statements
As at and for the year ended June 30, 2016

1.00. Corporate History of the Reporting Entity

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

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

2.00. Corporate Business

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

3.00. Corporate Financial Statements and Reportings

Financial statements which comprise Statement of Financial Position as of June 30, 2016 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Shareholders Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

The preparation of financial statements in conformity with Bangladesh Accounting Standards requires 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.

4.00. Fundamental Accounting Concepts/Assumption

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

5.00. Corporate Accounting Standards Practiced

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

BAS 1 Presentation of Financial Statements

BAS 2 Inventories

BAS 7 Cash Flow Statements

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

BAS 10 Events after the Balance Sheet Date

BAS 12 Income Taxes

BAS 16 Property, Plant and Equipment

BAS 17 Leases

BAS 18 Revenue

BAS 21 The effects of Changes in Foreign Exchange Rates

BAS 23 Borrowing Costs

BAS 24 Related Party Disclosures

BAS 25 Accounting for Investments

BAS 28 Accounting for Investment in Associates

BAS 33 Earnings Per Share

BAS 36 Impairment of Assets

BAS 37 Provisions, Contingent Liabilities and Contingent Assets

BAS 41 Agriculture

6.00. Reporting Currency and Level of Precision

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

(b) Figures in brackets indicate negative balance.

7.00. Comparative Amounts

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

8.00. Historical Cost Profit and Losses

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

9.00. Principal Accounting Policies

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

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

9.01. 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 Comprenhensive Income which is determined with reference to the net book value of assets and the net sales proceeds.

Property, Plant & Equipment which are yet to be certified for operation, have been kept as Capital Work-in-progress.

9.02. 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.

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

	2015-2016	2014-2015
Building and other Constructions	2.5%	2.5%
Plant, Machinery & Equipments	5%	5%
Vehicles	10%	10%
Furniture & Fixtures	10%	10%
Sundry Assets	10%	10%

9.03. Impairment of Assets

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

9.04. Revenue Recognition

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

Revenue from sales is exclusive of VAT.

9.05. Inventories

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

9.06. Income Tax-Current Tax

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

9.07. Cash and Cash Equivalents

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

9.08. Cash Flow Statement

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

9.09. Transactions in Foreign Currencies

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

9.10. Borrowing Costs

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

9.11. 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 Comprenhensive Income.

9.12. Earning Per Share (EPS)

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

9.13. Reporting Period

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

10.00. PROPERTY, PLANT & EQUIPMENT:TK. 2,135,547,422

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

Particulars	C O S T			DEPRECIATION				Written down Value as on 30.06.2016	Written down Value as on 30.06.2015
	Balance as on 01.07.2015	Addition during the year	Balance as on 30.06.2016	Balance as on 30.06.2015	Charged during the year	Rate	Balance as on 30.06.2016		
AT COST									
Land & Land Development	26,527,530	-	26,527,530	-	-	0.00%	-	26,527,530	26,527,530
Building and Other Construction	236,862,165	2,522,811	239,384,976	173,576,324	1,645,216	2.50%	175,221,540	64,163,436	63,285,841
Plant, Machinery and Equipment	825,387,512	-	825,387,512	631,412,791	9,698,736	5.00%	641,111,527	184,275,985	193,974,721
Lease Plant, Machinery	91,905,283	-	91,905,283	14,202,087	3,885,160	5.00%	18,087,247	73,818,036	77,703,196
Vehicles	1,329,166	-	1,329,166	1,272,294	5,687	10.0%	1,277,981	51,185	56,872
Furniture and Fixtures	9,543,256	-	9,543,256	7,539,104	200,415	10.0%	7,739,519	1,803,737	2,004,152
Sundry Assets	34,879,137	25,233,249	60,112,386	7,231,765	5,288,062	10.0%	12,519,827	47,592,559	27,647,372
Sub Total :	1,226,434,049	27,756,060	1,254,190,109	835,234,365	20,723,276		855,957,641	398,232,468	391,199,684
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	10,047,822	4,836,309	2.50%	14,884,131	188,616,062	193,452,371
Plant , machinery and equipment	459,514,707	-	459,514,707	44,802,684	20,735,601	5.00%	65,538,285	393,976,422	414,712,023
Sub Total :	1,817,737,370	-	1,817,737,370	54,850,506	25,571,910		80,422,416	1,737,314,954	1,762,886,864
Total as on 30.06.2016 :	**3,044,171,419**	**27,756,060**	**3,071,927,479**	**890,084,871**	**46,295,186**		**936,380,057**	**2,135,547,422**	**2,154,086,548**

Notes :

1) The rate and basis of depreciation are stated in note 9.02.

