

**Independent Auditor's Report and Financial
Statements**

Of

Matin Spinning Mills PLC

As at and for the year ended 30 June 2022

Independent Auditor's Report To the shareholders of Matin Spinning Mills PLC Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Matin Spinning Mills PLC ("the Company"), which comprise the statement of financial position as at June 30, 2022, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Company as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Companies Act, 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and Bangladesh Securities and Exchange Commission (BSEC) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters

were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our response to the risk
Carrying value (CV) of Property, plant and equipment (PPE) and its impairment	
<p>PPE includes the Company's Non-current assets, which flow economic benefits to the entities for more than one year. PPE is measured at historical cost except for Land and Land Development and Factory Building, which is carried at a revalued amount, being fair values at the date of revaluation. PPE comprises a major portion of the total assets of the Company, which is amounting to Tk. 4,371,812,348 for Matin Spinning Mills PLC at the reporting date.</p> <p>Apparently, the carrying value of PPE represents a significant portion of the Company's assets which is a function of depreciation charges that involved estimation. Therefore, it has been considered as a significant area of the auditor's judgment and requires special attention. There is also a risk that the impairment charges not have been recognized.</p>	<p>We have tested the design and operating effectiveness of key controls over PPE. Our audit procedures included, among others, considering the impairment risk of the assets. The followings are our audit procedures on the carrying value and impairment risk of PPE:</p> <ul style="list-style-type: none"> • Reviewing the basis of recognition, measurement, and valuation of assets; • Observing procedures of assets acquisition, depreciation, and disposal; • Checking ownership of the major assets; • Checking the Capital-Work-In-Progress (CWIP) and its transfer to PPE. • Performing due physical asset verification at the year-end; • We critically challenged the Company's assumptions in relation to recoverable amounts of the major PPE to identify if there is any requirement of recognition of impairment; and • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards. • Our testing did not identify any issues with regard to the carrying value of PPE and any indicators that would trigger impairment.
See notes no. 4, 3.07, & Annex-i to the financial statements	

Key Audit Matter	Our response to the risk
Revenue Recognition	
<p>For the year-end, the Company reported total revenue of Taka 6,002,688,295 in Note 26. Approximately 70% of the Company's goods are sold to its group of companies.</p> <p>Revenue is recognized when invoices for products and services are made and the significant risk and reward of ownership are transferred to the customers, recovery of the consideration is probable, associated costs and the possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.</p> <p>There is also a risk that revenue may be misstated due to fraud, through misstating of price declaration, unrecorded sales, maintaining accrual concept for invoicing, recognition within the cutoff period, inaccurate sales figure, and unauthorized sales.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 Revenue from contracts with customers; • Performed walkthrough tests to understand the adequacy and the design of the revenue cycle; • We also reviewed the monthly reporting from stores and depots and/or distributors and assessed them for consistency and checked the documentation on a sample basis.; • We obtained supporting documentation for sales transactions recorded on either side of year-end and whether revenue was recognized in the correct period. • Obtained some third-party confirmation for the parties among trade and other receivables. • We performed substantive analytical procedures to understand how revenue trends over the year among other parameters and perform detailed testing on transactions around the year-end, to test revenues were recognized in the correct accounting period. • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
See note no. 26 & 3.03 to the financial statements	
Implementation of IFRS 16 Leases	
IFRS 16 "Leases" becomes effective for annual reporting beginning on or	We reviewed appropriateness of management's application of IFRS 16 and



Key Audit Matter	Our response to the risk
<p>after 01 January 2019 which replaces the existing standard IAS 17.</p> <p>The Company applied IFRS 16 leases to its leases using modified retrospective approach by initially applying with the cumulative effect of this standard as an adjustment to the opening balance of retained earnings at the date of 1 July 2020. Instead, the comparative information in respect of the preceding year is not restated.</p> <p>The Company reported the right-of-use (ROU) asset for the amount of Taka 4,865,928 and lease liability for the amount of Taka 5,897,255 at the year ended 30 June 2022.</p> <p>Given the first-time adoption of IFRS 16 "Leases", there are connections with other line items of the financial statements including depreciation and interest, and higher level of management judgments were required for identifying the lease, lease period, discount rate etc.</p> <p>The company has made all leasing arrangements within the scope of IFRS 16 which have been identified and appropriately included in the calculation and specific assumptions applied to determine the discount rates for leases.</p>	<p>assessment of the impact on the financial statements.</p> <p>Our audit procedure included testing classification and measurement of right-of-use assets and lease liabilities in accordance with IFRS 16.</p> <ul style="list-style-type: none"> • We checked the present value calculation for the lease. • We reviewed lease agreements and made calculations to ascertain the appropriateness of the incremental borrowing rate used. • We also examined the accuracy and appropriateness of accounting adjustments in the financial statements arising as well as verified the sufficiency and appropriateness of disclosures in the financial statements.
See Notes no. 05, 3.08 to the financial statements	
Deferred tax Liabilities	
The company reported net deferred tax liabilities Tk. 255,202,443 as at June 30, 2022. Significant judgment is	We carried out the following substantive testing to address the related risk:



Key Audit Matter	Our response to the risk
<p>required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability over a number of years.</p> <p>There is significant measurement uncertainty involved in this valuation and therefore it was significant to our audit.</p>	<ul style="list-style-type: none"> • We obtained an understanding, evaluated the design, and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax assets and deferred tax liabilities and the assumptions used in estimating the future taxable income of the Company. • We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. • We tested the mathematical accuracy in the calculation of deferred tax. • We assessed key assumptions, controls, recognition, and measurement of Deferred Tax Assets. • We assessed the adequacy of the Company's disclosures setting out the basis of deferred tax assets balances and the level of estimation involved. • We also assisted in evaluating the tax implications, the reasonableness of estimations, and calculations determined by management. • Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Taxes.
<p>See notes no 19 & 34 to the financial statements.</p>	
<p>Assessment of the appropriateness of the allowance for doubtful debt</p>	
<p>Accounts receivable comprise 12.15% of total assets in the statement of financial position.</p> <p>The appropriateness of the allowance for doubtful debt is subjective due to the high degree of judgment applied by management in determining the impairment provision. Due to the</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the debtor's impairment methodology applied in the current year to the requirements of IFRS 9: Financial Instruments; • Analyzed the methodology by comparing the prior year provision to the actual current year write downs;

Key Audit Matter	Our response to the risk
<p>volatile economic conditions currently, all over the world including Bangladesh, it continues to put pressure on customers' ability to repay their outstanding account balances.</p> <p>Management of the Company is continuously reviewing and assessing the need for keeping incremental amount in bad and doubtful debts under the Expected Credit Loss (ECL) method considering its business model.</p> <p>Based on assessment, management has made necessary provision for bad and doubtful debts under ECL model to impair company's trade receivables.</p> <p>Due to the significance of trade receivables and the related estimation uncertainty this is considered a key audit matter.</p>	<p>Assessed key ratios which include cash collections, days outstanding, and delinquencies;</p> <ul style="list-style-type: none"> • We considered changes in account strategy and assessed the impact on the allowance for doubtful debts; and • Assessed any changes in the economy and the impact on the collectability of accounts receivable.
<p>See notes no. 3.12 & 9 to the financial statements</p>	
<p>Valuation and Existence of Inventories</p>	
<p>The Company had inventories of Tk. 2,278,906,219 at 30th June 2022 held in Manufacturing Inventory and Non-Manufacturing Inventory.</p> <p>Inventories are carried at a lower of cost and net realizable value in compliance with the requirements of Para 21 & 25 of IAS-2.</p> <p>The cost is determined on a weighted average cost basis which is a complex process and prone to errors and manipulation. Due to the complex nature of accounting for inventories, there is an increased risk of misstatement in the valuation of inventory items. Net realizable</p>	<p>With regard to the appropriate valuation of inventories, we adopted the following audit procedures:</p> <ul style="list-style-type: none"> • We observed MSML's year-end inventory count, performed test counts, and reconciled counted sheet records to inventory valuation report in order to verify the existence of inventories reported in the accounts; • We tested the purchase costs of a sample of inventory items by inspecting invoices and LC-related documents; • We assessed the components of the costs included within inventory items to ensure that they are in conformity



Key Audit Matter	Our response to the risk
<p>value is based on the estimated selling price less any further costs anticipated to be incurred to make the sale. Any obsolete stock of abnormal losses is recognized as expenses.</p> <p>Since the value of inventory is significant to the financial statements and there is significant measurement uncertainty involved in this valuation, the valuation of inventory was significant to our audit.</p>	<p>with the requirements of IAS 2;</p> <ul style="list-style-type: none"> • We assessed the movement of inventories and analyzed whether closing inventories were valued using the weighted average method; • We tested on a sample basis, the net realizable value by comparing costs to recent selling prices; • We assessed the listing of the nature of items presented within inventories and analyzed whether they meet the definition of inventories; and • We read the disclosure made by the MSML for compliance with disclosure requirements.
See notes no 8 & 3.13 to the financial statements	

Other Matter

The financial statements of Matin Spinning Mills PLC for the year ended June 30, 2021, were audited by A. Qasem & Co., Chartered Accountants who expressed an unmodified opinion on those financial statements on 28 October 2021.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

After going through the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of

directors of the company. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), the Companies Act, 1994, the Securities and Exchange Rules, 2020, and other applicable laws and regulations 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.

