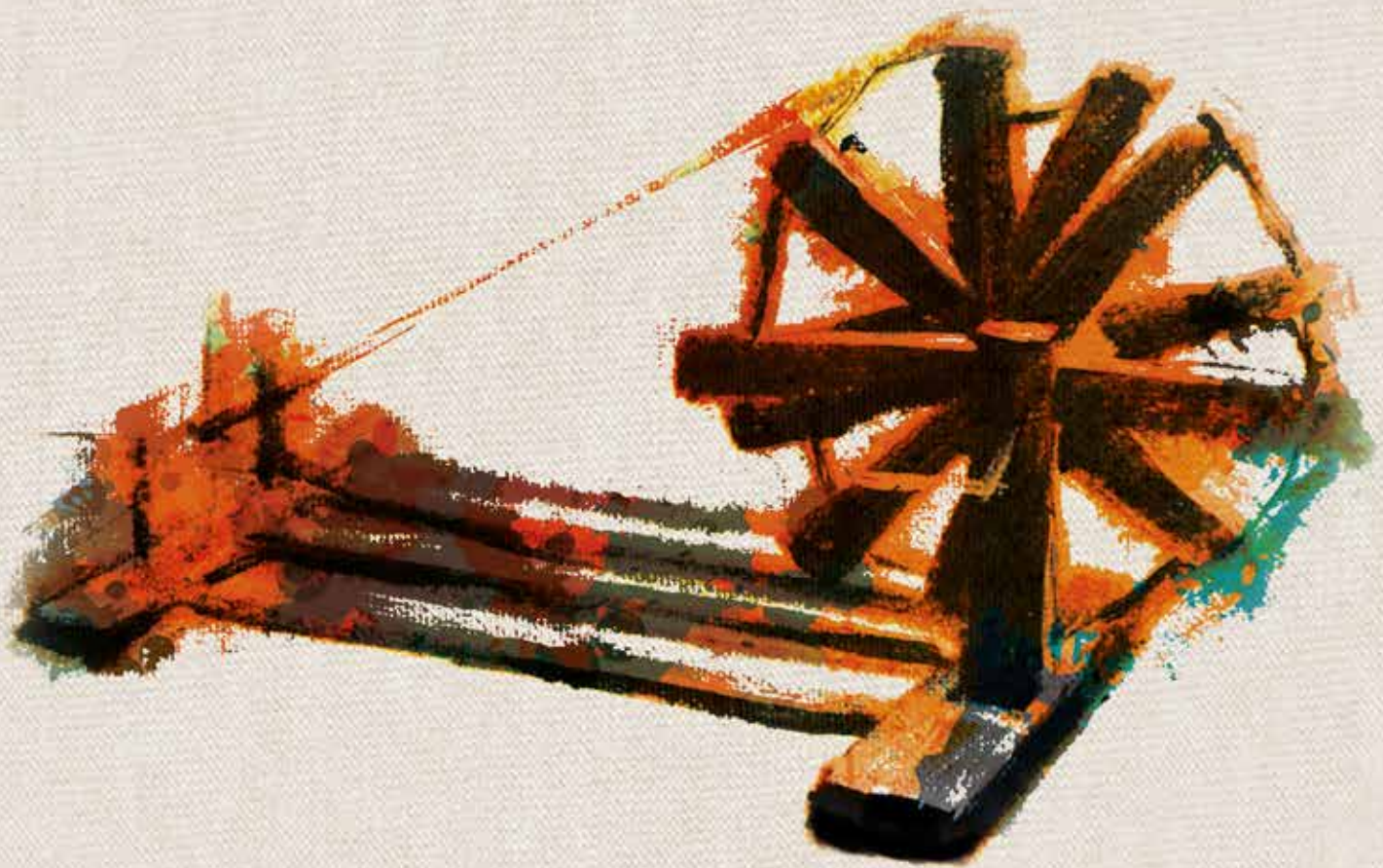


MATIN SPINNING MILLS LIMITED

ANNUAL REPORT 2015-16



Fostering Heritage, Connecting Cultures





Fostering Heritage Connecting Cultures

Fostering a tradition of growth and innovation, inspired by heritage, Matin Spinning Mills Ltd. thrives on continuous expansion and excellence in operation. We celebrate our triumphant contribution in shaping up a diverse cultural horizon which has surmounted cross-cultural borders.



Matin Spinning Mills Limited



CONTENTS

Letter of Transmittal	6
Notice of the 14th Annual General Meeting	7
MSML at a Glance	8
Vision, Mission, Core Values	9
Strategic Objectives	11
Company Information	12
Key Milestones	14
Event Highlights	16
Inauguration of Mélange Yarn Unit	18
Our Recent Achievements	20
Management Apparatus	22
Integrated Reporting	23
Brief Profile of the Directors	25
Statement on Corporate Governance	30
Code of Conduct	33
Risks & Risk Management	36
Our Human Capital	37
Message from the Chairman	41
Message from the Managing Director	43
Corporate Operational Results	44
Directors' Report to the Shareholders	45
Annexure to Directors' Report	49

Certificate of Compliance to the Shareholders of Matin Spinning Mills Limited	54
Status Report on Compliance with the Conditions Imposed by the BSEC	55
Statement on the duties of the Managing Director and the Chief Financial Officer	61
Report of the Audit Committee	62
Corporate Social Responsibility	63
Environmental and Social Obligation:	
A Sustainable Future	64
Sustainability Initiatives	66
Shareholding Information	69
Auditors' Report	71
Statement of Financial Position	74
Statement of Profit or Loss & Other Comprehensive Income	75
Statement of Comprehensive Income	76
Statement of Changes in Equity	77
Statement of Cash Flows	78
Notes to the Financial Statements	79
Proxy Form and Attendance Slip	115



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, 2016

Please find enclosed a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at June 30, 2016 and Statement of Profit or Loss and other Comprehensive Income, Statement of Comprehensive Income, Statements of Changes in Equity and Statement of Cash Flows for the year ended June 30, 2016 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 14TH ANNUAL GENERAL MEETING

Notice is hereby given to all the Shareholders of Matin Spinning Mills Limited (MSML) that the 14th ANNUAL GENERAL MEETING of the Company will be held on Tuesday the 20 December, 2016 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, 2016 together with the Report of the Directors' and the Auditors' thereon.
02. To declare dividend for the year ended 30 June, 2016.
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 2016-2017 and to fix their remuneration.
05. To re-appoint Chairman.
06. To approve utilization of unspent amount of IPO proceeds of Tk. 261,333,266 as Working Capital.
07. 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
24 November, 2016

Notes:

1. The "Record Date" is Wednesday, 30 November, 2016. 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 14th 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 is available on the website www.matinspinning.com
3. The shareholders are requested to notify the changes of address, if any, well in time. For BO A/C holders, the same is to be notified through their respective Depository Participants.
4. Entrance into the Meeting Venue is restricted only to the eligible Shareholders and/or Proxy/Attorney holder. At the time of entrance into the Meeting Venue, attendance Slip /Proxy Form has to be deposited to the registration counter duly signed.

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), the brainchild of a cluster of dynamic visionaries set out to widening the horizon of Bangladesh with regard to its commendable contribution to the global trade of Textile and Garments manufacturing. Tiptoeing into the growing RMG sector of Bangladesh as a garments unit of DBL group in 2002, the sponsors of the company have since steered the enterprise to exponential growth, establishing several other concerns within the same industry. To date, the authorized capital of the Company stands at BDT 1,500 million and paid up capital is BDT 974.90 million.

MSML is an export oriented company engaged in manufacturing and sale of combed and carded yarn from raw cotton, polyester and viscose fiber. Since its inception on September 15, 2002, MSML endeavored into arranging necessary financing, procure land, import machinery and set up the production facility. Following a four-year preparation period, the Company launched commercial operation on October 01, 2006. Eventually, MSML was converted into a Public Limited Company on November 04, 2010.

Essentially, MSML provides backward linkage to the Garment units under the DBL Group. It is equipped with state-of-the-art machineries mostly of US, German, Japanese and Swiss origins. The Company is proficient in producing yarn of many different specifications and providing tailor-made service to a myriad of clientele. By virtue of contemporary machineries, affluent management team and efficient workforce, the Company has earned commendable reputation within the local spinning sector for its production and quality.

The Company's production facility is located at Sardaganj of Kashimpur Upazila in the district of Gazipur. MSML was enlisted in Chittagong Stock Exchange Limited on 27 March, 2014 and in Dhaka Stock Exchange Limited on 02 April, 2014. It started trading of shares in both bourses from 08 April 2014.

MSML has received license from Cotton U.S.A. issued by Cotton Council International, Washington DC, U.S.A. The Company has recently implemented the expansion project of 'Mélange' unit with a capacity of producing an additional 10.00 metric tons of yarn per day out of the IPO proceeds and commence partial commercial operation of 16 tons capacity synthetic unit from 10 November 2016 to take advantage of the demand of rapidly expanding RMG sector.





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.

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.

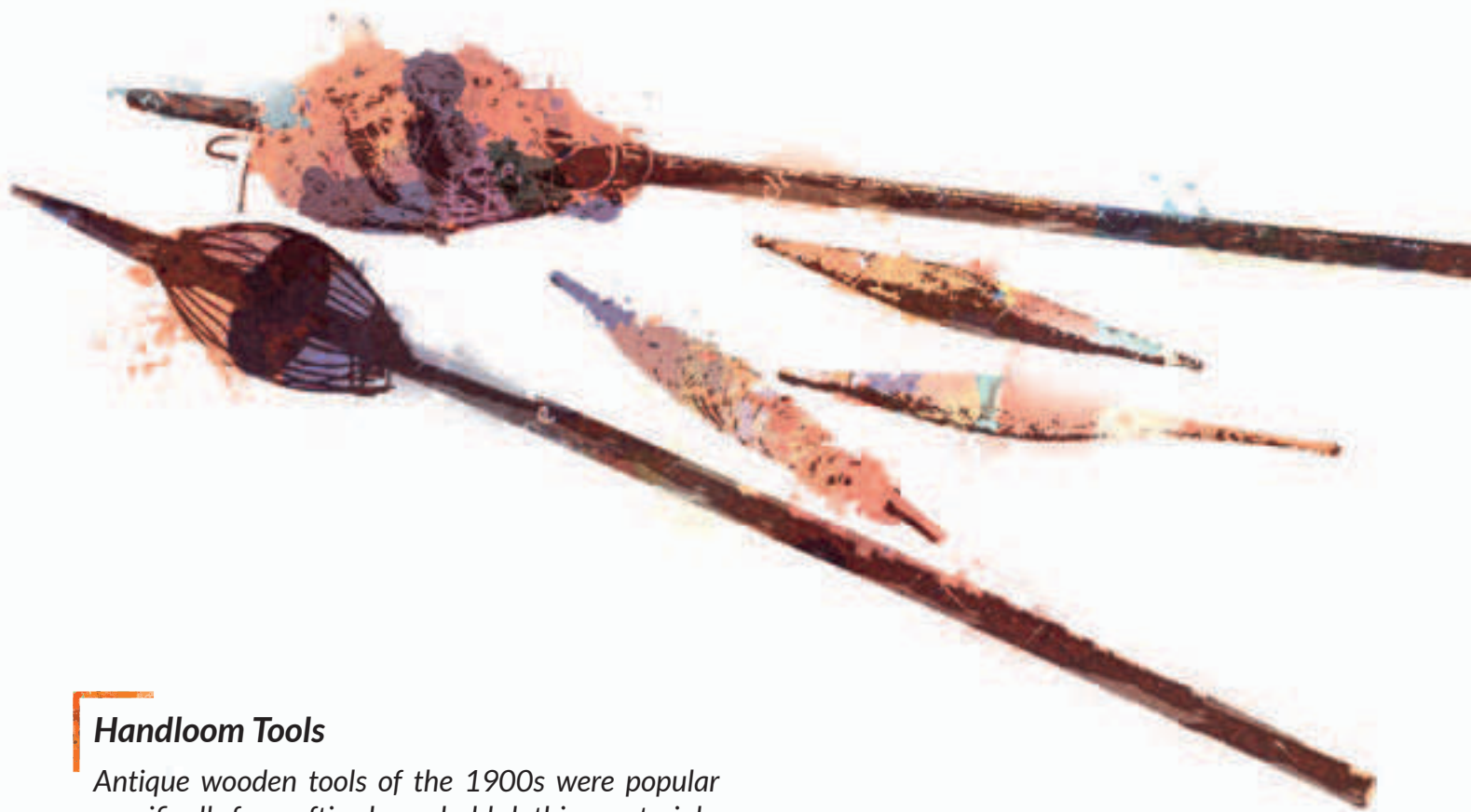


MISSION



CORE VALUES

- Integrity
- Trustworthiness
- Commitment
- Passion
- Innovation



Handloom Tools

Antique wooden tools of the 1900s were popular specifically for crafting household clothing materials. Made of carved wood, these are still in use in parts of the Indian Sub-Continent.

STRATEGICOBJECTIVES

- Responding to digressive and distinctive global trends in garments manufacturing and shuffle priorities for sustainable trading
- Consolidating service processes and improve lead time for attaining superior performance in order processing and customer satisfaction
- Concentrating on a reward composition that commemorates equitable performance and complements the organizational structure
- Leveraging financial functions to harness optimal efficiency and maximize resource mobilization to accomplish accurate inference of monetary participation
- Exploring capacity development options aided by innovative and contemporary techniques to tap new markets as well as to tackle new entrants
- Ensuring sustainable development and ethical practices at every sphere of operation, opt for value principles that upholds industry best practices and replicates global standard
- Pursuing a policy of competitive pricing and categorical quality standard to sustain competitive advantage over the market



COMPANY INFORMATION



Handloom Shuttles

A Handloom is a device used to weave cloth and tapestry. The basic purpose of any loom is to hold the warp threads under tension to facilitate the interweaving of the weft threads. The precise shape of the loom and its mechanics may vary, but the basic function is the same. Among many types of Handlooms, the Shuttle types are the most maneuverable.

Name of the Company: Matin Spinning Mills Limited

Legal Form:

A Private Limited Company incorporated in Bangladesh on September 15, 2002 under the Companies Act, 1994, 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 (E-TIN): 479848138721

VAT registration Number : 18071013976 Area Code: 180202

Corporate Office : BGMEA Complex (12th Floor), 23/1 Panthapath Link Road,
Karwan Bazar, Dhaka-1215. Tel: 8140207-12 Fax: 8140214

Registered & Factory Office : Sardaganj, Kashimpur, Gazipur

Nature of Business : Manufacturing of Combed, Carded Cotton, Mélange & Synthetic yarn

Installed Capacity : 57,840 spindles

Authorized Capital : BDT 1,500 million

Paid up Capital : BDT 974.90 million

Statutory Auditors : ACNABIN, Chartered Accountants
BDBL Bhaban (Level 13 & 14)
12, Karwan Bazar, Dhaka-1215

Governance Compliance Auditor : K.M. Alam & Co., Chartered accountants
80 Motijheel C/A (4th Floor), Dhaka-1000

Principal Bankers : Hong Kong and Shanghai Banking Corporation Ltd., Dhaka, Bangladesh.

Legal Advisor : Tanjib Alam & Associates, BSEC Bhaban (Level-11)
102, Kazi Nazrul Islam Avenue, Karwan Bazar, Dhaka-1215

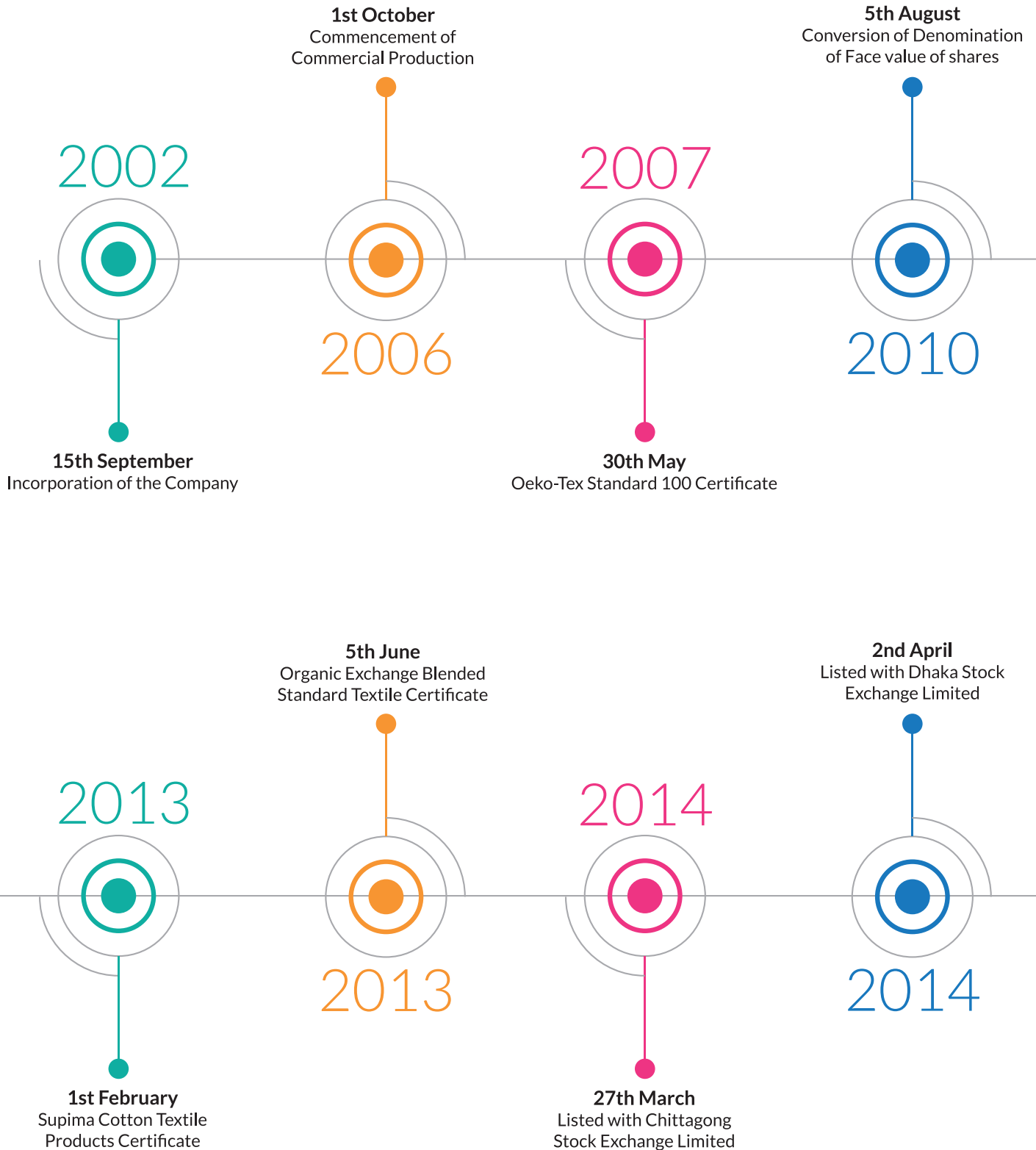
Credit Rating Agency : Credit Rating information and Services Limited
Nakshi Homes (4th Floor), 6/1A Segunbagicha, Dhaka-1000