2) Depreciation has been apportioned as below :

		30.06.2016	30.06.2015
Conversion cost	(Note : 31.1.2)	46,089,084	45,780,748
Administrative expenses	(Note : 32.00)	200,415	222,684
Selling and distribution expenses	(Note : 33.00)	5,687	6,319
	Taka	46,295,186	46,009,751

11.00. CAPITAL WORK-IN-PROGRESS: TK 78,199,493

This is made up as follows:

		30.06.2016	30.06.2015
Plant, Machinery & Equipment	(Note-11.01)	78,199,493	-
	Taka	78,199,493	-

11.01. Plant Machinery & Equipment: Tk. 78,199,493

This is made up as follows:

Particulars	L/C-120215010220	L/C-120215010116	Total
Invoice Value	36,665,077	39,468,390	76,133,467
Custom Duty, Tax & Clearing & Forwarding etc.	623,132	813,954	1,437,086
Insurance	296,603	332,337	628,940
	37,584,812	**40,614,681**	**78,199,493**

12.00. INVESTMENTS: TK 113,195,959

This is made up as follows:

		30.06.2016	30.06.2015
Investment in share	(Note-12.01)	113,195,959	113,195,959
	Taka	113,195,959	113,195,959

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

13.00. INVENTORIES : TK. 348,365,177

Break-up of the amount is given below :

		30.06.2016	30.06.2015
Raw & other auxiliary materials	(Note-13.01 & 31.1.1)	128,284,007	123,201,883
Finished goods	(Note-13.02 & 31.00)	51,611,250	45,360,978
Stores & spares	(Note-13.03)	43,990,289	46,090,716
Work-in-process	(Note-13.04 & 31.01)	103,205,793	102,166,128
Materials-in-transit	(Note-13.05)	21,273,838	16,961,132
	Taka	348,365,177	333,780,837

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

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

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

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

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

14.00. TRADE & OTHER RECEIVABLE: TK. 174,351,319

The break-up and nature of receivable are given below:		30.06.2016	30.06.2015
Export bills receivable	(secured)	101,574,842	90,255,433
Duty draw back	(secured)	12,932,509	4,666,100
Parties/Institutions		59,843,968	47,726,964
	Taka	174,351,319	142,648,497

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

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

15.00. ADVANCES, DEPOSITS & PREPAYMENTS: TK. 244,125,206

This is made up as follows:		30.06.2016	30.06.2015
i) **ADVANCES:**			
Advance against purchase/supplies	(Note 15.01)	24,808,574	17,529,325
Advance income tax	(Note 15.02)	155,685,916	144,218,805
Advance rent, rates & taxes		5,244,265	4,212,511
Other advances	(Note 15.03)	3,274,190	3,415,436
Advance to Rancon Import Limited	(Note 15.04)	45,418,384	-
		234,431,329	169,376,077
DEPOSITS:			
Security deposits		8,944,704	8,944,704
Lease deposits		-	6,781,340
Value added tax		749,173	6,775,311
		9,693,877	22,501,355
iii) **PREPAID INSURANCE**		-	-
	Taka	244,125,206	191,877,432

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

15.02. **ADVANCE INCOME TAX: TK. 155,685,916**

This is made-up as follows:	30.06.2016	30.06.2015
Opening Balance	144,218,805	130,971,667
Add.: Addition During the Year	11,467,111	13,247,138
Taka	155,685,916	144,218,805

15.03 Advance Left officer Salary an amount of Tk. 997,584 has been included in Advance against salary.

15.04 Advance to Rancon Import Limited against purchased of two vehicles.

16.00. GROUP CURRENT ACCOUNT: TK. 102,768,311

This is made-up as follows:	30.06.2016	30.06.2015
Monno Attire Ltd.	48,594,322	57,091,498
Monno Fabrics Ltd.	20,000,000	15,243,500
Monno General Hospital	12,400,902	12,388,902
Monno Jute Stafflers Ltd	962,737	484,000
Mnno Welfare Fundation	20,810,350	20,810,350
Taka	102,768,311	106,018,250

17.00. CASH AND CASH EQUIVALENTS :TK. 18,329,734

This is made-up as follows:		30.06.2016	30.06.2015
a. Cash in hand	(Note-17.01)	1,406,474	464,021
b. Cash at banks	(Note-17.02)	15,108,207	7,168,847
In current accounts		14,975,748	7,039,999
In STD accounts		132,459	128,848
c. Foreign currency retention account, $ 16,575.46 & EURO 5,731.83		1,815,053	1,423,139
Taka		18,329,734	9,056,007

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

17.02. The above bank balances have been confirmed with respective bank statement balances as on 30.06.2016. The above balances were held and available for use by the company without any restriction.

