

MATIN SPINNING MILLS LIMITED

ANNUAL REPORT

2013-14



www.matinspinning.com

INDEX

Letter of Transmittal	04
Notice of the 12th Annual General Meeting	05
MSML at a Glance	06
Vision, Mission and Core Values	07
Event Highlights	08
Company Information	10
History - Key Milestones	12
Management Apparatus	14
Organogram	15
Brief Profile of the Directors	16
Statement on Corporate Governance	20
Statement of Risk Management and Internal Control	23
Chairman's Message	27
Managing Director's Message	28
Corporate Operation Result	30
Directors Report to the Shareholders	31
Annexure	37
Certificate of Compliance to the Shareholders of Matin Spinning Mills Limited	41
Status report on compliance with the conditions imposed by the BSEC	42
Statement on the duties of the Managing Director and the Chief Financial Officer	51
Report of the Audit Committee	52
Our CSR Activities	54
Energizing a Sustainable Future	55
Certificates	56

Auditor's Report to the Shareholders	60
Statement of Financial Position	61
Income Statement	62
Statement of Comprehensive Income	63
Statement of Changes in Equity	64
Statement of Cash Flows	65
Notes to the Financial Statement	66
Proxy Form and Attendance Slip	



Letter of Transmittal

The Shareholders,
Registrar of Joint Stock Companies & Firms,
Bangladesh Securities and Exchange Commission,
Dhaka Stock Exchange Limited and
Chittagong Stock Exchange Limited

Dear Sir(s)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE, 2014

Enclosed please find a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at June 30, 2014 and Income Statements, Statement of Cash Flow and Statement of Changes in Equity for the year ended June 30, 2014 along with notes thereon of Matin Spinning Mills Limited for your kind information and record.

Yours sincerely,



Md. Shah Alam Miah FCS
Company Secretary

Notice of the 12th Annual General Meeting

Notice is hereby given to all the Shareholders of Matin Spinning Mills Limited (MSML) that the 12th ANNUAL GENERAL MEETING of the Company will be held on Thursday the 30 October, 2014 at 11:00 am at the Factory Premises of the Company at Sardaganj, Kashimpur, Gazipur to transact the following business:

01. To receive and adopt the Audited Financial Statements for the year ended 30 June, 2014 together with the Report of the Directors' and the Auditors' thereon.
02. To declare dividend for the year ended 30 June, 2014.
03. To elect Directors in place of those who shall retire by rotation in accordance with the provisions of Articles of Association of the Company.
04. To appoint Auditors for the year 2014-2015 and to fix their remuneration.
05. To approve appointment of the Independent Director.
06. To transact any other business with the permission of the chair.

By Order of the Board



Md. Shah Alam Miah FCS

Company Secretary

Dated: 2nd October, 2014, Dhaka

Note:

1. The "Record Date" is Thursday, 2 October, 2014. The shareholders whose names would appear in the Register of Members of the Company and / or in the Depository Register on the 'Record Date' will be eligible to attend the 12th AGM and be entitled to dividend.
2. A Shareholder entitled to attend and vote at the Annual General Meeting may appoint any person as his/her proxy to attend & vote in his /her place and the proxy form, duly completed and stamped Tk. 10.00, must be deposited at the Registered Office not later than 48 hours before the time scheduled for holding the meeting. Annual Report and proxy form can be available on the website www.matinspinning.com
3. The shareholders are requested to send their 12 digit e-TIN Certificate copy within 16 October, 2014 for deduction of Tax @ 10% otherwise Tax will be deducted @15% on dividend as per Finance Act, 2014

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার/কোন ধরনের কুপন প্রদানের ব্যবস্থা থাকবে না।



MSML at a Glance

Matin Spinning Mills Limited (MSML), a Public Limited Company was envisaged by a group of dynamic entrepreneurs having immense contribution to development of the Textile and Garments sector of Bangladesh. Over the years, the sponsors of MSML have established several other concerns in the RMG sectors.

MSML is an export oriented company engaged in manufacturing and sale of combed and carded yarn from raw cotton. The company was incorporated on September 15, 2002 as a Private Limited Company. After incorporating in 2002, the company had to arrange for necessary financing, procure land, import machinery and set up the production facility. All these pre-operational works took around four years and the company started commercial operation on October 01, 2006. The Company was converted into a Public Limited Company on November 04, 2010. As on the date, the authorized capital of the company is BDT 1,500 million and paid-up capital is BDT 974.90 million.

Essentially, MSML provides backward linkage to the Garment units under the DBL Group. It is equipped with state-of-the-art machinery mostly of US, German, Japanese and Swiss origins. The company is capable of producing yarn of many different specifications as per the requirement of the buyers. Due to its modern machinery, highly knowledgeable and skilled management with efficient workforce, the company has earned commendable reputation in the local spinning sector. The company's production facility is located at Sardagonj, Kashimpur, Gazipur. MSML's products have been very well accepted in the market. It has also been internationally well recognized for its production and quality. MSML has license from Cotton U.S.A issued by Cotton Council International, Washington DC, U.S.A.

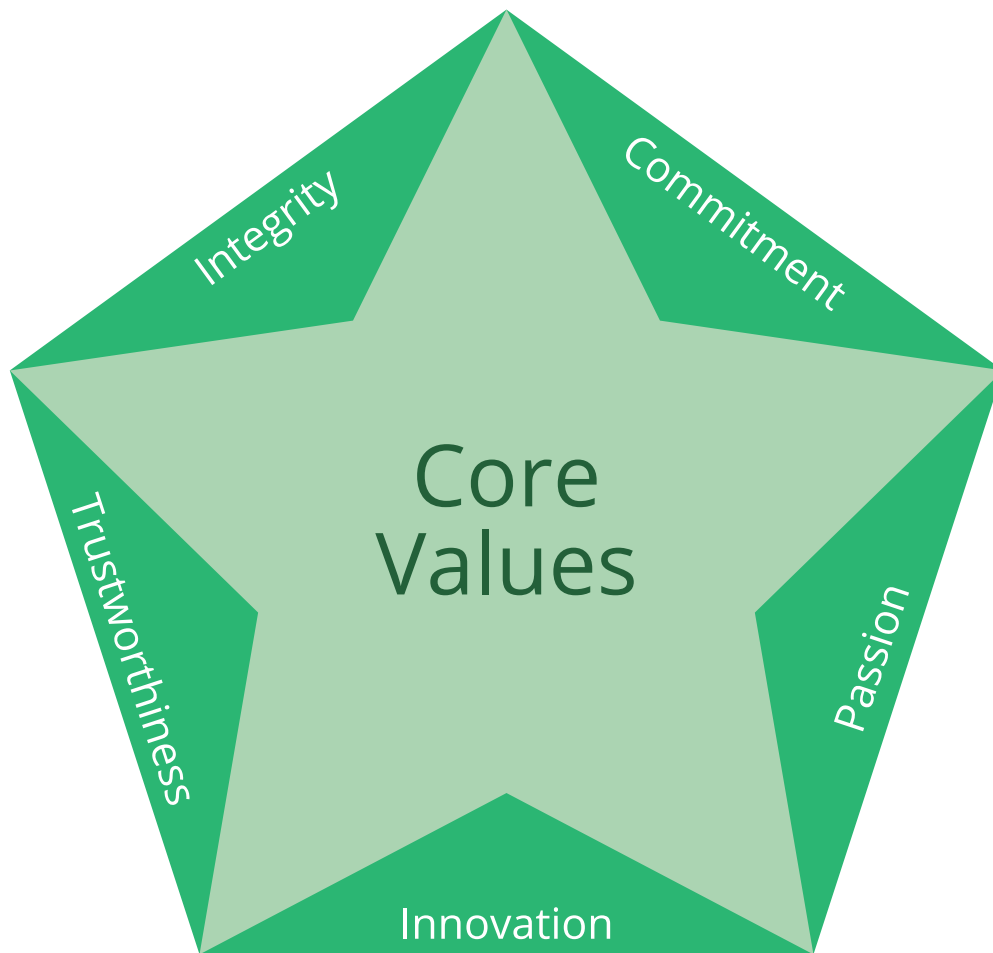
MSML listed in Chittagong Stock Exchange Limited on 27 March, 2014 and in Dhaka Stock Exchange Limited on 02 April, 2014 started trading of shares in Dhaka and Chittagong Stock Exchange Limited from 08 April, 2014.

Vision

To be the leading quality yarn manufacturer at competitive price and have a sustainable contribution to all stakeholders to strengthen the community at large.

Mission

Matin Spinning Mills Limited is committed to provide the best quality products through its competent workforce, innovation, state-of-the-art technology and zero adverse impact on the environment.



Event Highlights

11th Annual General Meeting of
Matin Spinning Mills Limited



Matin Spinning
Mills Limited Initial
Public Offering
Draw event



First day of trading at
Dhaka Stock Exchange





Foundation laying ceremony of the new Mélange unit



Work in progress of Mélange unit



CEO of HSBC visits Matin Spinning Mills Limited



Company Information

Name of the Company: Matin Spinning Mills Limited

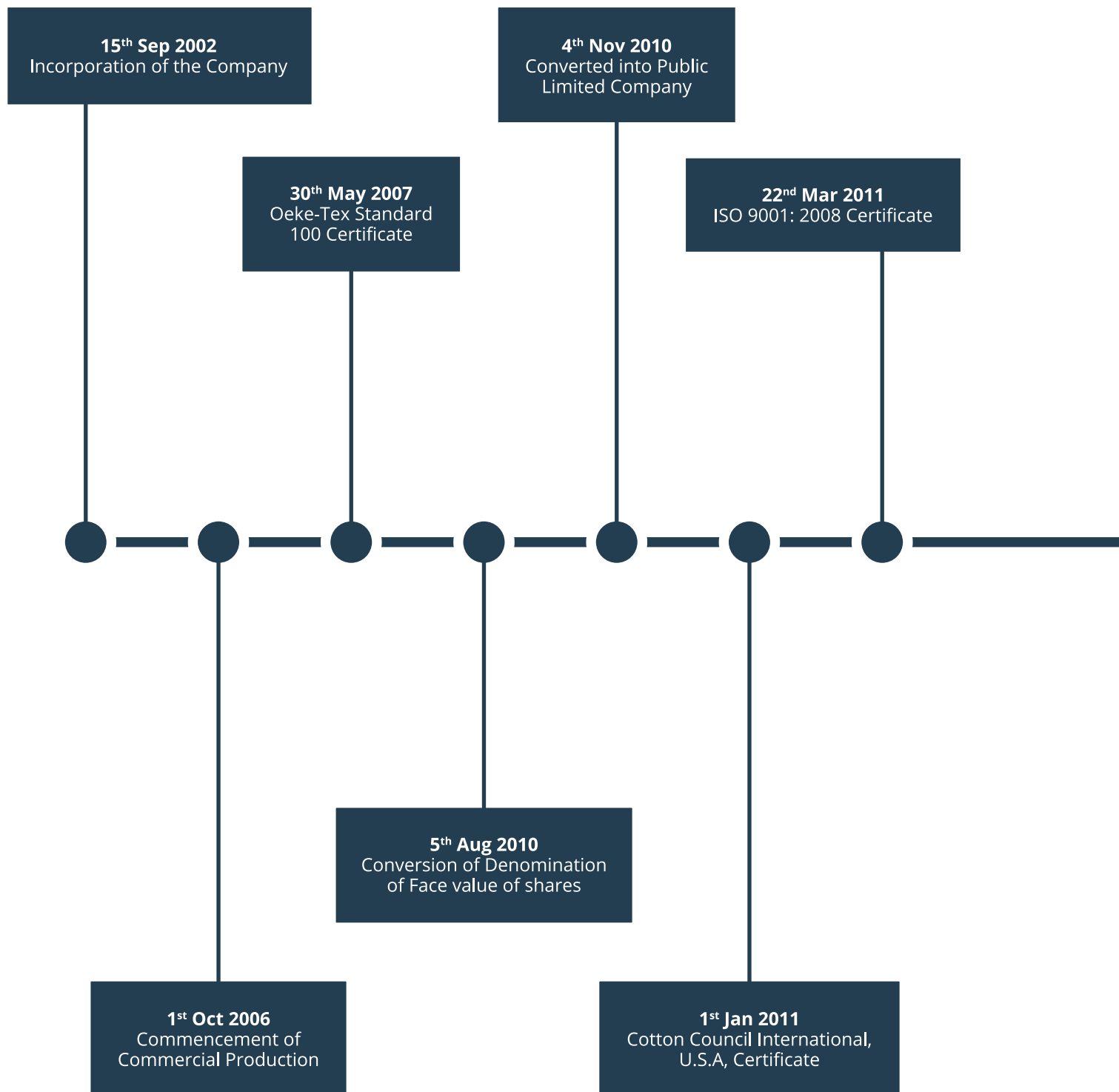
Legal Form:

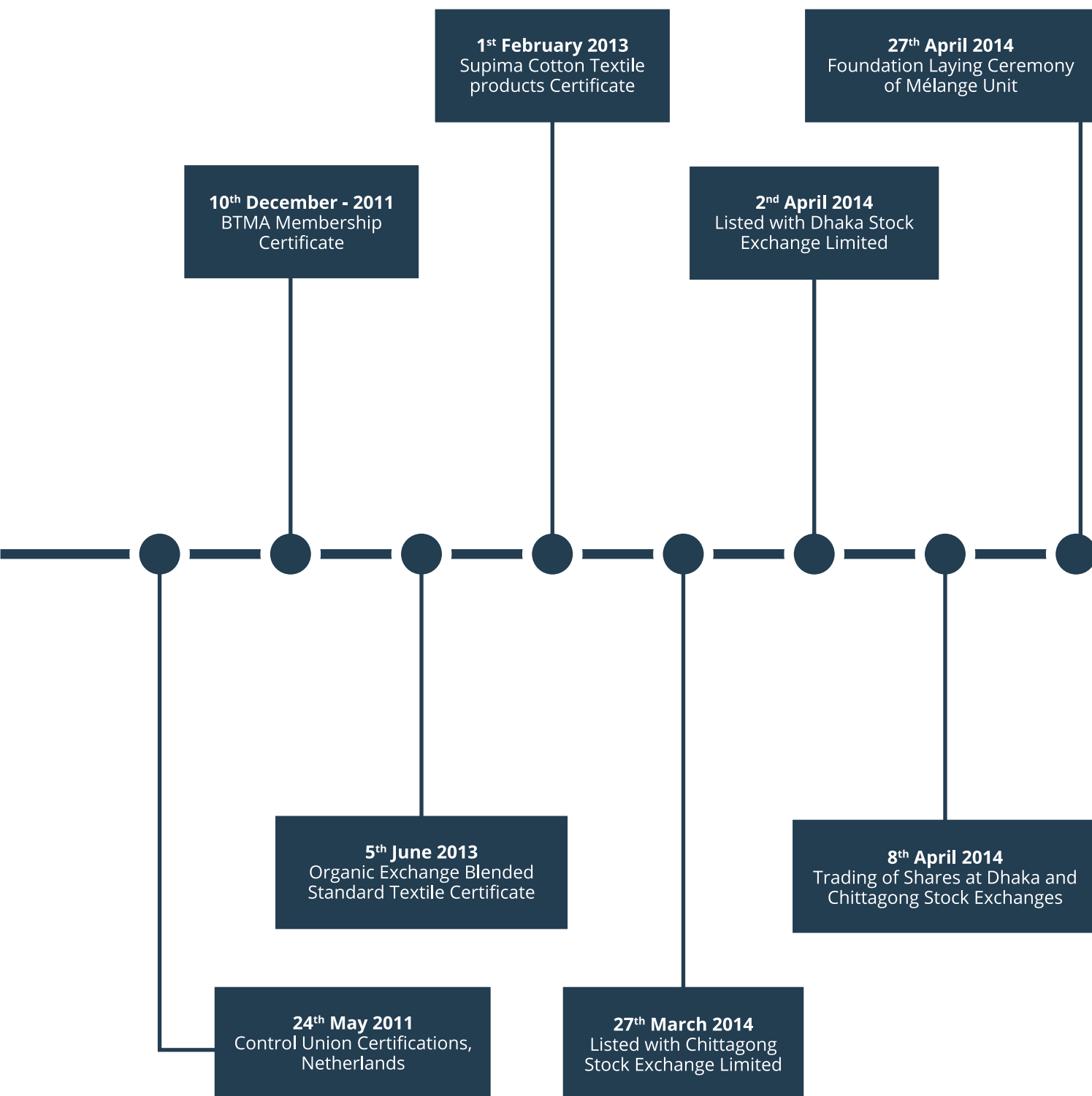
A Private Limited Company incorporated on September 15, 2002 under the Companies Act, 1994 was converted into Public Limited Company on November 04, 2010 and listed with Chittagong Stock Exchange Limited and Dhaka Stock Exchange Limited on March 27, 2014 and April 02, 2014 respectively.