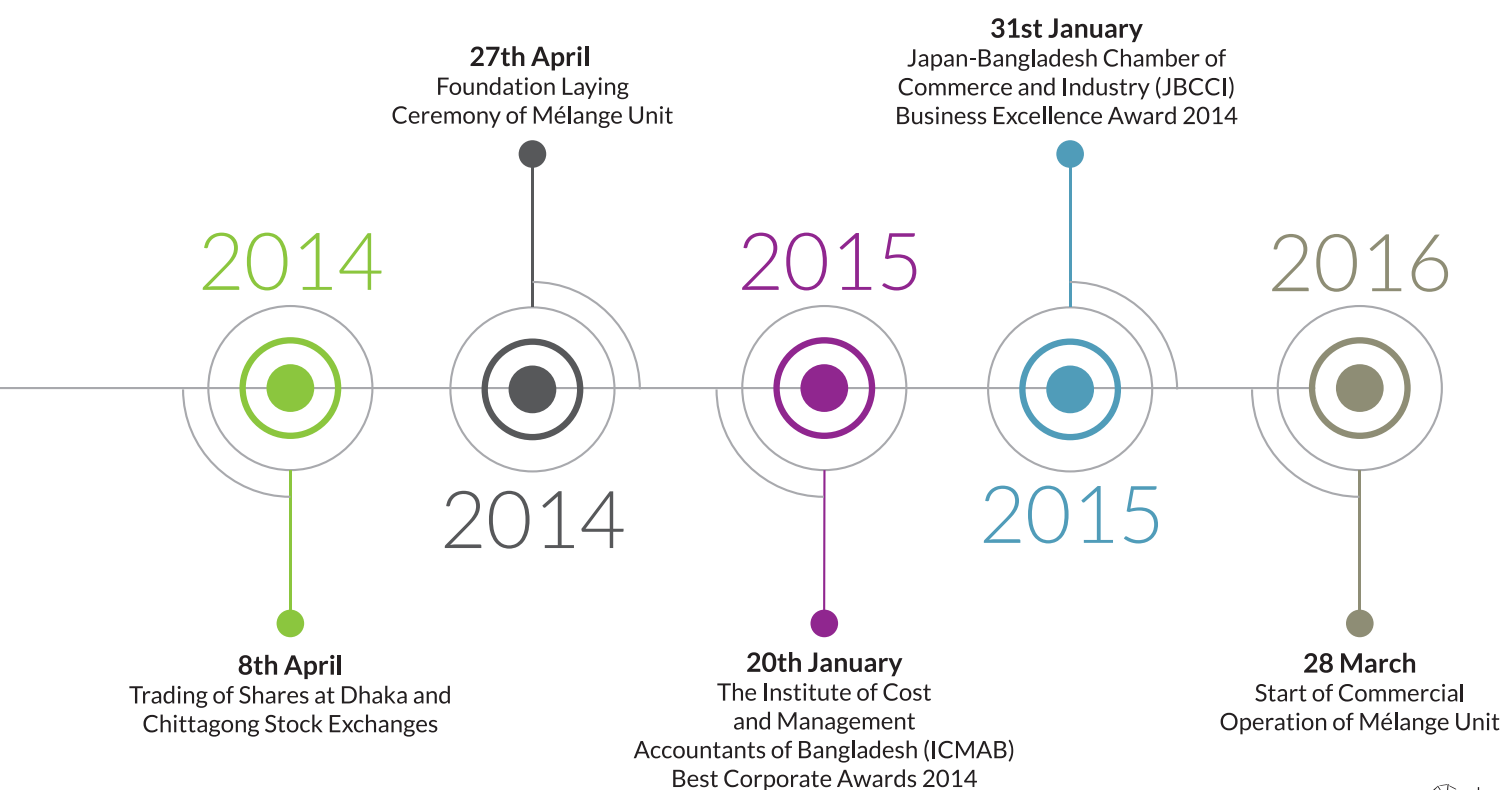
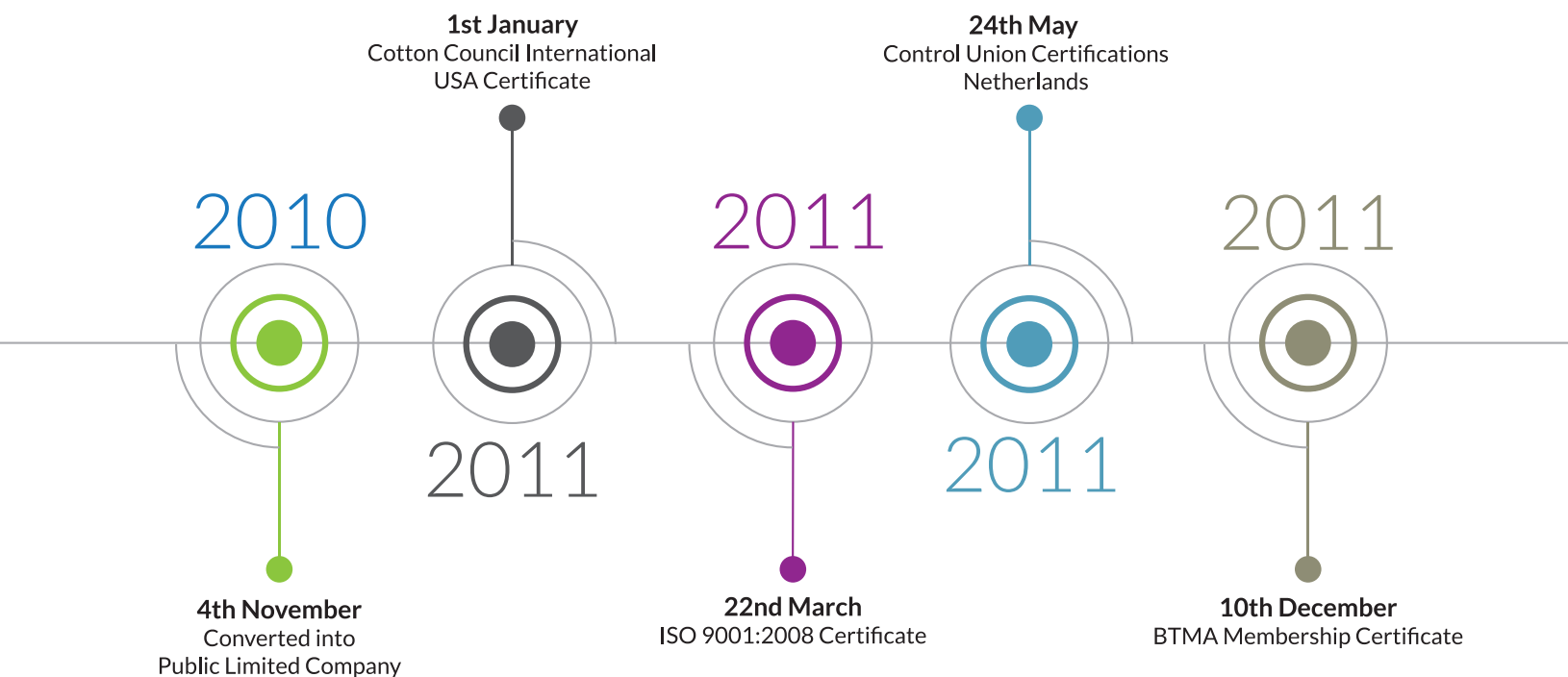
Number of Employee : 1492

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

KEY MILESTONES





EVENT HIGHLIGHTS



13th Annual General Meeting of Matin Spinning Mills Limited



Matin Spinning Mills Limited inaugurated Mélange Yarn Unit on 28 March, 2016 in Kashimpur, Gazipur to expand its production capacity by 10 tons a day of Mélange Yarn to meet the company's growing demand for high-quality yarn. The additional capacity of producing Mélange Yarn will boost the total capacity to 35 tons a day. The Mélange Yarn Unit will be one of the most modern spinning mills in Bangladesh having machineries from Trutzschler – Germany, Rieter – Switzerland, Toyota & Murata – Japan, Marzoli – Italy and so on.

Matin Spinning Mills Limited secured the first position as the Best Corporate in the Textile/Garments sector in the ICMAB Best Corporate Award 2015. DBL Group's Managing Director, M.A. Jabbar received the award from the hands of Abul Maal Abdul Muhith, Honorable Minister, Ministry of Finance, Government of the People's Republic of Bangladesh on 26 October 2016 in an award giving ceremony organized by ICMAB.



Cheque hand over by the honourable Director Mr. M. A. Rahim to Mr. Mikail Shipar, Secretary, Ministry of Labour and Employment as a contribution to Labour Welfare Fund.

INAUGURATION OF MÉLANGEYARN UNIT





OUR RECENT ACHIEVEMENTS



Matin Spinning Mills Ltd. has been awarded “Spinner of the Year” and “International Textile Firm of the Year” for the year 2015 by the World Textile Awards. Headquartered in London, the World Textile Awards aims to become the pre-eminent global textile awards competition. It is the first independent global awards competition for recognizing and rewarding excellence across the textile industry.



The Institute of Cost and Management Accountants of Bangladesh (ICMAB) Best Corporate Award 2015 in the Textile/Garments sector

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. A. H. M. Ariful Islam, FCA

Company Secretary

Mr. Md. Shah Alam Miah FCS



INTEGRATEDREPORTING

2016 Annual Report has been presented as an 'Integrated Report' with the aim of articulating how Matin Spinning Mills Limited, as an organization, has effectively managed its business to deliver consistent value to its stakeholders. It encompasses the efforts the company has undertaken towards contributing to economic prosperity, environmental sustainability and social well-being for a brighter and more optimistic future.

Scope and Report Boundary

As a forward-looking enterprise, in presenting the Integrated Report, we have referred to the guidelines issued by the Institute of Chartered Accountants of Bangladesh (ICAB) in the form of 'Integrated Reporting Checklist', which is in congruence with the integrated reporting framework prototype issued by the International Integrated Reporting Council (IIRC).

In explaining the Company's operations and financial performance, financial information so disclosed has been extracted from the Audited Financial Statements for the financial year ended 30 June 2016 with relevant comparative information. The financial statements consistently complying with the requirements of:

- Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs);
- Companies Act 1994;
- The Security & Exchange Commission Rules 1987;
- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- The Value Added Tax Act 1991;
- The Value Added Tax Rules 1991;
- And other applicable law and regulations of the land.

The disclosure of non-financial information has been extracted from internally-maintained records reported for the statement of financial position, unless otherwise stated that it has been extracted from a reliable source.

The Sustainability requirements, as elaborated separately in our Sustainability Report, adhere to the guidelines issued by the Global Reporting Initiative (GRI)-G4 Framework.

To report our Corporate Governance Practices, we have drawn reference from the revised Corporate Governance Guidelines (CGG) issued by Bangladesh

Securities and Exchange Commission (BSEC).

The scope of our Annual Report comprises of activities that have been carried out within the geographical boundaries of Bangladesh, as Matin Spinning Mills Limited does not have operation or subsidiary in other countries. Further, there have not been any significant change to the scope, boundary and reporting basis since the last reporting date as on 30 June 2015.

External Assurance

The Company has obtained external assurance on the following reports in the reporting period under consideration.

SI no.	Description of report	External Assurance
1	Financial Statements Audit Report	ACNABIN, Chartered Accountants, an Independent member of Baker Tilly International
2	Corporate Governance	K.M.Alam & Co., Chartered Accountants, a Correspondent member of Praxity Global Alliance of Independent Firms
3	Provident Fund	A. Qasem & Co., Chartered Accountants, a member firm of Ernst & Young Global Limited
4	Workers' Profit Participation and Welfare Fund	Masih Muhith Haque & Co., Chartered Accountants
5	IPO Proceeds Utilization Report	MABS & J Partners, Chartered Accountants, an Independent member firm of Nexia International, UK

Comparability

All the information presented in this report is on the same basis as the 2015 report in terms of the entities covered, the measurement methods applied and time frames used. The information provided covers all material matters relating to business strategy, risk and areas of critical importance to our stakeholders. The structure of the report has been further developed as part of our continuous focus on improving communication to our stakeholders.

Availability of the Annual Report

The hard copy of the Annual Report is sent to all shareholders, prior to holding the Annual General Meeting, giving due period of notice. Separately, for the benefit of all stakeholders, the report has been made available in the website ://www.matinspinning.com

Responsibility over the Integrity of the Integrated Report

I acknowledge the responsibility to ensure the integrity of the disclosure contained in the Integrated Report presented herewith which comprise the discussion and analysis, disclosures pertaining to stewardship, which

should be read in conjunction with the audited financial statements. In the opinion, the integrated report, incorporated in this annual report has been prepared in accordance with the IIRC's international integrated reporting framework and addresses the material matter pertaining to the long term sustainability of the Company and present fairly the integrated performance of Matin Spinning Mills Limited and the impacts thereof.



M.A. Jabbar
Managing Director

BRIEF PROFILE OF THE DIRECTORS



Antique Silk Reel

Antique Japanese Zakuri Silk Reel made in the Edo Period around 1840. This tool was used to weave high quality Japanese silk attire. It is a slightly updated version of hand looms used in Sub-Continent for centuries.

Mr. Abdul Wahed is a renowned business personality in the Textile and RMG Sector of Bangladesh. After completion of 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. Abdul Wahed
Chairman



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 re-elected director of the same association for 2013-2014 & 2015-2016. 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 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.



Mr. M. A. Quader
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.



Ms. Selina Perveen
Director



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 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.



Ms. Taslima Begum
Director



Mr. Md. Hassan Imam
Director

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

Mr. M. Farhad Hussain FCA 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 eight 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. Farhad Hussain FCA
Independent Director



Mr. M. Naser Alam
Barrister-at-law and
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. Mr. 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



Tribal Treading Wheel

Tribal Treading Wheel is an ancient technique used by the tribal communities of Bangladesh to weave their own clothes. They often carve this tool on their own, spin cotton into thread and also weave their clothes.

Guiding Philosophy and Governance Practices

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 Managing 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. The Board appraise 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 persons 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 members 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.

Members 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 of the Institute of Chartered Accountants of Bangladesh (ICAB). He is responsible for accounting and financial activities of the Company. The Board of Directors clearly defined the 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 Association of Chartered Certified Accountant, London UK (ACCA). 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

ACNABIN, 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).



Purpose

The purpose of this code of conduct of Matin Spinning Mills Limited (hereafter referred to as 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 build 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.

Conflict 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 settlement 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.

RISKS AND RISK MANAGEMENT

Effective risk management is crucial to the success and at the core of sustainable performance of an organization. Like all organizations, Matin Spinning Mills Limited is also exposed to risks – especially systemic risks that are beyond the Company's control. While in 2015 the macroeconomic trend of local market promised sustainable growth, we perceive that proactive management of the risks associated is of fundamental significance to ensure our business growth. Over the years, we have put in place a strong framework through which we regularly identify and assess risks and take necessary measures to minimize their impact.

Risk Types

(a) Interest rate risks

As of 30 June 2016, Matin Spinning Mills Limited had outstanding short term and long term bank borrowing with banks to the tune of BDT 1,684 million. Interest rates on such loan is 4.50% plus LIBOR. LIBOR component of the interest rate is exposed to volatility of market-wide interest rates of bank loans. Due to several macroeconomic and market driven factors, interest rates on short term and long term bank loans may fluctuate over time. Inflationary pressure, increased demand for bank loan, increased volatility in money market, restrictive monetary policy, increased Government borrowing from banking sector, etc. may compel the company's loan giving institutions to increase their interest rates. If the interest rates are increased beyond what the company expects, then its cash flow and profitability will be affected adversely. This would also affect its value of shares. In addition, if the company has investment in tradable fixed income securities, then volatility of interest rates would affect the value of such investments. This would also affect the NAV per share of the company.

As of 30 June 2016, the company did not have any tradable fixed income securities other than some short term deposit accounts with several banks. Such short term instruments are not tradable and are not exposed to volatility of market-wide interest rates. As a result, market-wide volatility would not have any significant impact on the company's balance sheet.

(b) Exchange rate risks

The major raw material the company uses is raw cotton, which the company procures entirely from foreign sources. Conversely, it sells most of its end products to export oriented garment manufacturing companies. It pays for its raw material in foreign currency, usually in US Dollars and also receives its sales proceeds in US Dollars. Hence, the company is directly exposed to the risks associated with exchange rate fluctuation of Taka against US Dollar. Any significant volatility in the exchange rates of Taka will increase the volatility of the company's cash

flow and profitability. For a given depreciation of Taka against US Dollar, the company's import payment will increase. On the other hand, for a given appreciation of Taka against US Dollar, its export receipts will be lower in terms of Taka. Once the company finalizes a contract for purchases of raw materials at prevailing exchange rates, it would incur foreign currency losses if Taka depreciates against Dollar.

For a given depreciation of Taka against a particular foreign currency like US Dollar, the company's both import payments and export proceeds will be higher in terms of Taka. In case of an appreciation of Taka against the same currency, the opposite will occur. Hence, the company has a natural hedge against exchange rate and is largely immune to fluctuation of exchange rates of Taka against US Dollar.

(c) Technology related risk

The company's operation is highly capital intensive. The manufacturing process is mostly mechanized and requires negligible human involvement. The quality of the finished products is directly dependent on the sophistication of the machinery in place. Any fault in the technology of the machinery can result in significant overhauling cost and loss of production. In such cases, delivery deadlines would be missed and revenues will be lost. This would, in turn, affect the value of the company shares.

All the major machineries of the company are state-of-the art and of Swiss and Japanese origin. Major machineries are of Swiss Reiter and Japanese Toyota and Murata Brands. Both Reiter and Toyota are regarded as owning the best technology of textile machineries in the world. Compared to other machineries of Chinese and Indian origins, Reiter and Toyota machineries are costlier but last longer and require significantly lower maintenance costs. Till date, the machineries at the factory have been running smoothly. Since inception, there has not been any instance of serious breakdown or stoppage of production due to technical failure at the factory.

(d) Operational risk

The company's operation can be hampered by human error, sudden breakdown of machinery, of incidents of natural calamity.

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



OUR HUMAN CAPITAL

Human capital is a measure of the economic value of an employee's skill set. This measure builds on the basic production input of labor measure where all labor is thought to be equal. The concept of human capital recognizes that not all labor is equal and that the quality of employees can be improved by investing in them; the education, experience and abilities of employees have economic value for employers and for the economy as a whole.

MSML believes that its human resources are critical in building and running the company. Effective human resources have also been linked to superior company performances. MSML's Human Resource Department continuously works toward attaining the goal of attracting, retaining, growing and inspiring talent.

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:** Matin Spinning Mills Ltd. is always committed to ensure a positive work environment for its valuable employees. The company believes that a healthy working environment is indispensable for its employees' mental and physical well-being. Matin Spinning Mills Ltd. ensures that its employees are operating in a comfortable, safe and hazard free working condition with convenient workload, latest state of the art technology, highly efficient coaches and a wonderful communication flow.
- **Restriction on engagement of Child Labor:** Matin Spinning Mills Ltd. strictly follows the rules against

engaging of child labor. No employee of under the legal age of employment as per the Bangladesh Labor Law 2006 is recruited in this company. Age confirmation is done during the interview by different physical and psychological test. Supporting document is received by the HR Department and preserved in the employee personal file as evidence.

- **Maternity Benefit Provisions:** Matin Spinning Mills Ltd. respects a woman's motherhood. That is why all regular confirmed female employees of Matin Spinning Mills Ltd. are entitled for maternity benefits. They can enjoy a leave with pay of 112 calendar days in a year as Maternity Benefit
- **Health & Safety Compliances:** Matin Spinning Mills Ltd. ensures employees health and safety. The safety precautions are strictly followed here to stay away from any accident which may occur during work. Matin Spinning Mills Ltd. carries out the health and safety related to fire safety, electrical safety, building safety, chemical safety and others.
- **Employee Welfare Measures:** Matin Spinning Mills Ltd firmly believes that by ensuring measures for well being of its employees' is actually demonstrating that the company values its employees. A happy employee takes the ownership and tends to work with passion. By ensuring different welfare measures for employees of the company, it has improved the productivity of its employees and organization and also developed a healthy industrial relations thereby maintaining industrial peace.
- **Work Hour & Leave facilities:** All the employees of Matin Spinning Mills Ltd. are working 8 productive working hours in a operating day. The condition is very comfortable for its employees to work and they can also enjoy leave when needed. A confirmed employee of Matin Spinning Mills Ltd. is eligible for Casual Leave, Sick Leave, Annual Leave and Maternity Leave.
- **Minimum Wage Compliance and Wage Payments:** Matin Spinning Mills Ltd. ensures the timely payment of salary and wages for its employees and workers. No discrimination is allowed in reference to Race, Locality, Gender, Religion and Disability. The salary and wage structure well complies with the rules which has been determined by the Government of Bangladesh for the Cotton Industry.
- **Workers' Participation in Company's Profit:** Matin Spinning Mills Ltd ensures Workers' Participation in Company's Profit. It distributes 5% of its net profit

among all the employees of Matin Spinning Mills Ltd as per labor law.

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

- **Recruitment & Selection Policy:** MSML has structured and methodical recruitment & selection process. After proper manpower planning and job analysis, recruitment & selection process is done here. Through competency based recruitment system, the MSML authority ensures that right people are coming to the right places
- **Pre Employment Medical Check Policy:** Before giving appointment letter to anyone, MSML Authority checks his/her medical fitness in Group's own medical center. MSML Has its own set of physicians who are registered Medical Graduate.
- **Code of Conduct and Ethical Business Practices Policy:** Code of Conduct company policy refers to company expectations regarding employees' behavior towards their colleagues, supervisors and overall organization. Although MSML promotes freedom of expression and open communication practices, all employees are still obliged to follow a code of conduct. It is essential to avoid giving offence, participating in serious disputes and disrupting the workplace. It is also important to be a well-organized, respectful and collaborative environment. All employees are expected to avoid any personal, financial or other interests that might hinder their capability or willingness to perform their job duties or be damaging to the company. Any situation voluntary or involuntary that might be perceived as conflict of interest must be reported to the appropriate manager.
- **Employee Learning & Development Policy:** Different trainings are provided to MSML employees every month which consist of both soft skill/ generalized and specific trainings. The soft skill/generalized trainings are time management, induction, code of conducts, personal protective equipments and so on. The technical/specific trainings are Machine Operations, Quality Control, and Chemical Handling etc
- **Whistle Blower Policy:** MSML whistle-blower policy encourages staff and volunteers to come forward with credible information on illegal practices or violations of adopted policies of the organization, specifies that the organization will protect the individual from retaliation, and identifies those staff or board members or outside parties to whom such information can be reported
- **Promotion & Increment Policy:** Every year, MSML

give an increment to each staffs. Increment may vary from person to person depending upon their performance and other criteria. Some of the employees get promotion due to extra ordinary performance.

- **Performance Management & Appraisal Policy:** In Matin Spinning Mills Ltd. performance is really important and for that it is well managed by the concerned line managers. At the beginning of a performance period, concerned line manager and employee sits together to review the employee's current role profile and their action plan. For existing employees performance is reviewed yearly and for new joiners, performance is reviewed twice in the first year and yearly in the following years. Based on the performance, employees go through different course of actions to continuously improve
- **Zero Tolerance Policy on Sexual Harassment:** Matin Spinning Mills Ltd. follows a Zero Tolerance Policy on Sexual Harassment. If an employee is convicted for such offence or is considered guilty, his employment with the company is terminated.
- **Grievance Handling Policy:** Grievances of all employees regarding any topic are taken into account by the management. This includes violations and rights of indigenous people. MSML's grievance procedure addresses labor practices issues as well as human rights and societal topics. The top management has an open door policy and grievance boxes are provided to assist employees.

