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 **মাসিহ মুহিত হাফে অ্যান্ড কোম্পানি**  
**MASIH MUHITH HAQUE & CO**  
**Chartered Accountants**  
An independent member firm of IGAF Worldwide  
In practice since 1985

*Auditors' Report*  
*Of*

*Matin Spinning Mills Ltd.*

BGMEA Complex (12<sup>th</sup> Floor)  
23/1 Panthapath Link Road,  
Karwan Bazar, Dhaka - 1215

For the year ended June 30, 2011



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## AUDITORS' REPORT

To

### The Shareholders of Matin Spinning Mills Ltd

We have audited the accompanying financial statements of *Matin Spinning Mills Limited* which comprises the statement of financial positions as at June 30, 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies 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 audit opinion.

#### **Opinion**

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30 June, 2011 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations.

We also report that:

- 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;
- 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 these books;
- The statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- The expenditure incurred was for the purposes of the company's business.

Dated: Dhaka  
October 20, 2011

  
(Masih Muhith Haque & Co.)  
Chartered Accountants



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**Matin Spinning Mills Limited**  
**Statement of Financial Position**  
**as at 30 June 2011**

		Amounts in Taka		
Notes	At 30 June 2011	At 30 June 2010 "Restated"	At 1st July 2009 "Restated"	
<b>Assets</b>				
<b>Non - Current assets</b>				
Property, plant and equipments	04	2,004,573,524	1,804,995,129	994,380,711
Investment	05	89,300,000	1,250,000	-
Capital work-in-process	06	15,448,403	4,168,386	-
Deferred revenue expenses	07	-	9,324,190	16,783,542
		104,748,403	14,742,576	16,783,542
<b>Total non - current assets</b>		<b>2,109,321,927</b>	<b>1,819,737,705</b>	<b>1,011,164,253</b>
<b>Current assets</b>				
Cash and bank balances	08	22,621,237	11,217,295	60,337,858
Accounts receivable	09	864,643,345	564,187,430	417,215,210
Inventories	10	643,190,461	293,838,106	348,914,967
Advances, deposits and prepayments	11	101,645,197	80,729,177	53,221,760
Due from sister concerns	12	337,421,042	424,333,986	138,456,294
<b>Total current assets</b>		<b>1,969,521,282</b>	<b>1,374,305,994</b>	<b>1,018,146,089</b>
<b>Total assets</b>		<b>4,078,843,209</b>	<b>3,194,043,699</b>	<b>2,029,310,342</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	13	422,600,000	255,000,000	150,000,000
Share money deposit	14	-	91,100,000	-
Retained earnings	15	309,703,453	142,452,081	68,097,346
Tax holiday reserves	16	86,718,548	49,569,823	-
Revaluation reserves	17	992,422,588	808,230,721	-
Proposed dividend (bonus share)		-	-	105,000,000
<b>Total equity</b>		<b>1,811,444,590</b>	<b>1,346,352,626</b>	<b>323,097,346</b>
<b>Non-current liabilities</b>				
Long term bank loan	18	509,910,417	616,831,544	723,536,281
Directors and others	19	-	48,267,150	52,267,150
Deferred tax liability	20	67,648,657	47,045,821	-
<b>Total non-current liabilities</b>		<b>577,559,074</b>	<b>712,144,515</b>	<b>775,803,431</b>
<b>Current liabilities</b>				
Accounts payable	21	68,544,218	96,201,044	250,583,534
Short term bank loan	22	1,316,280,115	684,684,525	229,030,353
Current portion of long term loan	23	193,635,282	171,167,979	163,752,402
Due to sister concerns	24	-	130,368,883	243,053,994
Provision & accruals	25	111,379,930	53,124,127	43,989,282
<b>Total current liabilities</b>		<b>1,689,839,546</b>	<b>1,135,546,558</b>	<b>930,409,565</b>
<b>Total equity and liabilities</b>		<b>4,078,843,209</b>	<b>3,194,043,699</b>	<b>2,029,310,342</b>
<b>NAV Per Share</b>	35	<b>42.86</b>	<b>52.80</b>	<b>21.54</b>

The accounting policies and explanatory notes form an integral part of the financial statements.

The financial statements were authorized for issue by the board of directors on 20th October-2011

  
Managing Director

  
Director

  
CFO & Company Secretary

This is the statement of financial position referred to in our annex report

Dhaka  
Dated: 20th October, 2011

  
Masih Muhith Haque & Co.  
Chartered Accountants



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**মাসিহ মুহিত হাফ হাউস অফ অ্যাকাউন্ট্যান্টস**  
**MASIH MUHITH HAQUE & CO**  
Chartered Accountants  
An independent member firm of IGAF Worldwide  
In practice since 1985

**Matin Spinning Mills Limited**  
**Income Statement**  
for the year ended 30 June 2011

	Notes	Amounts in Taka	
		Year ended 30 June 2011	Year ended 30 June 2010 Restated
Revenue	26	2,458,002,913	1,600,557,219
Cost of goods sold	27	(1,910,334,630)	(1,296,578,957)
<b>Gross profit</b>		<b>547,668,283</b>	<b>303,978,261</b>
Other income	28	43,974,084	5,581,951
		<b>591,642,367</b>	<b>309,560,212</b>
Administrative expenses	29	(57,798,713)	(45,413,199)
Distribution expenses	30	(181,437)	(172,500)
<b>Net profit before finance cost</b>		<b>533,662,217</b>	<b>263,974,513</b>
Finance costs	31	(173,847,121)	(116,100,595)
<b>Net profit before workers' profit participation funds &amp; tax</b>		<b>359,815,096</b>	<b>147,873,918</b>
Contribution to workers' profit participation funds		(17,134,052)	(7,041,615)
<b>Net profit before taxation</b>		<b>342,681,044</b>	<b>140,832,303</b>
Income tax expenses	32.02	(41,121,751)	(2,093,232)
Deferred tax expenses	33	(11,579,220)	(14,814,513)
<b>Net profit after tax</b>		<b>289,980,073</b>	<b>123,924,558</b>
<b>Earnings Per Share (EPS)</b>	34	<b>7.31</b>	<b>3.74</b>

The accounting policies and explanatory notes form an integral part of the financial statements.

The financial statements were authorized for issue by the board of directors on 20th October-2011

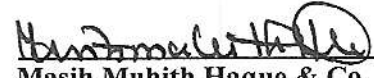
  
Managing Director

  
Director

  
CFO & Company Secretary

This is the income statement referred to in our annex report

Dhaka  
Dated: 20th October, 2011

  
Masih Muhith Haque & Co.  
Chartered Accountants



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**Matin Spinning Mills Limited**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2011**

	Notes	Amounts in Taka	
		Year ended 30 June 2011	Year ended 30 June 2010 "Restated"
Net profit after tax for the year		289,980,073	123,924,558
Other comprehensive income:			
Revaluation surplus of property, plant and equipment	Annex 1	193,215,483	840,462,029
Less: Deferred tax on other comprehensive income	33.01	9,023,616	32,231,308
Other comprehensive income for the year, net of tax		184,191,867	808,230,721
Foreign currency exchange gain/(loss)		(9,079,976)	-
Other comprehensive income for the year, net of tax		175,111,891	808,230,721
<b>Total comprehensive income for the year</b>		<b>456,011,987</b>	<b>932,155,280</b>

The accounting policies and explanatory notes form an integral part of the financial statements.

The financial statements were authorized for issue by the board of directors on 20th October-2011

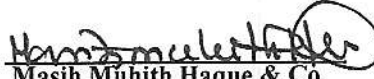
  
Managing Director

  
Director

  
CFO & Company Secretary

This is the statement of comprehensive Income referred to in our annex report.

Dhaka  
Dated:20th October, 2011

  
Masih Muhith Haque & Co.  
Chartered Accountants



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**Matin Spinning Mills Limited**  
**Statement of Cash Flows**  
**for the year ended 30 June 2011**

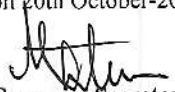
	Amounts in Taka	
	Year ended 30 June 2011	Year ended 30 June 2010
		"Restated"
<b>A. Cash Flows from Operating Activities</b>		
Collection from customers	2,157,546,998	1,453,584,999
Cash paid to suppliers and employees	(2,304,161,834)	(1,366,300,040)
<b>Cash generated from operations</b>	<b>(146,614,836)</b>	<b>87,284,959</b>
Interest/share of profit paid on loans	(173,847,121)	(116,100,595)
Sale of cotton (local)	-	15,979,350
Wastage sales	5,891,240	4,307,539
Bank interest received	406,701	307,564
<b>Net cash from operating activities</b>	<b>(314,164,016)</b>	<b>(8,221,183)</b>
<b>B. Cash Flow from Investing Activities</b>		
Acquisition of property, plant and equipment	(122,434,495)	(72,352,523)
Purchase of share from DBL Ceramics Ltd	(23,750,000)	(1,250,000)
Capital work-in-process	(11,280,017)	(4,168,386)
Sale proceeds from property, plant and equipment	-	148,728
Share Money Deposit (DBL Ceramics Ltd.)	(50,800,000)	-
Share Purchase from Listed companies	(13,500,000)	-
<b>Net cash used in investing activities</b>	<b>(221,764,512)</b>	<b>(77,622,181)</b>
<b>C. Cash Flows from Financing Activities</b>		
Long term loan received /(paid)	(78,483,324)	(111,468,568)
Short term loan from/(repaid to) bank	631,595,590	455,654,172
Inter-company debts received	228,748,839	995,748
Inter-company debts paid	(234,528,635)	(399,558,551)
Share money deposit	-	91,100,000
<b>Net cash from/(used in) financing activities</b>	<b>547,332,470</b>	<b>36,722,801</b>
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	11,403,942	(49,120,563)
E. Opening cash and cash equivalents	11,217,295	60,337,858
F. Closing cash and cash equivalents (D+E)	<b>22,621,237</b>	<b>11,217,295</b>

The accounting policies and explanatory notes form an integral part of the financial statements.

The financial statements were authorized for issue by the board of directors on 20th October-2011

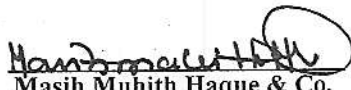
  
Managing Director

  
Director

  
CFO & Company Secretary

This is the statement of cash flows referred to in our annex report

Dhaka  
Dated: 20th October, 2011

  
Masih Muhith Haque & Co.  
Chartered Accountants

**Matin Spinning Mills Limited**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2011**

	Amounts in Taka						
	Share capital	Share Deposits	Tax holiday reserves	Retained earnings	Revaluation reserves	Proposed dividend	Total
<b>Year 2010</b>							
Balance at 01 July (Restated) Note:15	150,000,000	-	-	68,097,346	-	105,000,000	323,097,346
Net profit for the year (Re-stated)	-	-	-	123,924,558	-	-	123,924,558
Transfer to tax holiday reserves	-	-	49,569,823	(49,569,823)	-	-	-
Bonus dividend	105,000,000	-	-	-	-	(105,000,000)	-
Share money deposits	-	91,100,000	-	-	-	-	91,100,000
Other comprehensive income net of tax	-	-	-	-	808,230,721	-	808,230,721
<b>Balance at 30 June</b>	<b>255,000,000</b>	<b>91,100,000</b>	<b>49,569,823</b>	<b>142,452,081</b>	<b>808,230,721</b>	<b>-</b>	<b>1,346,352,626</b>
<b>Year 2011</b>							
Balance at 01 July	255,000,000	91,100,000	49,569,823	142,452,081	808,230,721	-	1,346,352,626
Net profit for the year	-	-	-	289,980,073	-	-	289,980,073
Transfer to tax holiday reserves	-	-	37,148,724	(37,148,724)	-	-	-
Bonus dividend	76,500,000	-	-	(76,500,000)	-	-	-
Share money deposits	91,100,000	(91,100,000)	-	-	-	-	-
Other comprehensive income net of tax	-	-	-	(9,079,976)	184,191,867	-	175,111,891
<b>Balance at 30 June</b>	<b>422,600,000</b>	<b>-</b>	<b>86,718,548</b>	<b>309,703,453</b>	<b>992,422,588</b>	<b>-</b>	<b>1,811,444,589</b>

The accounting policies and explanatory notes form an integral part of the financial statements.