18.00. SHARE CAPITAL

AUTHORIZED CAPITAL:	30.06.2016	30.06.2015
50,000,000 Ordinary shares of Tk. 10.00 each	**500,000,000**	**500,000,000**

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

This represents :	30.06.2016	30.06.2015
90,00,000 Ordinary shares of Tk.10.00 each fully paid in cash.	90,000,000	90,000,000
1,12,50,000 Ordinary shares of Tk.10.00 each fully paid as bonus.	112,500,000	112,500,000
23,07,690 Ordinary shares of Tk.10.00 each fully paid issued in exchange of share of Monno Jutex Industries Ltd. for amalgamation.	23,076,900	23,076,900
13,70,330 Ordinary shares of Tk.10.00 each fully paid issued in exchange of share of Monno Printing & Packaging Ltd. for amalgamation.	13,703,300	13,703,300
Taka	239,280,200	239,280,200

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

	30.06.2016		30.06.2015	
	No.of shares	%	No.of shares	%
Sponsors & Directors	14,253,378	59.57	12,953,378	54.13
Institutions	3,375,022	14.10	3,770,661	15.76
General public	6,292,282	26.29	7,176,357	29.99
Foreign investors	1,350	0.01	1,350	0.01
Non Resident investors	5,988	0.03	26,274	0.11
Total	23,928,020	100.00	23,928,020	100.00

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

Range of holdings In number of shares		No. of shareholders		No. of shares		Holding %	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015	30.06.2016	30.06.2015
1 to	499	5,872	6,430	811,754	798,505	3.39	3.34
500 to	5,000	1,382	1,944	1,778,928	1,903,586	7.43	7.96
5,001 to	10,000	74	79	518,747	462,687	2.17	1.93
10,001 to	20,000	34	39	429,482	538,651	1.79	2.25
20,001 to	30,000	16	13	384,680	228,549	1.61	0.95
30,001 to	40,000	6	9	216,761	320,130	0.91	1.34
40,001 to	50,000	1	3	41,950	133,300	0.18	0.56
50,001 to	100,000	11	7	883,172	618,672	3.69	2.58
100,001 to	1,000,000	14	22	3,607,923	4,969,317	15.08	20.77
Over	1,000,000	3	3	15,254,623	13,954,623	63.75	58.32
Total		7,413	8,549	23,928,020	23,928,020	100.00	100.00

(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. 36.80 and @Tk. 37.00 per share respectively in the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. as on June 30, 2016.

19.00. REVENUE RESERVES & SURPLUS: TK. 2,026,770,050

The break-up of the amount is shown below :		30.06.2016	30.06.2015
Dividend equalisation reserve		21,700,000	21,700,000
General reserve	(Note 19.01)	149,491,999	149,491,999
Capital reserve		9,081,550	9,081,550
Revaluation Reserve	(Note 19.02)	1,737,314,954	1,762,886,864
Retained Earnings as of June 30, 2015	(Note 18.01)	109,181,547	93,392,162
	Taka	2,026,770,050	2,036,552,575

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

19.02. **Revaluation Reserve Tk. 1,737,314,954**

Break-up of the amount is given below:		30.06.2016	30.06.2015
Opening Balance		1,762,886,864	1,789,674,130
Less: Depreciation on Revaluation of Assets	(Note 10.00)	(25,571,910)	26,787,266
Closing Balance	**Taka**	1,737,314,954	1,762,886,864

20.00. LONG TERM LOAN:Tk. 230,154,280

20.01 The break-up of the amount is given below :		30.06.2016	30.06.2015
Opening Balance		2,311,589	21,478,152
		315,062,650	1,879,437
Add: Addition during the year		296,167,063	-
Interest during the year	(Note 34.00)	18,868,087	1,874,437
Bank Charge		27,500	5,000
Less: Paid during the year		33,746,759	21,046,000
Closing Balance	**Taka**	283,627,480	2,311,589

20.02 The break-up of the amount is given below :		30.06.2016	30.06.2015
Balance as on 30.06.2016		283,627,480	2,311,589
Less : Current Portion which has been shown in current Liabilities.		53,473,200	2,311,589
	Taka	230,154,280	-

20.03. **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 fixed assets of the company and personal guarantee of the Directors.