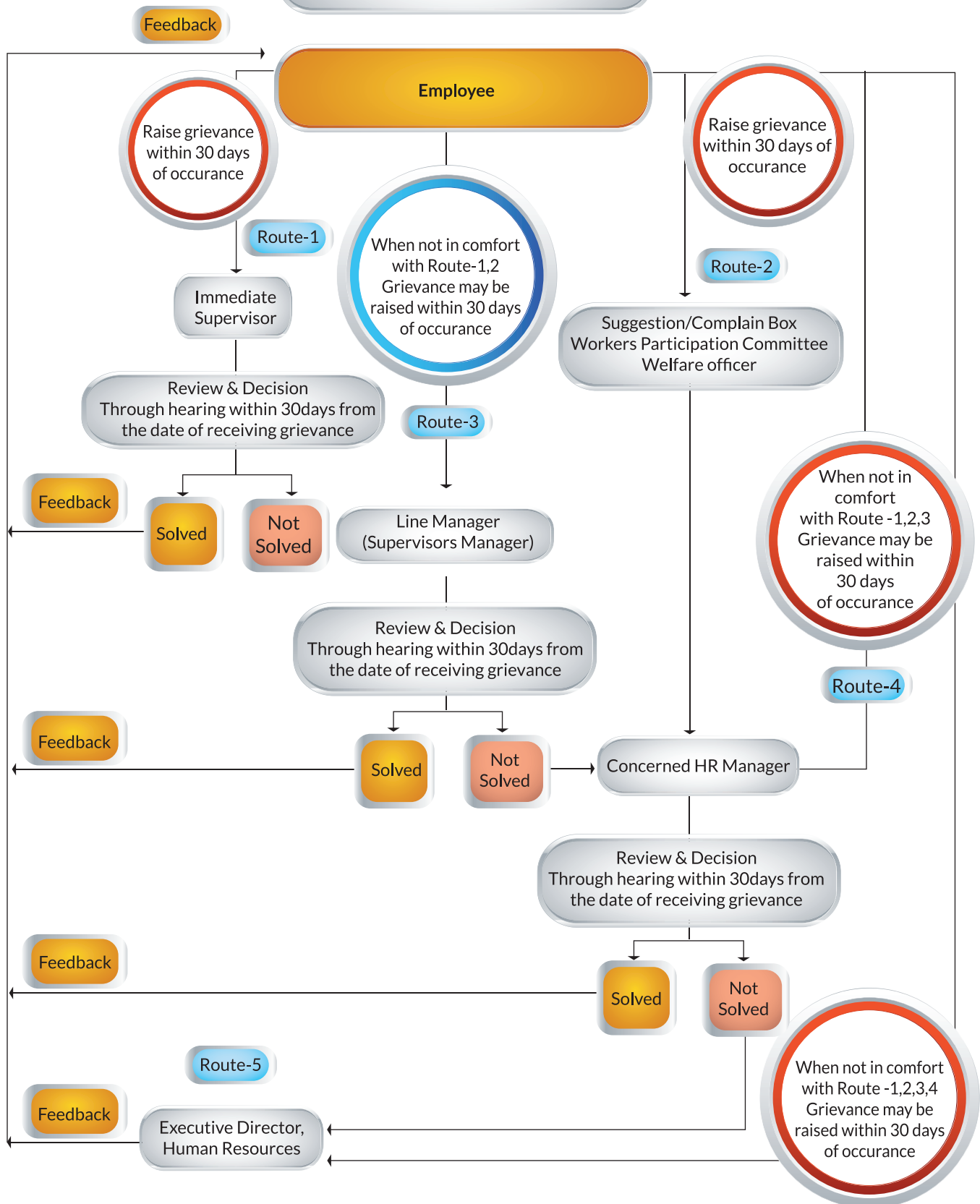
Employee Engagement Program:

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 considers the employees of the organization as asset. Continuous development of the employees can make them familiar with the global trend of business and to cope with the HR department of MSML has successfully initiated some appreciable employee/ social development and awareness activities as following:

- 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,
- Children Education Support Program
- Career Counseling Program for the sons/daughters of the employees,
- Medical Service,
- Introduction of Bandhan Fair Price Shop,



Grievance Handling Flowchart





MESSAGE FROM THE CHAIRMAN

Dear Shareholders

Ladies and Gentlemen,

Assalamu Alaikum,

We have the pleasure to welcome you at the 14th Annual General Meeting of your Company Matin Spinning Mills Limited. 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 2016.

We delightfully inform you that despite decline in selling price of yarn in Local and International market during the year the Company recorded satisfactory level of sales revenue of Tk.2,005,184,987 which is slightly lower by .91% from 2,023,663,281 in 2014-15. However, Net Profit after tax decreased by 32.68% from 437,445,559 during 2014-15 to 294,475,299 during 2015-16. Decrease in Profit is broadly due to decrease in other income and increase in depreciation charges and increase in utility cost.

The Expansion unit of 10 ton capacity Mélange Project financed through IPO proceeds started commercial operation from 28 March, 2016. The Board of Directors further decided to increase production capacity of synthetic unit from 7 tons to 16 tons per day to meet the increasing demand in the market as well as of the sister concerns of the Company. Civil construction of synthetic yarn expansion unit (16 ton) has been completed and machinery & equipments already at site have been installed and partial commercial operation commenced from 10 November, 2016.

I would also like to take this opportunity to thank 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 our honorable shareholders for their continuous support and interest for the welfare of the Company, to the Regulatory Bodies including Bangladesh Securities and Exchange Commission, to the Stock Exchanges, to the Central Depository Bangladesh Limited, to the Bankers, to the Insurers for their cooperation and support to our 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



MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders

Ladies and Gentlemen,

It is my great pleasure that I welcome you on behalf of Board of Directors to the 14th Annual General Meeting of your Company and present before you the Annual Report for the year 2015-16 containing the Directors' Report and Audited Financial Statements for your kind perusal.

Our Business Performance

I am also pleased to inform you that Matin Spinning Mills Limited started the commercial production of its Mélange unit funded by IPO proceeds from 28 March, 2016. Matin Spinning Mills Limited now offers wide range of products to fulfill demands of RMG sector. Production of yarn during the year increased by 4.05% and sales volume increased by 4.00%. However, sales revenue decreased by 9.1% due to decline in the selling price of yarn in the Local and International market.

16 tons Synthetic Yarn Project

In view of growing demand for synthetic yarn in the RMG sector the Board of Directors have decided to increase the production capacity of Synthetic yarn project from 7 tons to 16 tons. Accordingly as per plan civil construction of the project has been completed and most of the machinery & equipments have been installed. This unit started partial commercial operation from 10 November, 2016 and expected to be in full operation from January, 2017.

Production Capacity

With the completion of Mélange yarn project the installed capacity of spindles has been increased from 39,600 to 57,840. On completion of synthetic yarn project the capacity of installed spindles will be increased to 73,184 having production capacity of 51 tons per day which will increase revenue earning of the Company substantially.

Awards

I am delighted to inform you that Matin Spinning Mills Ltd. own three momentous awards of which two from World Textile Awards- 'Spinner of the Year' & the Textile Firm of the Year in 2015 and another one from The Institute of Cost and Management Accountants of Bangladesh (ICMAB) "Best Corporate Award-2015 under the Textile/ Garments Sector, securing the First Position.

Our Gratitude

While concluding, I offer my gratitude to all the Employees, Shareholders, Stakeholders, Government Agencies, Banks & Financial Institutions, Customers, Consumers, Suppliers and other Services Agencies for their cooperation and support.

Thanking you all.



M.A. Jabbar
Managing Director

CORPORATE OPERATIONAL RESULTS

Taka in Millions

Description	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Turnover	2,005	2,024	2,334	2,396	2,623	2,458
Gross Profit	375	391	455	467	510	548
Net Profit before tax	374	518	414	308	255	334
Net Profit after tax	294	437	317	251	205	281
Shareholders' equity	4,060	4,024	3,840	2,265	2,016	1,812
Total Assets	6,092	5,718	4,959	3,844	4,139	4,079
Total Current Assets	1,783	3,040	2,944	1,878	2,084	1,969
Total Current Liabilities	1,214	1,454	792	1,279	1,670	1,689
Current Ratio	1.47	2.09	3.74	1.47	1.25	1.17
Ordinary Shares Outstanding	97,490,000	97,490,000	97,490,000	63,390,000	42,260,000	42,260,000
Face Value per Share	10	10	10	10	10	10
Shareholders' Equity per Share	41.64	41.27	39.38	35.73	47.70	42.88
Earnings per Share(EPS)weighted Avg.	3.02	4.49	4.21	3.97	3.24	7.09
Quoted Price per Share (DSE)	39.3	43.00	42.20	n/a	n/a	n/a
Quoted Price per Share (CSE)	38.5	42.6	42.10	n/a	n/a	n/a
Price Earnings Ratio-DSE(Time	13.02	9.58	9.95	n/a	n/a	n/a
Price Earnings Ratio-CSE(Time)	12.75	9.49	9.93	n/a	n/a	n/a
Cash Dividend Declared per share	2.3	2.7	2.50	nil	nil	nil
Stock Dividend Declared	Nil	Nil	nil	nil	50%	nil
Total Dividend Declared(%)	23%	27%	25%	nil	50%	nil
Number of Shareholders	9,019	13,384	88,297	10	11	11
Human Resources (Person):						
Executives	91	56	58	48	36	35
Non-Executives	200	164	161	135	106	125
Workers	1,201	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 2016 in the following paragraphs:

Company Operations:

(1) Capacity/Production

The production capacity / production as of last five years are as follows:

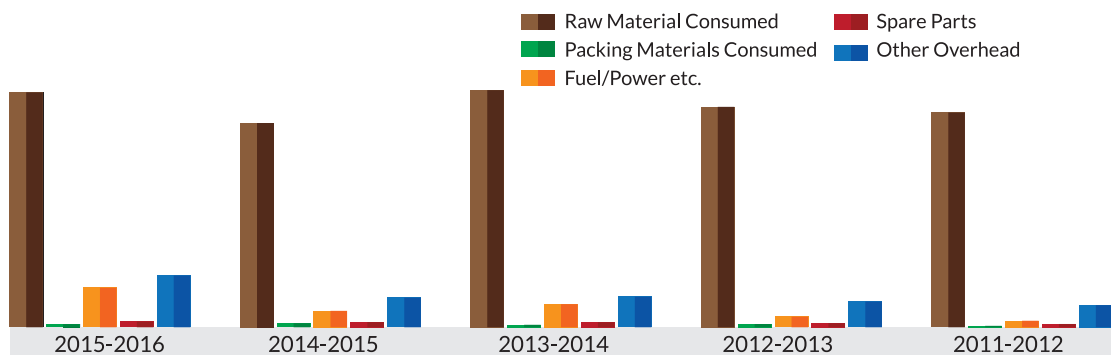
Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
(1.1) Spindles					
a) No of Spindles installed	57,840	39,600	39,600	39,600	39,600
b) No. of Spindles in operation	51,759	38,744	38,914	37,670	37,893
(1.2) Production Capacity (Kg):					
At Equivalent 28s Count (Ring Yarn)	9,360,000	8,640,000	8,640,000	8,640,000	8,825,000
(1.3) Actual Production (Kg):					
At Equivalent 28s Count (Ring Yarn)	7,851,331	7,545,680	7,555,835	7,055,940	7,127,872
(1.4) Capacity Utilization (%)	83.88%	87.33%	87.45%	81.67%	80.77%

(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 for last five years are given below:

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
(a) Output of Yarn (Kg)	7,731,885	7,444,818	7,268,020	6,886,102	6,456,758
(b) Cost of Major items (Tk):					
Raw Material Consumed	1,142,200,784	1,274,710,763	1,445,038,574	1,590,714,418	1,742,637,226
Packing Materials	13,792,747	13,486,110	15,029,098	16,047,961	11,631,574
Fuel/Power etc.	192,184,103	102,436,701	140,654,344	76,213,546	52,829,112
Spare Parts	27,625,350	27,430,710	30,766,504	30,194,759	26,675,198
Other Overhead	251,450,434	184,464,359	186,035,083	185,344,980	179,432,292
Total Cost	1,627,253,418	1,602,528,644	1,817,523,603	1,898,515,664	2,013,205,402

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
© Unit Cost/Kg (TK):					
Raw Material Consumed	147.73	171.22	198.82	231.00	269.89
Packing Materials Consumed	1.78	1.81	2.07	2.33	1.80
Fuel/Power etc.	24.86	13.76	19.35	11.07	8.18
Spare Parts	3.57	3.68	4.23	4.38	4.13
Other Overhead	32.52	24.78	25.60	26.92	
Unit Cost	210.46	215.25	250.07	275.70	311.80
Raw Material Cost as % of Total :	70.19%	79.54%	79.51%	83.79%	86.56%



The above chart reveals that overall unit cost decreased by 2.22% in 2015-2016 over 2014-2015. Raw Material cost, Packing Material cost and Spare Parts cost, decreased by 13.71%, 1.65%, 2.98% respectively and Fuel/Power cost, Other Overhead increased by 80.66%, 31.23% respectively.

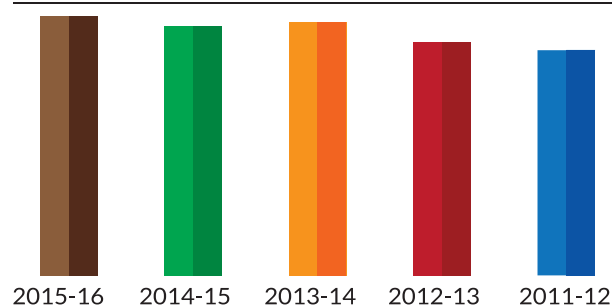
Marketing Operations:

(i) Market Exposure:

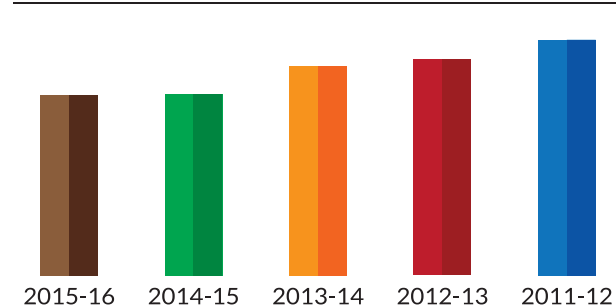
The Company's marketing operations continued its emphasis on export sales over the year as depicted below:

Details	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
(a) Sales Volume (Kg)	7,747,346	7,449,732	7,567,931	6,983,472	6,731,905
(b) Sales Revenue (Tk):	2,005,184,987	2,023,663,281	2,334,384,001	2,395,782,610	2,623,615,416

Sales Volume



Sales Revenue



The above figures show that the quantity sold from 2011-2012 to 2013-2014 increased gradually by 3.73%, 8.36% and decreased in 2014-2015 by 1.56%. However, it increased by 3.99% in 2015-2016 due to lately added new project of Mélange unit with 10 Ton capacity per day. Sales Revenue decreased by 8.68% from 2011-2012 to 2012-2013, 2.56% from 2012-2013 to 2013-2014, 13.31% from 2013-2014 to 2014-2015 and 0.91% from 2014-2015 to 2015-2016 mainly due to decrease in yarn price as shown as follows.

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
The selling Prices(Taka/Kg)	258.82	271.64	308.46	343.06	389.73

The above indicate that selling prices decreased by 4.72% in 2015-2016 over 2014-2015, 11.93% in 2014-2015 over 2013-2014, 10.08% in 2013-2014 over 2012-2013, and 11.97% in 2012-2013 over 2011-2012. This is primarily ascribable to the fluctuation in market price of yarn and exchange rate together with the changing product mix particularly lower demand of combed yarn and higher demand of carded yarn.

Development Activities:

During the year under report the company completed the implementation of daily 10 ton capacity mélange yarn project with IPO proceeds. The project started commercial production on 28 March 2016.

The second expansion unit of 16 ton capacity synthetic yarn project was under implementation. Most of the machineries already arrived at factory site. The project commenced partial commercial production from 10th November 2016 and will be in full operation in January 2017.

Details of capital expenditure for development activities are shown under capital expenditure in the following para:

Capital Expenditures:

Out of total Capital Expenditure of Tk.1,811,453,350 during the year 2015-2016 Tk.178,004,260 was spent for civil construction of the existing unit and upcoming Synthetic Project in phase-2.

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Land	-	-	71,958,964	5,288,400	4,924,745
Civil construction:					
Existing	31,303,966	10,318,279	12,968,787	6,797,507	2,613,999
Mélange Project		128,447,412	28,592,384		
Synthetic Project	146,700,294				
Plant and Machinery:					
Existing	176,942,531	12,134,279	16,823,865	-	28,819,917
Mélange Project	587,869,268	590,898,720	-	-	-
Synthetic Project	810,887,909				
Other Fixed Assets	57,750,382	3,746,894	3,999,237	2,365,541	1,297,092
Total	1,811,454,350	745,545,583	134,343,237	14,451,448	37,655,753

Contribution:

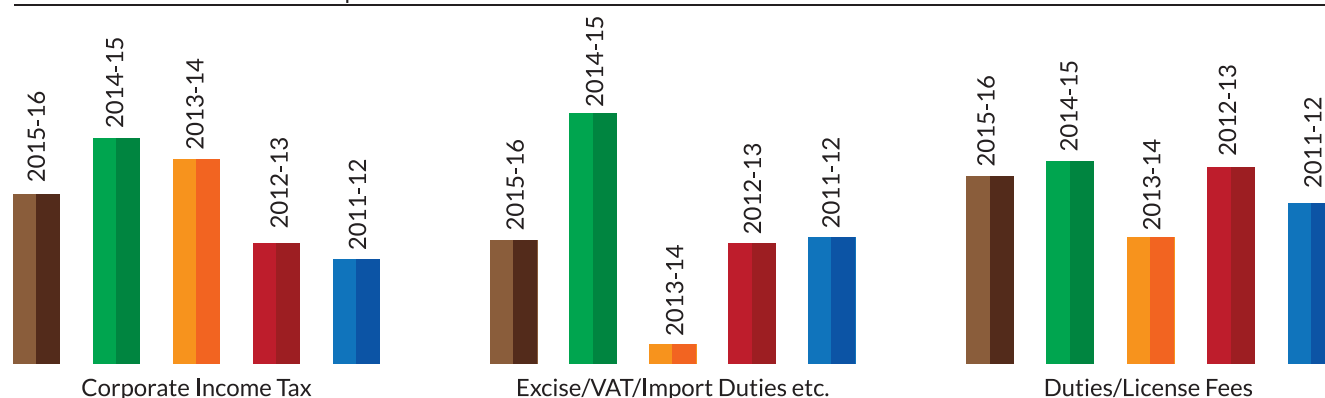
1. Contribution to National Exchequer:

The Company contributed Tk. 82.62 million during 2015-2016 to the National Exchequer. Last five years comparative data are as follows:

(Taka in Million)

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Corporate Income Tax	79.94	106.25	96.54	56.58	49.40
Excise/VAT/Import Duties etc.	1.21	2.46	0.19	1.18	1.24
Duties/License Fees	1.47	1.59	0.99	1.54	1.26
Total	82.62	110.30	97.72	59.30	51.90

Contribution to National Exchequer



2. FOREIGN EXCHANGE EARNED/SAVED:

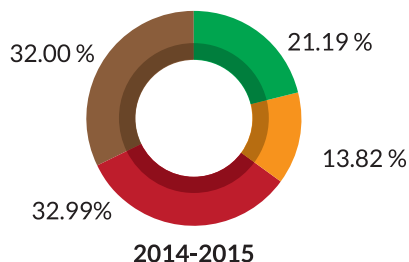
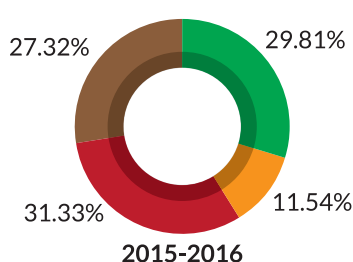
The Company contributed Tk. 625 million to the Foreign Exchange Reserve of the Country during the FY 2015-2016 through its export marketing operation. Last five years data are shown below:

(Taka in Million)

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Total Export Earnings	2,005	2,024	2,825	2,355	2,523
Less: Import Expenses					
Raw Cotton/Staple Fibre	1,346	1,205	1,447	1,586	1,628
Spare Parts	34	23	38	27	38
Net Foreign Exchange Earned	625	797	1,340	742	857

3. VALUE ADDED STATEMENT:

	(Taka) 2015-2016	(Taka) 2014-2015
Source of Funds		
Net Turnover	2,005,184,987	2,023,663,281
Less: Bought in Material and Services	(1,485,537,838)	(1,502,692,875)
Add: Other Income	196,135,347	276,995,469
Value Added	715,782,495	797,965,875
Applied in the following Ways		
Employees	213,365,915	169,051,897
Salaries, Wages, Provident Fund & Other Benefits	194,645,015	143,127,178
"Contribution to Workers' Profit Participation & Welfare Fund "	18,720,901	25,924,718
Government	82,621,097	110,312,595
Corporate Tax	79,942,717	106,261,734
Other Government Dues	2,678,380	4,050,861
Provider of Capital		
Dividend	224,227,000	263,223,000
Retained by the company	195,568,483	255,378,383
Depreciation	125,320,184	81,155,824
Retain Earnings	70,248,299	174,222,559
	715,782,495	797,965,875



- Employees
- Government
- Provider of Capital
- Retained by the company

Appropriation:

The net profit after tax of Tk 294,475,299 earned during the year 2015-2016 has been apportioned in the following manner:

Cash dividend is recommended by the Board of Directors at 23 % (Tk 2.30 per share) for 2015-2016 Tk 224,227,000.

