

MATIN SPINNING MILLS LIMITED
ANNUAL REPORT
2014-15







MATIN SPINNING MILLS LIMITED



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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, 2015

Enclosed please find a copy of the Annual Report together with the Audited Financial Statements including Statements of Financial Position as at June 30, 2015 and Income Statements, Statement of Cash Flow and Statements of Changes in Equity for the year ended June 30, 2015 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 13th Annual General Meeting

Notice is hereby given to all the Shareholders of Matin Spinning Mills Limited (MSML) that the 13th ANNUAL GENERAL MEETING of the Company will be held on Tuesday the 27 October, 2015 at 11.00 a. m 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, 2015 together with the Report of the Directors' and the Auditors' thereon.
02. To declare dividend for the year ended 30 June, 2015.
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 2015-2016 and to fix their remuneration.
05. To approve appointment of 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: Dhaka, 29 September, 2015

Notes:

1. The "Record Date" is Thursday, 08 October, 2015. 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 at the 13th 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 duly stamped must be deposited at the Corporate 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 with in 20 October, 2015 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, polyester and viscose fiber. 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,

Currently the Company is undergoing the implementation of an expansion project with a capacity to produce additional 10.00 metric tons of Mélange yarn per day out of the IPO proceeds to take advantage of the demand of rapid expanding RMG sector and the expansion project is expected to go for commercial production from December 2015.

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



12th Annual General Meeting of
Matin Spinning Mills Limited

Cheque hand over by honorable
Chairman Mr. Abdul Wahed to Mr.
Mikail Shipar, Secretary, Ministry of
Labour and Employment as a
contribution to Labour Welfare Fund.





Matin Spinning Mills Limited secures the Japan Bangladesh Chamber of Commerce and Industry (JBCCI) Business Excellence Award 2014 for the category- "The Best Enterprise Demonstrating Innovation". Chairman Mr. Abdul Wahed is receiving the award from Mr. Shiro Sadoshima, Ambassador of Japan to Bangladesh.



Matin Spinning Mills Limited wins 'The Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Awards 2014' under the Textile/Garments category. Vice Chairman Mr. M.A. Rahim is receiving the trophy from Mr. AMA Muhith, Honorable Minister, Ministry of Finance, Government of the People's Republic of Bangladesh.



H.E. Ms. Genet Zewdie, Ambassador of Ethiopia to India visits Matin Spinning Mills Limited



Work in progress of Melange Unit

Company Information

Name of the Company: Matin Spinning Mills Limited

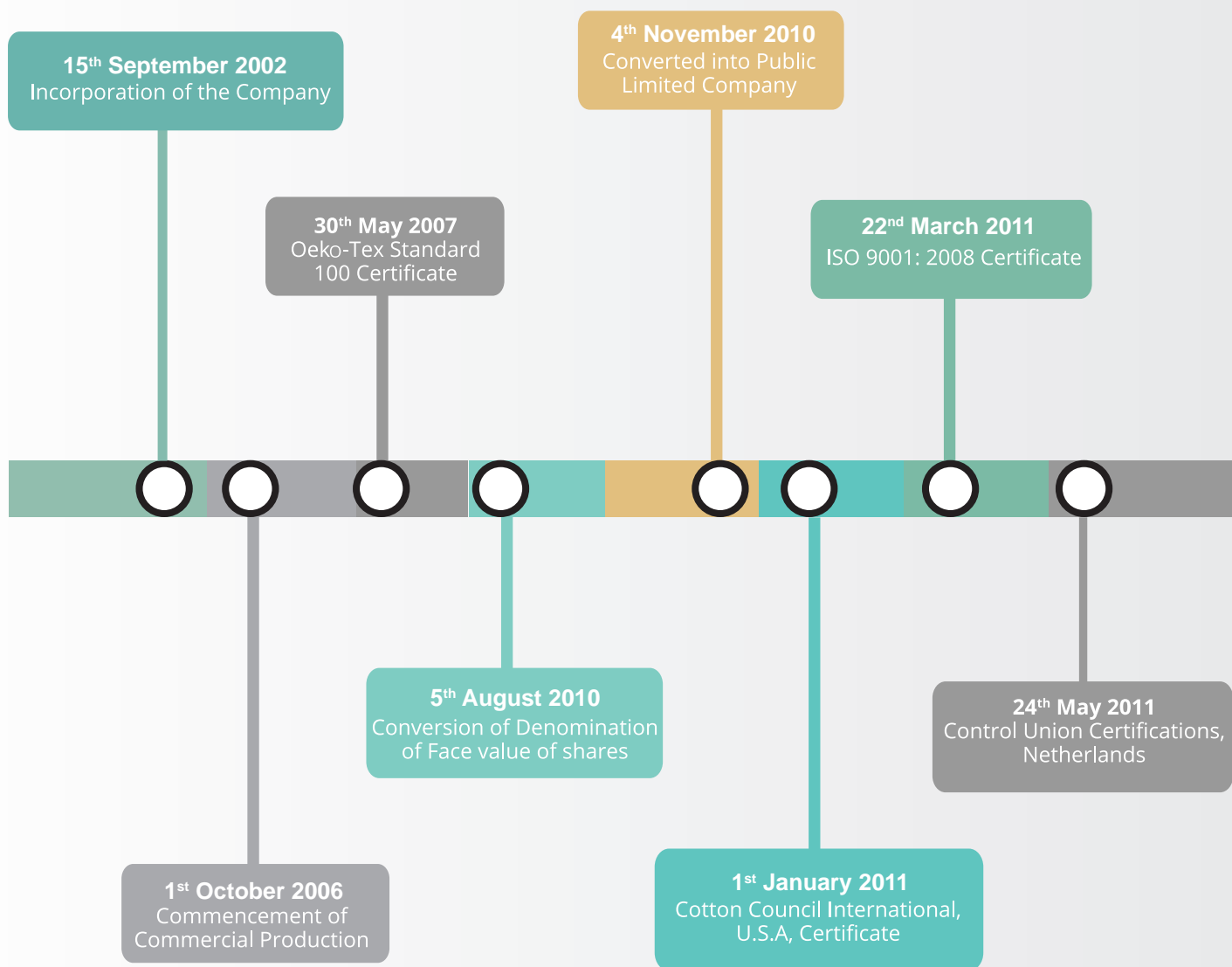
Legal Form:

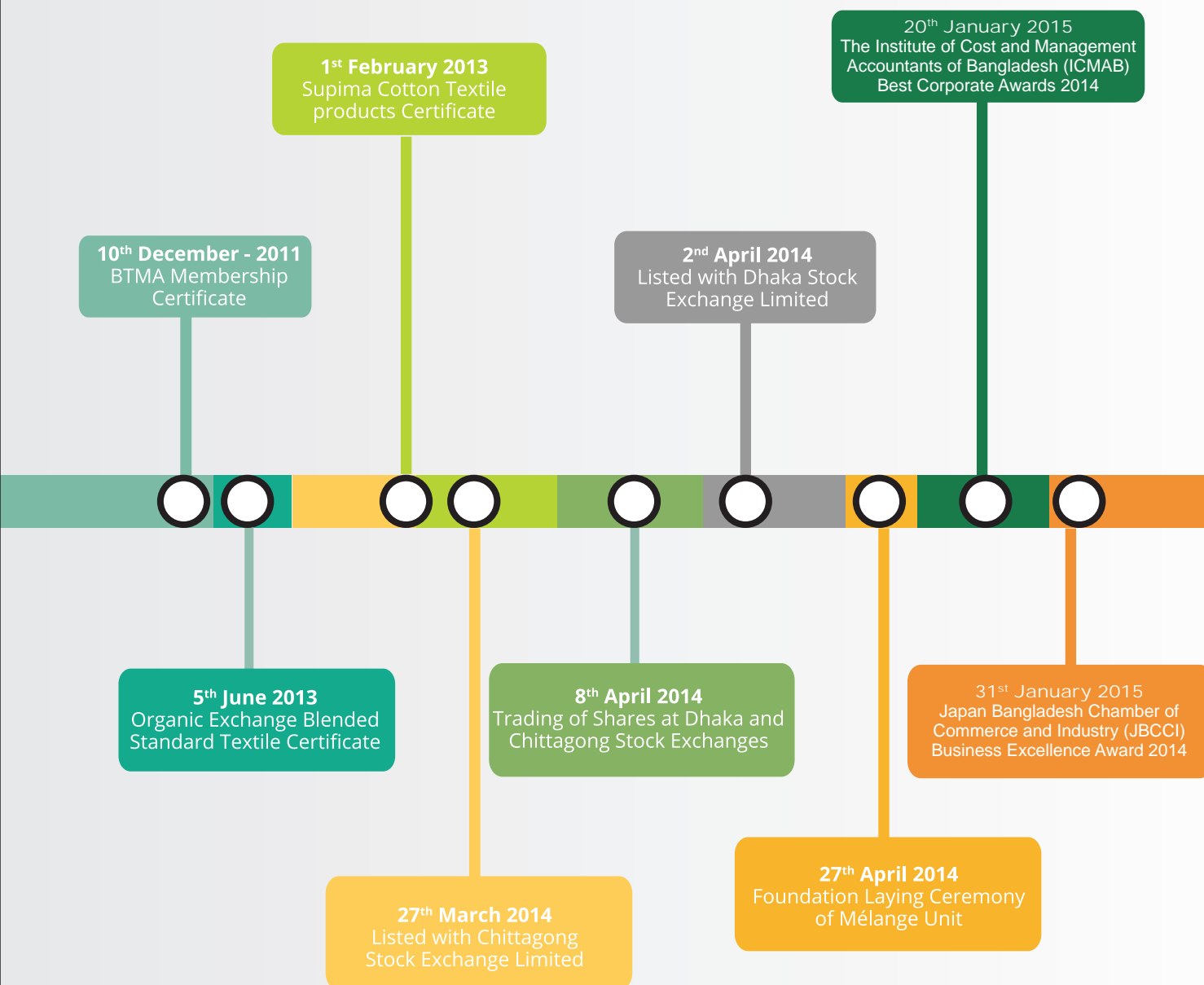
A Private Limited Company incorporated on September 15, 2002 under the Companies Act, 1994 was converted into Public Limited Company on November 04, 2010 and listed with Chittagong Stock Exchange Limited and Dhaka Stock Exchange Limited on March 27, 2014 and April 02, 2014 respectively.

Company Registration Number	C-47083(3562)/2002
Tax Identification Number (TIN)	479848138721
VAT registration Number	18071013976, Area Code:180202
Corporate Office	BGMEA Complex (12th Floor), 23/1, Panthapath Link Road, Kawran Bazar, Dhaka-1215, Tel: 8140207-12 Fax: 8140214
Registered & Factory Office	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
Statutory Auditors	Masih Muhith Haque & Co. Chartered Accountants UTC Building (Level 13) 8, Panthapath, Dhaka-1215
Governance Compliance Auditor	K.M. Alam & Co., Chartered accountants 80, Motijheel C/A (4th Floor), Dhaka-1000
Principal Bankers	HongKong and Shanghai Banking Corporation Ltd. Dhaka, Bangladesh.
Legal Advisor	Tanjib Alam & Associates BSEC Bhaban (Level-11), 102Kazi Nazrul Islam Avenue Kawran Bazar, Dhaka-1215
Credit Rating Agency	Credit Rating Information and Services Limited Nakshi Homes (4th Floor), 6/1A Segunbagicha Dhaka-1000
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
Ms. Selina Perveen	Director
Ms. Tanzeen Rahim	Director
Ms. Taslima Begum	Director
Mr. Md. Hassan Imam	Director
Mr. M. Farhad Hussain FCA	Independent Director
Mr. M. Naser Alam, Barrister-at-law	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

Brief Profile of the Directors

Mr. Abdul Wahed
Chairman

Mr. 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. He was selected as Commercial Important Person (Export) by the Government of the People's Republic of Bangladesh, Ministry of Commerce for the year 2011.



Mr. M. A. Jabbar
Director and Managing Director

Mr. 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.



Mr. M. A. Rahim
Director

Mr. 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 footings. 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.

Mr. M.A. Rahim is well known person in the RMG sector in Bangladesh. Mr. Rahim was director of Bangladesh Textiles Mills Association (BTMA) for 2009-2010. He has been director of Bangladesh Garments Manufacturer and Exporters Association (BMGEA) for 2007-2008 and has been reelected director of the same association for 2013-20014. He was selected as Commercial Important Person (Export) by the Government of the People's Republic of Bangladesh, Ministry of Commerce for the year 2010. Mr. Rahim is a philanthropist and actively involved in social development with various organizations throughout the country.

Mr. M. A. Quader
Director

Mr. 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.





Ms. Selina Perveen

Director

Ms. Selina Perveen 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.

Ms. Tanzeen Rahim

Director

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



Ms. Taslima Begum

Director

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

Mr. Md. Hassan Imam

Director

Mr. Hassan Imam aged about 32 years joined in the company as a director on June 17, 2010. He is elder son of Mr. Adul 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 Senior 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. He is also Independent Director of Alhaj Textile Mills Ltd. and Prime Bank Ltd.

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

Mr. M. Naser Alam

Barrister-at-law Independent Director

Mr. M. Naser Alam is an Advocate of the Supreme Court of Bangladesh since 1995 and a Barrister at the Bar of England and Wales since 1999. He is currently the Head of Chambers of MNA, Barristers & Advocates.

He is an international arbitrator and mediator with specialization in corporate commercial, cross-border complex mergers and acquisition, telecommunication, aviation, oil and gas, electricity, intellectual property, shipping, mediation, and international commercial and investment arbitration. He previously worked with Huq & Co, a prestigious Bangladeshi corporate law firm; the Permanent Court of Arbitration, The Hague; international arbitration group of Fresh fields Bruckhaus Deringer in their Paris office; and taught and supervised distance learning students of LL.M in International Petroleum Law and Policy at the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP), University of Dundee, UK. He acted as consultant for International Finance Corporation (IFC) and Department for International Development (DFID).

He is the National Commissioner of International Chamber of Commerce Bangladesh. He provided legal advice and assistance towards establishing the Bangladesh International Arbitration Centre.

Naser holds bachelor degrees in law from University of Dhaka and University of London; LL.M. from Queens' College, Cambridge and LL.M in Energy Law and Policy, Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee.

He regularly speaks nationally and internationally on mediation, arbitration, legal rights and other socio-political issues. He has special interests in disability rights, environmental issues, political economy and self-governance. He is currently the Chief Advisor of Physically Challenged Development Foundation (PDF), a charity working for the rights of physically challenged people. He is also an Advisor of Bangladesh Youth Environmental Initiative (BEYI).