Company Registration Number	C-47083(3562)/2002
Tax Identification Number (TIN)	479848138721
VAT registration Number	18071013976, Area Code: 180202
Registered & Corporate Office	BGMEA Complex (12th Floor) 23/1, Panthapath Link Road Kawran Bazar, Dhaka-1215. Tel: 8140207-12 Fax: 8140214
Factory Location	Sardaganj, Kashimpur, Gazipur
Nature of Business	Manufacturing of Combed & Carded yarn
Installed Capacity	39,600 spindles
Authorized Capital	BDT 1,500 million
Paid up Capital	BDT 974.90 million
Auditors	Masih Muhith Haque & Co. Chartered Accountants UTC Building (Level 13) 8, Panthapath, Dhaka-1215
Principal Bankers	HongKong and Shanghai Banking Corporation Ltd. Dhaka, Bangladesh.
Legal Advisor	Mahmood Jabbar Khan Barristers & Advocates Summit Centre (6th Floor), 18 Kawran Bazar, Dhaka-1215
Credit Rating Agency	Credit Rating Information and Services Limited Nakshi Homes(4th Floor), 6/1A Segunbagicha Dhaka-1000
Number of Employee	969
Insurers	Pioneer Insurance Company Limited Symphony (5th Floor), Plot # SE (F) 9, Road # 142 South Avenue, Gulshan, Dhaka - 1212 Green Delta Insurance Company Limited Green Delta AIMS Tower (6th Floor) 51-52, Mohakhali C/A, Dhaka - 1212
Corporate Website	www.matinspinning.com



History - Key Milestones







Management Apparatus

Board of Directors

Mr. Abdul Wahed	Chairman
Mr. M. A. Jabbar	Director & Managing Director
Mr. M. A. Rahim	Director
Mr. M. A. Quader	Director
Mrs. Selina Parveen	Director
Mrs. Tanzeen Rahim	Director
Mrs. Taslima Begum	Director
Mr. Md. Hassan Imam	Director
Mr. M. Farhad Hussain FCA	Independent Director

Audit Committee

Mr. M. Farhad Hussain FCA Independent Director	Chairman
Mr. M. A. Rahim Director	Member
Mr. M. A. Quader Director	Member

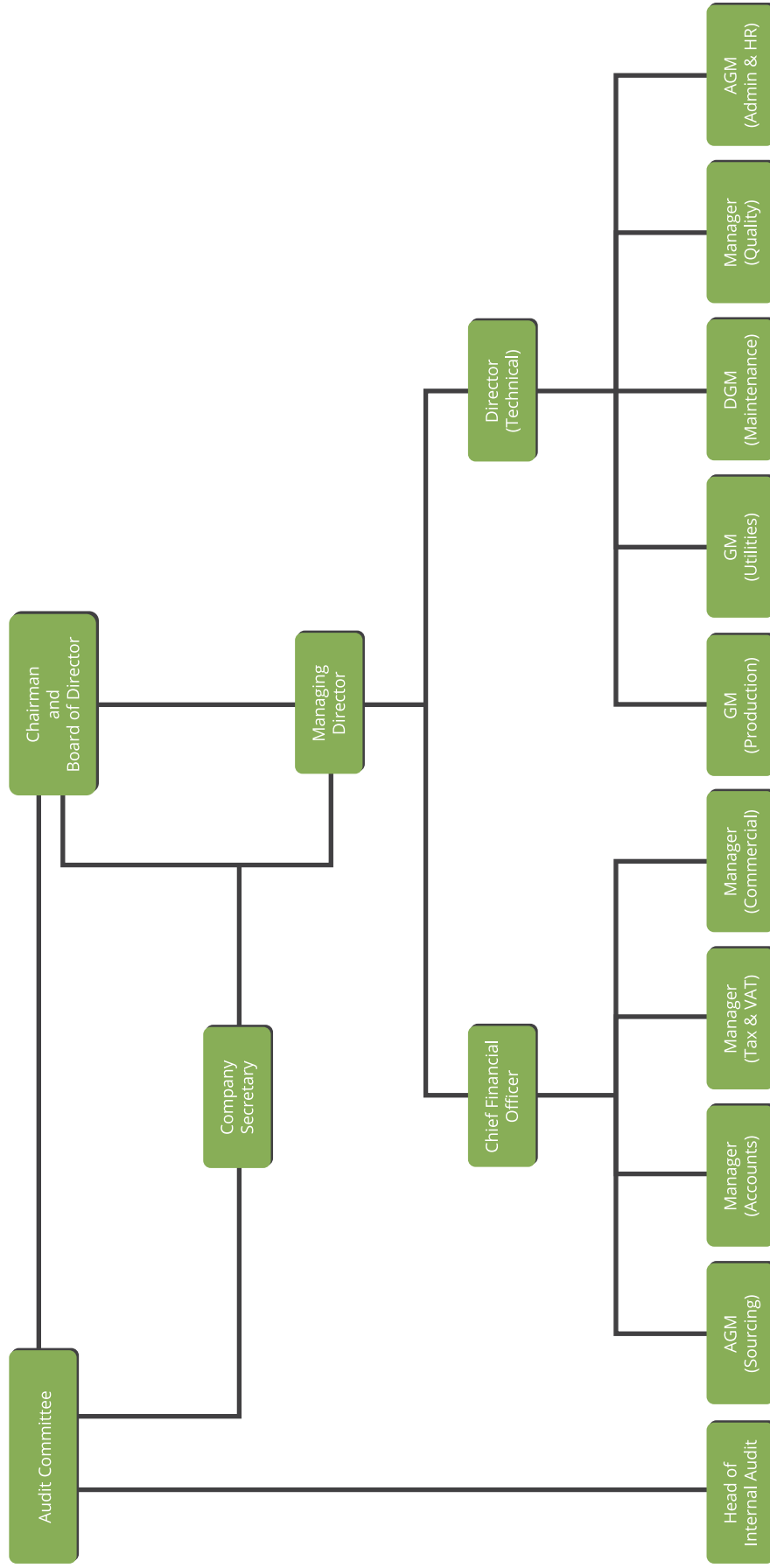
Chief Financial Officer

Mr. Abdul Matin FCA

Company Secretary

Mr. Md. Shah Alam Miah FCS

Organogram



Brief Profile of the Directors



Abdul Wahed Chairman

Abdul Wahed is a renowned business personality in the Textile Sector of Bangladesh. After completion Bachelor of Science, he started his professional life with construction business in the year 1982. Later in the year 1991, he along with his other three brothers ventured into Ready Made Garments export business by setting up a factory named as Dulal Brothers Ltd. His expertise in Textile technicality inspired Dulal Brothers Ltd. to invest in backward linkage industries of fabric knitting and dyeing which finally culminates into Matin Spinning Mills Ltd., a state-of-the-art spinning mill which is not only one of the best in Bangladesh but worth comparable with spinning mills across the world.

Mr. Wahed is a freedom fighter. He is a proactive member of different social organizations working in the fields of education, health, orphanage, etc. He is also an eloquent speaker being able to enthrall the audience in the various seminars he is participating on the social and business front.



M. A. Jabbar Director and Managing Director

M. A. Jabbar is a distinguished personality in the RMG sector of Bangladesh. He is the main architect of DBL Group. He completed his graduation in Computer Science from U.S.A. Then he returned back to Bangladesh with a vision to make valuable contribution in the economy of the country. He has been instrumental in developing a good reputation of the company.

Accordingly, he joined Dulal Brothers Ltd. as a Marketing Director and was able to achieve increasing export orders for garments, in particular from buyers in UK. His dynamic leadership brought in growth opportunities for the company resulting in setting up of more industries for Dulal Brothers Ltd. and the birth of the acronym DBL Group. His vision's first accomplishment came in the form of DBL Group getting the HSBC Export Excellence Award 2009 in category A for business having export volume above USD 50 million. His passion for excelling and cultivating innovation has roped in professionals from different fields to join DBL Group and explore their hidden talents. He is the chief architect of Vision 2020 through which DBL Group has to achieve a visible contribution to the GDP of Bangladesh before it steps into 2021, the Golden Jubilee celebration year of the country independence.

M. A. Rahim

Director

M. A. Rahim obtained his Master Degree in Management and began his professional career as a banker. His work experience in bank greatly helped in gaining insight into the commercial and finance aspect of businesses. He is the Head of Finance and Commercial operations of DBL Group. By virtue of his academic background and passionate working, he has put the financial & commercial management of the Group on sound footing. Under his dynamic leadership guidance, all the liability and term loan of DBL Group are being paid well ahead of schedule resulting in finance as being one of the key strength for the group.

M. A. Rahim is well known person in the RMG sector in Bangladesh. Mr. Rahim has been Ex-Director of BGMEA (Bangladesh Garments Manufacturers & Exporters Association) and BTMA (Bangladesh Textile Mills Association). Rahim is a philanthropist and actively involved in social development with various organizations throughout the country.



M. A. Quader

Director

M. A. Quader joined Dulal Brothers Limited after completing Bachelor of Commerce and worked in garments production department. With sincere efforts, he was able to quickly learn the garments manufacturing operations. This led him to become a Director of Production in the garments division of DBL Group. Among his many achievements in the production department, he is credited with reduction in lead time of garments manufacturing. At present, he looks after Marketing and Operations of DBL Group. He maintains a close & cordial relation with the buyers for furtherance of business. He regularly attends a number of business seminars and workshops in Asia, Europe and USA.





Selina Parveen

Director

Selina Parveen has obtained her graduation as a Bachelor of Arts. She is wife of Mr. M. A. Jabbar, Managing Director of the company. She is the Director of Matin Spinning Mills Ltd. and also shareholder of Hamza Textiles Limited.



Tanzeen Rahim

Director

Tanzeen Rahim is the wife of Mr. M. A. Rahim, Director of the company. She is Director of Matin Spinning Mills Ltd. and also shareholder of Hamza Textiles Limited. She has completed graduation as a Bachelor of Arts.



Taslima Begum

Director

Taslima Begum is wife of Mr. M.A Quader, Director of the company. She is Director of Matin Spinning Mills Ltd. and also a shareholder of Hamza Textiles Limited.

Md. Hassan Imam

Director

Mr. Hassan Imam aged about 31 years joined in the company as a director on June 17, 2010. He is elder son of Mr. Abdul Wahed, Chairman of the company. He has done his graduation from Ireland. Immediately after completing his studies he joined DBL Group as a trainee in merchandising department and later got trained in garments production and industrial engineering department. Presently, he is working on the Sustainability Development Programs of the company.



Mr. M. Farhad Hussain FCA

Independent Director

Mr. M. Farhad Hussain FCA is the Managing Partner of Hussain Farhad & Co., Chartered Accountants. He is a Fellow and Council member of the Institute of Chartered Accountants of Bangladesh with thirty six years of experience in key positions of Finance and Accounts with multi-disciplinary business organizations.

Mr. M. Farhad Hussain FCA is the former President of The Institute of Chartered Accountants of Bangladesh (2007). He is also a Director of WASA and former Director of Shadharan Bima Corporation, Dhaka Stock Exchange (DSE), Agrani Bank Limited and former Board Member of South Asian Federation of Accountants (SAFA), Confederation of Asia Pacific Accountants (CAPA) and former Advisor of Bangladesh Securities and Exchange Commission & Financial Consultant of Oriental Bank Ltd.

Statement on Corporate Governance

The Board of Directors of Matin Spinning Mills Limited believes that good Corporate Governance is vital to strengthen the Company's sustainability, organizational effectiveness and foster a high-performance culture within the organization. Corporate Governance is a term that refers broadly to the rules, procedure and laws by which the business activities are operated, regulated and controlled in order to ensure the interest of the stakeholders of a corporate body.

Board of Directors

In line with the concept of good corporate management practice and the provisions of Articles of Association, The Board of Directors is the supreme authority of the Company. The Board is collectively responsible to the Company's shareholders for the success of the Company. The Board of Directors is reconstituted every year by the shareholders through retirement /re-election/ election of one third of its members.

Composition of the Board

The Board of Matin Spinning Mills Limited consists of 09 (nine) Directors, comprising eight Non- Executive Directors and One Independent Director having versatile knowledge, professional and adequate skills and expertise.

Procedure of the Board

The Board is responsible for formulation of overall planning, policies and strategies and guidelines of the activities and implementation thereof in attaining the goals and objectives of the company and ultimately remains accountable to the shareholders.

To follow transparency, the Board follows the practice of advance planning on matters requiring discussion and decision by the Board. The Board is apprised the presentation on finance, sales, marketing, major business segments and operations of the Company and other matters, as the members want. The Managing Director along with the Company Secretary finalizes the agenda papers for the Board meeting in consultation with the other person concerned. The minutes of the proceedings of each Board meeting are maintained in terms of statutory provisions.

The Board of Directors of Matin Spinning Mills Limited has laid down a Code of Conduct of all Board members and annual compliances of the code have been recorded.

In accomplishment of the affairs of the company, the Board is guided by Corporate Governance Principles as stipulated by BSEC and in compliance with the rules and regulations of Companies Act 1994, Memorandum and Articles of Association of the Company and the service rules of the Company and other relevant applicable laws and regulations. The Board also remains



responsible for efficient and effective implementation of the policies and strategies adopted from time to time.

Distinctive roles of the Chairman and the Managing Director

The position of the Chairman of the Board and the Managing Director of the Company are filled by the different individuals who are member of the Board. The respective roles and the responsibilities of the Chairman and the Managing Director are explicitly defined by the Board of Directors of Matin Spinning Mills Limited to enable them in discharging their responsibilities aptly and effectively.

Committee of the Board

In accordance with the requirement of corporate governance of BSEC, Matin Spinning Mills Limited has an Audit Committee as a sub-committee of the Board of Directors.

Audit Committee

The Board has formed an Audit Committee comprising of 3(three) members having adequate versatile and financial competence as specified in the Terms of Reference (TOR) prescribed by the BSEC duly approved by the Board. The Committee is empowered, among other things, to examine any matter relating to the financial affairs of the company and to review all audit and inspection programs, internal policies and adherence to compliance

requirements.

Member of the Audit Committee

Mr. M. Farhad Hussain FCA	Chairman
Mr. M. A. Rahim	Member
Mr. M. A. Quader	Member

Md. Shah Alam Miah FCS, Company Secretary is the Secretary to the Audit Committee.

The detail about Audit Committee including background, composition, responsibilities, meetings reporting and activities carried out by the Audit committee is disclosed in this annual report in "Report of the Audit Committee."

Chief Financial Officer

Matin Spinning Mills Limited has a Chief Financial Officer (CFO). He is a qualified Chartered Accountant and fellow member from the Institute of Chartered Accountants of Bangladesh (ICAB). He is responsible for accounts and finance activities of the Company. The Board of Directors clearly defined respective roles, responsibilities and duties of the CFO. In compliance with the corporate governance guidelines of the BSEC, the CFO attends meetings of the Board of Directors.

Company Secretary

As part of statutory requirement the Board of Directors of Matin Spinning Mills Limited has appointed a qualified Company Secretary. He is a Fellow Member of the Institute of Chartered



Secretaries of Bangladesh (ICSB). He is responsible for dealing with various corporate matters of the MSML and acts as officer of the Board, bridge in-between Board and other Stakeholders, custodian of the Shareholders and also conducts the statutory functions pursuant to the applicable laws and regulations. The Board of Directors clearly defined the roles, responsibilities and duties of the Company Secretary.

Head of Internal Audit

Matin Spinning Mills Limited has a Head of Internal Audit. He has completed Inter Level from the Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost and Management Accountants of Bangladesh (ICMAB). He is responsible for internal control and internal audit of the Company. The Board of Directors clearly defined respective roles, responsibilities and duties of the Head of Internal Audit.

Statutory Auditors

Masih Muhith Haque & Co., Chartered Accountants is the statutory auditor of the Company. They have conducted the audit in accordance with Bangladesh Standards on Auditing. In order to comply with the corporate governance, the Company did not involve its statutory auditors to perform the services other than statutory services as appointed for.

Internal Audit and Control

Matin Spinning Mills Limited considers that internal audit is one of the important regular functions of the Company. The Company has an independent internal audit department under control of the Audit Committee of the Board. This department gives effort to bring a methodical and disciplined approach to evaluate and improve the effectiveness of the organization's risk management process, system of internal control and governance.

Compliance

In order to ensure the effective functioning of the corporate governance for enhancing the confidence of investors, regulators, financiers, and other stakeholders, the MSML is committed to comply with all the requirements of the Corporate Governance as required by the Bangladesh Securities and Exchange Commission (BSEC).

Human Resource Development

Matin Spinning Mills Limited believes that the quality of the people plays the key role in driving and making the organization a success.

The vision of Matin Spinning Mills Limited is to work as a business driver and take necessary strategies as per the demand. Placing the right employee with the right quality for the right job, identifying the successor for the key positions and developing the leaders within the organization are the major focus areas for the Human Resources Development of Matin Spinning Mills Limited.

Matin Spinning Mills Limited has formulated specific retention strategy in terms of working environment, compensation package and career progression to ensure that critical resources and high performers stay and grow with the Company.

Matin Spinning Mills Limited believes in the continuous development of the employees and provides local and international training to ensure that the employees are updated with the latest technology and management practices and their quality and efficiency are regularly sharpened.

Statement of Risk Management and Internal Control

The Board of Directors of Matin Spinning Mills Limited recognizes the importance of sound internal controls and risk management practices to safeguard shareholders' investments and Company's assets. The Board affirms its overall responsibility for Company's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The Management is tasked by the Board to identify and assess the risks faced by the Company and to design, implement and monitor appropriate internal controls to mitigate and control the identified risks. As there are limitations that are inherent in any internal control environment, the system designed can manage rather than eliminate risks that may impact the achievement of the Company's business objectives. Therefore, it provides reasonable but not absolute assurance against material misstatement or loss. The ultimate owner of the internal control system is the Board of Directors as it ensures that the importance of internal controls is understood across the Company and that adequate resource allocations are available.

Risk Management

As part of its internal control and risk management system, the Company has in place an ongoing process for identifying, evaluating, monitoring and managing significant risks faced by the business. Risk Management is firmly embedded in the Company's management system and is every employee's responsibility as the Company firmly believes that this process is critical for the business' sustainability and enhancement of shareholder value. The process includes reviewing and updating the internal controls to take into consideration changes in the regulatory and business environment and it is regularly reviewed by the Board through the Audit Committee.

To ensure relevance, completeness and robustness of the risk mitigation actions, the Company also considers the factors of Business Continuity which is defined as the strategic and tactical capability of the organization to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable pre-defined level. To manage this effectively, the Company has in place a framework known as Business Continuity Management which is a holistic management process that identifies potential impacts that threatens an organization and provides a framework for building resilience and the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value creating activities. This process is developed and embedded throughout the Company from senior management down to the factory floor and across all sites and throughout the supply chain. Selected business continuity plans were reviewed, updated and tested during last year as a part of regular Governance. The Management team continually develops new plans to support changes in the business environment. Senior Managers own the continuity plans and they make formal presentations to the Audit Committee on their readiness to counter various adverse possibilities and likelihoods and regular updates are provided to the Audit Committee.

Internal Control Assessment Process

The annual Control Self-Assessment process has been the essential part to the Company's internal control and risk management system, which has been developed and embedded in the business over time. A detailed checklist is developed each year which sets out the various controls and process requirements across all functions in the Company and it is updated annually taking into consideration the transforming risk profile as dictated by changes in business and regulatory environment, strategies and functional activities from time to time. All functions of the Company complete this self-assessment together and effectiveness of the controls are assessed with action plans

with specific timelines and responsibilities are drawn up where controls are deemed to require further strengthening or enhancement to mitigate key risks. The outcomes of the assessment are reported to the Audit Committee.

Other key elements of the internal control and risk management system

Apart from the above, the other key elements of the company's internal control and risk management system which have been reviewed and approved by the Board are described below:

a) Policies, procedures and limits of authority

- Clearly defined delegation of responsibilities of the Board and to Management including organizational structures and appropriate authority levels.
- Clearly documented internal policies and procedures are in place and regularly updated to reflect changing risks or improve operational efficiency. All policies are approved by the Board and instances of non-compliance to policies and procedures, if any, are reported to the Audit Committee.

b) Strategic business planning, budgeting and reporting

- The Company Management prepares and provides regular and comprehensive information for the purpose of monitoring of performance against strategic plan as well as corporate plan, covering all key financial and operational indicators. On a quarterly basis, the Managing Director reviews with the Audit Committee all issues covering, but not restricted to, strategy, performance, resources and Standards of Business Conduct. The quarterly, half yearly and full year financials are reviewed by the Audit Committee as per the stipulated statutory timelines before they are recommended to the Board for approval.
- Detailed budgeting process requires all functions to prepare annual budgets for the Company.
- Effective reporting systems which allow the identification of significant variances against budgets and plans are in place to monitor performance. Key variances are followed up by Management and reported to the Board.



c) Insurance and physical safeguard

- Adequate insurance and physical security of major Company assets are in place to ensure that those are sufficiently covered against mishap that may result in material losses to the Company.

d) Other matters

- Written declaration from all management personnel confirming their compliance to the Company's Standard of Business Conduct and all conflicts of interest situations are formally collected and reviewed by the management annually and relevant actions are taken, if required, to mitigate relevant risks.
- Any significant control incidents are probed and assessed by relevant members of senior management in detail along with required action plans to correct control weakness and prevent recurrence.

Monitoring And Development Of Awareness Of Internal Control System

The system of internal control is monitored regularly through both on-going activities and separate evaluations. On-going monitoring activities are conducted through regular management activities. The Internal Audit function is responsible for providing an objective and independent view of the design and operational effectiveness of business controls and procedures, as well as management action in dealing with issues of control.

The Board, through the Audit Committee, ensures that awareness of internal control is enhanced throughout the Company. This occurs through management by self-assessment of controls, discussion of internal control issues at management meetings, off the job education on internal control and through creating an environment and control attitude within the Company that is challenging, proactive, and considers the worst case scenarios to measure the appropriateness of controls. The Board has delegated the process of reviewing the effectiveness of internal controls to the Audit Committee whose functions are described in the Audit Committee Report.

