

## Safko Spinning Mills Limited

Statement of Financial Position

As at December 31, 2021

Un-audited

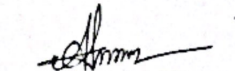
Particulars	Notes	Amount in Taka	
		December 31, 2021	June 30, 2021
<b>ASSETS</b>			
<b>Non-current Assets</b>		<b>1,411,720,932</b>	<b>1,431,921,480</b>
Property, Plant and Equipment	3	1,410,582,096	1,430,282,460
Intangible Assets	4	72,576	80,640
Right of Use Asset	5	1,066,260	1,558,380
<b>Current Assets</b>		<b>629,764,130</b>	<b>592,383,962</b>
Inventories	6	366,668,097	383,168,088
Trade Debtors	7	69,196,533	48,496,533
Advances, Deposits and Prepayments	8	169,917,935	140,402,884
Investment in FDR	9	12,057,641	11,934,675
Cash and Cash Equivalents	10	11,923,924	8,381,782
<b>Total Assets</b>		<b><u>2,041,485,062</u></b>	<b><u>2,024,305,442</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>633,682,932</b>	<b>642,748,183</b>
Share Capital	11	299,817,160	299,817,160
General Reserve		-	3,029,184
Revaluation Reserve	12	556,006,506	557,924,198
Retained Earnings/(Deficit)		(222,140,734)	(218,022,359)
<b>Non-current Liabilities</b>		<b>1,100,170,589</b>	<b>1,098,550,064</b>
Non Current Portion of Term-loan	13.03	975,637,402	962,252,278
Deferred Tax Liabilities	14	110,435,567	122,009,432
Loan from Directors	15	12,505,000	12,505,000
Lease Liability	16	1,592,620	1,783,355
<b>Current Liabilities</b>		<b>307,631,541</b>	<b>283,007,194</b>
Current Portion of Term-loan	13.03	240,297,646	227,243,755
Liabilities for Expenses and Others	17	23,139,902	13,357,067
Unclaimed Dividend Account	18	1,096	37,096
Provision for Tax	19	44,192,897	42,369,276
<b>Total Equity and Liabilities</b>		<b><u>2,041,485,062</u></b>	<b><u>2,024,305,442</u></b>
<b>Net Assets Value per Share (NAV)</b>	26	<b><u>21.14</u></b>	<b><u>21.44</u></b>

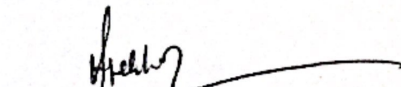
The annexed notes 1 to 30 and Annexure-A, B & C form an integral part of these financial statements.

  
Chairman

  
Director

  
Managing Director

  
Chief Financial Officer

  
Company Secretary

Dated: Dhaka  
30-Jan-22

**Safko Spinning Mills Limited**  
Statement of Profit or Loss and Other Comprehensive Income  
For the Quarter ended on December 31, 2021  
Un-audited

Particulars	Notes	Amount in Taka			
		July 01, 2021 to December 31, 2021	July 01, 2020 to December 31, 2020	October 01, 2021 to December 31, 2021	October 01, 2020 to December 31, 2020
Sales Revenue	20	303,786,325	139,402,457	174,394,025	64,548,280
Cost of Goods Sold	21	(248,884,585)	(208,176,057)	(139,861,599)	(103,680,240)
<b>Gross Profit</b>		<b>54,901,740</b>	<b>(68,773,600)</b>	<b>34,532,426</b>	<b>(39,131,960)</b>
Others Income	22	150,518	1,040,825	56,480	255,487
Administrative and Marketing Expenses	23	(9,282,681)	(12,446,631)	(4,625,778)	(4,124,738)
<b>Operating Profit</b>		<b>45,769,577</b>	<b>(80,179,406)</b>	<b>29,963,128</b>	<b>(43,001,211)</b>
Financial Expenses	24	(54,091,667)	(54,172,314)	(26,083,396)	(27,795,693)
<b>Profit before Tax and Contribution to WPPF</b>		<b>(8,322,090)</b>	<b>(134,351,720)</b>	<b>3,879,732</b>	<b>(70,796,904)</b>
Contribution to WPPF		-	-	-	-
<b>Profit before Tax</b>		<b>(8,322,090)</b>	<b>(134,351,720)</b>	<b>3,879,732</b>	<b>(70,796,904)</b>
Income Tax Current period	25	9,411,828	1,444,171	(3,390,456)	572,555
<b>Net Profit after Tax</b>		<b>1,089,738</b>	<b>(132,907,549)</b>	<b>489,276</b>	<b>(70,224,349)</b>
Other Comprehensive Income/(Loss)		-	-	-	-
<b>Total Comprehensive Income for the Year</b>		<b>1,089,738</b>	<b>(132,907,549)</b>	<b>489,276</b>	<b>(70,224,349)</b>
<b>Earnings per Share (EPS)</b>	27	<b>0.04</b>	<b>(4.43)</b>	<b>0.02</b>	<b>(2.34)</b>

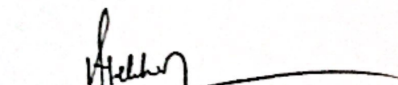
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Chairman

  
Director

  
Managing Director

  
Chief Financial Officer

  
Company secretary

Dated: Dhaka  
30-Jan-22

**Safko Spinning Mills Limited**

Statement of Changes in Equity


For the Quarter ended on December 31, 2021

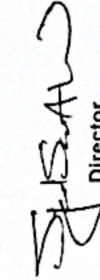
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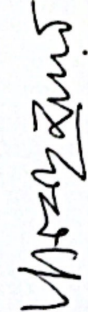
Particulars	Share Capital	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on July 01, 2021	299,817,160	3,029,184	557,924,198	(218,022,359)	642,748,183
Profit for the year	-	-	-	1,089,738	1,089,738
Adjustment for Realized Depreciation of Revalued Assets	-	-	(2,256,109)	-	(2,256,109)
Adjustment for Realized Depreciation of Revalued Assets and Deferred Tax	-	-	-	2,256,109	2,256,109
Adjustment for Realized Depreciation of Revalued Assets and Deferred Tax	-	-	-	-	-
Payout for 5% cash Dividend	-	(3,029,184)	-	(7,464,222)	(10,493,406)
Balance as on December 31, 2021	299,817,160	-	555,006,506	(222,140,734)	633,682,932