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 business 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 10 (ten) Directors, comprising of seven Non- Executive Directors, Two Independent Director, and One Executive 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 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 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 to 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 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 Management & Development

HR Department plays a pivotal role in the development of any organization. It is considered as the strategic business partner of the organization. Matin Spinning Mills Ltd believes that, by utilizing the enormous potential within the people working for the organization, it is possible to achieve strategic business goal.

Currently, HR Department of Matin Spinning Mills Ltd is led by professional HR and Employee Relations practitioners. They are efficiently coordinating the entire HR and Administration activities. Their effective HR practice has brought significant development in the different areas of HR, Employee Relations and Welfare.

Members of HR department of MSML are continuously developing new ideas and adding valuable contribution to the organization. At MSML the basic HR approaches are very much in compliance with the guidelines of Bangladesh Labor Law (BLL) in the respective purpose particularly in:

- Employment Conditions
- Restriction on engagement of Child Labor
- Maternity Benefit Provisions
- Health & Safety Compliances
- Employee Welfare Measures
- Work Hour & Leave facilities
- Minimum Wage Compliance and Wage Payments
- Workers' Participation in Company's Profit

Moreover, the Human Resources Department of MSML is guided by some important HR Policies incorporated by

Group HR Such as:

- Vision, Mission & Values of DBL Group
- Recruitment & Selection Policy
- Pre Employment Medical Check Policy
- Code of Conduct and Ethical Business Practices Policy
- Whistle Blower Policy
- Promotion & Increment Policy
- Performance Management System s & Appraisal Policy
- Grievance Handling Policy
- Employee Learning & Development Policy
- Zero Tolerance Policy on Sexual Harassment

Lately, HR department of MSML has successfully initiated some appreciable employee/ social development and awareness activities. Such as Training on fire fighting, Handing over of Crest and Cheque to the GPA-5 holder children of the employees, Financial assistance to the deceased worker's family, HIV Awareness Campaign, Medical Service, Introduction of Bandhan Fair Price Shop etc. For boosting up the performance level of the employees measures like "Employee of the Month Award" and "Improvement through Quality Circle" have also been introduced since 4th Quarter of 2014.

The HR Department of MSML believes, the employees of the organization are asset. Continuous development of the employees can make them familiar with the global trend of business and to cope with the latest technologies, as a consequence of which, the organization shall remain competitive enough in the industry.



Medical Service



Bandhan Fair Price Shop

Statement of Risk Management & 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 actions 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 company 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 plan.
- 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 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.



Code of Conduct

Purpose

The purpose of this code of conduct of Matin Spinning Mills Limited (hereafter the “Company”) is to:

- Demonstrate the company’s commitment to the highest standards of ethical behaviour
- Encourage proper ethical conduct and sanction misconduct within the company
- Develop an ethical culture based on such standards and conduct, led by the company’s shareholders, directors and management, and followed by all employees

By adopting, following and updating this code of conduct on a regular basis, together with the company’s corporate governance code and charters, the company confirms its desire to demonstrably lead and promote good ethical behaviour and corporate governance. In order to foster the confidence of its shareholders, employees, investors and the general public, this code of conduct goes beyond the legal and regulatory framework prevalent in Bangladesh today, and embraces both national and internationally recognized principles and practices.

The company’s governing bodies and employees understand this code of conduct as their obligation and set forth to ensure that its spirit and provisions are respected and acted upon throughout the company [and its subsidiaries and dependent companies] and its business partners.

This code of conduct is reviewed and updated on an annual basis and published internally.

The Company’s Values

In all internal and external relationships, the company demonstrates its commitment to:

- Integrity
- Commitment
- Passion

- Innovation
- Trustworthiness

The Company’s Ethical Principles

The company is committed to act ethically in all aspects of its business.

The company’s ethical standards are based on the following principles:

- Honesty
- Integrity
- Fairness
- Transparency

Similarly, the company expects the same in its relationships with all those with whom it does business.

The company’s ethical standards focus on the following areas: employees, customers, relations with its business partners, government, society and the wider community. These ethical standards shall also apply to all business areas.

All of the company’s ethical standards are based on

- Respecting the rule of law, Bangladesh laws and regulations, and showing respect for human rights;
- Managing the company’s financial and operational performance to maximize the long-term value for its shareholders;
- Conducting business with integrity and fairness, renouncing bribery and corruption or similar unacceptable business practices, and not giving or accepting gifts and entertainment unless they fall under business custom, are immaterial and infrequent;
- Creating mutual advantage in all the company’s relationships to build and foster trust; and

- Demonstrating respect for the community the company operates in, as well as for the natural environment.

The company's business plan will include specific, measurable targets for improving ethical behaviour.

Ethical Standards for the company's Relationship with its Stakeholders

1. Employees and Officers

The company values its employees as the keystone to success. The company is thus committed to treating all employees with dignity, trust and respect, and to building a long-term relationship based on Bangladesh labour law and the respect of human rights. The company will not employ child labour.

The company fosters teamwork, believing that diversity in talent, perspectives and opinions stimulate new and creative business opportunities and innovation. Similarly, the company renounces all forms of bureaucracy and excessive hierarchical structures that impede operational efficiency.

It is the company's policy to provide for and regularly improve upon a healthy, safe and secure working environment for its employees.

Conflicts of interests can, or appear to, compromise the judgment or objectivity of the company's employees and officers. An appropriate policy and disclosure thereof has been developed to this extent.

The company is an equal opportunity employer. Its recruitment, promotion and compensation policy is based on merit and free of discrimination. Clear and transparent policies to this extent have been developed and put into practice.

Any kind of discrimination or harassment at the workplace will not be tolerated and contrary behaviour properly investigated and dealt with through the company's officer designated for this purpose by the company's board of directors.

Employees are recognized and rewarded for their performance, based on performance objectives, and constructive and regular feedback through face-to-face

meetings. Rewards are given both at the team and individual level. The company has in place a training program, accessible to all employees, which encourages individuals to formulate personal development plans and provides for coaching, mentoring and formal skill-enhancing trainings.

Under the authority of this code, it is incumbent upon Employees to 'speak up' or report any breaches identified or witnessed per the procedure under this code.

The company sanctions the illegal use of confidential and insider information by all officers and employees, and has developed a detailed procedure to effectively deal with this matter.

A regular consultation process between the company's employees and managers has been put in place to effectively deal with employment conditions and other issues that affect the employees work environment.

These principles do not limit the right of the company to enforce discipline or to terminate workers in accordance with Bangladesh legislation.

2. Customers

Customer satisfaction is tantamount to the company. Safe and quality products and services, fair pricing and appropriate after-sales service shall define the company's relations with its customers.

The company always seeks to deliver what it promises.

3. Relations with its Business Partners

The company believes that a long-term relationship with its business partners (suppliers, contractors and participants in joint ventures if any) founded on respect, trust, honesty and fairness is vital to its success.

The company will put forth its best effort to only cooperate with those business partners that share the company's ethical standards.

The company will respect the sanctity of contracts and business relations.

- Contractual negotiations shall be conducted on the basis of mutual advantage.

- Business relations shall be based on high performance standards, delivering in a timely and qualitative manner, and prompt settling of bills.
- In case of a commercial dispute, the company will strive to negotiate and compromise in good faith in order to reach an amicable solution.

The company is committed to complying fully with the Bangladesh law on anti-money laundering and only conducts business with reputable suppliers, business customers and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.

4. Government

The company will pay all taxes that are owed and due, fully and in a timely manner.

The company abides by all federal and local regulations, including voluntary codes and guidelines, in both spirit as well as letter.

The company has also legally obtained all licenses required to do business.

The company seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. No attempts to improperly influence governmental decisions shall be made, and the company will not offer, pay, solicit or accept bribes in any form or shape, either directly or indirectly, in its dealings with the government, administration or courts. Transparent procedures regarding transactions engaged in by the company with any government agency or official, or in dealings with any company owned or controlled by a government agency or official, shall be established to this end.

5. Society, environment and the wider community

The company views itself as an integral part of the community in which it operates and is committed to a sound relationship built on respect, trust, honesty and fairness.

The company is committed to creating jobs and

developing local talent when this is economically sustainable.

The preservation of the environment is of the utmost importance to the company. The company thus strives to minimize any disruption to the environment arising from its activities by reducing waste, emissions and discharges, and by using energy efficiently. All operations and activities will be carried-out according to the highest standards of care and in-line with internationally recognized principles.

Company employees are encouraged to engage and commit part of their time to help the local community through a variety of charities and foundations, educational organizations and similar institutions.

Non-governmental organizations (NGOs) are a key element to any society and the company seeks to build constructive relationships with such organizations in building a better society and environment--in an economically sustainable matter.

The company promise to engage and consider the specific developmental needs of communities in which it operates, through a process of regular and open dialogue.

Implementation

1. Means to obtain advice

Many business decisions involve ethical dilemmas and require complex judgments to make the right choice. In cases of uncertainty, all officers and employees are expected to act responsibly and raise the ethical dilemma with their managers. Should this not lead to a satisfactory solution, the ethical issue is to be raised with a designated officer to obtain clarification. All officers and employees have the right to make confidential reports directly to the designated officer who in turn shall decide whether to report the matter to the audit committee to recommend appropriate action against any director or employee who acts in a manner inconsistent with this code of conduct.

2. Processes and responsibility

Each individual is responsible for his or her ethical behaviour. Adherence to this Code is further made

obligatory as it is referenced in all employee contracts and linked to disciplinary procedures.

Department heads are accountable to the CEO and/or executives for implementing this code of conduct within their departments, ensuring that all officers and employees understand it, and for providing assurance on compliance. The CEO and/or executives are in turn accountable to the board.

The principles and provisions in this code of conduct have been integrated into the company's system of internal control. Rigorous and objective processes to measure performance, identify gaps and implement measures to address ethical gaps are regularly reviewed and modified.

Wilful or careless breach or neglect of this code of conduct will be treated as a serious disciplinary matter

and can lead to the termination of employment.

The board's audit committee periodically reviews and updates compliance with these principles, and formulates proposals for the board's approval.

3. Training program

Periodic and specialized training courses are offered to the company's officers and employees, as well as to the company's other stakeholders as part of the company's continuous professional education program.



Message from the Chairman

Dear Shareholders

Ladies and Gentlemen,

Assalamu Alaikum,

It is indeed a great honour and privilege for me to greet you all to this 13th 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 30 June 2015.

I am pleased to report that despite deteriorating law and order situation and political unrest during 1st quarter of 2015 your Company achieved 31% growth in net profit and 31% in earnings per share.

We believe that good corporate governance is vital for success and growth sustainability. We have an active Audit Committee, chaired by the Independent Director that regularly reviews the risks faced by the business and the measures taken by the management to address risk. The Company also has strong internal financial and operational Control framework that gives reasonable assurance to the Board and management that the objectives of the business will be met.

In addition to existing expansion program of 10 tons per day production capacity of mélange project with the IPO fund, Board of Directors has decided further expansion of 7 tons per day of synthetic yarn to meet the growth in the knitting and dyeing capacity of the sister concerns of the Company. In this way, we can continue to add value to our stakeholders for many years to come.

I would like to take this opportunity on behalf of the Board of Directors and express my deeper 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 honourable shareholders for their continuous support and interest for the welfare of the Company. We hope that the same support from all stakeholders would continue in the coming years.

With best wishes.



Abdul Wahed
Chairman of the Board



Statement of Performance

From the Managing Director

Dear Shareholders

Ladies and Gentlemen,

It is my great pleasure that I welcome you on behalf of the Board of Directors to the 13th Annual General Meeting of your Company. Annual Report containing audited accounts and directors' and auditors report thereon for the year ended 30th June 2015 has already been dispatched to you for your kind perusal.

Our Business Performance

The Board of Directors is glad to report another successful year with net profit of BDT 41.59 crore an increase of 31% over the previous year and earnings per share of BDT 4.27 an increase of 31% over last year. The Board of Directors recommended Cash Dividend at the rate of 27% for the year 2014-2015 an increase of 2% over last year subject to approval in the Annual General Meeting. The Company also set another milestone contributing BDT 110.30 million to the Government Exchequer as taxes, VAT and fees which is 12.87% higher than last year.

Apart from that, we won two momentous awards one from JBCCI (Japan Bangladesh Chamber of Commerce & Industry) Business Excellence Award – 2014 for the category “The Best Enterprise Demonstrating Innovation” and another from ICMAB (The Institute of Cost and Management Accountants of Bangladesh) “Best Corporate Awards 2014” under the textile / Garments category.

10 tonns Mélange Unit

The Company raised BDT 126.27 crore through IPO in the last year for import of machinery for expansion of existing plant by establishing 10 ton capacity Mélanges Project. Building and civil works of the expansion unit has already been completed and main machinery has also arrived at the factory site. Lab equipments, cooling system and utility items and fitting and accessories are in the pipeline. By the grace of almighty Allah, we expect to go for commercial production from next December

7 tons synthetic yarn

As a part of continuing expansion program to keep pace with the growth in the knitting and dyeing capacity of the sister concerns of the Company and also the government's target of reaching USD 50 billion worth of garment export by 2021 Board of Directors has decided further expansion for production of 7 tons synthetic yarn per day.

Our Gratitude

While thanking you all for attending the AGM despite difficulties and pre-occupation, we acknowledge with gratitude the dedication with which all the employees, workers and officers had given their best efforts in achieving the results for the year 2014-2015. We also thank all the agencies including Bank, Insurance, Customers, Transport Agencies and all concerned Associates for their cooperation and support.

Thanking you all.