In preparing financial statements of the Company, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules, 2020 and relevant notification issued by Bangladesh Securities and Exchange Commission, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the Company's statements of financial position and statement of profit or loss and other comprehensive income along with the annexed notes 1 to 49 dealt with by the report are in agreement with the books of accounts; and
- d) the expenditure incurred was for the purposes of the Company's business.

Firm Name : Hussain Farhad & Co., Chartered Accountants

Registration no : 4/452/ICAB-84

Signature of the auditor :



Name of the auditor: : A.K.M Fazlul Haque FCA, Partner/Enrollment No: 1090

DVC No :

2210201090AS992813

Place :

Dhaka

Date :

20/10/2022

Matin Spinning Mills PLC
Statement of Financial Position
As at 30 June 2022


	Notes	Amounts in Taka	
		30 June 2022	30 June 2021 Restated*
ASSETS			
Non - current assets			
Property, plant and equipment	04	4,371,812,348	4,461,322,273
Right-of-use assets (ROU)	05	4,865,928	7,520,070
Investment	06	54,819,850	53,556,600
Capital work-in-process	07	1,471,058,264	316,291,054
Total non - current assets		5,902,556,389	4,838,689,997
Current assets			
Inventories	08	2,278,906,219	1,111,789,691
Accounts receivable	09	1,262,026,807	1,402,851,046
Advances, deposits and prepayments	10	431,042,406	191,483,925
Materials in transit	11	62,615,810	406,621,294
Cash and bank balances	12	453,941,471	331,267,118
Total current assets		4,488,532,714	3,444,013,075
Total assets		10,391,089,103	8,282,703,071
EQUITY AND LIABILITIES			
Share capital	13	974,900,000	974,900,000
Share premium	14	920,700,000	920,700,000
Retained earnings	15	2,533,891,008	1,850,457,160
Revaluation reserve	16	1,481,093,650	1,500,232,234
Total equity		5,910,584,658	5,246,289,394
Non-current liabilities			
Long term bank loan	17	-	-
Lease liability	18	2,395,879	5,897,255
Deferred tax liability	19	255,202,443	257,459,727
Total non-current liabilities		257,598,321	263,356,982
Current liabilities			
Accounts payable	20	180,051,991	135,269,303
Short term bank loan	21	2,487,003,581	2,138,032,830
Current portion of long term loan	22	1,054,404,943	205,141,666
Current portion of Lease liability		3,501,376	2,715,572
Share application money	23	-	4,553,160
Unclaimed dividend	24	2,035,937	4,371,032
Provision & accruals	25	495,908,294	282,973,130
Total current liabilities		4,222,906,123	2,773,056,694
Total equity and liabilities		10,391,089,103	8,282,703,071
NAV Per Share (With Revaluation reserves)	36	60.63	53.81

* The comparative information is restated on account of retrospective restatement. See Note 15.

These financial statements should be read in conjunction with the annexed notes 1 to 48.

As per our report of same date


HUSSAIN FARHAD & CO.
Chartered Accountants
Registration No: 4/452/ICAB-84


Abdul Wahed
Chairman


M. A. Jabbar
Managing Director


A.K.M Fazlul Haque FCA
Partner
Enrolment Number: 1090
DVC:


Mohammad Emarot Hossain FCA, FCS
Chief Financial Officer


Md. Shah Alam Miah FCS
Company Secretary

2210201090AS992813

Date: 20/10/2022

Matin Spinning Mills PLC
Statement of Profit or Loss
For the year ended 30 June 2022

	Note	Amounts in Taka	
		2021-22	2020-21 Restated*
Revenue	26	6,002,688,295	5,021,072,086
Cost of goods sold	27	(4,390,750,261)	(3,923,961,517)
Gross profit		1,611,938,034	1,097,110,569
Other income	28	(14,169,388)	100,698,845
		1,597,768,646	1,197,809,414
Administrative expenses	29	(238,266,862)	(262,546,344)
Distribution expenses	30	(8,549,435)	(8,227,395)
Net profit before finance cost		1,350,952,349	927,035,675
Finance cost	31	(43,880,702)	(42,148,312)
Net profit before workers' profit participation funds & tax		1,307,071,647	884,887,363
Contribution to workers' profit participation funds	32	(62,241,507)	(42,138,503)
Net profit before taxation		1,244,830,140	842,748,860
Income tax	33	(192,832,161)	(222,196,621)
Deferred tax	34	(237,129)	(5,152,911)
Net profit after tax		1,051,760,851	615,399,328
Earnings Per Share (EPS)	35	10.79	6.31

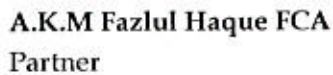
* The comparative information is restated on account of retrospective restatement. See Note 15.

These financial statements should be read in conjunction with the annexed notes 1 to 48.

As per our report of same date


HUSSAIN FARHAD & CO.
Chartered Accountants

Registration No: 4/452/ICAB-84


A.K.M Fazlul Haque FCA
Partner

Enrolment Number: 1090

DVC: **2210201090AS992813**

Date: 20/10/2022



Abdul Wahed
Chairman



Mohammad Emarot Hossain FCA,FCS
Chief Financial Officer



M. A. Jabbar
Managing Director



Md. Shah Alam Miah FCS
Company Secretary

Matin Spinning Mills PLC
Statement of Other Comprehensive Income
For the year ended 30 June 2022

	Notes	Amounts in Taka	
		2021-22	2020-21
Net profit after tax for the year		1,051,760,851	615,399,328
Revaluation reserve of land and building		-	-
Deferred tax on other comprehensive income	34.02	2,494,414	3,089,099
Total comprehensive income for the year		1,054,255,264	618,488,427


* The comparative information is restated on account of retrospective restatement. See Note 15.

These financial statements should be read in conjunction with the annexed notes 1 to 48.

As per our report of same date



HUSSAIN FARHAD & CO.
Chartered Accountants
Registration No: 4/452/ICAB-84



Abdul Wahed
Chairman



M. A. Jabbar
Managing Director

A.K.M Fazlul Haque FCA
Partner
Enrolment Number: 1090



Mohammad Emarot Hossain FCA, FCS
Chief Financial Officer



Md. Shah Alam Miah FCS
Company Secretary

DVC: **2210201090AS992813**

Date: 20/10/2022

Matin Spinning Mills PLC
Statement of Changes in Equity
For the year ended 30 June 2022

	Amounts in Taka				
	Share Capital	Share Premium	Retained Earnings	Revaluation Reserves	Total
2021-22					
Balance at 01 July 2021	974,900,000	920,700,000	1,850,457,160	1,500,232,234	5,246,289,394
Net profit for the year	-	-	1,051,760,851	-	1,051,760,851
Dividend Paid	-	-	(389,960,000)	-	(389,960,000)
Depreciation on Revalued Assets	-	-	19,138,584	(19,138,584)	-
Deferred tax on other comprehensive income	-	-	2,494,414	-	2,494,414
Balance at 30 June 2022	974,900,000	920,700,000	2,533,891,008	1,481,093,650	5,910,584,658
2020-21					
Balance at 01 July 2020	974,900,000	920,700,000	1,389,083,255	1,520,826,225	4,805,509,480
Less: Effect of correction of IFRS 16 Lease error	-	-	(2,226,513)	-	(2,226,513)
Balance at 01 July 2020 - As restated*	974,900,000	920,700,000	1,386,856,741	1,520,826,225	4,803,282,967
Net profit for the year	-	-	615,399,328	-	615,399,328
Dividend Paid	-	-	(175,482,000)	-	(175,482,000)
Revaluation surplus during the year	-	-	-	-	-
Depreciation on Revalued Assets	-	-	20,593,992	(20,593,992)	-
Deferred tax on other comprehensive income	-	-	3,089,099	-	3,089,099
Balance at 30 June 2021 - As restated*	974,900,000	920,700,000	1,850,457,160	1,500,232,234	5,246,289,394

* The comparative information is restated on account of retrospective restatement. See Note 15.

