



MATIN SPINNING MILLS LIMITED

ANNUAL REPORT 2016-17

**Yarns of glory
Strive for perfection**



YARNS OF GLORY STRIVE FOR PERFECTION

With a legacy of 11 years of operational excellence, Matin Spinning Mills has emerged as a pristine name in yarn production. Responding to the overarching global need for quality yarn, our reputation has reached beyond borders. As we strive on further enriching our domain to manufacture top notch yarn, we celebrate the glory of transforming the fiber of mother nature into one of the country's major exports.



Matin Spinning Mills Limited



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LETTER OF TRANSMITTAL

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

Dear Sir(s)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE, 2017

Please find enclosed a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at June 30, 2017 and Statement of Profit or Loss, Statement of Other Comprehensive Income, Statements of Changes in Equity and Statement of Cash Flows for the year ended June 30, 2017 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 15TH ANNUAL GENERAL MEETING

Notice is hereby given to all the Shareholders of Matin Spinning Mills Limited (MSML) that the 15th Annual General Meeting of the Company will be held on Wednesday the 27 December, 2017 at 11.00 A.M at the Factory Premises of the Company at Sardaganj, Kashimpur, Gazipur to transact the following business:

Ordinary Business:

1. To receive and adopt the Audited Financial Statements for the year ended 30 June, 2017 together with the Report of the Directors' and the Auditors' thereon.
2. To declare dividend for the year ended 30 June, 2017.
3. To elect Directors in place of those who shall retire by rotation in accordance with the provisions of Articles of Association of the Company.
4. To appoint Auditors for the year 2017-2018 and to fix their remuneration.
5. To re-appoint Chairman and Managing Director.
6. To approve re-appointment of Independent Director.
7. To approve utilization of interest income from IPO Fund of Tk. 9,282,690 as Working Capital.
8. To transact any other business with the permission of the chair.

Special Business:

9. To consider and if deemed fit, to adopt the following resolution as a "Special Resolution" with or without any modification, addition and alternation.

RESOLVED that the existing Article no. 90(b) of the Articles of Association of the Company be and is hereby amended as proposed below:

Existing	Proposed
90(b). There shall be a Chairman and one or more Vice Chairman of the company from the shareholders in every year and Mr. Abdul Wahed shall be the Chairman of the company. Accordingly, the words 'Chairperson & Vice Chairperson' in Articles of Association shall be replaced by 'Chairman' and 'Vice Chairman' respectively.	90(b). There shall be a Chairman and one or more Vice Chairman of the company from the Board of Directors. The Chairman and Vice Chairman shall be appointed by the Board on such terms and condition as may be determined by the Board and Mr. Abdul Wahed shall be the Chairman of the company.

By Order of the Board

(Md. Shah Alam Miah FCS)
Company Secretary

Dated: Dhaka
28 November, 2017

Notes:

1. The "Record Date" is Thursday, 30 November, 2017. 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 15th AGM and be entitled to receive 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, carded cotton, mélange and synthetic 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 back ward linkage to the Garment units under the DBL Group. It is equipped with state-of- the-art machineries mostly of US, German, Japan 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 started the production of Mélange unit and Synthetic unit with a capacity of producing an additional 10 metric tons and 16 metric tons respectively.





VISION

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

MISSION

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

CORE VALUES

- Integrity
- Trustworthiness
- Commitment
- Passion
- Innovation

STRATEGIC OBJECTIVES

- 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 standards.
- Pursuing a policy of competitive pricing and categorical quality standard to sustain competitive advantage over the market





COMPANY INFORMATION

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 : 71,664 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 : 2,005

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

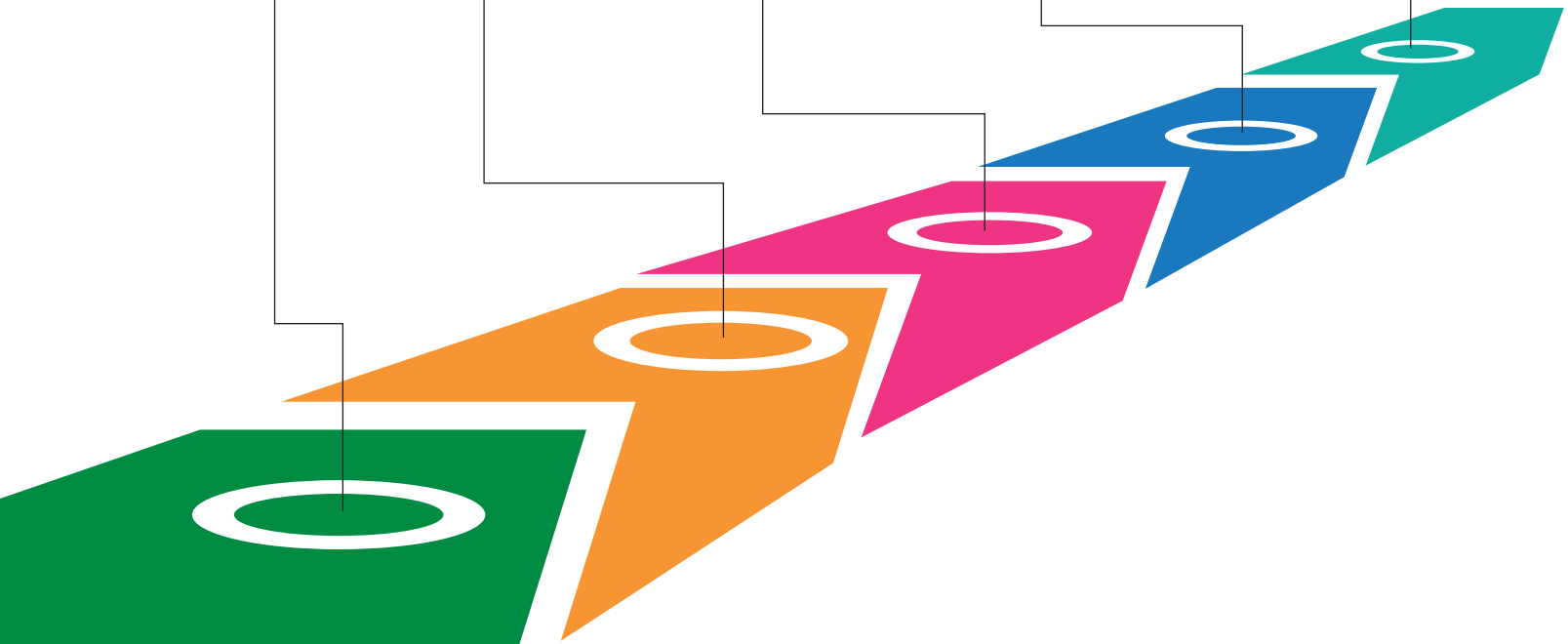
2002
15th September
Incorporation of
the Company

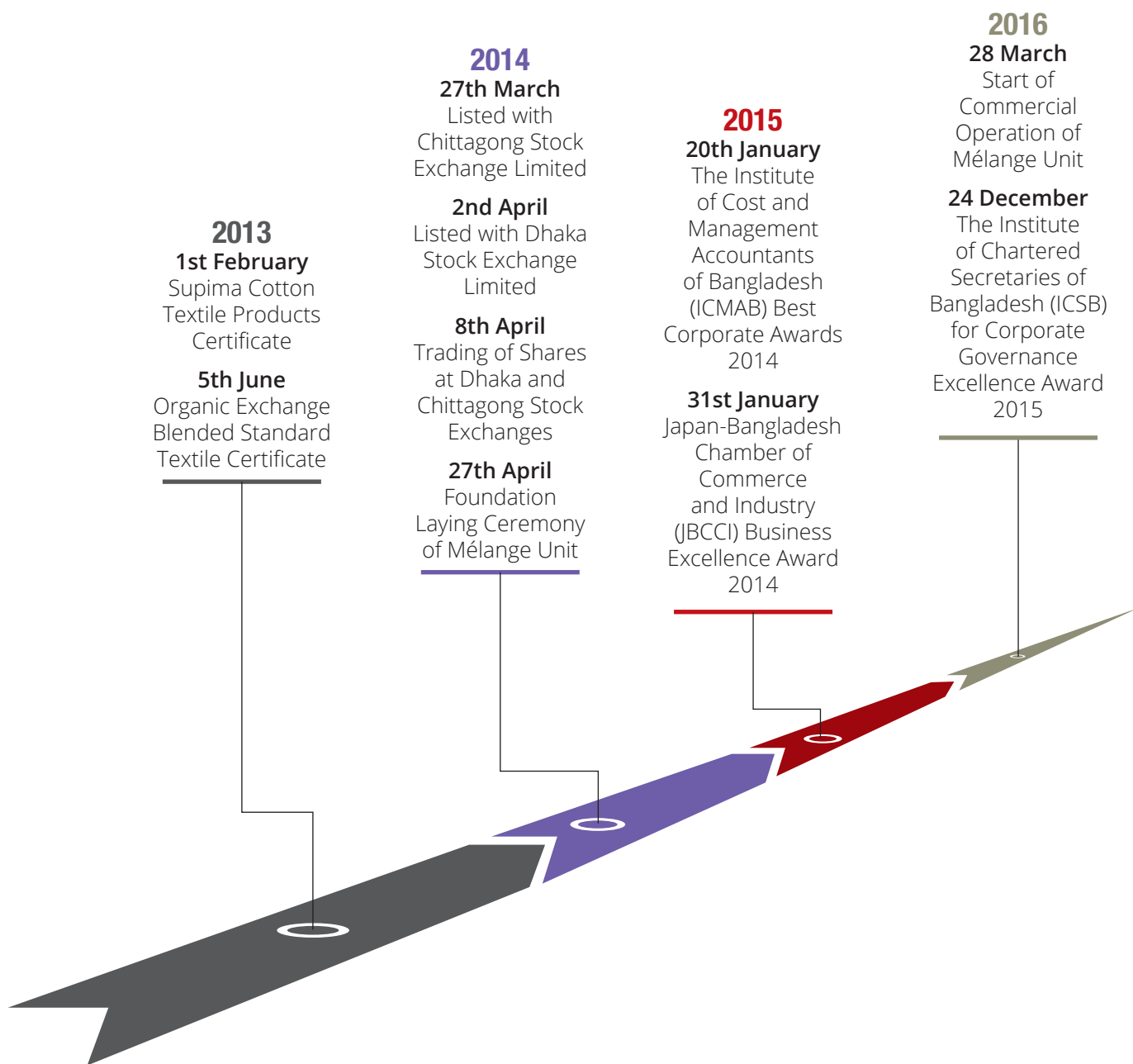
2006
1st October
Commencement
of Commercial
Production

2007
30th May
Oeko-Tex
Standard 100
Certificate

2010
5th August
Conversion of
Denomination
of Face value of
shares
4th November
Converted into
Public Limited
Company

2011
1st January
Cotton Council
International USA
Certificate
22nd March
ISO 9001:2008
Certificate
24th May
Control Union
Certifications
Netherlands
10th December
BTMA
Membership
Certificate





EVENT HIGHLIGHTS



14th Annual General Meeting of Matin Spinning Mills Limited

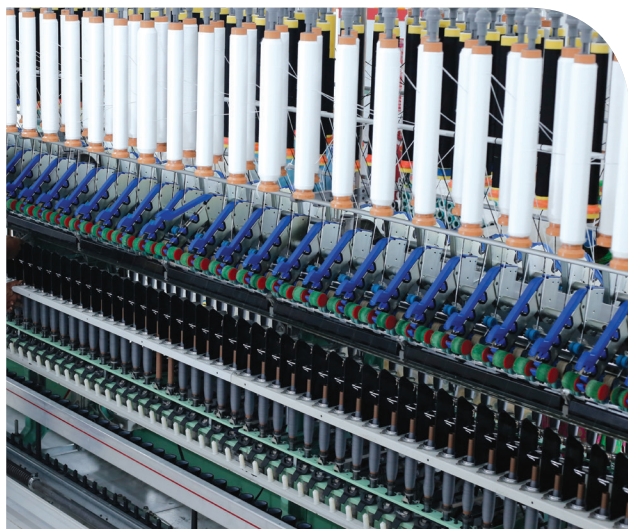


Cheque hand over by the honourable Director Mr. M.A. Rahim to Mr. Md. Mujibul Haque Honorable State Minister, Ministry of Labour and Employment and Mr. Mikail Shipar, Secretary, Ministry of Labour and Employment as a contribution to Labour Welfare Fund.



SYNTHETIC YARN UNIT





OUR RECENT ACHIEVEMENT

ICSB NATIONAL AWARD 2 0 1 5

The Institute of Chartered
Secretaries of Bangladesh
(ICSB) National Award for
Corporate Governance-2015
in Textiles and RMG
Companies Category



ICSB National Award 2015

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
Ms. Selina Perveen Director	Member
Mr. Md. Hassan Imam Director	Member

Chief Financial Officer

Mr. Ranjit Shil, ACA, CPA, CMA

Company Secretary

Mr. Md. Shah Alam Miah FCS

INTEGRATED REPORTING

2017 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 2017 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 any 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 2016.

External Assurance

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

Sl 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 2016 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 has send 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



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 Commercially Important Person (Export) by the Government of the People's Republic of Bangladesh, Ministry of Commerce for the year 2011 & 2013.



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. He has been selected as Commercially Important Person (Export) by the Government of the People's Republic of Bangladesh, Ministry of Commerce for the year 2014.



Mr. M.A. Rahim
Director

Mr. M.A. Rahim obtained his Masters 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 (BGMEA) for 2007-2008 and has been re- elected director of the same association for 2013-2014 & 2015-2016. He was selected as Commercially 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 is the Group CEO of DBL. He maintains a close & cordial relation with the buyers for furtherance of business. He regularly attends 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 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. Tanzeen Rahim
Director



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

Ms. Taslima Begum
Director



Mr. Md. Hassan Imam

Director

Mr. Md. Hassan Imam joined 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. He has been selected as Commercially Important Person (Export) by the Government of the People's Republic of Bangladesh, Ministry of Commerce for the year 2014.

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



Mr. M. Farhad Hussain FCA

Independent Director



Mr. M. Naser Alam

Barrister-at-law

Independent Director

Mr. M. Naser Alam is an Advocate of the Supreme Court of Bangladesh since 1995 and a Barrister at the Bar of England and Wales since 1999. He is currently the Head of Chambers of MNA, Barristers & Advocates. He is an international arbitrator and mediator with specialization in corporate commercial, cross-border complex mergers and acquisition, telecommunication, aviation, oil and gas, electricity, intellectual property, shipping, mediation, and international commercial and investment arbitration. He previously worked with Huq & Co, a prestigious Bangladeshi corporate law firm; the Permanent Court of Arbitration, The Hague; international arbitration group of Fresh fields Bruckhaus Deringer in their Paris office; and taught and supervised distance learning students of LL.M. in International Petroleum Law and Policy at the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP), University of Dundee, UK. He acted as consultant for International Finance Corporation (IFC) and Department for International Development (DFID). He was 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 an Advisor of Bangladesh Youth Environmental Initiative (BEYI). He is also Independent Director of Trust Bank Ltd.