Particulars	Share Capital	General Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as on July 01, 2020	299,817,160	3,029,184	621,555,273	(229,458,725)	694,942,892
Profit for the year	-	-	-	(132,907,549)	(132,907,549)
Adjustment for under transfer of depreciation in previous years	-	-	-	-	-
Adjustment for Realized Depreciation of Revalued Assets	-	-	(3,876,476)	-	(3,876,476)
Adjustment for Realized Depreciation of Revalued Assets and Deferred Tax	-	-	-	3,876,476	3,876,476
Balance as on December 31, 2020	299,817,160	3,029,184	617,678,797	(358,489,798)	562,035,343

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Chairman

  
Director

  
Managing Director

  
Chief Financial Officer

  
Company Secretary

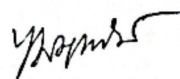
Dated: Dhaka  
30-Jan-22

**Safko Spinning Mills Limited**  
Statement of Cash Flows  
For the Quarter ended on December 31, 2021

Un-audited

Particulars	Notes	Amount in Taka	
		July 01, 2021 to December 31, 2021	July 01, 2020 to December 31, 2020
<b>Cash Flows from Operating Activities</b>			
Collection from Customers and Other Income		283,236,843	142,443,282
Payment to Suppliers, Employees and Other Expenses		(251,883,084)	(105,266,785)
Income tax Paid		-	(1,000,058)
<b>Net Cash Used by Operating Activities</b>		<u>31,353,759</u>	<u>36,176,439</u>
<b>Cash Flows from Investing Activities</b>			
Investment in FDR		(122,966)	(176,265)
Capital Work-in-progress		-	(23,014,997)
<b>Net Cash Used in Investing Activities</b>		<u>(122,966)</u>	<u>(23,191,262)</u>
<b>Cash Flows from Financing Activities</b>			
Financial Expenses		(54,091,667)	(54,172,314)
Term Loan Receipt/Paid (Net)		26,439,016	41,463,720
Dividend		(36,000)	-
Loan From Directors		-	1,980,700
<b>Net Cash Flows from Financing Activities</b>		<u>(27,688,651)</u>	<u>(10,727,894)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		3,542,142	2,257,283
Cash and Cash Equivalents at the Beginning of the Year		8,381,782	2,148,491
<b>Cash and Cash Equivalents at the end of the year</b>		<u>11,923,924</u>	<u>4,405,774</u>
<b>Net Operating Cash Flows per Share</b>	28	<u>1.05</u>	<u>1.21</u>

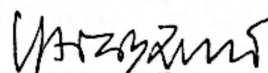
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Chairman



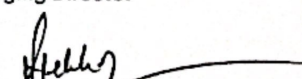
Director



Managing Director



Chief Financial Officer



Company secretary

Dated: Dhaka  
30-Jan-22

**Safko Spinning Mills Limited**  
Notes to the Financial Statements  
For the Quarter ended on December 31, 2021

**1. SPECIFIC ACCOUNTING POLICIES SELECTED AND OTHER MATERIAL INFORMATION**

**Legal form of the Enterprise**

Safko Spinning Mills Limited was incorporated vide registration no C-26103(1937)/94 in Bangladesh on June 20, 1994 as Public Limited Company under the Companies Act 1913 (subsequently repealed by the Companies Act, 1994). The Company issued public portion of shares and was listed with Dhaka Stock Exchange from April 12, 1999.

**Address of Registered Office and Principal Place of Business**

The registered office of the Company and the factory is located at Noyapara, Saiham Nagar of Habigonj District.

**Principles Activities and Nature of Operations**

The Company manufactures Cotton Yarn, Polyester, Cotton Blended Yarn, Synthetic Yarn or other yarn for sale and export purpose. The production of the mill was stopped from January 2009 due to abnormal losses sustained by the company for the last two consecutive years. However, the production of the mill has been started from May 25, 2010 which was informed to SEC & DSE.

**2. SIGNIFICANT ACCOUNTING POLICIES AND RELEVANT INFORMATION**

**2.1 Basis of Preparation and Presentation of the Financial Statements**

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Security Exchange Rules 1987 and IFRSs and IASs adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income have been prepared according to IAS 1 (Presentation of Financial Statements) based on accrual basis following going concern assumption under generally accepted accounting principles and practices in Bangladesh and Statement of Cash Flows according to IAS 7 (Statement of Cash Flows).

**2.2 Recognition of Property, Plant and Equipment and Depreciation**

Property, Plant and Equipment except land and land development are stated at cost less accumulated depreciation in accordance with IAS 16 "Property, Plant and Equipment". Cost represent cost of acquisition of construction and include purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use, but do not include any capitalized borrowing cost. No depreciation is charged on land and land development. Depreciation has been charged on addition of assets on monthly basis. Depreciation on all other fixed assets are computed using the reducing balance method in amount sufficient to write off depreciable assets over their estimated useful life. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in operations for the year.

The annual depreciation rates applicable to the principal categories are:

Land and Land Development	0%
Factory Building & other Construction	3%
Plant and Machinery	5%
Generator	15%
Gas line Installation	15%
Furniture and Fixture	10%
Transport Vehicles	20%
Office Equipment	15%
Sundry Assets	10%

The management has evaluated the useful life of Factory Building & Other Construction and Plant & Machinery after fully capitalization. According to engineers certificate the management has decided to revise the remaining useful life of these assets and accordingly depreciation has been charged to cost of goods sold and administrative expenses consistently.