20.04. **Terms of repayment :**

The loans are refundable in installments and the last installment was due on 30.06.2016, which was paid on 30.07.2016.

20.05. **Bank interest :**

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

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

21.00. DEFERRED LIABILITY: TK. 98,65,694

The above amount represents liability on account of Gratuity as on 30.06.2016 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.

22.00. SHORT TERM BORROWINGS: TK. 489,185,131

The balance includes working capital loan of Tk. 489,185,131 taken from Social Islami Bank Limited, Principal Branch, Dhaka, and Mercantile Bank Ltd. Main Branch Dhaka which is secured by first charge on stock in trade and collateral security on the fixed assets of the company. The rate of interest applicable on the loan is governed by the interest policy of the Bank and subject to change from time to time which is being applied on monthly rest.

23.00. LONG TERM LOAN (Current Portion): TK. 53,473,200

Current portion of long term loan has been shown under the head Current Liabilities which is payable within June-2017.

24.00. TRADE & OTHER PAYABLES: TK. 67,638,682

Trade & Other payables represent the Bills Payable against Materials to third parties Tk. 58,741,568 which has been paid subsequently and Tk. 8,897,114 payable to sister concerns.

25.00. ACCRUED EXPENSES: TK. 18,658,911

This is in-respect of:	**30.06.2016**	**30.06.2015**
Salaries & Wages payable	17,365,480	20,079,426
Audit Fees	105,800	100,050
Others	1,187,631	591,912
Taka	18,658,911	20,771,388

The above amounts were provided as on 30.06.2016 and majority of the amount were paid subsequently.

26.00. UNCLAIMED DIVIDEND: TK. 13,828,542

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

27.00. PROVISION FOR INCOME TAX: TK. 28,534,045

The balance is arrived at as follows:	**30.06.2016**	**30.06.2015**
Opening Balance	27,630,724	26,489,909
Add. Provision for the Year (Current)	903,321	1,140,815
Taka	28,534,045	27,630,724

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

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

28.00. DEFFERED TAX LIABILITY: TK. 200,000

The balance is arrived at as follows:	**30.06.2016**	**30.06.2015**
Opening Balance	500,000	-
Add. Provision for the Year (Deferred)	200,000	500,000
Taka	700,000	500,000

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

Monno Ceramic Industries Ltd.

29.00. LIABILITIES FOR OTHER FINANCE: TK. 36,793,886

This is arrived at as follows:	30.06.2016	30.06.2015
Security deposit	17,285,938	16,955,938
WPPF & WF	6,324,848	6,160,608
Tax deducted at source against supply of goods/services	1,466,278	1,738,719
VAT deducted at source against supply of goods/services	35,877	171,550
Tax deducted from the salary of employees	1,011,600	114,150
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.	916,515	3,916,515
Temporary loan Received from Monno Bone China Ltd.	2,727,830	12,727,830
Temporary loan Received from Mrs. Afroza Khan	7,022,000	7,022,000
Lease Rental Payable & Int. on UFL & ULC	-	119,085,172
Taka	36,793,886	167,895,482

30.00. NET REVENUE: TK. 819,055,956

This is made up as follows :	30.06.2016	30.06.2015
A. Local Sales (Net local sales)	591,311,117	367,934,619
B. Export Sales (Net export sales)	216,119,633	380,140,556
C. Duty Drawback against Export	11,625,206	9,310,168
D. Total Net Sales (A+B+C) **Taka**	819,055,956	757,385,343

31.00. COST OF GOODS SOLD: TK. 667,546,472

This is made up as under :		30.06.2016	30.06.2015
Opening stock of finished goods		45,360,978	59,279,870
Add: Cost of production	(note 31.01)	673,796,744	603,415,790
Total		719,157,722	662,695,660
Less: Closing stock of finished goods	(note 13.00)	51,611,250	45,360,978
Cost of goods sold **Taka**		667,546,472	617,334,682

31.01. COST OF PRODUCTION : TK. 673,796,744

This is made up as follows :		30.06.2016	30.06.2015
Opening work-in-process		102,166,128	129,547,781
Add: Raw & other auxiliary materials consumed during the year	(Note : 31.01.1)	356,517,283	276,034,901
Add : Conversion cost	(Note : 31.01.2)	318,319,126	299,999,236
Total		777,002,537	705,581,918
Less: Closing work-in-process	(Note : 13.00)	103,205,793	102,166,128
Cost of production **Taka**		673,796,744	603,415,790

Monno Ceramic Industries Ltd.