The Board is of the view that the system of internal control of the Company is forceful and able to detect any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.





Chairman's Message

Dear Shareholders,

Assalamu Alaikum,

It is indeed a great honour and privilege for me to greet you all to this 12th Annual General Meeting of your Company. It also gives me immense pleasure to place before you the Annual Report along with the audited accounts of your Company, auditors' report and directors' report thereon for the year ended on 30th June 2014.

I am pleased to report that despite deteriorating law and order situation and political unrest during 1st half of the year under report your Company achieved 6% growth in production volume and 8% increase in sales.

At Matin Spinning Mills Limited we believe that good corporate governance is vital for success and growth sustainability. We have an active Audit Committee, chaired by our Independent Director that regularly reviews the risks facing the business and the measures taken by the management to address these risks. The Audit Committee is ably assisted by a vibrant Internal Audit team. The company also has a strong internal control framework that gives reasonable assurance to the Board and management that the objectives of the business will be met.

Our long – term aim is to achieve stable progress and growth. It will continuously require us to further enhance our production capacity and expertise by adding 10 tons mélange yarn per day with the proceeds of IPO (Initial Public Offering) from the financial year 2015-2016. In this way, we can continue to deliver value to our stakeholders for many years to come.

Here I would like to take this opportunity on behalf of the Board of Directors and express my deepest appreciation to all our valued customers for their confidence in our products, to the employees for their tireless efforts, to the suppliers for their quality cotton, to the fellow honourable shareholders for their continuous support and interest for the welfare of the Company. We hope that the same support from all stake holders would continue in the coming years.

Thank you all.



Abdul Wahed
Chairman of the Board

Managing Director's Message

Dear Shareholders,

It is my great pleasure that I welcome you on behalf of the Board of Directors to the 12th Annual General Meeting of your Company. Annual Report containing audited accounts and directors' and auditors report thereon for the year ended 30th June 2014 has already been despatched to you for your kind perusal.

The Company has recorded Net Profit after tax of Tk 31.75 crore for the year ended as of June 30, 2014, which is higher by 26% compared to last year. However despite increase in production and sales volume by 6% and 8% respectively sales revenue dropped by 2.5% compared to last year due to fall of yarn price.

Currently we are implementing the expansion project with a capacity to produce additional 10.00 metric tons of Mélange yarn per day out of the IPO proceeds. With this additional capacity we will strive to produce more value added products in the coming years to enhance our profitability. In view of frequent interruption in gas supply we are in the process of searching more stable and economic power from alternative source to maintain uninterrupted production hence sustain productivity of the Company.

The Company is exploring more avenue for further future expansion and looking for suitable location to acquire land with better power connectivity by investing the surplus fund generated from its operation. We expect significant growth in sales and profitability in the upcoming years as well as reduction in finance cost due to shifting of dearer Taka loan amount into cheaper Dollar loan amount.

The Board of Directors recommended Cash Dividend at the rate of 25% for the year 2013-2014 subject to approval in the Annual General Meeting. This will involve an amount of Tk 24,37,25,000.

We thank you all for your continued support. I also take this opportunity to express my gratitude to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Central Depository Company of Bangladesh Limited and all regulatory bodies for their cooperation and support.

Thank you very much,



Mohammed Abdul Jabbar
Managing Director



Corporate Operational Results

	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010
	<i>(Taka in Millions)</i>				
Turnover	2,334	2,396	2,623	2,458	1,601
Gross Profit	455	467	510	548	304
Net Profit before Tax	414	308	255	334	141
Net Profit after Tax	317	251	205	281	124
Shareholders' Equity	3,844	2,265	2,016	1,812	1,346
Total Assets	4,959	3,844	4,139	4,079	3,194
Total Current Assets	2,944	1,878	2,084	1,969	1,374
Total Current Liabilities	789	1,279	1,670	1,689	1,136
Current Ratio	3.74	1.47	1.25	1.17	1.21
Ordinary Shares Outstanding	97,490,000	63,390,000	42,260,000	42,260,000	25,500,000
Face Value per Share	10	10	10	10	10
Shareholders' Equity Per Share	39.43	35.73	47.70	42.88	52.78
Earnings Per Share(EPS) weighted avg.	4.24	3.97	3.24	7.09	3.74
Quoted Price per Share(DSE)	42.20	N/A	N/A	N/A	N/A
Quoted Price per Share(CSE)	42.10	N/A	N/A	N/A	N/A
Price Earnings Ratio-DSE(Time)	9.95	N/A	N/A	N/A	N/A
Price Earnings Ratio-CSE(Time)	9.93	N/A	N/A	N/A	N/A
Cash Dividend Declared per Share	2.50	Nil	Nil	Nil	Nil
Stock Dividend Declared	Nil	Nil	50%	Nil	30%
Total Dividend Declared (%)	25%	Nil	50%	Nil	30%
Number of Shareholders	88,297	10	11	11	10
Human Resources (Person):					
Executives	58	48	36	35	37
Non-Executives	161	135	106	125	111
Workers	750	701	710	764	685

Directors' Report to the Shareholders

Dear Shareholders,

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and IAS – 1 (International Accounting Standards – 1) as adopted by the ICAB (The Institute of Chartered Accountants of Bangladesh), it is a pleasure of the Board of Directors to submit its Report to the Shareholders for the year ended 30 June 2014 in the following paragraphs:

Company Operations:

(1) CAPACITY/PRODUCTION

The total installed production capacity (at average 28s Ring) as of June 30, 2014 was as follows:

(1.1) Spindles	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
a) No. of Spindles Installed	39,600	39,600	39,600	39,600	39,600
b) No. of Spindles in operation	38,914	37,670	37,893	39,028	32,028
(1.2) Production Capacity Installed (Kg):					
At Equivalent 28s Count (Ring Yarn)	8,640,000	8,640,000	8,825,000	9,100,000	9,100,000
(1.3) Actual Production (Kg):					
At Equivalent 28s Count (Ring Yarn)	7,555,835	7,055,940	7,127,872	8,067,994	7,650,656
(1.4) Production Efficiency (%)	87.45%	81.67%	80.77%	88.66%	84.07%

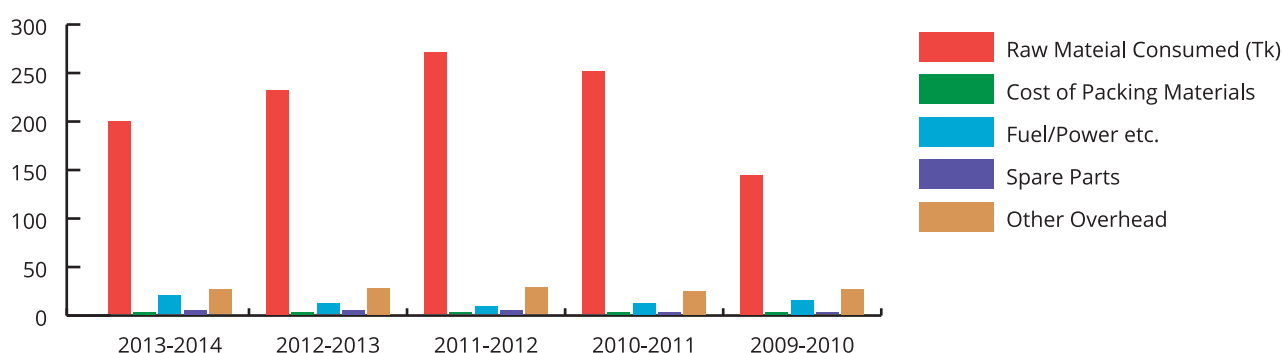
(2) COST OF PRODUCTION:

The cost of production has varied during the past years primarily due to wide fluctuations in the price of raw cotton, Packing materials, fuel & power and spare parts which were beyond the control of the Management. The level of costs and their incidences are given below:

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
(a) Output of Yarn(Kg)	7,268,020	6,886,102	6,456,758	7,390,747	6,268,065
(b) Cost of Major items (Tk):					
Raw Material Consumed	1,445,038,574	1,590,714,418	1,742,637,226	1,850,249,505	901,897,849
Packing materials	15,029,098	16,047,961	11,631,574	15,650,903	13,334,329
Fuel/Power etc.	140,654,344	76,213,546	52,829,112	84,958,668	92,280,221
Spare Parts	30,766,504	30,194,739	26,675,198	16,886,829	11,676,036
Other Overhead	186,035,083	185,344,980	179,432,292	178,318,331	163,350,104
Total Cost	1,817,523,603	1,898,515,644	2,013,205,402	2,146,064,236	1,182,538,539

(c) Unit Cost/Kg (TK):

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Raw Material Consumed	198.82	231.00	269.89	250.35	143.89
Cost of Packing Materials	2.07	2.33	1.80	2.12	2.13
Fuel/Power etc.	19.35	11.07	8.18	11.50	14.72
Spare Parts	4.23	4.38	4.13	2.28	1.86
Other Overhead	25.60	26.92	27.79	24.13	26.06
Unit Cost	250.07	275.70	311.79	290.38	188.66
Raw Materials Cost as % of Total	79.50%	83.79%	86.56%	86.22%	76.27%



The above chart reveals that overall unit cost decreased by (9.30%) in 2013-2014 over 2012-2013 due to decrease in raw material price (13.93%), Packing Material Price (11.15%), Spare Parts Price (3.42%) and other overheads (4.90%) except Fuel & Power which was increased by 74.80% over 2012-2013. During the year under review the price of raw cotton in the international market had marginally declined as a result of which its share in unit cost declined from 83.79% in 2012-2013 to 79.50% in 2013-2014.

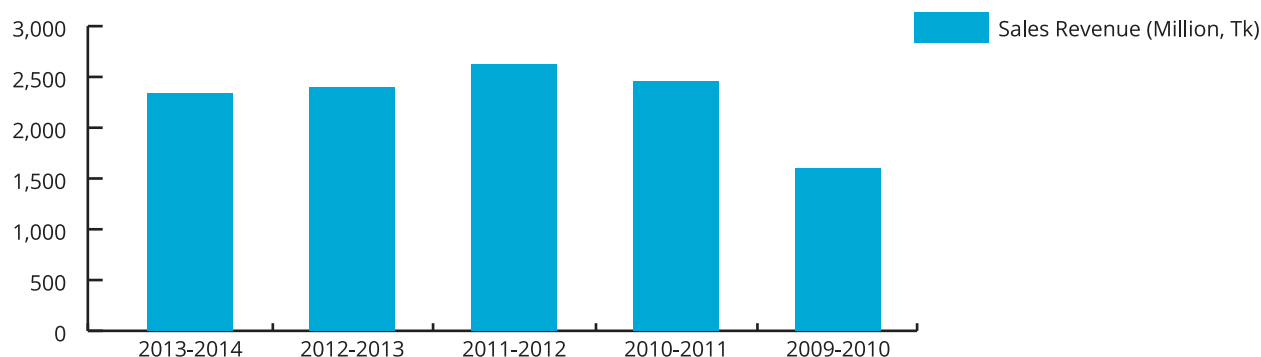
Marketing Operations:

(i) Market Exposure:

The Company's marketing operations continued its emphasis on export sales over the year as depicted below:

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
(a) Sales Volume(Kg)	7,567,931	6,983,472	6,731,905	6,645,855	6,485,863
(b) Sales Revenue(Tk)	2,334,384,001	2,395,782,610	2,623,615,416	2,458,002,913	1,600,557,219

SALES REVENUE



The above figure shows that the quantity sold from 2009-2010 to 2013-2014 increased gradually by 2.46%, 1.29%, 3.73% and 8.37% respectively. While sales revenue increased by 53.57% from 2009-2010 to 2010-2011 and 6.73% from 2010-2011 to 2011-2012 in line with increase in quantity sold. Sales revenue decreased 8.68% from 2011-2012 to 2012-2013 and 2.56% from 2012-2013 to 2013-2014 due to decrease in yarn price.

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
(ii) Unit Selling Prices Attained					
The selling Prices (Taka/Kg) over the years	308.46	343.06	389.73	369.86	246.78

The above indicate that selling prices decreased by 10.08% in 2013-2014 over 2012-2013, 11.97% in 2012-2013 over 2011-2012. While selling price increased by 5.37% in 2011-2012 over 2010-2011 and 49.87% in 2010-2011 over 2009-2010. This is primarily ascribable to the international situation and export demand.

Capital Expenditures:

Out of total Capital Expenditure of Tk 134,343,237 during the year 2013-2014, Tk 71,958,964 was spent for acquisition of land and Tk 41,561,171 was spent for civil construction of the up coming 10 Metric tons of Melange Yarn unit and other additions were part of continuing upgrading program of production facilities.

	(Taka)				
	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Land	71,958,964	5,288,400	4,924,745	102,300	23,511,809
Civil Construction	41,561,171	6,797,507	2,613,999	16,509,442	7,730,017
Plant and Machinery	16,823,865	-	28,819,917	77,557,888	18,882,326
Other Fixed Assets	3,999,237	2,365,541	1,297,092	39,544,882	26,396,757
Total	134,343,237	14,451,448	37,655,753	133,714,512	76,520,909

The above investments had enabled the company to sustain the rate of production efficiency at the reasonable level over the years.

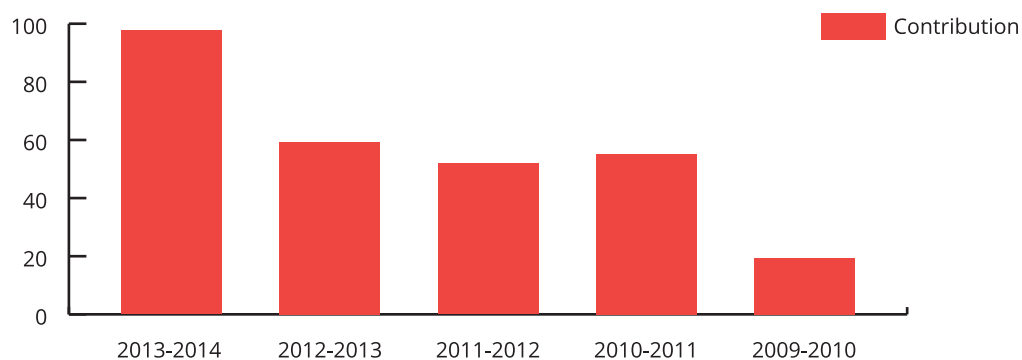
Contribution:

1. CONTRIBUTION TO NATIONAL EXCHEQUER:

The Company contributed an amount of Tk. 97.72 million during 2013-2014 to the National Exchequer consisting of the following:

	(Taka in Millions)				
	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Corporate Income Tax	96.54	56.58	49.40	52.70	17.23
Excise/VAT/Import Duties	0.19	1.18	1.24	1.11	1.51
Duties/License Fees	0.99	1.54	1.26	1.32	0.72
Total	97.72	59.30	51.90	55.13	19.46

CONTRIBUTION TO NATIONAL EXCHEQUER



2. FOREIGN EXCHANGE EARNED/ SAVED:

The Company contributed substantially to the Foreign Exchange Reserve of the Country during the FY 2013-2014 through its export marketing operation. This amounted to Tk 1,340 million as detailed below:

	<i>(Taka in Millions)</i>				
	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Total Export Earnings	2,825	2,355	2,523	2,458	1,398
Less: import costs/expenses					
Raw Cotton	1,447	1,586	1,628	1,406	976
Spare Parts	38	27	38	18	12
Net Foreign Exchange Earned	1,340	742	857	1034	410

3. VALUE ADDED STATEMENTS:

Sources of Funds

Net Turnover
Less: Bought in Materials and Services
Add: Other Income

Value Added

Applied in the following ways

Employees

Salaries, Wages, Gratuity and Other benefits
Contribution to Workers` Profit Participation & Welfare fund

Government

Corporate Tax
Other Government Dues

Provider of Capital

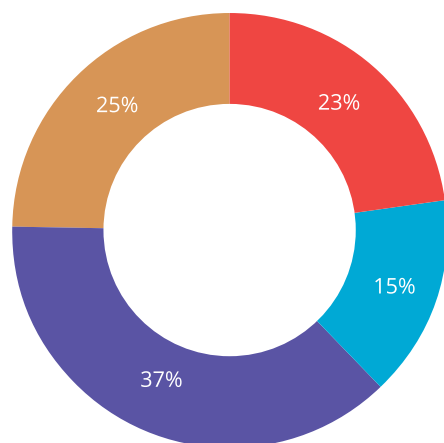
Dividend

Retained by the company

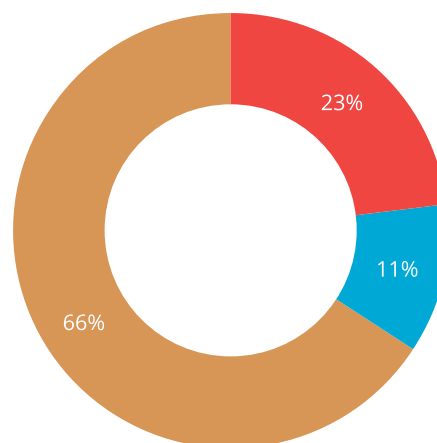
Depreciation
Retained Earnings

	(Taka)	(Taka)
	2013-2014	2012-2013
Net Turnover	2,334,384,001	2,395,782,610
Less: Bought in Materials and Services	(1,851,985,186)	(1,901,402,041)
Add: Other Income	168,088,956	35,436,631
Value Added	650,487,771	529,817,200
Employees	148,415,834	122,431,764
Salaries, Wages, Gratuity and Other benefits	127,715,169	107,011,642
Contribution to Workers` Profit Participation & Welfare fund	20,700,665	15,420,122
Government	97,716,870	59,299,317
Corporate Tax	96,538,319	56,577,224
Other Government Dues	1,178,551	2,722,093
Provider of Capital	243,725,000	-
Dividend		
Retained by the company	160,630,067	348,086,119
Depreciation	86,880,080	96,260,897
Retained Earnings	73,749,987	251,825,222
	650,487,771	529,817,200

2013-14



2012-13



■ Employees
 ■ Government
 ■ Provider of Capital
 ■ Retained by the Company

APPROPRIATION:

The net profit after tax of Tk 317,474,987 earned during the year 2013-14 has been appropriated in the following manner:

Cash dividend is recommended by Board of Directors at 25% (Tk 2.50 per share) for 2013-14. Tk 243,725,000

AUDITORS:

Masih Muhith Haque & Co. Chartered Accountants, have offered their willingness to be re-appointed as statutory auditors of the company. The Board recommends their appointment for the year 2014-2015 and to continue till the next Annual General Meeting.

MANAGEMENT APPRECIATION:

The Board of Directors record with deep appreciation the performance of the management, the officers, staff and workers whose relentless efforts helped increase the productivity as well as net profit despite the natural and unnatural adverse factors of production and marketing throughout the country. It is expected the employees and the management will continue to improve the results in the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors. The Directors express their gratitude and acknowledge with keen interest the cooperation and unflinching support received from various agencies including Bangladesh Securities and Exchange Commission, Stock Exchanges, CDBL, RJSC, National Board of Revenue and other agencies of the public and private sector.

For and on behalf of Board of Directors



Abdul Wahed
Chairman

Annexure

Additional statements by the Board of Directors as per notification dated 7 August 2012 from the Bangladesh Securities and Exchange Commission:

(i) Industry Outlook and possible future developments in the industry.