M.A. Jabbar
Managing Director

Corporate Operational Results

(Taka in Millions)

Description	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Turnover	2,029	2,334	2,396	2,623	2,458
Gross Profit	396	455	467	510	548
Net Profit before tax	522	414	308	255	334
Net Profit after tax	416	317	251	205	281
Shareholders' equity	4,039	3,844	2,265	2,016	1,812
Total Assets	5,718	4,959	3,844	4,139	4,079
Total Current Assets	3,040	2,944	1,878	2,084	1,969
Total Current Liabilities	1,450	789	1,279	1,670	1,689
Current Ratio	2.10	3.73	1.47	1.25	1.17
Ordinary Shares Outstanding	97,490,000	97,490,000	63,390,000	42,260,000	42,260,000
Face Value per Share	10	10	10	10	10
Shareholders' Equity per Share	41.43	39.43	35.73	47.70	42.88
Earnings per Share(EPS)weighted Avg.	4.27	3.26	3.97	3.24	7.09
Quoted Price per Share (DSE)	43.00	42.20	n/a	n/a	n/a
Quoted Price per Share (CSE)	42.60	42.10	n/a	n/a	n/a
Price Earnings Ratio-DSE(Time	10.07	9.95	n/a	n/a	n/a
Price Earnings Ratio-CSE(Time)	9.97	9.93	n/a	n/a	n/a
Cash Dividend Declared per share	2.70	2.50	nil	nil	nil
Stock Dividend Declared	nil	nil	nil	50%	nil
Total Dividend Declared(%)	27%	25%	nil	50%	nil
Number of Shareholders	13,384	88,297	10	11	11
Human Resources (Person):					
Executives	56	58	48	36	35
Non-Executives	164	161	135	106	125
Workers	764	750	701	710	76

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 2015 in the following paragraphs:

Company Operations:

(1) CAPACITY/PRODUCTION

The total installed production capacity (at average 28's Ring) as of June 30, 2015 are as follows:

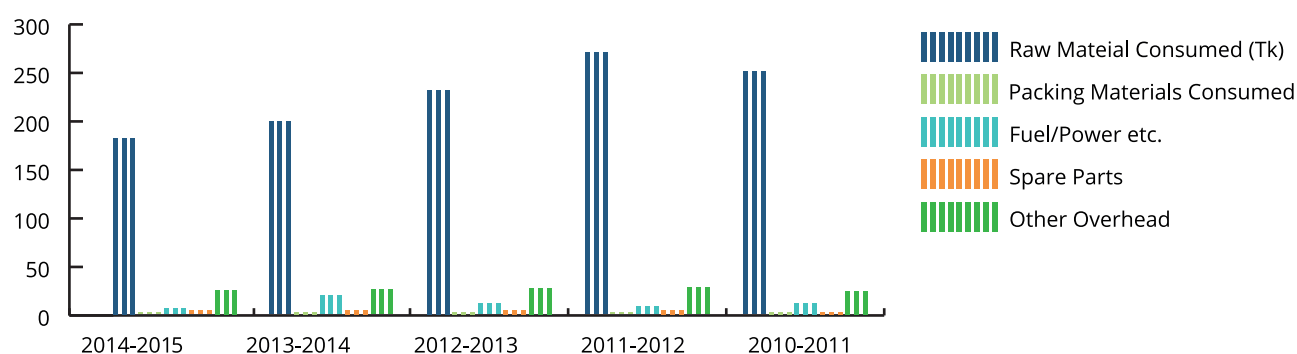
(1.1) Spindles	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
a) No of Spindles installed	39,600	39,600	39,600	39,600	39,600
b) No of Spindles in operation	38,744	38,914	37,670	37,893	39,028
(1.2) Production Capacity Installed (kg):					
At Equivalent 28s Count (Ring Yarn)	8,640,000	8,640,000	8,640,000	8,825,000	9,100,000
(1.3) Actual Production (Kg):					
At Equivalent 28s Count (Ring Yarn)	7,545,680	7,555,835	7,055,940	7,127,872	8,067,994
(1.4) Production Efficiency (%)	87.33%	87.45%	81.67%	80.77%	88.66%

(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:

Particulars	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
(a) Output of Yarn(kg)	7,444,818	7,268,020	6,886,102	6,456,758	7,390,747
(b) Cost of Major items(Tk):					
Raw Material Consumed	1,274,710,763	1,445,038,574	1,590,714,418	1,742,637,226	1,850,249,505
Packing Materials	13,486,110	15,029,098	16,047,961	11,631,574	15,650,903
Fuel / Power etc.	102,436,701	140,654,344	76,213,546	52,829,112	84,958,668
Spare Parts	27,430,710	30,766,504	30,194,759	26,675,198	16,886,829
Other Overhead	184,464,359	186,035,083	185,344,980	179,432,292	178,318,331
Total Cost	1,602,528,643	1,817,523,603	1,898,515,644	2,013,205,402	2,146,064,236

Particulars	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
(c) Unit Cost/kg(Tk):					
Raw Material Consumed	171.22	198.82	231.00	269.89	250.35
Packing Materials Consumed	1.81	2.07	2.33	1.80	2.12
Fuel / Power etc.	13.76	19.35	11.07	8.18	11.50
Spare Parts	3.68	4.23	4.38	4.13	2.28
Other Overhead	24.78	25.60	26.92	27.79	24.13
Unit Cost	215.25	250.07	275.70	311.79	290.38
Raw Material Cost as % of Total	79.54%	79.50%	83.79%	86.56%	86.22%



The above chart reveals that overall unit cost decreased by (13.92%) in 2014-2015 over 2013-2014 due to decrease in raw material price (13.88%), Packing Material Price (12.56%), Fuel / Power etc. (28.89%) Spare Parts Price (13.00%) and other overheads (3.20%). During the year under review the price of raw cotton in the international market had marginally declined.

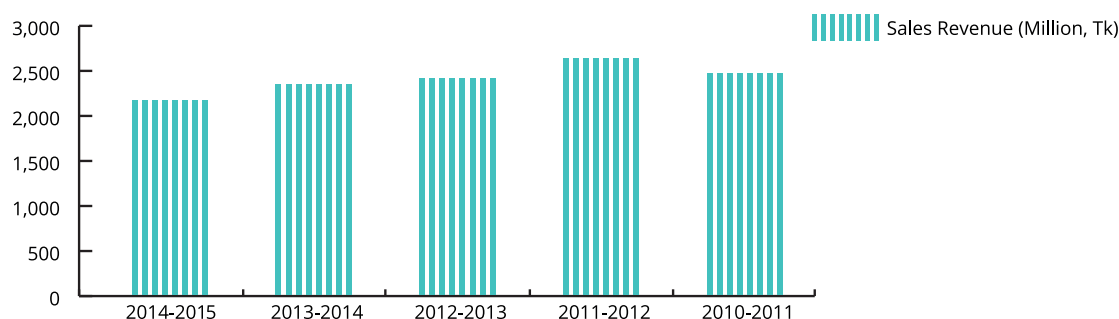
Marketing Operations:

(i) Market Exposure:

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

Details	2014-2105	2013-2014	2012-2013	2011-2012	2010-2011
(a) Sales Volume(Kg)	7,449,732	7,567,931	6,983,472	6,731,905	6,645,855
(b) Sales Revenue(Tk)	2,029,007,454	2,334,384,001	2,395,782,610	2,623,615,416	2,458,002,913

SALES REVENUE



The above figure shows that the quantity sold from 2010-2011 to 2013-2014 increased gradually by 1.29%, 3.73%, 8.36% and decreased in 2014-2015 by 1.56%. While sales revenue increased by 6.74% from 2010-2011 to 2011-2012 and decreased by 8.68% from 2011-2012 to 2012-2013, 2.56% from 2012-2013 to 2013-2014 and 13.08% from 2013-2014 to 2014-2015 mainly due to decrease in yarn price.

(ii) Unit selling price Attained	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
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The Selling Prices (Taka/Kg)

Over the years	272.36	308.46	343.06	389.73	369.86
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The above indicate that selling prices decreased by 11.70% in 2014-2015 over 2013-2014, 10.08% in 2013-2014 over 2012-2013, 11.97% in 2012-2013 over 2011-2012 and increased by 5.37% in 2011-2012 over 2010-2011. This is primarily ascribable to the international situation and export demand.

Capital Expenditures:

Out of total Capital Expenditure of Tk 745,545,583 during the year 2014-2015 Tk 128,447,412 was spent for civil construction and Tk 590,898,720 was spent for Plant and Machinery of the up coming expansion unit and other additions were part of continuing upgrading program of production facilities.

Details	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Land	-	71,958,964	5,288,400	4,924,745	102,300
Civil Construction:					
Existing	10,318,279	12,968,787	6,797,507	2,613,999	16,509,442
Melange Project	128,447,412	28,592,384	-	-	-
Plant & Machinery:					
Existing	12,134,278	16,823,865	-	28,819,917	77,557,888
Melange Project	590,898,720	-	-	-	-
Other Fixed Assets	3,746,894	3,999,237	2,365,541	1,297,092	39,544,882
Total	745,545,583	134,343,237	14,451,448	37,655,753	133,714,512

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

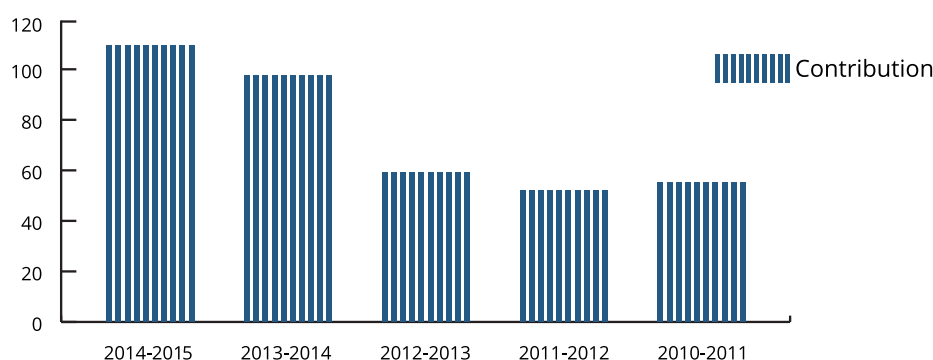
Contribution:

1. CONTRIBUTION TO NATIONAL EXCHEQUER:

The Company contributed an amount of Tk 110.30 million during 2014-2015 to the National Exchequer consisting of the following:

Details	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Corporate Income Tax	106.25	96.54	56.58	49.40	52.70
Excise/VAT/Import Duties	2.46	0.19	1.18	1.24	1.11
Duties/License Fes	1.59	0.99	1.54	1.26	1.32
Total	110.30	97.72	59.30	51.90	55.13

CONTRIBUTION TO NATIONAL EXCHEQUER



2. FOREIGN EXCHANGE EARNED/SAVED:

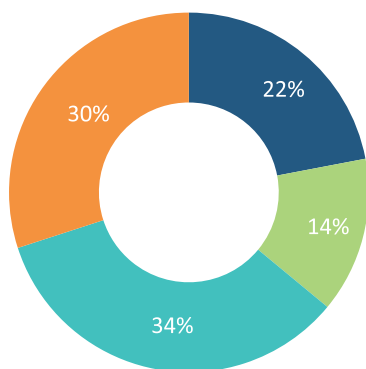
The Company contributed substantially to the Foreign Exchange Reserve of the Country during the FY 2014-2015 through its export marketing operation. This amounted to Tk 804 million as detailed below:

	(Taka in Millions)				
Details	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Total Export Earnings	2,032	2,825	2,355	2,523	2,458
Less: Import Expenses					
Raw Cotton/Staple Fibre	1,205	1,447	1,586	1,628	1,406
Spare Parts	23	38	27	38	18
Net Foreign Exchange Earned	804	1,340	742	857	1,034

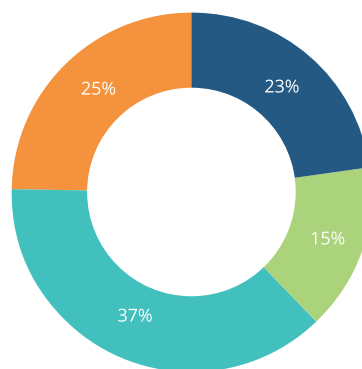
3. VALUE ADDED STATEMENT:

	(Taka) 2014-2015	(Taka) 2013-2014
Sources of Funds		
Net Turnover	2,029,007,454	2,334,384,001
Less: Bought in Material and Services	(1,527,905,800)	(1,851,985,186)
Add: Other Income	275,534,203	168,088,956
Value Added	776,635,858	650,487,771
Applied in the following ways		
Employees	169,236,797	148,415,834
Salaries, Wages, Provident Fund & Other Benefits	143,127,178	127,715,169
Contribution to Workers' Profit Participation & Welfare Fund	26,109,619	20,700,665
Government	110,312,595	97,716,870
Corporate Tax	106,261,734	96,538,319
Other Government Dues	4,050,861	1,178,551
Provider of Capital		
Dividend	263,223,000	243,725,000
Retained by the Company	233,863,466	160,630,067
Depreciation	81,155,824	86,880,080
Retained Earnings	152,707,642	73,749,987
	776,635,858	650,487,771

2014-2015



2013-14



Employees
 Government
 Provider of Capital
 Retained by the Company

APPROPRIATION:

The net profit after tax of Tk 415,930,642 earned during the year 2014-2015 has been apportioned in the following manner:

Cash dividend is recommended by the Board of Directors at 27% (Tk 2.70 per share) for 2014-2015 Tk 263,223,000.

AUDITORS:

According to Dhaka Stock Exchange (Listing) Regulations, 2015 the issuer of listed securities shall not appoint any firm of Chartered Accountants as its statutory auditors for a consecutive period exceeding three years.

As Masih Muhith Haque & Co. have completed the statutory audit of the Company for a consecutive period of three years they are not eligible for performing the auditing of financial statements for the year 2015-2016.

ACNOBIN & Co. Chartered Accountants, have offered their willingness to be appointed as statutory auditors of the Company. The Board recommends their appointment as the statutory auditor of the Company for the year 2015-2016 and to continue till the next Annual General Meeting.

MANAGEMENT APPRECIATION:

The Board of Directors record with deep appreciation the performance of management, the officers, staff and workers whose 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 Mélange unit to meet the requirement of RMG. After implementation of the expansion project aggregate production capacity of the Company will be 35 tons of yarn a day. Therefore the outlook of the industry is brighter.

(ii) Segment wise or product wise performance

The Company is domiciled in Bangladesh. The Company does not have any noncurrent assets that are located outside Bangladesh. There are also no revenue arising from transactions with a single external customer that comprises 10% or more of the Group's revenue for the years ended 30 June 2015.

The Company is a single product business primarily engaged in the manufacturing and sale of cotton yarn in Bangladesh and this forms the focus of the Company's internal reporting system. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the Chief Operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation. However, the breakup of yarn and export sales has been provided in Note 24.

(iii) Risk and 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 compared to last year mainly due to decrease in production, lower price of raw cotton, packing material, fuel and power, spare parts and other overhead. But Gross Profit ratio increased to 19.51% in the year 2014-2015 in place of 19.45% in the year 2013-2014. The main reason behind this is that cost of production decreased by 13.92% in 2014-2015 over 2013-2014 against decrease in selling price by 11.70%.

Net Profit before tax margin in 2014-2015 increased to 25.73% compared to 17.73% in 2013-2014 mainly due to increase in other income and decrease in Finance Cost, Administrative Expenses and Distribution Expenses.