STATEMENT ON CORPORATE GOVERNANCE



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 5(Five) 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
Mrs. Selina Perveen	Member
Mr. Md. Hassan Imam	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 Chartered Accountant and a Certified Management Accountant. He is an associate member of the Institute of Chartered Accountants of Bangladesh (ICAB) and Certified Management Accountants (CMA) of Ontario, Canada. 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 his MBA in Finance and Banking from International Islamic University of

Chittagong. He has also completed CA Course (Article ship) under the Institute of Chartered Accountant of Bangladesh (ICAB). 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).

CODE OF CONDUCT

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 manner.

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 2016 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 2017, Matin Spinning Mills Limited had outstanding short term and long term bank borrowing with banks to the tune of BDT 2,550.69 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 2017, 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, and 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. MSML 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 MSML 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. MSML 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:** MSML strictly follows the rules against engaging of child labor. No employee 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:** MSML respects a woman's motherhood. That is why all regular confirmed female employees of MSML 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:** MSML ensures employees health and safety. The safety precautions are strictly followed here to stay away from any accident which may occur during work. MSML carries out the health and safety related to fire safety, electrical safety, building safety, chemical safety and others.
- **Employee Welfare Measures:** MSML 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 MSML 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 MSML is eligible for Casual Leave, Sick Leave, Annual Leave and Maternity Leave.
- **Minimum Wage Compliance and Wage Payments:** MSML 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 MSML 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:** MSML 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,



MESSAGE FROM THE CHAIRMAN

Dear Shareholders

Ladies and Gentlemen

Assalamu Alaikum,

We have the pleasure to welcome you at the 15th 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 Financial Statements, Auditors' Report and Directors' Report thereon for the year ended on 30 June 2017.

We delightfully inform you that despite challenging local and international market and a highly competitive industry, during the year 2016-2017 the company achieved satisfactory level of sales revenue of Tk.3,001,195,559 which is 49.67% higher than 2015-2016 (Tk. 2,005,184,987). Net profit after tax decreased by 11.25%, from Tk.294,475,299 in 2015-2016 to Tk.261,333,229 in 2016-2017, due to increase in depreciation charges, utility cost, finance cost and decrease in other income.

It is my pleasure to inform you that Synthetic yarn project in phase-2 started commercial production from 7th February, 2017 with capacity of 16 tons per day.

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 the Board of Directors to the 15th Annual General Meeting of your Company and present before you the Annual Report for the year 2016-17 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 (MSML) started production of its synthetic unit with 16 tons of capacity per day. Now MSML offers wide range of products to fulfill the increasing demand of RMG sector. Production of yarn during the year increased by 56.73% and sales volume increased by 48.05% compared to year 2015-2016.

Production Capacity

MSML has started the commercial operation of the Mélange unit and Synthetic unit from 28 March, 2016 and 7th February, 2017 respectively. Now the total installed production capacity is 51 tons per day with 71,664 spindles.

Awards

I am delighted to inform you that MSML achieved four momentous awards of which two from World Textile Awards- "Spinner of the Year" & the "Textile Firm of the Year in 2015" and 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 and another award from The Institute of Chartered Secretaries of Bangladesh (ICSB) "3rd ICSB national Award for Corporate Governance Excellence, 2015" as Gold winner under the Textile and Garment Sector.

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

No.	Description	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
1	Turnover	3,001	2,005	2,024	2,334	2,396
2	Gross Profit	447	375	391	455	467
3	Net Profit before tax	320	374	518	414	308
4	Net Profit after tax	261	294	437	317	251
5	Shareholders' equity	4,093	4,060	4,024	3,840	2,265
6	Total Assets	7,076	6,092	5,718	4,959	3,844
7	Total Current Assets	2,672	1,783	3,040	2,944	1,878
8	Total Current Liabilities	2,262	1,214	1,454	792	1,279
9	Current Ratio	1.18	1.47	2.09	3.74	1.47
10	Ordinary Shares Outstanding	97,490,000	97,490,000	97,490,000	97,490,000	63,390,000
11	Face Value per Share	10	10	10	10	10
12	Shareholders' Equity per Share	41.99	41.64	41.27	39.38	35.73
13	Earnings per Share (EPS) weighted Avg.	2.68	3.02	4.49	4.21	3.97
14	Quoted Price per Share (DSE)	41.20	39.3	43.00	42.20	n/a
15	Quoted Price per Share (CSE)	40.30	38.5	42.6	42.10	n/a
16	Price Earnings Ratio-DSE (Times)	13.64	13.02	9.58	9.95	n/a
17	Price Earnings Ratio-CSE (Times)	19.38	13.34	9.49	9.93	n/a
18	Cash Dividend Declared per share	1.5	2.3	2.7	2.50	nil
19	Stock Dividend Declared	Nil	Nil	Nil	nil	nil
20	Total Dividend Declared (%)	15%	23%	27%	25%	nil
21	Number of Shareholders	7,288	9,019	13,384	88,297	10
22	Human Resources (Person):					
23	Executives	133	91	56	58	48
24	Non-Executives	225	200	164	161	135
25	Workers	1,647	1,201	764	750	701

Note: Item No. 1-8 in million Taka

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule thereunder) 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 2017 in the following paragraphs:

Company Operations

(1) Capacity/Production

Below table represents last five years production capacity and capacity utilization ratios:

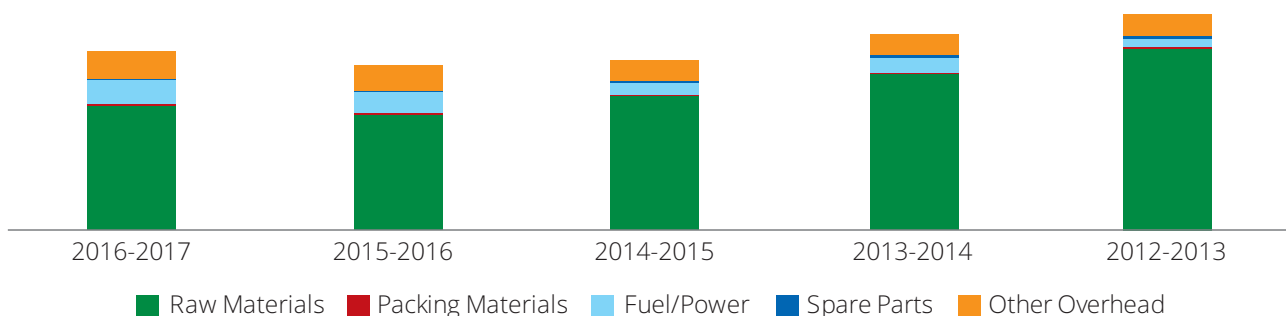
Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
(1.1) Spindles					
a) No of Spindles installed	71,664	57,840	39,600	39,600	39,600
b) No. of Spindles in operation	67,411	51,759	38,744	38,914	37,670
(1.2) Production Capacity (Kg):					
At Equivalent 28s Count (Ring Yarn)	15,235,552	9,360,000	8,640,000	8,640,000	8,640,000
(1.3) Actual Production (Kg):					
At Equivalent 28s Count (Ring Yarn)	11,819,472	7,851,331	7,545,680	7,555,835	7,055,940
(1.4) Capacity Utilization (%)	77.58%	83.88%	87.33%	87.45%	81.67%

(2) Cost of Production

The cost of production varied during the past years primarily due to wide price fluctuations of raw materials, packing materials, fuel & power, and spare parts. Price fluctuation being an external factor was beyond the control of Management. The level of costs and their incidences for last five years are given below:

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
(a) Output of Yarn(Kg)	12,118,266	7,731,885	7,444,818	7,268,020	6,886,102
(b) Cost of Major items (Tk):					
Raw Materials	1,915,204,897	1,142,200,784	1,274,710,763	1,445,038,574	1,590,714,418
Packing Materials	20,619,357	13,792,747	13,486,110	15,029,098	16,047,961
Fuel/Power	363,863,101	192,184,103	102,436,701	140,654,344	76,213,546
Spare Parts	20,625,350	27,625,350	27,430,710	30,766,504	30,194,759
Other Overhead	418,772,748	251,450,434	184,464,359	186,035,083	185,344,980
Total Cost	2,739,085,453	1,627,253,418	1,602,528,644	1,817,523,603	1,898,515,664

Unit Cost/Kg (TK)	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Raw Materials	158.04	147.73	171.22	198.82	231.00
Packing Materials	1.70	1.78	1.81	2.07	2.33
Fuel/Power	30.03	24.86	13.76	19.35	11.07
Spare Parts	1.70	3.57	3.68	4.23	4.38
Other Overhead	34.58	32.52	24.78	25.60	26.92
Unit Cost	226.05	210.46	215.25	250.07	275.70
Raw Material Cost as % of Total	69.92%	70.19%	79.54%	79.51%	83.79%



The above chart reveals that overall unit cost increased by 7.40% in 2016-2017 over 2015-2016. Raw Material cost and Fuel/Power cost and Other Overhead increased by 6.98%, 20.80% and 6.26% respectively. On the other hand Packing Material cost and Spare Parts cost decreased by 4.62% and 52.36% respectively.

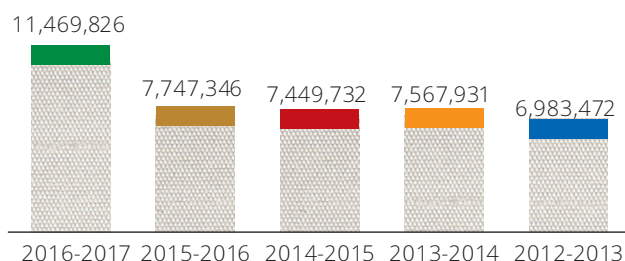
Marketing Operations

(i) Market Exposure

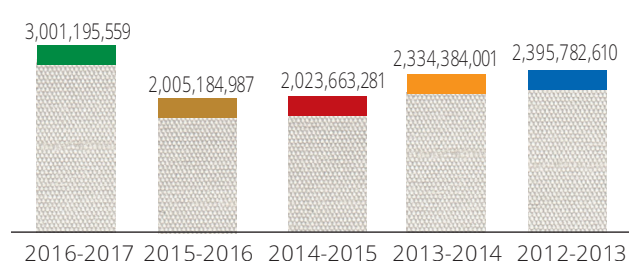
The Company's marketing operations continued its emphasis on export sales over the years as depicted below:

Details	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
(a) Sales Volume (Kg)	11,469,826	7,747,346	7,449,732	7,567,931	6,983,472
(b) Sales Revenue (Tk)	3,001,195,559	2,005,184,987	2,023,663,281	2,334,384,001	2,395,782,610

Sales Volume (Kg)



Sales Revenue (Tk)



The above figures show that compared to prior year, 2013-2014 sales volume increased by 8.36% and 2014-2015 sales volume decreased by 1.56%. Following commissioning of Mélange and Synthetic unit in phases, during 2015-2016 and 2016-2017 sales volume gradually increased by 3.99% and 48.05% respectively. Sales revenue, on the other hand, slightly declined during 2015-16 due to decrease in yarn prices. However, 2016-17 sales revenue remarkably increased by 49.67% compared to 2015-16 mainly due to additional product lines.

(ii) Selling Prices

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Average Selling Prices (Taka/Kg)	261.66	258.82	271.64	308.46	343.06

It indicates that selling prices decreased by 4.72% in 2015-2016, 11.93% in 2014-2015, 10.08% in 2013-2014 over the preceding years. In 2016-2017 selling price increased by 1.10% compared to 2015-16.

Development Activities

During the year 2016-2017 the Company started commercial production of Synthetic unit with 16 tons of capacity from 7th February, 2017.

Details of capital expenditure for development activities are shown below.

Capital Expenditures

Out of total Capital Expenditure of Tk. 439,258,685 during the year 2016-2017 Tk. 159,243,776 was spent for Civil Construction of the existing unit and Synthetic Project in phase-2.

Particulars	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Land	4,282,000	-	-	71,958,964	5,288,400
Civil construction					
Existing	34,803,999	31,303,966	10,318,279	12,968,787	6,797,507
Mélange Project	-	-	128,447,412	28,592,384	-
Synthetic Project	124,439,777	146,700,294	-	-	-
Plant and Machinery					
Existing	53,109,867	176,942,531	12,134,279	16,823,865	-
Mélange Project	-	587,869,268	590,898,720	-	-
Synthetic Project	214,184,330	810,887,909	-	-	-
Other Fixed Assets	8,438,712	57,750,382	3,746,894	3,999,237	2,365,541
Total	439,258,685	1,811,454,350	745,545,583	134,343,237	14,451,448

Contribution

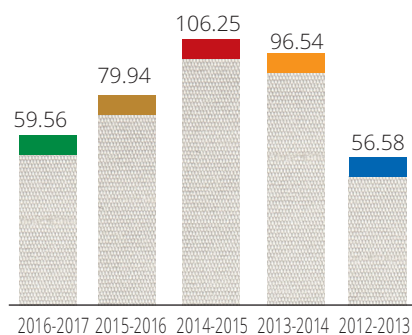
1. Contribution to National Exchequer

The Company contributed Tk. 62.09 million during 2016-2017 to the National Exchequer. Last five years comparative data are as follows:

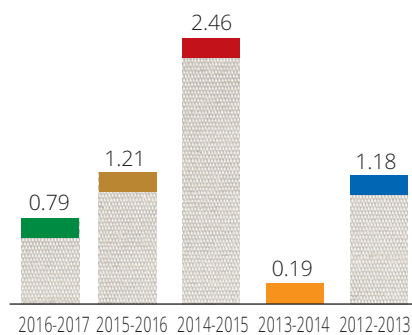
(Taka in Million)

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Corporate Tax	59.57	79.94	106.25	96.54	56.58
Excise/VAT/Import Duties etc.	0.79	1.21	2.46	0.19	1.18
Duties/License Fees	1.73	1.47	1.59	0.99	1.54
Total	62.09	82.62	110.30	97.72	59.30

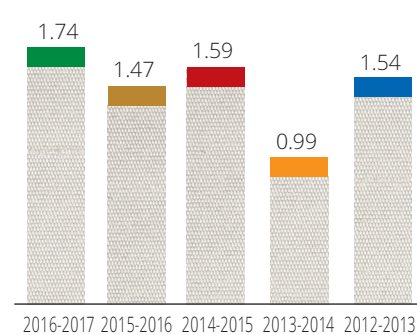
Corporate Income Tax



Excise/VAT/Import Duties



Other Duties/License Fees



2. Foreign Exchange Earned/Saved

The Company contributed Tk. 728 million to the Foreign Exchange Reserve of the Country during the FY 2016-2017 through its export marketing operation. Last five years data are shown below:

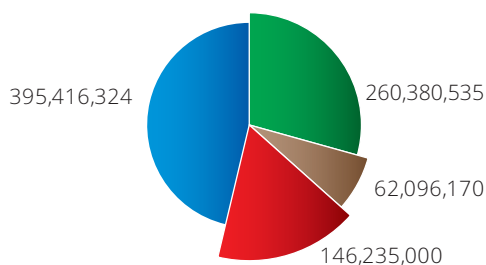
(Taka in Million)

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Total Export Earnings	3,001	2,005	2,024	2,825	2,355
Less: Import Expenses					
Raw Cotton/Staple Fiber	(2,219)	(1,346)	(1,205)	(1,447)	(1,586)
Spare Parts	(54)	(34)	(23)	(38)	(27)
Net Foreign Exchange Earned	728	625	797	1,340	742

3. Value Added Statement

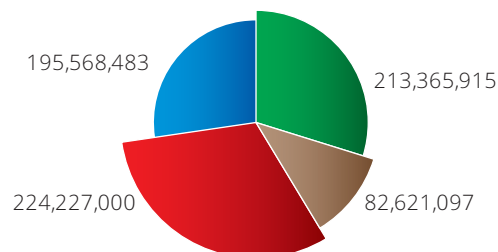
	(Taka) 2016-2017	(Taka) 2015-2016
Source of Funds		
Net Turnover	3,001,195,559	2,005,184,987
Less: Bought in Material and Services	(2,273,024,013)	(1,485,537,838)
Add: Other Income	135,956,483	196,135,347
Value Added	864,128,029	715,782,495
Applied in the following ways		
Employees	260,380,535	213,365,915
Salaries, Wages, Provident Fund & Other Benefits	244,335,570	194,645,015
Contribution to Workers' Profit Participation & Welfare Fund	16,044,965	18,720,901
Government	62,096,170	82,621,097
Corporate Tax	59,566,069	79,942,717
Other Government Dues	2,530,101	2,678,380
Provider of Capital		
Dividend	146,235,000	224,227,000
Retained by the company	395,416,324	195,568,483
Depreciation	280,318,096	125,320,184
Retained Earnings	115,098,229	70,248,299
	864,128,029	715,782,495

2016-2017



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

2015-2016



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

Appropriation

The net profit after tax of Tk 261,333,229 earned during the year 2016-2017 has been apportioned in the following manner:

Cash dividend is recommended by the Board of Directors at 15 % (Tk 1.50 per share) for 2016-2017, total Tk.146,235,000.