The Company is operating as a backward linkage industry to the RMG exporting Companies largely within DBL Group. Along with continuing growth of RMG sector in the country DBL Group is also in the continuing process of expansion of its capacity of RMG. Keeping in view the future growth potential of RMG sector in the country the Company has also taken policy to increase production capacity through establishment of Melange unit to meet the requirement of RMG. Therefore the outlook of the industry is bright.

(ii) Segment wise or product wise performance.

Segment wise or product wise performance is depicted in Note no. 24 in the Notes of Accounts.

(iii) Risk & Concerns.

The Company Management perceives investment risk within the national and international economic perspectives in relation to legal and moral requirements involving inter alia, intellectual property right, scientific intervention, WTO Regulation and monetary and fiscal investment policies and has prepared its production & marketing strategies to meet the challenges from these risks.

(iv) Discussion on Cost of Goods Sold, Gross Profit Margin & Net Profit Margin.

Cost of Goods Sold decreased slightly compared to last year mainly due to lower price of cotton, packing materials and spare parts though the fuel and power cost increased substantially. As a result, Gross Profit Margin in 2013-2014 stood at 19.47% compared to 19.50% in 2012-2013. Net Profit before tax Margin in 2013-2014 stood at 17.78% compared to 12.87% in 2012-2013. This was mainly due to decrease in Finance Cost and increase in Interest Income on bank deposits.

(v) Discussion on continuity of any Extra Ordinary gain or loss.

There was no extra – ordinary gain or loss in the financial statements under report.

(vi) Basis for related party transactions.

Related party transactions are depicted in note no. 41 in the notes to the accounts.

(vii) Utilization of proceeds from Public Issue.

	<i>(Taka)</i>
Proceeds from Public Issue	126,17,00,000
Exchange gain from proceeds received in Foreign Currency	1,34,491
Interest Income on IPO account	5,59,74,418
Total fund	<u>131,78,08,909</u>
Less: IPO Expenses	<u>1,70,95,017</u>
Investment/Expenses yet to be made	<u>130,07,13,892</u>
Above amount has been accounted for as follows:	
Fixed Deposit	124,88,23,660
Cash at Bank	5,18,90,232
Balance at 30 June 2014	<u>130,07,13,892</u>

(viii) Explanation if the financial results deteriorate after the company goes for IPO,

No deterioration of financial results during the year.

(ix) Explanation of significant variance occurs between Quarterly Financial Performance and Annual Financial Statements.

No significant variances have occurred between quarterly financial performance and annual financial statement.

(x) Remuneration to Directors including Independent Directors.

Remuneration of Directors has been shown in note no. 38 in the notes to the accounts. No such remuneration is given to the Independent Director.

(xi) Fairness of Financial Statement.

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

(xii) Maintenance of proper books of account.

Proper books of account of the Company have been maintained.

(xiii) Adoption of appropriate accounting policies and estimates.

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

(xiv) Compliance with ISA, BAS, IFRS and BFRS in preparation of Financial Statements.

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

(xv) Soundness of Internal Control System.

The Board of Directors assures the shareholders that the Company has a robust risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are not known at present, the Company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that the controls in place are adequate to address these risks.

(xvi) Ability to continue as a going concern.

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

(xvii) Significant deviations in Operating Results compared to last year.

Gross Profit Margin in 2013-2014 declined to 19.47% from 19.50% in 2012-2013. But Net Profit Margin after tax in 2013-2014 stood at 17.78% compared to 12.87% in 2012-2013. This was mainly due to decrease in Finance Cost and increase in Interest Income on bank deposits.

(xviii) Key operating and financial data of at least proceeding 5 (five) years.

Financial Results:

The Company's operating financial results as compared to the previous year are summarized hereunder:

	(Taka)				
	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010
Revenue	2,334,384,001	2,395,782,610	2,623,615,416	2,458,002,913	1,600,557,219
Cost of sales	1,880,133,607	1,929,142,051	2,113,551,486	1,910,334,630	1,296,578,957
Gross profit	454,250,395	466,640,559	510,063,930	547,668,283	303,978,261
Operating expenses	136,713,941	64,653,088	51,475,090	57,980,150	45,585,699
Finance cost	50,911,440	113,601,534	198,521,080	173,847,121	116,100,595
Operating Income	266,625,014	288,385,937	260,067,760	315,841,012	142,291,967
Other income	168,088,956	35,436,631	7,585,365	34,894,108	5,581,951
Net profit before WPPF	434,713,970	323,822,568	267,653,125	350,735,120	147,873,918
Workers' profit participation and welfare funds	20,700,665	15,420,122	12,745,387	16,701,672	7,041,615
Net profit before tax	414,013,305	308,402,446	254,907,738	334,033,448	140,832,303
Income Tax	92,695,210	50,920,337	40,719,480	41,186,608	2,093,232
Deferred tax	3,843,109	5,656,887	8,687,696	11,579,220	14,814,513
Net profit(loss) after tax	317,474,987	251,825,222	205,500,562	281,267,620	123,924,558
Gross Margin	19.46	19.48	19.44	22.28	18.99
Net Margin after Tax	13.60	10.51	7.83	11.44	7.74
Earnings per share (EPS) fully diluted	3.26	2.58	2.11	2.89	1.27
Return on Equity (ROE)	10.39	11.77	10.74	17.81	14.85
Outstanding Shares	97,490,000	63,390,000	42,260,000	42,260,000	2,550,000
Face value per share(Tk.)	10	10	10	10	10

Turnover decreased by 2.57% during the year 2013-2014 in comparison to 2012-2013 due to fall in dollar/yarn price.

Cost of goods sold (COGS) has decreased by 2.54% during the year of reporting due to decrease in cotton price, packing material price, spare parts and other overhead price despite an increase in fuel and power price.

(xix) Reasons for not declared dividend.

Not Applicable

(xx) Number of board meetings held during the year and attendance.

This has been narrated in note no 36 in the notes to the accounts

(xxi) Shareholding pattern.

Pattern of Shareholding as on 30th June, 2014

Name of the Shareholders	Status	Shares held	%
i. Parent/Subsidiary/Associated Companies and other related parties			
ii. Director:			
Abdul Wahed	Chairman	5,849,250	5.9998
M. A. Jabbar	Managing Director	5,849,250	5.9998
M. A. Rahim	Director	5,849,250	5.9998
M. A. Quader	Director	5,849,250	5.9998
Md. Hassan Imam	Director	2,130,000	2.1848
Selina Parveen	Director	2,130,000	2.1848
Tanzeen Rahim	Director	2,130,000	2.1848
Taslima Begum	Director	2,130,000	2.1848
iii. Managing Director, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Childrens :			
M. A. Jabbar	Managing Director, his spouse and minor children	7,979,250	8.1846
Abdul Matin FCA	Chief Financial Officer	-	-
Shah Alam Miah	Company Secretary	-	-
Faiyaz Uddin Ahmed	Head of Internal Audit	-	-
iv. Executives:			
Mr. A.N.M. Anwarul Azim	Technical Director	-	-
Mr. Shamimul Haque	GM – Production	1,400	0.0014
Mr. D.M. Abul Hossain	GM – Utilities	-	-
Mr. Azad Shahriaheer	DGM – Maintenance	1,000	0.0010
Ms. Farzana Hussain	AGM – Sourcing	-	-
v. Shareholders Holding 10% or more voting interest in the company:			
Jinnat Apparels Ltd	Sponsor Company	29,025,000	29.77

(xxii) Appointment / reappointment of Directors:

The Directors retiring as per Article 100 of the Company's Articles of Association are Mr. M. A. Rahim, Mr. M. A. Quader and Ms. Selina Parveen and being eligible offer themselves for re-election.

(xxiii) Directors' compliance on corporate governance:

This has been narrated in Statement on Corporate Governance part of the Annual Report.

**Certificate of Compliance to the Shareholders of
Matin Spinning Mills Limited
(AS required under the BSEC Guidelines)**


We have examined the Status Report along with relevant documents of Matin Spinning Mills Ltd. regarding the compliance of the provisions of Corporate Governance Guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC) under Notification No-SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 for the year ended 30 June 2014.

Such compliance to the codes of Corporate Governance is the responsibility of the company's management. Our examination was limited to the procedures and implementation thereof as adopted by the management in ensuring compliance to the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC with few exceptions as mentioned in the status report.

We also state that such compliance is neither an assurance as to the future viability of the company nor a certification on the efficiency or effectiveness with which the management has conducted the affairs of the company.

Dated, Dhaka
22 September, 2014


K. M. Alam & Co.
Chartered Accountants

Status report on compliance with the conditions imposed by the BSEC

(Report under condition No. 7.00)

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 and subsequently amended on July 21, 2013 issued under section 2CC of the Securities and exchange ordinance 1969.

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.	BOARD OF DIRECTORS:			
1.1	Board's Size: The number of the board members of the Company shall not be less than 5(five) and more than 20(Twenty)	✓		
1.2	Independent Directors:			
1.2(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.		✓	Two ID are required. One ID was appointed; appointment of another ID is under process.
1.2(ii)(a)	Independent director does not hold any share or holds less than 1% shares of the total paid up capital.	✓		
1.2(ii)(b)	Independent director or his family members are not connected with the company's any sponsor or director or shareholder who holds 1% or more shares.	✓		
1.2(ii)(c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		
1.2(ii)(d)	Independent director is not a member, director or officer of any stock exchange.	✓		
1.2(ii)(e)	Independent director is not a shareholder, director or officer or any member of stock exchange or an intermediary of the capital market.	✓		
1.2(ii)(f)	Independent director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm.	✓		
1.2(ii)(g)	Independent director shall not be an independent director in more than 3 (three) listed companies.	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.2(ii)(h)	Independent director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to bank or a non bank financial institution.	✓		
1.2(ii)(i)	Independent director has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2(iii)	The independent director shall be appointed by the board of directors and approved by the shareholders in the AGM.	✓		
1.2(iv)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days.		✓	
1.2(v)	The board shall lay down a code of conduct of all board members and annual compliance of the code to be recorded.	✓		
1.2(vi)	The tenure of office of an independent director shall be for a period 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	Qualification of Independent Director:			
1.3(i)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3(ii)	Independent director should be a business leader/corporate leader/bureaucrat/university teacher with economics or business studies or law background/professionals like chartered accountants, cost and management accountants, chartered secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	✓		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the commission.			Not Applicable

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.4	Chairman of the Board and Chief Executive Officer:			
1.4	Chairman of the Board and Chief Executive Officer shall be filled by different individuals. Chairman shall be elected from among the Directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		
1.5	The Directors' Report to Shareholders:			
1.5(i)	Industry outlook and possible future developments in the industry.	✓		
1.5(ii)	Segment wise or product wise performance	✓		
1.5(iii)	Risk and concerns.	✓		
1.5(iv)	A Discussion on Cost of Goods Sold, Gross Profit Margin & Net Profit Margin	✓		
1.5(v)	Discussion on continuity of any Extra ordinary gain or loss	✓		
1.5(vi)	Basis for related party transactions: A statement of all related party transactions should be disclosed in the annual report.	✓		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any other instruments.	✓		
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing etc.	✓		
1.5(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance in their Annual Report.	✓		
1.5(x)	Remuneration to directors including Independent Directors	✓		
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
1.5(xii)	Proper books of account of the issuer company have been maintained	✓		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.	✓		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
1.5(xviii)	Key operating and financial data of at least preceding 5(five) years shall be summarized.	✓		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			Not Applicable
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
1.5(xxi)	Pattern of shareholding:			
1.5(xxi)	Shareholding pattern	✓		
1.5(xxi)a	Parent/subsidiary/Associated Companies and other related parties (name wise details);	✓		
1.5(xxi)b	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5(xxi)c	Executives	✓		
1.5(xxi)d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5(xxii)	Appointment/reappointment of Directors:			
1.5(xxii)a	Resume of the Directors	✓		
1.5(xxii)b	Nature of his/her expertise in specific functional areas;	✓		
1.5(xxii)c	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
2.	CFO, HEAD OF INTERNAL AUDIT AND CS:			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal control and Compliance) and a Company Secretary (CS). The Board of director clearly define respective roles, responsibilities and duties of CFO, the head of Internal Audit and the CS.	✓		
2.2	Attendance of CFO and Company Secretary at the meeting of the Board of Directors	✓		
3.00	Audit Committee:			
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		Audit committee was formed on 29.04.2014 as a sub committee of Board.
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		Audit committee was formed on 29.04.2014 1 meeting was held during the year.
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		Audit Committee has started working
3.1	Constitution of the Audit Committee:			
3.1(i)	The audit committee shall be composed of at least 3 (three) members.	✓		
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the company and Shall include at least 1 (one) independent Director.	✓		
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management experience.	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.1(iv)	When the term of service of the committee members expires or there is any circumstance causing any committee member to be unable to hold office until expiration of the term of service, thus making the number of the committee members to be lower than the prescribed number of 3(three) persons, the Board of Directors shall appoint the new committee member(s) to fill up the vacancy(ies) immediately or not later than 1(one) month from the date "of vacancy(ies) in the committee to ensure continuity of the performance of work of Audit Committee.			Not Applicable
3.1(v)	The company secretary shall act as the secretary of the committee.	✓		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1(one) independent director.	✓		
3.2	Chairman of the Audit Committee:			
3.2(i)	The Board of Directors shall select 1(one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director.	✓		
3.2(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		Will be ensured.
3.3	Role of Audit Committee:			
3.3(i)	Oversee the financial reporting process.	✓		Process started.
3.3(ii)	Monitor choice of accounting policies and principles.	✓		Process started.
3.3(iii)	Monitor Internal Control Risk Management process.	✓		Process started.
3.3(iv)	Oversee hiring and performance of external auditors.	✓		Process started.
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		Process started.
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		Process started.
3.3(vii)	Review the adequacy of Internal Audit function	✓		Process started.
3.3(viii)	Review statement of significant related party transactions submitted by the management.	✓		Process started.
3.3(ix)	Review management Letters/ Letter of Internal control weakness issued by Statutory Auditors.	✓		Process started.

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.3(x)	When money is raised through Initial Public Offering, (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓		Process started, will be incorporated in Annual Report.
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		Process started.
3.4.1(ii)a)	Report on conflicts of interests	✓		Process started.
3.4.1(ii)b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		Process started.
3.4.1(ii)c)	Suspected infringement of laws, including securities related laws, rules and regulations.	✓		Process started.
3.4.1(ii)d)	Any other matter which shall be disclosed to the Board of Directors immediately.	✓		Process started.
3.4.2	Reporting to the Authorities	✓		Process started.
3.5	Reporting to the Shareholders and General Investors	✓		Will be incorporated in the Annual Report.
4.00	External/Statutory Auditors:			
4(i)	Non-engagement of external/satutory auditors in appraisal or valuation services or fairness opinions.	✓		
4(ii)	Non-engagement of external/statutory auditors in financial information systems design and implementation.	✓		
4(iii)	Non-engagement of external/statutory auditors in Book-keeping or other services related to the accounting records or financial statements.	✓		
4(iv)	Non-engagement of external/statutory auditors in Broker-dealer services.	✓		
4(v)	Non-engagement of external/statuory auditors in Actuarial services.	✓		
4(vi)	Non-engagement of external/statutory auditors in Internal audit services	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
4(vii)	Non-engagement of external/statutory auditors in any other service that the Audit Committee determines.	✓		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
4(ix)	Audit/ Certificate services on compliance of Corporate Governance as required under clause (i) of condition 7	✓		
5.00	Subsidiary Company:			
5(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			Not Applicable
5(ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			Not Applicable
5(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			Not Applicable
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			Not Applicable
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.			Not Applicable
6.00	Duties of Chief Executive Officer and Chief Financial Officer:			
6(i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
6(i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the company's code of conduct.	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
7.00	Reporting and Compliance of Corporate Governance:			
7(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7(ii)	The directors to the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		
7(iii)	Right Shares were not issued by the company in case of non compliance with the SEC notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 regarding Corporate Governance.	✓		

Statement on the duties of the Managing Director and the Chief Financial Officer

In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07, August 2012, we the undersigned hereby certify to the Board that-

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



M. A. Jabbar
Managing Director



Abdul Matin FCA
Chief Financial Officer



Report of the Audit Committee

Dear Shareholder(s)

Assalamu Alaikum

Matin Spinning Mills Limited established an Audit Committee as a sub-committee of the Board of Directors and they assist the Board of Directors in fulfilling its oversight responsibilities and ensuring that the financial Statement reflects true and fair view.

Composition of the Audit Committee

The Audit Committee is the sub- committee of the Board. The Committee comprises of three Directors. Mr. M. Farhad Hussain FCA, Chairman of the Committee is an Independent Director. Other members of the Audit Committee are Mr. M. A. Rahim and Mr. M. A. Quader, Directors of the Board. The Committee is supported by the Company Secretary who attends the Committee's meetings as the Secretary of the Committee. The Company Secretary also acts as the Corporate Compliance Officer of the Company. Meetings of the Committee are attended by the Chief Financial Officer (CFO), Head of Internal Audit and the others on invitation as and when required.

The Role and Responsibilities of the committee

The role and responsibilities of the Audit Committee are clearly mentioned in the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC). The Audit Committee assists the board in fulfilling its oversight responsibilities. The Audit Committee is empowered, to consider any matter relating to the financial affairs of the Company and to review all Internal and External audits, Internal Control Systems and procedures, accounting policies etc. To recognize the importance of oversight responsibilities of the Board with special emphasis on ensuring compliance with all applicable legislation and regulation, the prime responsibilities of the Audit Committee, among others, are as follows:

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Reviewing the adequacy and effectiveness of the Company's Internal Control Risk management process.
- Monitoring and reviewing the arrangements for ensuring the objectivity and effectiveness of the External and Internal Audit functions.
- Oversee hiring and performance of External Auditors.
- Review along with the management, the Annual Financial

- Statements before submission to the Board for approval.
- Review along with the management, the Quarterly and Half yearly Financial Statements before submission to the Board for approval.
- Review statement of significant related party transactions submitted by the management.
- Review Management Letters/ Letter of Internal Control weakness issued by the statutory auditors.
- Review the utilization report of Initial Public Offering (IPO) proceeds.
- Any other requirement assigned by the Board of Directors.

Activities in 2013-2014

- Reviewed the Annual Financial Statements for the year ended on 30 June, 2014.
- Examined the Financial reporting system.
- Approved the Audit Plan for the year, 2015.
- The committee considered the recommendations made by external and internal auditors of the company in their reports.
- Reviewed the appointment of external auditors.



M. Farhad Hussain FCA
Chairman, Audit Committee



Our CSR Activities

Diabetic Association of Bangladesh

Matin Spinning Mills Limited is very generous when it comes to serving the community for a great cause. Matin Spinning Mills Limited made significant charitable contribution to the Diabetic Association of Bangladesh in the year 2013. The donation was made in the form of financial assistance for the treatment of underprivileged people in need who can't afford to bear expenses on their own. The Diabetic Association of Bangladesh expands healthcare facilities to provide affordable healthcare for all Bangladeshis through self-sustaining centre of excellence. At Matin Spinning Mills Limited, we strongly believe that it is the duty of the private sector to come forward and extend help to institution like Diabetic Association of Bangladesh to ensure total healthcare including rehabilitation for all diabetics irrespective of gender, economic and social status.