Auditors:

ACNABIN Chartered Accountants have offered their willingness to be appointed as statutory auditors of the Company for the year 2016-2017.

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

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 initiative to increase production capacity through establishment of Mélange and Synthetic unit to meet the requirement of RMG. Mélange unit already started the operation commercially from 28th March 2016 and after implementation of the Synthetic project aggregate production capacity of the Company will be 51 tons of yarn in 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 non-current 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 2016.

The Company is primarily engaged in the manufacturing and sale of single product 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 23.

(iii) Risk and Concerns

The company as other spinning sector in the country is confronted with the supply/price risk of raw cotton which is entirely imported from abroad. Beside of the company is facing irregular supply of Gas. Price of which was increased by 100% in September 2015. To augment low pressure of Gas supply, the company have to maintain Diesel Generator as standby using high priced Diesel.

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.

In spite of decrease in Cost of Goods Sold compared to last year mainly due to decrease in price of raw cotton, packing material and spare parts, Gross profit ratio in 2015-2016 decreased to 18.68% compared to 19.30% in 2014-2015. The main reason behind this, the selling price decreased by 4.72% in 2015-2016 over 2104-2015 along with increase in depreciation charge arising out of capital expenditure for expansion project of Mélange yarn unit.

Net Profit before tax in 2015-2016 decreased to 18.67% compared to 25.62% in 2104-2015 due to decrease in Sales Price and other income which includes bank interest received on FDR and increase in administrative 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.40 in the notes to the accounts of the Financial Statements.

(VII) Current Status and Utilization of proceeds from Public Issue

The machineries and equipment of Mélange project have already been installed and capitalized. The Mélange unit started commercial production on 28th March 2016.

Proceeds from Public Issue	126,17,00,000
Exchange gain on Foreign Currency	1,34,491
Interest income on IPO Fund	283,411,083
Total Fund	1,545,245,574
Less: Issue related and other expenses	109,851,467
Import of machinery	1,174,060,840
Utilization yet to be made	261,333,266
Above amount has been accounted as follows:-	
*Fixed Deposit	250,255,446
Cash at Bank	11,077,820
Balance at 30 September 2016	261,333,266

- Out of this 261,333,266 an amount of Tk. 250,255,446 has been kept with separate bank account in the form of Fixed deposit. This amount will be transferred to CD account as Working Capital subject to approval in the AGM.

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

Due to the following reason the financial results have slightly deteriorated:

- a) Decrease in GP: The Gross Profit Margin on sales revenue decreased by 0.62% in 2015-2016 over 2014-2015 due to following:
 - i) Decrease in selling price.
 - ii) Increase in depreciation charge.
 - iii) Increase in utility cost.
- b) The Net Profit Margin decreased by 6.93% in 2015-2016 over 2014-2015 due to following:
 - i) Increase in administrative cost.
 - ii) Decrease in interest earning on FDR.

(IX) Explanation of significant variance occurs between Quarterly financial performance and Annual Financial Statements.

Significant variance between Quarterly financial performances and annual financial statement are stated below:

- i) Depreciation charge increased by Tk 32,738,634 in 4th Quarter compared to 3rd Quarter due to capitalization of fixed assets cost of Mélange unit and charging depreciation thereon.
- ii) Interest income on FDR declined in 3rd and 4th Quarter respectively by Tk. 16,551,788 and Tk. 10,168,988 compared to 2nd Quarter due to encashment of FDR for payment of Bank liabilities on account of import of machinery and equipment for Mélange yarn Unit.

(X) Remuneration to Directors including Independent Directors.

Remuneration of Directors has been shown in note no 37 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 known at present, the Company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that the controls in place are adequate to address these risks.

(XVI) Ability to continue as a going concern.

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

(XVII) Significant deviations in operating Results compared to last year.

Operating result showing decline in net profit after tax to Tk.294,475,299 during 2015-16 from Tk. 437,445,559 for the year 2014-15 are mainly due to the following:

1. Decrease in other income by Tk. 80,860,121
2. Increase in utility cost by Tk. 89,183,317
3. Increase in depreciation charge by Tk.44,164,360
4. Increase administrative cost Tk.44,601,065

(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	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Revenue	2,005,184,987	2,023,663,281	2,334,384,001	2,395,782,610	2,623,615,416
Cost of sales	1,630,537,415	1,632,998,934	1,880,133,607	1,929,142,051	2,113,551,486
Gross Profit	374,647,572	390,664,347	454,250,395	466,640,559	510,063,930
Operating Expenses	144,703,935	95,082,477	136,713,941	64,653,088	51,475,090
Finance Cost	32,940,067	28,158,251	50,911,440	113,601,534	198,521,080



Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Operating Income	197,003,570	267,423,619	266,625,014	288,385,937	260,067,760
Other Income	196,135,347	276,995,469	168,088,956	35,436,631	7,585,365
Net Profit before WPPF	393,138,916	544,419,087	434,713,970	323,822,568	267,653,125
Workers' profit participation and Welfare funds	18,720,901	25,924,718	20,700,665	15,420,122	12,745,387
Net Profit before Tax	374,418,015	518,494,369	414,013,305	308,402,446	254,907,738
Income Tax	44,378,383	78,537,490	92,695,210	50,920,337	40,719,480
Deferred Tax	35,564,334	2,511,319	3,843,109	5,656,887	8,687,696
Net profit (loss) after tax	294,475,299	437,445,559	317,474,987	251,825,222	205,500,562
Gross Margin	18.68	19.3	19.46	19.48	19.44
Net Margin after tax	14.69	21.62	13.6	10.51	7.83
Earnings per share	3.02	4.49	3.26	2.58	2.11
Return on Equity (ROE)	7.29	11.13	10.39	11.77	10.74
Outstanding Shares	97,490,000	97,490,000	97,490,000	63,390,000	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 35 in the notes to the Financial Statements.

(XXI) Shareholding Pattern

Pattern of Shareholding as on 30 June 2106:

Name of the Shareholders	Status	Shares held	%
i. Parent/Subsidiary/Associated Companies and other related parties			
Jinnat Apparels Limited	Associate Company	29,025,000	29.7722
Flamingo Fashions Limited	Associate Company	2,448,000	2.5110
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
Selina Perveen	Director	2,130,000	2.1848
Tanzeen Rahim	Director	2,130,000	2.1848
Taslima Brgum	Director	2,130,000	2.1848
Md. Hassan Imam	Director	2,130,000	2.1848
iii. Managing Director, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Children:			
M. A. Jabbar	Managing Director and his spouse	7,979,250	8.1846
A.H.M. Ariful Islam FCA	Chief Financial Officer	Nil	Nil
Md. Shah Alam Miah FCS	Company Secretary	Nil	Nil
Md. Shahinoor Islam	Head of Internal Audit	Nil	Nil



iv. Executives			
Shamimul Haque	Chief Production Officer	Nil	Nil
D. M. Abul Hossain	GM-Utility	Nil	Nil
Azad Shahriarier	DGM-Maintenance	Nil	Nil
Golam Kibria	DGM-Admin	Nil	Nil
Farzana Hussain	AGM-Sourcing	Nil	Nil
v. Shareholders Holding 10% or more voting interest in the Company			
Jinnat Apparels Limited	Associate Company	29,025,000	29.7722

(XXII) Appointment / re-appointment of Directors

(i) The Directors retiring as per Article 100 of the Company's Articles of Association, are Mr. M.A. Jabbar, Ms. Selina Perveen and Mr. Md. Hassan Imam 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.



Abdul Wahed
Chairman of the Board



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 Compliance 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 2016.

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
9 November, 2016

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 : 8825696-7161, 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		Remarks (if any)
		(Put ✓ in appropriate column)		
		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 or 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.	✓		
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) cannot 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.	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in appropriate column)		
		Complied	Not Complied	
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
1.4	Chairman of the Board and Chief Executive Officer:			
1.4	The position of Chairman of the Board and Chief Executive Officer shall be secured 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 judgment.	✓		



Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in appropriate column)		
		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.	✓		7 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	✓		Not Applicable
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.	✓		
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	✓		No signature of CFO and CS was available in attendance sheet but in the minutes their presence is mentioned

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in appropriate column)		
		Complied	Not Complied	
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 accounting 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.	✓		
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.	✓		



Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in appropriate column)		
		Complied	Not Complied	
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.	✓		
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	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in appropriate column)		
		Complied	Not Complied	
5.00	Subsidiary Company:			
5(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			Not Applicable
5(ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			Not Applicable
5(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			Not Applicable
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			Not Applicable
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.			Not Applicable
6.00	Duties of Chief Executive Officer and Chief Financial Officer:			
6(i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
6(i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the company's code of conduct.	✓		
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

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 have, 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



A. H. M. Ariful Islam, FCA
Chief Financial Officer

REPORT OF THE AUDIT COMMITTEE

For the Year 2015-2016

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 2015-2016, 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, 2016-2017.
- 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

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 2016-17 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 contributed BDT 3 million to the Diabetic Association of Bangladesh for 2015-16, and also committed for 2016-17, 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 contributed Dhaka Ahsania Mission Cancer Hospital with BDT 600,000, committing a further BDT 600,000 for 2016-17 as well. 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 contributed BDT 5 million for the year 2015-16 to help DMCH move further in serving the underprivileged people.

Bangladesh University of Health Sciences (BUHS)

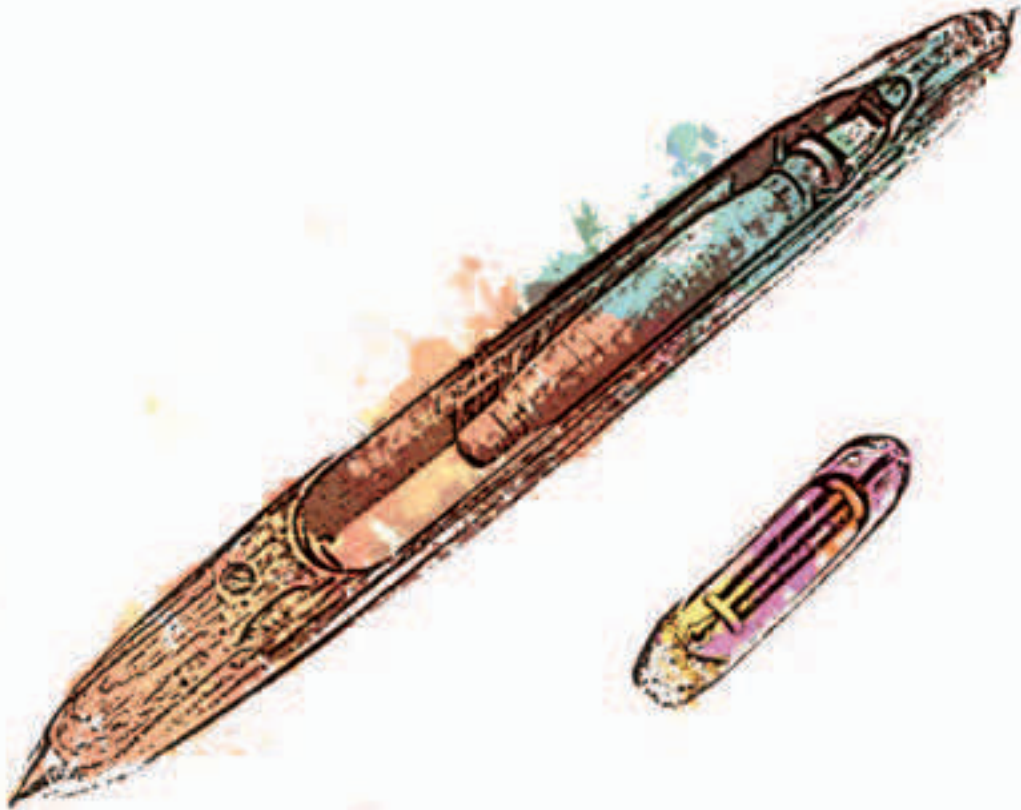
The Health Care Development Project (HCDP) is a large scale project of the Diabetic Association of Bangladesh supported by a Grant from the Dutch Government and a loan from a Consortium of 12 banks. The Bangladesh Institute of Health Sciences (BIHS) became the Apex Hospital of the 20 hospitals and health centres under the HCDP Network and created substantial reputation in academic and research areas. As a result, BIHS started to attract Grants from Organizations like University of Oslo (Norway), Rockefeller Foundation (USA) and World Diabetes Foundation (Denmark) to sponsor various academic and development Projects.

A decision was taken to apply for BUHS rather than continuing the effort for BIHS as a deemed university. After processing through the Ministry of Education and the University Grants Commission and, after the approval by the Honourable Prime Minister, permission has recently been granted to operate the university. As a focus on developing and supporting quality education in Bangladesh, MSML provided a donation of BDT 2,000,000 in October 2015 in order to further help the university.

Anjuman Mufidul Islami Mission

Matin Spinning Mills Limited has also contributed BDT 600,000 to Anjuman Mufidul Islami Mission, committing the same for the next year as well. This will aid in catering to a variety of facilities as Anjuman Mufidul Islami Mission 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&SOCIAL OBLIGATION: A SUSTAINABLE FUTURE



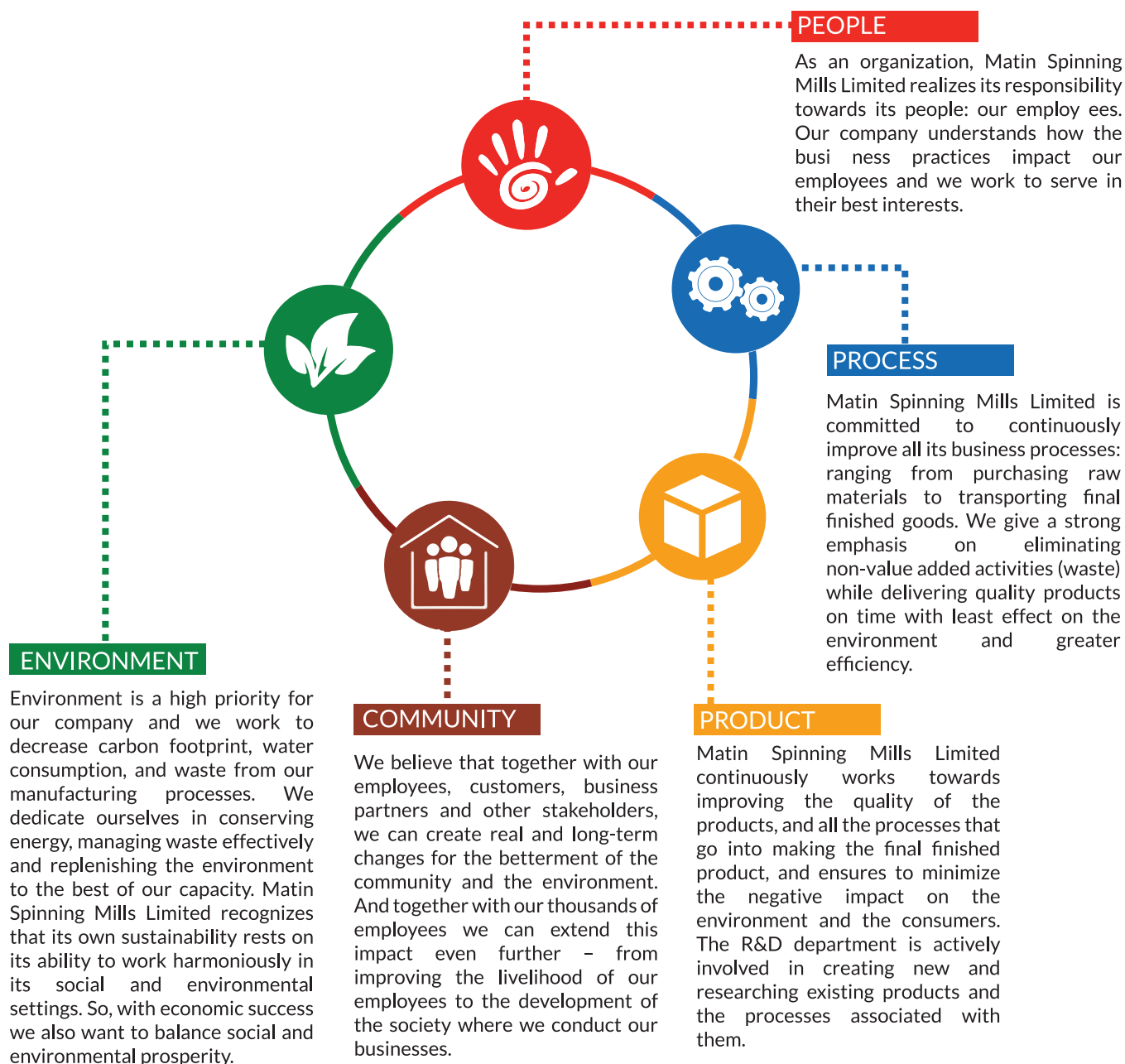
Weaving Boat Shuttle

Weaving Boat Shuttles are used to maneuver thread easily to form a clothing material. It is popular for its curves that help weaving at ease. It can be very handy when you are weaving on a small loom, a narrow warp, or need to use several shuttles at a time.

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.

Pillars of MSML's Sustainability

The foundation of MSML's Sustainability is based on five pillars: People, Process, Product, Community, and Environment; thereby having a holistic approach towards environmental and social impacts. Our sustainable action programs are diversified accordingly and some of them are discussed here.



SUSTAINABILITY INITIATIVES

Future Leaders Development Program (FLDP)



Under the FLDP of MSML, fresh graduates from reputed universities across the nation are recruited, trained and groomed to become future leaders of our organization within a period of five years.

Bandhan Fair Price Shop



Bandhan Fair Price Shop is situated at the MSML factory premises. The shop is an effort by MSML to serve its employees people with all the essentials and commodities at factory price of the manufactures. "Bandhan" is the Bengali form of "Bonding"; for MSML, it refers to the bonding between employer and employee. This endeavor reduces workers' monthly expenditure burden and safeguards them from economic inflation. Employees can buy goods from this facility at subsidized rates of 5% to 15%.

Women Health Program Initiative (WHPI)



The Women Health Program Initiative (WHPI) has a long term objective to ensure safe health and hygiene practices for all of MSML's female workers. The initial activity of this program was to provide female factory workers with sanitary napkins at a discounted price of only Taka 10. The scope of this initiative is not only limited to teaching women but also providing them opportunities for safe health as well. As a result, women workers now have improved health condition and there is reduced absenteeism within the factory.

Idea Club



MSML encourages innovation and welcomes fresh ideas from any employee or worker, regardless of their designation. Special efforts by employees are recognized through a monthly recognition system: the "Employee of the Month". In addition, recognizing the "Employee of the Year" has also been initiated. This initiative encourages employees to work at their full potential and gives them a feeling of fairness; as every employee enjoys equal opportunity at obtaining this reward. The Idea Club generated ideas through workers which helped in increasing productivity and reducing wastage for the enterprise.

One such idea was proposed by Ms. Mamotaj Begum, an operator of the production wing. She came up with a new idea of production that made her capable of starting a ring machine at least 10-15 minutes earlier than other operators. As a result, Mamotaj could single-handedly produce an extra 4-5 kg of goods per lot change (lot change happens twice a day). By dint of her brilliant idea, it is now possible to produce an extra 270 kg of yarns every month.

MSML Quality Control (QC) Circles



In order to promote employee engagement in workplace decision making, QC Circles have been set up in MSML. Currently, MSML has three QC Circles who periodically research different processes and activities on improving those using sophisticated methods of analysis. An in-house QC Circle competition has also taken place simulating the standards followed in the national level competition organized by the Bangladesh Standard for Total Quality Management (BSTQM).



Organic Cotton

MSML makes use of cotton sourced from organic farms that are devoid of any chemical or pesticide usage. This is an initiative to reduce the negative impact on the environment. It is also an effort to engage consumers in buying organic products, offering a sustainable and planet-friendly option. Organic cotton is imported from India to process organic yarn at MSML factory premises that is ultimately used to produce organic clothes.

Better Cotton Initiative (BCI)

The BCI has been undertaken by MSML to support the global standards for Better Cotton. BCI helps MSML in promoting its commitment to make global cotton production better for the producers, environment, and the cotton production sector as a sustainable entity.

Innovation in Yarn Production



Matin Spinning launched a series of innovated products in their production line such as

- Colour fibre injected yarn
- Vario Siro yarn
- Snow yarn
- Neppy yarn
- Yarn from recycled textile materials
- Dot mélange
- Other fancy yarns.

In raw material consumption we are increasing sustainable and recycled fibre. Our newly set benchmark is to produce these types of special yarns which will contribute to 20% of the total production.

Community Education and Development Program



As a part of endorsing need for quality education in Bangladesh, MSML has undertaken multiple activities to promote education in the local community of Kashimpur. MSML created a four-storied building in Hatimara School and College which accommodates 1,000 pupils. Furthermore, in 2015, 100 benches were donated to Sardagonj Govt. Primary School as part of MSML's social responsibility initiative. The benches have been used for facilitating the educational institute with their preparation for the board examinations.