31.01.1. RAW & OTHER AUXILIARY MATERIALS CONSUMED: TK. 356,517,283

This is made up as follows :			30.06.2016	30.06.2015
Opening stock			123,201,883	99,841,605
Add : Purchase during the year			361,599,407	299,395,179
			484,801,290	399,236,784
Less : Closing stock	(Note : 13.00)		128,284,007	123,201,883
Raw & other auxiliary materials consumed during the year		**Taka**	356,517,283	276,034,901

31.01.2. CONVERSION COST:TK. 318,319,126

This consists of the followings :		30.06.2016	30.06.2015
Salaries & wages		145,899,767	129,805,836
Consumable stores & spares		40,641,372	45,815,462
Office stationary expenses		68,966	303,063
Insurance		6,019,842	4,245,869
Gas consumption		50,938,833	47,158,743
Electricity charges		27,451,768	25,579,926
Oil & lubricants		454,254	656,686
Welfare expenses		128,537	99,939
Uniform & liveries		77,470	23,450
Traveling & conveyance		222,264	224,300
Postage, telegram & telephone		56,580	88,818
Entertainment expenses		164,248	133,807
General expenses		106,141	82,589
Depreciation	(note-10.00)	46,089,084	45,780,748
	Taka	318,319,126	299,999,236

32.00. ADMINISTRATIVE EXPENSES: TK. 52,471,130

This is made up as under :	30.06.2016	30.06.2015
Salaries & allowances	26,439,785	26,650,043
Repairs & maintenance	1,442,618	1,570,273
Office stationary expenses	248,072	422,860
Power & fuel	3,023,740	3,168,190
Rent, rates & taxes	6,150,000	2,400,000
Traveling & conveyance	2,390,647	2,589,954
Postage, telegram & telex	1,437,134	1,379,824
Entertainment expenses	422,574	463,063
Auditors remuneration	105,800	100,050
Membership fees & Subscription	3,290,455	694,596
Advertisement & publicity	207,416	238,408
Directors emolument	6,700,000	6,700,000
A G M expenses	75,155	316,250

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		30.06.2016	30.06.2015
Books & periodicals		34,323	37,334
Donation		34,000	170,000
Uniform & liveries		28,645	89,080
General expenses		240,351	241,452
Depreciation	(Note-10.00)	200,415	222,684
	Taka	52,471,130	47,454,061

33.00. SELLING & DISTRIBUTION EXPENSES: TK. 34,430,648

This consist of as follows:		30.06.2016	30.06.2015
Salaries & allowances		16,194,775	15,850,184
Repairs & maintenance		309,059	383,246
Office stationary expenses		23,700	120,984
Power & fuel		367,582	493,022
Rent, rates & taxes		7,962,181	7,720,066
Traveling & conveyance		572,990	671,243
Postage, telegram & telex		152,531	255,504
Entertainment expenses		154,080	180,823
Fair & exhibition		2,702,418	2,903,445
Sample expenses for export		1,399,929	3,669,468
Delivery charges		3,292,491	3,153,171
General expenses		460,350	429,783
Showroom expenses		832,875	1,022,000
Depreciation	(Note-10.00)	5,687	6,319
	Taka	34,430,648	36,859,258

34.00. FINANCE COST: TK. 61,158,662

This is made up as follows:		30.06.2016	30.06.2015
Interest on long term loan	(Note-20.01)	18,868,087	1,874,437
Interest on cash credit		40,706,843	45,987,309
Bank charges		1,583,732	2,928,844
	Taka	61,158,662	50,790,590

35.00. CONTRIBUTION TO WORKERS PROFIT PARTICIPATION FUND AND WELFARE FUND: TK. 164,240

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

36.00. 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 Bangladesh Accounting Standard (BAS) 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 2016 as follows:

Name of the related party	Relationship	Balance as at January 01, 2016	Addition Taka	Adjustment Taka	Balance at Period end receivable/ (payable) Taka
Various Party (Monno Power Generation & Distribution)	-	6,196,608	28,735,461	26,034,955	8,897,114
Monno Power Generation & Distribution Ltd.	-	3,916,515	-	3,000,000	916,515
Monno Bone China Ltd.	-	12,727,830	-	10,000,000	2,727,830
Mrs. Afroza Khan	-	7,022,000	-	-	7,022,000
Monno Attire Ltd	-	57,091,498	1,165,746	9,662,922	48,594,322
Monno Fabrics Ltd	-	15,243,500	5,224,500	468,000	20,000,000
Monno General Hospital	-	12,388,902	12,000	-	12,400,902
Monno Jute Stafflers Ltd	-	484,000	1,478,737	1,000,000	962,737
Mnno Welfare Foundation	-	20,810,350	-	-	20,810,350
Monno Fabrics Ltd.	-	113,195,959	-	-	113,195,959

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

37.00. BASIC EARNINGS PER SHARE :TK. 0.09

The computation of EPS is given below:		30.06.2016	30.06.2015
(a) Earnings attributable to the Ordinary Shareholders (net profit after tax)		2,181,483	3,070,377
(b) No. of Ordinary Shares as on 30.06.2016		23,928,020	23,928,020
(c) Basic EPS	**Taka**	**0.09**	**0.13**

38.00. PAYMENTS/PERQUISITES TO DIRECTORS AND OFFICERS

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

Directors / Officers Remuneration Etc.

Particulars		Directors	Officers
2015-2016			
Directors' Remuneration		4,200,000	-
Managerial Remuneration		-	4,250,400
Bonus		700,000	708,400
Perquisites:			
Housing		1,680,000	2,125,200
Medical allowance		-	425,040
Conveyance allowance		-	425,040
Entertainment allowance		120,000	425,040
Directors/Officers Remuneration Etc. (2015-2016)	**Taka**	**6,700,000**	**8,359,120**
Directors/Officers Remuneration Etc. (2014-2015)	**Taka**	**6,700,000**	**7,268,800**

During the year under review :

(a) No compensation was allowed by the company to the Managing Director of the company.

(b) No Board meeting attendance fee was paid to the directors of the company.

(c) No amount of money was spent by the company for compensating any member of the Board for special services rendered, other than those mentioned.

39.00. FOREIGN INVESTORS

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

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

40.00. PRODUCTION CAPACITY AND ACTUAL PRODUCTION.

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

Description	2015-2016	%	2014-2015	%
Production capacity (in million pieces.)	22.00	-	22.00	-
Actual Production (in million pieces.)	13.65	62.05	14.65	66.59

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

41.00. CONTINGENT ASSETS / LIABILITIES

There was no contingent liability as on 30th June, 2016 and there was no claim against the company not acknowledged as debt as on 30.06.2016.

42.00. CREDIT FACILITY NOT AVAILED

There was no credit facilities available to the Company under any contract but not availed of as on 30.06.2016 other than trade credit available in ordinary course of business.

43.00. CAPITAL EXPENDITURE COMMITMENT

There was no capital expenditure commitment of the company as of 30th June, 2016.

Monno Ceramic Industries Ltd.

44.00. FOREIGN EXCHANGE EARNED

Export of goods calculated on FOB basis is US$ 3.1448 million.
Other income is nil.

45.00. PAYMENTS IN FOREIGN CURRENCY

For Raw & Other auxiliary materials US$ 2.8991 million.
For Stores & Spares US$ 0.4266 million.

46.00. VALUE ADDITION: TK. 548,063,521

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

Particulars		2015-2016	%
Turnover & Other Income		819,055,956	-
Bought-in-Materials & Services		(270,992,435)	-
Value Added	**Taka**	548,063,521	-
Applications:			
Duties & Taxes to Government Exchequer		20,626,540	7.61
Salaries and Benefits to Employees		188,609,482	69.60
Interest to Lenders		59,574,930	21.98
Retained by the Company		2,181,483	0.80
Total :	**Taka**	270,992,435	**100.00**

47.00. MANPOWER

As on 30th June, 2016 the total number of employees working in factory as well as Head Office of the company was 2,048.

48.00. WPPF & WWF POLICY

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

49.00. GENERAL EXPENSES

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

50.00. EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the Balance Sheet date, the Board of Directors recommended in it's meeting held on 24-10-2016 for payment of 5% cash dividend to the shareholders on Paid up Capital out of reserve and surplus available for distribution at the end of the year 2016, which is subject to the approval of the shareholders in the ensuing Annual General Meeting of the company.

SD/-	SD/-	SD/-
MD.EKRAMUL HOQUE	AFROZA KHAN	H. R. KHAN
COMPANY SECRETARY	MANAGING DIRECTOR	CHAIRMAN

Dated : Dhaka, November 06, 2016

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