### 2.3 Leases:

#### Right-of-use assets (ROU)

The company recognizes the right-of-use assets (RoU) at the commencement date of the lease (i.e. the date the underlying asset is available for use). RoU assets are measured at cost less any accumulated depreciation and impairment of losses and adjusted cost incurred, and lease payment made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the lease term, or remaining period of the lease term. The company assessed all lease contracts live in 2019 and recognized as RoU of assets of all leases as per IFRS 16.

#### Lease Liability

At the commencement of the lease, the company recognizes lease liabilities measured at the present value of lease payments (initial payment), and amount is expected to be paid under residual value of guarantees. The lease payments include fixed lease payment.

### 2.4 Measurement Bases Used in Preparing the Financial Statements

All the elements of financial statements have been measured in "Historical Cost" basis which is one of the most commonly adopted bases as provided in "The Framework for the Preparation and Presentation of Financial Statements" issued by the International Accounting Standards (IAS).

### 2.5 Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with the International Accounting Standards requires management to make estimates and assumptions that effects the reported amounts of the assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the year reported. Actual results could differ from those estimates. Estimates are used in accounting for certain items such as depreciation; liability for outstanding claims whether due or intimated, taxes etc.

### 2.6 Revaluation of property, plant and equipment

#### Basis of valuation:

**Land and land development:** At the time of revaluation of land and land development it is observed by the valuer that there is no uniformity in price of land in the plot lying side by side and having equal facilities may fetch different price without any apparent and convincing reasons. Land and land development have been revalued based on plot being purchased and sold in the locality during the last few months. The valuer also discussed with the local people and inhabitants of that locality at random basis to arrive at an average consensus value as to the present price of the land in the locality. According to present market condition, value of the land is a relevant term as the seller and buyer looks at it from different point. Moreover, it differs from a willing seller and an unwilling seller and similarly a willing buyer will have a different value than that of an unwilling buyer. Land is revalued by Shafiq Basak & Co. Chartered Accountants as on September 30, 2019.

**Factory Building and Others Construction:** The construction of civil works was evaluated by Depreciation Replacement Cost (DRC) approach i.e. by estimating the cost of new construction of the subject structures (with same size, shape, height, visual appearance and internal design) and then adjusting the amount to reflect the depreciation already taken on the existing facility/structure, the wear and tear the existing structure has sustained, and the amount and type of maintenance the facility has received. We have also taken into the enhancement of the material cost and the phenomenal increase of construction material and labor cost over the years and the costing of PWD (Public Works Department) schedule of rates, which is considered to be more authentic. Factory building and others construction is also revalued by Shafiq Basak & Co. Chartered Accountants as on September 30, 2019.

### 2.7 Going concern

The company has adequate resources to continue in operation for the foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides enough fund to meet the present requirements of existing business.

## 2.8 Basis of Preparation

The financial statements have been prepared based on the accrual basis of accounting following going concern assumption and prepared under the historical cost convention.

## 2.9 Inventories

Inventories on hand are valued at lower of average cost and net realizable value in accordance with para 21 and 25 of IAS-2. Item-wise valuation are as follows :

Item	Method of Valuation
Raw Cotton	At average cost price
Polyester Staple Fibre	At average cost price
Spare Parts	At cost price
Packing Materials	At cost price
Work-in-process	100% Materials plus portion of labour charges, gas charges & Electric charges
Finished goods (Yarn)	Cost and Market price whichever is lower

## 2.10 Cash and Cash Equivalents

According to IAS 7 "Statement of Cash Flows" cash comprises of cash in hand and bank deposits and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. IAS 1 "Presentation of Financial Statements" provides that Cash and Cash Equivalents are not restricted in use. Considering the provisions of IAS 7 and IAS 1, Cash in hand and bank balances have been considered as cash and cash equivalents.

## 2.11 Creditors and Accruals

Liabilities are recorded at the amount to be paid in the future for settlement in respect of goods and services received by the Company.

## 2.12 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented direct method as prescribed by the Securities & Exchange Rules, 1987 and considering the provision of paragraph 19 of IAS 7 which provides that "Enterprises are Encouraged to Report Cash Flows from Operating Activities Using the Direct Method."

## 2.13 Revenue Recognition

The company recognizes revenue when control and ownership has been transferred to the buyer, which satisfied all the condition for the revenue recognition as provided in IFRS 15 "Revenue from Contracts with Customers."

## 2.15 Trade Debtors

These are carried at original invoice amount. This is considered good and collectable .

## 2.16 Workers Profit Participation Fund

Workers profit participation fund has been created at the rate of 5% after charging WPPF on net profit during the year under audit .

## 2.16 Earnings per Share (EPS)

The company calculates Earnings per share (EPS) in accordance with IAS 33 "Earnings per Share" which has been shown on the Statement of Profit or Loss and Other Comprehensive Income .

## 2.17 Basic Earnings

This presents earnings for the year attributable to ordinary shareholders. As there was no preference dividend minority interest or extra ordinary terms, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

## 2.18 Basic Earnings per Share

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding during the period.

## **2.19 Taxation**

The provision for income tax has been made @ 15% on net profit during the period.

## **2.20 Additional Information on Financial Statements**

### **Responsibility for Preparation and Presentation of Financial Statements**

The Board of Directors is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act 1994 and as per the provision of "The Framework For The Preparation And Presentation of Financial Statements" issued by the International Accounting Standard (IAS).

### **Components of the Financial Statements**

According to the International Accounting Standard (IAS) 1 "Presentation of Financial Statements" the Complete set of Financial Statements includes the following components:

- i. Statement of Financial Position as at December 31, 2021
- ii. Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account) for the Quarter ended on December 31, 2021
- iii. Statement of Changes in Equity for the Quarter ended on December 31, 2021
- iv. Statement of Cash Flows for the Quarter ended on December 31, 2021
- v. Accounting Policies and Explanatory notes.