(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 of 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**Taka**

Proceeds from Public Issue	126,17,00,000
Exchange gain on Foreign Currency	1,34,491
Interest income on IPO Fund	<u>18,61,90,018</u>
Total Fund	144,80,24,509
Less: Issue related and other expenses	8,74,27,160
Import of machinery	<u>2,63,78,282</u>
Utilization yet to be made	<u><u>133,42,19,067</u></u>

Above amount has been accounted as follows: -

Fixed Deposit	133,37,48,266
Cash at Bank	6,10,801
Temporary Overdrawn	<u>(1,40,000)</u>
Balance at 30 June 2015	<u><u>133,42,19,067</u></u>

Current Status of Import of Machinery:-

L/C Number	Machine	Current Status
DPCDAK432187	Ring Spinning Frame	Landed
DPCDAK409223	Roving Frame/Simplex	Landed
DPCDAK409719	AC Plant	Landed
DPCDAK414578	Blow Room/Carding MC	Landed
DPCDAK501736	Draw frames	Landed
DPCDAK503624	Winder	ETA October'15
DPCDAK505189	Diesel Generator	In Transit
DPCDAK508859	Sliver Can	Landed
DPCDAK508808	Electronic Wrap Reel	Landed
DPCDAK509169	Cot Grinding Machine	ETA October'15
DPCDAK509576	Bobin	In Transit
DPCDAK510804	Compressor	ETA October'15
DPCDAK511126	Substation & Bus Bar	In Transit
DPCDAK511489	Heat Setting Machine	ETA November'15
DPCDAK511484	Laboratory Carding Machine	ETA October'15
DPCDAK511484	Stiro -Roving Lab	ETA October'15
DPCDAK511484	Lab Knitter	ETA October'15
DPCDAK511695	Waste Collection System	ETA November'15
DPCDAK513940	Water Cooled Centrifugal	ETA December'15
DPCDAK513945	Heat Exchanger	ETA November'15
DPCDAK514083	Centrifugal Pump Set	ETA November'15
DPCDAK514082	Cooling Tower	ETA November'15
DPCDAK514081	Control Valves	ETA November'15
DCDAK512660	Supply Duct	ETA Sept'15
	False Ceiling	L/C to open in Sep'15
	Lift	L/C to open in Sep'15
	Scissor Lift	L/C to open in Sep'15
	MS pipe for Chiller	L/C to open in Sep'15
	Glass	L/C to open in Sep'15
	Valves and Accessories	L/C to open in Sep'15
	Fork Lift	L/C to open in Sep'15
	Rock Wool / PE Foam	L/C to open in Sep'15
	Slub System	L/C to open in Oct'15
	Cable	Local
	WTP -20m3/hr	Local
	Deep Tube well	Local

- (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 variance 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 Directors.
- (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, BSA, 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 know 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.**
There is no such significant deviation in operating results compared to last year.
- (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 years are summarized hereunder:

(Taka)

Particulars	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Revenue	2,029,007,454	2,334,384,001	2,395,782,610	2,623,615,416	2,458,002,913
Cost of sales	1,632,998,934	1,880,133,607	1,929,142,051	2,113,551,486	1,910,334,630
Gross Profit	396,008,934	454,250,395	466,640,559	510,063,930	547,668,283
Operating Expenses	95,082,477	136,713,941	64,653,088	51,475,090	57,980,150
Finance Cost	28,158,251	50,911,440	113,601,534	198,521,080	173,847,121
Operating Income	272,768,206	266,625,014	288,385,937	260,067,760	315,841,012
Other Income	275,534,203	168,088,956	35,436,631	7,585,365	34,894,108
Net Profit before WPPF	548,301,995	434,713,970	323,822,568	267,653,125	350,735,120
Workers' profit participation and					
Welfare funds	26,109,619	20,700,665	15,420,122	12,745,387	16,701,672
Net Profit before Tax	522,192,376	414,013,305	308,402,446	254,907,738	334,033,448
Income Tax	103,865,080	92,695,210	50,920,337	40,719,480	41,186,608
Deferred Tax	2,396,654	3,843,109	5,656,887	8,687,696	11,579,220
Net profit (loss) after tax	415,930,642	317,474,987	251,825,222	205,500,562	281,267,620
Gross Margin	19.51	19.46	19.48	19.44	22.28
Net Margin after tax	20.50	13.60	10.51	7.83	11.44
Earnings per share	4.27	3.26	2.58	2.11	2.89
Return on Equity (ROE)	10.55	10.39	11.77	10.74	17.81
Outstanding Shares	97,490,000	97,490,000	63,390,000	42,260,000	42,260,000
Face Value per share (Taka)	10	10	10	10	10

(XIX) Reasons for not declaring 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 Financial Statements.

(XXI) Shareholding Pattern

Pattern of Shareholding as on 30 June 2015

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 Perveen	Director	2,130,000	2.1848
Tanzeen Rahim	Director	2,130,000	2.1848
Taslima Brgum	Director	2,130,000	2.1848
M.Farhad Hussain FCA	Independent Director	100,000	0.1025
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	-	-
Md. Shah Alam Miah FCS	Company Secretary	-	-
Faiyaz Uddin Ahmed	Head of Internal Audit	-	-
iv. Executives			
Shamimul Haque	GM - Production	-	-
D.M.Abul Hossain	GM -Utility	-	-
Azad Shahriarier	DGM - Maintenance	600	0.000006
Farzana Hussain	AGM - Sourcing	-	-
Golam Kibria	AGM -Admin	-	-
v. Shareholders Holding 10% or more voting interest in the Company			
Jinnat Apparels Ltd	Sponsor Shareholder	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. Abdul Wahed, Ms. Tanzeen Rahim and Ms. Taslima Begum and being eligible offer themselves for re-appointment.

(XXIII) Directors' Compliance on Corporate Governance

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



K. M. ALAM & CO.
CHARTERED ACCOUNTANTS



**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 2015.

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.

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
15 September, 2015


K. M. Alam & Co.
Chartered Accountants

Head Office : 80, Motijheel C/A (4th Floor), Dhaka-1000, Tel : 9557851, 9552954, Fax : 9557851, Mob : 01711-080981, Email: monowar92@yahoo.com
Branch Office : 46, Mohakhali C/A (12th Floor), Dhaka-1212, Tel : 8825696-7 || 61, Ahsan Ahmed Road (2nd Floor), Khulna-9100, Tel : 041-2830395

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.	√		
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 any 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 causes 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	Non 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 others 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 on 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 judgement.	✓		

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.	✓		8 Meetings Held During The Year.
1.5(xxi)	Pattern of shareholding:			
1.5(xxi)a	Parent/subsidiary/Associated Companies and other related parties (name wise details);			Not Applicable
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 and Audit Committee as a sub-committee of the Board of Directors.	√		
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.	√		
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.	√		
3.1	Constitution of the Audit Committee:			
3.1(i)	The audit committee shall be composed of at 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 a ccounting or related financial management experience.	√		
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

Condition No.	Title	Compliance Status (Put √ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
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).	√		
3.3	Role of Audit Committee :			
3.3(i)	Oversee the financial reporting process.	√		
3.3(ii)	Monitor choice of accounting policies and principals.	√		
3.3(iii)	Monitor Internal Control Risk Management process.	√		
3.3(iv)	Oversee hiring and performance of external auditors.	√		
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
3.3(vii)	Review the adequacy of Internal Audit function	√		
3.3(viii)	Review statement of significant related party transactions submitted by the management.	√		
3.3(ix)	Review management Letters/ Letter of Internal control weakness issued by Statutory Auditors.	√		
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 monthly 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.	√		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
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.	✓		
3.4.1(ii)a)	Report on conflicts of interests	✓		
3.4.1(ii)b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		
3.4.1(ii)c)	Suspected infringement of laws, including securities related laws, rules and regulations.	✓		
3.4.1(ii)d)	Any other matter which shall be disclosed to the Board of Directors immediately.	✓		
3.4.2	Reporting to the Authorities	✓		
3.5	Reporting to the Shareholders and General Investors	✓		
4.00	External/Statutory Auditors:			
4(i)	Non -engagement of external/ statutory 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/statutory auditors in Actuarial services.	✓		
4(vi)	Non -engagement of external/statutory auditors in Internal audit services	✓		
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

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
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.	✓		
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. (Ref: Notification No. SEC/CMRRCD /2009-193/151/Admin dated 18 August 2013	✓		

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

For the Year 2014-2015

The Audit Committee consists of the following persons:

Mr. M. Farhad Hussain FCA, Independent Director	- Chairman
Mr. M. A. Rahim, Director	- Member
Mr. M. A. Quader, Director	- Member
Mr.Md. Shah Alam Miah FCS, Company Secretary	- Secretary

The Scope of the Audit Committee was defined as under:

- (a) Oversee the financial reporting process;
- (b) Monitor and oversee choice of accounting policies and principles, Internal Control Risk management process, auditing matter, hiring and performance of external auditors;
- (c) Review and recommended to the Board to approve the quarterly, half yearly and annual financial statements prepared for statutory purpose.
- (d) Review statement of significant related party transactions submitted by the management.
- (e) Review and consider the report of internal auditors and statutory auditors' observations on internal control.
- (f) Review the utilization report of Initial Public Offering (IPO) proceeds.
- (g) Any other requirement assigned by the Board of Directors.

Activities carried out during the year:

During the year 2014-2015, the Audit Committee of the Company held 07 meetings. Proceedings of the Audit Committee meetings were reported timely and regularly to the Board of Directors. During the year, the Committee performed amongst others, the following key functions:

- 01. The Committee reviewed the integrity of the quarterly, half yearly and annual financial statements and recommend to the Board for consideration.
- 02. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.
- 03. The Committee reviewed the monthly IPO proceeds, monthly operational performance report (MOD), monthly progress report of Mélange Project, the Standard Operating Procedure (SOP) of the Company.
- 04. The Committee reviewed the Audit Plan for the year, 2015-2016.
- 05. The Committee reviewed the performance and appointment of external auditors.
- 06. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the Company and didn't find any material deviation, discrepancies or any adverse finding/observation in the area of reporting.



M. Farhad Hussain, FCA
Chairman, Audit Committee



Our CSR Activities

Sreepur-Kashimpur Rasta Sanasker Prokalpa

Matin Spinning Mills Limited (MSML) recognizes that in order to serve the community, it has to begin at home. In order to upgrade the road communication system, MSML contributed BDT 500,000 to the Sreepur-Kashimpur Rasta Sanasker Prokalpa. The improvement of the road condition, which was not originally designed for an industrial zone, will aid the local community not only in easing their travelling but also safe guarding them during the monsoon season: as water clogs up quite easily during rain.

Centre for the Rehabilitation of the Paralysed (CRP)

Matin Spinning Mills Limited recognizes the frantic need for services for spinal injured patients and has thus contributed BDT 1 million to the Centre for the Rehabilitation of the Paralysed (CRP). Another 1 million has been committed for the year 2015-16 as well. The CRP has developed into an internationally respected organisation. Matin Spinning Mills Limited chose CRP due to holistic approach to rehabilitation, having recognised that all aspects of the rehabilitation process are vital for its success. The services provided by CRP include: physical rehabilitation, psychological rehabilitation, economic rehabilitation and planned discharge. The holistic nature of CRP's work is due to its work covering several areas of development including human rights, poverty alleviation, health care provision and education. In the future, Matin Spinning intends to recruit physically challenged people as well.

Diabetic Association of Bangladesh

Matin Spinning Mills Limited (MSML) is generous when it comes to serving the community for a noble cause. The risks associated with the disease are many and there is continual increase in the number of diabetic patients every year. Hence, MSML has made a commitment of BDT 3 million to the Diabetic Association of Bangladesh for 2015-16 in the form of financial assistance for the treatment of underprivileged people who are incapable of bearing the medical expenses. In addition to total healthcare of diabetics, the primary focus of the Diabetic Association of Bangladesh include creating specialized quality manpower, developing leadership in healthcare through dedicated and transparent management system and developing industries for manufacturing quality medicines and healthcare products. 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 the Diabetic Association of Bangladesh to ensure total healthcare including rehabilitation for all diabetics irrespective of gender, economic and social status.

Dhaka Ahsania Mission Cancer Hospital

The number of cancer patients has been rising quite significantly throughout the years. Matin Spinning Mills Limited understands this and thereby

committed Dhaka Ahsania Mission Cancer Hospital with BDT 600,000. The hospital is now a 42 bed Cancer Hospital with required operation facilities, Chemotherapy, X-Ray and Imaging facilities. Matin Spinning has even been supporting for setting up an operation theatre since 2010. Experienced and dedicated cancer specialists and general physicians are working there to provide health service at a reasonably low cost and even no cost.

Dhaka Medical College Hospital

Matin Spinning Mills Ltd. has an enormous respect for the Dhaka Medical College Hospital (DMCH), which serves as a historic landmark for Bangladesh. Since its establishment in 1946, DMCH continuously plays a pioneering role in dispersing medical education among young pupils. The hospital attached with the college provides affordable healthcare to a vast number of patients through its outdoor, indoor and emergency facilities. MSML has committed BDT 5 million for the year 2015-16 to help DMCH move further in serving the underprivileged people.

Anjuman Mufidul Islam

Matin Spinning Mills Limited has also committed a contribution of BDT 600,000 to Anjuman Mufidul Islam. This will aid in catering to a variety of facilities as Anjuman Mufidul Islam provides ambulance services, burial services, medical programmes, assistance, relief programmes, technical institute and even two orphanages. Thus Matin Spinning Mills Limited supports not only healthcare but also health education and the proper upbringing of orphan children.



Environmental and Social Obligation: 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 entity, Matin Spinning Mills Limited (MSML) is committed to reduce its carbon footprint and any adverse effect on the environment by the use of state-of-the-art technology on a continuous 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 mere responsibility to transforming into a competency and performance issue.

MSML has made use of Eneflow magnetic devices from Enecon Corporation in its generators which not only helped reduce carbon footprints but also provided significant cost savings: more than BDT 8 million per year, by investing only Tk. 60,000. The devices allow efficient utilization of fuel: saving 514 litres every day. Hence savings for the future is ensured as well.

Focusing further on energy efficiency, MSML is exploring options for utilizing solar energy. Along with the International Finance Corporation (IFC) of the World Bank, MSML is considering including solar panels on the rooftop to reduce the load of the generators.

Serving the community is not an act of charity, but rather a responsibility of a business. In regards to this, MSML provides special support to community education development. MSML has already provided financial assistance to different schools in the Kashimpur community. It is now also focusing on developing and ensuring quality education in these institutions via multi-stakeholder engagement.

Our Recent Achievements

Japan Bangladesh Chamber of Commerce and Industry (JBCCI) Business Excellence Award 2014



The Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Awards 2014

AUDITORS' REPORT
To
The Shareholders of Matin Spinning Mills Limited

We have audited the accompanying financial statements of **Matin Spinning Mills Limited** which comprise the statement of financial position as at June 30, 2015 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.