Auditors

ACNABIN Chartered Accountants have offered their willingness to be appointed as statutory auditors of the Company for the year 2017-2018.

Management Appreciation

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

For and on behalf of Board of Directors



Abdul Wahed
Chairman

ANNEXURE TO DIRECTORS' REPORT

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 of future growth potential of RMG sector in the country, the Company has also increased production capacity through establishment of Mélange and Synthetic unit. Mélange unit started operation commercially from 28th March 2016 and Synthetic unit started production from 7th February 2017.

(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 2017

The Company is primarily engaged in the manufacturing and sale of single product of 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, yarn type 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 and staple fiber which are entirely imported from abroad. Beside the company is facing irregular supply of Gas. Price of gas is increasing continuously. 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.

Cost of goods sold, compared to last year, increased due to high price of raw material, fuel/power, and new units (Mélange & Synthetic) depreciation cost. Gross Profit margin in 2016-2017 decreased by 3.77% [GP ratio 2016-2017: 14.91%, 2015-2016: 18.68%]

Net Profit [before tax] margin in 2016-2017 is 10.69% compared to 18.67% in 2015-2016. Margin decreased mainly due to increase in finance and administrative expenses. Moreover, in the year 2016-2017 other income which includes Bank interest received on FDR reduced significantly due to encashment of FDR.

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

There was no extraordinary gain or loss in the financial statements under report.

(vi) Basis of related party transactions.

Related party transactions are depicted in Note-40 in the notes to the Financial Statements.

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

Proceeds from Public Issue	126, 17,00,000
Interest income on IPO Fund	293,895,952
Total Fund	1,555,595,952
Less: Issue related and other expenses	(31,442,730)
Import of machinery	(1,230,257,270)
Working capital	(284,613,262)
Balance at 30 June, 2017	9,282,690

- The balance unutilized amount kept in Bank Accounts.
- 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 reasons the financial results slightly deteriorated:

- a) Decrease in GP: The Gross Profit Margin on sales revenue decreased by 3.77% in 2016-2017 over 2015-2016 due to following:
 - i) Increased in price of Raw Cotton.
 - ii) Increase in depreciation charge.
 - iii) Increase in utility cost.
- b) The Net Profit Margin decreased by 5.98% in 2016-2017 over 2015-2016 due to following:
 - i) Increase in finance and 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:

Depreciation charge increased by Tk 71,832,938 in 4th Quarter compared to 3rd Quarter due to capitalization of fixed assets cost of Mélange unit, Synthetic unit and charging depreciation thereon.

(X) Remuneration to Directors including Independent Directors

Remuneration of Directors has been shown in Note-37 in the notes to the financial statements. 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, 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 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.261,333,229 during 2016-17 from Tk. 294,475,299 for the year 2015-16 are mainly due to the following:

1. Decrease in other income by Tk. 60,178,864
2. Increase in utility cost by Tk. 171,678,998
3. Increase in depreciation charge by Tk.154,997,911
4. Increase in administrative cost Tk.26,716,795

(XVIII) Key operating and financial data of at least preceding 5 (five) years

Financial Results

The Company's operating financial results as compared to the previous years are summarized below:

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Revenue	3,001,195,559	2,005,184,987	2,023,663,281	2,334,384,001	2,395,782,610
Cost of sales	(2,553,849,138)	(1,630,537,415)	(1,632,998,934)	(1,880,133,607)	(1,929,142,051)
Gross Profit	447,346,421	374,647,572	390,664,347	454,250,395	466,640,559
Operating Expenses	(189,789,330)	(144,703,935)	(95,082,477)	(136,713,941)	(64,653,088)
Finance Cost	(56,569,312)	(32,940,067)	(28,158,251)	(50,911,440)	(113,601,534)
Operating Income	200,987,779	197,003,570	267,423,619	266,625,014	288,385,937
Other Income	135,956,483	196,135,347	276,995,469	168,088,956	35,436,631
Net Profit before WPPF	336,944,262	393,138,916	544,419,087	434,713,970	323,822,568
Workers' profit participation and Welfare funds	(16,044,965)	(18,720,901)	(25,924,718)	(20,700,665)	(15,420,122)
Net Profit before Tax	320,899,298	374,418,015	518,494,369	414,013,305	308,402,446
Income Tax	(12,707,554)	(44,378,383)	(78,537,490)	(92,695,210)	(50,920,337)
Deferred Tax	(46,858,515)	(35,564,334)	(2,511,319)	(3,843,109)	(5,656,887)
Net profit (loss) after tax	261,333,229	294,475,299	437,445,559	317,474,987	251,825,222
Gross Margin	14.91	18.68	19.3	19.46	19.48
Net Margin after tax	8.71	14.69	21.62	13.6	10.51
Earnings per share	2.68	3.02	4.49	3.26	2.58
Return on Equity (ROE)	6.41	7.29	11.13	10.39	11.77
Outstanding Shares	97,490,000	97,490,000	97,490,000	97,490,000	63,390,000
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-35 in the notes to the Financial Statements.

(XXI) Shareholding Pattern

Pattern of Shareholding as on 30 June 2107:

Name of the Shareholders	Status	Shares held	%
i. Parent/Subsidiary/Associated Companies and other related parties			
Jinnat Apparels Limited	Associate Company	29,025,000	29.77
Flamingo Fashions Limited	Associate Company	2,448,000	2.51
ii. Director:			
Abdul Wahed	Chairman	5,849,250	5.99
M. A. Jabbar	Managing Director	5,849,250	5.99
M. A. Rahim	Director	5,849,250	5.99
M. A. Quader	Director	5,849,250	5.99
Selina Perveen	Director	2,130,000	2.18
Tanzeen Rahim	Director	2,130,000	2.18
Taslima Brgum	Director	2,130,000	2.18
Md. Hassan Imam	Director	2,130,000	2.18
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	8.18
A.H.M. Ariful Islam FCA	Chief Financial Officer	Nil	Nil
Md. Shah Alam Miah FCS	Company Secretary	Nil	Nil
Md. Monirul Islam	Acting 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
Shareholders Holding 10% or more voting interest in the Company			
Jinnat Apparels Limited	Associate Company	29,025,000	29.77

(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. Rahim, Mr. M. A. Quader and Mrs. Taslima Begum and being eligible offer themselves for re-appointment.

(XXIII) Directors' Compliance on Corporate Governance

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



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 2017.

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
6 November, 2017

K. M. Alam & Co.
Chartered Accountants

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

STATUS REPORT ON COMPLIANCE WITH THE CONDITIONS IMPOSED BY THE BSEC

(Report under condition No. 7.00)

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRC/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.	✓		Previous one Independent Director was reappointed by the Board for another term and should be approved in next AGM

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in appropriate column)		
		Complied	Not Complied	
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.	✓		Tenure of 1 Independent director has been extended for one term.
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.	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in appropriate column)		
		Complied	Not Complied	
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.	✓		
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.	✓		6 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);	✓		
1.5(xxi)b	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5(xxi)c	Executives	✓		
1.5(xxi)d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5(xxii)	Appointment/reappointment of Directors:			
1.5(xxii)a	Resume of the Directors	✓		
1.5(xxii)b	Nature of his/her expertise in specific functional areas;	✓		
1.5(xxii)c	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
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.	✓		

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

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in appropriate column)		
		Complied	Not Complied	
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3(vii)	Review the adequacy of Internal Audit function	✓		
3.3(viii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3(ix)	Review management Letters/ Letter of Internal control weakness issued by Statutory Auditors.	✓		
3.3(x)	When money is raised through Initial Public Offering. (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major, category (capital expenditure, sales and marketing expenses, working capital etc), on a monthly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus.	✓		
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.	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in appropriate column)		
		Complied	Not Complied	
4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
4(ix)	Audit/ Certificate services on compliance of Corporate Governance as required under clause (i) of condition 7	✓		
5.00	Subsidiary Company:			
5(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			Not Applicable
5(ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			Not Applicable
5(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			Not Applicable
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			Not Applicable
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.			Not Applicable
6.00	Duties of Chief Executive Officer and Chief Financial Officer:			
6(i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
6(i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the company's code of conduct.	✓		
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/CMRRC/2006-158/134/Admin/44 dated 07 August 2012 regarding Corporate Governance. (Ref: Notification No. SEC/CMRRC/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 2016-2017

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
Ms. Selina Perveen	- Member
Mr. Md. Hassan Imam	- 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 2016-2017, the Audit Committee of the Company held 04 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:

- 1. The Committee reviewed the integrity of the quarterly, half yearly and annual financial statements and recommend to the Board for consideration.
- 2. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.
- 3. The Committee reviewed the Audit Plan for the year 2017-2018.
- 4. The Committee reviewed the performance and appointment of external auditors.
- 5. 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

CORPORATE SOCIAL RESPONSIBILITY

Centre for the Rehabilitation of the Paralysed (CRP)

Matin Spinning Mills Limited realizes the frantic need of services for patients with spinal injuries and has thus contributed BDT one million to the Centre for the Rehabilitation of the Paralysed (CRP). Another million has been committed for the year 2017-18 as well. The CRP has developed into an internationally respected organisation. Matin Spinning Mills Limited choose CRP due to the organised and holistic approach to rehabilitation, having recognised the fact that all the 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 apt 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 has an intention of recruiting physically challenged people as well.

Diabetic Association of Bangladesh

Matin Spinning Mills Limited (MSML) is an epitome of benevolence when it comes to serving the community for a just and noble cause. The risks associated with Diabetes are many and there is a continued increase in the number of diabetic patients every year. Hence, MSML has contributed BDT eight million to the Diabetic Association of Bangladesh for 2016-17 in the form of financial assistance for the treatment of underprivileged people who are incapable of bearing such medical expenses. Furthermore, MSML has committed an additional BDT two million for 2017-18. In addition to total healthcare of diabetics, the primary focus of the Diabetic Association of Bangladesh includes 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 all help to institutions 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 acknowledges this and there by contributed Dhaka Ahsania Mission Cancer Hospital with BDT 600,000. A further BDT 600,000 has been committed for 2017-18 as well. The hospital is now a 42 bed Cancer Hospital with proper 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 at times.

Anjuman Mufidul Islami Mission

Matin Spinning Mills Limited has also contributed BDT 600,000, with an additional commitment of the same for 2017-18, to Anjuman Mufidul Islami Mission. 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.

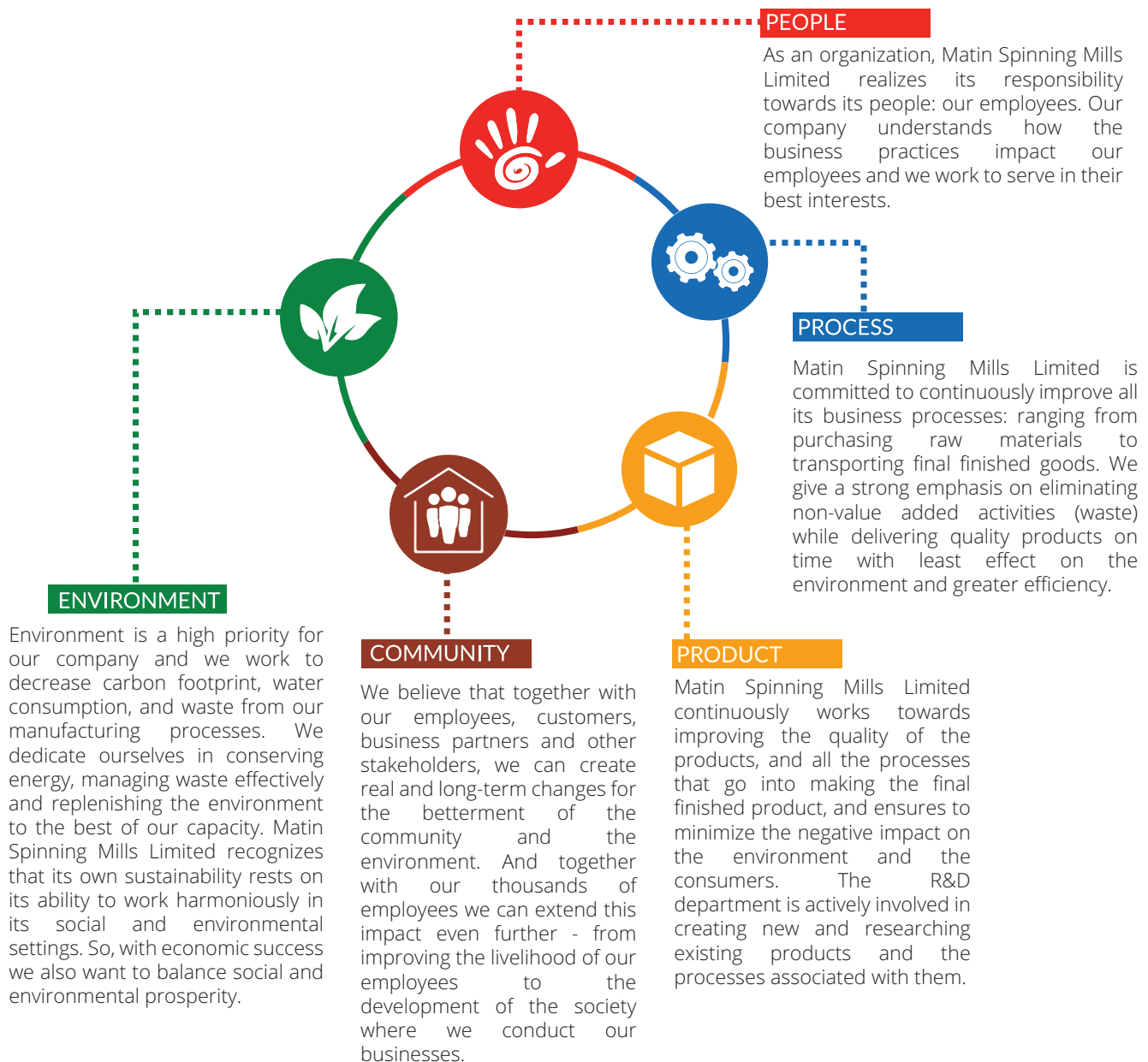
ENVIRONMENTAL & SOCIAL OBLIGATION: A SUSTAINABLE FUTURE



All businesses having direct impact on the environment from their operations should work toward minimizing the increasing stress on the finite natural resources. It is high time that businesses operating in Bangladesh, the most vulnerable region to climate change, increase their business exposure to extreme climate related events on multiple levels, including their operations, supply chains and consumer base.