The financial statements were authorized for issue by the board of directors on 20th October-2011

  
**Managing Director**

  
**CFO & Company Secretary**

This is the statement of changes in equity referred to in our annex report

Dhaka

Dated: 20th October, 2011

  
**Masih Muhith Haque & Co.**  
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## Matin Spinning Mills Ltd

Notes to the financial statements for the year ended 30 June 2011

### General

#### 1. Reporting entity

##### 1.1 Background of the Company

Matin Spinning Mills Limited (the company) was incorporated in Bangladesh on 15th September 2002 vide certificate of incorporation no. C-47083 (3562) of 2002 as a private limited company under the companies Act, 1994 having its registered office in Dhaka. The company was converted into public limited company on 4th November, 2010

##### 1.2 Nature of Business

The company is a 100% export oriented backward linkage industry established to cater to the requirements of supply all types of cotton, viscose, polyester and cvc yarn to export oriented knit garments. The factory of the company situated at Sardagonj, Kashimpur, Gazipur, Dhaka. The company commenced commercial production on October 01, 2006.

#### 2. Basis of preparation

##### 2.01 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

The following Bangladesh Accounting Standards applied for the preparation of the financial statements for the period under review:

BAS - 1	Presentation of Financial Statements
BAS - 2	Inventories
BAS - 7	Statement of Cash Flows
BAS - 8	Fundamental Errors and Changes in Accounting Policy
BAS - 10	Events after the reporting period
BAS - 12	Income Taxes
BAS - 16	Property, Plant and Equipment
BAS - 21	The effects of changes in foreign exchange rates
BAS - 23	Borrowing Costs
BAS - 28	Investments in associates
BAS - 33	Earnings per Share
BAS - 37	Provisions, Contingent Liabilities and Contingent Assets.
BAS - 39	Financial instruments: Recognition & Measurement

##### 2.02 Other regulatory compliances

In addition to the aforesaid, the Company is also required to comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 1984  
The Income Tax Rules 1984  
The Value Added Tax Act 1991  
The Value Added Tax Rules 1991  
The Security & Exchange Commission Rules 1987







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## Matin Spinning Mills Ltd

### Notes to the financial statements for the year ended 30 June 2011

#### 2.03 Date of authorisation

The Board of Directors has authorised the financial statements for issue on 20.10.2011

#### 2.04 Functional and presentational currency

The financial statements are prepared in Bangladeshi Taka which is the company's functional currency. The figures of financial statements have been rounded off to the nearest integer.

#### 2.05 Reporting period

Financial statements of the company covered one year from 01 July 2010 to 30 June 2011 and is followed consistently.

### 3 Significant Accounting Policies

#### 3.01 Basis of Accounting

The financial statements of the company have been prepared on an accrual basis, under historical cost convention, and in accordance with generally accepted accounting principles. Wherever appropriate, such principles are explained in the succeeding notes.

#### Components of financial statement

Statement of Financial Position  
Income Statement  
Statement of Comprehensive Income  
Statement of Cash Flows  
Statement of Changes in Equity  
Notes to the financial statements

#### 3.02 Revenue recognition

Revenue comprises sale of goods by the company. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, and net of returns, allowances and trade discounts.

#### Recognition Criteria :

Significant risk and reward of ownership associated with the goods is transferred to the buyer. Sale of goods of the company usually occurs at the time of delivery of goods along with invoices.

The company has no managerial involvement of the ownership of the goods, the amount of revenue and the cost of the transaction can be measured reliably, and it is probable that the economic benefit associated with the transaction will flow to the company.

#### 3.03 Statement of Cash Flows

Statement of Cash Flows is prepared in accordance with BAS-7 "Statement of Cash Flows". The statement shows the structure of changes in cash and cash equivalents during the financial year. Statement of cash flows has been prepared under direct method.





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## **Matin Spinning Mills Ltd**

### **Notes to the financial statements for the year ended 30 June 2011**

#### **3.04 Statement of Changes in Equity**

Statement of changes in equity is prepared in accordance with BAS-1 "Presentation of Financial Statements". This statement reflects informatin about the increase or decrease in net assets or wealth.

#### **3.05 Deferred revenue expenses**

Preliminary expenses and unallocated revenue expenditure are treated as deferred revenue expenditure. This is being amortized over a period of 5 years. Unamortised amount of preliminary expenses and unallocated revenue expenditure has been fully written off during the year.

Following the IAS - 8 Fundamental Errors and Changes in Accounting Policy the company changed the amortization policy of Interest During Construction Period (IDCP). Previously the policy was to amortize the total IDCP amount in 5 (five) years. To conform to IAS - 23 Borrowing cost the company capitalized the entire amount of IDCP to Plant & Machinery and depreciated the Plant and Machinery applying the depreciation rate. As a result Property, Plant and Equipments and deferred revenue expenditure (IDCP) figures has been restated for previous years.

#### **3.06 Deferred tax liability**

During 2010 Matin Spinning Mills Ltd changed its depreciation rates on fixed assets to current rates. As a result differences has been arised between accounting base and tax base on fixed assets. This change in accounting estimate has been accounted for retrospectively. The comparative statements for 2010 have been restated to conform to the changed accounting estimate. Rates applied for the calculation of deferred tax is 15 % for fixed assets other than land and 2 % for land.

#### **3.07 Tax holidays reserves**

The company has been granted Tax holiday for the period of four years with effect from 1<sup>st</sup> October 2006 by the National Board of Revenue (NBR) vide Memo No: 11(87) Anu-1/2006/1097 dated 02 september 2008.

#### **3.08 Inventories**

Physical inventory has been taken at year end by the management which are valued at cost or net realizable value which ever is lower. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

#### **3.09 Finance costs**

Finance costs comprise interest expenses on bank loan and other borrowings and are recognised in the income statement using effective interest method.

#### **3.10 Finance income**

Finance income comprises of interest income on loan receivable from sister concerns. The rate of interest is 11% on monthly basis as per deed of agreement and realtised on the basis of monthly receivable amount.

#### **3.11 Workers profit participation fund**

Allocation for workers' profit participation funds has been made @ 5% of Net profit before Tax as per provisions of the Labour law -2006.





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## Matin Spinning Mills Ltd

### Notes to the financial statements for the year ended 30 June 2011

#### 3.12 Property, plant and equipment

Property, plant and equipment are stated at cost or revaluation less accumulated depreciation thereon. Depreciation is charged under diminishing balance method on all fixed assets other than land and land development. Depreciation on current year's addition is charged for the full year irrespective of the date of acquisition. No depreciation is charged on disposal made during the year. The costs of the day-to-day servicing of Property, plant and equipment are recognised in the income statement as incurred.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Itemised depreciation rates are as follows:

<u>Asset category</u>	<u>Rate of depreciation</u>
Land and land development	0
Factory building	5
Godown	10
Plant and machinery	10
Furniture and fixtures	10
Gas equipment	15
Generator	15
Office equipments	15
Electric installation	15
Deep tubewell	20
Vehicles	20

#### 3.13 Current account with sister concerns

All the transactions with sister concern have been properly accounted for .

#### 3.14 Foreign currency translation:

Transactions in foreign currencies are translated into BDT at the rate of exchange ruling on the dates when the transactions took place. Exchange currency differences, if any, arising on translations are recognized in the income statement.

#### 3.15 Provisions:

A provision is recognized in the balance sheet when the company has a present obligation (legal or constructive) of a past event and when it is probable that a outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 3.16 Going concern

The company has adequate resources to continue in operation for foreseeable future and hence, the financial statements has been prepared on going concern basis. Assessed by the management, there are no material uncertainties relating to events or conditions which may cause significant doubt upon the company's ability to continue as a going concern.

#### 3.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank which are held available for use by the company without any restrictions.





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### Matin Spinning Mills Ltd

#### Notes to the financial statements for the year ended 30 June 2011

##### 3.18 Use of estimates and judgements

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs) require management to make judgements, estimates and assumptions that affects 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 may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recorded in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note – 10	Inventories
Note – 09	Accounts Receivable
Note – 20	Deferred Tax Liability
Note – 25	Provision & accruals





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**Matin Spinning Mills Ltd**

Notes to the financial statements for the year ended 30 June 2011

		Amounts in Taka	
		At 30 June 2011	At 30 June 2010
<b>04</b>	<b>Property, plant and equipments</b>		
<b>A</b>	<b>Non revalued assets</b>		
	Opening balance (at cost)	1,847,351,391	1,774,998,868
	<u>Add</u> : Additions	122,434,495	82,278,371
		1,969,785,886	1,857,277,239
	<u>Less</u> : Disposal/Adjustment	-	(9,925,848)
	Closing balance (A)	1,969,785,886	1,847,351,391
	<b>Accumulated Depreciation</b>		
	Opening balance	882,818,291	780,618,160
	<u>Add</u> : Charges for the year	107,433,294	102,883,859
		990,251,585	883,502,019
	<u>Less</u> : Disposal/Adjustment	-	683,728
	Closing balance (B)	990,251,585	882,818,291
	Written Down Value (A-B)	979,534,301	964,533,100
<b>B</b>	<b>REVALUED ASSETS</b>		
	Opening balance (at revalued cost)	840,462,029	-
	<u>Add</u> : Additions	193,215,483	840,462,029
		1,033,677,512	840,462,029
	<u>Less</u> : Depreciation Charge for the year	8,638,289	-
	Written Down Value of Revaluation Assets	1,025,039,223	840,462,029
	<b>Total Written Down Value (A+B)</b>	<b>2,004,573,524</b>	<b>1,804,995,129</b>

Details of fixed assets are shown in Annex i& ii

**4.01 Calculation of restated Property, plant and equipments as on 01.07.2009**

Balance as per audited balance sheet as on 30.06.2009	932,640,230
Add: IDCP written off	62,421,439
Add: Unamortized balace of IDCP	51,072,089
Less: Depreciation on IDCP	(51,753,048)
	<b>994,380,711</b>

**4.02 Calculation of restated cost price of Property, plant and equipments as on 01.07.2009**

Cost as on last July,2009	1,661,505,340
Add: Addition during the year 2009	113,493,528
	<b>1,774,998,868</b>

**05 Investment**

Investment in equity of sister concern	5.01	25,000,000	1,250,000
Investment in marketable securities	5.02	13,500,000	-
Share Money Deposit(DBL Ceramics Ltd)		50,800,000	-
		89,300,000	1,250,000

**5.01 Investment in equity of sister concern**

Particular	No. of Share	% of Share	Face Value		
DBL Ceramics Ltd	250,000	25 %	100	25,000,000	1,250,000
				25,000,000	1,250,000

Note 1 : DBL Ceramics ltd is an associate company of Matin spinning mills ltd and the company was not in operation as on 30.06.2011. The capital works of the company is in progress.