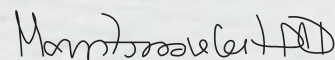
Opinion

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, 2015 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 12, 2015


(Masih Muhith Haque & Co.)
Chartered Accountants

Matin Spinning Mills Limited
Statement of Financial Position
as at 30 June 2015

		Amounts in Taka	
		At	At
		30 June 2015	30 June 2014
Assets			
Non - current assets			
Property, plant and equipment	04/Annex I & ii	1,819,764,607	1,866,690,176
Investment	05	97,513,853	98,522,982
Capital work-in-process	06	760,593,816	49,278,488
		858,107,669	147,801,470
Total non - current assets		2,677,872,275	2,014,491,646
Current assets			
Cash and bank balances	07	2,094,338,153	2,190,971,599
Accounts receivable	08	197,132,598	151,131,395
Inventories	09	294,334,139	395,214,339
Advances & deposits	10	151,291,420	67,431,214
Due from sister concerns	11	303,279,452	139,455,850
Total current assets		3,040,375,761	2,944,204,397
Total assets		5,718,248,036	4,958,696,043
Equity and liabilities			
Share capital	12	974,900,000	974,900,000
Share Premium	13	920,700,000	920,700,000
Retained earnings	14	1,146,185,240	865,025,750
Tax holiday reserve	15	-	86,718,548
Revaluation reserve	16	996,960,432	995,915,687
Total equity		4,038,745,673	3,843,259,985
Non-current liabilities			
Long term bank loan	17	146,196,501	244,168,945
Deferred tax liability	18	83,695,158	82,343,250
Total non-current liabilities		229,891,660	326,512,195
Current liabilities			
Accounts payable	19	173,452,887	161,287,513
Share Application Money	20	4,664,160	6,614,431
Short term bank loan	21	1,043,914,229	348,786,756
Current portion of long term loan	22	97,947,248	97,632,305
Provision & accruals	23	129,632,180	174,602,859
Total current liabilities		1,449,610,704	788,923,863
Total equity and liabilities		5,718,248,036	4,958,696,043
NAV Per Share (With Revaluation reserves)	34.01	41.43	39.42
NAV Per Share (Without Revaluation reserves)	34.02	31.20	29.21

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 September 12, 2015.



Chairman



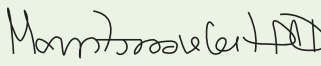
Managing Director



Chief Financial Officer

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

Dhaka
 Dated : September 12, 2015



Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited
Income Statement
for the year ended 30 June 2015

	Notes	Amounts in Taka	
		Year ended 30 June 2015	Year ended 30 June 2014
Revenue	24	2,029,007,454	2,334,384,001
Cost of goods sold	25	(1,632,998,934)	(1,880,133,607)
Gross profit		396,008,520	454,250,395
Other income	26	275,534,203	168,088,956
		671,542,724	622,339,351
Administrative expenses	27	(94,485,107)	(134,769,555)
Distribution expenses	28	(597,370)	(1,944,386)
Net profit before finance cost		576,460,246	485,625,410
Finance cost	29	(28,158,251)	(50,911,440)
Net profit before workers' profit participation funds & tax		548,301,995	434,713,971
Contribution to workers' profit participation funds	30	(26,109,619)	(20,700,665)
Net profit before taxation		522,192,376	414,013,305
Income tax	31	(103,865,080)	(92,695,210)
Deferred tax	32	(2,396,654)	(3,843,109)
Net profit after tax		415,930,642	317,474,987
Earnings Per Share (EPS)	33	4.27	3.26

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 September 12, 2015.



Chairman



Managing Director



Chief Financial Officer

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

Dhaka

Dated : September 12, 2015




Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited
Statement of Comprehensive Income
for the year ended 30 June 2015

	<u>Notes</u>	Amounts in Taka	
		Year ended 30 June 2015	Year ended 30 June 2014
Net profit after tax for the period		415,930,642	317,474,987
Deferred tax on other comprehensive income	32.01	1,044,746	1,102,311
Less: Unrealised loss for fair value adjustment	5.02	(3,882,908)	(2,198,812)
Total comprehensive income for the period		413,092,479	316,378,485

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 September 12, 2015.



Chairman



Managing Director



Chief Financial Officer

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

Dhaka
 Dated : September 12, 2015



Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited **Statement of Changes in Equity** **for the year ended 30 June 2015**

	Amounts in Taka					
	Share capital	Share Premium	Tax holiday reserves	Retained earnings	Revaluation reserves	Total
Year 2015						
Balance at 01 July 2014	974,900,000	920,700,000	86,718,548	865,025,750	995,915,687	3,843,259,985
Net profit for the year	-	-	-	415,930,642	-	415,930,642
Dividend Paid	-	-	-	(243,725,000)	-	(243,725,000)
Unrealised loss for fair value adjustment	-	-	-	(3,882,908)	-	(3,882,908)
Excess provision of Income tax adjustment	-	-	-	26,118,208	-	26,118,208
Tax holiday reserves reversed	-	-	(86,718,548)	86,718,548	-	-
Other comprehensive income net of tax	-	-	-	-	1,044,746	1,044,746
Balance at 30 June 2015	974,900,000	920,700,000	-	1,146,185,240	996,960,432	4,038,745,673
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
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	3,843,259,985

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 September 12, 2015.

At.

Chairman

Masih Muhith Haque

Managing Director

Masih Muhith Haque

Chief Financial Officer

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

Dhaka

Dated : September 12, 2015

Masih Muhith Haque

Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Limited

Statement of Cash Flows for the year ended 30 June 2015

	Amounts in Taka	
	Year ended 30 June 2015	Year ended 30 June 2014
A. Cash flows from operating activities		
Collection from customers	2,031,898,631	2,721,332,803
Sale of cotton (local)	-	62,406,980
Other Income	67,411,339	65,468,621
Cash generated from operations	2,099,309,970	2,849,208,403
Cash paid to suppliers and employees	(1,560,976,173)	(1,730,139,162)
Interest paid on loans	(28,158,251)	(50,911,440)
Income tax paid	(99,960,995)	(63,960,000)
Payment made to workers' profit participation funds	(48,866,175)	(23,743,287)
Net cash flows from operating activities	361,348,375	980,454,514
B. Cash flow from investing activities		
Acquisition of property, plant and equipment	(34,230,256)	(92,782,066)
Capital work-in-process	(772,695,376)	(41,561,171)
Dividend Income	1,233,838	726,880
Interest on bank account	157,996,648	97,672,020
Net cash used in investing activities	(647,695,146)	(35,944,337)
C. Cash flows from financing activities		
Long term loan received /(repaid)	(97,657,501)	(76,124,156)
Short term loan received/(repaid to) bank	695,127,473	(433,186,050)
Dividend Paid	(241,982,775)	-
Share Capital	-	341,000,000
Share Premium	-	920,700,000
Share application money refunded	(1,950,271)	6,614,431
Inter-company debts Received/(paid)	(163,823,602)	49,663,581
Net cash from/(used in) financing activities	189,713,325	808,667,806
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	(96,633,447)	1,753,177,983
E. Opening cash and cash equivalents	2,190,971,599	437,793,616
F. Closing cash and cash equivalents (D+E)	2,094,338,153	2,190,971,599
Net Operating Cash Flow Per Share	3.71	10.06

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 September 12, 2015.



Chairman



Managing Director



Chief Financial Officer

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

Dhaka
Dated : September 12, 2015



Masih Muhith Haque & Co.
Chartered Accountants

Matin Spinning Mills Ltd
Notes to the financial statements
For the year ended 30 June 2015

General

1.00 Reporting entity

1.1 Background of the Company

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

1.2 Nature of Business

The company is a 100% export oriented backward linkage spinning industry established to manufacture and sell 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.

2.00 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 September 12, 2015.

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 2014 to 30 June 2015 and is followed consistently.

3.00 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 Statement of Financial Position date is stated at amount which are considered realizable. Specific allowance is made for receivable considered to be doubtful of recovery.

3.12 Inventories

Inventories are stated at the lower of cost or net realizable value in compliance to the requirement of Para 21 & 25 of BAS -2

Types of Stock	Basis of Valuation
Raw Materials, Packing Materials and Work-in-process	At cost or market price whichever is lower
Finished Goods	At lower of cost or net estimated realizable value
Spare & Parts	Weighted Average Cost
Diesel & Lube Oil	At Cost
Stock of Bandhan	At Cost or market price

The cost is determined on weighted average cost basis. Net realizable value is based on estimated selling price less any further costs anticipated to be incurred to make the sale. Any obsolete stock of abnormal losses are recognized as expenses.

3.13 Advance , Deposit and Prepayments

Advance , Deposit and Prepayments comprise salary advance, advance to supplier, 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 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted on date of Statement of Financial Position.

3.20 Provisions

A provision is recognized in the Statement of Financial Position 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.

3.21 Finance costs

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

3.22 Finance income

Finance income comprises interest income on loan granted to sister concerns and on Fixed deposit receipts. The rate of interest is 10.50 % on loan granted to sister concern and 9.50 % on fixed deposit receipts.

3.23 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.

3.24 Provident Fund

Members, on confirmation, in regular employment of the company, are eligible to join the provident fund to which members contribute 7% of their basic salaries and the Company makes a matching contribution. The Fund is administered by a Board of Trustees.

3.25 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.

3.26 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.

3.27 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.

3.28 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.

3.29 Risk management

The Company has exposures to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk
- Capital risk management
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the group. The Board is assisted in its oversight role by Audit Committee. Internal Audit, under the purview of Audit Committee, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a buyer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers and investment securities. The Company's major sales are made to the RMG exporting Companies run under DBL group. A minor quantity of sales are made to the RMG exporting Companies outside the DBL group. All sales are fully secured by Letters of Credit by local scheduled banks.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In general, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment.

The requirement is determined in advance through cash flow projections and credit line facilities with banks are negotiated accordingly.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

Capital Risk Management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board seeks to maintain a balance between the higher returns that might be possible with optimum levels of borrowings and the advantages and security afforded by a sound capital position. The Board also monitors dividend trend to ordinary shareholders.

Operational Risk

Operation of the factory is mostly automated and involves minimal manual input. The overall process adheres to highest international standards. The plant is run by experienced and professional personnel. The workers and officers of the Company are properly trained. Besides, the machineries are properly maintained and repaired whenever necessary. The factory building is well constructed and has adequate fire control measures.

3.30 Segment reporting

A segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision maker. The entity regards its Board of Directors as its Chief Operating decision maker, as the Board is responsible for allocating resources, assesses performance, and makes strategic decision.

The entity is primarily engaged in the manufacturing and sale of cotton yarn and blended yarn to export oriented knit garments industries and this forms the focus of the Company's internal reporting system. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brand is not part of the regular internally reported financial information to the Chief Operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation.

3.31 Events after the reporting date

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

04 Property, plant and equipment

A ASSETS AT COST (Non Revalued Assets):

Opening balance (at cost)

Add : Additions

Less: Disposal/Adjustment

Closing balance (a)

Accumulated Depreciation

Opening balance

Add : Charges for the year

Less: Disposal/Adjustment

Closing balance (b)

Written Down Value (a-b)

B REVALUED ASSETS :

Opening balance (at revalued cost)

Add : Additions

Less: Disposal/Adjustment

Closing balance (a)

Accumulated Depreciation

Opening balance

Add : Charges for the year

Less: Disposal/Adjustment

Closing balance (b)

Written Down Value of Revaluation Assets (a-b)

Total Written Down Value (A+B)

Details of fixed assets are shown in [Annex i & ii](#)

05 Investment

Investment in equity of sister concern

5.01

Investment in marketable securities

5.02

Share Money Deposit(DBL Ceramics Ltd)

5.01 Investment in equity of sister concern

Particular	No. of Share	% of Share	Face Value
------------	--------------	------------	------------

DBL Ceramics Ltd	250,000	25 %	100
------------------	---------	------	-----

Amounts in Taka	
At	At
30 June 2015	30 June 2014
2,122,406,239	2,029,624,173
34,230,256	92,782,066
2,156,636,495	2,122,406,239
-	-
2,156,636,495	2,122,406,239
1,257,467,964	1,177,936,621
74,190,854	79,531,342
1,331,658,818	1,257,467,964
-	-
1,331,658,818	1,257,467,964
824,977,677	864,938,276
1,033,677,512	1,033,677,512
-	-
1,033,677,512	1,033,677,512
-	-
1,033,677,512	1,033,677,512
31,925,612	24,576,875
6,964,970	7,348,737
38,890,582	31,925,612
-	-
38,890,582	31,925,612
994,786,930	1,001,751,900
1,819,764,607	1,866,690,176
25,000,000	25,000,000
21,713,853	22,722,982
50,800,000	50,800,000
97,513,853	98,522,982
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 30.06.2015.