Centre for Women and Child Health

Matin Spinning Mills Limited has always been committed to promote and raise awareness on women health since women represent a majority of the workforce in the textile sector in Bangladesh. Women workers and their childrens' health matter to Matin Spinning Mills Limited and the company can directly relate to the cause. The charitable contribution made to the Centre for Women and Child Health for the purchase of Computed Radiography System. Every year a considerable number of women and children mainly from poor families lose lives as a result of improper diagnosis due to lack of sophisticated modern medical equipment. The purchase of a Computed Radiography System can facilitate proper diagnosis of diseases and ensure preventive measures.

Alor Bhuban Gano Pathagar

Bangladesh is a flood prone region where every year we lose many lives and incur severe damages in infrastructures. As a consequence of the floods, many schools especially in the rural areas stay closed for a long time which hampers the regular school hours and affect children's education. In the light of such plight of poor rural children, Matin Spinning Mills Limited has donated to Alor Bhuban Gano Pathagar so that children in the flood affected areas could resume their academic activities without any disruptions.

Savar Rana Plaza Disaster Rehabilitation Fund

Matin Spinning Mills Limited has contributed to the Savar Rana Plaza Disaster Rehabilitation Fund in an effort to help out the families of the victims. The fund also aims at rehabilitating the injured workers and affected family members of the victims by other means.

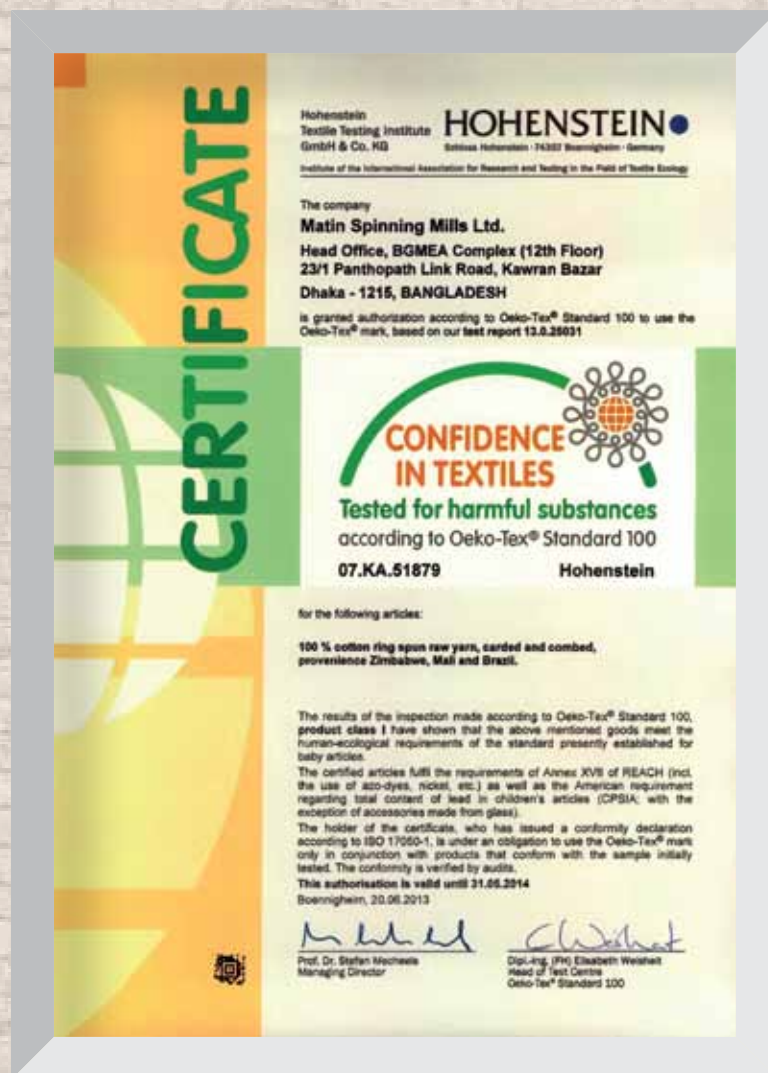
Energizing a Sustainable Future

All businesses having direct impact on the environment from their operations should work toward minimizing the increasing stress on the finite natural resources. It is high time that businesses operating in Bangladesh, the most vulnerable region to climate change, increase their business exposure to extreme climate related events on multiple levels, including their operations, supply chains and consumer base. As a responsible corporate citizen, Matin Spinning Mills Limited is committed to reduce its energy footprint and any adverse effect on the environment by the use of state-of-the-art technology on an ongoing basis. MSML strongly believes in balancing economic prosperity and social progress with care for the planet to ensure good quality of life for all. MSML has already taken environment management to another level from initially being a matter of mere responsibility to transforming into a competency and performance issue.

At MSML we are always working to protect the environment through improving energy efficiency with adoption of new technologies. Such an initiative is the Energy Efficiency Audit at MSML which has paved the way for improving energy efficiency and reducing green house gas (GHG) emissions which is a major contributor to climate change. Asian Development Bank (ADB) in collaboration with the Infrastructure Development Finance Company (IIDFC) Limited, has carried out an audit on energy efficiency. The objective of this particular audit is to identify and establish global best practices in the area of energy efficiency through improved technology applicable in the textile sector. 60% of the recommendations from the audit have already been implemented and the rest will be executed after extensive feasibility studies. At Matin Spinning Mills Limited, we have been able to reduce our energy consumption replacing the obsolete energy intensive machinery by high-tech ones.

In the wake of continuous depletion of energy sources and to meet the needs of the future, MSML has been constantly looking for alternative sources of energy. The company has been consciously working in this direction through the use of bio-gas as renewable source of energy, rain water harvesting and energy efficient machinery. MSML is also benefiting from the use of very high end products from Enecon Corporation, USA which offers advanced polymer composite technologies with unique chemical free and environment friendly industrial solutions to us.

Moreover, to minimize the loud noise caused by the heavy-duty generators, hundreds of trees and creepers have been planted around the factory premises which have helped to reduce the noise-level. To better understand the need of the community and to serve them to the best of our ability, we conduct surveys on regular basis. Through the surveys, the company identifies areas of improvement and takes strategic actions to mitigate the problems reported.





This is to certify that

Matin Spinning Mills Ltd.

is authorized to use the Supima® trademark and name as governed by Supima. The company is a member and licensee of Supima and has agreed to uphold the highest standards of quality and distribution of all Supima cotton textile products.

This also certifies that said licensee is purchasing, consuming or using yarn or fabric made from American Pima cotton that is grown in the United States of America, specifically in the states of California, Arizona, New Mexico and the El Paso region of Texas, and that the cotton is grown by a member in good-standing of Supima.

Effective: February 1, 2013 - December 31, 2013
Licensed Product: Yarns
License Number: 3A250003
Member Since: 2013



Jose W. Carlee
Jose W. Carlee, President
Supima

BUREAU VERITAS
Certification



Certification
Granted to

MATIN SPINNING MILLS LTD.

HEAD OFFICE: BOMEA COMPLEX (12TH FLOOR), 23/1 PANTHAPATH LINK ROAD,
KARWANBAZAR C/A, DHAKA, BANGLADESH.
FACTORY: SARDAGANJ, KASHIMPUR, GAZIPUR - 1700, BANGLADESH.

*Bureau Veritas Certification (India) Private Limited certify that the
Management System of the above organization has been audited and found
to be in accordance with the requirements of the standard detailed below*

STANDARD

ISO 9001:2008

SCOPE OF SUPPLY

PRODUCTION & SALE OF YARN.

PERMITTED EXCLUSION (S)

7.3 - Design and development.

Original Approval Date: **22 March 2011**
Next Recertification Due Before: **28 January 2014**

*Subject to the continued satisfactory operation of the organization's Management System,
this certificate is valid until:* **21 March 2014**

To check this certificate validity please call: **+91 22 6065 6350**

*Further clarifications regarding the scope of this certificate and the applicability of the
Management System requirements may be obtained by consulting the organization.*

Certificate Number: **IND11.8016U**

R. K. Sharma
R. K. SHARMA
Director

Bureau Veritas Certification
validity the certificate
certificate number: 008



008

Certification / Managing Office Address: "Manish Centre" 4th Floor, Kirti Khandi Market Marg,
Opp. New Industrial Estate, Off Joka 1 Street, South (West), Mumbai - 400 072, India.

Control Union Certifications
P.O. Box 161, 8900 AD Zwolle, The Netherlands
<http://www.controlunion.com>
tel.: +31(0)38-4260100

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

CERTIFICATE No: CU810036OE100-01.2013
REGISTRATION No: CU 810036

Control Union Certifications declares that
Matin Spinning Mills Ltd.
102, Green Road, Farmgate, Tejgaon

1215 Dhaka
BANGLADESH

has been inspected and assessed according to the
Organic Exchange 100 Standard (OE 100)
Version 1.3

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:
Yarns

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as
detailed in the annex) for certified products.

Exporting, Importing, Spinning, Storing, Trading

This certificate is Valid until: 23 May 2014

Place and date of issue:
Dhaka, 05 June 2013

Name of authorised person

On behalf of the Managing Director
Mr. F. Islam Khan
Certifier

Stamp of the issuing body



Standard's Logo



This certificate cannot be used as a transaction certificate.
The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

Certificate of Compliance, Page 1 of 3

CONTROL UNION CERTIFICATIONS

CU Inspections & Certifications India Private Limited.
Plot No C-113, TTC, Industrial Area, Pawane MIDC, Navi Mumbai 400709
Email: cuc@controlunion.in
Tel: +91-22-61294200 -299

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

CERTIFICATE No: CU10036OCS-01.2014
REGISTRATION No: CU 810036

CU Inspections & Certifications India Private Limited declares that

Matin Spinning Mills Ltd.
102, Green Road, Farmgate, Tejgaon
1215 Dhaka
BANGLADESH

has been inspected and assessed according to the
Organic Content Standard (OCS-IN)
Version 1.0
Organic Content Standard 100
Organic Content Standard Blended

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:
Yarns

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as
detailed in the annex) for certified products

Exporting, Importing, Spinning, Storing, Trading

This certificate is Valid until: 16 June 2015

Place and date of issue:
Dhaka, 17 June 2014

Name of authorised person

On behalf of the Managing Director
Mr. F. Islam Khan
Certifier

Stamp of the issuing body



Standard's Logo



This certificate cannot be used as a transaction certificate.
The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.
Accredited by: International Organic Accreditation Services (IOAS), Contract No 81

Certificate of Compliance, Page 1 of 4

AUDITORS' REPORT

To

The Shareholders of Matin Spinning Mills Ltd.

We have audited the accompanying financial statements of Matin Spinning Mills Limited which comprise the statement of financial position as at June 30, 2014 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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.

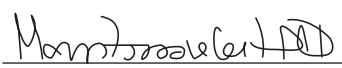
Opinion

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 June 30, 2014 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 Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- c) 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
- d) The expenditure incurred was for the purpose of the company's business.

Dated: Dhaka
September 17, 2014


(Masih Muhith Haque & Co.)
Chartered Accountants

Matin Spinning Mills Limited

Statement of Financial Position

as at 30 June 2014

		Amounts in Taka	
		At	At
		30 June 2014	30 June 2013
Assets	<u>Notes</u>		
Non - current assets			
Property, plant and equipment	04/Annex i&ii	1,866,690,176	1,860,788,189
Investment	05	98,522,982	97,595,300
Capital work-in-process	06	49,278,488	7,717,317
		147,801,470	105,312,617
Total non - current assets		2,014,491,646	1,966,100,806
Current assets			
Cash and bank balances	07	2,190,971,599	437,793,616
Accounts receivable	08	151,131,395	505,802,298
Inventories	09	395,214,339	510,087,596
Advances, deposits and prepayments	10	67,431,214	235,649,026
Due from sister concerns	11	139,455,850	189,119,431
		2,944,204,398	1,878,451,967
Total current assets		4,958,696,043	3,844,552,774
Total assets			
Equity and liabilities			
Share capital	12	974,900,000	633,900,000
Share Premium	13	920,700,000	-
Retained earnings	14	865,025,750	549,749,575
Tax holiday reserve	15	86,718,548	86,718,548
Revaluation reserve	16	995,915,687	994,813,376
		3,843,259,985	2,265,181,499
Total equity			
Non-current liabilities			
Long term bank loan	17	244,168,945	220,442,922
Deferred tax liability	18	82,343,250	79,602,452
		326,512,195	300,045,374
Total non-current liabilities			
Current liabilities			
Accounts payable	19	161,287,513	108,722,878
Share Application Money	20	6,614,431	-
Short term bank loan	21	348,786,756	781,972,806
Current portion of long term loan	22	97,632,305	197,482,484
Provision & accruals	23	174,602,859	191,147,734
		788,923,864	1,279,325,901
Total current liabilities		4,958,696,043	3,844,552,774
Total equity and liabilities			
NAV Per Share (With Revaluation reserves)	34.01	39.42	35.73
NAV Per Share (Without Revaluation reserves)	34.02	29.21	20.04

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 17th September 2014.


Chairman


Managing Director


Chief Financial Officer

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

Dhaka

Dated · September 17 · 2014

Matin Spinning Mills Limited


Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited

Income Statement

for the year ended 30 June 2014

		Amounts in Taka	
		Year ended 30 June 2014	Year ended 30 June 2013
	<u>Notes</u>		
Revenue	24	2,334,384,001	2,395,782,610
Cost of goods sold	25	(1,880,133,607)	(1,929,142,051)
Gross profit		454,250,395	466,640,559
Other income	26	168,088,956	35,436,631
		622,339,351	502,077,190
Administrative expenses	27	(134,769,555)	(63,961,420)
Distribution expenses	28	(1,944,386)	(691,668)
Net profit before finance cost		485,625,410	437,424,103
Finance costs	29	(50,911,440)	(113,601,534)
Net profit before workers' profit participation funds & tax		434,713,971	323,822,568
Contribution to workers' profit participation funds	30	(20,700,665)	(15,420,122)
Net profit before taxation		414,013,305	308,402,446
Income tax	31	(92,695,210)	(50,920,337)
Deferred tax	32	(3,843,109)	(5,656,887)
Net profit after tax		317,474,987	251,825,222
Earnings Per Share (EPS) (weighted average method)	33.01	4.24	3.97
Earnings Per Share (EPS) (Fully diluted basis)	33.02	3.26	2.58

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 17th September 2014.


Chairman


Managing Director


Chief Financial Officer

This is the income statement referred to in our annexed report.

Dhaka
Dated : September 17, 2014


Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited
Statement of Comprehensive Income
for the year ended 30 June 2014

	<u>Notes</u>	Amounts in Taka	
		Year ended 30 June 2014	Year ended 30 June 2013
Net profit after tax for the year		317,474,987	251,825,222
Deferred tax on other comprehensive income	32.01	1,102,311	1,163,192
Less: Unrealised loss for fair value adjustment	5.02	(2,198,812)	(3,427,965)
Total comprehensive income for the year		316,378,485	249,560,449

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 17th September 2014.


Chairman


Managing Director


Chief Financial Officer

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

Dhaka

Dated : September 17, 2014


Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited

Statement of Changes in Equity

for the year ended 30 June 2014

	Amounts in Taka					
	Share capital	Share Premium	Tax holiday reserves	Retained earnings	Revaluation reserves	Total
Year 2013						
Balance at 01 July 2012	422,600,000	-	86,718,548	512,652,318	993,650,184	2,015,621,050
Net profit for the year	-	-	-	251,825,222	-	251,825,222
Stock dividend	211,300,000	-	-	(211,300,000)	-	-
Unrealised loss for fair value adjustment				(3,427,965)		(3,427,965)
Other comprehensive income net of tax					1,163,192	1,163,192
Balance at 30 June 2013	633,900,000	-	86,718,548	549,749,575	994,813,376	2,265,181,499
Year 2014						
Balance at 01 July 2013	633,900,000	-	86,718,548	549,749,575	994,813,376	2,265,181,499
Net profit for the year	-	-	-	317,474,987	-	317,474,987
Share Premium		920,700,000				920,700,000
Share Capital	341,000,000					341,000,000
Stock dividend	-	-	-	-	-	-
Unrealised loss for fair value adjustment				(2,198,812)		(2,198,812)
Other comprehensive income net of tax					1,102,311	1,102,311
Balance at 30 June 2014	974,900,000	920,700,000	86,718,548	865,025,750	995,915,687	3,843,259,984

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 17th September 2014.

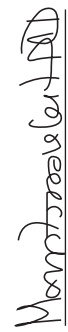

Chairman


Managing Director

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

Dhaka
Dated : September 17, 2014


Chief Financial Officer


Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited

Statement of Cash flows

for the year ended 30 June 2014

		Amounts in Taka	
		Year ended 30 June 2014	Year ended 30 June 2013
A. Cash flows from operating activities			
Collection from customers		2,721,332,803	2,806,235,399
Sale of cotton (local)		62,406,980	43,506,052
Other Income		163,140,641	33,790,656
Cash generated from operations		2,946,880,423	2,883,532,107
Cash paid to suppliers and employees		(1,730,139,162)	(1,994,745,554)
Interest/share of profit paid on loans		(50,911,440)	(113,601,534)
Income tax paid		(63,960,000)	(20,220,000)
Payment made to workers' profit participation funds		(23,743,287)	-
Net cash flows from operating activities		1,078,126,535	754,965,018
B. Cash flows from investing activities			
Acquisition of property, plant and equipment		(92,782,066)	(8,019,604)
Capital work-in-process		(41,561,171)	(6,431,844)
Dividend Income		726,880	430,800
Net cash used in investing activities		(133,616,357)	(14,020,648)
C. Cash flows from financing activities			
Long term loan received /(paid)		(76,124,156)	(166,720,753)
Short term loan from/(repaid to) bank		(433,186,050)	(501,126,018)
Share Capital		341,000,000	-
Share Premium		920,700,000	-
Share application money refundable		6,614,431	-
Inter-company debts Received/paid		49,663,581	36,066,724
Net cash from/(used in) financing activities		808,667,806	(631,780,048)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)		1,753,177,983	109,164,322
E. Opening cash and cash equivalents		437,793,616	328,629,294
F. Closing cash and cash equivalents (D+E)		2,190,971,599	437,793,616

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 17th September 2014.


Chairman



Managing Director


Chief Financial Officer

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

Dhaka

Dated : September 17, 2014


Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited

Notes to the financial statements for the year ended 30 June 2014

General

01 Reporting entity

1.01 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. The company floated its shares to the public through IPO in January-2014 and the shares of the company were listed in both Chittagong and Dhaka Stock Exchanges on 27th March & 2nd April 2014 respectively.

1.02 Nature of Business

The company is a 100% export oriented backward linkage spinning industry established to manufacture and sale all types of Cotton, Viscose, Polyester and CVC yarn to export oriented knit garments industries. The factory is situated at Sardagonj, Kashimpur, Gazipur, Dhaka. The company commenced commercial production on October 01, 2006.

02 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 were 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 - 18	Revenue
BAS - 21	The effects of changes in foreign exchange rates
BAS - 23	Borrowing Costs
BAS - 24	Related Party Disclosures
BAS - 28	Investments in associates
BAS - 33	Earnings per Share
BAS - 36	Impairment of Assets
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 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

2.03 Date of authorisation

The Board of Directors authorised the financial statements for issue on 17th September, 2014

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 2013 to 30 June 2014 and is followed consistently.

03 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 Going concern

The company has adequate resources to continue the operation for foreseeable future and hence, the financial statements have 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.

3.03 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 :

- i Significant risk and reward of ownership associated with the goods is transferred to the buyer.
- ii Sale of goods of the company usually occurs at the time of delivery of goods along with invoices.
- iii The company has no managerial involvement of the ownership of the goods.
- iv The amount of revenue and the cost of the transaction can be measured reliably.
- v It is probable that the economic benefit associated with the transaction will flow to the company.