Note 2 : Paid up capital of DBL Ceramics ltd is tk. 100,000,000.





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						Amounts in Taka	
						At	At
						30 June 2011	30 June 2010
<b>5.02 Investment in marketable securities</b>							
Particular	No. of Share	Rate	Cost Value	Market rate as on 30th june-2011	Market Value as on 30th june-2011		
Mercantile Bank Ltd	3,500	296.61	1,038,135	321.00	1,123,500		
National Bank Ltd	135,000	59.66	8,054,100	65.20	8,802,000		
South East Bank	4,000	300.94	1,203,760	320.50	1,282,000		
Standerd Bank Ltd	2,800	292.98	820,344	327.50	917,000		
Balance in BO Account			2,383,661				
	<u>145,300</u>		<u>13,500,000</u>		<u>12,124,500</u>		
<b>06 Capital work-in-process</b>							
Generator House			6.01		7,916,493	2,247,286	
Raw Cotton Godown			6.02		7,531,910	1,921,100	
					<u>15,448,403</u>	<u>4,168,386</u>	
6.01	Total area of generator house of 224,000 sft is under construction with a view to install diesel generator.						
6.02	The area of raw cotton godwon is 330,246 sft is under construction with a view to build a raw cotton godown.						
6.03	Capital work-in-process in the year 2010 has been transferred from advance deposit & prepayments.						
<b>07 Deferred revenue expenses</b>							
Preliminary expenses (7.1)					-	21,787	
Unallocated revenue expenditure (7.2)					-	9,302,403	
					<u>-</u>	<u>9,324,190</u>	
<b>7.1 Preliminary expenses</b>							
Preliminary expenses at cost					87,146	87,146	
Less: Written off							
Opening balance					65,359	47,930	
Add: Written off during the year					21,787	17,429	
					<u>87,146</u>	<u>65,359</u>	
Closing balance					-	21,787	
<b>7.2 Unallocated revenue expenditure</b>							
Unallocated revenue expenses at cost					37,209,614	37,209,614	
Less: Written off							
Opening balance					27,907,211	20,465,288	
Add: Written off during the year					9,302,403	7,441,923	
					<u>37,209,614</u>	<u>27,907,211</u>	
Closing balance					-	9,302,403	





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		Amounts in Taka	
		At	At
		30 June 2011	30 June 2010
7.03	Deferred financing cost has been renamed as deferred revenue expenses because IDCP was included as deferred financing cost, now it is rectified complying with IAS-8 & 23.		
	Deferred financing cost renamed as deferred revenue expenses as on 30.06.2009 as per audited financial statement		67,855,631
	Less: Wrongly written off restated balance as on 1st July,2009		<u>(51,072,089)</u>
	<b>Reasted balance as on 01.07.2009</b>		<b>16,783,542</b>
	Less: Preliminary expenses written off		(17,429)
	Less: Unallocated revenue expenses		<u>(7,441,923)</u>
	<b>Restated Balance as on 30.06.2010</b>		<b><u>9,324,190</u></b>
<b>08</b>	<b>Cash and bank balances</b>		
	Cash in hand	744,478	575,379
	Bank balances with:		
	Islami Bank Bangladesh Ltd		
	Current account	2,531,134	4,018,028
	Marginal deposit Account (Special)	12,598,715	-
	Marginal deposit against bill discounted	3,650,426	3,449,845
	Marginal deposit Under Reserve	44,465	-
	Foreign currency account	2,760,053	1,369,504
	Exim Bank Ltd, STD account	204,695	206,422
	Mercentile Bank Ltd		
	STD account	53,467	1,573,776
	Foreign currency account	24,341	24,341
	Dhaka Bank Ltd		
	STD account	9,464	
		<u>22,621,237</u>	<u>11,217,295</u>
8.01	Cash and bank balances as on June 30,2010 as per audited balance sheet		10,842,413
	Add: Adjustment for advance (Cash at factory had showned as advance)		374,882
	Rearranged cash at bank balances for the year June 30,2010		<u>11,217,295</u>





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**Notes to the financial statements for the year ended 30 June 2011**

		Amounts in Taka	
		At	At
		30 June 2011	30 June 2010
09	Accounts receivables	864,643,345	564,187,430

Debtors have been stated at their nominal value. Debtors are accrued in the ordinary course of business.

Aging of the Debtors is given below:

		30 June 2011		30 June 2010	
		1-3 Month	3-6 Month	Total	Total
Sale of yarn		125,519,680	739,123,665	864,643,345	564,187,430
		<u>125,519,680</u>	<u>739,123,665</u>	<u>864,643,345</u>	<u>564,187,430</u>

I. Debt considered good in respect of which the company is fully secured

Accounts receivable accrued in the ordinary course of business are considered good and secured against confirmed L/C. The details of Accounts receivable are given below:

**Particulars**

Apex Spinning & Knitting Mills Ltd	-	9,885,741
Aru Fashions	552,840	
Ayman Textiles Ltd.	3,498,441	
BD Knit Design Ltd	15,959	2,150,385
Concept Knitting Ltd	128,386	
Divine Textiles Ltd		1,697,138
HR Textile Mills Ltd	3,896	12,705,699
JK Knit Composite Ltd	18,292	
JS Knitting & Garments Ltd.	32,587	
Lithium Knit Fabrics Ltd	6,908,663	10,209,919
Mayuree Knitwears Ltd	23,795	
Mascot Knit	-	56,700
Mitali Fashions Ltd.	-	1,778,946
Mozart Knit Ltd	-	562,325
Multifades Ltd.	1,626,000	-
Northern Fashion Ltd.	1,754,945	-
Nexus Fashion Ltd	-	1,932,060
Raidha Knitwear Ltd.	1,555,540	-
Right Choice Knit Fashions Ltd.	-	1,914,615
Reedisha Knitex Ltd	4,398,690	-
Tuba Textile Mills Ltd.	-	639,899
Utah Knitting & Design Ltd.	384,142	-
Vaajon Apparels Ltd.	-	317,070
Viyellatex Ltd .	-	5,013,500
Others	5,699,627	2,421,230
<b>Sub total</b>	<b>26,601,803</b>	<b>51,285,227</b>

**Debts due by companies under the same management:**

Fashion Concern Ltd.	427,448	-
Flamingo Fashions Ltd	341,636,974	361,816,624
Dulal Brothers Ltd	1,314,469	-
Jinnat Apparels Ltd	-	1,292,552
Jinnat Fashions Ltd	237,022,071	144,056,990
Jinnat Knitwears Ltd	257,640,579	5,736,037
<b>Sub total</b>	<b>838,041,541</b>	<b>512,902,203</b>
<b>Grand Total</b>	<b>864,643,345</b>	<b>564,187,430</b>







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II. Accounts receivable considered good for which the company hold no security other than the personal security

There is no such Accounts receivable in this respect as on 30 June 2011

III. Accounts receivable considered doubtful or bad

The Company does not make any provision for doubtful debts as on 30 June 2011, because of the fact that sales/export are being based on 100 % confirmed letter of credit with fixed maturity dates.

IV. Accounts receivable due by directors or other officers of the company

There is no such Accounts receivable in this respect as on 30 June 2011

V. Accounts receivable due by Common Management

There are an amount of Tk838,041,541 has been due as accounts receivable under common management.

VI. Reserve for doubtful or bad debts

There are no such reserve created in this respect as on 30 June 2011

		Amounts in Taka	
		At 30 June 2011	At 30 June 2010
<b>10</b>	<b>Inventories</b>		
	Raw cotton (10.01)	347,706,598	234,807,093
	Finished yarn (10.02)	254,907,089	17,643,426
	Packing materials (10.03)	2,867,791	3,589,878
	Work-in-process (10.04)	24,197,003	25,731,060
		629,678,481	281,771,457
	Spare parts (10.05)	13,511,980	12,066,649
		<u>643,190,461</u>	<u>293,838,106</u>

10.01

**Raw cotton**

Raw Cotton Inventory is accounted as follows:

**Taka**

**Particular**

Conventional Cotton	235,568,293	167,208,382
Organic Cotton	19,875,402	33,415,265
Synthetic Fiber	92,262,903	34,183,445
	<u>347,706,598</u>	<u>234,807,093</u>

**Qty**

**Particular**

Particular	2010-2011		2009-2010	
	Quantity (KG)	Qty Per Kg	Quantity (KG)	Qty Per Kg
Conventional Cotton	1,065,719	221.04	1,235,328	135.36
Organic Cotton	76,600	259.47	246,375	135.63
Synthetic Fiber	429,061	215.03	221,825	154.10
<b>Total</b>	<u>1,571,380</u>		<u>1,703,528</u>	





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		Amounts in Taka			
		At		At	
		30 June 2011		30 June 2010	
<b>10.02</b>	<b>Finished yarn</b>				
	Finished goods Inventory is accounted as follows:				
	<b>Taka</b>				
	<b>Particular</b>				
	Carded	85,244,032		1,801,971	
	Combed	132,937,776		6,965,510	
	Slub	7,453,763		8,875,945	
	Synthetic	29,271,518		-	
	<b>Total</b>	<b>254,907,089</b>		<b>17,643,426</b>	
	<b>Qty</b>	<b>2010-2011</b>		<b>2009-2010</b>	
	<b>Particular</b>	Quantity (KG)	Qty Per Kg	Quantity (KG)	Qty Per Kg
	Carded	293,209	290.73	9,223	195.38
	Combed	408,458	325.46	25,972	268.20
	Slub	19,818	376.11	33,384	265.87
	Synthetic	91,986	318.22	-	-
	<b>Total</b>	<b>813,471</b>		<b>68,579</b>	
<b>10.03</b>	<b>Packing materials</b>				
	Opening balance	3,589,878		4,249,612	
	Purchase during the year	14,928,816		12,674,595	
	Packing materials available for consumption	18,518,694		16,924,207	
	Consumption during the year	15,650,903		13,334,329	
	Closing balance	2,867,791		3,589,878	
<b>10.04</b>	<b>Work-in-process</b>				
	Work-in-process Inventory is accounted as follows:				
		Quantity (KG)			
	<b>Particular</b>	<b>2010-2011</b>	<b>2009-2010</b>		
	Blow Room	-	108,416	-	13,157,366
	Carding	915	904	212,948	131,650
	B. Drawing	2,018	4,234	484,320	616,597
	Combing	2,327	1,023	581,750	148,979
	F. Drawing	8,328	1,871	2,123,640	272,474
	Simplex	12,750	8,567	3,378,750	1,247,612
	Ring Frame	42,656	50,799	11,730,400	7,397,858
	Winding	2,967	3,812	845,595	555,142
	Packing	16,350	15,130	4,839,600	2,203,382
	<b>Total</b>	<b>88,311</b>	<b>194,756</b>	<b>24,197,003</b>	<b>25,731,060</b>
<b>10.05</b>	<b>Spare parts</b>				
	Opening Balance	12,066,649		12,066,649	
	Add: Addition during the year	18,332,160		10,659,793	
		30,398,809		22,726,442	
	Less: Consumption during the year	16,886,829		10,659,793	
	Closing balance	13,511,980		12,066,649	