Medical services for workers and their families



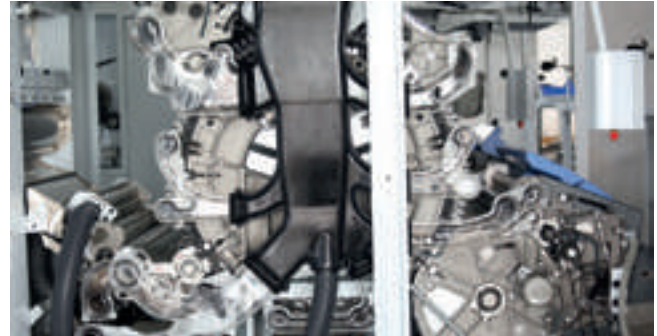
An in-house medical facility in MSML is open to workers and their families. Apart from accidents or other emergencies, outdoor medical services are also provided. Health and nutrition tips are provided at this facility, with special attention to children, nursing mothers, and pregnant women. Medicines in the in-house pharmacy are charged at manufacturers' price. Furthermore, need-based financial and logistic support is offered to employees.

Energy efficient machineries



MSML always procures machines which provide high efficiency, production capacity, and longevity. These machines also have the advantages of less power consumption and noise level than other alternatives. For example, one of the production machines from Toyota uses Programmable Logic Control (PLC) which

automatically adjusts with the revolutions per minute (RPM), thereby automatically contributing to optimum energy use and energy savings.



Eneflow magnetic devices



From the Enecon Corporation, USA, the Eneflow devices are used in generators which helped reduce carbon footprints. They also provided significant cost savings: more than BDT 8 million per year, by investing only BDT 60,000. These devices allow efficient utilization of fuel: saving 514 liters every day and hence savings for the future is ensured given the limited natural resources available.

Energy Efficiency Engagement (3e)

The 3e project was undertaken by the Nordic Chamber of Commerce and Industry (NCCI) in Bangladesh. A detailed energy assessment has been done and improvement areas have been identified, which MSML will be implementing in order to further enhance the efficiency of its operations.

SHAREHOLDING INFORMATION

The following historical information will help our current and potential investors for their decision making:

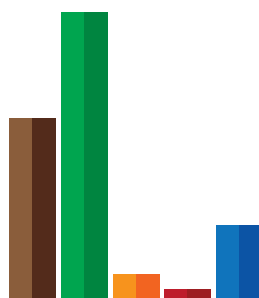
Financial Calendar

Events for the year	2015-2016	2014-2015
Publication of unaudited 1st Quarter Financial Statements	9-Nov-15	28-Oct-14
Publication of unaudited Half year Financial Statements	21-Jan-16	15-Jan-15
Publication of unaudited 3rd Quarter Financial Statements	25-Apr-16	25-Apr-15
Annual Financial Statements approved by the Board	09-Nov-16	12-Sep-15
Record Date	30-Nov-16	8-Oct-15
Dispatching notice for the Annual General Meeting	25-Nov-16	29-Sep-15
Dispatching of Annual Report	05-Dec-16	11-Oct-15
Holding of Annual General Meeting	20-Dec-16	27-Oct-15
Transfer/Payment of Dividend	15-Jan-17	15-Nov-15

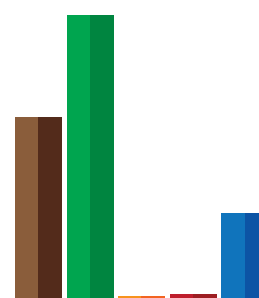
Comparative Shareholding Structure

Type of Shareholder	30 June, 2016		30 June, 2015	
	Number of shares	% of Shares	Number of Shares	% of Shares
Sponsors / Directors	31,917,000	32.725	32,017,000	32.841
Local Institutions	50,128,919	51.426	49,612,226	50.890
Foreign Institutions	19,23,065	1.973	161,339	0.166
Non-residential Bangladeshi	122,863	0.126	192,540	0.198
General Public	13,398,153	13.750	15,506,895	15.905
Total Shares Held	97,490,000	100.000	97,490,000	100.000

- Sponsors / Directors
- Local Institutions
- Foreign Institutions
- Non-residential Bangladeshi
- General Public



30 June, 2016



30 June, 2015

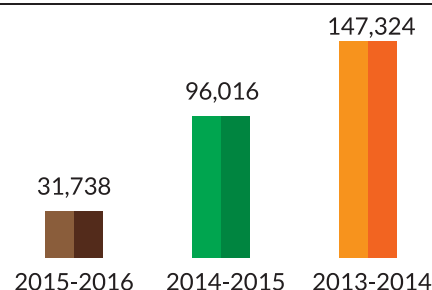
Stock Details:

Particulars	DSE	CSE
Stock Symbol	MATINSPINN	MATINSPINN
Listing Year	2014	2014
Market Category	A	A
Face Value (Taka)	10	10
Paid-up Capital	974,900,000	974,900,000
Market Lot	1	1
Total Number of Securities	97,490,000	97,490,000

Price Trend of Matin Spinning Mills Limited Share in DSE

Period	2015-2016	2014-2015	2013-2014
Year End Closing (Taka)	39.30	43.00	42.2
Year High (Taka)	47.80	53.40	49.60
Year Low (Taka)	37.30	38.20	37.70
Total number of Trade	31,738	96,016	147,324

Total Shares Traded (No.)



Share Information:

Particulars	30 June, 2016	30 June, 2015	30 June, 2014
Number of shares	97,490,000	97,490,000	97,490,000
Net Asset Value per share(Taka)	41.64	41.27	39.38
Earnings per share	3.02	4.49	4.24
Dividend (Cash) %	23	27	25

Shares held by directors/executives and relatives of directors /executives (Pattern of Shareholding as on 30 June 2016)

Redressal of Investor's Complaints:

Matin Spinning Mills Limited places high degree of importance to investor queries and as such has established an Investors' Relation Department headed by the Company Secretary. The mechanism of the Investor Complaints process is given below:

- Investors are encouraged to address their queries via E-mail: secretary@msml.dbl-group.com. Investor can also register their complaints and queries through an application addressed to the Company Secretary.
- Investors' Relation Department acknowledges the complaint and contacts the investor to confirm their identity regarding
 - Shareholder's BO ID &
 - Shareholder's Name
- Investors' Relation Department, after confirming the shareholders identity, addresses their queries and provides required information/guidance.

Any complaints received at the AGM or throughout the year pertaining to service offering, delivery, compliance or other issues are resolved lawfully. The Company Secretary acts as the key point of contact in resolving such issues.

AUDITORS' REPORT



Wooden Spindle with Thread

Wooden Spindles are used to weave intricate patterns of clothing using carved wood. It is most popular for weaving woollen garments.

TO THE SHAREHOLDERS OF MATIN SPINNING MILLS LIMITED

We have audited the accompanying financial statements of Matin Spinning Mills Limited ("the Company") which comprise the statement of financial position as at June 30, 2016 and the statement of profit or loss and other 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 disclosed in Note 1 to 46 to the financial statements.

Management's Responsibility for the Financial Statements

Management of Matin Spinning Mills Limited 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. 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 amounts 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 present fairly, in all material respects, the financial position of Matin Spinning Mills Limited as at June 30, 2016, and its financial performance and its Cash Flows for the year then ended, and these financial statements have been drawn up in accordance with the requirements of applicable laws and rules containing all the information in the manner required by relevant laws and rules and the Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh including BAS 24.

Emphasis of Matters


Without qualifying our opinion as above, we draw attention to the following matters:

1. In Note 4 to the financial statements, management explains about the use of two diesel generators which were purchased with the fund from IPO proceeds for the Mélange unit of the Company.
2. In note 6.08 to the financial statements, management explains the reasons for non-installation of some items of fixed assets and inclusion of the same in Capital Work in Process as on 30 June 2016. These were purchased for Mélange unit using the IPO fund.
3. In note 42 (i) to the financial statements, management explains the circumstances under which Bangladesh Securities and Exchange Commission (BSEC) imposed penalty on the Directors of the Company.
4. In note 42 (ii) to the financial statements, management explains about loan of Tk. 300,000,000/= given by the Company to Jinnat Knitwears Limited (a private company, all the directors of which are also directors of Matin Spinning Mills Ltd) without obtaining permission from shareholders and BSEC before disbursing the above loan.
5. In note 42 (iii) to the financial statements, management explains about substantial sales to some companies (having some common directorship) of DBL group without taking approval from the shareholders before entering into such sale arrangements.
6. In note 42 (iv) to the financial statements, management explains, with regard to compliance of the relevant BSEC Order, that the Company calculated its net worth without considering the revaluation reserve and paid dividend accordingly for the year 2014-15, though the revaluation reserve is recognized as a part of equity in the Statement of Financial Position.

We also report that:

- (a) we have obtained all the material information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) the Company's statement of financial position and statement of profit or loss and other comprehensive income together with Note 1 to 46 dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka
9 November, 2016


ACNABIN
Chartered Accountants

Matin Spinning Mills Limited

Statement of Financial Position

as at 30 June 2016

Amounts in Taka


Particular	Notes	At 30 June 2016	At 30 June 2015 "Restated"	At 1st July 2014 "Restated"
Assets				
Non - current assets				
Property, plant and equipment	04/ Annex I & ii	3,116,051,536	1,819,764,606	1,866,690,176
Investment	05	47,709,792	97,513,853	98,522,982
Capital work-in-process	06	1,145,589,589	760,593,816	49,278,488
		1,193,299,381	858,107,669	147,801,470
Total non - current assets		4,309,350,917	2,677,872,275	2,014,491,646
Current assets				
Cash and bank balances	07	906,210,836	2,094,338,153	2,190,971,599
Accounts receivable	08	213,010,407	197,132,598	151,131,395
Inventories	09	504,040,074	294,334,139	395,214,339
Advance, deposits and Prepayments	10	159,443,290	151,291,420	67,431,214
Due from sister concerns	11	-	303,279,452	139,455,850
Total current assets		1,782,704,607	3,040,375,762	2,944,204,397
Total assets		6,092,055,524	5,718,248,036	4,958,696,043
Equity and liabilities				
Share capital	12	974,900,000	974,900,000	974,900,000
Share Premium	13	920,700,000	920,700,000	920,700,000
Retained earnings (Prior years' balances restated)	14	1,174,930,278	1,139,903,200	861,324,580
Tax holiday reserve		-	-	86,718,548
Revaluation reserve (Prior years' balances restated)	15	989,296,816	988,306,512	995,915,686
Total equity (Prior years' balances restated)		4,059,827,094	4,023,809,712	3,839,558,814
Non-current liabilities				
Long term bank loan (Prior years' balances restated)	16	691,271,084	148,476,688	244,653,956
Deferred tax liability (Prior years' balances restated)	17	127,031,508	92,457,478	82,336,984
Total non-current liabilities (Prior years' balances restated)		818,302,592	240,934,166	326,990,940
Current liabilities				
Accounts payable	18	97,128,165	173,452,887	161,287,513
Share Application Money	19	4,582,760	4,664,160	6,614,431
Short term bank loan (Prior years' balances restated)	20	871,815,763	1,045,067,522	349,874,737
Current portion of long term loan	21	120,302,481	97,947,248	97,632,305
Provision & accruals (Prior years' balances restated)	22	120,096,669	132,372,342	176,737,303
Total current liabilities (Prior years' balances restated)		1,213,925,838	1,453,504,159	792,146,289
Total equity and liabilities		6,092,055,524	5,718,248,036	4,958,696,043
NAV Per Share (With Revaluation reserves) (Prior years' NAV restated)	33.01	41.64	41.27	39.38
NAV Per Share (Without Revaluation reserves) (Prior years' NAV restated)	33.02	31.50	31.14	29.17

These financial statements should be read in conjunction with the annexed notes 1 to 46.


Chairman


Managing Director


Company Secretary


ACNABIN
Chartered Accountants

Dated, Dhaka
9 November, 2016

Matin Spinning Mills Limited

Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2016

Amounts in Taka

Particulars	Notes	Year ended 30 June 2016	Year ended 30 June 2015 "Restated"
Revenue(Prior year's amount restated)	23	2,005,184,987	2,023,663,281
Cost of goods sold	24	(1,630,537,415)	(1,632,998,934)
Gross profit (Prior year's amount restated)		374,647,572	390,664,347
Other income (Prior year's amount restated)	25	196,135,347	276,995,469
		570,782,919	667,659,816
Administrative expenses	26	(143,502,608)	(94,485,107)
Distribution expenses	27	(1,201,327)	(597,370)
Net profit before finance cost (Prior year's amount restated)		426,078,983	572,577,338
Finance cost	28	(32,940,067)	(28,158,251)
Net profit before workers' profit participation funds & tax (Prior year's amount restated)		393,138,916	544,419,087
Contribution to workers' profit participation funds (Prior year's amount restated)	29	(18,720,901)	(25,924,718)
Net profit before taxation (Prior year's amount restated)		374,418,016	518,494,369
Income tax (Prior year's amount restated)	30	(44,378,383)	(78,537,490)
Deferred tax (Prior year's amount restated)	31	(35,564,334)	(2,511,319)
Net profit after tax (Prior year's amount restated)		294,475,299	437,445,559
Earnings Per Share (EPS) (Prior year's EPS restated)	32	3.02	4.49

These financial statements should be read in conjunction with the annexed notes 1 to 46.



Chairman



Managing Director



Company Secretary

Dated, Dhaka
9 November, 2016



ACNABIN
Chartered Accountants



Matin Spinning Mills Limited

Statement of Comprehensive Income

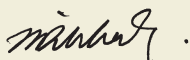
for the year ended 30 June 2016

Particular	Notes	Amounts in Taka	
		Year ended 30 June 2016	Year ended 30 June 2015 "Restated"
Net profit after tax for the period		294,475,299	437,445,559
Deferred tax on other comprehensive income (Prior year's amount restated)	31.01	990,304	(7,609,174)
Foreign currency translation gain/(Loss) (Prior year's amount restated)	14.02	3,774,779	(1,860,486)
Total comprehensive income for the period (Prior year's amount restated)		299,240,382	427,975,900

These financial statements should be read in conjunction with the annexed notes 1 to 46.



Chairman



Managing Director



Company Secretary

Dated, Dhaka
9 November, 2016



Matin Spinning Mills Limited

Statement of Changes in Equity

for the year ended 30 June 2016

Amounts in Taka

Particular	Share Capital	Share Premium	Tax Holiday reserves	Retained Earnings	Revaluation Reserves	Total
Year 2016						
Balance at 01 July 2015	974,900,000	920,700,000	-	1,139,903,200	988,306,512	4,023,809,712
Net profit for the year	-	-	-	294,475,299	-	294,475,299
Dividend Paid	-	-	-	(263,223,000)	-	(263,223,000)
Other comprehensive income	-	-	-	3,774,779	990,304	4,765,083
Balance at 30 June 2016	974,900,000	920,700,000	-	1,174,930,278	989,296,816	4,059,827,094
Year 2015						
Balance at 01 July 2014 (Restated)	974,900,000	920,700,000	86,718,548	861,324,578*	995,915,687	3,839,558,813*
Net profit for the year (Restated)	-	-	-	437,445,559*	-	437,445,559*
Dividend Paid				(243,725,000)		(243,725,000)
Tax holiday reserves reversed			(86,718,548)	86,718,548		-
Other comprehensive income (Restated)	-	-	-	(1,860,486)*	(7,609,174)*	(9,469,660)*
Balance at 30 June 2015	974,900,000	920,700,000	-	1,139,903,200	988,306,512	4,023,809,712

* These figures have been restated.

These financial statements should be read in conjunction with the annexed notes 1 to 46.



Chairman



Managing Director



Company Secretary

Dated, Dhaka
9 November, 2016

Matin Spinning Mills Limited

Statement of Cash Flows

for the year ended 30 June 2016

Particulars	Year ended 30 June 2016	Year ended 30 June 2015 "Restated"
A. Cash flows from operating activities		
Collection from customers	1,942,825,115	2,031,898,631
Other Income (Prior year's amount restated)	44,544,615	60,276,339
Cash generated from operations	1,987,369,730	2,092,174,970
Cash paid to suppliers and employees (Prior year's amount restated)	(1,730,045,526)	(1,558,102,395)
Interest paid on loans	(32,940,067)	(28,158,251)
Income tax paid	(48,648,000)	(99,960,995)
Payment made to workers' profit participation funds	(26,109,619)	(48,866,175)
Net cash flows from operating activities	149,626,517	357,087,153
B. Cash flow from investing activities		
Acquisition of property, plant and equipment	(665,427,582)	(34,230,256)
Capital work-in-process	(1,187,819,199)	(772,695,376)
Dividend Income	1,141,615	1,233,838
Interest on FDR	184,811,121	157,996,648
Refund Share money deposit from DBL Ceramics Ltd.	50,800,000	-
Net cash used in investing activities	(1,616,494,044)	(647,695,146)
C. Cash flows from financing activities		
Long term loan received /(repaid)	563,671,763	(97,657,501)
Short term loan received/(repaid to) bank	(336,392,969)	695,127,473
Share application money refunded	(81,400)	(1,950,271)
Inter-company debts Received/(paid)	313,781,250	(159,562,380)
Net cash from/(used in) financing activities	278,740,210	193,974,546
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,188,127,317)	(96,633,447)
E. Opening cash and cash equivalents	2,094,338,153	2,190,971,599
F. Closing cash and cash equivalents (D+E)	906,210,835	2,094,338,153
Net Operating Cash Flow Per Share (Prior year's NOCFPS restated)	1.53	3.66

These financial statements should be read in conjunction with the annexed notes 1 to 46.



Chairman



Managing Director



Company Secretary

Dated, Dhaka
9 November, 2016



Matin Spinning Mills Limited

Notes to the Financial Statements

For the year ended 30 June 2016

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 and Bangladesh Financial Reporting 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
BFRS - 1	First-time Adoption of International Financial Reporting Standards
BFRS - 5	Non-current Assets Held for Sale and Discontinued Operations
BFRS - 7	Financial Instruments: Disclosures
BFRS 13	Fair Value 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 Securities and Exchange Rules 1987

2.03 Date of authorisation

The Board of Directors authorised the financial statements for issue on 09 November, 2016.

2.04 Functional and presentational currency

The financial statements are prepared in Bangladeshi Taka which is the company's functional and reporting 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 2015 to 30 June 2016.

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

Statement of Profit or Loss and Other Comprehensive Income

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. As 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 :

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

The company has no managerial involvement of the ownership of the goods.

The amount of revenue and the cost of the transaction can be measured reliably.

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 – 17	Deferred Tax Liability
Note – 18	Accounts Payable
Note – 22	Provisions & accruals
Note – 30	Income Tax Expenses

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 calculated and 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. 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
Go-down	10
Plant and machinery	10
Furniture and fixtures	10
Gas equipment	15
Gas Generator	15
Office equipment	15
Electric installation	15
Deep tube-well	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 Marketable Securities

Investment is initially recognized at cost including acquisition charges with the investment. After initial recognition, the investment in marketable securities have been valued at market price and measured at fair value through profit or loss. Investment in non marketable securities have been valued at cost.

3.09 Capital Work in Process:

Capital work-in-process comprises Construction work of a expansion unit of synthetic yarn project, Go-down 3,4 & 5, 4 storied store building, bagan bari staff quarter and also machineries (not yet installed) for Mélange & Synthetic 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 and 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 and net realizable value whichever is lower
Finished Goods	At cost and net realizable value whichever is lower
Spare & Parts	Weighted average cost and net realizable value whichever is lower
Diesel & Lube Oil	At cost and net realizable value whichever is lower
Stock of Bandhan	At cost and net realizable value whichever is lower

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 companies having some common directorship 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 shareholders after making all necessary adjustment in the financial statements.

3.17 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 differences and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

3.18 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 enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

3.19 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.

3.20 Finance costs

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

3.21 Finance income

Finance income comprises interest income on loan granted to companies having common directorship and on Fixed deposit receipts. The rate of interest is 10.50 % on loan granted to sister concern and 6.3 % to 7.5% on fixed deposit receipts.

3.22 Workers' profit participation fund

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

3.23 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.

3.24 Foreign currency translation:

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

3.25 Materiality and Aggregation

Each material item as considered by management to be 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 off basis only when permitted by the relevant accounting standards.

3.26 Earnings per share

Earnings per share(EPS) has been calculated in accordance with Bangladesh Accounting Standard (BAS-33) "Earnings Per Share" and is shown on the face of Income Statement and a computation is shown in note - 32 to the financial statements.

3.27 Related party disclosure:

As per Bangladesh Accounting Standard(BAS -24) the parties are considered to be related if one of the parties has the ability to control another 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.

3.28 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 counterpart 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 having common directorship. A minor quantity of sales are made to the RMG exporting Companies outside the companies having some common directorship. 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.

3.29 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 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.

3.30 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)

Amounts in Taka	
At 30 June 2016	At 30 June 2015
2,156,636,495	2,122,406,239
1,421,607,114	34,230,256
3,578,243,609	2,156,636,495
-	-
3,578,243,609	2,156,636,495
1,331,658,818	1,257,467,964
118,718,160	74,190,854
1,450,376,978	1,331,658,818
-	-
1,450,376,978	1,331,658,818
2,127,866,631	824,977,677
1,033,677,512	1,033,677,512
-	-
1,033,677,512	1,033,677,512
-	-
1,033,677,512	1,033,677,512

	At 30 June 2016	At 30 June 2015
Accumulated Depreciation		
Opening balance	38,890,582	31,925,612
Add: Charges for the year	6,602,024	6,964,970
	45,492,606	38,890,582
Less: Disposal/Adjustment	-	-
Closing balance (b)	45,492,606	38,890,582
Written Down Value of Revaluation Assets (a-b)	988,184,906	994,786,930
Total Written Down Value (A+B)	3,116,051,536	1,819,764,607

Details of fixed assets are shown in Annex i & ii

Two diesel generators, having capacity of 2000 KVA (1600 KW) each, were purchased with the fund from IPO proceeds for the Mélange unit of the Company. One generator has been installed and put into use on 28 March 2016 as stand by back up support in the case of power failure of Mélange unit the Company. The other generator, since lying idle, was rented out to Color City Limited (a private company under some common directorship) during the period from 29 October 2015 to 13 June 2016 against which the company earned a rental income of tk. 9,375,000 which is in line with arm length transaction. Depreciation has been charged by the Company in accordance with BAS-16.