3.04 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs) require management to make judgments, estimates and assumptions which affect 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 have been 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 judgment 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 – 08	Accounts Receivable
Note – 09	Inventories
Note – 18	Deferred Tax Liability
Note – 19	Accounts Payable
Note – 23	Provisions & accruals

3.05 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.

3.06 Statement of Changes in Equity

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

3.07 Property, plant and equipment

A. Recognition and Measurement

The cost of an item of property, plant and equipment shall be recognized as an asset if and only if it is probable that the future economic benefit associated with the item will flow to the entity, and the cost of the item can be measured reliably.

Fixed assets have been accounted for at cost less accumulated depreciation, cost includes expenditure that is directly attributable to the acquisition of the items.

B. Depreciation

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 on day basis as and when the assets are ready for operation. 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	Nil
Factory building	5
Godown	10
Plant and machinery	10
Furniture and fixtures	10
Gas equipment	15
Generator	15
Office equipment	15
Electric installation	15
Deep tubewell	20
Vehicles	20

C. Impairment

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss is recognized as an expense in the income statement.

3.08 Investment

Investment in Share

Investment is initially recognized at cost including acquisition charges with the investment. After initial recognition, the investment in marketable ordinary shares have been valued at market price on an aggregate portfolio basis. Investment in non marketable shares have been valued at cost. Full provision for diminution in value of share as on closing of the year on aggregate portfolio basis is made in the Financial Statements.

3.09 Capital Work in Process

Capital work-in-process comprises Construction work of a godown and expansion unit of Melange yarn project.

3.10 Cash and cash equivalents

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

3.11 Accounts receivable

Accounts receivable at the Balance Sheet date is stated at amount which are considered realizable. Specific allowance is made for receivable considered to be doubtful of recovery.

3.12 Inventories

Physical inventory has been taken at year end by the management which are valued at cost or net realizable value whichever 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.

3.13 Advance , Deposit and Prepayments

Advance , Deposit and Prepayments comprise salary advance, supplier advance, security deposit to Titas Gas Transmission and Distribution Co. Ltd. which will be adjusted against their bills and refundable by the suppliers at the end of the service period.

3.14 Current account with sister concerns

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

3.15 Capital

Share Capital

Share capital is fully paid up by the shareholders. Details have been mentioned in note -12

Share Application Money

The share application money consists of the money against IPO applicants who were unsuccessful in lottery. The money is in the process of being refunded to the unsuccessful applicants.

3.16 Retained Earning

Retained earning represents available distributable profit to the share holders after making all necessary adjustment in the financial statements.

3.17 Tax holiday reserves

The company had been granted Tax holiday for the period of four years with effect from 1st October 2006 by the National Board of Revenue (NBR) vide Memo No: 11(87) Anu-1/2006/1097 dated 02 September 2008, which expired on 30 September 2010.

3.18 Deferred Tax

Deferred tax is recognized on difference between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax based assets in the computation of taxable profit. Deferred tax liability are generally recognized for all taxable temporary difference and deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which those deductible temporary difference can be utilized.

3.19 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 an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.20 Finance costs

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

3.21 Finance income

Finance income comprises interest income on loan granted to sister concerns. The rate of interest is 11% on monthly basis as per deed of agreement.

3.22 Workers' profit participation fund

Allocation for workers' profit participation funds has been made @ 5% of profit before charging such expenses as per provisions of the Labour Act -2006.

3.23 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.

3.24 Materiality and Aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the company has the legal right to set off the amounts and intends to settle on net basis. Income and expenditure are presented on a net basis only when permitted by the relevant accounting standards.

3.25 Earnings per share

Earnings per share (EPS) has been calculated in accordance with Bangladesh Accounting Standard (BAS-33) "Earnings Per Share" is shown on the face of Income Statement and computation is shown in note - 33.

Basic earning per share

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

Weighted average number of ordinary shares outstanding during the year:

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighting factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the number of days in the year.

3.26 Related party disclosure

As per Bangladesh Accounting Standard (BAS -24) the parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The company carried out transactions in the ordinary course of business on an arm's length basis with its related parties.

				Amounts in Taka	
				At 30 June 2014	At 30 June 2013
04	Property, plant and equipment				
A	ASSETS AT COST (Non Revalued Assets):				
	Opening balance (at cost)			2,029,624,173	2,021,604,569
	<u>Add</u> : Additions			92,782,066	8,019,604
				2,122,406,239	2,029,624,173
	<u>Less</u> : Disposal/Adjustment			-	
	Closing balance (a)			2,122,406,239	2,029,624,173
	Accumulated Depreciation				
	Opening balance			1,177,936,621	1,089,430,338
	<u>Add</u> : Charges for the year			79,531,342	88,506,283
				1,257,467,964	1,177,936,621
	<u>Less</u> : Disposal/Adjustment			-	
	Closing balance (b)			1,257,467,964	1,177,936,621
	Written Down Value (a-b)			864,938,276	851,687,552
B	REVALUED ASSETS :				
	Opening balance (at revalued cost)			1,033,677,512	1,033,677,512
	<u>Add</u> : Additions			-	-
				1,033,677,512	1,033,677,512
	<u>Less</u> : Disposal/Adjustment			-	
	Closing balance (a)			1,033,677,512	1,033,677,512
	Accumulated Depreciation				
	Opening balance			24,576,875	16,822,262
	<u>Add</u> : Charges for the year			7,348,737	7,754,613
				31,925,612	24,576,875
	<u>Less</u> : Disposal/Adjustment			-	
	Closing balance (b)			31,925,612	24,576,875
	Written Down Value of Revaluation Assets (a-b)			1,001,751,900	1,009,100,637
	Total Written Down Value (A+B)			1,866,690,176	1,860,788,189
	Details of fixed assets are shown in Annex i & ii				
05	Investment				
	Investment in equity of sister concern	5.01		25,000,000	25,000,000
	Investment in marketable securities	5.02		22,722,982	21,795,300
	Share Money Deposit(DBL Ceramics Ltd)			50,800,000	50,800,000
				98,522,982	97,595,300
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	25,000,000
				25,000,000	25,000,000

a) DBL Ceramics Ltd is an associate company of Matin Spinning Mills Ltd. and the company has not started operation as on 30.06.2014.

b) Paid up capital of DBL Ceramics Ltd. is Tk. 100,000,000.

5.02 Investment in marketable securities

Opening balance

Add: Addition during the year

Realised gain /(loss)

Unrealised gain /(loss) for fair value adjustment

Closing balance

Amounts in Taka	
At 30 June 2014	At 30 June 2013

21,795,300	28,572,100
-	-
21,795,300	28,572,100
3,126,494	(3,348,835)
(2,198,812)	(3,427,965)
22,722,982	21,795,300

Particular	No. of Share	Rate	Cost Value	Market rate as on 30 June 2014	Market Value as on 30 June 2014
Al Arafah Bank Ltd	132,795	16.33	2,168,542	14.40	1,912,248
Dhaka Bank Ltd	110,775	20.29	2,247,625	20.00	2,215,500
Eastern Bank Ltd	75,000	30.80	2,310,000	28.80	2,160,000
IFIC Bank Ltd.	31,625	36.57	1,156,526	24.50	774,813
Mercantile Bank Ltd	338,800	15.43	5,227,684	15.00	5,082,000
Mutual Trust Bank Ltd	158,400	15.91	2,520,144	17.90	2,835,360
One Bank Ltd	165,000	14.60	2,409,000	12.90	2,128,500
Standard Bank Ltd	111,500	15.33	1,709,295	11.30	1,259,950
Trust Bank Ltd	129,360	18.59	2,404,802	14.80	1,914,528
Uttara Bank Ltd	66,550	29.53	1,965,222	24.60	1,637,130
Balance in BO Account			802,953		802,953
	1,319,805		24,921,794		22,722,982

06 Capital work-in-process

Mellange Project

6.01

36,309,701

7,717,317

Godown - 3

6.02

12,968,787

-

49,278,488

7,717,317

6.01 Mellange Project

Opening Balance

7,717,317

1,285,473

Add: Addition during the year

28,592,384

6,431,844

Closing Balance

36,309,701

7,717,317

6.02 Godown - 3

Opening Balance

-

-

Add: Addition during the year

12,968,787

-

Closing Balance

12,968,787

-

07 Cash and bank balances

Cash in hand

1,570,374

2,353,938

Fixed Deposit

1,792,823,660

194,000,000

Bank balances with:

Islami Bank Bangladesh Ltd

Current account

607,779

4,341,995

Marginal deposit Account (Special)

52,383

1,642,383

Marginal deposit Account (Normal)

1,259,948

1,614,089

Marginal deposit Under Reserve

144,466

144,466

Foreign currency account

7,713

60,247,753

Exim Bank Ltd, STD account

53,026,997

2,837,796

		Amounts in Taka	
		At 30 June 2014	At 30 June 2013
Mercantile Bank Ltd			
STD account	728	1,039,547	
Foreign currency account	27,441	28,279	
Dhaka Bank Ltd			
STD account	327,661	329,963	
HSBC Bank Ltd			
STD account	16,409,762	9,880,004	
Foreign currency account	260,868,331	11,553,772	
City Bank Ltd			
STD account	61,450	358,339	
Foreign currency account	2,713,057	80,250,209	
Prime Bank Ltd			
STD account	1,167	3,412,012	
Foreign currency account	52	63,759,070	
Standard Chartered Bank			
STD account	496,440	-	
BRAC Bank Ltd.			
STD account	58,847,543	-	
Foreign currency account	1,724,648	-	
	2,190,971,599	437,793,616	
08 Accounts receivables	151,131,395	505,802,298	
A. Due from export sales:			
Apex Spinning & Knitting Mills Ltd.	3,754,351	-	
Bentex Industries Ltd	-	211,835	
JK Knit Composite Ltd	-	105,826	
Lithium Knit Fabrics Ltd	6,908,666	6,908,666	
Virtual Knitwears Ltd	4,370,419	-	
Utah Knitting & Design Ltd.	6,638,312	3,052,453	
Jointex Knit Wears Ltd.	13,106,291	9,253,665	
Probashi Knitwears Ltd.	-	1,461,500	
Others	3,909,700	1,708,296	
Sub total	38,687,739	22,702,242	
B. Due from sister concerns:			
Flamingo Fashions Ltd	34,502,530	327,144,981	
Jinnat Apparels Ltd	-	196,659	
Jinnat Fashions Ltd	1,976,769	79,475,311	
Jinnat Knitwears Ltd	24,692,531	55,755,266	
Matin Knitwears Ltd	6,326,765	16,004,051	
Hamza Textiles Ltd.	8,143,375	-	
Sub total	75,641,970	478,576,268	
C. Bank interest receivable on FDR	36,801,687	4,523,788	
Grand Total (A+B+C)	151,131,395	505,802,298	

Age analysis of Debtors:

	1-3 Months	4-6 Months	above 6 Months	Total	Total
Sale of yarn	101,268,950	6,152,092	6,908,666	114,329,708	501,278,510
Interest receivable on FDR			36,801,687	36,801,687	4,523,788
	101,268,950	6,152,092	43,710,353	151,131,395	505,802,298

I. Accounts receivable 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.

II. Accounts receivable considered good for which the company holds no security other than the personal security :-

There is no such accounts receivable in this respect as on 30 June 2014

III. Accounts receivable considered doubtful or bad :-

Tk 6,908,666 receivable from Lithium Knit Fabrics Ltd has been considered doubtful for which full provision has been incorporated in financial statements.

IV. Accounts receivable from the Directors or other officers of the company:-

There is no such accounts receivable in this respect as on 30 June 2014

V. Accounts receivable from Management :-

There has been an amount of Tk 75,641,970 due as accounts receivable under common management.

VI. Provision for doubtful or bad debts :-

A money suit case no. 14/13 dated 8 April 2013 has been lodged in the High Court Division for the recovery of the outstanding amount from Lithium Knit Fabrics Ltd. Next course of action will be taken on the basis of the final decision of the High Court.

		Amounts in Taka	
		At 30 June 2014	At 30 June 2013
09	Inventories		
	Note		
	Raw cotton	279,510,501	339,027,596
	Finished yarn	35,615,731	127,936,975
	Packing materials	1,616,866	1,256,053
	Work-in-process	49,905,867	20,194,627
	Spare parts	28,565,373	21,672,345
		395,214,339	510,087,596

Quantity wise detail breakup of Packing Materials and Spare Parts could not be given as it was difficult to quantify each item separately due to large variety of goods of packing materials and spare parts.

09.01

Raw cotton

Raw Cotton Inventory is accounted as follows:

Value

Particular

Conventional Cotton

Organic Cotton

Synthetic Fiber

Total

Quantity (KG)

Particular

Conventional Cotton

Organic Cotton

Synthetic Fiber

Total

Cost Per Kg

Particular

Conventional Cotton

Organic Cotton

Synthetic Fiber

09.02

Finished yarn

Finished goods Inventory is accounted as follows:

Value

Particular

Carded

Combed

Slub

Synthetic

Total

Quantity (KG)

Particular

Carded

Combed

Slub

Synthetic

Total

Cost Per Kg

Particular

Carded

Combed

Slub

Synthetic

Amounts in Taka	
At 30 June 2014	At 30 June 2013

	208,318,643	267,920,832
	50,149,123	38,240,261
	21,042,736	32,866,503
	279,510,501	339,027,596
	1,248,571	1,455,377
	298,372	242,027
	129,192	218,545
	1,676,135	1,915,950
	166.85	184.09
	168.08	158.00
	162.88	150.39
	19,938,816	61,867,062
	8,385,383	46,598,635
	1,483,142	4,097,812
	5,808,389	15,373,466
	35,615,731	127,936,975
	82,443	225,116
	29,379	142,560
	5,021	12,661
	24,200	60,617
	141,043	440,953
	241.85	274.82
	285.42	326.87
	295.41	323.66
	240.02	253.62

		Amounts in Taka	
		At 30 June 2014	At 30 June 2013
09.03	Packing materials		
	Opening balance	1,256,053	2,502,999
	Purchase during the year	15,389,912	14,801,015
	Packing materials available for consumption	16,645,965	17,304,014
	Consumption during the year	15,029,099	16,047,961
	Closing balance	1,616,866	1,256,053
09.04	Work-in-process		
	Work-in-process Inventory is accounted as follows:		
		Quantity (KG)	
		2013-2014	2012-2013
		Amounts in Taka	
		2013-2014	2012-2013
	Blow Room	155,114	-
	Carding	4,704	2,816
	B. Drawing	3,743	2,206
	Combing	1,027	2,253
	F. Drawing	4,682	4,404
	Simplex	10,536	20,543
	Ring Frame	47,850	39,600
	Winding	3,547	2,600
	Packing	21,396	15,950
	Total	252,599	90,372
09.05	Spare parts		
	Opening Balance	21,672,345	25,303,202
	Add: Addition during the year	37,659,531	26,563,882
		59,331,877	51,867,084
	Less: Consumption during the year	30,766,504	30,194,739
	Closing balance	28,565,373	21,672,345
10	Advance and deposits		
	Advance	Notes	
	Salary & Allowances		769,235
	Construction	10.01	1,749,515
	Expenses	10.02	35,012,379
			37,531,129
	Deposits		
	Margin and deposit	10.03	21,534,815
	Security deposit for Utilities	10.04	8,365,270
			29,900,085
			67,431,214
10.01	Construction		
	Abdur Rouf - Earth Cutting	29,061	-
	Local Purchase	165,138	176,333
	Lohajong Steel Corporation	-	114,350
	Rashida Enterprise	-	28,379
	Shahjahan Brothers	460,000	-
	Elias - Paint & Polish	-	10,519
	Quantam Builders & Engineering Ltd	595,316	-
	Project consultant & Construction	500,000	200,000
		1,749,515	529,581

			Amounts in Taka	
			At 30 June 2014	At 30 June 2013
10.02	Expenses			
	Abdul Haque & Sons		534,000	-
	Bangla Trac Ltd		2,890,918	1,145,238
	Md. Farhad Ali		58,871	-
	MJL Bangladesh Ltd		558,711	202,540
	Prime Glass & Aluminium Centre		-	1,468,411
	Trans Bangla Logistic		-	1,602,100
	Others		914,632	-
	Advance income Tax (10.02.01)		30,055,247	42,237,463
			35,012,379	46,655,752
10.02.01	Advance income Tax			
	Income Tax on Export	10.02.01(i)	20,690,356	41,389,717
	Tax on Interest Received (Bank)	10.02.01(ii)	9,364,891	847,745
			30,055,247	42,237,463
10.02.01(i)	Income Tax on Export			
	Opening Balance		41,389,717	22,873,398
	Add: Addition during the year (Rule - 53 BBBB)		20,690,356	18,516,319
	Less: Adjustment against provision for previous years AIT		(41,389,717)	-
	Closing Balance		20,690,356	41,389,717
10.02.01(ii)	Tax on Interest Received (Bank)			
	Opening Balance		847,745	140,349
	Add: Addition during the year (Rule - 53 F)		9,364,890	707,397
	Less: Adjustment against provision for previous years AIT		(847,745)	-
	Closing Balance		9,364,891	847,745
Advance tax represents advance income tax deducted at source @ 0.80 % from 01.07.13 to 21.04.2014 under section 53 BBBB dt. 01.07.2012 & @ 0.60 % from 22.04.2014 till now as per SRO - 68 dated 22.04.2014 on export proceeds and 10 % on interest received from bank under section 53 F dt. 01.07.2012.				
10.03	Margin and deposit			
	Margin against Cotton		1,710,615	11,886,741
	Materials in Transit (Cotton)		18,197,829	167,490,708
	Margin Against Bank Guarantee		760,000	-
	Machineries in Transit		866,371	957,739
			21,534,815	180,335,188
10.04	Security deposit for Utilities			
	Margin Against Bank Guarantee (Titas Gas)		7,771,430	7,771,430
	Central Depository Bangladesh Ltd (CDBL)		500,000	-
	Security Deposit for Electricity		93,840	93,840
			8,365,270	7,865,270

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

	1-3 Months	3-6 Months
Salary & Allowances	-	769,235
Construction	-	1,749,515
Expenses	-	35,012,379

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

Amounts in Taka	
At 30 June 2014	At 30 June 2013

11 Due from sister concerns

(a) Due from sister concerns (Principal):

DBL Ceramics Ltd.		
Opening Balance	140,819,768	192,376,666
Less: Realized during the year	(5,082,706)	(51,556,898)
Sub total (a)	135,737,062	140,819,768

Note: This has been subsequently realized.

(b) Due from sister concerns (Interest):

DBL Ceramics Ltd.		
Opening Balance	48,299,663	32,809,489
Add: Interest charged during the year	15,336,419	15,490,174
Less: Paid during the year	(59,917,294)	-
Sub total (b)	3,718,788	48,299,663
Grand total (a + b)	139,455,850	189,119,431

This has been subsequently realized.