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 2015	At 30 June 2014
22,722,982	21,795,300
-	-
22,722,982	21,795,300
2,873,778	3,126,494
(3,882,908)	(2,198,812)
21,713,853	22,722,982

Particular	No. of Share	Rate	Cost Value	Market rate as on 30 June 2015	Market value as on 30 June 2015
Al Arafah Bank Ltd	132,795	16.07	2,134,016	12.60	1,673,217
Dhaka Bank Ltd	121,852	18.45	2,248,169	17.40	2,120,225
Eastern Bank Ltd	75,000	30.80	2,310,000	26.00	1,950,000
IFIC Bank Ltd.	36,368	31.80	1,156,502	19.30	701,902
Mercantile Bank Ltd	338,800	15.43	5,227,684	10.20	3,455,760
Export Import Bank Ltd.	386,000	9.25	3,570,500	9.00	3,474,000
Mutual Trust Bank Ltd	174,240	14.46	2,520,138	16.80	2,927,232
One Bank Ltd	185,625	12.98	2,409,004	13.10	2,431,688
Standard Bank Ltd	128,225	13.33	1,709,239	9.70	1,243,783
Trust Bank Ltd	20,000	16.90	338,000	22.50	450,000
Uttara Bank Ltd	66,550	29.53	1,965,222	19.20	1,277,760
Balance in BO Account			8,286		8,286
	1,665,455		25,596,760		21,713,853

06 Capital work-in-process

Melange Project (Construction)

6.01

164,757,113

36,309,701

Godown - 3

6.02

-

12,968,787

Sub Station

6.03

4,937,983

-

Machineries (Melange)

6.04

590,898,720

-

760,593,816

49,278,488

6.01 Melange Project (Construction)

Opening Balance

36,309,701

7,717,317

Add: Addition during the year

128,447,412

28,592,384

Closing Balance

164,757,113

36,309,701

6.02 Godown - 3

Opening Balance

12,968,787

-

Add: Addition during the year

5,380,296

12,968,787

Less: Transfer to Fixed Assets

(18,349,083)

-

Closing Balance

-

12,968,787

6.03 Sub Station

Opening Balance

-

-

Add: Addition during the year

4,937,983

-

Less: Transfer to Fixed Assets

-

-

Closing Balance

4,937,983

-

6.04 **Machineries (Melange)**

L/C No. Machine Name

DPCDAK 432187	Ring Fram
DPCDAK 409223	Simplex
DPCDAK 409719	AC Plant
DPCDAK 414578	Blow Room & Carding Machine
DPCDAK 501736	Draw Fram
DPCDAK 505189	Generator
DPCDAK 503624	Murata Process Coner
DPCDAK 508859	Sliver Can
DPCDAK 508808	Electronic Wrap Reel
DPCDAK 509169	Cot Grinding MC
DPCDAK 509576	Bobin

Amounts in Taka	
At 30 June 2015	At 30 June 2014
235,636,030	-
42,943,273	-
111,563,187	-
197,662,194	-
480,078	-
1,066,524	-
1,361,554	-
104,701	-
26,629	-
19,646	-
34,904	-
590,898,720	-

07 Cash and bank balances

Cash in hand

Fixed Deposit

Bank balances with:

Islami Bank Bangladesh Ltd :

Current account

Marginal deposit Account (Special)

Marginal deposit Account (Normal)

Marginal deposit Under Reserve

Foreign currency account

Exim Bank Ltd, STD account

Mercantile Bank Ltd :

STD account

Foreign currency account

Dhaka Bank Ltd :

STD account

Current account

HSBC Bank Ltd :

STD account

Foreign currency account

City Bank Ltd :

STD account

Foreign currency account

Prime Bank Ltd :

STD account

Foreign currency account

Standard Chartered Bank :

STD account

BRAC Bank Ltd. :

STD account

Foreign currency account

2,416,645	1,570,374
2,008,701,793	1,792,823,660
806,183	607,779
53,031	52,383
1,533,123	1,259,948
144,466	144,466
7,712	7,713
28,996,571	53,026,997
-	728
65,126	27,441
6,286	7,159
319,002	320,502
909,009	16,409,762
33,172,692	260,868,331
714,584	61,450
9,605,964	2,713,057
557,618	1,167
11,116	52
313,070	496,440
5,587,854	58,847,543
416,307	1,724,648
2,094,338,153	2,190,971,599

08

Accounts receivables				197,132,598	151,131,395
A. Receivable other than related party:					
Apex Spinning & Knitting Mills Ltd.				-	3,754,351
Lithium Knit Fabrics Ltd				6,908,666	6,908,666
The Immaculate Textiles Ltd				6,232,380	-
Fariha Knitex Ltd				4,431,061	-
Fakir Apparels Ltd				6,489,099	-
Viyellatex Ltd				18,206,377	-
Virtual Knitwears Ltd				-	4,370,419
Utah Knitting & Design Ltd.				10,602,867	6,638,312
Jointex Knit Wears Ltd.				11,000,710	13,106,291
Others				129,780	3,909,700
Sub total				64,000,940	38,687,739
B. Receivable for related party:					
Flamingo Fashions Ltd				22,126,169	34,502,530
Jinnat Fashions Ltd				5,259,978	1,976,769
Jinnat Knitwears Ltd				5,307,531	24,692,531
Matin Knitwears Ltd				5,250,438	6,326,765
Hamza Textiles Ltd.				9,493,476	8,143,375
Sub total				47,437,592	75,641,970
C. Bank interest receivable on FDR				85,694,065	36,801,687
Grand Total (A+B+C)				197,132,598	151,131,395
Age analysis of Debtors:					
	1-3 Months	4-6 Months	above 6 Months	Total	Total
Sale of yarn	89,678,449	14,851,418	6,908,666	111,438,533	114,329,708
Interest receivable on FDR (Vii)	85,694,065	-	-	85,694,065	36,801,687
	175,372,514	14,851,418	6,908,666	197,132,598	151,131,395

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 2015

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 2015

V. Accounts receivable from Management :-

There has been an amount of Tk 47,437,592 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.

VII. Interest receivable on FDR:-

Interest receivable on FDR is relizable on encashment of FDR from banks.

			Amounts in Taka	
			At	At
			30 June 2015	30 June 2014
09	Inventories	Note		
	Raw cotton	9.01	209,530,378	279,510,501
	Finished yarn	9.02	28,422,438	35,615,731
	Packing materials	9.03	720,102	1,616,866
	Work-in-process	9.04	26,628,869	49,905,867
	Spare parts	9.05	23,895,991	28,565,373
	Diesel & Lube Oil		2,845,031	-
	Stock of Bandhan		2,291,329	-
			294,334,139	395,214,339

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

09.01 Raw cotton

Raw Cotton Inventory is accounted as follows:

Value (TK.)

Conventional Cotton	186,062,218	208,318,643
Organic Cotton	2,319,790	50,149,123
Synthetic Fiber	21,148,370	21,042,736
Total	209,530,378	279,510,501

Quantity (KG)

Conventional Cotton	1,470,384	1,248,571
Organic Cotton	16,626	298,372
Synthetic Fiber	145,175	129,192
Total	1,632,185	1,676,135

Cost Per Kg (TK.)

Conventional Cotton	126.54	166.85
Organic Cotton	139.52	168.08
Synthetic Fiber	145.68	162.88

09.02 Finished yarn

Finished goods Inventory is accounted as follows:

Value (TK.)

Carded	17,507,598	19,938,816
Combed	6,812,870	8,385,383
Slub	1,265,364	1,483,142
Synthetic	2,836,606	5,808,389
Total	28,422,438	35,615,731

Quantity (KG)

Carded	85,474	82,443
Combed	28,407	29,379
Slub	5,195	5,021
Synthetic	17,053	24,200
Total	136,129	141,043

Cost Per Kg (TK.)

Carded	204.83	241.85
Combed	239.83	285.42
Slub	243.58	295.41
Synthetic	166.34	240.02

		Amounts in Taka	
		At	At
		30 June 2015	30 June 2014
09.03	Packing materials Value (TK.)		
	Opening balance	1,616,866	1,256,053
	Purchase during the year	12,589,346	15,389,912
	Packing materials available for consumption	14,206,213	16,645,965
	Consumption during the year	13,486,110	15,029,099
	Closing balance	720,102	1,616,866

09.04 Work-in-process

Work-in-process Inventory is accounted as follows:

Particular	Quantity (KG)			
	At June 30,2015	At June 30,2014		
Blow Room	174,787	155,114	9,635,315	27,921,496
Carding	3,982	4,704	469,876	805,090
B. Drawing	2,072	3,743	314,944	768,090
Combing	1,311	1,027	201,894	212,596
F. Drawing	3,049	4,682	475,644	977,636
Simplex	15,148	10,536	2,393,384	2,218,959
Ring Frame	36,300	47,850	6,243,600	10,766,250
Winding	2,556	3,547	503,532	886,750
Packing	32,440	21,396	6,390,680	5,349,000
Total	271,645	252,599	26,628,869	49,905,867

09.05 Spare parts

Opening Balance	28,565,373	21,672,345
Add: Addition during the year	22,761,328	37,659,531
	51,326,701	59,331,877
Less: Consumption during the year	27,430,710	30,766,504
Closing balance	23,895,991	28,565,373

10 Advance and deposits

Advance	Notes		
Salary & Allowances		1,003,735	769,235
Construction	10.01	70,985,317	1,584,377
Expenses	10.02	66,646,881	35,177,518
		138,635,933	37,531,129
Deposits			
Margin and deposit	10.03	4,290,218	21,534,815
Security deposit for Utilities	10.04	8,365,270	8,365,270
		12,655,488	29,900,085
		151,291,420	67,431,214

				Amounts in Taka	
				At	At
				30 June 2015	30 June 2014
10.01	Construction				
	Abdur Rouf - Earth Cutting			-	29,061
	Ebrahim & Sons			1,560,748	-
	Haroon Engineering Limited			850,000	-
	Nurul Momen Khan			600,000	-
	Siemens Bangladesh Ltd. (Transformer)			60,573,237	-
	Park Technology Ltd.			4,115,672	-
	Kapita Auto Bricks Limited			740,500	-
	Ami Technology			2,545,160	-
	Shahjahan Brothers			-	460,000
	Quantam Builders & Engineering Ltd			-	595,316
	Project consultant & Construction			-	500,000
				70,985,317	1,584,377
10.02	Expenses				
	Abdul Haque & Sons			-	534,000
	Bangla Trac Ltd			5,434,235	2,890,918
	Mohammad Mohsin			185,000	
	Md. Farhad Ali			-	58,871
	MJL Bangladesh Ltd			406,831	558,711
	Khalil Traders			100,000	-
	Local Purchase			5,847	165,138
	Shinpower			936,079	-
	Others			349,229	914,632
	Advance income Tax (10.02.01)			59,229,660	30,055,247
				66,646,881	35,177,518
10.02.01	Advance income Tax				
	Income Tax on Export	10.02.01(i)		33,252,490	20,690,356
	Tax on Interest Received (Bank)	10.02.01(ii)		25,977,170	9,364,891
				59,229,660	30,055,247
10.02.01(i)	Income Tax on Export				
	Opening Balance			20,690,356	41,389,717
	Add: Addition during the year (Rule - 53 BBBB)			12,562,134	20,690,356
	Less: Adjustment against provision for previous years AIT			-	(41,389,717)
	Closing Balance			33,252,490	20,690,356
10.02.01(ii)	Tax on Interest Received (Bank)				
	Opening Balance			9,364,891	847,745
	Add: Addition during the year (Rule - 53 F)			16,612,279	9,364,890
	Less: Adjustment against provision for previous years AIT			-	(847,745)
	Closing Balance			25,977,170	9,364,891

Advance tax represents advance income tax deducted at source @ 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.

			Amounts in Taka	
			At 30 June 2015	At 30 June 2014
10.03	Margin and deposit			
	Margin and deposit (Raw Cotton)	10.03.01	2,996,294	21,534,815
	Margin and deposit (Machineries)	10.03.02	1,293,924	-
			4,290,218	21,534,815
10.03.01	Margin and deposit (Raw Cotton)			
	Margin against Cotton		2,099,526	1,710,615
	Materials in Transit (Cotton)		-	18,197,829
	Margin Against Bank Guarantee		720,000	760,000
	Margin against Spare Parts		176,768	866,371
			2,996,294	21,534,815
10.03.02	Margin and deposit (Machineries)			
	Margin against Machineries		1,293,924	-
			1,293,924	-
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	500,000
	Security Deposit for Electricity		93,840	93,840
			8,365,270	8,365,270

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

	1-3 Months	3-6 Months
Salary & Allowances	-	1,003,735
Construction	-	70,985,317
Expenses	-	66,646,881

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

11 Due from sister concerns

a) DBL Ceramics Ltd.

(i) Due from sister concerns (Principal):

Opening Balance	135,737,062	140,819,768
Less: Realized during the year	(135,737,062)	(5,082,706)
Sub total (i)	-	135,737,062

(ii) Due from sister concerns (Interest):

Opening Balance	3,718,788	48,299,663
Add: Interest charged during the year	981,769	15,336,419
Less: Received during the year	(4,700,558)	(59,917,294)
Sub total (ii)	-	3,718,788
Total (i + ii)	-	139,455,850

b) Jinnat Knitwears Ltd.

(i) Due from sister concerns (Principal):

Opening Balance	-	-
Add: Addition during the year	300,000,000	-
Less: Realized during the year	-	-
Sub total (i)	300,000,000	-

(ii) Due from sister concerns (Interest):

Opening Balance	-	-
Add: Interest charged during the year	3,279,452	-
Less: Received during the year	-	-
Sub total (ii)	3,279,452	-
Total (i + ii)	303,279,452	-
Grand Total (a + b)	303,279,452	139,455,850

i) All the loan amounts are considered good and recoverable from Jinnat Knitwears Ltd.

ii) Loan given to associate company, Jinnat Knitwears Ltd. under deed of agreement between Matin Spinning Mills Ltd and Jinnat Knitwears 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
Jinnat Knitwears Ltd.	Sister Concerns	Project financing	1 years	10.50 %	Simple

iii) Inter company loan due from DBL Ceramics Ltd. Has been fully realized during the year.

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	At
30 June 2015	30 June 2014

1,500,000,000

1,500,000,000

974,900,000

974,900,000

Particulars of Investors	Number of Investors	Number of shares	Percentage of Share Holding (%)
Sponsors	10	63,390,000	65.022
Independent Director	1	100,000	0.103
Foreign Investors	487	192,540	0.197
Foreign Institutions	1	161,339	0.165
Local Institutions	187	18,139,226	18.606
General Public	12,698	15,506,895	15.906
Total	13,384	97,490,000	100.00

Distribution schedule of each class of equity setting out the number of holders and percentage as on June 30, 2015:

Range of Holdings	Number of Shareholders	Number of shares	Percentage of Share Holding (%)
Less than 500 shares	12,031	2,416,782	2.479
500 to 5,000 shares	908	1,725,127	1.770
5,001 to 10,000 shares	169	1,286,035	1.319
10,001 to 20,000 shares	108	1,577,167	1.618
20,001 to 30,000 shares	42	1,050,019	1.077
30,001 to 40,000 shares	25	904,025	0.927
40,001 to 50,000 shares	12	548,970	0.563
50,001 to 100,000 shares	31	2,469,067	2.533
100,001 to 1,000,000 shares	42	11,973,358	12.282
Over 1,000,000 shares	16	73,539,450	75.433
Total	13,384	97,490,000	100.000

13 Share Premium

No. of Shares Premium Amount

34,100,000 Tk 27

Amounts in Taka	
At	At
30 June 2015	30 June 2014

920,700,000

920,700,000

14 Retained earnings

Opening balance

865,025,750

549,749,575

Add: Profit made during the year

415,930,642

317,474,987

Less: Dividend Paid

(243,725,000)

-

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

(3,882,908)

(2,198,812)

Add: Tax holiday reserves reversed

Income Year 2009 -2010

49,569,824

-

Income Year 2010 -2011

37,148,724

-

Add: Excess/ (Short) provision for taxation written back to retained earning due to tax holiday allowed by tax authority.