These financial statements should be read in conjunction with the annexed notes 1 to 48.

Matin Spinning Mills PLC
Statement of Cash Flows
For the year ended 30 June 2022

	Notes	Amounts in Taka	
		2021-22	2020-21
A. Cash flows from operating activities			
Collection from customers		6,118,314,456	4,569,106,305
Other Income	28	164,534,400	71,284,273
Cash generated from operations		6,282,848,856	4,640,390,578
Cash paid to employees		(403,789,879)	(377,427,143)
Cash paid to suppliers		(4,994,320,983)	(4,097,821,177)
Interest paid on loans		(24,011,942)	(28,447,140)
Income tax paid	10.03	(216,752,932)	(85,480,080)
Payment made to workers' profit- participation funds	25.02	(42,138,503)	(12,671,367)
Net cash flows from operating activities		601,834,617	38,543,671
B. Cash flow from investing activities			
Acquisition of property, plant and equipment			
	4	(210,772,799)	(110,953,745)
Capital work-in-process	7	(1,095,126,919)	(211,497,064)
Dividend Income	28	1,716,757	561,139
Proceeds from Asset held for sale		-	192,393
Purchase of marketable securities	5	(145,964,911)	(332,221,904)
Proceeds from Sale of Marketable Securities	5	145,973,226	329,586,689
Interest on FDR and Bank Accounts	28	301,783	311,087
Net cash used in investing activities		(1,303,872,864)	(324,021,406)
C. Cash flows from financing activities			
Long term loan received	17	980,495,149	200,901,511
Long term loan (repaid)	17	(131,231,873)	(471,887,912)
Short term loan received from bank	21	4,250,738,687	3,503,172,254
Short term loan repaid to bank	21	(3,901,767,936)	(2,683,879,488)
Share application money refunded		(4,553,160)	
Dividend Paid	24	(392,295,095)	(175,138,264)
Net cash from/(used in) financing activities		801,385,772	373,168,102
Net increase/ (decrease) in cash and cash equivalents			
D. (A+B+C)		99,347,525	87,690,366
E. Opening cash and cash equivalents		331,267,118	243,576,752
F. Effects of currency translation on cash and cash equivalents		23,326,828	-
G. Closing cash and cash equivalents (D+E+F)		453,941,471	331,267,118
Net Operating Cash Flow Per Share		6.17	0.40

These financial statements should be read in conjunction with the annexed notes 1 to 48.

Matin Spinning Mills PLC
Notes to the financial statements
For the year ended 30 June 2022

1 Reporting entity

1.01 Company Profile

Matin Spinning Mills Limited (the "Company") is a public limited company incorporated in Bangladesh on 15 September, 2002 vide registration no.# C-47083(3562)/2002. Registered office of the Company is in Dhaka and manufacturing plant is at Sardagonj, Kashimpur, Gazipur. The company is listed in both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

1.02 Nature of Business

The company manufactures and sells all types of Cotton, Viscose, Polyester, CVC, Melange, and Vortex yarn.

2 Basis of preparation

2.01 Statement of compliance

The financial statements have been prepared in compliance with the requirements of the International Financial Reporting Standards (IFRS), the Companies Act 1994, Bangladesh Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Rules 2020, Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws as applicable.

2.02 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 20/10/2022.

2.03 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), unless otherwise stated, which is the company's functional currency. All financial information are presented in Taka and have been rounded off to the nearest integer.

2.04 Reporting period

Financial year of the company covers the period from 01 July 2021 to 30 June 2022.

3 Significant Accounting Policies

3.01 Basis of Accounting

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

Components of financial statements

Statement of Financial Position
Statement of Profit or Loss
Statement of Other 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 in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

3.03 IFRS 15: Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

Revenue is recognized when invoice for products and services are made and the significant risk and reward of ownership are transferred to the customers, recovery of the consideration is probable, associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

3.04 Use of estimates and judgments

In preparing these financial statements, management makes judgments, estimates and assumptions which affect the reported amounts of the assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the year have been reported. Actual results may differ from these estimates.

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

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

Note - 08	Inventories
Note - 09	Accounts Receivable
Note - 19	Deferred Tax Liability
Note - 20	Accounts Payable
Note - 25	Provisions & accruals
Note - 33	Income Tax Expenses

3.05 Statement of Cash Flows

Statement of cash flows is prepared under direct method in accordance with International Accounting Standard (IAS)-7 "Statement of cash flows" as required by the Securities and Exchange Rules, 1987. A reconciliation to cash flows from operating activities under indirect method has been shown in note 44.

3.06 Statement of Changes in Equity

Statement of Changes in Equity is prepared in accordance with IAS-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

Items of property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of property, plant and equipment and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset included the cost of material and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use.

(B) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of profit or loss and other comprehensive income as incurred.

(C) Depreciation

Depreciation is calculated and charged under diminishing balance method on all fixed assets other than land and land development. Depreciation on current year's addition is charged on day basis as and when the assets are ready for operation. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in the income statement as incurred.

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

Itemised depreciation rates are as follows:

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

Para-60 of IAS-16 does not specify any specific method of calculation of depreciation. However, para-62 specifies three methods of which diminishing balance has been used by the company consistently considering reducing future economic benefit of the assets.

(D) Impairment

The carrying value of the company's assets, other than inventories, are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss will be recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

(E) Revaluation of Asset

The Company initially conducted revaluation of certain class of assets during the year 2009-10 and 2010-11. During the year ended 30 June 2020, the Company conducted another revaluation of same class of assets (i.e. Land & land development, Factory building, and Godown) in compliance with IAS-16 para 34. An independent valuer was assigned to perform this task. Impact of revaluation has been recognised in the financial statements.

3.08 Accounting policy for IFRS 16: Leases

The Company as lessee:

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value, assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Following IFRS 16 paragraph 15, The Company has elected to opt for the practical expedient that permits lessees to make an accounting policy election, by class of underlying asset, to account for each separate lease component of a contract and any associated non-lease components as a single lease component. This expedient has been opted to alleviate concerns that the costs and administrative burden of allocating consideration to separate lease and non-lease components may not be justified by the benefit of more precisely reflecting the right-of-use asset and the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the Bangladesh Bank T-bill.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in substance fixed payments), less any lease incentives receivable;
- Variable lease payment that depends on an index or rate, initially measured using the index;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate on a change expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Property and Equipment policy.

3.09 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments).

Investment in Marketable Securities

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

3.10 Capital Work in Process:

Capital work-in-process comprises Godown, Special Yarn Building, Special Yarn Unit Machineries and Machineries in Transit.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at bank including fixed deposits which are available for use by the Company without any restriction.

3.12 Accounts receivable

Accounts receivable at the Statement of Financial Position date is stated at amount which are considered realizable. Provision is made for receivable considered to be doubtful of recovery following expected credit loss model.

3.13 Inventories

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

<u>Types of Stock</u>	<u>Basis of Valuation</u>
Raw Materials, Packing Materials and Work-in-process	At cost and net realizable value whichever is lower
Finished Goods	At cost and net realizable value whichever is lower
Spare & Parts	Weighted average cost and net realizable value whichever is lower
Diesel & Lube Oil	At cost and net realizable value whichever is lower
Stock of Bandhan	At cost and net realizable value whichever is lower

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

3.14 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.

3.15 Capital

Share Capital

Share capital is fully paid up by the shareholders. Details have been mentioned in note -13.