## **2.21 Revaluation Reserve**

When an assets carrying amount is increased as a result of revaluation, the increase amount should be credited directly to equity under the heading of Revaluation surplus /reserve as per IAS -16: Property Plant and Equipment. The company revalued the assets of Land and Factory Buildings and other construction which has absolutely owned by the company and The increased amount transferred to Revaluation Reserve. The revaluation was made on 30th September 2012 which was conducted by a professional independent valuer Axis resources ltd. In order to reflect the fair picture of the company as the present condition on the basis of current market price for land and replace cost for Building.

## **2.22 Deferred Tax**

Deferred Tax is recognised on difference between the carrying amount of assets and a liability in the Financial Statements and the corresponding tax based used in the computation of taxable profit and is accounted for using balance sheet liability method . Deferred tax liabilities are generally recognised for all taxable temporary difference and deferred tax assets are recognised to the extent that is probable that the profit will be available against which deductible temporary difference, unused tax losses or unused tax credits can be utilised . Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a Business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor accounting profit . Considering the practices generally followed in Bangladesh the company have been reserved Deferred Tax Assets or Deferred Tax Liabilities in accordance with IAS-12 "Income Taxes".

## **2.23 Risk and uncertainties for use of estimates in preparation of Financial Statements**

The preparation of Financial Statements in conformity with the International Accounting Standards requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the affect financial statements and revenues and expenses during the period reported. Estimates are used for accounting of certain items such as long term contracts, depreciation and employees benefit plans, Taxes, reserves and contingencies.

## **2.24 Compliance with Local Laws**

The financial statements have been prepared in compliance with requirements of the Companies Act 1994., the Securities and Exchange Rules 1987 and other relevant rules and regulations

## **2.25 Compliance with International Accounting Standards (IASs)**

The financial statement have been prepared in compliance with requirements of IASs adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh.



#### **2.26 Reclassification/Re-arrangement/Restatement**

To facilitate comparison certain relevant balances pertaining to the last year have been reclassified/re-arranged/reslated whenever considered necessary to conform to current year's presentation.

#### **2.27 Reporting currency and level of precision**

The figures in the financial statements represent Bangladesh Taka currency, and rounded off to the nearest Taka except where indicates otherwise.

#### **2.28 Related parties disclosures**

As per IAS -24 parties are considered to be related if one party has the ability to control the others party exercise significant influence over the other party in making financial and and operating decisions. There is no such transaction in the year.

#### **2.29 Number of Employees**

The number of employees at year end were 449 persons.

#### **2.30 Functional and presentational (reporting) currency**

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

#### **2.31 Reporting Period**

Financial Statement of the company covers from July 01, 2021 to December 31, 2021

#### **2.32 Authorization for Issue**

The financial statements have been authorized for issue by the Board of Directors on January 30, 2022.

#### **2.33 Comparative Information**

Comparative Information have been disclosed in respect of the year on June 30, 2021 for balance sheet and September 2020 for Statement of Profit or loss and other comprehensive income for all numerical information in the financial statement and also the narrative and descriptive information when it is relevant for understanding of the current periods of financial statements.

In compliance with the requirements of "IAS-10" Events after the reporting period, post Statement of Financial Position events that provide additional information about the company's position at the Statement of Financial Position date are reflected in the Financial statements and events after the Statement of Financial Position date that are not adjusting event are disclosed in the notes when material.

The comparative financial statements for the financial quarter December 31, 2021 has been produced from the last years 3 months financial statements.

#### **2.35 General**

- i) Figures appearing in these Financial Statements have been rounded off to the nearest Bangladeshi taka;
- ii) These notes form an integral part of the annexed Financial Statements and accordingly are to be read in conjunction therewith;
- iii) The company has not incurred any expenditure in foreign currency against royalties and technical fees.

Notes	Particulars	Amount in Taka	
		December 31, 2021	June 30, 2021
<b>3.00</b>	<b>Property, Plant and Equipment</b>		
	<b>Cost of valuation:</b>		
	Balance at the beginning of the year	2,070,372,448	1,932,619,439
	Addition during the year	-	137,753,009
	<b>Balance at year end</b>	<b>2,070,372,448</b>	<b>2,070,372,448</b>
	<b>Accumulated depreciation:</b>		
	Balance at the beginning of the year	640,089,988	603,879,035
	Addition during the year	19,700,364	36,210,953
	<b>Balance at year end</b>	<b>659,790,352</b>	<b>640,089,988</b>
	<b>WDV at the year end</b>	<b>1,410,582,096</b>	<b>1,430,282,460</b>
	<b>The details Property, Plant and Equipment has been shown in Annexure - A.</b>		
	The land, building and plant & machinery at carrying of Tk. 665,020,965 has been placed as security for company's loan.		
<b>4.00</b>	<b>Intangible Assets</b>		
	<b>Cost or valuation:</b>		
	Balance at the beginning of the year	140,000	140,000
	Addition during the year	-	-
	<b>Balance at year end</b>	<b>140,000</b>	<b>140,000</b>
	<b>Accumulated depreciation:</b>		
	Balance at the beginning of the year	59,360	39,200
	Addition during the year	8,064	20,160
	<b>Balance at year end</b>	<b>67,424</b>	<b>59,360</b>
	<b>WDV at the year end</b>	<b>72,576</b>	<b>80,640</b>
	<b>The details Intangible Assets has been shown in Annexure - B.</b>		
<b>5.00</b>	<b>Right of use Asset</b>		
	<b>Cost:</b>		
	Balance at the beginning of the year	2,952,720	2,952,720
	Add: Addition during the year	-	-
	<b>Balance at year end</b>	<b>2,952,720</b>	<b>2,952,720</b>
	<b>Depreciation:</b>		
	Balance at the beginning of the year	1,394,340	410,100
	Add: Depreciation charged during the year	492,120	984,240
	<b>Balance at year end</b>	<b>1,886,460</b>	<b>1,394,340</b>
	<b>WDV at the year end</b>	<b>1,066,260</b>	<b>1,558,380</b>
	<b>The details Right of Use Asset has been shown in Annexure-C.</b>		
<b>6.00</b>	<b>Inventories</b>		
	Raw Cotton	275,223,425	290,770,263
	Polyester Staple Fiber	36,059,114	36,059,114
	Stores and Spares	7,275,156	8,024,728
	Packing Materials	4,567,862	4,421,443
	Work in Process	27,558,555	27,864,110
	Finished goods	15,983,985	16,028,430
		<b>366,668,097</b>	<b>383,168,088</b>