2006-2007

80,362

-

2007-2008

29,814,149

-

2008-2009

(1,320,355)

-

2009-2010

1,990,644

-

2010-2011

(4,446,592)

-

1,146,185,240

865,025,750

Amounts in Taka	
At 30 June 2015	At 30 June 2014

15 Tax holiday reserves

Income Year 2009 -2010	49,569,824	49,569,824
Income Year 2010 -2011	37,148,724	37,148,724
Less: Tax holiday reserves reversed	(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 46 A (2) (A) which was pending due to an appeal against the order of disallowances of tax holiday by the assessing officer. These appeals have been completed and revised assessment orders allowing tax holiday has been received. Tax holiday period of the company ended on 30 September 2010. So the amount has been transferred to retained earning.

16 Revaluation reserves:

This balance consists of as follows:

Balance at the beginning of the year		995,915,687	994,813,376
Add: Deferred tax on revaluation reserve	Note : 32.01 (ii)	1,044,746	1,102,311
Balance as on 30 June 2015		996,960,432	995,915,687

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 does not differ significantly from its carrying amount as at 30 June, 2015, so no revaluation has been made as on date.

17 Long Term bank loan

Off Shore Loan - HSBC	146,196,501	244,168,945
	146,196,501	244,168,945

Bank	Loan Account	Particulars
HSBC	Off Shore Loan	<p>Nature: One off Term Loan Limit: Tk.550 million</p> <p>Purpose: Import of Machinery & Equipment (Take over from IBBL)</p> <p>Tenure: 4 Years Repayment Clause: 16 equal quarterly installments. Interest Rate: 4.5% Plus LIBOR</p> <p>Security Agreement: For security arrangement kindly refer to note No. 21.</p>

Amounts in Taka	
At 30 June 2015	At 30 June 2014

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	824,977,677	864,938,276
Tax base	511,790,487	567,728,777
Taxable Temporary difference	313,187,190	297,209,499
Applicable tax rate	15%	15%
(Tax rate 15% on Textile sector as per SRO - 207 dated 30 June 2008.)		
Deferred tax liability on historical cost	46,978,079	44,581,425

B. Deferred tax liability against revaluation reserve:

(i)

Deferred tax liability against revaluation reserve other than land

Carrying amount other than land	129,394,934	136,359,904
Tax base	-	-
	129,394,934	136,359,904
Applicable tax rate	15%	15%
(Tax rate 15% on Textile sector as per SRO - 207 dated 30 June 2008.)		
	19,409,240	20,453,986

(ii)

Deferred tax liability on capital gain against revaluation of land

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

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

	36,717,080	37,761,825
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Total Deferred tax liability (A + B)

	83,695,158	82,343,250
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19 Accounts payable

Suppliers- (19.1)	141,173,641	138,563,514
Expenses- (19.2)	23,801,224	19,948,310
Other finance- (19.3)	8,478,022	2,775,689
	173,452,887	161,287,513

Amounts in Taka	
At	At
30 June 2015	30 June 2014

19.1 Payable for suppliers

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

Particulars

Abdul Haque & Sons	525,785	391,243
Abul Khair Steel Limited	8,576,000	10,770,000
Ali Traders	945,000	1,213,200
Bilal Trading PTE Ltd.	11,396	158,244
KSRM Steel Plant Ltd.	1,590,000	-
Bashundhara Steel Complex Ltd.	6,650,000	-
Faysal Enterprise	413,557	-
JSA Traders	1,565,000	-
Paul Reinhart AG	-	48,316,683
Park Technology Ltd.	-	3,360,968
Indorama Synthetics(India) Ltd.	-	22,501,560
Lafarge Surma Cement Ltd.	1,470,229	744,600
Lohajong Steel Corporation	936,575	-
Mayer Doah Foundary & Decoration	785,400	-
Madina Bricks	2,875,600	4,357,660
Cargill Cotton Limited	54,098,399	-
Mohammadia Packaging.	475,000	576,480
Magnum Steel Industries Limited	4,081,000	-
NDE Ready Mix Concrete Ltd.	1,403,997	-
Osman Ali	-	529,706
One Commodities FZ LLC	24,736,258	-
Parjoar Traders	566,250	866,445
Quantam Builders & Engineering Ltd	987,500	1,189,390
S K Traders	1,125,650	-
S. I Trading	654,000	288,028
Sara Enterprise	465,000	295,812
Shinpower	-	1,150,763
Sohel Enterprise	70,994	4,525,650
Soronica Paper Products	196,300	464,750
Tyre & Battery Bazar	657,500	110,792
Yana Enterprise	1,652,140	-
Payable for C & F Charge	15,180,388	19,405,080
Payable for Transport Charge	5,262,941	11,887,748
Others	3,215,781	5,458,711
Total	141,173,641	138,563,514

19.2 Payable for expenses

Salary & allowances	10,797,212	8,907,951
Overtime	535,914	887,004
Audit fees	287,500	230,000
Gas bill	2,853,198	2,349,967
Welfare Fund	572,836	572,836
Rent payable	20,000	20,000
Provident Fund	83,673	71,886
Dividend payable	1,742,225	-
Provision for bad debts	6,908,666	6,908,666
	23,801,224	19,948,310

Amounts in Taka	
At	At
30 June 2015	30 June 2014

19.3 Payable for other finance

Tax deducted at source (Salary)	807,369	595,874
Tax deducted at source (on Suppliers bill)	5,117,262	1,429,774
VAT Deducted at source (on Suppliers bill)	2,553,391	750,041
	8,478,022	2,775,689

20 Share Application Money

	4,664,160	6,614,431
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The share application money received against IPO applicants who were unsuccessful in lottery. The money is being refunded to the unsuccessful applicants based on their proper documentation and guideline as per BSEC rules.

21 Short term bank loan

Export Development Fund (EDF)	486,999,019	334,400,383
UPAS Loan	547,504,306	14,386,373
Liabilities Against Export Bill	9,410,904	-
	1,043,914,229	348,786,756

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

Bank	Loan Account	Particulars
HSBC	Export Development Fund (EDF)	Lender: HSBC Nature: EDF Limit: Tk 1,150 million Purpose: Import of Raw Cotton Tenure: 180 days for Deferred payment bill (DPB) & 30 days for sight (SGT) Rate of interest: @ 2.5% plus LIBOR
	U-pass	Lender: HSBC Nature: U-pass Limit: Tk 1,150 million Purpose: Import of Raw Cotton & Accessories, on sight & / or deferred basis Tenure: 120 & 360 days Rate of interest: @ 4.75% plus LIBOR
	U-pass	Lender: HSBC Nature: U-pass Limit: Tk 1,300 million Purpose: One-off line to import machineries and other expansion related items on sight and /or deferred basis. Tenure: 360 days Rate of interest: @ 4.75% plus LIBOR
Bank	Loan Account	Particulars
HSBC	Bill Discounting	Lender: HSBC Nature: Bill Discounting Limit: USD 7 million Purpose: To discount maximum 90% of export bills against local bank acceptance (acceptable to HSBC) with recourse to the borrower(s) Tenure: 120 days Rate of interest: @ 4.75% plus LIBOR

HSBC	Security Arrangement:
	1.Demand promissory note for Tk 4,487,500,000 with letter of continuity & revival.
	2. Letter of Set-off to set off between various accounts maintained with the bank
	3. Personal guarantees executed by Mr. Abdul Wahed, Mr. M.A.Jabbar, Mr. M.A.Rahim and Mr. M.A.Quader for Tk 2,225,000,000 each supported by personal net worth/wealth statements.
	4. Corporate guarantees to be executed by Flamingo Fashions Ltd, Jinnat Knitwears Ltd, DB Tex Ltd and Mymun Textiles Ltd for Tk 2,359,000,000 each with supporting Board Resolutions.
	5.First charge over the borrower's stocks of Raw Materials, Work – in – process and Finished Goods and Book Debts / Receivables with The Registrar of Joint Stock Companies and Firms (RJSC) on pari passu basis with other lender(s). HSBC's share is Tk 1,700,000,000.
	6. Power of Attorney on Hypothecated Goods.
	7.Specific first charge over the borrower's Plant and Machinery for Tk 550,000,000 with the Registrar of Joint Stock Companies & Firms (RJSC). In this regard Power of Attorney for hypothecated goods obtained.
	8. Blanket Counter Indemnity for Guarantee facility.
	9. Trade Financing General Agreement for Trade facility.
	10.Power of Attorney for Back to Back facility.
	11. 'Letter of Lien over Deposits with Attorney to Encash' obtained.
	12.Deposit under lien for an aggregate amount of Tk 1,248,823,660.19 [Term Deposit of Tk 98,823,660.19 with HSBC and Fixed Deposit Receipt (FDR) in the name of MSML with other banks / Non-Banking Financial Institutions [acceptable to HSBC] for Tk 1,150,000,000] held with HSBC to secure the facility extended to the Borrower.
	13.Registered Mortgage for Tk 550,000,000 over 802.50 decimals land and structures constructed and to be constructed thereon situated in Sardagonj, Kashimpur, Gazipur, in the name of Matin Spinning Mills Limited. In this regard, Irrevocable General Power of Attorney to be obtained

		Amounts in Taka	
		At 30 June 2015	At 30 June 2014
22	Current portion of long term loan		
	Off Shore Loan - HSBC	97,947,248	97,632,305
		97,947,248	97,632,305
23	Provision & accruals		
	Provision for Income Tax (23.01)	103,522,561	125,736,684
	Provision for workers' profit participation and welfare funds (23.02)	26,109,619	48,866,175
		129,632,180	174,602,859

23.01 Provision for Income Tax

Amounts in Taka	
2014-2015	2013-2014
Opening Balance	125,736,684
Less: Income tax paid for the year	(99,960,995)
	25,775,689
Add: Provision for taxation Income year (2014 - 2015)	
For 12 months (Note - 31)	103,865,080
Less: Adjustment against provision for previous years AIT	-
Less: Excess/(Short) provision for taxations after final assessment order as below:-	(42,237,463)
2006-2007	(80,362)
2007-2008	(29,814,149)
2008-2009	1,320,355
2009-2010	(1,990,644)
2010-2011	4,446,592
	103,522,561
	125,736,684

23.02 Provision for workers' profit participation and welfare funds

Opening Balance	48,866,175	51,908,797
Add: Addition during the year	26,109,619	20,700,665
Less: Paid during the year	(48,866,175)	(23,743,287)
Closing Balance	26,109,619	48,866,175

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	517,007,500	830,871,700
Carded Yarn	546,809,268	682,355,530
Synthetic Yarn	592,102,138	576,320,357
Slub Yarn	373,088,548	244,836,414
	2,029,007,454	2,334,384,001

Export (Kg)

	Export (Kg)	Export (Kg)
Combed Yarn	1,740,445	2,458,004
Carded Yarn	2,209,613	2,382,270
Synthetic Yarn	2,282,915	2,027,851
Slub Yarn	1,216,759	699,806
	7,449,732	7,567,931

Turn over in Quantity (Kg)

2014-2015

Product Type	Opening Stock (a)	Production (b)	Closing Stock (c)	Sales during the year (a+b-c)
Combed Yarn	29,379	1,739,473	28,407	1,740,445
Carded Yarn	82,443	2,212,644	85,474	2,209,613
Synthetic Yarn	24,200	2,275,768	17,053	2,282,915
Slub Yarn	5,021	1,216,933	5,195	1,216,759
Total	141,043	7,444,818	136,129	7,449,732

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	7,567,930

25 Cost of goods sold

	Amounts in Taka	
	2014-2015	2013-2014
Raw Material consumption (Note-25.1)	1,274,710,763	1,445,038,574
Packing materials consumption (Note-25.2)	13,486,110	15,029,098
Manufacturing overhead (Note-25.3)	314,331,770	357,455,930
Cost of goods manufacturing	1,602,528,643	1,817,523,603
Opening work-in-process	49,905,867	20,194,627
Closing work-in-process	(26,628,869)	(49,905,867)
Cost of production	1,625,805,641	1,787,812,362
Opening stock of finished yarn	35,615,731	127,936,975
Closing stock of finished yarn	(28,422,438)	(35,615,731)
	1,632,998,934	1,880,133,607

25.1 Raw Material consumption

Quantity (KG)

Opening Stock	1,676,135	1,915,950
Purchase during the year	8,309,780	8,524,254
Raw Material available for consumption	9,985,915	10,440,204
Closing Stock	1,632,185	1,676,135
Raw Material Consumed	8,353,730	8,764,068

Value (Taka)

Opening balance	279,510,501	339,027,596
Purchase during the year	1,204,730,640	1,446,833,517
Raw Material available for consumption	1,484,241,141	1,785,861,114
Sale of cotton- local (at cost)	-	(61,312,039)
Closing balance	(209,530,378)	(279,510,501)
	1,274,710,763	1,445,038,574

25.2 Packing materials consumption

Opening balance	1,616,866	1,256,053
Purchase during the year	12,589,346	15,389,912
Packing materials available for consumption	14,206,213	16,645,965
Closing balance	(720,102)	(1,616,866)
	13,486,110	15,029,098

		Amounts in Taka	
		2014-2015	2013-2014
25.3	Manufacturing overhead		
	Salary and allowances	80,740,228	72,827,399
	Repair and maintenance	22,506,514	25,672,118
	BTMA certificate charges	964,727	619,200
	Store and spare parts	27,430,710	30,766,504
	Travelling & Conveyance	219,471	173,550
	Crockeries and Canteen Expences	342,577	730,921
	Fire Fighting Expenses-factory	624,045	575,450
	Factory stationeries	575,041	653,515
	Fuel and lubricants- Fork Lift	220,300	525,000
	Fuel and lubricants- Generator	68,796,331	106,945,742
	Fuel and lubricants- Vehicles	255,000	1,104,308
	Gas bill	33,420,070	33,183,602
	Inspection charges	54,210	68,154
	Insurance premium	4,278,889	4,363,703
	Testing fee	71,250	10,000
	Workshop expenses	792,165	1,044,693
	Depreciation	73,040,242	78,192,072
		314,331,770	357,455,930
26	Other income		
	Interest on inter company receivable*	4,261,221	15,336,419
	Foreign currency exchange gain/(loss)	3,856,929	(1,733,933)
	Gain / Loss on Investment in marketable securities	2,873,778	3,126,494
	Bank interest received	206,889,026	129,949,919
	Profit on sale of raw cotton (26.01)	-	1,094,941
	Sales of wastage	37,147,727	19,588,236
	Cash Dividend (received on marketable securities)	1,233,838	726,880
	Cash Incentive	18,861,493	-
	Rental Income	410,190	-
		275,534,203	168,088,956
26.01	Local sales of raw cotton	-	62,406,980
	Less : Cost of raw cotton	-	(61,312,039)
		-	1,094,941

*Interest has been accrued on inter company balance receivable on upto 30 June 2015 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.