Share Application Money

The share application money consists of the money against IPO applicants who were unsuccessful in lottery. The money were in the process of being refunded to the unsuccessful applicants. Subsequently refunded all the remaining portion of un-refunded share application money during August 2021 as per Commission's Directive no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021.

3.16 Retained Earning

Retained earning represents available distributable profit to the shareholders after making all necessary adjustments in the financial statements.

3.17 Deferred Tax

Deferred tax is recognized on difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax based assets in the computation of taxable profit. Deferred tax liability are generally recognized for all taxable temporary differences and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which these 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 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 in the Statement of Financial Position when the company has a present obligation (legal or constructive) of a past event and when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.20 Finance costs

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

3.21 Finance income

Finance income comprises interest income on fixed deposit receipts.

3.22 Workers' profit participation fund

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

3.23 Provident Fund

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

3.24 Foreign currency translation

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

3.25 Materiality and Aggregation

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

3.26 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to the weighted average number of ordinary shares during the period.

3.27 Related party disclosure

As per IAS -24: Related Party Disclosures, 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 Financial 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 counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers and investment securities. The Company's major sales are made to the RMG exporting Companies having common directorship. A minor quantity of sales are made to the external parties. 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 engaged in providing products or services within a particular economic environment. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision maker. The entity regards its Board of Directors as its Chief Operating decision maker, as the Board is responsible for allocating resources, assesses performance, and makes strategic decision.

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

3.30 Events after the reporting date

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

3.31 Non-current assets held for sale

The Company classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For the classification as held for sale to be made detailed criteria must be met:

- The asset must be available for immediate sale in its present condition.
- Its sale must be highly probable (i.e. significantly more likely than probable).

For the sale to be highly probable:

- Management must be committed to a plan to sell the asset.
- There must be an active programme to locate a buyer.
- The asset must be marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to take place within one year from the date of classification.
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A non-current asset held for sale is measured at the lower of:

- Its carrying amount
- Its fair value less costs to sell (i.e. its net selling price)

Impairment loss recognised in profit or loss at the time of classification as held for sale and subsequently.

3.32 Application of Accounting Standards

The following IASs and IFRSs are applicable for the preparation of financial statements for the year under review.

IAS 1	Presentation of financial statements
IAS 2	inventories
IAS 7	Statement of cash flows
IAS 8	Accounting policies, changes in accounting estimates and errors
IAS 10	Events after the reporting period
IAS 12	Income taxes
IAS 16	Property, plant and equipment
IAS 19	Employee benefits
IAS 21	The effects of changes in foreign exchange rates
IAS 23	Borrowing costs
IAS 24	Related party disclosures
IAS 33	Earnings per share
IAS 36	Impairment of assets
IAS 37	Provisions, contingent liabilities and contingent assets
IAS 38	Intangible assets
IFRS 5	Non-current assets held for sale and discontinued operations
IFRS 7	Financial Instruments, disclosures
IFRS 8	Operating segments
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contract with Customers
IFRS 16	Lease

		Amounts in Taka	
		30 June 2022	30 June 2021
4	Property, plant and equipment		
A	NON REVALUED ASSETS:		
	Cost		
	Opening balance (at cost)	5,820,114,648	5,669,612,198
	Add : Additions	210,772,799	153,491,967
		<u>6,030,887,447</u>	<u>5,823,104,165</u>
	Less: Disposal/ Adjustment	(765,000)	(2,989,517)
	Closing balance (a)	<u>6,030,122,447</u>	<u>5,820,114,648</u>
	Accumulated Depreciation		
	Opening balance	2,906,986,171	2,614,226,427
	Add : Charges for the year	280,479,312	293,341,705
		<u>3,187,465,484</u>	<u>2,907,568,132</u>
	Less: Disposal/ Adjustment	(100,171)	(581,961)
	Closing balance (b)	<u>3,187,365,312</u>	<u>2,906,986,171</u>
	Written Down Value (a-b)	<u>2,842,757,135</u>	<u>2,913,128,477</u>
B	REVALUED ASSETS :		
	Revalued amount:		
	Opening balance (at revalued cost)	1,645,218,621	1,645,218,621
	Add : Additions	-	-
		<u>1,645,218,621</u>	<u>1,645,218,621</u>
	Less: Disposal/ Adjustment	-	-
	Closing balance (a)	<u>1,645,218,621</u>	<u>1,645,218,621</u>
	Accumulated Depreciation		
	Opening balance	97,024,825	76,430,833
	Add : Charges for the year	19,138,584	20,593,992
		<u>116,163,408</u>	<u>97,024,825</u>
	Less: Disposal/ Adjustment	-	-
	Closing balance (b)	<u>116,163,408</u>	<u>97,024,825</u>
	Written Down Value of Revaluation Assets (a-b)	<u>1,529,055,213</u>	<u>1,548,193,796</u>
	Total Written Down Value (A+B)	<u>4,371,812,348</u>	<u>4,461,322,273</u>
	Policy notes is mentioned in note 3.07 E		
5	Right use of assets (ROU)		
	Cost:		
	Opening Balance	13,270,712	13,270,712
	Add: Addition during the period	-	-
	Less: Disposal during the period	-	-
	Closing balance (a)	<u>13,270,712</u>	<u>13,270,712</u>
	Accumulated Depreciation		
	Opening balance	5,750,642	3,096,499
	Add : Charges for the year	2,654,142	2,654,142
	Less: Disposal/ Adjustment	-	-
	Closing balance (b)	<u>8,404,784</u>	<u>5,750,642</u>
	Written Down Value (a-b)	<u>4,865,928</u>	<u>7,520,070</u>

* The comparative information is restated on account of retrospective restatement.

	Notes	Amounts in Taka	
		30 June 2022	30 June 2021
6 Investment			
Investment in marketable securities	6.1	54,819,850	53,556,600
		<u>54,819,850</u>	<u>53,556,600</u>
6.01 Investment in marketable securities			
Opening balance		53,556,600	28,003,186
Add: Addition during the year		-	-
		53,556,600	28,003,186
Realized gain / (loss)		12,830,775	24,886,914
Unrealized gain / (loss) for fair value adjustment		(11,567,525)	666,500
Closing balance		<u>54,819,850</u>	<u>53,556,600</u>

Name of securities	No. of Share	Rate	Cost Value	Market rate per share as on 30 June 2022	Market value as on 30 June 2022
Mercantile Bank	315,000	14.00	4,410,000	14.40	4,536,000
BSRM	10,000	104.06	1,040,600	98.70	987,000
South East Bank	260,000	14.56	3,785,600	14.30	3,718,000
Vanguard MF One	25,000	10.74	268,500	7.60	190,000
Shahji Power	72,000	95.15	6,850,800	75.20	5,414,400
I.C.B	8,000	143.30	1,146,400	101.60	812,800
Prime Bank	200,000	22.59	4,518,000	20.20	4,040,000
Beximco Pharma	5,000	223.28	1,116,400	154.60	773,000
Islami Insurance	58,000	57.09	3,311,220	45.80	2,656,400
AB Bank Ltd	309,000	13.90	4,295,100	10.50	3,244,500
FBFIF	220,000	7.00	1,540,000	5.20	1,144,000
City General Ins.	100,000	37.79	3,779,000	29.20	2,920,000
Popular Life 1st MF	160,000	7.15	1,144,000	5.40	864,000
Phoenix Ins.	147,000	55.93	8,221,710	41.00	6,027,000
BATBC	8,500	571.26	4,855,710	543.50	4,619,750
Confidence Cem	15,000	140.07	2,101,050	103.40	1,551,000
Continental Ins	130,000	44.60	5,798,000	36.30	4,719,000
Central Ins	125,000	52.14	6,517,500	42.00	5,250,000
Pioneer Ins	16,500	102.29	1,687,785	82.00	1,353,000
	<u>2,184,000</u>		<u>66,387,375</u>		<u>54,819,850</u>