As a responsible corporate entity, Matin Spinning Mills Limited (MSML) is committed to reduce its carbon footprint and any adverse effect on the environment using 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.

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

People

Bandhan Fair Price Shop



The Bandhan Fair Price Shop serves people with all the essentials and commodities at factory price of the manufactures. It reduces workers' monthly expenditure burden and shelters them from economic inflation. Goods are available at subsidized rates from 5% to 15%. "Bandhan" is the Bengali form of "Bonding"; it refers to the bonding between employer and employee. A total of BDT 9,813,719 sales took place in Bandhan in 2016-17.

Future Leaders Development Program (FLDP)

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



Women Health Program Initiative (WHPI)

The Women Health Program Initiative (WHPI) has a long-term objective to ensure good health and hygiene for all MSML's female workers. The initial activity was providing women with sanitary napkins at discounted price of only Taka 10; thus,



not only limiting to teaching women but providing opportunities for safe health as well. As a result, women workers now have improved health condition and there is reduced absenteeism.

Supporting employee's children's education

A set of programs exist in MSML which focuses on affordability and accessibility to education for all the employees of DBL. These include:

- Recognition for meritorious students
- Sponsoring two children of each staff and worker whose monthly income is below BDT 25,000
- Providing career path counselling to students who have passed Higher Secondary education

Process

Idea Club

MSML encourages ideas from any employee or worker, regardless of their designation. Their efforts are recognized through a monthly recognition system: the "Employee of the Month". In addition, the "Employee of the Year" has also been initiated. This promotes employees to work at their full potential and gives them a feeling of fairness as every employee has an equal opportunity at obtaining this reward. Ideas provided by workers helped in increasing productivity and reducing wastage.

MSML Quality Control (QC) Circles

To promote employee engagement in workplace decision making, QC Circles have been set up in MSML. Currently MSML has six QC Circles who



periodically research different processes and activities and research on improving those using sophisticated methods of analysis. In-house QC Circle competitions are also taking place simulating the standards followed in the national level competition organized by the Bangladesh Standard for Total Quality Management (BSTQM).

Product

Organic Cotton

As an initiative to reduce the negative impact on the environment and consumers, Organic cotton is imported from India to process organic yarn. Organic cotton contributes to replenishing and maintaining soil fertility, building biologically diverse agriculture and using less water. Use of harmful pesticides, insecticides, etc. is also eliminated here which otherwise would affect farmers and wildlife.

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 sector.



Innovation in Yarn Production

Matin Spinning launched a series of innovated products in their production line such as colour fiber injected yarn, Vario Siro yarn, Snow yarn, etc. In raw material consumption, we are increasing sustainable and recycled fiber. Our newly set benchmark is to produce these types of special yarns which will contribute to 20% of the total production. The different innovations have allowed in reducing waste, reusing cotton and recycling to form new yarns.



Oeko-Tex Standard 100

Integrating the Oeko-Tex Standard (Product Class I) enables MSML to follow the Restricted Substances List (RSL) specified by the certificate.



Community

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 donated to Sardagonj Govt. Primary School as part of their request for facilitating them for the board examinations. A renovation work has also been done in the school to accommodate further students.



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 with special attention to children, nursing mothers, and pregnant women. Medicines in the in-house pharmacy are charged at manufacturers' price. Furthermore, financial and logistical supports offered to employees on need basis.

Community Knowledge Exchange Programs

With the motto of "Sharing is Caring", MSML hosts Community Knowledge Exchange Programs to share learnings from the different Sustainability programs with the local community. The programs focus on:

- Empowering women through financial literacy
- Personal hygiene for women
- Sexual and Reproductive Health Rights (SRHR)

Mini Fire Brigade

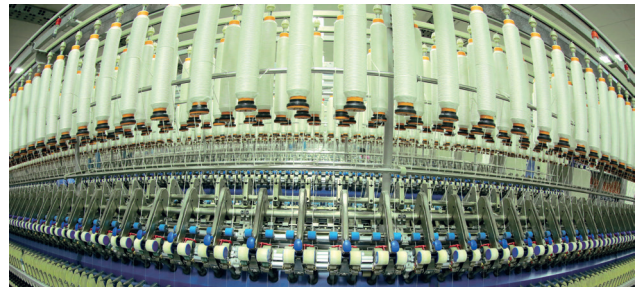
The Mini Fire Brigade is a public-private partnership between DBL Group, the German Cooperation (GIZ) and the Bangladesh Fire Service and Civil Defence (BFSCD). The foundation stone was laid on 7 October 2015 by H.E. Dr. Gerd Müller, Honorable Federal Minister for Economic Cooperation and Development, Germany, and H.E. Mr. Tofail Ahmed, Honorable Minister of Commerce, Government of Bangladesh. The objective of the Mini Fire Brigade rapid response and risk reduction unit is to prevent fire in the industrial buildings around Kashimpur, Gazipur area. The facility is staffed 24 hours a day with a target to respond within the first critical 10-15 minutes to both industrial fire and building collapse. The MFB has already completed three successful operations in Kashimpur in 2017.



Environment

Energy efficient machineries

MSML always procures machines which provide high efficiency, production capacity, and machine 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. MSML will be implementing these improvements to further enhance the efficiency of its operations.



Nordic Chamber of Commerce
and Industry in Bangladesh



SHAREHOLDING INFORMATION

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

Financial Calendar

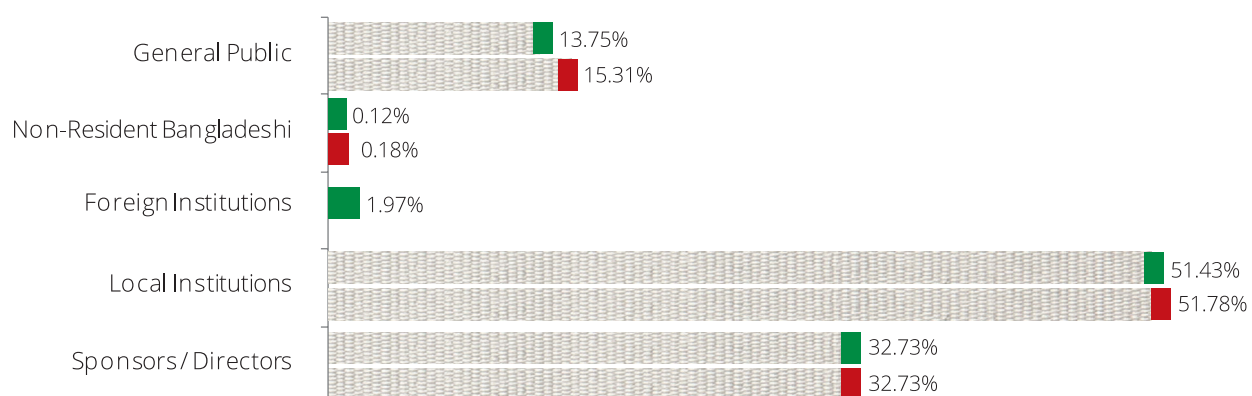
Events for the year	2016-2017	2015-2016
Publication of unaudited 1st Quarter Financial Statements	9 Nov-16	9-Nov-15
Publication of unaudited Half year Financial Statements	25-Jan-17	21-Jan-16
Publication of unaudited 3rd Quarter Financial Statements	24-Apr-17	25-Apr-16
Annual Financial Statements approved by the Board	06-Nov-17	09-Nov-16
Record Date	30-Nov-17	30-Nov-16
Dispatching notice for the Annual General Meeting	28-Nov-17	25-Nov-16
Dispatching of Annual Report	04-Dec-17	05-Dec-16
Holding of Annual General Meeting	27-Dec-17	20-Dec-16
Transfer/Payment of Dividend	20-Jan-18	15-Jan-17

Comparative Shareholding Structure

Type of Shareholder	30 June, 2017		30 June, 2016	
	Number of shares	% of Shares	Number of Shares	% of Shares
Sponsors / Directors	31,917,000	32.73	31,917,000	32.73
Local Institutions	50,481,768	51.78	50,128,919	51.43
Foreign Institutions	-		19,23,065	1.97
Non-residential Bangladeshi	164,985	0.18	122,863	0.12
General Public	14,926,247	15.31	13,398,153	13.75
Total Shares Held	97,490,000	100.00	97,490,000	100.00

Shareholding Structure

■ 30-Jun-16 ■ 30-Jun-17



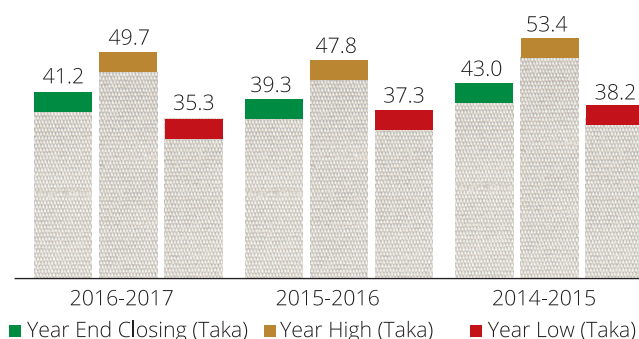
Stock Details:

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

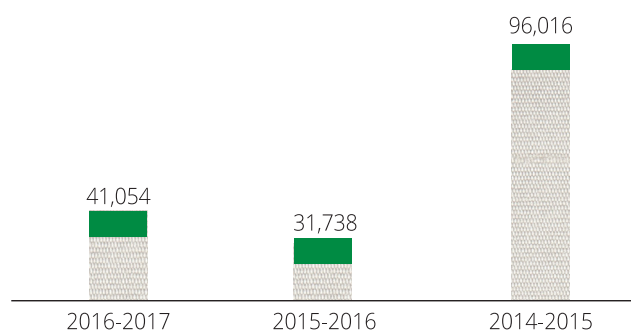
Price Trend of Matin Spinning Mills Limited Share in DSE

Period	2016-2017	2015-2016	2014-2015
Year End Closing (Taka)	41.20	39.30	43.00
Year High (Taka)	49.70	47.80	53.40
Year Low (Taka)	35.30	37.30	38.20
Total number of Trade	41,054	31,738	96,016

Share Prices



Total Shares Traded



Share Information:

Particulars	June-2017	30 June, 2016	30 June, 2015
Number of shares	97,490,000	97,490,000	97,490,000
Net Asset Value per share(Taka)	41.99	41.64	41.27
Earnings per share	2.68	3.02	4.49
Dividend (Cash) %	15	23	27

Shares held by directors/executives and relatives of directors /executives (Pattern of Shareholding as on 30 June 2017 provided on page 53)

Redressal of Investor Complaints

Matin Spinning Mills Limited places high degree of importance to investor queries and as such has established an Investor Relations 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.
- Investor Relations Department acknowledges the complaint and contacts the investor to confirm their identity regarding
 - Shareholder's BO ID &
 - Shareholder's Name
- Investor Relations 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

AUDITOR'S REPORT TO THE SHAREHOLDERS OF MATIN SPINNING MILLS LIMITED

We have audited the accompanying financial statements of Matin Spinning Mills Limited (hereinafter referred to as "the Company") which comprise the statement of financial position as at June 30, 2017 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 45 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 applicable laws and rules and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the 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, 2017, 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 and the Bangladesh Financial Reporting Standards (BFRSs) including BAS 24.

BDBL Bhaban (Level-13 & 14)
12 Kawran Bazar Commercial Area
Dhaka-1215, Bangladesh.

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Emphasis of Matter


Without qualifying our opinion, we draw attention to Note# 3.07(b) to the financial statements wherein the Company discloses its policy relating to depreciation of Property, Plant & Equipment. The method of calculation of depreciation stated therein and the consequential depreciation rates on Factory Building, Godown, Furniture & Office Equipment are not in compliance with para-60 of Bangladesh Accounting Standard (BAS)-16.

Report on Other Legal and Regulatory Requirements

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 the Note 1 to 45 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
6 November, 2017


ACNABIN
Chartered Accountants

Matin Spinning Mills Limited

Statement of Financial Position

as at 30 June 2017

Particular	Notes	Amounts in Taka	
		30 June 2017	30 June 2016
Assets			
Non - current assets			
Property, plant and equipment	04/ Annex I & II	4,352,495,521	3,116,051,536
Investment	05	35,414,179	47,709,792
Capital work-in-progress	06	70,022,962	1,149,750,905
		105,437,142	1,197,460,697
Total non - current assets		4,457,932,662	4,313,512,232
Current assets			
Cash and bank balances	07	346,387,853	906,210,836
Accounts receivable	08	749,144,849	213,010,407
Inventories	09	1,035,416,638	504,040,074
Materials in transit	10	319,941,015	2,300,975
Advance, deposits and prepayments	11	167,904,553	152,980,999
Total current assets		2,618,794,908	1,778,543,292
Total assets		7,076,727,571	6,092,055,524
Equity and liabilities			
Share capital	12	974,900,000	974,900,000
Share premium	13	920,700,000	920,700,000
Retained earnings	14	1,212,036,507	1,174,930,278
Revaluation reserve	15	985,715,950	989,296,816
Total equity		4,093,352,457	4,059,827,094
Non-current liabilities			
Long term bank loan	16	543,516,885	691,271,084
Deferred tax liability	17	177,470,888	127,031,508
Total non-current liabilities		720,987,774	818,302,592
Current liabilities			
Accounts payable	18	120,497,736	97,128,165
Share application money	19	4,582,760	4,582,760
Short term bank loan	20	1,775,310,925	871,815,763
Current portion of long term loan	21	231,867,632	120,302,481
Provisions	22	130,128,287	120,096,669
Total current liabilities		2,262,387,340	1,213,925,838
Total equity and liabilities		7,076,727,571	6,092,055,524
NAV Per Share (With Revaluation Reserves)	33.01	41.99	41.64

These financial statements should be read in conjunction with the annexed notes 1 to 45.