Notes	Particulars	Amount in Taka	
		December 31, 2021	June 30, 2021
10.02	<b>Cash at Bank</b>		
	JBL HO- A/C. No. 0100108538184	2,091	2,091
	Dhaka Bank- A/C. No. 2011000004364	22,289	7,641
	JBL CD (nowapara)- A/C. No. 03400320000092	142,078	160,958
	Pubali bank- A/C. No. 0565901026331	1,187,896	2,682,501
	NRB CD- A/C. No. 1012010037293	2,049	2,049
	Premier Bank- A/C. No. 18911100000021	2	890
	Bank Asia CD- A/C. No. 00233012023	0	1,862
	DBBL- A/C. No. 11611022287	2,832	10,901
	Dhaka Bank Limited Ac. No.-2011000006846-Dividend Account	3,165,096	37,096
		<b>4,524,333</b>	<b>2,905,989</b>
	<b>Dormant Account:</b>		
	JBL STD A/C.	<b>33,050</b>	<b>33,050</b>
		<b>4,557,383</b>	<b>2,939,039</b>

STD A/C with JBL has been dormant and hence the balance in these bank account is not readily useable.

#### 11.00 Share Capital

##### 11.01 Authorized Capital

100,000,000 Ordinary Shares of Tk. 10 each

**1,000,000,000**      **1,000,000,000**

##### 11.02 Issued, Subscribed and Paid up Capital

Opening Balance

299,817,160      299,817,160

Add: Bonus share (stock Dividend)

29,981,716 Ordinary Shares of Tk. 10 each

**299,817,160**      **299,817,160**

11.03 Schedule of distribution of each class of equity setting out the member of holders and percentage thereon has been as follows:

Shareholding Range	For the Quarter ended December 31, 2021			For the year 2019-2020	
	No. of shareholders	Total share	% of holding	No. of shareholders	Total Share
≥ 5000	2379	2,434,786	8.12	2,785	2,709,694
5,001 to 100,000	346	6,318,184	21.08	409	7,113,259
100,001 to 250,000	19	3,017,064	10.07	13	2,092,155
250,001 to 500,000	6	2,123,997	7.09	7	2,466,469
500,001 to 1,000,000	6	4,020,168	13.41	9	6,999,347
1,000,001 to above	5	12,061,516	40.24	4	8,600,791
<b>Total</b>	<b>2,761</b>	<b>29,975,715</b>	<b>100.00</b>	<b>3,227</b>	<b>29,981,715</b>

#### 11.04 Composition of Share Holdings

Type of holders	For the Quarter ended December 31, 2021		For the year ended June 30, 2021	
	No. of Shareholders	% of Holding	No. of Shareholders	% of Holding
Sponsors	5	30.00	5	30.00
Financial Institution	143	14.49	129	18.83
General Public	2,613	55.51	2,877	51.17
<b>Total</b>	<b>2,761</b>	<b>100.00</b>	<b>3,011</b>	<b>100.00</b>

Notes	Particulars	Amount in Taka	
		December 31, 2021	June 30, 2021

11.05 Year wise break-up of share issue

Date of Allotment	No. of share	Face Value	Amount taka	Basis of allotment
20th June, 1994 (during in Corporation)	1,750	100	1,75,000	Cash banking channel
1994 to 1999 (The Sponsor Director has subscribed)	798,250	100	7,99,25,000	Cash banking channel
18 April 1999 (IPO)	800,000	100	8,00,00,000	
26-May-11	256,000	100	2,56,00,000	16% Stock Dividend Approved
<b>Sub Total</b>	<b>1,856,000</b>	<b>100</b>	<b>18,56,00,000</b>	
	18,560,000	10	18,56,00,000	The share has been split into Tk 10/- each from Tk 100/- each
20-May-12	1,856,000	10	1,85,60,000	10% Stock Dividend Approved on 18 <sup>th</sup> AGM based on Financial statement 31 December 2011
22-Jun-13	2,041,600	10	2,04,16,000	10% Stock Dividend Approved on 19 <sup>th</sup> AGM based on Financial statement 31 December 2012
12-Apr-14	2,245,760	10	2,24,57,600	10% Stock Dividend Approved on 20th AGM based on Financial statement 31 December 2013
13-Jun-15	2,470,336	10	2,47,03,360	10% Bonus share approved on 21st AGM based on the Financial Statements 31 December, 2014.
26-Nov-16	815,210	10	81,52,100	3% Bonus share approved on 22nd AGM based on the Financial Statements June 30, 2015-16.
2-Dec-17	1,119,556	10	1,11,95,560	4% Bonus share approved on 23rd AGM based on the Financial Statements June 30, 2016-17.
2-Dec-18	873,254	10	8,732,540	3% Bonus share approved on 24th AGM based on the Financial Statements 2017-2018
<b>Total Paid-up Capital</b>	<b>29,981,716</b>	<b>10</b>	<b>299,817,160</b>	

12.00 Revaluation Reserve

Opening Revaluation Reserve	557,924,198	561,878,204
Addition During the Year	-	-
Adjustment for Realized Depreciation of Revalued Assets	(2,256,109)	(4,651,771)
Deffered tax	-	-
Adjustment for Deferred Tax for Revaluation Reserve	338,416	697,766
	<u>556,006,506</u>	<u>557,924,198</u>

13.00 Term Loan

Opening Balance	1,189,496,033	1,126,100,561
Addition During the year	36,688,700	-
Interest charged during the year	53,992,995	106,823,189
Paid during the year	(64,242,681)	(43,427,717)
	<u>1,215,935,048</u>	<u>1,189,496,033</u>