7 Capital work-in-process			
Special Yarn Godown	7.01	6,268,793	8,410,110
Staff Quarter	7.02	-	-
Baro Bigha Cotton Store	7.03	-	-
Shuttering Materials Storage	7.04	-	-
Special Yarn Building	7.05	164,511,100	80,348,104
Baro Bigha Utility Building	7.06	37,644,316	6,246,653
Baro Bigha Boundary Wall Project	7.07	-	-
Special Yarn Unit Machineries		1,100,524,575	120,958,315
Machineries in Transit		162,109,479	100,327,872
		<u>1,471,058,264</u>	<u>316,291,054</u>

7.01 Special Yarn Godown

Opening Balance	8,410,110	3,147,131
Add: Addition during the year	-	5,262,979
Less: Adjustment during the year	(2,141,317)	-
Closing Balance	<u>6,268,793</u>	<u>8,410,110</u>

		Amounts in Taka	
		30 June 2022	30 June 2021
7.02	Staff Quarter		
	Opening Balance	-	18,388,703
	Add: Addition during the year	-	6,616,755
	Less: Transfer to Fixed Assets	-	(25,005,458)
	Closing Balance	-	-
7.03	Baro Bigha Cotton Store		
	Opening Balance		
	Add: Addition during the year	-	19,288,602
	Less: Transfer to Fixed Assets	-	(19,288,602)
	Closing Balance	-	-
7.04	Shuttering materials storage		
	Opening Balance	-	2,967,406
	Add: Addition during the year	-	5,797,270
	Less: Transfer to Fixed Assets	-	(8,764,676)
	Closing Balance	-	-
7.05	Special Yarn Building		
	Opening Balance	80,348,104	1,318,987
	Add: Addition during the year	84,162,996	79,029,117
	Less: Transfer to Fixed Assets	-	-
	Closing Balance	164,511,100	80,348,104
7.06	Baro Bigha Utility Building		
	Opening Balance	6,246,653	
	Add: Addition during the year	31,397,662	6,246,653
	Less: Transfer to Fixed Assets	-	-
	Closing Balance	37,644,316	6,246,653
7.07	Baro Bigha Boundary Wall Project		
	Opening Balance		
	Add: Addition during the year	-	2,256,964
	Less: Transfer to Fixed Assets	-	(2,256,964)
	Closing Balance	-	-
8	Inventories		
	Manufacturing Inventory	8.01	2,259,067,295
	Non Manufacturing Inventory	8.02	19,838,924
			2,278,906,219
8.01	Manufacturing Inventory		
	Raw cotton	8.01.01	1,665,017,316
	Provision for Obsolete Raw Materials		(8,360,909)
			1,656,656,406
	Finished yarn	8.01.02	428,909,621
	Packing materials	8.01.03	3,444,979
	Work-in-process	8.01.04	67,172,889
	Spare parts	8.01.05	102,883,399
			2,259,067,295
			1,059,960,396

	Amounts in Taka		
	Notes	30 June 2022	30 June 2021
8.01.01 Raw cotton			
Value (TK.)			
Conventional Cotton		637,520,004	326,520,867
Organic Cotton		783,890,463	222,364,286
Synthetic Fiber		225,070,363	188,374,777
Usable Waste Cotton		13,989,744	14,160,804
Waste Cotton		2,546,741	3,197,258
Total		1,665,017,316	754,617,992
Quantity (KG)			
Conventional Cotton		3,559,713	2,433,511
Organic Cotton		2,489,398	1,085,590
Synthetic Fiber		1,186,353	1,322,390
Usable Waste Cotton		166,768	205,832
Waste Cotton		110,291	134,131
Total		7,512,523	5,183,455
Cost Per Kg (TK.)			
Conventional Cotton		179.09	134.07
Organic Cotton		315.69	204.83
Synthetic Fiber		189.72	142.45
Usable Waste Cotton		83.89	68.80
Waste Cotton		23.09	23.84
8.01.02 Finished yarn			
Value (TK.)			
Carded		75,607,891	532,347
Combed		190,746,114	73,735,267
Slub		8,493,575	29,622,352
Synthetic		46,498,358	20,505,510
Melange		25,493,393	27,515,785
Vortex		42,976,970	4,198,787
Open End		37,482,058	6,449,680
Twisted yarn		1,611,262	4,146,922
Total		428,909,621	166,706,650
Quantity (KG)			
Carded		266,200	2,276
Combed		570,169	257,320
Slub		30,131	91,805
Synthetic		188,036	83,811
Melange		83,596	97,699
Vortex		161,228	16,946
Open End		194,466	43,023
Twisted yarn		3,936	11,173
Total		1,497,761	604,050
Cost Per Kg (TK.)			
Carded		284.03	233.92
Combed		334.54	286.55
Slub		281.89	322.67
Synthetic		247.28	244.67
Melange		304.96	281.64
Vortex		266.56	247.78
Open End		192.74	149.91
Twisted yarn		409.39	371.17

	Amounts in Taka		
	Notes	30 June 2022	30 June 2021
8.01.03 Packing materials Value (TK.)			
Opening balance		3,094,460	2,208,327
Add: Purchase during the period		39,756,379	36,418,800
Packing materials available for consumption		42,850,839	38,627,127
Less: Consumption during the period		39,405,860	35,532,667
Closing balance		3,444,979	3,094,460

8.01.04 Work-in-process

Particulars	Quantity (KG)			
	June 30, 2022	June 30, 2021		
Blow Room	69,637	82,129	12,321,490	9,222,200
Carding	5,945	9,600	1,221,079	1,156,699
B. Drawing	4,401	18,847	878,021	2,522,798
Combing	6,489	15,886	1,294,801	2,137,305
F. Drawing	16,104	40,421	3,283,955	5,580,148
Simplex	64,294	61,218	13,361,065	8,802,351
Ring Frame	73,152	80,675	18,031,131	12,657,212
Winding	16,412	7,900	4,037,226	1,591,514
Packing	40,204	74,625	10,380,128	14,043,471
Rotor	10,670	13,461	1,525,311	2,110,012
Vortex	-	5,049	-	752,604
Twisting	862	825	211,423	148,500
Doubling	2,565	3,000	627,259	600,000
Air covering	-	1,200	-	300,000
Total	310,735	414,836	67,172,889	61,624,815

8.01.05 Spare parts

Opening Balance		82,277,387	113,947,017
Add: Addition during the year		172,612,725	209,844,686
		254,890,112	323,791,703
Less: Consumption during the year		54,448,022	82,944,690
Less: Transfer to other GL		94,887,518	158,569,626
Closing balance		102,883,399	82,277,387

8.02 Non Manufacturing Inventory

Stock of Bandhan		3,335,662	2,146,833
Stock of Stamp		42,228	5,892
Stock of Medicine		187,454	176,893
Other Production Material		7,500	7,500
Construction Material		5,572,800	12,319,036
Store Materials under Inspection		10,693,280	37,173,141
		19,838,924	51,829,295

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 items.

9 Accounts receivables

Receivable other than related party	9.01	446,601,347	544,024,922
Receivable from related party	9.02	881,657,190	899,859,777
Bank interest receivable on FDR		6,113,016	5,532,792
Claim Receivable		4,350,799	9,239,531
Provision for bad debts		(76,695,545)	(55,805,976)
		1,262,026,807	1,402,851,046