Chairman


Managing Director


Chief Financial Officer


Company Secretary


ACNABIN
Chartered Accountants

Dated, Dhaka
6 November, 2017

Matin Spinning Mills Limited
Statement of Profit or Loss
for the year ended 30 June 2017

Particulars	Notes	Amounts in Taka	
		2016-17	2015-16
Revenue	23	3,001,195,559	2,005,184,987
Cost of goods sold	24	(2,553,849,138)	(1,630,537,415)
Gross profit		447,346,421	374,647,572
Other income	25	135,956,483	196,135,347
		583,302,904	570,782,919
Administrative expenses	26	(185,719,194)	(143,502,608)
Distribution expenses	27	(4,070,136)	(1,201,327)
Net profit before finance cost		393,513,573	426,078,984
Finance cost	28	(56,569,312)	(32,940,067)
Net profit before workers' profit participation & welfare funds and tax		336,944,262	393,138,917
Contribution to workers' profit participation & welfare funds	29	(16,044,965)	(18,720,901)
Net profit before taxation		320,899,298	374,418,016
Current tax	30	(12,707,554)	(44,378,383)
Deferred tax	31	(46,858,515)	(35,564,334)
Net profit after tax		261,333,229	294,475,299
Earnings Per Share (EPS)	32	2.68	3.02

These financial statements should be read in conjunction with the annexed notes 1 to 45



Chairman



Managing Director



Chief Financial Officer



Company Secretary



ACNABIN
Chartered Accountants

Dated, Dhaka
6 November, 2017

Matin Spinning Mills Limited

Statement of Other Comprehensive Income

for the year ended 30 June 2017

Particular	Notes	Amounts in Taka	
		2016-17	2015-16
Net profit after tax for the period		261,333,229	294,475,299
Deferred tax on other comprehensive income	31.01	(3,580,866)	990,304
Foreign currency translation gain/(Loss)	25.01	-	3,774,779
Total comprehensive income for the period		257,752,363	299,240,382

These financial statements should be read in conjunction with the annexed notes 1 to 45.



Chairman



Managing Director



Chief Financial Officer



Company Secretary



ACNABIN
Chartered Accountants

Dated, Dhaka
6 November, 2017

Matin Spinning Mills Limited

Statement of Changes in Equity

for the year ended 30 June 2017

Amounts in Taka

Particular	Share Capital	Share Premium	Tax Holiday Reserves	Retained Earnings	Revaluation Reserves	Total
2016-17						
Balance at 01 July 2016	974,900,000	920,700,000	-	1,174,930,278	989,296,816	4,059,827,094
Net profit for the year	-	-	-	261,333,229	-	261,333,229
Dividend Paid	-	-	-	(224,227,000)	-	(224,227,000)
Other comprehensive income	-	-	-	-	(3,580,866)	(3,580,866)
Balance at 30 June 2017	974,900,000	920,700,000	-	1,212,036,507	985,715,950	4,093,352,457
2015-16						
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

These financial statements should be read in conjunction with the annexed notes 1 to 45.



Chairman



Managing Director



Chief Financial Officer



Company Secretary



ACNABIN
Chartered Accountants

Dated, Dhaka
6 November, 2017

Matin Spinning Mills Limited
Statement of Cash Flows
for the year ended 30 June 2017

Particulars	Amounts in Taka	
	2016-17	2015-16
A. Cash flows from operating activities		
Collection from customers	2,433,286,964	1,942,825,115
Other Income	111,913,920	44,544,615
Cash generated from operations	2,545,200,884	1,987,369,730
Cash paid to employees	(229,125,835)	(185,085,179)
Cash paid to suppliers	(1,985,294,354)	(1,544,960,347)
Interest paid on loans	(47,464,531)	(32,940,067)
Income tax paid	(16,500,000)	(48,648,000)
Payment made to workers' profit participation & welfare funds	(18,720,901)	(26,109,619)
Net cash flows from operating activities	248,095,262	149,626,517
B. Cash flow from investing activities		
Acquisition of property, plant and equipment	(50,018,545)	(665,427,582)
Capital work-in-process	(345,110,849)	(1,187,819,199)
Dividend Income	2,037,600	1,141,615
Disposal of Fixed Assets	2,745,714	-
Investment in marketable securities	(10,593,924)	-
Interest on FDR and Bank Accounts	42,950,355	184,811,121
Disposal of Investment in Equity of Group Entity	37,372,500	-
Refund of Share money deposit from DBL Ceramics Ltd.	-	50,800,000
Net cash used in investing activities	(320,617,149)	(1,616,494,044)
C. Cash flows from financing activities		
Long term loan received	897,566,698	1,304,073,694
Long term loan (repaid)	(943,549,754)	(740,401,931)
Short term loan received from bank	602,510,862	401,608,226
Short term loan repaid to bank	(820,137,393)	(738,001,196)
Dividend Paid	(223,691,509)	(262,238,433)
Share application money refunded	-	(81,400)
Inter-company debts Received/(paid)	-	313,781,250
Net cash from/(used in) financing activities	(487,301,096)	278,740,210
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	(559,822,983)	(1,188,127,318)
E. Opening cash and cash equivalents	906,210,836	2,094,338,153
F. Closing cash and cash equivalents (D+E)	346,387,853	906,210,835
Net Operating Cash Flow Per Share (Prior year's NOCFPS restated)	2.54	1.53

These financial statements should be read in conjunction with the annexed notes 1 to 45


Chairman


Managing Director


Chief Financial Officer


Company Secretary


ACNABIN
Chartered Accountants

Dated, Dhaka
6 November, 2017

Matin Spinning Mills Limited

Notes to the Financial Statements

For the year ended 30 June 2017

General

1.00 Reporting entity

1.01 Background of the Company

Matin Spinning Mills Limited (the company) was incorporated in Bangladesh on 15th September 2002 vide certificate of incorporation no. C-47083 (3562) of 2002 as a private limited company under the companies Act, 1994 having its registered office in Dhaka. The company was converted into public limited company on 4th November, 2010. The company floated its shares to the public through IPO in January-2014 and the shares of the company were listed in both Chittagong and Dhaka Stock Exchanges on 27th March & 2nd April, 2014 respectively.

1.02 Nature of Business

The company is a 100% export oriented backward linkage spinning industry established to manufacture and sell all types of Cotton, Viscose, Polyester, CVC, Melange and Vortex 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 - 19	Employee Benefits
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 authorization

The Board of Directors authorized the financial statements for issue on 06 November, 2017.

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 2016 to 30 June 2017.

3.00 Significant Accounting Policies

3.01 Basis of Accounting

The financial statements of the company have been prepared on an accrual basis and in accordance with Bangladesh Financial Reporting Standards. Wherever appropriate, such principles are explained in the succeeding notes.

Components of financial statement

Statement of Financial Position

Statement of Profit or Loss

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

Recognition Criteria :

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

Dividend Income is recognized when the rights to receive payments is established.

3.04 Use of estimates and judgments

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRSs) require management to make judgments, estimates and assumptions which affect the reported amounts of the assets, liabilities, revenue, expenses and disclosures at the date of the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are made when new information is available and such revisions are made in the relevant accounting periods in accordance with BAS-8.

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. Cash flows from Operating Activities have 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 and to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

B) Depreciation

Depreciation is calculated and charged under reducing 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 asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in the Statement of Profit or Loss 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 recognized in the income statement.

Itemized depreciation rates are as follows:

<u>Asset category</u>	<u>Rate of depreciation (%)</u>
Land and land development	Nil
Factory building	5
Godown	10
Plant and machinery	10
Furniture and fixtures	10
Sub Station (Machinery)	15
Gas Generator	15
Office equipment	15
Vehicles	20

C) Impairment

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is 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 related with the investment. After initial recognition, the investment in marketable securities has been valued at market price and measured at fair value through profit or loss.

3.09 Capital Work in Progress:

Capital work-in-progress comprises Construction work of an expansion unit of synthetic yarn project, Godown 3, 4 & 5, bagan bari staff quarter, 4 storied store building, machineries (not yet installed) for Mélange & Synthetic project and machineries in transit.

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 with 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	At 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 future costs anticipated to be incurred to make the sale. Any obsolete stock or abnormal losses are recognized as expenses in Statement of Profit or Loss.

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 Companies having common directorship

All the transactions with Companies having 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 accounting base of assets and liabilities in the Financial Statements and the corresponding tax based assets in the computation of taxable profit. Deferred tax liabilities 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 Profit or Loss 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 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 Statement of Profit or Loss.

3.21 Finance income

Finance income comprises interest income on Fixed deposit receipts. The rate of interest is 5.4 % to 6.5% on fixed deposit receipts.

3.22 Workers' profit participation & welfare funds

Allocation for workers' profit participation & welfare 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 rate differences, if any, arising on year end from translation of foreign currency monetary assets and liabilities, 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 Company. 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 counter-party 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 decisions.

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 Non-Current Assets (Cost Component):

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 Non-Current Assets (Revaluation Reserve Component) :

Opening balance

Add: Additions

Less: Disposal/Adjustment

Closing balance (a)

Amounts in Taka	
30 June 2017	30 June 2016
3,578,243,609	2,156,636,495
1,518,818,159	1,421,607,114
5,097,061,767	3,578,243,609
(3,878,462)	-
5,093,183,305	3,578,243,609
1,450,376,977	1,331,658,818
274,059,400	118,718,160
1,724,436,378	1,450,376,978
(1,822,383)	-
1,722,613,995	1,450,376,978
3,370,569,310	2,127,866,631
1,033,677,512	1,033,677,512
-	-
1,033,677,512	1,033,677,512
-	-
1,033,677,512	1,033,677,512

	Amounts in Taka	
	30 June 2017	30 June 2016
Accumulated Depreciation		
Opening balance	45,492,606	38,890,582
Add: Charges for the year	6,258,695	6,602,024
	51,751,302	45,492,606
Less: Disposal/Adjustment	-	-
Closing balance (b)	51,751,302	45,492,606
Written Down Value of Revaluation Assets (a-b)	981,926,210	988,184,906
Total Written Down Value (A+B)	4,352,495,521	3,116,051,536

Details of fixed assets are shown in Annex I & II. Part A includes the cost base of all assets owned by the Company. Part B includes the increase in value of assets arising out of revaluation of assets.

05 Investment

Investment in equity of sister concern	5.01	-	25,000,000
Investment in marketable securities	5.02	35,414,179	22,709,792
		35,414,179	47,709,792

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

DBL Ceramics Limited was an associate company of Matin Spinning Mills Limited and the Company sold all the shares of DBL Ceramics Ltd. at June 04, 2017.

5.02 Investment in marketable securities

Opening balance	22,709,792	21,713,853
Add: Addition during the year	-	-
	22,709,792	21,713,853
Realized gain /(loss)	10,593,924	-
Unrealized gain /(loss) for fair value adjustment	2,110,463	995,939
Closing balance	35,414,179	22,709,792

Particular	No. of Share	Rate	Cost Value	Market rate per share as on 30 June 2017	Market value as on 30 June 2017
Al Arafah Bank Ltd	250,000	20.33	5,082,500	18.70	4,675,000
Dhaka Bank Ltd	262,500	20.28	5,323,500	18.70	4,908,750
Eastern Bank Ltd	63,000	25.50	1,606,500	35.00	2,205,000
AB Bank Ltd	180,000	24.22	4,359,825	18.90	3,402,000
Mercantile Bank Ltd	100,000	16.73	1,673,000	18.70	1,870,000
Export Import Bank Ltd.	386,000	13.71	5,292,060	12.20	4,709,200
Mutual Trust Bank Ltd	40,000	18.75	749,800	24.60	984,000
One Bank Ltd	209,000	15.88	3,318,920	21.00	4,389,000
Standard Bank Ltd	157,500	12.61	1,986,075	11.50	1,811,250
Trust Bank Ltd	35,800	17.97	643,326	26.40	945,120
Uttara Bank Ltd	225,000	27.33	6,149,250	24.50	5,512,500
			2,359		2,359
Balance in BO Account			36,187,115		35,414,179

		Amounts in Taka	
		30 June 2017	30 June 2016
06 Capital work-in-progress			
Mellange/ Synthetic Project (Construction only Synthetic)	6.01	3,173,404	151,114,579
Godown - 3	6.02	7,081,096	368,680
Godown - 4	6.03	6,658,595	3,740,248
Godown - 5	6.04	-	4,736,835
04 Storied Store Building	6.05	-	2,153,521
Bagan Bari Staff Quater	6.06	-	5,800,910
Machineries & Equipment (Melange)	6.07	-	166,786,908
Machineries (Phase -2)	6.08	-	810,887,909
Machineries in Transit	6.09	53,109,867	4,161,316
		70,022,962	1,149,750,905
6.01 Mellange/ Synthetic Project (Construction only Synthetic)			
Opening Balance		151,114,579	164,757,113
Add: Addition during the year		124,439,777	146,700,294
Less: Transfer to Fixed Assets		(272,380,952)	(160,342,829)
Closing Balance		3,173,404	151,114,579
6.02 Godown - 3			
Opening Balance		368,680	-
Add: Addition during the year		6,712,416	368,680
Less: Transfer to Fixed Assets		-	-
Closing Balance		7,081,096	368,680
6.03 Godown - 4			
Opening Balance		3,740,248	-
Add: Addition during the year		2,918,347	3,740,248
Less: Transfer to Fixed Assets		-	-
Closing Balance		6,658,595	3,740,248
6.04 Godown -5			
Opening Balance		4,736,835	-
Add: Addition during the year		3,905,626	4,736,835
Less: Transfer to Fixed Assets		(8,642,461)	-
Closing Balance		-	4,736,835
6.05 04 Storied Store Building			
Opening Balance		2,153,521	-
Add: Addition during the year		19,805,032	2,153,521
Less: Transfer to Fixed Assets		(21,958,553)	-
Closing Balance		-	2,153,521
6.06 Bagan Bari Staff Quater			
Opening Balance		5,800,910	-
Add: Addition during the year		1,462,578	5,800,910
Less: Transfer to Fixed Assets		(7,263,488)	-
Closing Balance		-	5,800,910
6.07 Machineries & Equipment (Melange unit)			
Opening Balance		166,786,908	590,898,720
Add: Addition during the year		-	587,869,268
		166,786,908	1,178,767,988
Less: Transfer to Fixed Assets		(166,786,908)	(1,011,981,080)
Closing Balance		-	166,786,908

		Amounts in Taka	
		30 June 2017	30 June 2016
Details Shown below :			
<u>L/C No.</u>	<u>Machine Name</u>		
DPCDAK 414578	Carding Machine	-	41,908,304
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
6.08 Machineries (Synthetic unit)			
Opening Balance		810,887,909	-
Add: Addition during the year		180,879,344	810,887,909
		991,767,252	810,887,909
Less: Transfer to Fixed Assets		(991,767,252)	-
Closing Balance		-	810,887,909
Details Shown below :			
<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 Spindle	-	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
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

6.09 Machineries in Transit

Machineries in Transit have been shown under 'Capital Work-in-Progress' this year whereas previously, they were presented under 'Advance, Deposits and Prepayments'.