13.01 Term Loan Bank Asia

Opening Balance	1,005,297,734	951,986,423
Addition During the year	-	-
Interest charged during the year	44,823,806	88,960,228
Paid during the year	(20,460,000)	(35,648,917)
Balance at the end of the year	<u>1,029,661,540</u>	<u>1,005,297,734</u>

Notes	Particulars	Amount in Taka	
		December 31, 2021	June 30, 2021
13.02	<b>Term Loan Premier Bank</b>		
	Opening Balance	184,198,299	174,114,138
	Addition During the year	36,688,700	-
	Interest charged during the year	9,169,189	17,862,961
	Paid during the year	(43,782,681)	(7,778,800)
	<b>Balance at the end of the year</b>	<b>186,273,509</b>	<b>184,198,299</b>
13.03	<b>Maturity of Term-loan</b>		
	Payment fall due within one year	240,297,646	227,243,755
	Payment fall due after one year	975,637,402	962,252,278
		<b>1,215,935,048</b>	<b>1,189,496,033</b>
14.00	<b>Deferred Tax Liabilities</b>		
	<b>A. Property Plant and Equipment</b>		
	Property, Plant and Equipment at Accounting base	756,529,371	773,981,690
	Property, Plant and Equipment at Tax base	492,275,585	470,067,187
	Temporary difference	264,253,786	303,914,503
	Tax rate	15%	15%
	<b>Deferred Tax Liabilities</b>	<b>39,638,068</b>	<b>45,587,176</b>
	<b>B. Calculation of deferred tax on Unused Tax Losses</b>		
	Unabsorbed depreciation for the year	(182,141,974)	(146,899,699)
	Bad debt provision	(182,141,974)	(146,899,699)
	Tax rate	15%	15%
	<b>Deferred tax assets</b>	<b>(27,321,296)</b>	<b>(22,034,955)</b>
	<b>C. Calculation of deferred tax on revaluation on property plant and equipment</b>		
	Revalued value of land	505,974,140	505,974,140
	Revalued value of other than land	148,151,160	150,407,270
	<b>Tax rate</b>	<b>15%</b>	<b>15%</b>
	On land	15%	15%
	On other than Land	15%	15%
	<b>Deferred tax liabilities</b>	<b>75,896,121</b>	<b>75,896,121</b>
	For land	22,222,674	22,561,090
	For other than Land	98,118,795	98,457,211
	<b>Total Deferred Tax Liabilities (A+B+C)</b>	<b>110,435,567</b>	<b>122,009,432</b>
14.01	<b>Deferred Tax Expenses/(Income) for the year</b>		
	Deferred tax liability other than revalued assets as at June 30, 2021 (A+B)	12,316,772	23,552,221
	Deferred tax liability other than revalued assets as at June 30, 2021 (A+B)	23,552,221	19,791,865
	<b>Net increased in deferred tax expenses for other than revalued assets for the year</b>	<b>(11,235,449)</b>	<b>3,760,356</b>
15.00	<b>Loan from Directors</b>		
	Opening Balance	12,505,000	12,505,000
	Add: Addition During the period	-	-
	Less: Paid during the period	-	-
		<b>12,505,000</b>	<b>12,505,000</b>

Notes	Particulars	Amount in Taka	
		December 31, 2021	June 30, 2021
<b>16.00</b>	<b>Lease Liability</b>		
	Opening Balance	1,783,355	2,624,069
	Add: Addition during the year	68,015	194,286
	Add: Finance Cost	(258,750)	(1,035,000)
	Less: Payment during the period	<u>1,592,620</u>	<u>1,783,355</u>
<b>17.00</b>	<b>Liabilities for Expenses and Others</b>		
	Electricity Charge	4,203,548	4,914,119
	Audit fees	460,000	460,000
	WPPF	7,719,718	7,719,718
	Workes wellfare fund	68,201	68,201
	VAT Liability	137,729	137,729
	Rent Expense	24,300	24,300
	Service Charge	15,000	15,000
	Security Service	18,000	18,000
	Dividend Liability	10,493,406	-
		<u>23,139,902</u>	<u>13,357,067</u>
<b>18.00</b>	<b>Unclaimed Dividend Account</b>		
	Opening Balance	37,096	15,460
	Addition: Accured Interest	-	21,636
		<u>37,096</u>	<u>37,096</u>
	Payment during the year	36,000	-
		<u>1,096</u>	<u>37,096</u>
<p>As per deration of BSEC the company deposited mentioned amount on August 31, 2021 for the purpose of transferring the amounts held against unclaimed or undistributed or unsettled dividend in cash to the Capital Market Stabilization Fund (CMSF).</p>			
<b>19.00</b>	<b>Provision for Tax</b>		
	Opening Balance	42,369,276	39,124,242
	Add :Previous years (After Assessment)	-	-
	Add: Addition during the year	1,823,621	5,745,092
		<u>44,192,897</u>	<u>44,869,334</u>
	Less: Adjustment during the year	-	(2,500,058)
		<u>44,192,897</u>	<u>42,369,276</u>