		Amounts in Taka	
Notes		30 June 2022	30 June 2021
9.01	Receivable other than related party		
	Abonti Colour Tex. Ltd	4,824,202	39,161,264
	Cotton Club(BD) Ltd	13,316,265	-
	Amber Denim Ltd	114,376,040	136,737,454
	Akh Knitting & Dyeing Ltd	32,378,629	42,452,502
	Asrotex Ltd.	6,836,134	2,156,676
	Purbani Fabrics Ltd	7,010,825	-
	Executive Greentex Ltd.	11,007,500	-
	Crony Apparels Ltd	-	3,731,800
	Comfit Composite Knit Ltd	66,875,470	81,378,203
	Midland Knitwear Ltd	23,368,118	-
	Essential Clothing Ltd	1,459,903	11,471,770
	Fakir Apparels Ltd	5,076,400	34,294,203
	Fakir Fashions Ltd	41,673,050	28,140,233
	Fariha Knitex Ltd	2,170,780	13,670,728
	Grameen Fabrics & Fashions Ltd	11,993,781	25,526,425
	Euro Knitwear Ltd.	-	1,226,929
	Young Socks Ltd	2,704,053	10,186,557
	Tasniah Fabrics Ltd.	-	9,220,229
	Sensible Fashion (Pvt) Ltd	-	9,014,551
	Noman Terry Towel Mills Ltd	10,148,175	-
	Jointex Knit Wears Ltd.	14,105,892	14,105,892
	Lithium Knit Fabrics Ltd	6,908,666	6,908,666
	Megna Knit Composit Ltd.	-	733,350
	Rizvi Fashions Ltd.	4,245,750	1,098,906
	S.B Knitting Ltd.	-	1,866,167
	Cute Dress Industry	5,527,263	1,137,124
	Square Fashions Ltd.	10,235,829	14,991,900
	Epyllion Knitex Ltd.	11,250,970	2,391,991
	Subliane Greeniex Ltd	8,849,013	-
	Viyellatex Ltd.	-	6,902,210
	Others	30,258,641	45,519,196
		446,601,347	544,024,922
9.02	Receivable from related party		
	Flamingo Fashions Ltd	254,769	330,826,885
	Jinnat Fashions Ltd	24,220,561	37,964,109
	Mawna Fashions Ltd	3,461,876	93,447,891
	Dulal Brothers Ltd	4,689,705	-
	Jinnat Apparels Ltd	144,624,982	242,098,441
	Jinnat Knitwears Ltd	646,833,890	167,451,785
	Matin Construction	-	94,000
	DBL Textile Recycling Ltd.	1,008,007	-
	Hamza Textiles Ltd.	6,460,726	20,509,987
	Parkway Packing and Printing Ltd	48,500,038	7,300,680
	DB Trims Ltd	1,602,638	166,000
		881,657,190	899,859,777

Age analysis of Accounts Receivable:	Amounts in Taka				
	Notes	30 June 2022		30 June 2021	
	1-3 Months	4-6 Months	above 6 Months		
Sale of yarn	1,204,228,553	79,543,085	44,486,900	1,328,258,538	1,443,884,699
Interest receivable on	-	-	6,113,016	6,113,016	5,532,792
Claim Receivable	4,350,799	-	-	4,350,799	9,239,531
	<u>1,208,579,352</u>	<u>79,543,085</u>	<u>50,599,916</u>	<u>1,338,722,352</u>	<u>1,458,657,022</u>

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 2022

III. Accounts receivable considered doubtful or bad

Tk. 76,695,545.27 receivable has been considered doubtful for which full provision has been incorporated in financial statements as per ECL Method of IFRS-9.

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 2022

V. Accounts receivable from Related Parties

There has been an amount of Tk 881,657,190.45 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.

VII. Interest receivable on FDR

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

10 Advances, deposits and Prepayments

Advances

Salary & Allowances		1,648,900	1,279,900
Prepaid Expenses		8,292,294	-
VAT Current Account		1,724,653	-
Construction	10.01	1,245,192	319,322
Expenses	10.02	28,659,979	19,166,248
Advance Income Tax	10.03	341,097,692	124,344,760
		<u>382,668,711</u>	<u>145,110,230</u>

Deposits

Security deposit for Utilities	10.04	48,373,695	46,373,695
		<u>48,373,695</u>	<u>46,373,695</u>
		<u>431,042,406</u>	<u>191,483,925</u>

10.01 Construction

S.S Enterprise	593	593
Erfan Enterprise & Engineering	-	-
Rangpur Metal Industries Ltd.	-	-
Navana Limited	507,150	-
Jawad Trading	87,449	87,449
Trident Agency	650,000	-
Quantum Builders & Engineering Ltd	-	231,280
	<u>1,245,192</u>	<u>319,322</u>

	Notes	Amounts in Taka	
		30 June 2022	30 June 2021
10.02 Expenses			
Groz-Beckert Carding (Wuxi) Co. Ltd.		-	1,788,435
Bangla Trac Ltd.		3,244,080	164,000
Saurer Components GmHH		2,298,581	-
Shamsuddin Engineering Works		-	2,249,474
Signura International Pte Ltd		-	513,759
M/S Al-Amin Digital Scales		-	680,412
Hunan Oleom Lighting Co., Ltd		-	552,175
Associated Engineers And General Constructors		-	525,000
360 Total Solution Limited		-	479,166
Novelty Infrastructures Limited		540,000	-
Tanveer International		850,340	-
Marzoli		3,348,636	-
Amin, Mr. Mohammad Ruhul		2,245,058	-
Qinshi Industrial Inc.		1,065,544	692,343
GRUNLER SKOLSKA		1,364,430	-
Murata Machinery Bangladesh Ltd.		944,625	-
Alam Enterprise(C&F)		4,017,430	-
Rieter Maschinenfabrik Rieter Ag		53,836	2,308,727
Overseas Packers & Shippers Ltd.		-	1,003,752
Millmark Associates		649,825	-
BROTHERS TRADING		975,000	-
Mr. Rashid		2,676,197	1,388,439
Mr. Sunny		238,286	117,545
BG Filtration Gmbh		137,876	2,719,721
Encon		87,500	145,131
Mr. Siddik		464,970	1,190,798
MJL Bangladesh Ltd		239,040	-
Local Purchase		274,096	937,069
Others		2,944,630	1,710,303
		28,659,979	19,166,248
10.03 Advance income Tax			
Income Tax on Export	10.03.1	90,525,868	58,707,623
Tax on Interest Received (Bank)	10.03.2	11,286,012	2,468,639
Advance income tax paid for tribunal	10.03.3	239,285,813	63,168,498
		341,097,692	124,344,760
10.03.1 Income Tax on Export			
Opening Balance		58,707,623	81,205,542
Add: Addition during the year (Section - 53 BBBB of ITO 1984)		31,818,245	22,696,178
Less: Adjustment against provision for previous years AIT		-	(45,194,096)
Closing Balance		90,525,868	58,707,623
10.03.2 Tax on Interest Received (Bank)			
Opening Balance		2,468,639	6,666,174
Add: Addition during the year (Section - 53 F of ITO 1984)		8,817,372	1,365,184
Less: Adjustment against provision for previous years AIT		-	(5,562,718)
Closing Balance		11,286,012	2,468,639

Advance tax represents tax deducted at source @0.50 % on export proceed under section 53BBBB of ITO 1984 and @10% on interest received from bank under section 53F of ITO 1984.

	Notes	Amounts in Taka	
		30 June 2022	30 June 2021
10.03.3 Advance income tax paid for tribunal			
Opening Balance		63,168,498	43,647,663
Add: Addition during the year		176,117,315	61,418,719
Less: Adjustment during the year		-	(41,897,884)
Closing Balance		<u>239,285,813</u>	<u>63,168,498</u>

Closing balance details as follows:

Income tax paid for tribunal for the year 2011 -2012	1,682,663	1,682,663
Income tax paid for the year 2016 -2017	1,113,570	-
Income tax paid for the year 2017 -2018	3,919,277	1,540,000
Income tax paid for the year 2018 -2019	22,407,166	6,000,000
Income tax paid for the year 2019 -2020	16,445,835	16,445,835
Income tax paid for the year 2020 -2021	103,717,302	37,500,000
Income tax paid for the year 2021 -2022	90,000,000	-
	<u>239,285,813</u>	<u>63,168,498</u>

10.04 Security deposit for Utilities

Margin Against Bank Guarantee (Titas Gas)	42,740,655	42,740,655
Central Depository Bangladesh Ltd (CDBL)	500,000	500,000
Security Deposit for Electricity	5,133,040	3,133,040
	<u>48,373,695</u>	<u>46,373,695</u>

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

	1-3 Months	3-6 Months	6 Months above
Salary & Allowances	-	-	1,648,900
Construction	-	1,157,150	88,042
Expenses	-	28,659,979	-

- All the advances & deposit amount are considered good and recoverable
- Advances due from Employees are regularly being realized from their monthly salaries
- There is no advances due for payment for more than 6 months except tk. 1,736,942 from the date of statement of financial position
- There is no amount due from any Directors of the company.
- Debts considered good in respect of which the company is fully secured.
- There are no debts due by directors or other officers of the company.