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		Amounts in Taka	
		At 30 June 2011	At 30 June 2010
<b>11</b>	<b>Advances, deposits and prepayments</b>		
	<b>Advance against</b>		
	Salary	415,200	477,888
	Construction	29,044,149	19,349,024
	Expenses	22,640,559	8,636,992
		<u>52,099,908</u>	<u>28,463,904</u>
	<b>Security deposits</b>		
	Margin and deposit	39,456,719	45,648,403
	Security deposit for Utilities	10,088,570	6,616,870
		<u>49,545,289</u>	<u>52,265,273</u>
		<u>101,645,197</u>	<u>80,729,177</u>
	Advances, deposits and prepayments as on June 30,2010 as per audited balance sheet		85,272,445
	Less: Adjustment (Cash at factory had showed as advance)		(374,882)
	Less: Adjustment (Transferred to Capital Work in Progress in Statement of financial position)		(4,168,386)
	Rearranged Advances, deposits and prepayments for the year June 30,2010		<u>80,729,177</u>
<b>11.01</b>	<b>Salary</b>	<u>415,200</u>	<u>477,888</u>
<b>11.02</b>	<b>Construction</b>		
	Advance agtinst Land purchase	27,696,720	18,580,000
	Adv. Noor Nabi Contractor	39,900	-
	Adv. to Abdur Rouf (Contractor).	151,190	-
	Adv. to Alam Contractor	30,400	-
	Adv. to Bandhan Enterprise	32,600	-
	Adv. to Lal Mia (Contractor)	20,088	-
	Alom Construction	82,972	-
	Halim Sanitary	17,279	-
	Muslim Contractor	-	30,000
	New Asia Ltd	-	84,024
	Noor Nabi ( Rod Mistry)	573,000	-
	Project Consultant & Construction	300,000	-
	Project Consultant & Construction-MSML-Melange	100,000	-
	Protibesh	-	50,000
	S A Engineering Builders	-	100,000
	Techno Hvac System Ltd	-	160,000
	Toya Traders	-	345,000
		<u>29,044,149</u>	<u>19,349,024</u>
<b>11.03</b>	<b>Expenses</b>		
	Bangla Trac Ltd	1,185,578	1,523,000
	Green Delta Insurance Co.	7,500	-
	Pioneer Insurance Co. Ltd	1,384,251	846,492
	Upazila Parishad tax	9,000	-
	IDLC Finance Limited	-	1,000,000
	Mayer Doa Enterprise	362,662	-
	Trans Bangla Logistic	11,971,650	5,267,500
	Advance income Tax (11.03.01)	7,719,918	-
		<u>22,640,559</u>	<u>8,636,992</u>





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		Amounts in Taka	
		At	At
		30 June 2011	30 June 2010
<b>11.03.01</b>	<b>Advance income Tax</b>		
	Income Tax on Export (Rule - 53 BBBB) Islami Bank Ban, Local Office	7,648,491	-
	Tax on Interest Received (Bank) (Rule - 53 F)	71,426	-
		<u>7,719,917</u>	<u>-</u>
<p>Advance tax represents advance income tax deducted at source 0.5 % on export proceeds and 10 % on interest received from bank.</p>			
<b>11.04</b>	<b>Margin and deposit</b>		
	Margin against Machineries	577,607	6,067,000
	Margin against Cotton	7,924,920	36,313,508
	Materials in Transit (Cotton)	28,262,585	3,119,541
	Machineries in Transit	2,691,607	148,354
		<u>39,456,719</u>	<u>45,648,403</u>
<b>11.05</b>	<b>Security deposit for Utilities</b>		
	Margin Against Bank Guarantee (Titas Gas)	7,119,730	5,648,030
	Security Deposit Against Land Rajuk(Uttara)	2,000,000	-
	Security Deposit for Electricity	93,840	93,840
	Margin against Bank Guarantee	875,000	875,000
		<u>10,088,570</u>	<u>6,616,870</u>

Aging of the advances except Security deposit for Utilities is given below:

	1-3 Month	3-6 Month
Salary	-	415,200
Construction Expenses	-	29,044,149
	-	22,640,559

- All the advances & deposit amount are considered good and recoverable
- Advances due from Employees are regularly being realised from their salaries
- There is no advances due for payment for more than 6 months from the date of statement of financial position
- There is no amount due from any Directors or officers of the company.
- Debts considered good in respect of which the company is fully secured.
- There are no debts due by directors or other officers of the company.





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**Notes to the financial statements for the year ended 30 June 2011**

		Amounts in Taka	
		At 30 June 2011	At 30 June 2010
12	<b>Due from sister concerns</b>		
(a)	<b>Due from sister concerns (Principal)</b>		
	<b>Associate company :</b>		
	DBL Ceramics Ltd.	158,272,531	58,848,339
	<b>Sister Concerns:</b>		
	DB Tex Ltd.	32,284,307	27,548,747
	Dulal Brothers Ltd.	-	7,647,091
	Flamingo Fashions Ltd.	-	53,699,647
	Hamza Textiles Ltd.	52,366,593	75,295,338
	Jinnat Fashions Ltd.	56,821,468	187,938,516
	Jinnat Knitwears Ltd.	-	13,356,308
	Sub total (a)	<u>299,744,899</u>	<u>424,333,986</u>
	<b>Due from sister concerns (Interest)</b>		
	<b>Associate company :</b>		
	DBL Ceramics Ltd.	11,648,055	-
	<b>Sister Concerns:</b>		
	DB Tex Ltd.	3,230,652	-
	Hamza Textiles Ltd.	7,965,103	-
	Jinnat Fashions Ltd.	14,832,332	-
	Sub total (b)	<u>37,676,143</u>	<u>-</u>
	Grand total	<u><u>337,421,042</u></u>	<u><u>424,333,986</u></u>

Due from sister concern has been changed as on 01.07.2009 and June 30,2010 because due from sister concern was net off with due to sister concern. Now due from sister concern and due to sister concern has been shown separately under current assets and current liabilities.

- a) All the loan amount are considered good and recoverable.  
b) Loan given to sister concerns as per deed of agreement between MSML & sister concerns and interest rate is 11 % per annum.  
c) Loan given to associate company, DBL Ceramics Ltd under deed of agreement between Matin spinning mills ltd and DBL Ceramics Ltd. The terms and condition of agreement are as follows.

Name of the company	Relation of the company	Purpose of loan given	Tenor	Rate of interest	Limit (Million)
DBL Ceramics Ltd.	Associate	Project financing	2 years	11 %	170
DB Tex Ltd.	Sister	Working capital	1 year	11 %	36
Hamza Textiles Ltd.	Sister	Working capital	1 year	11 %	65
Jinnat Fashions Ltd.	Sister	Working capital	1 year	11 %	125

- a) All the advances & deposit amount are considered good and recoverable  
b) There is no advances due for payment for more than 6 months from the date of statement of financial position  
c) There is no amount due from any Directors or officers of the company.  
d) Debts considered good in respect of which the company is fully secured.  
e) There are no debts due by directors or other officers of the company.





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**Notes to the financial statements for the year ended 30 June 2011**

		Amounts in Taka	
		At	At
		30 June 2011	30 June 2010
<b>13</b>	<b>Share capital</b>		
	Authorised		
	150,000,000 ordinary shares of Taka 10 each	1,500,000,000	1,500,000,000
	Issued and paid-up		
	42,260,000 ordinary shares of Taka 10 each	422,600,000	255,000,000
	Shareholding position is as follows :		
	<u>Name of shareholder</u>	<u>% of Share</u>	<u>Number of shares</u>
	M.A. Wahed	6.51	2,749,500
	M.A. Jabbar	6.51	2,749,500
	M.A. Rahim	6.51	2,749,500
	Mr. M.A. Quader	6.51	2,749,500
	Md. Hassan Imam	0.03	13,000
	Selina Parvin	0.03	13,000
	Tanzeen Rahim	0.03	13,000
	Taslina Begum	0.03	13,000
	Flamingo Fashions Ltd	17.42	7,360,000
	Jinnat Apparels Ltd	45.79	19,350,000
	Mymun Textile Ltd	10.65	4,500,000
		100.00	42,260,000
			25,500,000
<b>14</b>	<b>Share money deposit</b>		
	Flamingo Fashions Ltd		29,400,000
	Jinnat Apparels Ltd	-	16,700,000
	Mymun Textiles Ltd	-	45,000,000
			91,100,000
<b>15</b>	<b>Retained earnings</b>		
	Opening balance (Note - 15.01)	142,452,081	68,097,346
	Add: Profit made during the year	289,980,073	123,924,558
	Transfer to tax holiday reserve	(37,148,724)	(49,569,823)
	Bouns dividend (2009-2010)	(76,500,000)	-
	Less: Other comprehensive income	(9,079,976)	-
		309,703,453	142,452,081

**15.01 Restatement of Retained Earning:**

To conform to IAS - 23 Borrowing cost, the company capitalized the entire amount of IDCP to Plant & Machinery and depreciated the Plant and Machinery applying the depreciation rate. As a result Property, Plant and Equipment and deferred revenue expenditure has been restated reversing the previously writing off amount of IDCP and charging of depreciation on capitalized amount of IDCP to Plant and Machinery.

Tax Holiday reserve for the Income year 2006-2007 has been transferred to retained earning because of completion of assessment for the year by the assessing officer.

Tax Holiday reserves for the Income years 2007-2008 & 2008-2009 has been reversed to retained earnings due to withholding of Tax Holiday facility for non-compliance of the provisions of Tax Holiday and Income Tax has been provided as per applicable Tax rates for those years.





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Notes to the financial statements for the year ended 30 June 2011

			Amount in taka
			At
			30 June 2010
			18,850,941
			62,421,439
			17,024,029
			22,698,705
			22,698,705
			(51,753,048)
			(17,024,029)
			(19,293,899)
			(15,435,120)
			82,567,294
			16,564,768
			30,770,898
			35,231,628
			(43,989,280)
			(29,829,824)
			(14,159,456)
			<b>68,097,346</b>
<b>16</b>	<b>Tax holiday reserves</b>		
	Opening balance	16.01	49,569,823
	Less: Taxholiday reserve reversed for the years		
	2006 - 2007 (Transfer to retained earnings)	-	(16,564,769)
	2007 - 2008	-	(30,770,897)
	2008 - 2009	-	(35,231,629)
			<u>49,569,823</u>
	Add: Tax holiday reserve @ 40% on net profit	16.02	-
	Add: Tax holiday reserve for 3 month @ 40% on net profit (Note -32.01)		37,148,724
			<u>86,718,548</u>

**16.01**

Matin spinning mills ltd was granted tax holiday for a period of 4 (four) years beginning from 1st october 2006 to 30 september 2010 vide approval letter no.11(87)ANU/-1/2006/1097 dated 2nd september 2008. During the income year 2006-2007, assessment year 2007-2008 the company enjoyed tax holiday. In the income years 2007-2008 & 2008-2009, assessment years 2008-2009 & 2009-2010, Matin spinning mills ltd could not invest in secondary stock market within the stipulated investment period. As a result tax authority ( assessing officer) withheld the tax holiday facility for the specific years due to non compliance of the conditions of tax holiday section 46 A(2)(A) though conditions to invest in the same understanding was fulfilled. Matin spinning mills ltd filed an appeal against the order of the assessinf officer for the assessment years 2008-2009 & 2009-2010.