05 Investment

Investment in equity of company having some common directorship	5.01	25,000,000	25,000,000
Investment in marketable securities	5.02	22,709,792	21,713,853
Share Money Deposit(DBL Ceramics Ltd)		-	50,800,000
		47,709,792	97,513,853

5.01 Investment in equity of sister concern

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

a) DBL Ceramics Limited is an associate company of Matin Spinning Mills Limited and the Company has started operation as on July 7, 2016.

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

5.02 Investment in marketable securities

Opening balance	21,713,853	22,722,982
Add: Addition during the year	-	-
	21,713,853	22,722,982
Realised gain/(loss) (Prior year's balance restated)	-	675,638
Unrealised gain/(loss) for fair value adjustment (Prior year's balance restated)		
Closing balance	22,709,792	21,713,853

Particular	No. of Share	Rate	Cost Value	Market rate as on 30 June 2016	Market value as on 30 June 2016
Al Arafah Bank Ltd	139,434	15.30	2,133,340	13.20	1,840,529
Dhaka Bank Ltd	134,037	16.77	2,247,800	15.00	2,010,555
Eastern Bank Ltd	86,250	26.78	2,309,775	29.20	2,518,500
IFIC Bank Ltd.	36,368	31.80	1,156,381	15.90	578,251
Mercantile Bank Ltd	338,800	15.43	5,227,684	10.00	3,388,000
Export Import Bank Ltd.	386,000	9.25	3,570,500	8.00	3,088,000
Mutual Trust Bank Ltd	209,088	12.05	2,519,510	17.20	3,596,314
One Bank Ltd	208,828	11.54	2,409,875	13.00	2,714,764
Standard Bank Ltd	147,458	11.59	1,709,038	8.30	1,223,901
Trust Bank Ltd	21,600	15.65	338,040	18.50	399,600
Uttara Bank Ltd	66,550	29.53	1,965,222	20.20	1,344,310
Balance in BO Account			7,068		7,068
	1,774,413		25,594,234		22,709,792



		At 30 June 2016	At 30 June 2015
06 Capital work-in-process			
Mélange/ Synthetic Project (Construction only Synthetic)	6.01	151,114,579	164,757,113
Sub Station	6.02	-	4,937,983
Go-down - 3	6.03	368,680	-
Go-down - 4	6.04	3,740,248	-
Go-down - 5	6.05	4,736,835	-
04 Storied Store Building	6.06	2,153,521	-
Bagan Bari Staff Quarter	6.07	5,800,910	-
Machineries & Equipments (Mélange)	6.08	166,786,908	590,898,720
Machineries (Phase -2)	6.09	810,887,909	-
		1,145,589,589	760,593,816
6.01 Mélange/ Synthetic Project (Construction only Synthetic)			
Opening Balance		164,757,113	36,309,701
Add: Addition during the year		146,700,294	128,447,412
Less: Transfer to Fixed Assets		(160,342,829)	-
Closing Balance		151,114,579	164,757,113
6.02 Sub Station			
Opening Balance		4,937,983	-
Add: Addition during the year		178,095,303	4,937,983
Less: Transfer to Fixed Assets		(183,033,286)	-
Closing Balance		-	4,937,983
6.03 Go-down - 3			
Opening Balance		-	-
Add: Addition during the year		368,680	-
Less: Transfer to Fixed Assets		-	-
Closing Balance		368,680	-
6.04 Go-down - 4			
Opening Balance		-	-
Add: Addition during the year		3,740,248	-
Less: Transfer to Fixed Assets		-	-
Closing Balance		3,740,248	-
6.05 Go-down -5			
Opening Balance		-	-
Add: Addition during the year		4,736,835	-
Less: Transfer to Fixed Assets		-	-
Closing Balance		4,736,835	-
6.06 04 Storied Store Building			
Opening Balance		-	-
Add: Addition during the year		2,153,521	-
Less: Transfer to Fixed Assets		-	-
Closing Balance		2,153,521	-
6.07 Bagan Bari Staff Quarter			
Opening Balance		-	-
Add: Addition during the year		5,800,910	-
Less: Transfer to Fixed Assets		-	-
Closing Balance		5,800,910	-



		At 30 June 2016	At 30 June 2015
6.08 Machineries & Equipments (Mélange)			
Opening Balance		590,898,720	-
Add: Addition during the year		587,869,268	590,898,720
		1,178,767,988	590,898,720
Less: Transfer to Fixed Assets		(1,011,981,080)	-
Closing Balance		166,786,908	590,898,720
Details Shown below :			
<u>L/C No.</u>	<u>Machine Name</u>		
DPCDAK 432187	Ring Fram	-	235,636,030
DPCDAK 409223	Simplex	-	42,943,273
DPCDAK 409719	AC Plant	-	111,563,187
DPCDAK 414578	Carding Machine	41,908,304	197,662,194
DPCDAK 501736	Draw Fram	-	480,078
DPCDAK 505189	Diesel Generator	-	1,066,524
DPCDAK 503624	Winder/Murata Process Coner	-	1,361,554
DPCDAK 508859	Sliver Can	-	104,701
DPCDAK 508808	Electronic Wrap Reel	-	26,629
DPCDAK 509169	Cot Grinding MC	-	19,646
DPCDAK 509576	Bobin	-	34,904
DPCDAK 510804	Compressor	5,231,149	-
DPCDAK 513940	Chiller	50,962,201	-
DPCDAK 513945	Plate Type Heat Exchanger	14,116,916	-
DPCDAK 514083	Centrifugal Pump-set	5,942,626	-
DPCDAK 514082	Cooling Tower	9,502,294	-
DPCDAK 514081	Control Valves	2,104,916	-
DPCDAK 514636	Valves	5,609,652	-
DPCDAK 515297	Seamless pipe for Chiller	12,411,062	-
DPCDAK 515300	MS Pipe for Chiller	970,928	-
DPCDAK 517105	Rock Wool (Insulation Sheet)	3,513,267	-
DPCDAK 518656	Lift	14,513,592	-
		166,786,908	590,898,720

Although the commercial production of Mélange unit started on 28th March 2016, in accordance with the Price Sensitive Information declared on 20 March 2016, an amount of Tk. 166,786,908 has been shown under Capital work-in-process (CWIP) as on 30th June, 2016. The CWIP includes two carding machines, chiller and two passenger lifts which could not be installed because of delay in construction of 1st floor of the expansion unit where these were to be installed.

6.09 Machineries (Phase -2)			
<u>L/C No.</u>	<u>Machine Name</u>		
DPCDAK414256	Toyota Roving Frames	32,458,869	-
DPCDAK517334	Drawframe SB-45	11,782,362	-
DPCDAK517342	Automatic cone winder	65,412,913	-
DPCDAK516572	RING FRAME -912 Spindel	178,012,739	-
DPCDAK517544	Blow room Machine	206,123,067	-
DPCDAK517339	Yarn Conditioning Machine	7,610,106	-
DPCDAK520303	Yarn Conditioning Machine	7,117,433	-
DPCDAK520808	Sliver Can	21,775,119	-
DPCDAK520530	High Volume Inst for bundle fiber testing	16,166,574	-
DPCDAK520527	Uster Tester 6 UTS -s800/SA	14,708,338	-
DPCDAK520806	Plastics Bobbins	5,226,680	-
DPCDAK520306	Murata Vortex 111 No .870/Vortex	141,931,629	-

		At 30 June 2016	At 30 June 2015
DPCDAK521142	OHTC	6,160,187	-
DPCDAK521390	Twister	17,834,164	-
DPCDAK521193	Drum Rewinding Machine	11,386,216	-
DPCDAK521008	Humidification Plant	56,336,905	-
DPCDAK519897	Air Compressor	10,844,606	-
		810,887,909	

07 Cash and bank balances

Cash in hand		2,367,377	2,416,645
Fixed Deposit	7.01	683,530,919	2,008,701,793
Bank balances with:			
Islami Bank Bangladesh Ltd :			
Current account		1,736,638	806,183
Marginal deposit Account (Special)		52,531	53,031
Marginal deposit Account (Normal)		352,850	1,533,123
Marginal deposit Under Reserve		144,465	144,466
Foreign currency account		7,787	7,712
Exim Bank Ltd, STD account		36,675,180	28,996,571
Mercantile Bank Ltd :			
STD account		51,603	-
Foreign currency account		65,459	65,126
Dhaka Bank Ltd :			
STD account		5,311	6,286
Current account		317,351	319,002
HSBC Bank Ltd :			
STD account		47,254,056	909,009
Foreign currency account		83,468,391	33,172,692
City Bank Ltd :			
STD account		1,378,187	714,584
Foreign currency account		40,591,207	9,605,964
Prime Bank Ltd :			
STD account		553,467	557,618
Foreign currency account		126,243	11,116
Standard Chartered Bank :			
STD account		310,870	313,070
BRAC Bank Ltd. :			
STD account		6,849,040	5,587,854
Foreign currency account		371,904	416,307
		906,210,836	2,094,338,153

7.01 Fixed Deposit

I/DATE	M/DATE	FDR NO.	NAME OF BANK	RATE OF INTEREST	AMOUNT
1-Mar-16	1-Jun-16	03560100136761	Exim Bank	6.50%	157,433,062
24-Mar-16	24-Sep-16	3512002	ABBL	7.00%	50,800,000
21-Mar-16	21-Sep-16	3511991	ABBL	7.00%	69,251,935
12-Nov-14	10-Mar-16	992761	IBBL	6.30%	10,000,000
19-Jan-16	19-Jul-16	10252215904702	IDLC	7.50%	80,000,000
15-Mar-16	15-Sep-16	10252215904703	IDLC	7.10%	34,464,480
19-Apr-15	19-Jul-16	03560100129022	Exim Bank	7.00%	43,205,781
26-Apr-15	26-Jul-16	3560100112606	Exim Bank	7.00%	52,066,135
16-Apr-15	16-Jul-16	03560100123157	Exim Bank	7.00%	86,309,527
27-Apr-15	27-Oct-16	10252215904704	IDLC	7.50%	100,000,000
					683,530,919

08

Accounts receivables**A. Receivable other than related party:**

	At 30 June 2016	At 30 June 2015
	213,010,407	197,132,597
Lithium Knit Fabrics Ltd	6,908,666	6,908,666
SQ Group	3,439,841	-
Donglian Fashion (BD) Ltd.	1,937,973	-
Masco Cottons Ltd	1,129,078	-
Shanta Expressions Ltd	8,942,152	-
Tasniah Fabrics Ltd	3,982,977	-
Purbani Fabrics Ltd	4,321,017	-
The Immaculate Textiles Ltd	-	6,232,380
Fariha Knitex Ltd	-	4,431,061
Fakir Apparels Ltd	11,924,177	6,489,099
Viyellatex Ltd	14,558,280	18,206,377
Utah Knitting & Design Ltd.	12,666,323	10,602,867
Jointex Knit Wears Ltd.	42,254,088	11,000,710
Others	8,321,315	129,780
Sub total	120,385,887	64,000,940

B. Receivable from related party:

Flamingo Fashions Ltd	58,908	22,126,169
Jinnat Fashions Ltd	13,904,013	5,259,978
Mawna Fashions Ltd	9,311,350	-
Jinnat Apparels Ltd	6,710,483	-
Jinnat Knitwears Ltd	12,178,863	10,557,969
Hamza Textiles Ltd.	9,212,956	9,493,476
Sub total	51,376,573	47,437,592

C. Bank interest receivable on FDR**D. Claim Receivable****E. Rent receivable****Grand Total (A+B+C+D)****Age analysis of Debtors:**

	1-3 Months	4-6 Months	above 6 Months	Total	Total
Sale of yarn	51,376,573	113,477,221	6,908,666	171,762,460	111,438,533
Interest receivable on FDR (Vii)	30,459,324	-	-	30,459,324	85,694,065
Claim Receivable	10,788,624			10,788,624	-
	92,624,521	113,477,221	6,908,666	213,010,407	197,132,598

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 2016

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 2016

V. Accounts receivable from Related Parties:

There has been an amount of Tk 51,376,573 due as accounts receivable from related parties 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. Honorable High Court issued summon to the defendants but they are untraced in their address.

VII. Interest receivable on FDR:

Interest receivable on FDR shall be realized at the time of encashment of FDR from banks.

		At 30 June 2016	At 30 June 2015
09 Inventories	Note		
Raw cotton	9.01	413,094,976	209,530,378
Finished yarn	9.02	29,080,586	28,422,438
Packing materials	9.03	1,313,855	720,102
Work-in-process	9.04	22,686,724	26,628,869
Spare parts	9.05	30,841,563	23,895,991
Diesel & Lube Oil		2,559,822	2,845,031
Stock of Bandhan		4,462,548	2,291,329
		504,040,074	294,334,139

Quantity wise detailed 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

Value (TK.)

Conventional Cotton	370,452,930	186,062,218
Organic Cotton	-	2,319,790
Synthetic Fiber	35,767,666	21,148,370
Usable Waste Cotton	6,874,380	-
Total	413,094,976	209,530,378

Quantity (KG)

Conventional Cotton	2,751,367	1,470,384
Organic Cotton	-	16,626
Synthetic Fiber	215,000	145,175
Usable Waste Cotton	229,146	-
Total	3,195,513	1,632,185

Cost Per Kg (TK.)

Conventional Cotton	134.64	126.54
Organic Cotton	-	139.52
Synthetic Fiber	166.36	145.68
Usable Waste Cotton	30.00	-

09.02 Finished yarn

Finished goods Inventory is accounted as follows:

Value (TK.)

Carded	9,709,382	17,507,598
Combed	9,519,747	6,812,870
Slub	2,888,566	1,265,364
Synthetic	4,558,528	2,836,606
Mélange	2,404,364	-
Total	29,080,586	28,422,438

Quantity (KG)

Carded	44,441	85,474
Combed	37,583	28,407
Slub	11,501	5,195
Synthetic	18,314	17,053
Mélange	8,830	-
Total	120,668	136,129



			At 30 June 2016	At 30 June 2015
Cost Per Kg (TK.)				
Carded			218.48	204.83
Combed			253.30	239.83
Slub			251.17	243.58
Synthetic			248.91	166.34
Mélange			272.29	-
09.03 Packing materials Value (TK.)				
Opening balance			720,102	1,616,866
Purchase during the period			14,386,500	12,589,346
Packing materials available for consumption			15,106,602	14,206,213
Consumption during the period			13,792,747	13,486,110
Closing balance			1,313,855	720,102
09.04 Work-in-process				
Work-in-process Inventory is accounted as follows:				
Particular	Quantity (KG)			
	At June 30,2016	At June 30,2015		
Blow Room	50,056	174,787	4,485,884	9,635,315
Carding	3,095	3,982	387,986	469,876
B. Drawing	2,775	2,072	389,697	314,944
Combing	2,155	1,311	305,903	201,894
F. Drawing	4,958	3,049	715,618	475,644
Simplex	37,704	15,148	5,525,226	2,393,384
Ring Frame	51,139	36,300	8,204,564	6,243,600
Winding	4,943	2,556	919,090	503,532
Packing	9,452	32,440	1,752,757	6,390,680
Total	166,277	271,645	22,686,724	26,628,869
09.05 Spare parts				
Opening Balance			23,895,991	28,565,373
Add: Addition during the period			34,570,922	22,761,328
			58,466,913	51,326,701
Less: Consumption during the period			27,625,350	27,430,710
Closing balance			30,841,563	23,895,991
10 Advance,deposits and Prepayments				
Advance		Notes		
Salary & Allowances			1,774,735	1,003,735
Land			1,500,000	-
Construction	10.01		12,327,170	70,985,317
Expenses	10.02		4,556,975	7,417,221
Advance Income Tax	10.03		93,107,008	59,229,660
			113,265,888	138,635,932
Deposits				
Margin and deposit	10.04		34,003,282	4,290,218
Security deposit for Utilities	10.05		12,174,120	8,365,270
			46,177,402	12,655,488
			159,443,290	151,291,420

		At 30 June 2016	At 30 June 2015
10.01 Construction			
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.		2,790,672	4,115,672
Mita Engineering Limited		2,098,533	
Jawad Trading		1,748,124	
Shahjahan Brothers		500,000	
Aziz & Company Ltd.		868,000	
Linde Bangladesh Limited		280,561	
Bang Bang Textile Group Ltd.		2,081,101	
City Steel Builders		1,220,306	
Royal Machineries Corporation		316,873	
Architects Design Centre		225,000	
Kapita Auto Bricks Limited		-	740,500
Ami Technology		-	2,545,160
Quantum Builders & Engineering Ltd		198,000	
		12,327,170	70,985,317
10.02 Expenses			
Bangla Trac Ltd		353,915	5,434,235
Shamsuddin Engineering Works		1,521,900	-
Overseas Packers & Shippers Ltd.		100,000	-
Shakil Enterprise		400,000	
Mohammad Mohsin		-	185,000
MJL Bangladesh Ltd		944,426	406,831
Khalil Traders		-	100,000
Local Purchase		166,816	5,847
Shinpower		43,374	936,079
Others		1,026,544	349,229
		4,556,975	7,417,221
10.03 Advance income Tax			
Income Tax on Export	10.03.01	45,212,741	33,252,490
Tax on Interest Received (Bank)	10.03.02	44,711,604	25,977,170
Advance income tax paid for tribunal	10.03.03	3,182,663	-
		93,107,008	59,229,660
10.03.01 Income Tax on Export			
Opening Balance		33,252,490	20,690,356
Add: Addition during the year (Section - 53 BBBB of Income Tax Ordinance 1984)		11,960,251	12,562,134
Less: Adjustment against provision for previous years AIT		-	-
Closing Balance		45,212,741	33,252,490
10.03.02 Tax on Interest Received (Bank)			
Opening Balance		25,977,170	9,364,891
Add: Addition during the year (Section - 53 F of Income Tax Ordinance 1984)		18,734,435	16,612,279
Less: Adjustment against provision for previous years AIT		-	-
Closing Balance		44,711,604	25,977,170

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.

		At 30 June 2016	At 30 June 2015
10.03.03 Advance income tax paid for tribunal			
Income tax paid for tribunal for the year 2011 -2012		2,300,000	-
Income tax paid for tribunal for the year 2012 -2013		1,500,000	-
Less: Final settlement for the year 2011 -2012		(617,337)	
		3,182,663	
10.04 Margin and deposit			
Margin and deposit (Raw Cotton)	10.04.01	27,951,447	2,996,294
Margin and deposit (Machineries)	10.04.02	6,051,834	1,293,924
		34,003,282	4,290,218
10.04.01 Margin and deposit (Raw Cotton)			
Margin against Cotton		23,498,729	2,099,526
Margin Against Bank Guarantee		2,151,743	720,000
Margin against Spare Parts		2,300,975	176,768
		27,951,447	2,996,294
10.04.02 Margin and deposit (Machineries)			
Margin against Machineries		4,161,316	1,293,924
Margin against Machineries & Equipments (Phase -2)	10.04.02.01	1,890,519	-
		6,051,834	1,293,924
10.04.02.01 Margin against Machineries & Equipments (Phase -2)			
L/C No. Machine Name		1,843,187	-
DPCDAK520290 Drawframe and Others		47,332	
DPCDAK673786		1,890,519	-
10.05 Security deposit for Utilities			
Margin Against Bank Guarantee (Titas Gas)		11,580,280	7,771,430
Central Depository Bangladesh Ltd (CDBL)		500,000	500,000
Security Deposit for Electricity		93,840	93,840
		12,174,120	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	-	1,774,735
Construction	-	12,327,170
Expenses	-	4,556,975

- 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 company having same directorship (Principal):

Opening Balance	-	135,737,062
Less: Realized during the year	-	(135,737,062)
Sub total (i)	-	-



	At 30 June 2016	At 30 June 2015
(ii) Due from company having same directorship (Interest):		
Opening Balance	-	3,718,788
Add: Interest charged during the year	-	981,769
Less: Received during the year	-	(4,700,558)
Sub total (ii)	-	-
Total (i + ii)	-	-
b) Jinnat Knitwears Ltd		
(i) Due from company having same directorship (Principal):		
Opening Balance	300,000,000	-
Add: Addition during the year	-	300,000,000
Less: Realized during the year	(300,000,000)	-
Sub total (i)	-	300,000,000
(ii) Due from company having same directorship (Interest):		
Opening Balance	3,279,452	-
Add: Interest charged during the year	10,501,798	3,279,451.60
Less: Received during the year	(13,781,250)	-
Sub total (ii)	-	3,279,452
Total (i + ii)	-	303,279,452
Grand Total (a + b)	-	303,279,452

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 Jinnat Knitwears Ltd Has been fully realized during the year.