		Amounts in Taka	
		30 June 2017	30 June 2016
07	Cash and bank balances		
	Cash in hand	2,127,191	2,367,377
	Bank balances:		
	Current Account:		
	Islami Bank Bangladesh Ltd	3,418,332	1,736,638
	Dhaka Bank Ltd	-	317,351
	STD account	-	-
	Exim Bank Ltd	8,877,658	36,675,180
	Mercantile Bank Ltd	50,073	51,603
	Dhaka Bank Ltd	-	5,311
	HSBC Bank Ltd	18,223,469	47,254,056
	City Bank Ltd	2,908,002	1,378,187
	Prime Bank Ltd	551,818	553,467
	Standard Chartered Bank	892,871	310,870
	BRAC Bank Ltd.	10,450,873	6,849,040
	Foreign currency account		
	Islami Bank Bangladesh Ltd	7,998	7,787
	Mercantile Bank Ltd	67,226	65,459
	HSBC Bank Ltd	180,472,772	83,468,391
	City Bank Ltd	18,348,194	40,591,207
	Prime Bank Ltd	129,818	126,243
	BRAC Bank Ltd.	87,801,062	371,904
	Marginal Accounts:		
	Islami Bank Bangladesh Ltd :		
	Marginal deposit Account (Special)	52,531	52,531
	Marginal deposit Account (Normal)	347,700	352,850
	Marginal deposit Under Reserve	144,465	144,465
	Fixed Deposit	7.01	11,515,800
		346,387,853	906,210,836

7.01 Fixed Deposit

Opening Date	M/DATE	FDR NO.	NAME OF BANK	RATE OF INTEREST	AMOUNT
12-Nov-14	10-Sep-17	992761	IBBL (Motijheel Branch)	5.40%	10,000,000
23-Mar-17	23-Sep-17	03560100155597	Exim Bank (Kawran Bazar Branch)	5.75%	1,515,800
					11,515,800

08 Accounts receivables

A. Receivable other than related party:

Lithium Knit Fabrics Ltd	7,004,863	6,908,666
Apex Textile Mills Ltd	9,968,438	-
S.B Knitting Ltd.	13,732,034	-
Aboni Textile Ltd	12,795,066	-
Satil Knitwear (Pvt.) Ltd	9,921,615	-
SQ Group	368,460	3,439,841
Century Design & Fashion Ltd	4,106,398	-
HDF Apparels Ltd	5,764,755	-
Iris Fabrics Ltd	6,481,875	-
Donglian Fashion (BD) Ltd.	-	1,937,973
Greenlife Knittex Ltd	5,106,776	-
B.Brothers Garments Co. Ltd	5,946,224	-
Dird Composite Textiles Ltd	17,476,821	-
Blue Planet Knitwear Ltd	4,882,689	-
Masco Cottons Ltd	-	1,129,078

		Amounts in Taka	
		30 June 2017	30 June 2016
Shanta Expressions Ltd	-	8,942,152	
Tasniah Fabrics Ltd	481,802	3,982,977	
Purbani Fabrics Ltd	-	4,321,017	
The Immaculate Textiles Ltd	-	-	
Fariha Knitex Ltd	8,028,588	-	
Fakir Apparels Ltd	23,116,602	11,924,177	
Viyellatex Ltd	-	14,558,280	
Utah Knitting & Design Ltd.	2,122,250	12,666,323	
Jointex Knit Wears Ltd.	60,479,744	42,254,088	
Others	29,200,328	8,321,315	
Sub total	226,985,326	120,385,887	
B. Receivable from related party:			
Flamingo Fashions Ltd	294,240,586	58,908	
Jinnat Fashions Ltd	37,568,191	13,904,013	
Mawna Fashions Ltd	17,434,044	9,311,350	
Jinnat Apparels Ltd	4,800,211	6,710,483	
Jinnat Knitwears Ltd	89,659,831	12,178,863	
Hamza Textiles Ltd.	70,227,425	9,212,956	
Sub total	513,930,288	51,376,573	
C. Bank interest receivable on FDR	2,170,637	30,459,324	
D. Claim Receivable	6,058,599	1,413,624	
E. Rent receivable	-	9,375,000	
Grand Total (A+B+C+D)	749,144,849	213,010,407	

Age analysis of Debtors:

	1-3 Months	3 months-6 Months	6 Months	Total	Total
Sale of yarn	637,549,935	96,457,012	6,908,666	740,915,613	171,762,460
Interest receivable on FDR (Vii)	2,170,637	-	-	2,170,637	30,459,324
Claim Receivable	6,058,599			6,058,599	10,788,624
	645,779,171	96,457,012	6,908,666	749,144,849	213,010,407

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 2017

iii) Accounts receivable considered doubtful or bad:

Tk 7,004,863 receivable from Lithium Knit Fabrics Ltd has been considered doubtful for which full provision has been incorporated in financial statements (see item vi below).

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 2017

v) Accounts receivable from Related Parties:

There has been an amount of Tk 513,930,288 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.

		Amounts in Taka	
		30 June 2017	30 June 2016
09 Inventories	Note		
Raw cotton	9.01	717,336,658	413,094,976
Finished yarn	9.02	189,909,966	29,080,586
Packing materials	9.03	2,307,074	1,313,855
Work-in-process	9.04	47,093,660	22,686,724
Spare parts	9.05	64,346,504	30,841,563
Diesel & Lube Oil		4,113,585	2,559,822
Stock of Bandhan		10,309,191	4,462,548
		1,035,416,638	504,040,074

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	562,859,604	370,452,930
Organic Cotton	-	-
Synthetic Fiber	146,526,134	35,767,666
Usable Waste Cotton	7,950,920	6,874,380
Total	717,336,658	413,094,976

Quantity (KG)

Conventional Cotton	3,400,547	2,751,367
Organic Cotton	-	-
Synthetic Fiber	863,550	215,000
Usable Waste Cotton	198,773	229,146
Total	4,462,870	3,195,513

Cost Per Kg (TK.)

Conventional Cotton	165.52	134.64
Organic Cotton	-	-
Synthetic Fiber	169.68	166.36
Usable Waste Cotton	40.00	30

09.02 Finished yarn

Finished goods Inventory is accounted as follows:

Value (TK.)

Carded	40,545,359	9,709,382
Combed	39,545,411	9,519,747
Slub	8,022,019	2,888,566
Synthetic	48,356,140	4,558,528
Melange	10,323,306	2,404,364
Vortex	1,624,333	
Open End	41,493,397	
Total	189,909,966	29,080,586

Quantity (KG)

Carded	162,733	44,441
Combed	134,679	37,583
Slub	27,264	11,501
Synthetic	216,723	18,314
Melange	36,561	8,830
Vortex	6,248	
Open End	184,902	
Total	769,108	120,668

	Amounts in Taka	
	30 June 2017	30 June 2016
Cost Per Kg (TK.)		
Carded	249.15	218.48
Combed	293.63	253.30
Slub	294.24	251.17
Synthetic	223.12	248.91
Melange	282.36	272.29
Vortex	259.99	-
Open End	224.41	-

09.03 Packing materials Value (TK.)

Opening balance	1,313,855	720,102
Purchase during the period	21,612,577	14,386,500
Packing materials available for consumption	22,926,432	15,106,602
Consumption during the period	20,619,358	13,792,747
Closing balance	2,307,074	1,313,855

09.04 Work-in-process

Work-in-process Inventory is accounted as follows:

Particular	Quantity (KG)		Amounts in Taka	
	At June 30,2017	At June 30,2016	At June 30,2017	At June 30,2016
Blow Room	61,043	50,056	11,155,553	4,485,884
Carding	6,300	3,095	1,060,662	387,986
B. Drawing	5,375	2,775	1,032,560	389,697
Combing	959	2,155	208,726	305,903
F. Drawing	9,522	4,958	2,024,463	715,618
Simplex	40,482	37,704	8,344,853	5,525,226
Ring Frame	61,360	51,139	13,686,170	8,204,564
Winding	4,140	4,943	1,076,060	919,090
Packing	28,950	9,452	7,368,240	1,752,757
Rotor	6,438	-	822,455	-
Vortex	1,823	-	313,919	-
Total	226,392	166,277	47,093,660	22,686,724

09.05 Spare parts

Opening Balance	30,841,563	23,895,991
Add: Addition during the period	54,130,292	34,570,922
	84,971,854	58,466,913
Less: Consumption during the period	20,625,350	27,430,710
Closing balance	64,346,504	30,841,563

10 Materials in transit

Raw Cotton	316,558,087	-
Spare Parts	3,382,928	2,300,975
	319,941,015	2,300,975

Previously, Materials in Transit were presented under Advance, Deposits and prepayments. From this year onwards, Materials in transit have been shown as a separate asset head.

		Amounts in Taka	
		30 June 2017	30 June 2016
11 Advance, deposits and prepayments			
Advance	Notes		
Salary & Allowances		2,874,235	1,774,735
Land		-	1,500,000
Construction	11.01	6,100,672	12,327,170
Expenses	11.02	10,289,521	4,556,975
Advance Income Tax	11.03	132,311,036	93,107,008
		151,575,465	113,265,888
Deposits			
Margin & Deposit	11.04	3,396,669	27,540,991
Security deposit for Utilities	11.05	12,932,420	12,174,120
		16,329,089	39,715,111
		167,904,553	152,980,999

Previously, Materials in Transit were presented under Advance, Deposits and prepayments. From this year onwards, Materials in transit have been shown as a separate asset head.

Previously, Machineries in Transit were presented under 'Advance, Deposits and Prepayments'. From this year onwards, Machineries in Transit have been shown under 'Capital Work-in-Progress'.

11.01 Construction			
S.S Enterprise		159,443	-
German- Bangladesh Machine & Steel.		583,280	-
Park Technology Ltd.		2,790,672	2,790,672
Mita Engineering Limited		-	2,098,533
Jawad Trading		383,487	1,748,124
Shahjahan Brothers		-	500,000
Aziz & Company Ltd.		1,314,000	868,000
Linde Bangladesh Limited		-	280,561
Bang Bang Textile Group Ltd.		-	2,081,101
City Steel Builders		-	1,220,306
Royal Machineries Corporation		291,372	316,873
Architects Design Centre		-	225,000
Shaber Enterprise		578,418	-
Quantam Builders & Engineering Ltd		-	198,000
		6,100,672	12,327,170
11.02 Expenses			
Bangla Trac Ltd		-	353,915
Shamsuddin Engineering Works		-	1,521,900
NRG Composite Yarn Dyeing		771,720	-
Bengal International Agencies		350,400	-
Khandakar Rashedul Islam		274,200	-
DBL C&F		2,050,086	-
Deputy Commissioner of Taxes		4,425,844	-
Overseas Packers & Shippers Ltd.		-	100,000
Shakil Enterprise		-	400,000
S.R. Engineering (BD)		300,000	-
MJL Bangladesh Ltd		1,851,526	944,426
Local Purchase		111,933	166,816
Shinpower		-	43,374
Others		153,812	1,026,544
		10,289,521	4,556,975

			Amounts in Taka	
			30 June 2017	30 June 2016
11.03 Advance income Tax				
Income Tax on Export	11.03.01		62,840,155	45,212,741
Tax on Interest Received (Bank)	11.03.02		49,788,219	44,711,604
Advance income tax paid for tribunal	11.03.03		19,682,663	3,182,663
			132,311,036	93,107,008
11.03.01 Income Tax on Export				
Opening Balance			45,212,741	33,252,490
Add: Addition during the year (Section - 53 BBBB of Income Tax Ordinance 1984)			17,627,414	11,960,251
Less: Adjustment against provision for previous years AIT			-	-
Closing Balance			62,840,155	45,212,741
11.03.02 Tax on Interest Received (Bank)				
Opening Balance			44,711,604	25,977,170
Add: Addition during the year (Section - 53 F of Income Tax Ordinance 1984)			5,076,614	18,734,435
Less: Adjustment against provision for previous years AIT			-	-
Closing Balance			49,788,219	44,711,604
Advance tax represents advance income tax deducted at source @ 0.70 % from 1.07.2016 till now as per SRO - 257 dated 10.08.2016 on export proceeds and 10 % on interest received from bank under section 53 F dt. 01.07.2012.				
11.03.03 Advance income tax paid for tribunal				
Income tax paid for tribunal for the year 2011 -2012			1,682,663	2,300,000
Income tax paid for tribunal for the year 2012 -2013			1,500,000	1,500,000
Income tax paid for the year 2016 -2017			16,500,000	-
Less: Final settlement for the year 2011 -2012			-	(617,337)
			19,682,663	3,182,663
11.04 Margin & Deposit				
Margin against Cotton			359,926	23,498,729
Margin Against Bank Guarantee			3,036,743	2,151,743
Margin against Machinery & Equipment (Phase -2)	11.04.01		-	1,890,519
			3,396,669	27,540,991
11.04.01 Margin against Machineries & Equipment (Phase -2)				
<u>L/C No.</u>				
DPCDAK520290			-	1,843,187
DPCDAK673786			-	47,332
			-	1,890,519
11.05 Security deposit for Utilities				
Margin Against Bank Guarantee (Titas Gas)			12,338,580	11,580,280
Central Depository Bangladesh Ltd (CDBL)			500,000	500,000
Security Deposit for Electricity			93,840	93,840
			12,932,420	12,174,120

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

	Up to 90 days	91 - 180 days
Salary & Allowances	-	2,874,235
Construction	-	6,100,672
Expenses	-	10,289,521

a) All the advances & deposit amounts are considered good and recoverable

b) Advances due from Employees are regularly being realized by means of deduction from their monthly salaries

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

12 Share capital

Authorised

150,000,000 ordinary shares of Taka 10 each

Issued and paid-up

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

Amounts in Taka	
30 June 2017	30 June 2016
1,500,000,000	1,500,000,000
974,900,000	974,900,000

Particulars of Investors	Number of Investors	Number of shares	Percentage of Share Holding (%)
Sponsors/ Directors	8	31,917,000	33
Foreign Investors	122	164,985	0
Local Institutions	118	50,481,768	52
General Public	7,040	14,926,247	15
Total	7,288	97,490,000	100

Distribution schedule of each class of equity setting out the number of holders and percentage as on June 30, 2017:

Range of Holdings	Number of Shareholders	Number of shares	Percentage of Share Holding (%)
Less than 500 shares	5,930	1,162,211	1
500 to 5,000 shares	977	1,887,545	2
5,001 to 10,000 shares	175	1,320,649	1
10,001 to 20,000 shares	80	1,116,415	1
20,001 to 30,000 shares	35	887,972	1
30,001 to 40,000 shares	16	558,859	1
40,001 to 50,000 shares	10	459,306	0
50,001 to 100,000 shares	24	1,811,033	2
100,001 to 1,000,000 shares	25	8,848,979	9
Over 1,000,000 shares	16	79,437,031	81
Total	7,288	97,490,000	100

13 Share Premium

No. of Shares

34,100,000

Premium Amount

Tk 27

920,700,000	920,700,000
-------------	-------------

14 Retained earnings

Opening balance

Add: Profit made during the year

Less: Dividend Paid

Foreign currency translation gain/(Loss)

1,174,930,278	1,139,903,200
261,333,229	294,475,299
(224,227,000)	(263,223,000)
-	3,774,779
1,212,036,507	1,174,930,278

15 Revaluation reserves:

This balance consists of as follows:

Balance at the beginning of the year

Add/(Less): Deferred tax on revaluation reserve

Note : 32.01 (ii)

Balance as on 30 June 2017

989,296,816	988,306,512
(3,580,866)	990,304
985,715,950	989,296,816

Revaluation reserve has been created on land and Building as per revaluation carried by Khan Wahab Shafique Rahman & Co, Charetered 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, 2017, no revaluation has been made as on date.

16 Long Term bank loan

Offshore Loan - HSBC

Amounts in Taka	
30 June 2017	30 June 2016
543,516,885	691,271,084
543,516,885	691,271,084

Bank	Loan Account	Particulars
HSBC	Offshore Loan	Nature: One off Term Loan Limit: Tk.125.97 million Purpose: Import of Machinery & Equipment (Take over from IBBL) Tenure: 4 Years Repayment Clause: 16 equal quarterly installments. Interest Rate: 4.5% Plus LIBOR Security Agreement: For security arrangement kindly refer to note No. 21.