11 Materials in transit

Margin and deposit (Raw Cotton)	11.01	<u>62,615,810</u>	<u>406,621,294</u>
11.01 Margin and deposit (Raw Cotton)		<u>62,615,810</u>	<u>406,621,294</u>
Margin against Cotton		4,129,271	6,161,071
Margin Against Bank Guarantee		13,127,773	12,495,783
Materials In Transit		45,358,766	387,964,441
		<u>62,615,810</u>	<u>406,621,294</u>

	Amounts in Taka		
	Notes	30 June 2022	30 June 2021
12 Cash and bank balances			
Cash in hand		2,334,032	1,459,044
Balance in BO Account		10,446	2,132
Term Deposit		11,515,800	11,515,800
Bank balances with:			
Islami Bank Bangladesh Ltd			
Current account		1,208,773	176,400
Marginal deposit Account (Special)		52,531	52,531
Marginal deposit Account (Normal)		350,558	351,398
Marginal deposit Under Reserve		144,466	144,466
Foreign currency account		9,259	8,403
Exim Bank Ltd, STD account		5,901,840	(4,495,102)
Mercantile Bank Ltd			
STD account		42,690	44,387
Foreign currency account		77,828	70,634
HSBC Bank Ltd			
STD account		7,230,283	5,916,550
Foreign currency account		353,149,084	162,125,430
The City Bank Ltd			
STD account		2,230,808	146,292
Foreign currency account		67,185	60,975
Prime Bank Ltd			
STD account		1,292,760	1,296,450
Foreign currency account		150,289	136,398
Standard Chartered Bank - STD account		947,180	1,481,618
Dutch-Bangla Bank Limited - STD account		1,793,937	391,292
BRAC Bank Ltd			
STD account		18,750,513	16,786,043
Foreign currency account		44,079,799	81,669,520
Januna Bank Limited			
STD account		136,151	388,892
Foreign currency account		592,001	50,867,012
Mutual Trust Bank Ltd			
STD account		1,873,257	670,554
		453,941,471	331,267,118

	Notes	Amounts in Taka	
		30 June 2022	30 June 2021
13 Share capital			
Authorised 150,000,000 ordinary shares of Taka 10 each		1,500,000,000	1,500,000,000
Issued and paid-up 97,490,000 ordinary shares of Taka 10 each fully paid up		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	32.74
Foreign Investors	78	130,157	0.13
Local Institutions	147	41,451,375	42.52
General Public	5,857	23,991,468	24.61
Total	6,090	97,490,000	100.00

Distribution schedule of each class of equity setting out the number of holders and percentage as on June 30, 2022:

Range of Holdings	Number of Shareholders	Number of shares	Percentage of Share Holding (%)
Less than 500 shares	4,071	733,068	0.75
500 to 5,000 shares	1,451	2,613,999	2.68
5,001 to 10,000 shares	272	2,138,997	2.19
10,001 to 20,000 shares	148	2,218,975	2.28
20,001 to 30,000 shares	35	878,427	0.90
30,001 to 40,000 shares	20	692,298	0.71
40,001 to 50,000 shares	22	1,022,362	1.05
50,001 to 100,000 shares	26	1,969,330	2.02
100,001 to 1,000,000 shares	26	6,803,187	6.98
Over 1,000,000 shares	19	78,419,357	80.44
Total	6,090	97,490,000	100

14 Share Premium				
	No. of Shares	Premium Amount		
	34,100,000	Tk. 27	920,700,000	920,700,000
15 Retained earnings				
Opening balance			1,850,457,160	1,389,083,255
Retrospective adjustment for IFRS 16 Recognition			-	(2,226,513)
			1,850,457,160	1,386,856,742
Add: Profit made during the year			1,051,760,851	615,399,328
Less: Dividend Paid			(389,960,000)	(175,482,000)
Depreciation on Revalued Assets			19,138,584	20,593,992
Add/(less): Deferred tax on revaluation reserve	34.02		2,494,414	3,089,099
Balance at 30 June 2022			2,533,891,008	1,850,457,160

16 Revaluation reserves

This balance consists of as follows:
 Balance at the beginning of the year
 Addition during the year

Depreciation on Revalued Assets
Balance at 30 June 2022

Amounts in Taka	
30 June 2022	30 June 2021
1,500,232,234	1,520,826,225
1,500,232,234	1,520,826,225
(19,138,584)	(20,593,992)
1,481,093,650	1,500,232,234

17 Long Term bank loan

Off Shore Loan & UPAS
 Less: Current portion of long term loan

1,054,404,943	205,141,666
(1,054,404,943)	(205,141,666)

Bank	Loan Account	Particulars
HSBC	Off Shore Loan	Nature: One off Term Loan Limit: Tk.355 million Purpose: One-off term loan to retire machinery import documents. Tenure: 5 Years, including moratorium period of 1 year. Repayment Clause: Equal monthly instalments. Interest Rate:3.8% Plus LIBOR Security Agreement: For security arrangement kindly refer to note No. 21.
Bank	Loan Account	Particulars
The City Bank Limited	ULC/SLC/Acceptance	Nature: Project Finance Limit: Tk.125 million Purpose: To import and retire capital machinery and equipment. Tenure: 360 days max or as per BBK/BIDA Approval Repayment Clause: ULC/SLC/Acceptance liability will be adjusted on maturity from term finance facility to be arranged by DEG. Interest Rate:3.5% Plus LIBOR Security Agreement: 1. Registered 1st ranking Pari-Passu charge with RJSC by way of hypothecation over all present and future floating assets of the company (stocks, receivable etc.) covering WC limit. IGPA to be obtained (duly notarized) to sale the hypothecated assets. 2. Present ranking charge with RJSC on imported plant and machinery for BDT 110.00 Crore. 3. Lien of shares of MSML covering civil construction Term Loan. Value of shares to be assessed based on last 6 months average share price. Corporate Guarantee from sister concerns Flamingo Fashions Ltd. Jinnat Knitwears Ltd.Mawna Fashions Ltd. And Jinnat Apparels Ltd.
Bank	Loan Account	Particulars
		4. Personal guarantee of the sponsor directors of the borrower, namely Mr. M A Wahed, Mr. M A Jabbar, Mr. M A Rahim and Mr. M A Quader. 5. Insurance on assets charged to CBL to be obtained covering industrial-all-risks and CBL limit and as per CBL policy on Insurance. Letter of indemnity supported by company board resolution to be obtained for any inadequacy in insurance coverage for interim period. 6. UDC along with letter of authority to insert date thereon covering total limit. 7. Accepted sanction advice, company board resolution, and basic charge documents.

18 Lease liability

Opening Balance	8,612,827	10,875,255
Add: Addition during the year		
Add: Interest charged for the period	668,474	886,958
Less: Lease payment during the Year	3,384,046	3,149,386
Less: Current portion of Lease liability	3,501,376	2,715,572
Closing Balance	2,395,879	5,897,255

This represents the application of IFRS 16 as current lease agreement will be expired on 30 April, 2024 and accordingly, the full amount of lease obligation is a part of current portion. However, we have calculated the lease liability excluding non-refundable VAT.

19 Deferred Tax Liability

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

A. Deferred tax liability on historical cost:

Carrying amount other than revaluation reserve	2,666,987,734	2,749,200,922
Tax base	1,571,492,383	1,655,347,859
Taxable Temporary difference	1,095,495,351	1,093,853,063
Applicable tax rate (As per SRO 193 dated 30 June 2015 for Textile Sector.)	15%	15%
Deferred tax liability on historical cost	164,324,303	164,077,959

B. Deferred tax liability against revaluation reserve:**i) Deferred tax liability against revaluation reserve other than land**

Carrying amount other than land	330,521,879	349,660,462
Tax base	-	-
	330,521,879	349,660,462
Applicable tax rate (As per SRO 193 dated 30 June 2015 for Textile Sector.)	15%	15%
	49,578,282	52,449,069

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

Carrying amount other than building & others.	1,371,505,300	1,358,959,500
Tax base	-	-
	1,371,505,300	1,358,959,500
Applicable tax rate (3% As per section 53 H of ITO 1984)	3%	3%
	41,145,159	40,768,785
Deferred tax liability against revaluation reserve B (i + ii)	90,723,441	93,217,854