27 Administrative expenses

Amounts in Taka		
	2014-2015	2013-2014
Salary and allowances	53,001,895	48,183,541
Audit fees	287,500	230,000
AGM Expenses	3,481,365	97,867
Board Meeting Expenses	1,042,500	260,000
Business development expenses	497,574	331,716
Bank charges and commission	3,605,102	5,689,948
Bad Debts	-	6,908,666
Ceremonial expense	5,600	18,390
Certificate and membership fees	1,401,257	1,550,357
Computer repair maintenance	153,650	257,210
Credit rating expenses	172,500	172,500
Advertisement	1,164,690	402,658
Contribution to Provident Fund	985,055	704,229
Managing Directors Remuneration (Note -38)	8,400,000	6,000,000
Donation	1,500,000	6,100,000
Entertainment	350,544	318,676
Garden Expenses	33,250	35,750
Internet charges	172,915	138,980
IPO Expenses	-	36,065,584
Issue Management fee	-	1,000,000
Corporate advisory fees	458,750	5,018,600
Legal expenses	257,637	591,001
Medicine and medical expenses	36,401	37,417
News paper and periodicals	1,560	1,560
Office maintenance	347,700	224,521
Photocopy and type expenses	70,564	72,925
Power and fuel - vehicles	1,895,517	1,070,969
Office Stationery	697,955	840,446
Rates and taxes	2,458,381	188,336
Office Rent	240,000	240,000
Registration and renewal	1,592,480	990,215
Religious expenses	125,520	39,730
Road toll	9,400	21,600
Staff welfare	256,954	107,411
Telephone bill	10,170	34,261
Travelling expenses	28,636	730,261
Uniform and liveries	178,952	90,266
Miscellaneous expenses	1,447,552	1,315,956
Depreciation	8,115,582	8,688,008
	94,485,107	134,769,555

		Amounts in Taka	
		2014-2015	2013-2014
28	Distribution expenses		
	Sales commission	569,371	566,883
	Carriage outward	27,999	1,377,503
		597,370	1,944,386
29	Finance cost		
	Interest expenses		
	Bank Interest on hire purchase loan	-	22,743,749
	Bank Interest on Offshore loan	12,791,337	-
	Bank Interest on UPAS loan	675,360	-
	Bank interest on Export Development Fund	14,618,584	19,102,454
	Bank interest on over draft	72,970	-
	Bank Interest on loan against export bills	-	9,065,237
		28,158,251	50,911,440
30	Contribution to workers' profit participation funds		

Amounts in Taka	
2014-2015	2013-2014

31 Current Tax

Profit before tax (01.07.2014 to 30.06.2015)		522,192,376	414,013,305
Less: Other income considered separately		275,534,203	168,088,956
		246,658,173	245,924,349
Add: Accounting Depreciation		81,155,824	86,880,080
Less: Tax Depreciation		(91,113,648)	(105,152,066)
Taxable Income		236,700,349	227,652,363
	Tax Rate		
Current Tax expenses on Taxable Income	15%	35,505,052	34,147,854
Tax on Interest on inter company receivable	25%	1,065,305	5,367,747
Foreign currency exchange gain/(loss)	25%	964,232	-
Gain / Loss on Investment in marketable securities	10%	287,378	312,649
Tax on bank Interest	25%	51,722,257	45,482,472
Tax on Profit on sale of local cotton	25%	-	383,229
Tax on wastage sale	25%	9,286,932	6,855,883
Cash Incentive	25%	4,715,373	-
Tax on Cash Dividend (Share Investment)	20%	246,768	145,376
Rental Income	25%	71,783	-
Income Tax expenses		103,865,080	92,695,210

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, 25 % taxable on other income and 25% on cash incentive.

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 2015

Deferred tax liabilities 30 June 2014

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 2014

Deferred tax for Statement of Comprehensive Income

* Deferred tax has been provided on Taxable Temporary difference.

Amounts in Taka	
2014-2015	2013-2014
824,977,677	864,938,276
(511,790,487)	(567,728,777)
313,187,190	297,209,499
15%	15%
46,978,079	44,581,425
(44,581,425)	(40,738,316)
2,396,654	3,843,109
129,394,934	136,359,904
-	-
129,394,934	136,359,904
15%	15%
19,409,240	20,453,986
865,391,996	865,391,996
-	-
865,391,996	865,391,996
2%	2%
17,307,840	17,307,840
36,717,080	37,761,825
(37,761,825)	(38,864,136)
(1,044,746)	(1,102,311)

33 Earnings Per Share (EPS)

	At 30 June 2015	At 30 June 2014
Net profit attributable to ordinary share holders	415,930,642	317,474,987
Fully diluted basis number of ordinary shares outstanding during the year	97,490,000	97,490,000
	4.27	3.26

33.01 Calculation of number of ordinary shares (2014-2015)

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	365	34,100,000
			97,490,000

34 Net Assets Value (Per Share)

34.01 Net Assets Value (With Revaluation reserve)

Total assets	5,718,248,036	4,958,696,043
Less: Total current liabilities	(1,449,610,704)	(788,923,863)
	4,268,637,332	4,169,772,179
Deduct:		
Long Term & deferred liabilities	(229,891,660)	(326,512,195)
	4,038,745,673	3,843,259,984
Number of Ordinary Share at Balance Sheet date	97,490,000	97,490,000
NAV - Per Share		
On share at balance sheet date	41.43	39.42

34.02 Net Assets Value (Without Revaluation reserves)

Total assets	5,718,248,036	4,958,696,043
Less: Revaluation Reserves	(996,960,432)	(995,915,687)
Less: Total current liabilities	(1,449,610,704)	(788,923,863)
	3,271,676,900	3,173,856,493
Deduct:		
Long Term & deferred liabilities	(229,891,660)	(326,512,195)
	3,041,785,241	2,847,344,298
Number of Ordinary Share at Balance Sheet date	97,490,000	97,490,000
NAV - Per Share		
On share at balance sheet date	31.20	29.21

35 Net Operating Cash Flow Per Share

Cash flows from operating activities as per statement of cash flows

Number of Ordinary Share at Balance Sheet date

Net Operating Cash Flow - Per Share (On share at Statement of Financial Position date)

361,348,375	980,454,514
97,490,000	97,490,000
3.71	10.06

Others

36 During the period from 01.07.14 to 30.06.2015 eight board meetings were held. The attendance status of all the meetings is as follows:

Name of Directors	Position	Meeting	Attended
Abdul Wahed	Chairman	8	8
M.A. Jabbar	Managing Director	8	8
M.A. Rahim	Director	8	8
M.A. Quader	Director	8	8
Md. Hassan Imam	Director	8	8
Selina Perveen	Director	8	7
Tanzeen Rahim	Director	8	8
Taslima Begum	Director	8	8
M. Farhad Hussain FCA	Independent Director	8	8
M.Naser Alam , Barrister-at-law*	Independent Director	8	3

* M.Naser Alam , Barrister-at-law has been appointed 15th January, 2015.

37 Employee position for Matin Spinning Mills Ltd (as at 30 June 2015)

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

Officer & Staff		Worker	Total Employee	Amount in Taka
Head Office	Factory			
18	202	764	984	143,127,178
			984	143,127,178

There is no Salary/ Wages/Remuneration below Tk.5300/- per month

38 Payments to Directors and Officers

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

Particular	2014-2015			2013-2014		
	Directors	Managers & Others	Total	Directors	Managers & Others	Total
Basic Salary	5,139,960	29,124,350	34,264,310	3,671,400	26,476,682	30,148,082
House Rent	2,569,980	14,562,175	17,132,155	1,835,700	13,238,341	15,074,041
Conveyance	690,060	3,910,059	4,600,119	492,900	3,554,600	4,047,500
Bonus/ incentives	-	5,405,310	5,405,310	-	4,913,918	4,913,918
Total Salary and allowances	8,400,000	53,001,895	61,401,895	6,000,000	48,183,541	54,183,541

* Directors represent Managing Director only.

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

39 Contingent Liabilities:

- Contingent Liability of the Company was Tk. 337,538,858 as on June 30,2015 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 30,2015.

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

	2014-2015	2013-2014
Capacity Installed:		
No of Spindles Installed	39,600	39,600
Capacity Utilised:		
No. of Spindles Operated	38,744	38,914
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)	7,545,680	7,555,835
% of Capacity Utilization:	87.33	87.45

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, 2015	BDT	Status as at June 30, 2014
DBL Ceramics Ltd	Associated Company	Working Capital Finance	135,737,062	-	Debtor	135,737,062	Debtor
		Interest receivable	981,769	-	Debtor	3,718,788	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	765,653,015	22,126,169	Debtor	34,502,530	Debtor
Jinnat Fashions Ltd	Sister Concern	Sale of yarn	396,452,504	5,259,978	Debtor	1,976,769	Debtor
Jinnat knitwears Ltd	Sister Concern	Sale of yarn	464,865,267	5,307,531	Debtor	24,692,531	Debtor
		Working Capital Finance	(300,000,000)	300,000,000	Debtor	-	-
		Interest receivable	3,279,452	3,279,452	Debtor	-	-
Jinnat Apparels Ltd	Sister Concern	Sale of yarn	-	-	Debtor	-	-
		Office Rent	(240,000)	20,000	Creditors	20,000	Creditors
Matin Knitwears Ltd	Sister Concern	Sale of yarn	88,487,475	5,250,438	Debtor	6,326,765	Debtor
Hamza Textiles Ltd	Sister Concern	Sale of yarn	165,336,887	9,493,476	Debtor	8,143,375	Debtor
Parkway Printing & Packing Ltd.	Sister Concern	Godown Rent	410,190	110,356	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		1,204,730,640	1,204,730,640	1,274,710,763	96.89%
Stores and Accessories		22,761,328	22,761,328	27,430,710	2.08%
Packing Materials	12,589,346	-	12,589,346	13,486,110	1.03%
Capital Machinery		603,032,998	603,032,998	-	-
Total	12,589,346	1,830,524,966	1,843,114,313	1,315,627,584	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 2015 is as follows:

Particular	In foreign currency \$	In BDT
Export	26,265,469	2,029,007,454

- 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 88th meeting held on September 12, 2015, proposed Tk. 2.70 per share amounting to a total of Tk. 263,223,000 as cash dividend for the year ended 30 June 2015, which represents 27 % of the paid up Capital. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting of the Company.



Chairman



Managing Director



Chief Finance Officer

Matin Spinning Mills Ltd.

Details of property, plant and equipment for the year ended 30 June 2015

Annex i

A) Non Revalued Assets:

Amounts in Taka

Name of the assets	Cost				Depreciation				Written down value at 30 June 2015	
	At 01 July 2014	Addition during the year	Adjustment/di sposal during the year	Total at 30 June 2015	Rate %	At 01 July 2014	Charge for the year	Adjustment during the year		Total at 30 June 2015
Land and land development	146,373,666	-	-	146,373,666	0%	-	-	-	-	146,373,666
Factory building	176,506,759	-	-	176,506,759	5%	87,500,044	4,450,336	-	91,950,380	84,556,379
Godown	16,262,162	18,349,083	-	34,611,245	10%	10,424,802	1,488,622	-	11,913,424	22,697,821
Plant and machinery	1,507,106,289	12,134,279	-	1,519,240,568	10%	967,217,177	54,549,438	-	1,021,766,615	497,473,953
Furniture and fixtures	2,551,674	580,131	-	3,131,805	10%	1,204,543	148,075	-	1,352,618	1,779,187
Gas equipment	1,978,958	-	-	1,978,958	15%	1,381,868	89,564	-	1,471,431	507,527
Generator	128,958,867	-	-	128,958,867	15%	93,735,360	5,283,526	-	99,018,886	29,939,981
Office equipments	11,450,400	3,166,763	-	14,617,163	15%	6,171,769	1,058,515	-	7,230,284	7,386,879
Electric installation	84,535,464	-	-	84,535,464	15%	61,450,784	3,462,702	-	64,913,486	19,621,978
Deep tubewell	1,100,000	-	-	1,100,000	20%	903,916	39,217	-	943,133	156,867
Vehicles	45,582,000	-	-	45,582,000	20%	27,477,702	3,620,860	-	31,098,561	14,483,439
Total at 30 June 2015	2,122,406,239	34,230,256	-	2,156,636,495		1,257,467,964	74,190,854	-	1,331,658,818	824,977,677

B) Revalued Assets

B7 Revalued Assets										
Name of the assets	Revaluation			Depreciation				Written down value at 30 June 2015		
	At 01 July 2014	Addition during the year	Adjustment/di sposal during the year	Total at 30 June 2015	Rate %	At 01 July 2014	Charge for the year		Adjustment during the year	Total at 30 June 2015
Land and land development	865,391,996	-	-	865,391,996	0%	-	-	-	-	865,391,996
Factory building	163,805,258	-	-	163,805,258	5%	30,384,852	6,671,020	-	37,055,872	126,749,386
Godown	4,480,258	-	-	4,480,258	10%	1,540,761	293,950	-	1,834,710	2,645,548
Total at 30 June 2015	1,033,677,512	-	-	1,033,677,512		31,925,612	6,964,970	-	38,890,582	994,786,930
Total (A + B) at 30 June 2015	3,156,083,751	34,230,256	-	3,190,314,007		1,289,393,576	81,155,824	-	1,370,549,400	1,819,764,607

Allocation of depreciation:

Period ended	
30 June 2015	
73,040,242	
8,115,582	
81,155,824	

Manufacturing overhead @ 90%
Administrative overhead @ 10%

Matin Spinning Mills Ltd.

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

Annex ii

Amounts in Taka

A) Non Revalued Assets:

Name of the assets	Cost			Depreciation			Written down value at 30 June 2014			
	At 01 July 2013	Addition during the year	Adjustment/di sposal 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/di sposal 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

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

**Proxy Form**

I/We.....

of.....

Being a member 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 13th Annual General Meeting of the Company to be held on Tuesday the 27 October, 2015 at 11.00 am at the Factory premises of the company at Sardaganj, Kashimpur, Gazipur.

Signature of Proxy
Registered Folio/ BO

Revenue Stamp
Tk. 20.00

Signature of Shareholder
Registered Folio/BO

Note: The Proxy Form, duly completed and stamped, must be submitted at BGMEA Complex (12th Floor), 23/1, Panthapath Link Road, Karwan Bazar Dhaka-1215 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 13th Annual General Meeting of the Company to be held on Tuesday the 27 October, 2015.

Name of the Member/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/CMRRCD/2009-193/154 dated 24th October,2013.

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



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