**16.02**

Following the consequences on above Matin spinning mills ltd reversed all the tax holiday reserve for the income years 2007-2008,2008-2009 and restated the tax holiday reserve at 1st july 2009. During the income year 2009-2010 Matin spinning mills ltd created tax holiday reserve @ 40% on net profit as per provisions of section 46 A (2) (A) because of compliance with the conditions of tax holiday.

**16.03**

During the income year 2010 -2011 tax holiday period was for 3 months during July 2010 to September-2010. Tax holiday reserve was created @ 40% on net profit for 3 months ended on 30th September 2010.





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Notes to the financial statements for the year ended 30 June 2011

		Amounts in Taka	
		At	At
		30 June 2011	30 June 2010
<b>17</b>	<b>Revaluation reserves:</b>		
	This balance consists of as follows:		
	Balance at the beginning of the year	808,230,721	-
	Add: Addition during the year	193,215,483	840,462,029
		1,001,446,204	840,462,029
	Less: Deferred tax on revaluation reserve	9,023,616	32,231,308
	Balance as on June 30, 2011	992,422,588	808,230,721
	This is made of as follows:		
	Revaluation reserves as on cutoff date June 30, 2010	808,230,721	
	Revaluation reserves net off as on cutoff date June 30, 2011	184,191,867	
		992,422,588	

**17.01 Revaluation reserves as on cutoff date June 30, 2010**

(a) Revaluation reserves of tk. 840,462,029/= is arrived from revaluation of fixed assets made taking in to consideration the cut off date 30.06.10. The revaluation has been conducted by " SARWAR SALAMAT & CO." Chartered Accountants, Modern Mansion, 11th Floor, Room# 1/A, 53, Motijheel C/A, Dhaka-1000, Dhaka and the report signed on August 19, 2010. The revalued amount has been considered in the financial statement for the year ended June 30, 2010.

The summary of revaluation reserves is shown as under:

Group of Fixed Assets	Depriciated Historical cost/ taka Dt. 30.06.2010	Depriciated Current cost/ tk. Dt. 30.06.2010	Revaluation reservs
Land & land development	64,099,258	785,930,000	721,830,742
Building & civil works	85,982,380	201,048,722	115,066,342
Godown	8,897,059	12,462,003	3,564,945
Total	158,978,696	999,440,725	840,462,029

(b) The particulars about the valuation team is presented below

Sl No.	Name of the valuation team member	Qualification
1	Mr. Sarwar Mahmood	FCA
2	Mr. Sunil Chandra Das	B.Sc. Engg (Civil), FIE(B), M.S

© Some of mentionable valuation works completed by "SARWAR SALAMAT & CO"  
Chartered Accountants.

SL. No.	Name of the Company for which revaluation of Assets was done
1	Nandan park ltd
2	Can making & printing industries ltd
3	Padma cement industries ltd







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**Notes to the financial statements for the year ended 30 June 2011**

**17.02 Revaluation reserves as on cutoff date June 30, 2011**

(a) Revaluation reserves of tk. 193,215,483/= is arrived from revaluation of fixed assets made taking in toconsideration the cut off date 30.06.11. The revaluation has been conducted by " KHAN WAHAB SHAFIQUE RAHMAN & CO."Chartered Accountants, Rupali Bima Bhaban,7,RAjuk Avenue (5th Floor),Motijheel C/A,Dhaka-1000, Dhaka and the report signed on February 28,2011. The revalued amount has been considered in the financial statement for the year ended June 30,2011.

The summary of revaluation reserves is shown as under:

Group of Fixed Assets	Depriciated Historical cost/ taka Dt. 30.06.2011	Depriciated Current cost/ tk.Dt. 30.06.2011	Revaluation reserves
Land & land development	785,930,000	929,491,253	143,561,253
Building & civil works	201,048,722	249,787,638	48,738,916
Godown	12,462,003	13,377,317	915,314
<b>Total</b>	<b>999,440,725</b>	<b>1,192,656,208</b>	<b>193,215,483</b>

(b) The particulars about the valuation team is presented below

Sl No.	Name of the valuation team member	Qualification
1	Md. Anisur Rahman	FCA
2	Mr. Subrata Pal	FCMA
3	Mr. Debashis Banarjee	B.Sc.Engg(Civil),(M-IED)
4	Md. Zubaidul Islam	M. Com, MBA
5	Md. Ashrafal Alam	M. Com
6	Md.Mazbah Uddin	M. Com

© Some of mentionable valuation works completed by "KHAN WAHAB SHAFIQUE RAHMAN & CO" Chartered Accountants.

SL. No.	Name of the Company for which revaluation of Assets was done
1	Bangladesh insulator & sanitary ware ltd
2	Khulna newsprint ltd
3	Nortbangale paper mills ltd
4	Bangladesh gas filed ltd
5	Satok cement ltd
6	Kishorgonj sugar mills ltd





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Notes to financial statements for the year ended 30 June 2011

Amounts in Taka

	At 30 June 2011	At 30 June 2010
<b>18 Long Term bank loan</b>		
Hire purchase under shirkatul melk - 24300087718	445,149,989	586,947,187
Hire purchase under shirkatul melk - 24300108712	5,810,507	7,077,607
Hire purchase under shirkatul melk - 24300133710	10,435,715	13,970,390
Hire purchase under shirkatul melk - 24300139514	5,203,085	8,836,360
Hire purchase under shirkatul melk - 24300151710	4,810,168	-
Hire purchase under shirkatul melk - 24300152610	34,712,281	-
Hire purchase under shirkatul melk - 24300153510	349,077	-
Hire purchase under shirkatul melk - 24300158414	3,439,594	-
	<u>509,910,417</u>	<u>616,831,544</u>

Bank	Loan Account	Particulars
Islami Bank Bangladesh Ltd	HPSM	Nature:HPSM Project investment Limit: Tk.1,095 million Purpose:Import of Machinery & Equipment Tenor: 8 Years excluding gestation period of 12 month from the date of fist disbursement Repayment Clasue: 96 equal month instalment to be calculated using annuity method. Repayment Period:8 Years Interest Rate:11 % P.A. Security Agreement: Primary:Ownership of the proposed machinery and other equipments Collateral:Registered mortgage of 26.69 bigha land and factory building and 6.16 bigha land of Mymun Textiles Ltd.

<b>18.01</b>	Long Term bank loan as per audited balance sheet 30.06.2010	787,999,523
	Less: Transferred to current portion of long term bank loan	(171,167,979)
	<b>Rearranged Long Term bank loan as 30.06.2010</b>	<u>616,831,544</u>
<b>18.02</b>	Long Term bank loan as per audited balance sheet 30.06.2009	887,288,683
	Less: Transferred to current portion of long term bank liability	(163,752,402)
	<b>Rearranged Long Term bank loan as 01.07.2009</b>	<u>723,536,281</u>
<b>19</b>	<b>Term loan-directors and others</b>	
	Parveen Wahed	- 13,760,000
	Salina Parveen	- 11,706,000
	Tanzin Rahim	- 11,451,150
	Taslima Begum	- 11,350,000
		<u>- 48,267,150</u>

The above unsecured loan has been adjusted against inter company receivable from Jinnat Fashions Ltd on 31st March,2011 as per board resolution held on 2nd April,2011 by taka 48,267,150/=





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**Notes to the financial statements for the year ended 30 June 2011**

**Amounts in Taka**

	At 30 June 2011	At 30 June 2010
<b>20 Deferred Tax Liability on</b>		
Deferred tax assets and liabilities have been recognized and measured in accordance with the provision of BAS-12: Income taxes. Related deferred tax expenses/income have been disclosed in note: 3.06 Deferred tax assets and liabilities are attributable to the following:		
<b>A. Deferred tax liability on historical cost</b>		
Carrying amount other than revaluation reserve	979,534,301	964,533,100
Tax base	803,576,080	865,769,679
Taxable Temporary difference	<u>175,958,221</u>	<u>98,763,421</u>
Applicable tax rate	15%	15%
<b>Deferred tax liability on historical cost</b>	<u>26,393,733</u>	<u>14,814,513</u>
<b>B. Deferred tax liability against revaluation reserve</b>		
(i)		
<b>Deferred tax liability against revaluation reserve other than land</b>		
Carrying amount other than revaluation reserve	159,647,227	118,631,286
Tax base	-	-
	<u>159,647,227</u>	<u>118,631,286</u>
Applicable tax rate	15%	15%
	<u>23,947,084</u>	<u>17,794,693</u>
(ii)		
<b>Deferred tax liability on capital gain revaluation of land</b>		
Carrying amount other than revaluation reserve	865,391,996	721,830,743
Tax base	-	-
	<u>865,391,996</u>	<u>721,830,743</u>
Applicable tax rate	2%	2%
	<u>17,307,840</u>	<u>14,436,615</u>
<b>Deferred tax liability against revaluation reserve B ( i + ii )</b>	<u>41,254,924</u>	<u>32,231,308</u>
<b>Total Deferred tax liability ( A + B )</b>	<u>67,648,657</u>	<u>47,045,821</u>

Deferred tax liability has been calculated for the year June 30,2010 as correction of error of the financial statement for the June 30,2010.





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**Notes to the financial statements for the year ended 30 June 2011**

	Amounts in Taka	
	At 30 June 2011	At 30 June 2010
<b>21 Accounts payable for</b>		
For suppliers- (21.1)	52,916,090	85,595,631
For expenses- (21.2)	15,482,914	10,538,646
For other finance- (21.3)	145,214	66,767
	<u>68,544,218</u>	<u>96,201,044</u>
<b>Reasted accounts payable as on June 30,2010</b>		
Balance as on 30.06.2010 as per audited financial statement		403,424,212
Less: Adjustment for liability for bill discounted (Note-22)		(307,223,168)
		<u>96,201,044</u>

**21.1 Payable for suppliers**

This represents amount payable for supply of raw materials, packing materials, utilities and other services. The details of suppliers are given below:

**Particulars**

Akash Trade International	948,763	908,763
Asgar Trading	3,395,975	1,263,512
Atelier Sourcing Ltd.	23,985,648	68,264,528
Bashundhara Steel Complex Ltd.	834,000	1,434,000
Irving Aviation	-	421,085
M/s Palli Bricks	-	289,780
M/s Zaman Bricks	214,660	-
Paradise Cable Ltd	345,504	625,388
Payable for C & F Charge	8,323,715	1,603,133
Payable for Transport Charge	4,923,570	500,848
Samsul Hoque Painter (Marium Enterprise)	645,441	-
Shinpower	-	1,378,348
Sara Enterprise	440,500	110,400
Shah Cement Industries Ltd	2,374,000	-
Shamsuddin Engineering Works	369,500	324,000
Star Bricks Manufacturer	-	701,500
Mohammadia Packaging.	676,360	-
Kashimpur Bricks	421,322	378,572
Others	5,017,128	7,391,769
<b>Total</b>	<u>52,916,090</u>	<u>85,595,631</u>

**21.2 Payable for expenses**

Salary & allowances	10,019,502	6,470,518
Overtime	1,422,460	1,018,743
Audit fees	200,000	50,000
Gas bill	3,840,951	2,954,385
Upazila Parishad tax	-	45,000
	<u>15,482,914</u>	<u>10,538,646</u>

**21.3 Payable for other finance**

Tax deducted at source (Salary)	71,040	61,172
Tax deducted at source (on Suppliers bill)	74,174	5,595
	<u>145,214</u>	<u>66,767</u>