17 Deferred Tax Liability

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

A. Deferred tax liability on historical cost:

Accounting Base*	3,363,316,460	2,118,800,567
Tax base	2,499,920,950	1,567,795,157
Taxable Temporary difference	863,395,510	551,005,410
Applicable tax rate	15%	15%

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

Deferred tax liability on historical cost

129,509,326 **82,650,812**

B. Deferred tax liability against revaluation reserve:

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

Carrying amount other than land	116,534,214	122,792,910
Tax base	-	-
	116,534,214	122,792,910
Applicable tax rate	15%	15%

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

17,480,132 **18,418,936**

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

Carrying amount other than building & others.	1,016,047,662	865,391,996
Tax base	-	-
	1,016,047,662	865,391,996
Applicable tax rate (3% As per section 53 H dated 01.07.2014)	3%	3%

30,481,430 **25,961,760**

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

47,961,562 **44,380,696**

Total Deferred tax liability (A + B)

177,470,888 **127,031,508**

* This amount includes the adjustment for permanent difference related to motor vehicles, not plying for hire, owned by company except for bus or minibus purchased for the transport of employees of the 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)

Expenses- (18.2)

Other finance- (18.3)

63,249,204	45,503,743
52,201,765	37,124,112
5,046,767	14,500,310
120,497,736	97,128,165.06

Amounts in Taka	
30 June 2017	30 June 2016

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
Abul Khair Steel Limited	-	2,820,000
Ami Technology	-	368,217
Bengal Plywood Mills Ltd.	-	248,855
Berger Paints Bangladesh Ltd.	107,492	673,179
F.K. Corporation	-	119,505
Bengal Plastic Pipes Ltd.	-	128,943
FnG Engineering & Co.	-	1,655,500
Bilal Trading PTE Ltd.	905,819	-
Mita Engineering Limited	1,948,224	-
Ebrahim & Sons	348,988	1,034,078
Chandpur Hardware Store	151,318	268,012
Dexterous Engineering	-	175,000
Shinpower	1,753,306	-
Priotoma Bangla	-	460,964
Express Insurance Limited	-	451,847
Green Power Electric	203,726	248,825
Patwary Trade & Co.	169,716	-
DBL Distribution Ltd	15,473,817	-
Lafarge Surma Cement Ltd.	291,840	1,364,794
Lucky Steel Corporation	-	182,840
H.M Transport Agency	279,300	-
Kapita Auto Bricks Limited	157,500	409,500
Magnum Steel Industries Limited	-	3,283,000
Ion Exchange Environment Management(BD) Ltd.	-	400,000
Bengal Roots Textile Ltd.	128,993	-
Zaman Builders	114,146	-
Mukul Enterprise	-	969,406
Rahimafrouz Distribution Limited	-	106,975
Rahat Enterprise	122,194	-
F T Mill Store	205,357	-
N. Anika Lighting	-	124,709
Nippon Paint (Bangladesh) Private Limited	459,750	-
Payable for C & F Charge	18,333,232	15,564,086
Payable for Transport Charge	14,610,159	4,291,242
Quantam Builders & Engineering Ltd	14,963	-
RFL Plastics Ltd.	-	183,831
Rifa Paper Products	1,058,252	319,800
Richi Enterprise	-	270,250
Mother Traders	-	137,310
S.R. Engineering (BD)	-	92,900
Rahman Enterprise	134,505	424,942
Aqua Care Trading	484,623	-
L.R Trading	1,125,395	143,405

		Amounts in Taka	
		30 June 2017	30 June 2016
	Encon	110,000	-
	Bengal Polymer Wares Ltd	1,200,000	-
	Siemens Bangladesh Ltd.	520,000	6,879,507
	Tanveer Oils Ltd.	167,040	-
	Tritech Engineering Ltd.	481,750	-
	Tyre & Battery Bazar	-	237,238
	Rafin Paper Tube	207,558	-
	Others	1,980,241	1,409,984
	Total	63,249,204	45,503,743
18.2	Payable for expenses		
	Salary & allowances	6,531,060	-
	Audit fees	575,000	287,500
	Gas bill	6,237,061	5,887,783
	Electricity bill	27,969,023	20,370,408
	Welfare Fund	572,836	572,836
	Rent payable	20,000	20,000
	Provident Fund	131,388	318,677
	Dividend payable	3,256,731	2,758,242
	Provision for bad debts	6,908,666	6,908,666
		52,201,765	37,124,112
18.3	Payable for other finance		
	Tax deducted at source (Salary)	617,475	1,920,189
	Tax deducted at source (on Suppliers bill)	3,679,042	11,584,065
	VAT Deducted at source (on Suppliers bill)	750,250	944,453
	Unidentified transaction	-	51,603
		5,046,767	14,500,310
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 yet to be refunded to the unsuccessful applicants based on their proper documentation and guideline as per BSEC rules.			
20	Short term bank loan		
	Export Development Fund (EDF)	626,902,136	650,984,980
	UPAS Loan (Raw Cotton)	1,145,204,537	-
	UPAS Loan (Machineries)	3,204,252	85,220,579
	Liabilities Against Export Bill	-	135,610,204
		1,775,310,925	871,815,763

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 1,550 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
	UPAS	Lender: HSBC
		Nature: UAPS
		Limit: Tk 1,550 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

Bank	Loan Account	Particulars
HSBC	UPAS	Lender: HSBC
		Nature:UAPS
		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
	UPAS	Lender: HSBC
		Nature: UPAS
		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 7 million
		Purpose: To discount maximum 90% of export bills against local bank acceptance (acceptable to HSBC) with recourse to the borrower(s)
		Tenure: 120 days
		Rate of interest: @ 4.20% - 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 2,969,000,000 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) 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.		

		Amounts in Taka	
		30 June 2017	30 June 2016
BRAC BANK	Export Development Fund (EDF)	Lender: BRAC BANK	
		Nature: EDF	
		Limit: Tk 400 million	
		Purpose: Import of Raw Cotton	
		Tenure: 180 days & extendable up to 270 days subject to prior approval from Bangladesh Bank.	
		Rate of interest: @ 2.5% plus LIBOR	
	Security Arrangement:		
	1) 1st ranking charge over present and future floating assets of the company on pari-passu security sharing basis covering full facility amount with HSBC,SCB, City Bank Ltd. 2) Corporate Guarantee of Jinnat Knitwears Ltd. in conformity with their Memorandum of Association supported by their Board Resolution to be provided for the total credit facilities (both present & future) to be availed by Matin Spinning Mills Ltd. 3) Insurance coverage over the company's stocks & receivables against the risk of Fire & RSD 4) Other basis documents which includes but not limited to Demand Promissory Note, Letter of Continuity, Letter of Arrangement, Letter of Disbursement, Letter of Counter Guarantee, Letter of Undertaking, Letter of Authority, Letter of Trust Receipts, Letter of Revival, Letter of Lien & set off over deposit account. General Loan Agreement. etc. supported by necessary Board Resolution.		

21 Current portion of long term loan

Offshore Loan - HSBC

231,867,632	120,302,481
231,867,632	120,302,481

22 Provisions

Provision for Income Tax (22.01)

Provision for workers' profit participation and welfare funds (22.02)

114,675,175	101,967,621
15,453,112	18,129,048
130,128,287	120,096,669

22.01 Provision for Income Tax

Opening Balance

Less: Income tax paid for the year

101,967,621	106,854,575
-	(48,648,000)
101,967,621	58,206,575

Add: Provision for taxation 2016 - 2017 (Note - 29)

Excess/(Short) provision for taxations after final assessment order as below:

Less: Final settlement for the year 2011 - 2012

12,707,554	44,378,383
-	-
	(617,337)
114,675,175	101,967,621

22.02 Provision for workers' profit participation and welfare funds

Opening Balance

Add: Addition during the year

Less: Paid during the year

Closing Balance

18,129,048	25,517,766
16,044,965	18,720,901
(18,720,901)	(26,109,619)
15,453,112	18,129,048

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.

23 Revenue

Carded Yarn

Combed Yarn

Slub Yarn

Synthetic Yarn

Melange Yarn

Vortex

Open End

Amounts in Taka	
2016-2017	2015-2016
984,426,134	439,351,026
648,085,539	599,665,686
351,442,741	366,133,868
510,374,920	486,219,871
351,683,587	113,814,536
69,594,606	-
85,588,032	-
3,001,195,559	2,005,184,987

	Amounts in Taka	
	2016-2017	2015-2016
Export (Kg)	Export (Kg)	Export (Kg)
Carded Yarn	4,048,220	1,912,482
Combed Yarn	2,243,918	2,245,887
Slub Yarn	1,147,083	1,291,719
Synthetic Yarn	1,983,186	1,909,844
Melange Yarn	1,235,751	387,414
Vortex	256,898	-
Open End	554,771	-
	11,469,826	7,747,346

Turnover in Quantity (Kg)

2016-2017

Product Type	Opening Stock (a)	Production (b)	Closing Stock (c)	Sales during the year (a+b-c)
Carded Yarn	44,441	4,166,512	162,733	4,048,220
Combed Yarn	37,583	2,341,014	134,679	2,243,918
Slub Yarn	11,501	1,162,846	27,264	1,147,083
Synthetic Yarn	18,314	2,181,595	216,723	1,983,186
Melange Yarn	8,830	1,263,481	36,561	1,235,751
Vortex	-	263,145	6,248	256,898
Open End	-	739,674	184,902	554,771
Total	120,668	12,118,266	769,108	11,469,826

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
Melange Yarn	-	396,244	8,830	387,414
Total	136,129	7,731,885	120,668	7,747,346

24 Cost of goods sold

Raw Material consumption (Note-24.1)	1,915,204,897	1,142,200,784
Packing materials consumption (Note-24.2)	20,619,357	13,792,747
Manufacturing overhead (Note-24.3)	803,261,199	471,259,887
Cost of goods manufacturing	2,739,085,453	1,627,253,418
Opening work-in-process	22,686,724	26,628,869
Closing work-in-process	(47,093,660)	(22,686,724)
Cost of production	2,714,678,518	1,631,195,563
Opening stock of finished yarn	29,080,586	28,422,438
Closing stock of finished yarn	(189,909,966)	(29,080,586)
	2,553,849,138	1,630,537,415

		Amounts in Taka	
		2016-2017	2015-2016
24.1 Raw Material consumption			
Quantity (KG)			
Opening Stock		2,966,355	1,632,185
Purchase during the year		15,276,143	10,187,261
Raw Material available for consumption		18,242,497	11,819,446
Closing Stock		4,264,097	2,966,355
Raw Material Consumed		13,978,401	8,853,091
Value (Taka)			
Opening balance		413,094,976	209,530,378
Purchase during the year		2,219,446,579	1,345,765,382
Raw Material available for consumption		2,632,541,555	1,555,295,760
Closing balance		(717,336,658)	(413,094,976)
		1,915,204,897	1,142,200,784
24.2 Packing materials consumption			
Opening balance		1,313,855	720,102
Purchase during the year		21,612,577	14,386,500
Packing materials available for consumption		22,926,432	15,106,602
Closing balance		(2,307,074)	(1,313,855)
		20,619,357	13,792,747
24.3 Manufacturing overhead			
Salary and allowances		134,632,238	103,343,977
Repair and maintenance		22,152,077	25,257,558
Fiber Dyeing		77,835	561,500
BTMA certificate charges		184,500	319,075
Store and spare parts		20,625,350	27,625,350
Travelling & Conveyance		446,122	567,066
Crockeries and Canteen Expenses		605,224	491,663
Fire Fighting Expenses-factory		319,341	642,865
Factory stationeries		668,609	758,461
Fuel and lubricants- Fork Lift		517,179	784,385
Fuel and lubricants- Generator		19,432,266	28,928,763
Fuel and lubricants- Vehicles		209,200	461,818
Electricity bill		275,260,148	100,219,555
Gas bill		68,653,508	62,251,400
Inspection charges		107,092	59,517
Insurance premium		6,143,984	4,182,877
Testing fee		50,815	4,000
Workshop expenses		889,425	2,011,891
Depreciation		252,286,286	112,788,166
		803,261,199	471,259,887
25 Other income			
Interest on inter company receivable		-	10,501,798
Foreign currency exchange gain/(loss) (See Note 25.01)		36,715,541	7,599,676
Gain /(Loss) on Investment in marketable securities		12,704,387	995,939
Gain /(Loss) on Disposal of Assets		689,435	-
Gain /(Loss) on Investment		12,372,500	-
Sub Contract Income		2,738,802	-
Bank interest received		14,661,667	129,576,380
Sales of wastage		53,140,389	36,124,559
Cash Dividend (received on marketable securities)		2,037,600	1,141,615
Miscellaneous Income		75,781	-
Rental Income		820,380	10,195,380
		135,956,483	196,135,347

Amounts in Taka	
2016-2017	2015-2016

25.01 Restatement of Foreign currency exchange gain/(loss)

In previous years, unrealized exchange gain/loss was erroneously presented in Statement of Other Comprehensive Income. However, from this year, presentation has been corrected and accordingly, such unrealized exchange loss of Tk. 11,786,829 has been disclosed in this year's Statement of Profit or Loss as 'Other Income. Due to the corresponding figure in prior year of Tk 3,774,779 being immaterial, comparative figure has not been restated.