Notes	Particulars	Amount in Taka	
		July 01, 2021 to December 31, 2021	July 01, 2020 to December 31, 2020
<b>20.00</b>	<b>Sales Revenue</b>		
	Sale of Finished Yarn (net of VAT)	303,786,325	139,402,457
		<u>303,786,325</u>	<u>139,402,457</u>
<b>21.00</b>	<b>Cost of Goods Sold</b>		
	Opening Stock of Finished Goods	16,028,430	14,553,430
	Add: Cost of Production (Note: 21.01)	248,840,140	210,622,627
		<u>264,868,570</u>	<u>225,176,057</u>
		(15,983,985)	(24,000,000)
	Less: Closing Stock of Finished Goods	<u>248,884,585</u>	<u>201,176,057</u>
<b>21.01</b>	<b>Cost of Production</b>		
	Raw cotton (Note: 22.01.01)	186,017,874	97,088,553
	Polyester Staple Fiber (Note: 21.01.02)	-	-
	Spare Parts (Note: 21.01.03)	987,072	2,712,985
	Packing Materials (Note: 21.01.04)	2,794,948	4,426,435
	Direct Wages and Salaries	17,739,755	19,933,455
	Factory Overhead (Note: 21.01.05)	40,994,936	67,461,199
		<u>248,534,585</u>	<u>191,622,627</u>
	Add: Opening Works-in-Process	27,864,110	25,364,110
		<u>276,398,695</u>	<u>216,986,737</u>
	Less: Closing works-in-Process	(27,558,555)	(6,364,110)
		<u>248,840,140</u>	<u>210,622,627</u>
<b>21.01.01</b>	<b>Consumption of Raw Cotton</b>		
	Opening Stock	290,770,263	295,086,236
	Add: Purchase during the year	170,471,036	15,788,553
	Available for use	<u>461,241,299</u>	<u>310,874,789</u>
	Less: Closing Stock	(275,223,425)	(213,786,236)
		<u>186,017,874</u>	<u>97,088,553</u>
<b>21.01.02</b>	<b>Consumption of polyester Staple Fiber</b>		
	Opening Stock	36,059,114	36,059,114
	Add: Local purchase during the year	-	-
	Available for use	<u>36,059,114</u>	<u>36,059,114</u>
	Less :Closing Stock	(36,059,114)	(36,059,114)
		<u>-</u>	<u>-</u>
<b>21.01.03</b>	<b>Consumption of Spare parts</b>		
	Opening Stock	8,024,728	8,283,728
	Add: Purchase during the year	237,500	8,712,985
	Available for use	<u>8,262,228</u>	<u>16,996,713</u>
	Less: Closing Stock	(7,275,156)	(14,283,728)
		<u>987,072</u>	<u>2,712,985</u>
<b>21.01.04</b>	<b>Consumption of Packing Materials</b>		
	Opening Stock	4,421,443	4,737,243
	Add: Purchase during the year	2,941,366	4,426,435
	Available for use	<u>7,362,809</u>	<u>9,163,678</u>
	Less :Closing Stock	(4,567,862)	(4,737,243)
		<u>2,794,948</u>	<u>4,426,435</u>
<b>21.01.05</b>	<b>Factory Overhead</b>		
	Carriage Inward	102,892	173,809
	Insurance Premium (Fire)	1,131,651	1,253,972
	Repairs and Maintenance	(8,270)	9,534,004
	Fuel & Lubricants	115,000	508,000
	Electric bill	20,178,140	29,065,980
	Depreciation	19,475,523	26,925,434
		<u>40,994,936</u>	<u>67,461,199</u>



Notes	Particulars	Amount in Taka	
		July 01, 2021 to December 31, 2021	July 01, 2020 to December 31, 2020
<b>22.00</b>	<b>Others Income</b>		885,441
	Interest Income	150,518	155,384
	Insurance Commission	-	-
		<u>150,518</u>	<u>1,040,825</u>
<b>23.00</b>	<b>Administrative and Marketing Expenses</b>		300,000
	Board of Director's remuneration and Board Meeting fees	1,050,000	5,107,555
	Salary and Allowance	4,710,043	200,000
	AGM	-	-
	Post and Courier	23,500	424,809
	Registration and Renewal	20,700	292,500
	Repair and Maintenance	-	7,000
	Advertisement	-	88,186
	Printing and Stationary	15,448	57,500
	Audit fee	-	61,524
	Travelling and Conveyance	85,990	-
	Donation and subscription	33,670	277,900
	Medical and Welfare	-	36,421
	Electricity expenses(Res. Qtrs.)	68,791	141,915
	Miscellaneous expenses	10,150	12,347
	Telephone & Mobile Bill	21,200	168,500
	Office maintenance	134,000	-
	Sales promotion	269,500	62,270
	Gas Bill (Res.Qtrs)	49,993	56,450
	Service Charge	40,000	64,322
	Security Service	32,774	17,750
	Internet Bill	10,500	49,845
	Entertainment	31,590	758,337
	Depreciation & amortization	232,905	-
	Depreciation of right of use asset	492,120	-
	VAT	1,750,383	1,752,000
	Business Development	118,250	449,000
	Professional & Legal Expenses	38,425	60,500
	Head Office Electric Bill	42,750	-
		<u>9,282,681</u>	<u>10,446,631</u>
<b>24.00</b>	<b>Financial Expenses</b>		53,642,520
	Interest on term loan	53,831,145	243,220
	Bank Charges and Commission	192,506	180,010
	Interest on WPPF	-	106,564
	Interest on Lease Liability	68,015	-
		<u>54,091,667</u>	<u>54,172,314</u>
<b>25.00</b>	<b>Income Tax expenses</b>		505,596
	Current Tax provision ( Note-26.01)	1,823,621	(581,471)
	Add: Last year's tax adjustment	-	(1,368,296)
	Deferred tax expenses/(income) (Note:15.01)	(11,235,449)	(1,444,171)
		<u>(9,411,828)</u>	<u>(1,444,171)</u>
<b>25.01</b>	<b>Current Tax expenses (Higher of A, B &amp; C)</b>		
	<b>A. Income Tax on Regular rate</b>		
	Profit Before Tax	(8,322,090)	(134,351,720)
	Add: Accounting depreciation	36,231,112	27,191,651
	Less: Tax depreciation	(63,151,297)	(37,807,433)
		<u>(35,242,275)</u>	<u>(144,967,502)</u>
	Tax rate	15%	15%
	Current tax	-	-
		<u>-</u>	<u>-</u>
	<b>B. Income Tax Paid at source</b>	<u>-</u>	<u>-</u>
	<b>C. Minimum tax</b>	<u>1,823,621</u>	<u>272,302</u>