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		Amounts in Taka	
		At	At
		30 June 2011	30 June 2010
<b>22</b>	<b>Short term bank loan</b>		
	Margin Murabaha Post Import	869,619,349	326,299,248
	Bai Salam	-	51,162,109
	Time Loan	94,056,583	-
	Export Development Fund (Note:22.01)	79,652,123	-
	<b>Add: Adjustment for liability for bill discounted:</b>		
	Mercantile Bank Ltd	109,096,685	128,084,574
	Islami Bank Bangladesh Ltd	163,855,375	179,138,593
		<u>1,316,280,115</u>	<u>684,684,525</u>
<b>22.01</b>	<b>Export development fund</b>	77,049,491	
	Add: Interest accrued on outstanding balance	1,419,432	
	Add: Exchange gain/(loss)	1,183,200	
		<u>79,652,123</u>	

Bank	Loan Account	Particulars
Working capital financing in the form of: Global Limit: Tk. 1200 million		
Islami Bank Bangladesh Ltd	Margin Murabaha Post Import	Nature:MPI Purpose:Import of Raw Cotton Tenor: 1 Year on revolving basis Repayment Period:Any time of 1 Years Interest Rate:11.00% - 14.50 % P.A. to be determine by the bank from time to time Security Agreement: Hypo of Inventory,Mortgage of land ,Building & Machineries. The loans are also secured by registered by first charge on fixed and floating assets including book debts. Mode of financing: LC/Bill/MPI/Murabaha-TR/BG
	Export Development Fund (EDF)	Nature:EDF Purpose:Import of Raw Cotton Tenor: 1 Year on revolving basis Repayment Period:1 Years Interest Rate: 2% - 4% % P.A. Security Agreement: Hypo of Inventory,Mortgage of land ,Building & Machineries. The loans are also secured by registered by first charge on fixed and floating assets including book debts.
	Liability for bill discounted:	Purpose:Working capital finance Tenor:90-120 days Interest Rate: 11.00%- 13.00% P.A to be determine by the bank from time to time Security Agreement: Hypo of Inventory,Mortgage of land ,Building & Machineries. The loans are also secured by registered by first charge on fixed and floating assets including book debts.





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Bank	Loan Account	Particulars
Mercantile Bank Ltd	Time Loan	Nature: Time Loan Limit: Tk.400 million Purpose: Import of Raw Cotton Tenor: At sight Repayment Period: 1 Years Interest Rate: 11.50% - 13.50 % P.A. to be determine by the bank from time to time Security Agreement: Hypo of Inventory, machinery, equipment and fixed assets. Letter of Trust receipt and imprinted goods. Registered mortgage of 166 decimal land with 3 storied factory building owned by Jinnat Fashions Ltd.
	Liability for bill discounted:	Purpose: Working capital finance Tenor: 90-120 days Interest Rate: 13.00% P.A to be determine by the bank from time to time Security Agreement: Export LC

**Amounts in Taka**

	At 30 June 2011	At 30 June 2010
<b>23 Current portion of long term loan</b>		
Hire purchase under shirkatul melk - 24300087718	167,203,072	167,203,072
Hire purchase under shirkatul melk - 24300108712	1,873,768	1,873,769
Hire purchase under shirkatul melk - 24300133710	3,285,451	1,642,725
Hire purchase under shirkatul melk - 24300139514	2,690,477	448,413
Hire purchase under shirkatul melk - 24300151710	2,115,337	-
Hire purchase under shirkatul melk - 24300152610	14,878,840	-
Hire purchase under shirkatul melk - 24300153510	181,758	-
Hire purchase under shirkatul melk - 24300158414	1,406,580	-
	<u>193,635,282</u>	<u>171,167,979</u>

Current portion of long term loan has been calculated as correction of long term bank loan as on June 30, 2009 & 2010

**24 Due to sister concerns**

Mymun Textiles Ltd.	-	5,585,205
Jinnat Apparels Ltd	-	124,783,678
	<u>-</u>	<u>130,368,883</u>

Due to sister concern has been changed as on 01.07.2009 and June 30, 2010 because due to sister concern was net off with due from sister concern. Now due to sister concern and due from sister concern has been shown separately under current assets and current liabilities.





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		Amounts in Taka	
		At	At
		30 June 2011	30 June 2010
<b>25</b>	<b>Provision &amp; accruals</b>		
	Provision for Income Tax (25.01)	87,204,263	46,082,512
	Provision for workers' profit participation and welfare funds (25.02)	24,175,667	7,041,615
		<b>111,379,930</b>	<b>53,124,127</b>
<b>25.01</b>	<b>Provision for Income Tax</b>		
	Opening Balance	46,082,512	
	Add: Provision for Taxation	-	29,829,824
	Income year (2007 - 2008 )		
	Provision for Taxation	-	14,159,456
	Income year ( 2008 - 2009)		
	Tax on other income (2009-2010)		2,093,232
	<b>Restated Balance</b>		<b>46,082,512</b>
	Add: Provision for taxation		
	Income year ( 2010 - 2011 )		
	For 9 months	41,121,751	-
		<b>87,204,263</b>	<b>46,082,512</b>

During income years 2007 - 2008 & 2008 - 2009 Tax holiday facility was withdrawn due to non compliance with conditions for Tax holiday facility. Subsequently the company has complied with the condition for tax holiday for the year 2009-2010 and onward, accordingly the company enjoying tax holiday. The company made full provision for income tax applying tax rate @ 15% applicable for textile industry and 37.50% on other income respectively which caused restatement of financial statement.

During the income year 2010 - 2011 tax holiday period was for 3 month which was expired on 30 September 2010 and provision for income tax has made for Tk.41,121,751 applying tax rate @ 15% applicable for Textile income and 37.50% on other income.

**25.02 Provision for workers' profit participation and welfare funds**

Opening Balance	7,041,615	-
Add: Addition during the year	17,134,052	7,041,615
	<b>24,175,667</b>	<b>7,041,615</b>

**25.03 Calculation of restated provision and accruals as on 1st July,2009**

Provision for income tax for year 2007-2008	29,829,824
Provision for income tax for year 2008-2009	14,159,456
	<b>43,989,280</b>

26	Revenue	Quantity (Kg)		Taka	
		2010-2011	2009-2010	2010-2011	2009-2010
	<b>Export</b>				
	Combed Yarn	3,222,023	3,085,896	1,235,465,524	739,659,192
	Carded Yarn	874,997	2,442,438	403,731,721	604,757,137
	Synthetic Yarn	1,777,104	320,935	628,277,947	109,048,385
	Slub Yarn	771,731	628,300	190,527,721	145,039,000
				<b>2,458,002,913</b>	<b>1,598,503,714</b>
	<b>Local Sale</b>				
	Carded Yarn		8,294	-	2,053,505
				<b>2,458,002,913</b>	<b>1,600,557,219</b>
	Local sales of carded yarn included in turnover		8294 kg	-	Tk.2,053,505





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Notes to the financial statements for the year ended 30 June 2011

Amounts in Taka

At	At
30 June 2011	30 June 2010

**Turn over in Quantity (Kg)**  
**2010-2011**

Product Type	Opening Stock	Production	Closing Stock	Sales during the year
	a	b	c	(a+b-c)
Combed Yarn	25,972	3,604,509	408,458	3,222,023
Carded Yarn	9,223	1,158,983	293,209	874,997
Synthetic Yarn	-	1,869,091	91,986	1,777,104
Slub Yarn	33,384	758,165	19,818	771,731
<b>Total</b>	<b>68,579</b>	<b>7,390,747</b>	<b>813,471</b>	<b>6,645,855</b>

**2009-2010**

Product Type	Opening Stock	Production	Closing Stock	Sales during the year
	a	b	c	(a+b-c)
Combed Yarn	82,416	3,029,452	25,972	3,085,896
Carded Yarn	203,960	2,255,995	9,223	2,450,732
Synthetic Yarn	-	320,935	-	320,935
Slub Yarn	-	661,684	33,384	628,300
<b>Total</b>	<b>286,376</b>	<b>6,268,065</b>	<b>68,579</b>	<b>6,485,863</b>

27

**Cost of goods sold**

Raw Material consumption (Note-27.1)	1,850,249,505	901,897,849
Packing materials consumption (Note-27.2)	15,650,903	13,334,329
Manufacturing overhead (Note-27.3)	280,163,828	267,306,361
Cost of goods manufacturing	2,146,064,236	1,182,538,539
Opening work-in-process	25,731,060	69,490,700
Closing work-in-process	(24,197,003)	(25,731,060)
Cost of production	2,147,598,293	1,226,298,179
Opening stock of finished yarn	17,643,426	87,924,204
Closing stock of finished yarn	(254,907,089)	(17,643,426)
	<b>1,910,334,630</b>	<b>1,296,578,957</b>

**27.1 Raw Material consumption**

**In Quantity (KG)**

Opening Stock	1,703,528	1,292,243
Purchase during the year		
Imported	9,628,017	8,044,467
Local	1,415,568	739,037
Raw Material Available for Consumption	12,747,113	10,075,747
Closing Stock	1,571,380	1,703,528
Raw Material Consumed	<b>11,175,733</b>	<b>8,372,219</b>

**In Taka**

Opening balance	234,807,093	174,435,531
Purchase during the year	1,963,149,010	977,430,641
Raw Material available for consumption	2,197,956,103	1,151,866,172
Sale of cotton- local	-	(15,161,230)
Closing balance	(347,706,598)	(234,807,093)
	<b>1,850,249,505</b>	<b>901,897,849</b>

Local sale of 136440 kg raw cotton imported under LC# 086209010474 @ tk.117.11 totalling of tk.15979350 has been transferred to other income through profit of raw cotton under note # 28 and 28.01







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Notes to the financial statements for the year ended 30 June 2011

	Amounts in Taka	
	At	At
	30 June 2011	30 June 2010
<b>27.2 Packing materials consumption</b>		
Opening balance	3,589,878	4,249,612
Purchase during the year	14,928,816	12,674,595
Packing materials available for consumption	18,518,694	16,924,207
Closing balance	(2,867,791)	(3,589,878)
	<u>15,650,903</u>	<u>13,334,329</u>

Item wise quantity schedule with value given below:

Particular	Quantity (Pcs)			
	2010-2011	2009-2010		
Paper Cone	3,962,254	3,375,779	9,390,542	8,000,597
Polythene Bag	219,113	186,681	5,477,816	4,667,015
Sundries	-	-	782,545	666,716
Packing Materials Consumed	<u>4,181,366</u>	<u>3,562,460</u>	<u>15,650,903</u>	<u>13,334,329</u>

**27.3 Manufacturing overhead**

Salary and allowances	51,304,022	40,958,947
Repair and maintenance	13,275,778	16,026,691
BTMA certificate charges	497,400	494,400
Store and spare parts	16,886,829	11,676,036
Travelling & Conveyance	199,579	208,366
Courier charges	4,584	1,996
Crockeries	20,576	8,724
Employee expenses	3,134	3,284
Factory stationeries	66,764	122,729
Fuel and lubricants- fork lift	886,790	1,466,174
Fuel and lubricants- Generator	44,634,759	53,079,089
Fuel and lubricants- vehicles	403,512	389,826
Gas bill	39,437,119	37,734,958
Generator rental charge	1,723,000	8,128,000
Inspection charges	331,090	150,780
Insurance premium	5,307,209	3,719,422
Loading and unloading charges	11,375	38,835
Plastic triple	77,496	77,900
Sample development charge	2,250	12,590
Testing fee	18,000	4,000
Workshop expenses	608,137	408,141
Depreciation	104,464,425	92,595,473
	<u>280,163,828</u>	<u>267,306,361</u>

**28 Other income**

Interest on inter company receivable*	37,676,143	-
Profit on sale of used vehicle	-	148,728
Profit on sale of local cotton (28.01)		818,120
Bank interest	406,701	307,564
Sales of wastage	5,891,240	4,307,539
	<u>43,974,084</u>	<u>5,581,951</u>





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**Notes to the financial statements for the year ended 30 June 2011**

Amounts in Taka	
At	At
30 June 2011	30 June 2010
	15,979,350
	15,161,230
	818,120

28.01 Local sale of raw cotton  
Less : Cost of raw cotton

\* Interest has been accrued on inter company balance receivable on 30 June, 2011 realizable on monthly basis as per agreed rate of interest through deed of agreement executed between the companies. The amount has been financed to sister concerns as working capital under the control and supervision of same management. This has been properly authorised and approved by proper board minutes and deed of agreement executed between the companies.