- i) All the loan amounts are considered good and recoverable from DBL Ceramics Ltd.
- ii) Loan given to associate company, DBL Ceramics Ltd under deed of agreement between Matin spinning mills ltd and DBL Ceramics ltd. The terms and conditions of agreement are as follows :

Name of the company	Relationship	Purpose of loan	Tenure	Rate of interest	Basis of Interest
DBL Ceramics Ltd.	Associate	Project	2 years	11 %	Simple

12 Share capital

Authorised

150,000,000 ordinary shares of Taka 10 each

Issued and paid-up

97,490,000 ordinary shares of Taka 10 each fully paid up

Amounts in Taka	
At 30 June 2014	At 30 June 2013
1,500,000,000	1,500,000,000
974,900,000	633,900,000

Particulars of Investors	Number of Investors	Number of shares	Percentage of Share Holding (%)
Sponsors	10	63,390,000	65.02
Foreign Investors	9,427	1,914,000	1.96
Local Institutions	310	6,619,600	6.79
General Public	78,550	25,566,400	26.22
Total	88,297	97,490,000	100.00

Distribution schedule of each class of equity setting out the number of holders and percentage as on June 30, 2014:

Range of Holdings	Number of Shareholders	Number of shares	Percentage of Share Holding (%)
Less than 500 shares	86,215	17,328,800	17.775
500 to 5,000 shares	1,607	2,787,200	2.859
5,001 to 10,000 shares	208	1,624,600	1.666
10,001 to 20,000 shares	117	1,728,800	1.773
20,001 to 30,000 shares	55	1,390,400	1.426
30,001 to 40,000 shares	21	743,600	0.763
40,001 to 50,000 shares	14	640,400	0.657
50,001 to 100,000 shares	32	2,179,400	2.236
100,001 to 1,000,000 shares	18	5,676,800	5.823
Over 1,000,000 shares	10	63,390,000	65.022
Total	88,297	97,490,000	100.000

13 Share Premium

No. of Shares Premium Amount
34,100,000 Tk 27

Amounts in Taka	
At 30 June 2014	At 30 June 2013

920,700,000	-
549,749,575	512,652,318
317,474,987	251,825,222
-	(211,300,000)
(2,198,812)	(3,427,965)
865,025,750	549,749,575

14 Retained earnings

Opening balance

Add: Profit made during the year

Less: Stock Dividend

Less: Unrealised loss for fair value adjustment on Investment in marketable securities Note no. 5.02

		Amounts in Taka	
		At 30 June 2014	At 30 June 2013
15	Tax holiday reserves	86,718,548	86,718,548
		86,718,548	86,718,548

Tax holiday reserve represents 40 % of the net profit for the income years 2009-2010 & 2010-2011 (3 months from July 2010 to September 2010) as per provisions of Section 46A(2) (A) of it as follows:-

Income Year 2009 -2010	49,569,824	49,569,824
Income Year 2010 -2011	37,148,724	37,148,724
	86,718,548	86,718,548

Company has filed an appeal against the order of the assessment officer for the assessment year 2010-2011 (Income Year 2009-2010) & 2011-2012 (Income Year 2010-2011). Assessment for the years 2008-2009 (Income Year 2007-2008) and 2009-2010 (Income Year 2008-2009) have been completed and tax holiday reserve for those years have been properly delt with.

16 Revaluation reserves

This balance consists of as follows:

Balance at the beginning of the year		994,813,376	993,650,184
Add: Deferred tax on revaluation reserve	Note : 32.01 (ii)	1,102,311	1,163,192
Balance as on 30 June 2014		995,915,687	994,813,376

Revaluation reserve has been created on land and Building as per revaluation carried by Khan Wahab Shafique Rahman & Co. to reflect the fair value (prevailing market price). As the fair value of the assets do not differ significantly from its carrying amount as at 30 June 2014, so no revaluation has been made as on date.

17 Long Term bank loan

Hire purchase under shirkatul melk - Islami Bank Ltd	-	220,442,922
Off Shore Loan - HSBC	244,168,945	-
	244,168,945	220,442,922

Bank	Loan Account	Particulars
HSBC	Off Shore Loan	Nature: One off Term Loan Limit: Tk.550 million Purpose: Import of Machinery & Equipment (Take over from IBBL) Tenure: 4 Years Repayment Clasue: 16 equal quarterly installments. Interest Rate:4.5% Plus LIBOR Security Agreement: Demand promissory note for Tk. 2,320.00 million and land mortgage 802.50 dec.

Amounts in Taka	
At 30 June 2014	At 30 June 2013

18 Deferred Tax Liability

Deferred tax assets and liabilities have been recognized and measured in accordance with the provision of BAS-12: Income taxes. Deferred tax assets and liabilities are attributable to the following:

A. Deferred tax liability on historical cost:

Carrying amount other than revaluation reserve	864,938,276	851,687,552
Tax base	567,728,777	580,098,776
Taxable Temporary difference	297,209,499	271,588,775
Applicable tax rate (Tax rate 15% on Textile sector as per SRO - 207 dated 30 June 2008.)	15%	15%
Deferred tax liability on historical cost	44,581,425	40,738,316

B. Deferred tax liability against revaluation reserve:

(i)

Deferred tax liability against revaluation reserve other than land

Carrying amount other than revaluation reserve	136,359,904	143,708,641
Tax base	-	-
	136,359,904	143,708,641
Applicable tax rate (Tax rate 15% on Textile sector as per SRO - 207 dated 30 June 2008.)	15%	15%
	20,453,986	21,556,296

(ii)

Deferred tax liability on capital gain against revaluation of land

Carrying amount other than revaluation reserve	865,391,996	865,391,996
Tax base	-	-
	865,391,996	865,391,996
Applicable tax rate (Tax rate 2% on land under section 53 H dated 01.07.2012)	2%	2%
	17,307,840	17,307,840

Deferred tax liability against revaluation reserve B (i + ii)

Total Deferred tax liability (A + B)

	37,761,825	38,864,136
	82,343,250	79,602,452

19 Accounts payable

Suppliers- (19.1)	138,563,514	95,472,761
Expenses- (19.2)	19,948,310	12,349,414
Other finance- (19.3)	2,775,689	900,703
	161,287,513	108,722,878

Amounts in Taka	
At 30 June 2014	At 30 June 2013

19.01 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

Abadi Traders	-	1,188,135
Abarani Electronics	-	327,299
Abdul Haque & Sons	391,243	-
Abul Khair Steel Limited	10,770,000	-
Ali Traders	1,213,200	-
Asgar Trading	-	2,095,757
Bangla Trac Ltd	-	1,118,392
Bilal Trading PTE Ltd.	158,244	-
CDI Cotton Distribution Inc	-	66,371,424
Paul Reinhart AG	48,316,683	-
Park Technology Ltd.	3,360,968	-
Indorama Synthetics(India) Ltd.	22,501,560	-
Energy Solutions Engineers	-	157,800
Lafarge Surma Cement Ltd.	744,600	-
Maa Enterprise	-	353,000
Madina Bricks	4,357,660	-
Mohammadia Packaging.	576,480	383,260
Osman Ali	529,706	-
Parjoar Traders	866,445	-
Quantam Builders & Engineering Ltd	1,189,390	-
S. I Trading	288,028	248,000
Sara Enterprise	295,812	-
Shinpower	1,150,763	-
Sohel Enterprise	4,525,650	-
Soronica Paper Products	464,750	-
Tyre & Battery Bazar	110,792	164,474
Unique Sound Systems	-	331,750
Payable for C & F Charge	19,405,080	12,830,175
Payable for Transport Charge	11,887,748	4,671,380
Others	5,458,711	5,231,915
Total	138,563,514	95,472,761

19.02 Payable for expenses

Salary & allowances	8,907,951	8,135,671
Overtime	887,004	545,943
Audit fees	230,000	225,000
Gas bill	2,349,967	2,577,425
Welfare Fund	572,836	572,836
Rent payable	20,000	240,000
Provident Fund	71,886	52,539
Provision for bad debts	6,908,666	-
	19,948,310	12,349,414

19.03 Payable for other finance

Tax deducted at source (Salary)
Tax deducted at source (on Suppliers bill)
VAT Deducted at source (on Suppliers bill)

Amounts in Taka	
At 30 June 2014	At 30 June 2013

595,874	358,630
1,429,774	520,323
750,041	21,750
2,775,689	900,703
6,614,431	-

20 Share Application Money

The share application money consists of the money against IPO applicants who were unsuccessful in lottery. The money is in the process is being refund to unsuccessful applicants.

21 Short term bank loan

Export Development Fund
Upas Loan
Loan against export bills :

HSBC Bank Ltd

334,400,383	764,544,347
14,386,373	-
-	17,428,459
348,786,756	781,972,806

Details of bank terms and conditions for Short Term Loan are given below:

Bank	Loan Account	Particulars
HSBC	Export Development Fund (EDF)	<p>Nature: EDF Limit : Tk. 1,150.00 million Purpose: Import of Raw Cotton Tenure: 120 days Interest Rate: 1.5 % - 2.5 % plus LIBOR Security Agreement: 1. Demand promissory note for BDT 2,225,000,000.00 with letter of continuity & revival. 2. Personal guarantees to be executed by Mr. Abdul Wahed, Mr. M.A. Jabbar, Mr. M A Rahim and Mr. M A Quader for Tk. 2,225,000,000.00 each supported by upto date personal net worth/wealth statements as per declaration in the latest income tax return. 3. Corporate guarantee to be executed by Flamingo Fashions Ltd, Jinnat Knitwears Ltd, DB Tex Ltd and Mymun Textiles Ltd for BDT 2,225,000,000/- each with supporting Board Resolutions. 4. First Charge over the Borrower's Stocks of Raw Materials, Work-in Progress and Finished Goods and Book Debts/ Receivables with The Registrar of Joint Stock Companies and Firms (RJSC) for BDT 1,700,000,000/- 5. Power of Attorney for Hypothecated Goods. 6. Specific first charge over the Borrower's Plant & Machinery for BDT 550,000,000/- with the Registrar of Joint Stock Companies & Firms (RJSC).</p>

HSBC		<p>7. Blanket Counter Indemnity for Guarantee facility.</p> <p>8. Power of Attorney for Back-to-Back facility.</p> <p>9. Registered Mortgage for BDT 2,225,000,000/- over 8 acres land situated in Sardagonj, Kashimpr, Gazipur, in the name of Matin Spinning Mills Ltd. In this regard, Irrevocable General Power of Attorney to be obtained.</p>
	U-PAS	<p>Nature: U PAS</p> <p>Limit : 1,150.00 million</p> <p>Purpose: Import of Raw Cotton, Accessories, Spare parts and Machinery.</p> <p>Tenure: 120 & 360 days</p> <p>Interest Rate: 5 % plus LIBOR</p> <p>Security Agreement:</p> <p>1. Demand promissory note for BDT 2,225,000,000.00 with letter of continuity & revival.</p> <p>2. Personal guarantee to be executed by Mr. Abdul Wahed, Mr. M.A. Jabbar, Mr. M A Rahim and Mr. M A Quader for Tk. 2,225,000,000.00 each supported by upto date personal net worth/wealth statements as per declaration in the latest income tax return.</p> <p>3. Corporate guarantee to be executed by Flamingo Fashions Ltd, Jinnat Knitwears Ltd, DB Tex Ltd and Mymun Textiles Ltd for BDT 2,225,000,000/- each with supporting Board Resolutions.</p> <p>4. First Charge over the Borrower's Stocks of Raw Materials, Work-in Progress and Finished Goods and Book Debts/ Receivables with The Registrar of Joint Stock Companies and Firms (RJSC) for BDT 1,700,000,000/-</p> <p>5. Power of Attorney for Hypothecated Goods.</p> <p>6. Specific first charge over the Borrower's Plant & Machinery for BDT 550,000,000/- with The Registrar of Joint Stock Companies and Firms (RJSC).</p> <p>7. Blanket Counter Indemnity for Guarantee facility.</p> <p>8. Power of Attorney for Back-to-Back facility.</p> <p>9. Registered Mortgage for BDT 2,225,000,000/- over 8 acres land situated in Sardagonj, Kashimpur, Gazipur, in the name of Matin Spinning Mills Ltd. In this regard, Irrevocable General Power of Attorney to be obtained.</p>
	Liability against export bills (Under OBU)	<p>Purpose: Working capital finance</p> <p>Limit: \$ 46.60 million</p> <p>Tenure: 120 days</p> <p>Interest Rate: 6% p.a plus LIBOR</p> <p>Security Agreement: Export LC</p>

22 Current portion of long term loan

Hire purchase under shirkatul melk - Islami Bank Ltd
Off Shore Loan - HSBC

Amounts in Taka	
At 30 June 2014	At 30 June 2013
-	197,482,484
97,632,305	-
97,632,305	197,482,484

23 Provision & accruals

Provision for Income Tax (23.01)
Provision for workers' profit participation and welfare funds (23.02)

Amounts in Taka	
At 30 June 2014	At 30 June 2013

125,736,684	139,238,937
48,866,175	51,908,797
174,602,859	191,147,734

23.01 Provision for Income Tax

Opening Balance
Less: Income tax paid during the year

139,238,937	108,538,600
(63,960,000)	(20,220,000)

Restated Balance
Add: Provision for taxation Income year (2013 - 2014)
For 12 months (Note - 31.02)
Less: Adjustment against provision for previous years AIT

75,278,937	88,318,600
92,695,210	50,920,337
(42,237,463)	-
125,736,684	139,238,937

23.02 Provision for workers' profit participation and welfare funds

Opening Balance
Add: Addition during the year
Less: Paid during the year

51,908,797	36,488,675
20,700,665	15,420,122
(23,743,287)	-
48,866,175	51,908,797

This represents 5% on net income before charging income tax as per provision of the Labour Law-2006, and it shall be allocated among the eligible workers as defined in the said act.

24 Export (Amount)

Combed Yarn
Carded Yarn
Synthetic Yarn
Slub Yarn

Amounts in Taka	
2013-2014	2012-2013

830,871,700	1,113,267,351
682,355,530	671,174,851
576,320,357	430,413,557
244,836,414	180,926,851
2,334,384,001	2,395,782,610

Export (Kg)

Combed Yarn
Carded Yarn
Synthetic Yarn
Slub Yarn

Export (Kg)	Export (Kg)
2,458,004	2,935,120
2,382,270	2,104,485
2,027,851	1,462,167
699,806	481,700
7,567,931	6,983,472

Turn over in Quantity (Kg) 2013-2014

Product Type	Opening Stock a	Production b	Closing Stock c	Sales during the year (a+b-c)
Combed Yarn	142,560	2,344,823	29,379	2,458,004
Carded Yarn	225,116	2,239,597	82,443	2,382,270
Synthetic Yarn	60,617	1,991,434	24,200	2,027,851
Slub Yarn	12,661	692,166	5,021	699,806
Total	440,953	7,268,020	141,043	7,567,931

2012-2013

Product Type	Opening Stock a	Production b	Closing Stock c	Sales during the (a+b-c)
Combed Yarn	115,225	2,962,455	142,560	2,935,120
Carded Yarn	320,383	2,009,218	225,116	2,104,485
Synthetic Yarn	90,237	1,432,547	60,617	1,462,167
Slub Yarn	12,480	481,881	12,661	481,700
Total	538,324	6,886,102	440,953	6,983,472

Amounts in Taka

2013-2014	2012-2013
------------------	------------------

25 Cost of goods sold

Raw Material consumption (Note-25.1)	1,445,038,574	1,590,714,418
Packing materials consumption (Note-25.2)	15,029,098	16,047,961
Manufacturing overhead (Note-25.3)	357,455,930	291,753,265
Cost of goods manufacturing	1,817,523,603	1,898,515,644
Opening work-in-process	20,194,627	24,329,276
Closing work-in-process	(49,905,867)	(20,194,627)
Cost of production	1,787,812,362	1,902,650,293
Opening stock of finished yarn	127,936,975	154,428,732
Closing stock of finished yarn	(35,615,731)	(127,936,975)
	1,880,133,607	1,929,142,051

25.01 Raw Material consumption**Quantity (KG)**

Opening Stock	1,915,950	1,772,302
Purchase during the year	8,524,254	8,691,019
Raw Material available for consumption	10,440,204	10,463,321
Closing Stock	1,676,135	1,915,950
Raw Material Consumed	8,764,068	8,547,371

Value

Opening balance	339,027,596	339,655,944
Purchase during the year	1,446,833,517	1,632,376,948
Raw Material available for consumption	1,785,861,114	1,972,032,892
Sale of cotton- local (at cost)	(61,312,039)	(42,290,877)
Closing balance	(279,510,501)	(339,027,596)
	1,445,038,574	1,590,714,418

25.02 Packing materials consumption

Opening balance	1,256,053	2,502,999
Purchase during the year	15,389,912	14,801,015
Packing materials available for consumption	16,645,965	17,304,014
Closing balance	(1,616,866)	(1,256,053)
	15,029,098	16,047,961

Amounts in Taka		
	2013-2014	2012-2013
25.3 Manufacturing overhead		
Salary and allowances	72,827,399	67,198,877
Repair and maintenance	26,247,568	21,855,690
BTMA certificate charges	619,200	681,387
Store and spare parts	30,766,504	30,194,739
Travelling & Conveyance	173,550	225,132
Crockeries and Canteen Expences	730,921	555,921
Factory stationeries	653,515	76,580
Fuel and lubricants- Fork Lift	525,000	315,220
Fuel and lubricants- Generator	106,945,742	41,233,350
Fuel and lubricants- Vehicles	1,104,308	2,465,001
Gas bill	33,183,602	34,664,976
Inspection charges	68,154	55,800
Insurance premium	4,363,703	4,691,501
Testing fee	10,000	52,935
Workshop expenses	1,044,693	851,350
Depreciation	78,192,072	86,634,807
	357,455,930	291,753,265
26 Other income		
Interest on inter company receivable*	15,336,419	15,490,174
Foreign currency exchange gain/(loss)	(1,733,933)	8,013,087
Gain / Loss on Investment in marketable securities	3,126,494	(3,348,835)
Interest on bank accounts	129,949,919	7,073,968
Profit on sale of raw cotton (26.01)	1,094,941	1,215,175
Sales of wastage	19,588,236	6,562,261
Cash Dividend (Share Investment)	726,880	430,800
	168,088,956	35,436,631
26.01 Local sales of raw cotton	62,406,980	43,506,052
Less : Cost of raw cotton	(61,312,039)	(42,290,877)
	1,094,941	1,215,175

*Interest has been accrued on inter company balance receivable on 30 June 2014 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 duly authorised by the Board of Directors and deed of agreement executed between the companies. Interest on inter company have already been realized on 31 July 2014.