Notes	Particulars	Amount in Taka	
		July 01, 2021 to December 31, 2021	July 01, 2020 to December 31, 2020
26.00	<b>Net Assets Value (NAV) per Share</b>		
	Total Assets	2,041,485,062	2,024,305,442
	Less. Total outstanding Liabilities	1,407,802,131	1,381,557,259
	Net assets value	<u>633,682,931</u>	<u>642,748,184</u>
	Divided by number of ordinary share	29,981,716	29,981,716
	NAV	<u>21.14</u>	<u>21.44</u>
27.00	<b>Earnings Per Share (EPS)</b>		
	Earnings Attributable to the ordinary shareholder	1,089,738	(132,907,549)
EPS	Weight average no. of ordinary shares	29,981,716	29,981,716
EPS		<u>0.04</u>	<u>(4.43)</u>
28.00	<b>Net Operating Cash Flows per Share (Restated)</b>		
	Net Operating Cash Flows	31,353,759	36,176,439
NOCF per Share	No. of share outstanding at the end of the year	29,981,716	29,981,716
NOCF per Share		<u>1.05</u>	<u>1.21</u>
29.00	<b>Reconciliation of Cash Flows from Operating Activities (Indirect Method)</b>		
	Profit before Tax	(8,322,090)	(134,351,720)
	Depreciation	19,708,428	27,191,651
	Finance Cost	54,091,667	54,172,314
	Interest on lease liability	68,015	-
	Depreciation of right of use asset	492,120	492,120
	Payment of lease liability	(258,750)	(93,436)
	Decrease/ (Increase) in inventories	16,499,991	84,853,430
	Decrease/ (Increase) in Trade Debtors	(20,700,000)	2,000,000
	Decrease/ (Increase) in Advances, Deposits and Prepayments	(29,515,051)	19,979,026
	Increase/ (Decrease) in Liabilities for expenses and others	(710,571)	(17,066,888)
	Income Tax Paid	-	(1,000,058)
	Net Cash Flows from Operating Activities	<u>31,353,759</u>	<u>36,176,439</u>

### 30.00 Related Party Disclosure

The company, in normal course of business, carried out a number of transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: Related Party Disclosures. All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates, other than sister concern current account balance which is interest free, on the same terms and conditions as applicable to the third parties. Details of transactions with related parties and balances with them as at December 31, 2021 were as follows:

Name of party	Nature of relations	Nature of transaction	Opening balance	Transaction during the year		Closing balance
				Dr.	Cr.	
Loan from Directors	Directors	Loan	12,505,000			12,505,000
Total			12,505,000	-	-	12,505,000

**Safko Spinning Mills Limited**  
Schedule of Property, Plant and Equipment  
As at December 31, 2021

Annexure - A

Particulars	Cost		Rate	Depreciation		WDV at December 31, 2021
	As at July 01, 2021	Addition During the Quarter		As at December 31, 2021	Addition During the Quarter	
Land and Land Development	4,025,860	-	0.0%	-	-	4,025,860
Factory Building and others Constructions	345,942,693	-	3.0%	4,086,503	77,595,678	268,347,015
Plant, Machinery & Factory Equipment	881,664,355	-	5.0%	11,941,822	415,933,283	465,731,072
Generator	93,595,775	-	15.0%	1,136,092	79,583,975	14,011,800
Gas Line Installation	2,237,758	-	15.0%	54,997	1,559,458	678,300
Furniture and Fixtures	5,500,327	-	10.0%	132,065	2,991,084	2,509,243
Transport and Vehicles	2,625,307	-	20.0%	8,350	2,550,153	75,154
Office Equipment	2,969,772	-	15.0%	78,858	1,997,194	972,578
Sundry Assets	630,565	-	10.0%	5,567	524,791	105,774
<b>Sub-total</b>	<b>1,339,192,412</b>	<b>-</b>		<b>17,444,255</b>	<b>582,735,617</b>	<b>756,456,795</b>

**Revaluation of Property, Plant & Equipments**

Particulars	Revaluation		Rate	Depreciation		WDV at December 31, 2021
	As at July 01, 2021	Addition During the Quarter		As at July 01, 2021	Addition During the Quarter	
Land and Land Development	505,974,140	-	-	-	-	505,974,140
Factory Building	225,205,896	-	3%	2,256,109	77,054,736	148,151,160
<b>Sub-total</b>	<b>731,180,036</b>	<b>-</b>		<b>2,256,109</b>	<b>77,054,736</b>	<b>654,125,300</b>
<b>As at December 31, 2021</b>	<b>2,070,372,446</b>	<b>-</b>		<b>19,700,364</b>	<b>659,790,352</b>	<b>1,410,582,096</b>

**Depreciation Charged:**  
Cost of Production 19,475,523  
Administrative 224,841  
19,700,364

**Safko Spinning Mills Limited**

Intangible Assets

As at December 31, 2021

Annexure - B

Particulars	Cost		Rate	Amortisation		WDV at December 31, 2021
	As at July 01, 2021	Addition During the Quarter		As at July 01, 2021	Addition During the Quarter	
Software	140,000	-	20.0%	59,360	8,064	72,576
<b>As at December 31, 2020</b>	<b>140,000</b>	<b>-</b>		<b>59,360</b>	<b>8,064</b>	<b>72,576</b>

Depreciation Charged:      Total  
 Administrative              8,064  
8,064

**Safko Spinning Mills Limited**  
 Schedule of Right of Use Assets  
 As at December 31, 2021

Annexure C

Particulars	Cost			Depreciation			WDV at December 31, 2021
	As at July 01, 2021	Addition During the Quarter	As at December 31, 2021	As at July 01, 2021	Addition During the Quarter	As at December 31, 2021	
Right of use asset	2,952,720	-	2,952,720	1,394,340	492,120	1,886,460	1,066,260
<b>Total</b>	<b>2,952,720</b>	<b>-</b>	<b>2,952,720</b>	<b>1,394,340</b>	<b>492,120</b>	<b>1,886,460</b>	<b>1,066,260</b>