**29 Administrative expenses**

Salary and allowances	21,054,272	14,452,570
Advertisement	50,000	88,700
Audit fees	200,000	50,000
Books and periodicals	-	600
Business development expenses	1,007,067	753,147
Bank charges and commission	3,620,929	3,398,289
Ceremonial expense	2,931	1,656
Certificate and membership fees	71,100	500,902
Computer repair maintenance	96,505	47,985
Consultancy fees	91,000	30,000
Credit rating expenses	300,000	300,000
Directors Remuneration (Note -39)	3,600,000	3,600,000
Donation and subscription	48,103	21,000
Entertainment	654,243	470,838
Garden Expenses	119,276	-
Internet charges	88,925	68,418
Issue management signing fees	1,000,000	-
Legal expenses	145,800	3,820
Income tax expenses		316,273
Medicine and medical expenses	31,907	7,187
Miscellaneous expenses	150,070	148,487
News paper and periodicals	3,450	2,745
Office maintenance	180,910	187,887
Photocopy and type expenses	64,195	80,973
Power and fuel - vehicles	470,007	523,696
Printing & Stationery	861,416	509,170
Rates and taxes	224,895	749,846
Office Rent	180,000	-
Registration and renewal	1,316,384	720,680
Religious expenses	27,500	30,255
Road toll	1,785	40,138
Staff welfare	25,000	-
Telephone bill	136,229	141,673
Travelling expenses	42,400	305,586
Uniform and levaries	117,380	112,941
Write Off Expenses	9,324,190	7,459,351
VAT on wastage sale	883,686	-
Depreciation	11,607,158	10,288,386
	<b>57,798,713</b>	<b>45,413,199</b>





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**Notes to the financial statements for the year ended 30 June 2011**

		Amounts in Taka	
		At	At
		30 June 2011	30 June 2010
<b>30</b>	<b>Distribution expenses</b>		
	Sales commission	161,437	164,800
	Carriage outward	20,000	7,700
		<u>181,437</u>	<u>172,500</u>
<b>31</b>	<b>Finance cost</b>		
	<b>Interest expenses</b>		
	Bank Interest on hire purchase loan	62,984,697	75,057,730
	Bank interest on MPI	72,994,000	32,455,636
	Bank interest on Bai Salam	5,326,840	1,162,109
	Bank interest on Time Loan	8,002,759	-
	Bank interest on Export development fund	10,456,465	-
	Bank Interest on Liability for bill discounted	14,082,360	7,425,120
		<u>173,847,121</u>	<u>116,100,595</u>





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**Notes to the financial statements for the year ended 30 June 2011**

**32 Current Tax**

Current tax expenses as per income tax ordinance is 15 % on taxable income during the year after tax holiday period ended on september ,2010. Taxable income has arived as follows:

	Amounts in Taka	
	After Tax Holiday Period 01.10.2010 to 30.06.2011	Tax Holiday Period 01.07.2010 to 30.09.2010
<b>32.01 Revenue</b>		
Cost of sales	1,910,387,574	547,615,339
Gross profit	(1,490,943,214)	(419,391,415)
Other income	419,444,360	128,223,924
General and administrative expenses	34,182,049	9,792,034
Distribution expenses	(45,659,627)	(12,139,086)
Financial expenses	(181,437)	-
	(145,485,651)	(28,361,471)
	262,299,694	97,515,401
Contribution to workers' profit participation and welfare funds	(12,490,462)	(4,643,591)
Profit before tax	249,809,233	92,871,811
Tax holiday reserve		37,148,724

	Amounts in Taka	
	At 30 June 2011	At 30 June 2010
<b>32.02 Profit before tax (01.10.2010 to 30.06.2011) (Note -32.01)</b>	249,809,233	-
Less: Other income considered separately	34,182,049	-
	<b>215,627,183</b>	-
Add: Accounting Depreciation	87,053,687	-
Less: Tax Depreciation	(138,471,071)	-
<b>Taxable Income</b>	<b>164,209,800</b>	-
Current Tax expenses on Taxable Income	24,631,470	-
Income tax on Bank interest received	152,513	115,337
Income tax on Interest receivable	14,128,554	-
Income tax on wastage sale	2,209,215	1,615,327
Profit on sale of local cotton	-	306,795
Profit on sale of used vehicle	-	55,773
Income Tax expenses	<b>41,121,751</b>	<b>2,093,232</b>

Provision for income tax has been calculated @ 15% on taxalbe income from operation under SRO 207 dated 30 June 2008 of NBR and 37.50 % on taxable other income.

During the income year 2010 -2011 tax holiday period was for 3 months during July 2010 to September-2010. Tax holiday reserve @ 40% on net profit for 3 months ended on 30th September 2010 was created and provision for income tax was made for Tk. 41,121,751 applying tax rate @ 15% on business income for textile and 37.50% on other income.





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**Notes to the financial statements for the year ended 30 June 2011**

		Amounts in Taka	
		At	At
		30 June 2011	30 June 2010
<b>33</b>	<b>Deferred tax expenses for Income Statement</b>		
	Fixed assets:		
	Carrying amount	979,534,301	964,533,100
	Tax base	803,576,080	865,769,679
	Taxable Temporary difference	175,958,221	98,763,421
	Tax rate	15%	15%
	Deferred tax liabilities as on 30 June 2011	26,393,733	14,814,513
	Deferred tax liabilities 30 June 2010	14,814,513	-
		11,579,220	14,814,513
<b>33.01</b>	<b>Deferred tax for Statement of Comprehensive Income</b>		
	(i)		
	<b>Deferred tax liability against revaluation reserve other than land</b>		
	Carrying amount other than revaluation reserve	159,647,227	118,631,286
	Tax base	-	-
		159,647,227	118,631,286
	Applicable tax rate	15%	15%
		23,947,084	17,794,693
	(ii)		
	<b>Deferred tax liability on capital gain revaluation of land</b>		
	Carrying amount other than revaluation reserve	865,391,996	721,830,743
	Tax base	-	-
		865,391,996	721,830,743
	Applicable tax rate	2%	2%
		17,307,840	14,436,615
	<b>Deferred tax liability against revaluation reserve (i + ii)</b>	41,254,924	32,231,308
	Deferred tax liabilities 30 June 2010	32,231,308	-
	<b>Deferred tax for Statement of Comprehensive Income</b>	9,023,616	32,231,308





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**Notes to the financial statements for the year ended 30 June 2011**

		Amounts in Taka	
		At 30 June 2011	At 30 June 2010
<b>34</b>	<b>Earnings Per Share (EPS)</b>		
	Net profit attributable to ordinary share holders	289,980,073	123,924,558
	Weighted average number of ordinary shares (Note:34.01) outstanding during the year	39,689,233	33,150,000
		<u>7.31</u>	<u>3.74</u>
	<b>Weighted average number of ordinary shares calculation as per BAS-33</b>		
<b>34.01</b>	<b>Calculation of weighted average number of ordinary shares</b>		
	No. of Shares	Fraction of period	Weighted average of shares
	Date		
	Balance as on 1st July-2010	365	25,500,000
	12.10.2010		
	Shares allotted in cash	262	6,539,233
	25.10.2010		
	Bonus shares	365	7,650,000
	Weighted average number of ordinary shares (2010 - 2011)		<u>39,689,233</u>
	<b>Recalculated average number of ordinary shares giving effect of bonus issue (2009-2010)</b>		
	No. of Shares	Fraction of period	Weighted average of shares
	Date		
	Balance as on 1st July-2009	365	15,000,000
	Bonus shares 17.06.2010	365	10,500,000
	Bonus shares 25.10.2010	365	7,650,000
	Average number of ordinary shares (2009 - 2010)		<u>33,150,000</u>
	<b>The EPS for the year 2009 -2010 has been recalculated to comply with BAS -33</b>		
<b>35</b>	<b>Net Assets Value</b>		
	<b>Total assets</b>	4,078,843,209	3,194,043,699
	Less: Total current liabilities	1,689,839,546	1,135,546,558
		<u>2,389,003,663</u>	<u>2,058,497,141</u>
	Deduct:		
	Long Term & deferred liabilities	577,559,074	712,144,515
		<u>1,811,444,590</u>	<u>1,346,352,626</u>
	Number of Ordinary Share at Balance Sheet date	<u>42,260,000</u>	<u>25,500,000</u>
	NAV - Per Share		
	On share at balance sheet date	<u>42.86</u>	<u>52.80</u>





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Notes to the financial statements for the year ended 30 June 2011

	Amounts in Taka	
	At 30 June 2011	At 30 June 2010
<b>36 Net Operating Cash Flow Per Share</b>		
Cash flows from operating activities as per statement of cash	(314,164,016)	(8,221,183)
Number of Ordinary Share at Balance Sheet date	42,260,000	25,500,000
Net Operating Cash Flow - Per Share (On share at balance sheet date)	(7.43)	(0.32)

**Others**

37 During the period from 01.07.10 to 30.06.11 six board meetings were held. The attendance status of all the meetings is as

Name of Directors	Position	Meeting Held	Attended
M.A. Wahed	Chairman	6	6
M.A. Jabbar	Managing	6	6
M.A. Rahim	Director	6	6
Mr. M.A. Quader	Director	6	6
Md. Hassan Imam	Director	6	6
Selina Parvin	Director	6	6
Tanzeen Rahim	Director	6	6
Taslina Begum	Director	6	6

38 Employee position for Matin Spinning Mills Ltd (as at 30 June 2011)

Disclosure as per requirement of schedule XI part II of Company Act 1994

Head Office	Officer & Staff	Factory	Worker	Total Employee	Amount in Taka
16		64	844	924	72,358,294
				<b>924</b>	<b>72,358,294</b>

There is no Salary/ Wages/Remuneration below Tk.3000/- per month

39 Payments to Directors and Officers

Disclosure as per requirement of schedule XI, Part II, Para 4 of Company Act 1994

Particular	2010-2011			2009-2010		
	Directors	Managers & Others	Total	Directors	Managers & Others	Total
Basic Salary	2,202,840	16,162,410	18,365,250	2,202,840	14,443,659	16,646,499
House Rent	1,101,420	8,081,205	9,182,625	1,101,420	7,220,649	8,322,069
Conveyance	295,740	2,169,868	2,465,608	295,740	1,918,870	2,214,610
Bonus/ incenti	-	1,949,824	1,949,824	-	1,814,091	1,814,091
Other allowan	-	-	-	-	-	-
Total Salary and	<b>3,600,000</b>	<b>28,363,307</b>	<b>31,963,307</b>	<b>3,600,000</b>	<b>25,397,269</b>	<b>28,997,269</b>

\* Directors include Managing Director only.