26 Administrative expenses

Salary and allowances	99,925,157	81,741,202
Audit fees	575,000	287,500
AGM expenses	2,452,848	2,490,105
Board Meeting expenses	816,500	989,000
Business development expenses	9,113,735	1,171,899
Bank charges and commission	6,423,590	4,754,630
Ceremonial expense	40,355	117,900
Certificate and membership fees	2,026,126	1,671,916
Computer repair maintenance	127,450	542,268
Credit rating expenses	172,500	172,500
CSR Expenses	4,440	92,045
Garden Expenses	65,780	45,870
Advertisement	887,278	1,070,859
Contribution to Provident Fund	1,378,175	1,159,836
Managing Directors Remuneration (Note -37)	8,400,000	8,400,000
Donation	10,200,000	12,200,000
Entertainment	4,431,237	2,980,340
Corporate advisory fees	-	876,350
Internet charges	159,450	161,975
Legal expenses	36,200	566,943
Medicine and medical expenses	47,973	41,321
News paper and periodicals	8,650	7,530
Office maintenance	23,000	176,312
Photocopy and type expenses	204,510	107,354
Office Stationery	1,182,638	899,794
Rates and taxes	794,746	1,209,066
Office Rent	240,000	256,200
Registration and renewal	1,735,355	1,469,314
Religious expenses	77,000	451,500
Staff welfare	83,640	83,260
Telephone bill	-	5,500
Travelling expenses	966,320	33,000
Uniform and liveries	224,412	304,618
Miscellaneous expenses	2,357,182	2,105,205
Power and fuel - vehicles	2,506,138	2,327,479
Depreciation	28,031,810	12,532,018
	185,719,194	143,502,608

		Amounts in Taka	
		2016-2017	2015-2016
27	Distribution expenses		
	Sales Promotion	1,247,841	
	Sales commission	112,185	56,688
	Carriage outward	2,710,110	1,144,639
		4,070,136	1,201,327
28	Finance cost		
	Bank Interest on Offshore loan	15,439,491	9,620,452
	Bank interest on Export Development Fund	33,128,729	21,076,002
	Bank Interest on OD loan	632,055	875,817
	Bank Interest on loan against export bills	7,369,037	1,367,797
		56,569,312	32,940,067
29	Contribution to workers' profit participation & welfare funds :		
	Allocation for workers' profit participation & welfare funds amounted to Tk.16,044,965 (2016: Tk.18,720,901).This represents 5% of net income before charging income tax as per provision of the Labour Law - 2006 and it shall be allocated between WPFF and Welfare Funds as defined in the said act.		
30	Current Tax		
	a. Tax calculation for current year		
	Profit before tax (01.07.2016 to 30.06.2017)	320,899,298	374,418,016
	Less: Other income considered separately	135,956,483	196,135,347
		184,942,815	178,282,669
	Add: Accounting Depreciation	280,318,095	125,320,184
	Add: Inadmissible expenses	-	28,580,240
	Less: Tax Depreciation	(584,636,287)	(353,560,812)
	Taxable Income	(119,375,377)	(21,377,719)
	Tax Rate		
	Current Tax expenses on Taxable Income	15% (17,906,306)	(3,206,658)
	Tax on Interest on inter company receivable	25% -	2,625,450
	Foreign currency exchange gain/(loss)	25% 9,178,885	800,644
	Gain / Loss on Investment in marketable securities	10% 1,270,439	99,594
	Gain /(Loss) on Disposal of Assets	15% 103,415	-
	Gain /(Loss) on Investment	15% 1,855,875	-
	Sub Contract Income	25% 684,701	-
	Tax on bank Interest	25% 3,665,417	32,394,095
	Tax on wastage sale	25% 13,285,097	9,031,140
	Tax on Cash Dividend (Share Investment)	20% 407,520	228,323
	Misc. Income	25% 18,945	-
	Rental Income	25% 143,567	1,784,192
	Income Tax expenses	12,707,554	43,756,779
	b. Excess/(Short) provision for taxations after final assessment order as below:		
	2011-2012	-	621,604
	Total	-	621,604
	Total Current tax (a+b)	12,707,554	44,378,383

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.

Amounts in Taka		
2016-2017	2015-2016	
31 Deferred tax expenses for income statement		
Fixed assets:		
Accounting Base *	3,363,316,460	2,118,800,567
Tax base	(2,499,920,950)	(1,567,795,157)
Taxable temporary difference	863,395,510	551,005,410
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 2017	129,509,326	82,650,812
Deferred tax liabilities 30 June 2016	(82,650,812)	(47,086,478)
	46,858,515	35,564,334
31.01 Deferred tax for statement of Other Comprehensive Income		
(i) Deferred tax liability against revaluation reserve other than land		
Carrying amount other than land	116,534,214	122,792,910
Tax base	-	-
	116,534,214	122,792,910
Applicable tax rate	15%	15%
(Tax rate 15% on Textile sector as per SRO - 193 dated 30 June 2015.)		
	17,480,132	18,418,936
(ii) Deferred tax liability on capital gain from the revaluation of land		
Carrying amount other than building & others.	1,016,047,662	865,391,996
Tax base	-	-
	1,016,047,662	865,391,996
Applicable tax rate (3% As per section 53 H dated 01.07.2014)	3%	3%
	30,481,430	25,961,760
Deferred tax liability against revaluation reserve (i + ii)	47,961,562	44,380,696
Deferred tax liabilities 30 June 2016	(44,380,696)	(45,371,000)
Deferred tax for statement of comprehensive income	3,580,866	(990,304)

* This amount includes adjustment for 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.

32 Earnings Per Share (EPS)		
Net profit attributable to ordinary share holders	261,333,229	294,475,299
Number of ordinary shares outstanding during the year	97,490,000	97,490,000
Basic Earnings per Share	2.68	3.02

32.01 Calculation of number of ordinary shares (2016-2017)

Date	No. of Shares	No. of days shares were held during the year	Fraction of period	Weighted average number of shares
Balance as on 1st July-2010	25,500,000	365	1	25,500,000
12.10.2010				
Shares issued in cash	9,110,000	365	1	9,110,000
25.10.2010				
Bonus shares issued	7,650,000	365	1	7,650,000
15.01.2013				
Bonus shares issued	21,130,000	365	1	21,130,000
27.02.2014				
Shares issued in cash	34,100,000	365	1	34,100,000
Weighted average number of ordinary shares				97,490,000

		Amounts in Taka	
		2016-2017	2015-2016
33 Net Assets Value (Per Share) with revaluation reserve			
Total assets		7,076,727,571	6,092,055,524
Less: Total current liabilities		(2,262,387,340)	(1,213,925,838)
		4,814,340,231	4,878,129,686
Deduct:			
Long Term & deferred liabilities		(720,987,774)	(818,302,592)
		4,093,352,457	4,059,827,094
Number of ordinary shares at balance sheet date		97,490,000	97,490,000
NAV - per share			
On share at balance sheet date		41.99	41.64
34 Net Operating Cash Flow Per Share			
Cash flows from operating activities as per statement of cash flows		(18,720,901)	(26,109,619)
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)		(0.19)	(0.27)

- 35** During the period from 01.07.16 to 30.06.2017 six board meetings were held. The attendance status of all the meetings is as follows:

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

36 Employee position for Matin Spinning Mills Ltd (as at 30 June 2017)

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	333	1647	2,005	244,335,570

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	2016-2017			2015-2016		
	Amount in Taka			Amount in Taka		
	Directors	Managers & Others	Total	Directors	Managers & Others	Total
Basic Salary	5,139,960	54,908,514	60,048,474	5,139,960	44,916,496	50,056,456
House Rent	2,569,980	27,454,257	30,024,237	2,569,980	22,458,248	25,028,228
Conveyance	690,060	7,371,686	8,061,746	690,060	6,030,218	6,720,278
Bonus/ incentives	-	10,190,701	10,190,701	-	8,336,240	8,336,240
Total Salary and allowances	8,400,000	99,925,157	108,325,157	8,400,000	81,741,202	90,141,202

* 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. 297,022,023 as on 30 June 2017 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 2017.

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

Particulars	MSML Unit	Melange Unit	Synthetic Unit	Total	
				2016-2017	2015-2016
Capacity Installed:					
No of Spindles Installed	39,600	17,328	14,736	71,664	57,840
Capacity Utilised:					
No. of Spindles Operated	37,222	16,479	13,710	67,411	51,759
Production Capacity: (In Kg)					
At Equivalent 28' S Count (Ring Yarn)	9,000,000	3,386,000	2,849,552	15,235,552	9,360,000
Actual Production : (In Kg)					
At Equivalent 28' S Count (Ring Yarn)	7,268,435	2,505,264	2,045,773	11,819,472	7,851,331
% of Capacity Utilization:	80.76	73.99	71.79	77.58	83.88

40 Related party disclosure

During the year, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been disclosed in accordance with the provisions of BAS -24:

Name of the related party	Relationship	Nature of transaction	Value of transactions (taka)	Closing balance (BDT)	Status as at June 30,2017	Closing balance (BDT)	Status as at June 30,2016
DBL Ceramics Ltd	Associated Company	Share Money Deposit	-	-	Debtor	-	Debtor
		Share Capital	12,372,500	-	-	-	-
		Investment in Shares	25,000,000	-	Debtor	25,000,000	Debtor
Flamingo Fashions Ltd	Sister Concern	Sale of yarn	783,369,556	294,240,586	Debtor	58,908	Debtor
Jinnat Fashions Ltd	Sister Concern	Sale of yarn	560,098,587	37,568,191	Debtor	13,904,013	Debtor
Jinnat knitwears Ltd	Sister Concern	Sale of yarn	629,528,527	89,659,831	Debtor	12,178,863	Debtor
Jinnat Apparels Ltd	Sister Concern	Sale of yarn	318,939,219	4,800,211	Debtor	6,710,483	Debtor
		Office Rent	(240,000)	20,000	Creditors	20,000	Creditors
Mawna Fashions Ltd.	Sister Concern	Sale of yarn	109,754,040	17,434,044	Debtor	9,311,350	Debtor
Hamza Textiles Ltd	Sister Concern	Sale of yarn	220,566,357	70,227,425	Debtor	9,212,956	Debtor
Parkway Printing & Packaging Ltd.	Sister Concern	Sale of yarn	9,122,366	1,343,408	Debtor	1,343,408	Debtor
		Go-down Rent & Others	6,120,422	513,205	Debtor	513,205	Debtor
Color City Ltd.	Sister Concern	Rent	-	-	Debtor	9,375,000	Debtor
DBL Distribution Ltd	Sister Concern	Fuel & Lubricant		15,473,817	Creditor		

41 Disclosure as per 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 and Consumption values

					Amount in Taka
Particular	Local Purchase	Import	Total Purchase	Consumed	% of Total Consumption
Raw Cotton		2,219,446,579	2,219,446,579	1,915,204,897	97.89%
Stores and Accessories		54,130,292	54,130,292	20,625,350	1.05%
Packing Materials	21,612,577	-	21,612,577	20,619,358	1.05%
Capital Machinery		1,575,699,708	1,575,699,708	-	-
Total	21,612,577	3,849,276,578	3,870,889,155	1,956,449,605	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 end 30 June 2017 is as follows:

Particular	In US\$	In BDT
Export	38,675,201	3,001,195,559

42 Previous year's figures have been rearranged, wherever considered necessary, to conform to current year's presentation. The following rearrangements have been made in the financial statements:

- Materials in transit have been classified as a separate asset head from this year whereas in previous years, they were presented under 'Advance, Deposits and Prepayments'.
- Machineries in Transit have been shown under 'Capital Work-in-Progress' whereas in previous years, they were presented under 'Advance, Deposits and Prepayments'.
- Cash Paid to employees and suppliers have been presented under separate heads in this year's Statement of Cash Flows whereas in previous years, they were shown under one head.
- Previously, Electrical Installation and Deep Tube well were presented as Separate Asset items with Depreciation rates of 15% and 20% respectively. However, from this year, 'Electrical installation' has been incorporated into 'Plant and Machinery' with depreciation charged at the rate of 10% and Deep Tube well has been incorporated into 'Equipment' with depreciation charged at the rate of 15%.

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

44 Figures are rounded off to the nearest Taka.

45 Event after Balance Sheet date


The Board of Directors of Matin Spinning Mills Limited, at its 101st meeting held on November 06, 2017 proposed Tk. 1.5 per share amounting to a total of Tk. 146,235,000 as cash dividend for the year ended 30 June 2017, which represents 15% of the paid up Capital. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting of the Company.


Chairman


Managing Director


Chief Financial Officer


Company Secretary


ACNABIN
Chartered Accountants

Dated, Dhaka
6 November, 2017

Matin Spinning Mills Limited

Annex I

Details of property, plant and equipment for the year ended 30 June 2017

Amounts in Taka

A) Non-Current Asset (Cost Component)

Name of the assets	Cost			Total at 30 June 2017	Rate %	Depreciation			Written down value at 30 June 2017
	At 01 July 2016	Addition during the year	Adjustment/ disposal during the year			At 01 July 2016	Charge for the year	Adjustment during the year	
Land and land development	146,373,666	4,282,000		150,655,666	0%	-	-	-	150,655,666
Factory building	351,352,360	279,644,440		630,996,800	5%	99,961,749	20,737,746	-	120,699,495
Godown	34,611,245	30,601,014		65,212,259	10%	14,183,206	2,571,108	-	16,754,314
Plant and machinery	2,520,190,259	1,195,851,993	1,995,514	3,714,046,738	10%	1,163,150,547	195,918,543	230,122	1,358,838,969
Furniture and fixtures	3,275,571			3,275,571	10%	1,539,309	173,626	-	1,712,935
Sub Station (Machinery)	306,775,665			306,775,665	15%	21,673,134	42,765,380		64,438,514
Gas Generator	128,958,867			128,958,867	15%	103,509,883	3,817,348	-	107,327,231
Office equipment	24,229,701	4,648,902		28,878,603	15%	11,023,701	2,408,675		13,432,376
Vehicles	62,476,275	3,789,810	1,882,948	64,383,137	20%	35,335,448	5,666,975	1,592,261	39,410,162
Total at 30 June 2017	3,578,243,609	15,18,818,159	3,878,462	5,093,183,305		1,450,376,977	274,059,400	1,822,383	1,722,613,995
									3,370,569,310

B) Non-Current Asset (Revaluation Reserve Component)

B/ Non-Current Asset (Revaluation) Reserve Component										
Name of the assets	Revaluation			Depreciation				Written down value at 30 June 2017		
	At 01 July 2016	Addition during the year	Adjustment/ disposal during the year	Total at 30 June 2017	Rate %	At 01 July 2016	Charge for the year		Adjustment during the year	Total at 30 June 2017
Land and land development	865,391,996	-	-	865,391,996	0%	-	-	-	-	865,391,996
Factory building	163,805,258	-	-	163,805,258	5%	43,393,341	6,020,596	-	49,413,937	114,391,321
Godown	4,480,258	-	-	4,480,258	10%	2,099,265	238,099	-	2,337,364	2,142,894
Total at 30 June 2017	1,033,677,512	-	-	1,033,677,512		45,492,606	6,258,695	-	51,751,302	981,926,210
Total (A + B) at 30 June 2017	4,611,921,121	1,518,818,159	3,878,462	6,126,860,817		1,495,869,584	280,318,095	1,822,383	1,774,365,296	4,352,495,521

Allocation of depreciation:	Period ended 30 June 2017
Manufacturing overhead @ 90%	252,286,286
Administrative overhead @ 10%	28,031,810
	280,318,095

- Part A of the above note includes the cost base of all assets owned by the Company. Part B includes the increase in value of assets arising out of revaluation of assets.
- Previously, Electrical Installation and Deep Tube well were presented as Separate Asset items with Depreciation rates of 15% and 20% respectively. However, from this year, Electrical Installation' has been incorporated into 'Plant and Machinery' with depreciation charged at the rate of 10% and Deep Tube well has been incorporated into 'Equipment' with depreciation charged at the rate of 15%.

Matin Spinning Mills Limited

Annex II

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

Amounts in Taka

A) Non Revalued Assets:

Name of the assets	Cost			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	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
Godown	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 tubewell	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

b) Revalued Assets										
Name of the assets	Revaluation			Total at 30 June 2016	Rate %	Depreciation				Written down value at 30 June 2016
	At 01 July 2015	Addition during the year	Adjustment/ disposal during the year			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
Godown	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 2016
Manufacturing overhead @ 90%	112,788,166
Administrative overhead @ 10%	12,532,018
	125,320,184

NOTE

A series of horizontal dotted lines for writing notes.

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 15th Annual General Meeting of the Company to be held on Wednesday the 27 December, 2017 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 15th Annual General Meeting of the Company to be held on Wednesday the 27 December, 2017.

Name of the Member/Proxy

Registered Folio /BO ID

Signature

Date:

Note: Please note that no gift/gift coupon/food box/benefit in cash or kind shall be distributed/paid at the AGM as per BSEC Notification No.SEC/CMRRCD/2009-193/154 dated 24th October, 2013.

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



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