27 Administrative expenses

Amounts in Taka		
	2013-2014	2012-2013
Salary and allowances	48,183,541	33,350,573
Audit fees	230,000	225,000
AGM Expenses	357,867	129,867
Business development expenses	331,716	997,275
Bank charges and commission	5,689,948	2,907,983
Bad Debts	6,908,666	-
Ceremonial expense	18,390	4,250
Certificate and membership fees	1,550,357	283,024
Computer repair maintenance	257,210	232,325
Credit rating expenses	172,500	172,500
Advertisement	402,658	830,110
Contribution to Provident Fund	704,229	462,192
Directors Remuneration (Note -38)	6,000,000	6,000,000
Donation and subscription	6,100,000	644,100
Entertainment	318,676	284,774
Garden Expenses	35,750	29,148
Internet charges	138,980	210,944
IPO Expenses	36,065,584	-
Issue Management fee	1,000,000	-
Corporate Advisory Expenses	5,018,600	-
Legal expenses	591,001	596,450
Medicine and medical expenses	37,417	-
News paper and periodicals	1,560	1,070
Office maintenance	224,521	395,806
Photocopy and type expenses	72,925	47,540
Power and fuel - vehicles	1,070,969	796,658
Printing & Stationery	840,446	839,811
Rates and taxes	188,336	196,931
Office Rent	240,000	240,000
Registration and renewal	990,215	1,540,821
Religious expenses	39,730	26,200
Road toll	21,600	1,910
Staff welfare	107,411	58,000
Telephone bill	34,261	52,539
Travelling expenses	730,261	415,246
Uniform and liveries	90,266	162,600
VAT on wastage sale	-	984,341
Miscellaneous expenses	1,315,956	1,215,343
Depreciation	8,688,008	9,626,090
	134,769,555	63,961,420

		Amounts in Taka	
		2013-2014	2012-2013
28	Distribution expenses		
	Sales commission	566,883	401,318
	Carriage outward	1,377,503	290,350
		1,944,386	691,668
29	Finance cost		
	Interest expenses		
	Bank Interest on hire purchase loan	22,743,749	47,632,639
	Bank interest on MPI	-	20,877,961
	Bank interest on Time Loan	-	213,454
	Bank interest on Export development fund	19,102,454	27,305,453
	Bank Interest on loan against export bills	9,065,237	17,572,027
		50,911,440	113,601,534
30	Workers' profit participation fund		

Allocation for workers' profit participation funds Tk. 20,700,665. This represents 5% of net income before charging income tax as per provision of the Labour Law -2006 and it shall be allocated among the eligible workers as defined in the said act.

31 Current Tax

Profit before tax (01.07.2013 to 30.06.2014)
Less: Other income considered separately

Add: Accounting Depreciation

Less: Tax Depreciation

Taxable Income

Tax Rate

Current Tax expenses on Taxable Income
Tax on Interest on inter company receivable
Foreign currency exchange gain/(loss)
Gain / Loss on Investment in marketable securities
Tax on bank Interest
Tax on Profit on sale of local cotton
Tax on wastage sale
Tax on Cash Dividend (Share Investment)

Income Tax expenses

Amounts in Taka	
2013-2014	2012-2013
414,013,305	308,402,446
168,088,956	35,436,631
245,924,349	272,965,815
86,880,080	96,260,896
(105,152,066)	(126,218,865)
227,652,363	243,007,847
15%	34,147,854
35%	5,367,747
35%	-
10%	312,649
35%	45,482,472
35%	383,229
35%	6,855,883
20%	145,376
	92,695,210
	50,920,337

Provision for income tax has been calculated @ 15% on taxable income from operation under SRO 207 dated 30 June 2008 of NBR, 10% on Gain / Loss on Investment in marketable securities 20 % on dividend income and 35 % on taxable other income.

32 Deferred tax expenses for Income Statement

Fixed assets:

Carrying amount

Tax base

Taxable Temporary difference

Tax rate

(Tax rate 15% on Textile sector as per SRO - 207 dated 30 June 2008.)

Deferred tax liabilities as on 30 June 2014

Deferred tax liabilities 30 June 2013

32.01 Deferred tax for Statement of Comprehensive Income**(i) Deferred tax liability against revaluation reserve other than land**

Carrying amount other than revaluation reserve

Tax base

Applicable tax rate

(Tax rate 15% on Textile sector as per SRO - 207 dated 30 June 2008.)

(ii) Deferred tax liability on capital gain revaluation of land

Carrying amount other than revaluation reserve

Tax base

Applicable tax rate

(Tax rate 2% on land under section 53 H dated 01.07.2012)

Deferred tax liability against revaluation reserve (i + ii)

Deferred tax liabilities 30 June 2013

Deferred tax for Statement of Comprehensive Income*** Deferred tax has been provided on Taxable Temporary difference.****33 Earnings Per Share (EPS)****33.01 Earnings Per Share (EPS) (weighted average method)**

Net profit attributable to ordinary share holders

Weighted average number of ordinary shares (Note:33.01.01)
outstanding during the year**Weighted average number of ordinary shares calculation as per BAS-33**

Amounts in Taka	
2013-2014	2012-2013
864,938,276	851,687,552
(567,728,777)	(580,098,776)
297,209,499	271,588,775
15%	15%
44,581,425	40,738,316
(40,738,316)	(35,081,429)
3,843,109	5,656,887
136,359,904	143,708,641
-	-
136,359,904	143,708,641
15%	15%
20,453,986	21,556,296
865,391,996	865,391,996
-	-
865,391,996	865,391,996
2%	2%
17,307,840	17,307,840
37,761,825	38,864,136
(38,864,136)	(40,027,328)
(1,102,311)	(1,163,192)
317,474,987	251,825,222
74,881,233	63,390,000
4.24	3.97

33.01.01 Calculation of weighted average number of ordinary shares (2013-2014)

Date	No. of Shares	Fraction of period	Weighted average of shares
Balance as on 1st July-2010	25,500,000	365	25,500,000
12.10.2010			
Shares allotted in cash	9,110,000	365	9,110,000
25.10.2010			
Bonus shares	7,650,000	365	7,650,000
15.01.2013			
Bonus shares	21,130,000	365	21,130,000
27.02.2014			
Shares allotted in cash	34,100,000	123	11,491,233
Weighted average number of ordinary shares (2013 - 2014)			74,881,233

33.02 Earnings Per Share (EPS) (Fully diluted basis)

Net profit attributable to ordinary share holders	317,474,987	251,825,222
Fully diluted basis number of ordinary shares outstanding during the year	97,490,000	97,490,000
	3.26	2.58

34 Net Assets Value (Per Share)
34.01 Net Assets Value (With Revaluation reserve)

Total assets	4,958,696,043	3,844,552,774
Less: Total current liabilities	(788,923,864)	(1,279,325,901)
	4,169,772,180	2,565,226,873
Deduct:		
Long Term & deferred liabilities	(326,512,195)	(300,045,374)
	3,843,259,985	2,265,181,498
Number of Ordinary Share at Balance Sheet date	97,490,000	63,390,000
NAV - Per Share		
On share at balance sheet date	39.42	35.73

34.02 Net Assets Value (Without Revaluation reserves)

Total assets	4,958,696,043	3,844,552,774
Less: Revaluation Reserves	(995,915,687)	(994,813,376)
Less: Total current liabilities	(788,923,864)	(1,279,325,901)
	3,173,856,493	1,570,413,497
Deduct:		
Long Term & deferred liabilities	(326,512,195)	(300,045,374)
	2,847,344,298	1,270,368,122
Number of Ordinary Share at Balance Sheet date	97,490,000	63,390,000
NAV - Per Share		
On share at balance sheet date	29.21	20.04

35 Net Operating Cash Flows Per Share

Cash flows from operating activities as per statement of cash	1,078,126,535	754,965,018
Number of Ordinary Share at Balance Sheet date	97,490,000	63,390,000
Net Operating Cash Flow - Per Share (On share at balance sheet date)	11.06	11.91

Others

- 36** During the period from 01.07.13 to 30.06.2014 nine board meetings were held. The attendance status of all the meetings is as follows:

Name of Directors	Position	Meeting	Attended
Abdul Wahed	Chairman	9	9
M.A. Jabbar	Managing Director	9	9
M.A. Rahim	Director	9	9
M.A. Quader	Director	9	8
Md. Hassan Imam	Director	9	9
Selina Parvin	Director	9	9
Tanzeen Rahim	Director	9	9
Taslima Begum	Director	9	9

37 Employee position for Matin Spinning Mills Ltd (as at 30 June 2014)

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

Officer & Staff		Worker	Total Employee	Amount in Taka
Head Office	Factory			
16	203	750	969	127,715,169
			969	127,715,169

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

38 Payments to Directors and Officers

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

Particular	2013-2014			2012-2013		
	Directors	Managers & Others	Total	Directors	Managers & Others	Total
Basic Salary	3,671,400	26,476,682	30,148,082	3,671,400	18,326,020	21,997,420
House Rent	1,835,700	13,238,341	15,074,041	1,835,700	9,163,010	10,998,710
Conveyance	492,900	3,554,600	4,047,500	492,900	2,460,341	2,953,241
Bonus/ incentives	-	4,913,918	4,913,918	-	3,401,203	3,401,203
Total Salary and allowances	6,000,000	48,183,541	54,183,541	6,000,000	33,350,573	39,350,573

* Directors represent Managing Director only.

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

39 Contingent Liabilities:

- Contingent Liability of the Company was Tk. 169,052,402.00 as on June 30,2014 for opening of LCs by the banks in favour of foreign suppliers for raw materials and spares
- There was no facts and figures for which the company has contingent liability to any party other than Bank as on June 30,2014.

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

	2013-2014	2012-2013
Capacity Installed:		
No of Spindles Installed	39,600	39,600
Capacity Utilised:		
No of Spindles Operated	38,914	37,670
Production Capacity: (In Kg)		
At Equivalent 28' S Count (Ring Yarn)	8,640,000	8,640,000
Actual Production : (In Kg)		
At Equivalent 28' S Count (Ring Yarn)	7,555,835	7,055,940
% of Capacity Utilization:	87.45	81.67

41 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:

Name of the related party	Relationship	Nature of transaction	Value of transactions (taka)	Closing balance		Closing balance	
				BDT	Status as at June 30, 2014	BDT	Status as at June 30, 2013
DBL Ceramics Ltd	Associated Company	Working Capital Finance	5,082,706	135,737,062	Debtor	140,819,768	Debtor
		Interest receivable	15,336,419	3,718,788	Debtor	48,299,663	Debtor
		Share Money Deposit	-	50,800,000	Debtor	50,800,000	Debtor
		Share Capital	-	25,000,000	Debtor	25,000,000	Debtor
Flamingo Fashions Ltd	Sister Concern	Sale of yarn	848,519,418	34,502,530	Debtor	327,144,981	Debtor
Jinnat Fashions Ltd	Sister Concern	Sale of yarn	462,230,736	1,976,769	Debtor	79,475,311	Debtor
Jinnat knitwears Ltd	Sister Concern	Sale of yarn	654,501,753	24,692,531	Debtor	55,755,266	Debtor
Jinnat Apparels Ltd	Sister Concern	Sale of yarn	90,953,880	-	Debtor	196,659	Debtor
		Office Rent	240,000	20,000	Creditors	-	
Matin Knitwears Ltd	Sister Concern	Sale of yarn	90,257,839	6,326,765	Debtor	16,004,051	Debtor
Hamza Textiles Ltd	Sister Concern	Sale of yarn	19,365,003	8,143,375	Debtor		

42 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
Raw Cotton		1,446,833,517	1,446,833,517	1,445,038,574	96.93%
Stores and Accessories		37,659,531	37,659,531	30,766,504	2.06%
Packing Materials	15,389,912	-	15,389,912	15,029,099	1.01%
Capital Machinery		16,823,865	16,823,865	-	0.00%
Total	15,389,912	1,501,316,914	1,516,706,826	1,490,834,176	100.00%

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 shareholders or others.

FOB Value of export

The FOB value of export for the year 30 June 2014 is as follows:

Particular	In foreign currency \$	In BDT
Export	30,121,084	2,334,384,001

- 43 Figures are rounded off to the nearest Taka.
- 44 Previous year's figures have been rearranged, wherever considered necessary, to conform to current year's Presentation.
- 45 These notes form an integral part of the annexed financial statements and accordingly are to be read in Conjunction therewith.
- 46 **Event after Balance Sheet date**
- The Board of Directors of Matin Spinning Mills Limited, at its 80th meeting held on 17 September 2014, proposed Tk. 2.50 per share amounting to a total of Tk. 243,725,000 as cash dividend for the year ended 30 June 2014, which represents 25% of the paid up Capital. This dividend is subject to final approval by the shareholders at the forth coming Annual General Meeting of the Company.

The financial statements were authorized for issue by the board of directors on 17th September 2014.


Chairman


Managing Director


Chief Finance Officer

These are the notes to the financial statements referred to in our annexed report.


Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited

Details of property, plant and equipment for the year ended 30 June 2014

Annex i

A) Non Revalued Assets:

Amounts in Taka

Name of the assets	Cost				Depreciation			Written down value at 30 June 2014		
	At 01 July 2013	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2014	Rate %	At 01 July 2013	Charge for the year		Adjustment during the year	Total at 30 June 2014
Land and land development	74,414,702	71,958,964	-	146,373,666	0%	-	-	-	-	146,373,666
Factory building	176,506,759	-	-	176,506,759	5%	82,815,480	4,684,564	-	87,500,044	89,006,715
Godown	16,262,162	-	-	16,262,162	10%	9,776,206	648,596	-	10,424,802	5,837,360
Plant and machinery	1,490,282,424	16,823,865	-	1,507,106,289	10%	908,655,909	58,561,268	-	967,217,177	539,889,113
Furniture and fixtures	2,513,488	38,186	-	2,551,674	10%	1,057,980	146,563	-	1,204,543	1,347,131
Gas equipment	1,978,958	-	-	1,978,958	15%	1,276,499	105,369	-	1,381,868	597,090
Generator	128,958,867	-	-	128,958,867	15%	87,519,447	6,215,913	-	93,735,360	35,223,507
Office equipments	10,033,949	1,416,451	-	11,450,400	15%	5,407,559	764,210	-	6,171,769	5,278,631
Electric installation	84,535,464	-	-	84,535,464	15%	57,377,017	4,073,767	-	61,450,784	23,084,680
Deep tubewell	1,100,000	-	-	1,100,000	20%	854,895	49,021	-	903,916	196,084
Vehicles	43,037,400	2,544,600	-	45,582,000	20%	23,195,630	4,282,072	-	27,477,702	18,104,298
Total at 30 June 2014	2,029,624,173	92,782,066	-	2,122,406,239		1,177,936,621	79,531,342	-	1,257,467,964	864,938,276

B) Revalued Assets

Name of the assets	Revaluation			Depreciation				Written down value at 30 June 2014		
	At 01 July 2013	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2014	Rate %	At 01 July 2013	Charge for the year		Adjustment during the year	Total at 30 June 2014
Land and land development	865,391,996	-	-	865,391,996	0%	-	-	-	-	865,391,996
Factory building	163,805,258	-	-	163,805,258	5%	23,362,725	7,022,127	-	30,384,852	133,420,406
Godown	4,480,258	-	-	4,480,258	10%	1,214,150	326,611	-	1,540,761	2,939,497
Total at 30 June 2014	1,033,677,512	-	-	1,033,677,512		24,576,875	7,348,737	-	31,925,612	1,001,751,900
Total (A + B) at 30 June 2014	3,063,301,685	92,782,066	-	3,156,083,751		1,202,513,496	86,880,080	-	1,289,393,576	1,866,690,176

Allocation of depreciation:

Year ended
2014

Manufacturing overhead @ 90%
Administrative overhead @ 10%

78,192,072
8,688,008
86,880,080

Matin Spinning Mills Limited

Details of property, plant and equipment for the year ended 30 June 2013

Annex ii

A) Non Revalued Assets:

Amounts in Taka

Name of the assets	Cost				Depreciation				Written down value at 30 June 2013	
	At 01 July 2012	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2013	Rate %	At 01 July 2012	Charge for the year	Adjustment during the year		Total at 30 June 2013
Land and land development	69,126,302	5,288,400	-	74,414,702	0%	-	-	-	-	74,414,702
Factory building	176,141,096	365,663	-	176,506,759	5%	77,884,360	4,931,120	-	82,815,480	93,691,279
Godown	16,262,162	-	-	16,262,162	10%	9,055,545	720,662	-	9,776,206	6,485,956
Plant and machinery	1,490,282,424	-	-	1,490,282,424	10%	844,030,740	64,625,168	-	908,655,909	581,626,515
Furniture and fixtures	2,308,952	204,536	-	2,513,488	10%	896,257	161,723	-	1,057,980	1,455,508
Gas equipment	1,978,958	-	-	1,978,958	15%	1,152,535	123,963	-	1,276,499	702,459
Generator	128,958,867	-	-	128,958,867	15%	80,206,608	7,312,839	-	87,519,447	41,439,420
Office equipments	8,725,044	1,308,905	-	10,033,949	15%	4,591,137	816,422	-	5,407,559	4,626,390
Electric installation	83,683,364	852,100	-	84,535,464	15%	52,584,350	4,792,667	-	57,377,017	27,158,447
Deep tubewell	1,100,000	-	-	1,100,000	20%	793,619	61,276	-	854,895	245,105
Vehicles	43,037,400	-	-	43,037,400	20%	18,235,187	4,960,443	-	23,195,630	19,841,770
Total at 30 June 2013	2,021,604,569	8,019,604	-	2,029,624,173		1,089,430,338	88,506,283	-	1,177,936,621	851,687,552

B) Revalued Assets

Name of the assets	Revaluation			Depreciation			Written down value at 30 June 2013			
	At 01 July 2012	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2013	Rate %	At 01 July 2012		Charge for the year	Adjustment during the year	Total at 30 June 2013
Land and land development	865,391,996			865,391,996	0%	-	-	-	-	865,391,996
Factory building	163,805,258			163,805,258	5%	15,971,013	7,391,712		23,362,725	140,442,533
Godown	4,480,258		-	4,480,258	10%	851,249	362,901	-	1,214,150	3,266,108
Total at 30 June 2013	1,033,677,512	-	-	1,033,677,512		16,822,262	7,754,613	-	24,576,875	1,009,100,637
Total (A + B) at 30 June 2013	3,055,282,081	8,019,604	-	3,063,301,685		1,106,252,600	96,260,896	-	1,202,513,496	1,860,788,189

Allocation of depreciation:

Year ended 2013

Manufacturing overhead @ 90%
Administrative overhead @ 10%

86,634,807
9,626,090
96,260,896

Matin Spinning Mills Limited
BGMEA Complex (12th Floor),
23/1, Panthapath Link Road, Karwan Bazar,
Dhaka-1215



Proxy Form

I/We _____

of _____

Being a shareholder of Matin Spinning Mills Limited and holder of _____

shares hereby appoint Mr./Ms. _____

as my/ our proxy to attend and vote for me/us on behalf of me/us at the 12th Annual General Meeting of the Company to be held on Thursday, October 30, 2014 at 11.00 am at the Factory premises of the company at Sardaganj, Kashimpur, Gazipur.

Signature of Proxy
Registered Folio/ BO

Revenue Stamp
Tk. 10.00

Signature of Shareholder
Registered Folio/BO

Note : The Proxy Form, duly completed and stamped, must be submitted at the Company's registered office at least 48 hours before the meeting.

Matin Spinning Mills Limited
BGMEA Complex (12th Floor),
23/1, Panthapath Link Road, Karwan Bazar,
Dhaka-1215



Attendance Slip

I hereby record my attendance at the 12th Annual General Meeting of the Company to be held on Thursday, October 30, 2014.

Name of the Shareholder/Proxy _____

Registered Folio /BO ID _____

Signature _____

Date: _____

Note: Please note that no gift/gift coupon/food box/benefit in cash or kind shall be distributed/paid at the AGM as per BSEC Notification No. SEC/SRMI/2000-953/1950 dated 24th October, 2000.

Shareholders attending the meeting in person or by proxy are requested to complete the Attendance slip and submit the same at the entrance.



CORPORATE OFFICE:

BGMEA Complex (12th Floor)
23/1, Panthapath Link Road
Karwan Bazar, Dhaka - 1215, Bangladesh
Phone: +880 2 8140367-74, +880 2 8140207-12
Fax: +880 2 8140214

FACTORY:

Sardaganj, Kashimpur,
Gazipur, Dhaka, Bangladesh
Phone: +880 2 7790070-72
Fax: +880 2 7790073

www.matinspinning.com