12 Share capital

Authorised

150,000,000 ordinary shares of Taka 10 each

1,500,000,000 1,500,000,000

Issued and paid-up

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

974,900,000 974,900,000

Particulars of Investors	Number of Investors	Number of shares	Percentage of Share Holding (%)
Sponsors/ Directors	8	31,917,000	33
Foreign Investors	191	122,863	0
Foreign Institutions	3	1,923,065	2
Local Institutions	109	50,128,919	51
General Public	8,708	13,398,153	14
Total	9,019	97,490,000	100

Distribution schedule of each class of equity setting out the number of holders and percentage as on June 30,2016:

Range of Holdings	Number of Shareholders	Number of shares	Percentage of Share Holding (%)
Less than 500 shares	8,062	1,596,933	2
500 to 5,000 shares	630	1,192,487	1
5,001 to 10,000 shares	102	782,583	1
10,001 to 20,000 shares	81	1,202,030	1
20,001 to 30,000 shares	41	1,028,357	1
30,001 to 40,000 shares	18	652,911	1
40,001 to 50,000 shares	10	461,111	0
50,001 to 100,000 shares	24	1,715,035	2
100,001 to 1,000,000 shares	34	12,118,616	12
Over 1,000,000 shares	17	76,739,937	79
Total	9,019	97,490,000	100

		At 30 June 2016	At 30 June 2015
13 Share Premium			
No. of Shares	Premium Amount		
34,100,000	Tk 27	920,700,000	920,700,000
14 Retained earnings			
Opening balance (Note - 14.01)		1,139,903,200	861,324,578
Add: Profit made during the year		294,475,299	437,445,559
Less: Dividend Paid		(263,223,000)	(243,725,000)
Foreign currency translation gain/(Loss) (Note 14.02)		3,774,779	(1,860,486)
Add: Tax holiday reserves reversed			
Income Year 2009 -2010		-	49,569,824
Income Year 2010 -2011		-	37,148,724
		1,174,930,278	1,139,903,200

14.01 Restatement of Retained Earning:

In pursuance of BAS-8 retrospective effect is required to be given to retained earning as at 01 July 2014 for fair presentation of opening retained earning due to error in Income tax provision, Deferred tax calculation, WPPF provision, Foreign currency Gain/(Loss) calculation in prior years. Details are given below:

Opening balance 01 July 2014	865,025,750
Adjustment of Excess provision of Income tax expenses with regard to tax depreciation of motor vehicle	
2010-2011	(744,975)
2011-2012	(815,492)
2012-2013	(660,197)
2013-2014	(320,732)
Adjustment of Deferred tax expenses	
2013-2014	6,267
Adjustment of workers' profit participation funds due to correction of above errors	
2011-2012	139,011
2012-2013	163,236
2013-2014	104,705
Adjustment of Foreign currency translation gain/(Loss) not done in prior years, now rectified	
2013-2014	(1,572,993)
Adjusted opening balance (2014 -2015)	861,324,578.49

- 14.02 In prior years unrealised loss for fair value adjustment was erroneously presented in the statement of comprehensive income; and foreign currency translation gain/ (loss) was not erroneously recognised in the accounts in prior years. Now foreign currency translation gain/(loss) has been recognised in the current years with retrospective effect in the prior years. And accordingly, the " Unrealised loss for fair value adjustment" has been taken off from the statement of comprehensive income and " Foreign currency translation gain/(loss)" has been presented in the same.

15 Revaluation reserves:

This balance consists of as follows:

Balance at the beginning of the year Note: 31.01 (ii)	988,306,512	995,915,687
Add: Deferred tax on revaluation reserve (Prior year's Balance restated)*	990,304	(7,609,174)
Balance as on 30 June 2016	989,296,816	988,306,512

Revaluation reserve has been created on land and Building as per revaluation carried by Khan Wahab Shafique Rahman & Co, Chartered Accountants on 28 February 2011 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, 2016, no revaluation has been made as on date.

* In pursuance of BAS-8 retrospective effect is required to be given to retained earning as at 30 June,2015 for fair presentation of opening Revaluation Reserves due to error in Deferred tax calculation.

16 Long Term bank loan (Note -16.01)

Off Shore Loan - HSBC

At 30 June 2016	At 30 June 2015
691,271,084	148,476,688
691,271,084	148,476,688

16.01 Restatement of Long Term bank loan

In pursuance of BAS-8 retrospective effect is required to be given to Long term loan as at 30 June,2015 for fair presentation of opening Restatement of Long term loan due to error in Foreign currency Gain/(Loss) calculation in prior years. Details are given below:

Audited balance 30 June 2015	146,196,501
Adjustment of Long Term bank loan for foreign currency gain/(Loss)	
2013 -2014	485,012
2014- 2015	1,795,175
	148,476,688

Bank	Loan Account	Particulars
HSBC	Off Shore Loan	Nature: One off Term Loan Limit: Tk.250 million Purpose: Import of Machinery & Equipment (Take over from IBBL) Tenure: 4 Years Repayment Clause: 16 equal quarterly instalments. Interest Rate:4.5% Plus LIBOR Security Agreement: For security arrangement kindly refer to note No. 21.

17 Deferred Tax Liability (Note -17.01)

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*	2,118,800,567	813,746,227
Tax base	1,567,795,157	499,836,376
Taxable Temporary difference	551,005,410	313,909,851

Applicable tax rate

15%

(Tax rate 15% on Textile sector as per SRO - 193 dated 30 June 2015.)

Deferred tax liability on historical cost

82,650,812

47,086,478

B. Deferred tax liability against revaluation reserve:

(i) Deferred tax liability against revaluation reserve other than land

Carrying amount other than land	122,792,910	129,394,934
Tax base	-	-

122,792,910

129,394,934

Applicable tax rate

15%

(Tax rate 15% on Textile sector as per SRO - 193 dated 30 June 2015.)

18,418,936

19,409,240

(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 (3% As per section 53 H dated 01.07.2014)

3%

25,961,760

25,961,760

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

44,380,696

45,371,000

Total Deferred tax liability (A + B)

127,031,508

92,457,478

	At 30 June 2016	At 30 June 2015
17.01 Restatement of Deferred Tax Liability		
In pursuance of BAS-8 retrospective effect is required to be given to Deferred tax liabilities as at 30 June, 2015 for fair presentation of opening Deferred tax liabilities due to error in Deferred tax calculation in prior year. Details are given below:		
Audited balance as on 30 June 2015		83,695,158
Adjustment of Deferred Tax Liability due to change in tax rate (at source) for land in the Financial Act 2014 2014-2015		8,762,320
Adjusted Closing balance as on 30 June 2015		92,457,478

* This represents the permanent difference related to sedan cars, not plying for hire, owned by company. As per the provisions of Income Tax Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently Tk. 2.5 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.

18 Accounts payable

Suppliers- (18.1)	45,503,743	141,173,641
Expenses- (18.2)	37,124,112	23,801,224
Other finance- (18.3)	14,500,310	8,478,022
	97,128,165	173,452,886.81

18.1 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

A.R. Mill Store	55,099	
Abdul Haque & Sons	-	525,785
Abul Khair Steel Limited	2,820,000	8,576,000
Ali Traders	-	945,000
Ami Technology	368,217	
Bashundhara Steel Complex Ltd.	-	6,650,000
Bengal Plywood Mills Ltd.	248,855	
Berger Paints Bangladesh Ltd.	673,179	
F.K. Corporation	119,505	-
Bengal Plastic Pipes Ltd.	128,943	
FnG Engineering & Co.	1,655,500	
Bilal Trading PTE Ltd.	-	11,396
Cargill Cotton Limited	-	54,098,399
Ebrahim & Sons	1,034,078	
Chandpur Hardware Store	268,012	
Dexterous Engineering	175,000	
Faysal Enterprise	-	413,557
Priotoma Bangla	460,964	
Express Insurance Limited	451,847	
Green Power Electric	248,825	
JSA Traders	-	1,565,000
KSRM Steel Plant Ltd.	-	1,590,000
Lafarge Surma Cement Ltd.	1,364,794	1,470,229
Lohajong Steel Corporation	-	936,575
Lucky Steel Corporation	182,840	
Madina Bricks	-	2,875,600
Kapita Auto Bricks Limited	409,500	
Magnum Steel Industries Limited	3,283,000	4,081,000
Ion Exchange Environment Management(BD) Ltd.	400,000	

	At 30 June 2016	At 30 June 2015
Mayer Doah Foundary & Decoration	-	785,400
Mohammadia Packaging.	-	475,000
Mukul Enterprise	969,406	
Rahimafrooz Distribution Limited	106,975	
NDE Ready Mix Concrete Ltd.	-	1,403,997
One Commodities FZ LLC	-	24,736,258
N. Anika Lighting	124,709	
Parjoar Traders	-	566,250
Payable for C & F Charge	15,564,086	15,180,388
Payable for Transport Charge	4,291,242	5,262,941
Quantam Builders & Engineering Ltd	-	987,500
RFL Plastics Ltd.	183,831	
Rifa Paper Products	319,800	
Richi Enterprise	270,250	
Mother Traders	137,310	
S.R. Engineering (BD)	92,900	
Rahman Enterprise	424,942	
S K Traders	-	1,125,650
L.R Trading	143,405	
S. I Trading	-	654,000
Sara Enterprise	-	465,000
Siemens Bangladesh Ltd.	6,879,507	-
Sohel Enterprise	-	70,994
Soronica Paper Products	-	196,300
Tyre & Battery Bazar	237,238	657,500
Yana Enterprise	-	1,652,140
Others	1,409,984	3,215,781
Total	45,503,743	141,173,641
18.2 Payable for expenses		
Salary & allowances	-	10,797,212
Overtime	-	535,914
Audit fees	287,500	287,500
Gas bill	5,887,783	2,853,198
Electricity bill	20,370,408	-
Welfare Fund	572,836	572,836
Rent payable	20,000	20,000
Provident Fund	318,677	83,673
Dividend payable	2,758,242	1,742,225
Provision for bad debts	6,908,666	6,908,666
	37,124,112	23,801,224
18.3 Payable for other finance		
Tax deducted at source (Salary)	1,920,189	807,369
Tax deducted at source (on Suppliers bill)	11,584,065	5,117,262
VAT Deducted at source (on Suppliers bill)	944,453	2,553,391
Un Identified transaction	51,603	-
	14,500,310	8,478,022



	At 30 June 2016	At 30 June 2015
19 Share Application Money	4,582,760	4,664,160

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.

20 Short term bank loan (Note -20.01)

Export Development Fund (EDF)	650,984,980	488,641,628
UPAS Loan	85,220,579	547,021,081
Liabilities Against Export Bill	135,610,204	9,404,813
	871,815,763	1,045,067,522

20.01 Restatement of Short term bank loan:

In pursuance of BAS-8 retrospective effect is required to be given to Short term loan as at 30 June 2015 for fair presentation of opening Restatement of Short term loan due to error in Foreign currency Gain/(Loss) calculation in prior years. Details are given below:

i. Export Development Fund (EDF)*

Audited balance as on 30 June 2015	486,999,019
Adjustment of Export Development Fund (EDF) for foreign currency translation gain/(Loss)	
2013 -2014	1,196,843
2014- 2015	445,766
Adjusted Closing balance as on 30 June 2015	488,641,628

ii. UPAS Loan*

Audited balance as on 30 June 2015	547,504,306
Adjustment of UPAS Loan for foreign currency translation gain/(Loss)	
2013 -2014	(108,862)
2014- 2015	(374,363)
Adjusted Closing balance as on 30 June 2015	547,021,081

ii. Liabilities Against Export Bill*

Audited balance as on 30 June 2015	9,410,904
Adjustment of Liabilities Against Export Bill for foreign currency translation gain/(Loss)	
2014- 2015	(6,091)
Adjusted Closing balance as on 30 June 2015	9,404,813

* Above restatements have been given due to foreign currency translation gain/(Loss) which was erroneously not recognised in the accounts in prior years.

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 1,250 million
		Purpose: Import of Raw Cotton
		Tenure: 180 days for Clean Import Loan (CIL) & 30 days for sight (SGT)
		Rate of interest: @ 2.5% plus LIBOR
	U-pass	Lender: HSBC
		Nature: U-pass
		Limit: Tk 1,250 million
		Purpose: To import raw materials and accessories on sight and/or deferred basis.
		Tenure: 120 days
		Rate of interest: @ 4.40 % - 4.75% plus LIBOR



At
30 June 2016

At
30 June 2015

Bank	Loan Account	Particulars
HSBC	U-pass	Lender: HSBC
		Nature: U-pass
		Limit: Tk 1,300 million (IPO)
		Purpose: One-off line to import machineries and other expansion related items on sight and /or deferred basis.
		Tenure: 360 days
		Rate of interest: @ 4.40 % - 4.75% plus LIBOR
	U-pass	Lender: HSBC
		Nature: U-pass
		Limit: Tk 860 million
		Purpose: One-off line to import machineries and other project related items for the ongoing capacity expansion program of the borrower on sight and /or deferred basis.
		Tenure: 360 days
		Rate of interest: @ 4.40 % - 4.75% plus LIBOR
	U-pass	Lender: HSBC
		Nature: U-pass
		Limit: Tk 300 million
		Purpose: To import spare parts and machineries on sight and/or deferred basis.
		Tenure: 120 days
		Rate of interest: @ 4.40 % - 4.75% plus LIBOR
	Bill Discounting	Lender: HSBC
		Nature: Bill Discounting
		Limit: USD 4 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: @ 4.20% - 4.75% plus LIBOR
Security Arrangement:		
1.Demand promissory note for Tk 4,487,500,000 with letter of continuity & revival.		
2. 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.		
3. 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.		
4.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.		
5. Power of Attorney on Hypothecated Goods.		
6.Specific first charge over the borrower's Plant and Machinery for Tk 1,410,000,000 with the Registrar of Joint Stock Companies & Firms (RJSC). In this regard Power of Attorney for hypothecated goods obtained.		
7. Blanket Counter Indemnity for Guarantee facility.		
8. Trade Financing General Agreement for Trade facility.		
9.Power of Attorney for Back to Back facility.		
10. 'Letter of Lien over Deposits with Authority to Encash' obtained.		
11.Deposit under lien for an aggregate amount of Tk 1,255,249,526.75 [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 1,156,425,866.56] held with HSBC to secure the facility extended to the Borrower.		
12.Registered Mortgage for Tk 1,210,000,000.00 over 802.50 decimals land and structure thereon situated at Mouza: Gobindabari, PS. & Sub- registry office: Sadar, Gazipur,in the name of Matin Spinning Mills Limited held for the term loan facilities extended to Matin Spinning Mills Limited. In this regard, Irrevocable General Power of Attorney to be obtained.		



	At 30 June 2016	At 30 June 2015
21 Current portion of long term loan		
Off Shore Loan - HSBC	120,302,481	97,947,248
	120,302,481	97,947,248
22 Provision & accruals		
Provision for Income Tax (22.01)	101,967,621	106,854,575
Provision for workers' profit participation and welfare funds (22.02)	18,129,048	25,517,766
	120,096,669	132,372,342
22.01 Provision for Income Tax (Note - 22.01.01)		
Opening Balance	106,854,575	128,278,081
Less: Income tax paid for the year	(48,648,000)	(99,960,995)
Less: Income tax paid for the year 2008 -2009	-	(11,915,124)
Add: Provision for taxation Income year (2015 - 2016)		
For 12 months (Note - 30)	44,378,383	78,537,490
Excess/(Short) provision for taxations after final assessment order as below:-		-
Less: Final settlement for the year 2011 -2012	(617,337)	
	101,967,621	106,854,575
22.01.1 Restatement of Provision for Income Tax:		
In pursuance of BAS-8, retrospective effect is required to be given to Provision for Income Tax as at 01 July 2014 for fair presentation of opening balance of Provision for Income Tax due to error in Income tax provision calculation in prior years. Details are given below:		
Opening Balance as on 01 July 2014		125,736,684
Adjustment of Provision for Income Tax with regard to tax depreciation of motor vehicle		
2010-2011		744,975
2011-2012		815,492
2012-2013		660,197
2013-2014		320,732
Adjusted opening Balance as on 01 July 2014		128,278,081
22.02 Provision for workers' profit participation and welfare funds (Note - 22.02.01)		
Opening Balance	25,517,766	48,459,223
Add: Addition during the year	18,720,901	25,924,718
Less: Paid during the year	(26,109,619)	(48,866,175)
Closing Balance	18,129,048	25,517,766
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.		
22.02.01 Restatement of Provision for workers' profit participation and welfare funds		
In pursuance of BAS-8, retrospective effect is required to be given to Provision for workers' profit participation and welfare funds as at 01 July 2014 for fair presentation of opening balance of Provision for workers' profit participation and welfare funds due to error in WPPF provision calculation in prior years. Details are given below:		
Opening Balance as on 01 July 2014		48,866,175
Adjustment of for workers' profit participation and welfare funds due to above correction mentioned in note# 22.01.1		
2011-2012		(139,011)
2012-2013		(163,236)
2013-2014		(104,705)
Adjusted opening Balance as on 01 July 2014		48,459,223

			At 30 June 2016	At 30 June 2015
23 Revenue				
Carded Yarn	229.73	247.47	439,351,026	546,809,268
Combed Yarn	267.01	293.98	599,665,686	511,663,327
Slub Yarn	283.45	306.62	366,133,868	373,088,548
Synthetic Yarn	254.59	259.36	486,219,871	592,102,138
Mélange Yarn	293.78		113,814,536	-
			2,005,184,987	2,023,663,281

23.01 Restatement of Revenue

In pursuance of BAS-8, retrospective effect is given to Revenue as at 30 June 2015 for fair presentation of revenue due to error in Foreign currency Gain/(Loss) calculation in prior year. Detail is given below:

Audited amount (2014-2015)		2,029,007,454
Less : Foreign currency exchange gain/(loss) from receivable		(5,344,173)
Adjusted Closing balance (2014 -2015)		2,023,663,281
<u>Export (Kg)</u>	<u>Export (Kg)</u>	<u>Export (Kg)</u>
Carded Yarn	1,912,482	2,209,613
Combed Yarn	2,245,887	1,740,445
Slub Yarn	1,291,719	1,216,759
Synthetic Yarn	1,909,844	2,282,915
Mélange Yarn	387,414	-
	7,747,346	7,449,732

Turnover in Quantity (Kg)

2015-2016

Product Type	Opening Stock (a)	Production (b)	Closing Stock (c)	Sales during the year (a+b-c)
Carded Yarn	85,474	1,871,449	44,441	1,912,482
Combed Yarn	28,407	2,255,063	37,583	2,245,887
Slub Yarn	5,195	1,298,025	11,501	1,291,719
Synthetic Yarn	17,053	1,911,105	18,314	1,909,844
Mélange Yarn	-	396,244	8,830	387,414
Total	136,129	7,731,885	120,668	7,747,346

Turnover in Quantity (Kg)

2014-2015

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



	At 30 June 2016	At 30 June 2015
24 Cost of goods sold		
Raw Material consumption (Note-24.1)	1,142,200,784	1,274,710,763
Packing materials consumption (Note-24.2)	13,792,747	13,486,110
Manufacturing overhead (Note-24.3)	471,259,887	314,331,770
Cost of goods manufacturing	1,627,253,418	1,602,528,643
Opening work-in-process	26,628,869	49,905,867
Closing work-in-process	(22,686,724)	(26,628,869)
Cost of production	1,631,195,563	1,625,805,641
Opening stock of finished yarn	28,422,438	35,615,731
Closing stock of finished yarn	(29,080,586)	(28,422,438)
	1,630,537,415	1,632,998,934
24.1 Raw Material consumption		
Quantity (KG)		
Opening Stock	1,632,185	1,676,135
Purchase during the year	10,187,261	8,309,780
Raw Material available for consumption	11,819,446	9,985,915
Closing Stock	2,966,355	1,632,185
Raw Material Consumed	8,853,091	8,353,730
Value (Taka)		
Opening balance	209,530,378	279,510,501
Purchase during the year	1,345,765,382	1,204,730,640
Raw Material available for consumption	1,555,295,760	1,484,241,141
Closing balance	(413,094,976)	(209,530,378)
	1,142,200,784	1,274,710,763
24.2 Packing materials consumption		
Opening balance	720,102	1,616,866
Purchase during the year	14,386,500	12,589,346
Packing materials available for consumption	15,106,602	14,206,213
Closing balance	(1,313,855)	(720,102)
	13,792,747	13,486,110
24.3 Manufacturing overhead		
Salary and allowances	103,343,977	80,740,228
Repair and maintenance	25,257,558	22,506,514
Fiber Dyeing	561,500	-
BTMA certificate charges	319,075	964,727
Store and spare parts	27,625,350	27,430,710
Travelling & Conveyance	567,066	219,471
Crockerries and Canteen Expenses	491,663	342,577
Fire Fighting Expenses-factory	642,865	624,045
Factory stationeries	758,461	575,041
Fuel and lubricants- Fork Lift	784,385	220,300
Fuel and lubricants- Generator	28,928,763	68,796,331
Fuel and lubricants- Vehicles	461,818	255,000
Electricity bill	100,219,555	-
Gas bill	62,251,400	33,420,070
Inspection charges	59,517	54,210
Insurance premium	4,182,877	4,278,889
Testing fee	4,000	71,250
Workshop expenses	2,011,891	792,165
Depreciation	112,788,166	73,040,242
	471,259,887	314,331,770

	At 30 June 2016	At 30 June 2015
25 Other income		
Interest on inter company receivable	10,501,798	4,261,221
Foreign currency exchange gain/(loss) (Note-25.01)	7,599,676	9,201,102
Gain /(Loss) on Investment in marketable securities (Note-25.02)	995,939	(1,009,129)
Bank interest received	129,576,380	206,889,026
Sales of wastage	36,124,559	37,147,727
Cash Dividend (received on marketable securities)	1,141,615	1,233,838
Cash Incentive	-	18,861,493
Rental Income	10,195,380	410,190
	196,135,347	276,995,469

25.01 Restatement of Foreign currency exchange gain/(loss)

In pursuance of BAS-8, retrospective effect is given to Foreign currency exchange gain/ (loss) for the year 2014-15 due to error in foreign currency transaction gain/(loss) calculation in prior year for fair presentation of the same.