\* No other benefits other than the monthly emoluments is given to the Managing Director.

\* No honorarium or facility was given to the directors for attending board meeting.





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**Notes to the financial statements for the year ended 30 June 2011**

**40 Contingent Liabilities:**

- 1 Contingent Liability of the Company was Tk. 69,367,743 as on June 30,2011 for opening of LCs by the banks in favour of foreign suppliers for raw materials and spares
- 2 There was no facts and figures for which the company has contingent liability to any party other than Bank as on June 30,2011

**41 Disclosure as per requirement of schedule XI, part II, para 7 of Company Act 1994**

	<u>2010-2011</u>	<u>2009-2010</u>
<b>Capacity Installed:</b>		
No of Spindles Installed	39,600	39,600
<b>Capacity Utilised:</b>		
No of Spindles Operated	39,028	32,028
<b>Production Capacity: (In Kg)</b>		
At Equivalent 28' S Count (Ring Yarn)	9,100,000	9,100,000
<b>Actual Production : (In Kg)</b>		
At Equivalent 28' S Count (Ring Yarn)	8,067,994	7,650,656
<b>% of Capacity Utilization:</b>	88.66	84.07

**Note: Licensed capacity not mentioned in license.**







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**Notes to the financial statements for the year ended 30 June 2011**

**42 Related party disclosure**

During the year, The Company carried out a numbers of transactions with related parties in the normal course of business. The names of the related parties and nature of these transaction have been set out in accordance with the provisions of BAS - 24: "Related Party Disclosure".

<u>Name of the related party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Value of transactions (taka)</u>	<u>Closing balance</u>
DBL Ceramics Ltd	Associated Company	Working Capital Finance	(99,424,192)	158,272,531
		Interest receivable	11,648,055	11,648,055
		Share Money Deposit	50,800,000	50,800,000
		Share Capital	23,750,000	23,750,000
DB Tex Ltd	Sister Concerns	Working Capital Finance	(4,735,560)	32,284,307
		Interest receivable	3,230,652	3,230,652
Dulal Brothers Ltd	Sister Concerns	Sale of yarn	1,314,469	1,314,469
		Working Capital Finance	7,647,091	-
Flamingo Fashions Ltd	Sister Concerns	Sale of yarn	1,102,456,520	341,636,974
		Working Capital Finance	53,699,647	-
Hamza Textile Ltd	Sister Concerns	Working Capital Finance	22,928,745	52,366,593
		Interest receivable	7,965,103	7,965,103
Jinnat Fashions Ltd	Sister Concerns	Sale of yarn	682,071,206	237,022,071
		Interest receivable	14,832,332	14,832,332
		Working Capital Finance	131,117,048	56,821,468
Jinnat knitwears Ltd	Sister Concerns	Sale of yarn	500,764,227	257,640,579
		Working Capital Finance	13,356,308	-
Mymun Textiles Ltd	Sister Concerns	Loan Repayment	(5,585,205)	-
Jinnat Apparels Ltd	Sister Concerns	Loan Repayment	(124,783,678)	-
		Office Rent	180,000	-
Fashion Concern Ltd.	Sister Concerns	Sale of yarn	6,770,067	427,448
Salina Parveen	Director		(11,706,000)	-
Tanzin Rahim	Director		(11,451,150)	-
Taslima Begum	Director		(11,350,000)	-





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**মাসিহ মুহিত হাফ এন্ড কোম্পানি**  
**MASIH MUHITH HAQUE & CO**  
 Chartered Accountants  
 An independent member firm of IGAF Worldwide  
 In practice since 1985

**Matin Spinning Mills Ltd**  
**Notes to the financial statements for the year ended 30 June 2011**

**43 Disclosure as per requirement of schedule XI, part II, para 8 of Company Act 1994**

Disclosure requirement of schedule XI, part II, para 8(b&d) of Company Act 1994

CIF Value of Raw Cotton, Spare Parts, Packing Materials and Capital Machinery (BDT) and Consumption

Particular	Local Purchase	Import	Total Purchase	Consumed	% of Consumption on Purchase
Raw Cotton	557,264,167	1,405,884,843	1,963,149,010	1,850,249,505	98.27%
Store and Accessories		18,332,160	18,332,160	16,886,829	0.90%
Packing Materials	14,928,816		14,928,816	15,650,903	0.83%
Capital Goods	-	-	-	-	0.00%
<b>Total</b>	<b>572,192,983</b>	<b>1,424,217,003</b>	<b>1,996,409,986</b>	<b>1,882,787,237</b>	<b>100.00%</b>

In the period under review the company did not remit any amount as dividend, technical know-how, royalty, professional consultation fees, interest and other matters either its share holders or others.

**FOB Value of export**

The FOB value of export for the year 30 June 2011 is as follows:

Particular	In foreign currency \$	In BDT
Export	33,671,273	2,458,002,913

**44 Dividend Paid to The Shareholders**

30% stock dividend for the FY 2009-2010 was issued to the shareholders amounting BDT 76.5 Million

**45 Event after Balance Sheet date**

There is no significant event that qualify for reporting between the end of financial year closing date and financial statement issue date other than normal business activities.

**46 Figures are rounded off to the nearest Taka.**

**47 Previous year's figures have been rearranged, wherever considered necessary, to conform to current year's presentation**

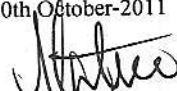
**48 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction**

The accounting policies and expelanatory notes form and integral part of the financial statements.

The financial statements were authorized for issue by the board of directors on 20th October-2011

  
 Managing Director

  
 Director

  
 Chief Finance Officer

This is the notes to the financial statements referred to in our annex report

  
 Masih Muhith Haque & Co.  
 Chartered Accountants

Annex i

**Martin Spinning Mills Ltd**

**Details property, plant and equipment for the year ended 30 June 2011**

Amounts in Taka

Name of the assets	Cost				Depreciation				Written down value at 30 June 2011
	At 01 July 2010	Addition during the year	Adjustment/di sposal during the year	Total at 30 June 2011	Rate %	At 01 July 2010	Charge for the year	Adjustment during the year	
Land and land development	64,099,257	102,300	-	64,201,557	0%	-	-	-	64,201,557
Factory building	154,134,742	5,229,425	-	159,364,167	5%	68,152,362	4,560,590	-	86,651,214
Godown	16,262,162	-	-	16,262,162	10%	7,365,103	889,706	-	8,254,809
Plant and machinery	1,383,904,619	77,557,888	-	1,461,462,507	10%	695,643,052	76,581,945	-	772,224,998
Furniture and fixtures	2,180,032	111,120	-	2,291,152	10%	566,861	172,429	-	739,291
Gas equipment	1,978,958	-	-	1,978,958	15%	835,120	171,576	-	1,006,696
Generator	128,581,967	310,000	-	128,891,967	15%	61,493,497	10,109,771	-	71,603,268
Office equipments	6,264,791	1,550,397	-	7,815,188	15%	3,163,936	697,688	-	3,861,624
Electric installation	80,917,463	2,463,365	-	83,380,828	15%	40,693,134	6,403,154	-	47,096,288
Deep tubewell	1,100,000	-	-	1,100,000	20%	621,280	95,744	-	717,024
Vehicles	7,927,400	35,110,000	-	43,037,400	20%	4,283,943	7,750,691	-	12,034,634
Total at 30 June 2011	1,847,351,391	122,434,495	-	1,969,785,886		882,818,291	107,433,294	-	990,251,585

Name of the assets	Revaluation				Depreciation				Written down value at 30 June 2011
	At 01 July 2010	Addition during the year	Adjustment/di sposal during the year	Total at 30 June 2011	Rate %	At 01 July 2010	Charge for the year	Adjustment during the year	
Land and land development	721,830,743	143,561,253	-	865,391,996	0%	-	-	-	865,391,996
Factory building	115,066,342	48,738,916	-	163,805,258	5%	-	8,190,263	-	155,614,995
Godown	3,564,944	915,314	-	4,480,258	10%	-	448,026	-	4,032,232
Total at 30 June 2011	840,462,029	193,215,483	-	1,033,677,512		-	8,638,289	-	8,638,289
Total ( I + ii ) at 30 June 2011	2,687,813,420	315,649,978	-	3,003,463,398		882,818,291	116,071,583	-	998,889,874

Allocation of depreciation:  
2011  
Manufacturing overhead @ 90% 104,464,425  
Administrative overhead @ 10% 11,607,158  
116,071,583



**Main Spinning Mills Ltd**  
**Details of property, plant and equipment for the year ended 30 June 2010**

**i) Cost**

Amounts in Taka

Name of the assets	Cost			Depreciation			Written down value at 30 June 2010		
	At 01 July 2009	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2010	Rate %	To 01 July 2009		Charge for the year	Adjustment during the year
Land and land development	40,587,448	32,022,657	8,510,848	64,099,257	0%	-	-	-	64,099,257
Factory building	150,573,111	3,561,631	-	154,134,742	5%	63,626,974	4,525,388	-	68,152,362
Godown	16,262,162	-	-	16,262,162	10%	6,376,541	988,562	-	7,365,103
Plant and machinery	1,365,022,293	18,882,326	-	1,383,904,619	10%	619,169,545	76,473,507	-	695,643,052
Furniture and fixtures	1,601,865	578,167	-	2,180,032	10%	387,620	179,241	-	566,861
Gas equipment	1,978,958	-	-	1,978,958	15%	633,267	201,854	-	835,120
Generator	108,891,131	19,690,836	-	128,581,967	15%	49,654,356	11,839,142	-	61,493,497
Office equipments	5,840,545	424,246	-	6,264,791	15%	2,616,727	547,210	-	3,163,936
Electric installation	73,798,955	7,118,508	-	80,917,463	15%	33,594,723	7,098,411	-	40,693,134
Deep tubewell	1,100,000	-	-	1,100,000	20%	501,600	119,680	-	621,280
Vehicles	9,342,400	-	1,415,000	7,927,400	20%	4,056,806	910,864	683,728	4,283,943
Total at 30 June 2010	1,774,998,868	82,278,371	9,925,848	1,847,351,391		780,618,160	102,883,859	683,728	882,818,291

**ii) Revaluation**

Name of the assets	Revaluation			Depreciation			Written down value at 30 June 2010		
	At 01 July 2009	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2010	Rate %	To 01 July 2009		Charge for the year	Adjustment during the year
Land and land development	721,830,743	115,066,342	-	721,830,743	0%	-	-	-	721,830,743
Factory building	115,066,342	3,564,944	-	115,066,342	5%	5,753,271	287,682	-	6,040,953
Godown	3,564,944	-	-	3,564,944	10%	1,425,978	142,747	-	1,568,725
Total at 30 June 2010	-	840,462,029	-	840,462,029		-	-	-	840,462,029
Total ( i + ii ) at 30 June 2010	1,774,998,868	922,740,400	9,925,848	2,687,813,420		780,618,160	102,883,859	683,728	882,818,291

**Allocation of depreciation:**

Year ended 2011

Manufacturing overhead @ 90%  
Administrative overhead @ 10%

Manufacturing overhead @ 90%	92,595,473
Administrative overhead @ 10%	10,288,386
	<u>102,883,859</u>