Details are given below:

Audited amount (2014-2015)	3,856,929
Add: Foreign currency exchange transaction gain/(loss)	5,344,173
Adjusted Closing balance (2014 -2015)	9,201,102

25.02 Restatement of Gain /(Loss) on Investment in marketable securities

In pursuance of BAS-8, retrospective effect is given to Gain /(Loss) on Investment in marketable securities for the year 2014-15 due to error in Gain /(Loss) on Investment in marketable securities in prior year for fair presentation of the same. Detail given below:

Realised gain /(loss) (Prior year's balance restated)	675,638
Unrealised gain /(loss) for fair value adjustment (Prior year's balance restated)	(1,684,767)
Adjusted Closing balance (2014 -2015)	(1,009,129)

26 Administrative expenses

Salary and allowances	81,741,202	53,001,895
Audit fees	287,500	287,500
AGM Expenses	2,490,105	3,481,365
Board Meeting Expenses	989,000	1,042,500
Business development expenses	1,171,899	497,574
Bank charges and commission	4,754,630	3,605,102
Ceremonial expense	117,900	5,600
Certificate and membership fees	1,671,916	1,401,257
Computer repair maintenance	542,268	153,650
Credit rating expenses	172,500	172,500
CSR Expenses	92,045	-
Garden Expenses	45,870	33,250
Advertisement	1,070,859	1,164,690
Contribution to Provident Fund	1,159,836	985,055
Managing Directors Remuneration (Note -38)	8,400,000	8,400,000
Donation	12,200,000	1,500,000
Entertainment	2,980,340	350,544
Corporate advisory fees	876,350	458,750
Internet charges	161,975	172,915
Legal expenses	566,943	257,637
Medicine and medical expenses	41,321	36,401
News paper and periodicals	7,530	1,560

	At 30 June 2016	At 30 June 2015
Office maintenance	176,312	347,700
Photocopy and type expenses	107,354	70,564
Office Stationery	899,794	697,955
Rates and taxes	1,209,066	2,458,381
Office Rent	256,200	240,000
Registration and renewal	1,469,314	1,592,480
Religious expenses	451,500	125,520
Road toll	-	9,400
Staff welfare	83,260	256,954
Telephone bill	5,500	10,170
Travelling expenses	33,000	28,636
Uniform and liveries	304,618	178,952
Miscellaneous expenses	2,105,205	1,447,552
Power and fuel - vehicles	2,327,479	1,895,517
Depreciation	12,532,018	8,115,582
	143,502,608	94,485,107

27 Distribution expenses

Sales commission	56,688	569,371
Carriage outward	1,144,639	27,999
	1,201,327	597,370

28 Finance cost

Interest expenses

Bank Interest on Offshore loan	9,620,452	12,791,337
Bank Interest on UPAS loan	-	675,360
Bank interest on Export Development Fund	21,076,002	14,618,584
Bank Interest on OD loan	875,817	72,970
Bank Interest on loan against export bills	1,367,797	-
	32,940,067	28,158,251

29 Contribution to workers' profit participation funds:

Allocation for workers' profit participation funds Tk.18,720,901 (2015: Tk.25,924,718). This represents 5% of net income before charging income tax as per provision of the Labour Law -2006 and it shall be allocated as defined in the said act.



		At 30 June 2016	At 30 June 2015
30 Current Tax			
A. Tax calculation for current year			
Profit before tax (01.07.2015 to 30.06.2016)*		374,418,016	518,494,369
Less: Other income considered separately*		196,135,347	276,995,469
		178,282,669	241,498,900
Add: Accounting Depreciation		125,320,184	81,155,824
Add: Inadmissible expenses		28,580,240	-
Less: Tax Depreciation*		(353,560,812)	(88,125,120)
Taxable Income		(21,377,719)	234,529,604
	Tax Rate		
Current Tax expenses on Taxable Income*	15%	(3,206,658)	35,179,441
Tax on Interest on inter company receivable	25%	2,625,450	1,065,305
Foreign currency exchange gain/(loss)*	25%	800,644	2,300,276
Gain / Loss on Investment in marketable securities*	10%	99,594	67,564
Tax on bank Interest	25%	32,394,095	51,722,257
Tax on wastage sale	25%	9,031,140	9,286,932
Tax on Cash Dividend (Share Investment)	20%	228,323	246,768
Cash Incentive	25%	-	4,715,373
Rental Income	25%	1,784,192	71,783
Income Tax expenses		43,756,779	104,655,698
B. Excess/(Short) provision for taxations after final assessment order as below:-			
2006-2007		-	(80,362)
2007-2008		-	(29,814,149)
2008-2009		-	1,320,355
2009-2010		-	(1,990,644)
2010-2011		-	4,446,592
2011-2012		621,604	-
Total		621,604	(26,118,208)
Total Current tax (A+B)		44,378,383	78,537,490

*Prior year calculation of current tax restated. In pursuance of BAS-8, retrospective effect is given to Current tax for the year 2014-15 due to error in Current tax calculation in prior year for fair presentation of the same.

Provision for income tax has been calculated @ 15% on taxable income from operation under SRO 193 dated 30 June 2015 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.

31 Deferred tax expenses for Income Statement (Note -31.01)

Fixed assets:

Carrying amount *	2,118,800,567	813,746,227
Tax base	(1,567,795,157)	(499,836,376)
Taxable Temporary difference	551,005,410	313,909,851
Tax rate	15%	15%
(Tax rate 15% on Textile sector as per SRO - 193 dated 30 June 2015.)		
Deferred tax liabilities as on 30 June 2016	82,650,812	47,086,478
Deferred tax liabilities 30 June 2015	(47,086,478)	(44,575,158)
	35,564,334	2,511,319

	At 30 June 2016	At 30 June 2015
31.01 Deferred tax for Statement of Comprehensive Income (Note -31.01.01)		
(i) Deferred tax liability against revaluation reserve other than land		
Carrying amount other than land	122,792,910	129,394,934
Tax base	-	-
	122,792,910	129,394,934
Applicable tax rate	15%	15%
(Tax rate 15% on Textile sector as per SRO - 193 dated 30 June 2015.)	18,418,936	19,409,240
(ii) Deferred tax liability on capital gain 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 (3% As per section 53 H dated 01.07.2014)	3%	3%
	25,961,760	25,961,760
Deferred tax liability against revaluation reserve (i + ii)	44,380,696	45,371,000
Deferred tax liabilities 30 June 2015	(45,371,000)	(37,761,825)
Deferred tax for Statement of Comprehensive Income	(990,304)	7,609,174
* Deferred tax has been provided on Taxable Temporary difference.		
* This represents the permanent difference related to sedan cars, not plying for hire, owned by company. As per the provisions of Income Tax Ordinance 1984, depreciation on such cars is allowed only up to certain limit of cost (currently Tk. 2.5 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.		
31.01 Restatement of Deferred Tax Expenses		
In Pursuance of BAS-8 retrospective effect is required to given to Deferred tax expenses as at 30 June,2015 for fair presentation of Closing Deferred Tax Expenses. Details are given below:		
Audited amount (2014-2015)		2,396,654
Adjustment of Deferred Tax Expenses		
2014-2015		114,665
		<u>2,511,319</u>
31.01.01 Restatement of Deferred Tax Expenses (Revaluation reserves of Land)		
In Pursuance of BAS-8 retrospective effect is required to given to retain earning as at 30 June,2015 for fair presentation of Closing Deferred Tax Expenses. Details are given below:		
Audited amount (2014-2015)		(1,044,746)
Adjustment of Deferred Tax Expenses		
2014-2015		8,653,920
		<u>7,609,174</u>
32 Earnings Per Share (EPS)*		
Net profit attributable to ordinary share holders	294,475,299	437,445,559
Fully diluted basis number of ordinary shares outstanding during the year	97,490,000	97,490,000
Prior year Earnings per share (EPS) restated	<u>3.02</u>	<u>4.49</u>

		At 30 June 2016	At 30 June 2015
32.01 Calculation of number of ordinary shares (2015-2016)			
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
Weighted average number of ordinary shares (2015 - 2016)			97,490,000

33 Net Assets Value (Per Share)

33.01 Net Assets Value (With Revaluation reserve)*

Total assets	6,092,055,524	5,718,248,039
Less: Total current liabilities	(1,213,925,838)	(1,453,504,160)
	4,878,129,686	4,264,743,879
Deduct:		
Long Term & deferred liabilities	(818,302,592)	(240,934,166)
	4,059,827,094	4,023,809,713
Number of Ordinary Share at Balance Sheet date	97,490,000	97,490,000
NAV - Per Share		
On share at balance sheet date	41.64	41.27

* Prior year Net Assets Value (With Revaluation reserve) restated.

33.02 Net Assets Value (Without Revaluation reserves)*

Total assets	6,092,055,524	5,718,248,039
Less: Revaluation Reserves	(989,296,816)	(988,306,512)
Less: Total current liabilities	(1,213,925,838)	(1,453,504,160)
	3,888,832,870	3,276,437,367
Deduct:		
Long Term & deferred liabilities	(818,302,592)	(240,934,166)
	3,070,530,279	3,035,503,201
Number of Ordinary Share at Balance Sheet date	97,490,000	97,490,000
NAV - Per Share		
On share at balance sheet date	31.50	31.14

* Prior year Net Assets Value (Without Revaluation reserve) restated.

34 Net Operating Cash Flow Per Share*

Cash flows from operating activities as per statement of cash flows	149,626,517	357,087,153
Number of Ordinary Share at Balance Sheet date	97,490,000	97,490,000
Net Operating Cash Flow - Per Share (On share at Statement of Financial Position date)	1.53	3.66

* Prior year Net Operating Cash Flow Per Share restated.

At 30 June 2016	At 30 June 2015
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Others

- 35** During the period from 01.07.15 to 30.06.2016 seven board meetings were held. The attendance status of all the meetings is as follows:

Name of Directors	Position	Meeting Held	Attended
Abdul Wahed	Chairman	7	5
M.A. Jabbar	Managing Director	7	7
M.A. Rahim	Director	7	7
M.A. Quader	Director	7	7
Md. Hassan Imam	Director	7	6
Selina Parvin	Director	7	7
Tanzeen Rahim	Director	7	7
Taslima Begum	Director	7	7
M. Farhad Hussain FCA	Independent Director	7	6
M. Naser Alam , Barrister-at-law*	Independent Director	7	6

36 Employee position for Matin Spinning Mills Ltd (as at 30 June 2016)

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

Officer & Staff		Worker	Total Employee	Amount in Taka
Head Office	Factory			
25	266	1,201	1,492	194,645,015

There is no Salary/ Wages/Remuneration below Tk.3,000/- per month or annually Tk. 36,000. Minimum Salary/ Wages/Remuneration has started from Tk. 5,300/- per month.

37 Payments to Directors and Officers

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

Particular	2015-2016			2014-2015		
	Directors	Managers & Others	Total	Directors	Managers & Others	Total
Basic Salary	5,139,960	44,916,496	50,056,456	5,139,960	29,124,350	34,264,310
House Rent	2,569,980	22,458,248	25,028,228	2,569,980	14,562,175	17,132,155
Conveyance	690,060	6,030,218	6,720,278	690,060	3,910,059	4,600,119
Bonus/ incentives	-	8,336,240	8,336,240	-	5,405,310	5,405,310
Total Salary and allowances	8,400,000	81,741,202	90,141,202	8,400,000	53,001,895	61,401,895

* Directors represent Managing Director only.

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

38 Contingent Liabilities:

1. Contingent Liability of the Company was Tk. 196,083,302 as on 30 June 2016 for opening of LCs by the banks in favour of foreign suppliers for raw materials and spares

2. There was no facts and figures for which the company has contingent liability to any party other than Bank as on 30 June 2016.

39 Disclosure as per requirement of schedule XI, part II, para 7 of Companies Act 1994

Capacity Installed:	2015-2016		2014-2015
	MSML Unit	Mélange Unit	
No of Spindles Installed	57,840		39,600
Capacity Utilised:			
No. of Spindles Operated	51,759		38,744
Production Capacity: (In Kg)			
At Equivalent 28' S Count (Ring Yarn)	9,360,000		8,640,000
Actual Production : (In Kg)			
At Equivalent 28' S Count (Ring Yarn)	7,851,331		7,545,680
% of Capacity Utilization:	83.88		87.33

40 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 30,2016	BDT	Status as at June 30,2015
DBL Ceramics Ltd	Associated Company	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	577,252,734	58,908	Debtor	22,126,169	Debtor
Jinnat Fashions Ltd	Sister Concern	Sale of yarn	306,859,753	13,904,013	Debtor	5,259,978	Debtor
Jinnat knitwears Ltd	Sister Concern	Sale of yarn	556,558,772	12,178,863	Debtor	10,557,969	Debtor
		Working Capital Finance	300,000,000	-	Debtor	300,000,000	Debtor
		Interest receivable	10,501,798	-	Debtor	3,279,452	Debtor
Jinnat Apparels Ltd	Sister Concern	Sale of yarn	8,746,296	6,710,483	Debtor	-	-
		Office Rent	(240,000)	20,000	Creditors	20,000	Creditors
Mawna Fashions Ltd.	Sister Concern	Sale of yarn	24,555,915	9,311,350	Debtor	-	
Hamza Textiles Ltd	Sister Concern	Sale of yarn	222,460,813	9,212,956	Debtor	9,493,476	Debtor
Parkway Printing & Packaging Ltd.	Sister Concern	Sale of yarn	4,784,540	1,343,408	Debtor	110,356	Debtor
		Go-down Rent & Others	2,193,490	513,205	Debtor		
Color City Ltd.	Sister Concern	Rent	9,375,000	9,375,000	Debtor		

41 Disclosure as per requirement of schedule XI, part II, para 8 of the Companies Act 1994

Disclosure requirement of schedule XI, part II, para 8(b&d) of the Companies 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		1,345,765,382	1,345,765,382	1,142,200,784	96.50%
Stores and Accessories		34,570,922	34,570,922	27,625,350	2.33%
Packing Materials	14,386,500	-	14,386,500	13,792,747	1.17%
Capital Machinery		1,575,699,708	1,575,699,708	-	-
Total	14,386,500	2,956,036,012	2,970,422,511	1,183,618,881	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 2016 is as follows:

Particular	In foreign currency \$	In BDT
Export	25,840,013	2,005,184,987

- 42 i Due to failure to maintain schedule for IPO fund utilization and investment in FDR (though for the benefit of shareholder) BSEC had imposed some penalties to Directors as per letter no. # SEC/CI/IPO-167/2011/2909 dated December 23,2013.The Directors had made appeal against the order; and BSEC reduced the penalty amount from TK. 200,000 to TK. 150,000 for each Director as on 25.09.2016 which have already been paid by 10th October 2016.
- ii An amount of Tk. 300,000,000.00 was paid as loan to Jinnat Knitwears Ltd on 25 May 2015, as approved by the Board. The amount was paid from the Company's regular fund (not IPO fund). The above amount has been subsequently realized: Tk 82,875,000 on 25 August 2015 and Tk.230,906,250.00 on 20 October 2015, total being Tk. 313,781,250 (including interest of Tk.13,781,250), as mentioned in note no 11. Though permission from shareholders and BSEC was not obtained for disbursing the above loan not in compliance with BSEC order# SEC/CMMRRCD/2006-159/ Admin/02-10 dated 10 September 2006, the above transaction resulted in an interest income of Tk. 13,781,250 for the company.
- iii As per notification No. SEC/CMRRCD/2008-183/Admin/03-30 dated 01 June 2009 the management is required to take approval from the shareholders before entering into any sale agreement amounting to 1% or above of the revenue of the immediate preceding financial year. But we have already declared in our prospectus issued on 2014, page No.22 under para "DISTRIBUTION / SERVICES" that Matin Spinning Mills Ltd was established to work as a backward linkage industry to the companies (under common directorship) under DBL Group. In that context, It is clear that the Matin Spinning Mills Ltd. virtually agreed to sell its products to the Companies under DBL Group.
- iv The company calculated the net worth without considering the revaluation reserve, and based on that dividend was paid for the year 2014-2015, in compliance with BSEC order no. SEC/CMRRCD/2009-193/104/Admin/26 dated 27 July 2011. Besides, the Company spent tk. 138,765,791.00 out of profit as capital expenditure covering construction cost of the existing and expansion projects.
- v Registered office of the Company was shifted from BGMEA Complex(12th Floor), 23/1, Panthapath Link Road, Kawranbazar, Dhaka -1215 to Sardagonj, Kashimpur, Gazipur, Dhaka which was approved by the Board of Directors in its 84 th meeting held on March 31,2015 and the matter was communicated to the chairman of BSEC, Managing Directors of DSE & CSE on 16 April 2016 with specific mention that all correspondences regarding Shares/Company affairs of the Company will be done from the corporate office. Accordingly, all the records and documents required to be kept in the registered office under section 41, 89(4) and 181(3) of the Companies Act 1994 are kept in the corporate office.

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

44 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

45 Figures are rounded off to the nearest Taka.

46 Event after Balance Sheet date

The Board of Directors of Matin Spinning Mills Limited, at its 95th meeting held on November 09, 2016 proposed Tk. 2.30 per share amounting to a total of Tk.224,227,000 as cash dividend for the year ended 30 June 2016, which represents 23% of the paid up Capital. This dividend is subject to final approval by the shareholders at the forth coming Annual General Meeting of the Company.


Chairman


Managing Director


Company Secretary

Dated, Dhaka
9 November, 2016



Matin Spinning Mills Limited

Details of property, plant and equipment for the year ended 30 June 2016

Annex i

Amounts in Taka

A) Non Revalued Assets:

Name of the assets	Cost			Depreciation				Written down value at 2016		
	At 01 July 2015	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2016	Rate %	At 01 July 2015	Charge for the year		Adjustment during the year	Total at 30 June 2016
Land and land development	146,373,666	-	-	146,373,666	0%	-	-	-	-	146,373,666
Factory building	176,506,759	160,342,829	-	336,849,588	5%	91,950,380	7,544,500	-	99,494,879	237,354,709
Sub Station (Building)		14,502,772	-	14,502,772	5%	-	466,870	-	466,870	14,035,902
Go-down	34,611,245		-	34,611,245	10%	11,913,424	2,269,782	-	14,183,206	20,428,039
Plant and machinery	1,519,240,568	882,147,947	-	2,401,388,515	10%	1,021,766,615	72,189,357	-	1,093,955,971	1,307,432,543
Furniture and fixtures	3,131,805	143,766	-	3,275,571	10%	1,352,618	186,691	-	1,539,309	1,736,262
Sub Station (Machinery)		306,775,665		306,775,665	15%		21,673,134		21,673,134	285,102,530
Gas equipment	1,978,958	-	-	1,978,958	15%	1,471,431	76,129	-	1,547,560	431,398
Gas Generator	128,958,867	-	-	128,958,867	15%	99,018,886	4,490,997	-	103,509,883	25,448,984
Office equipments	14,617,163	6,533,580		21,150,743	15%	7,230,284	1,271,351	-	8,501,635	12,649,109
Electric installation	84,535,464	34,266,280		118,801,744	15%	64,913,486	4,281,090	-	69,194,576	49,607,168
Deep tube-well	1,100,000	-	-	1,100,000	20%	943,133	31,373	-	974,506	125,494
Vehicles	45,582,000	16,894,275		62,476,275	20%	31,098,561	4,236,887	-	35,335,448	27,140,827
Total at 30 June 2016	2,156,636,495	1,421,607,114	-	3,578,243,609		1,331,658,818	118,718,160		1,450,376,978	2,127,866,631

B) Revalued Assets

Name of the assets	Revaluation			Depreciation			Written down value at 30 June 2016			
	At 01 July 2015	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2016	Rate %	At 01 July 2015		Charge for the year	Adjustment during the year	Total at 30 June 2016
Land and land development	865,391,996	-	-	865,391,996	0%	-	-	-	-	865,391,996
Factory building	163,805,258	-	-	163,805,258	5%	37,055,872	6,337,469	-	43,393,341	120,411,917
Go-down	4,480,258	-	-	4,480,258	10%	1,834,710	264,555	-	2,099,265	2,380,993
Total at 30 June 2016	1,033,677,512	-	-	1,033,677,512		38,890,582	6,602,024	-	45,492,606	988,184,906
Total (A + B) at 30 June 2016	3,190,314,007	1,421,607,114	-	4,611,921,121		1,370,549,400	125,320,184	-	1,495,869,584	3,116,051,536

Allocation of depreciation:

Period ended 30 June 2015	
Manufacturing overhead @ 90%	112,788,166
Administrative overhead @ 10%	12,532,018
	125,320,184

Matin Spinning Mills Limited

Annex ii

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

Amounts in Taka

A) Non Revalued Assets:

Name of the assets	Cost			Depreciation			Written down value at 2015			
	At 01 July 2014	Addition during the year	Adjustment/ disposal 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
Go-down	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 tube-well	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

Name of the assets	Revaluation			Depreciation				Written down value at 30 June 2015		
	At 01 July 2014	Addition during the year	Adjustment/ disposal 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
Go-down	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
Manufacturing overhead @ 90%	73,040,242
Administrative overhead @ 10%	8,115,582
	81,155,824



NOTE

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 14th Annual General Meeting of the Company to be held on Tuesday the 20 December, 2016 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 14th Annual General Meeting of the Company to be held on Tuesday the 20 December, 2016.

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.



CORPORATE OFFICE:

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

FACTORY:

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

www.matinspinning.com