C. Deferred tax liability on Right-of-Used (ROU) Assets:

Carrying amount of PV of lease obligation	5,897,255	8,612,827
Carrying amount Right to Use Assets	4,865,928	7,520,070
Taxable Temporary difference	1,031,327	1,092,757
Applicable tax rate (As per SRO 193 dated 30 June 2015 for Textile Sector.)	15%	15%
Deferred tax liability on Lease	154,699	163,914
Total Deferred tax liability (A + B+ C)	255,202,443	257,459,727

20 Accounts payable	Notes	Amounts in Taka	
		30 June 2022	30 June 2021
Suppliers	20.01	99,637,304	78,048,648
Expenses	20.02	79,892,132	57,014,826
Others	20.03	522,555	205,829
		180,051,991	135,269,304
20.01 Payable for suppliers			
This represents amount payable for supply of raw materials, packing materials, utilities and other services. The details of suppliers are given below:			
Particulars			
Meghna Edible Oils Refinery Ltd.		-	601,178
Pioneer Insurance Company Ltd		69,255	3,940,897
Mita Engineering Limited		30,750	30,750
Ebrahim & Sons		477,373	1,383,408
Chandpur Hardware Store		1,052,044	1,147,403
Shinpower		625,795	2,137,686
Color City Ltd.		10,819,354	1,087,471
Dbl Ceramics Ltd.		5,930,918	358,551
Nde Steel Structures Ltd.		856,458	1,104,325
Scube Technologies Ltd.		8,004,150	-
Ali Enterprise		568,841	568,841
Nusrat Packaging		-	122,440
Mukul Enterprise		577,500	276,000
M.B. Steel Corporation		313,614	236,676
Mezumder Transport Agency		1,750,200	-
Rising Corporation		2,576,914	1,005,182
Rbd Fibers Limited		1,634,850	-
Kati Bangladesh Ltd		1,146,974	-
Energypac Engineering Ltd.		1,600,000	-
M.M. Paper Product		121,888	142,100
Lafarge Surma Cement Ltd.		291,840	291,840
H.M Transport Agency		573,200	650,600
Green Power Electric		118,602	102,722
Fatwary Trade & Co.		113,787	149,405
Jinnat Fashions Ltd.		250,000	250,000
Dbl Distribution Ltd		24,294,579	23,944,202
DBL Lifestyle Ltd		226,263	-
Kapita Auto Bricks Limited		254,664	254,664
Shamsuddin Engineering Works		2,780,083	-
Joya Traders		-	855,419
Encon		717,391	1,197,133
Ma Enterprise (Ebrahim)		155,346	1,228,479
Kati Bangladesh Ltd		948,000	-
Arefin Motors		-	2,900
Soronica Paper Products		837,800	433,350
Gph Ispat Ltd.		946,000	-
Independent Enterprise		1,358,380	1,624,707
Unique Cement Fibre Industries Ltd.		776,250	-
Shah Ali Metal		381,870	150,579
Sigma Pumps Ltd.		530,000	-
Aqua Care Trading		831,490	863,035
M.R. Enterprise		766,727	-
Lohajong Steel Corporation		-	1,961,321
Lafarge Hockim Bangladesh Limited		780,000	4,201,950
Siemens Bangladesh Ltd.		620,000	620,000
Dhaka Concrete		-	1,423,527
Tyre & Battery Bazar		106,615	90,370
Rafin Paper Tube		284,686	555,163
Others		22,536,854	23,054,374
Total		99,637,304	78,048,648

	Amounts in Taka		
	Notes	30 June 2022	30 June 2021
20.02 Payable for expenses			
Salary & allowances		33,394,562	27,111,113
Audit fees		833,750	833,750
Gas bill		14,501,149	18,316,530
Electricity bill		8,173,750	7,173,650
Welfare Fund		249,072	449,072
Provident Fund		480,472	491,269
Provision for interest on Loan		21,525,107	1,656,347
Un-Applied Receipts		734,269	983,095
		79,892,132	57,014,826

During the year, provision for bad debt has been presented under Accounts receivables for better presentation.

20.03 Payable for others

Tax deducted at source (Salary)	520,331	182,704
VAT Deducted at source (on Suppliers bill)	2,224	23,125
	522,555	205,829

21 Short term bank loan

UPAS / EDF Loan (Raw Cotton)	2,473,826,671	2,086,895,330
Working Capital Loan	13,176,911	51,137,500
	2,487,003,581	2,138,032,830

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

Bank	Loan Account	Particulars
HSBC	Export Development Fund (EDF)/UPAS	Lender: HSBC Nature: EDF Limit: Tk 2,500 million Purpose: Import of Raw Cotton Tenure: 180 days for Clean Import Loan (CIL) & 30 days for sight (SGT) Rate of interest: @ 2.00%
		Lender: HSBC Nature: UAPS Limit: Tk 2,500 million Purpose: To import raw materials and accessories on sight and/or deferred basis. Tenure: 180 days for Deferred Payment Bill (DPB) and 30 days for SGT. Rate of interest: @ LIBOR + 1.91% per annum.
Bank	Loan Account	Particulars
HSBC	UPAS	Lender: HSBC Nature: UAPS Limit: Tk 400 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: @ LIBOR + 3.25% per annum.
		Lender: HSBC Nature: UPAS Limit: Tk 400 million Purpose: To import spare parts and machineries on sight and/or deferred basis. Tenure: 120 days Rate of interest: @ LIBOR + 1.91% per annum.
	Bill Discounting	Lender: HSBC Nature: Bill Discounting Limit: USD 10 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: Interest will be charged on daily balances @1.92% per annum.

	<p>Security Arrangement:</p> <ol style="list-style-type: none"> 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 4,208,600,000 each with supporting Board Resolutions. 4. First charge over the borrower's stocks of Raw Materials, Work - in - process and Finished Goods 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. Power of Attorney for Back to Back facility. 8. 'Letter of Lien over Deposits with Authority to Encash' obtained. 9. 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. 10. Reister Power of Attorney in relation of property mortgaged in favour of bank under crossponding Deed of Mortgaged. 	
Bank	Loan Account	Particulars
BRAC BANK	Export Development Fund (EDF)/UPAS	<p>Lender: BRAC BANK Nature: EDF Limit: Tk 1000 million Purpose: Impovt of Raw Cotton Tenure: 180 days from the date of creation of each contract. Rate of interest: @ 2.00%.</p> <p>Security Arrangement:</p> <p>Registered Hypothecation (1st charge on Pari Passu basis) over all present & future floating assets including stock and Book debts of the Company with RJSC, along with Notarized IGPA to sell the Hypothecated Assets.</p> <p>BBL's Charge has been filed with RJSC for BDT 510.00 Million, which to be enhanced up to BDT 1110 Million.</p> <p>Pari Passu Security Sharing Agreement (PPSSA) executed amongst BBL, HSBC & the Borrower, for sharing floating assets.</p> <p>Support:</p> <ol style="list-style-type: none"> a) Corporate Guarantee to be executed for BDT 510.00 Million, by the Company as follows: Jinnat Knitwears Ltd in support by Board Resolution of the guarantor company(ies). b) Basic Charge Documents (i.e. Demand Promissory Note, Letter of Continuity and Revival, Letter of Arrangement, General Loan Agreement, Letter of Disbursement & Letter of Debit Authority), to be executed for BDT 510.00 Million, in support of Board Resolution of the Borrower. c) Trust Receipt to be executed for BDT 200.00 Million, i.e., covering the LATR limit (s), in support of Board Resolution of the Borrower. d) Counter Guarantee to be executed for BDT 50.00 Million, i.e. covering the Bank Guarantee limit (s), in support of Board Resolution of the Borrower. e) Working Capital facilities i.e., LC, Accep, EDF, BG, BP can be utilized by hiving off among the group concerns (HTL, MTL, DBTL, MSML, CCL, PPPL and TPWL) within group approved limit subject to pre-fact clearance by bank's competent authorities. <p>Security/Support covering the credit facilities under Working Capital Stimulus Package under facility No 1 (c) above, which shall continue:</p> <ol style="list-style-type: none"> a) Basic Charge Documents (i.e. Demand Promissory Note, Letter of Continuity and Revival, Letter of Arrangement, General Loan Agreement, Letter of Disbursement & Letter of Debit Authority), executed for BDT 50,000,000.00 only, in support of Board Resolution of the Borrower. b) MICR Cheque obtained for BDT 50,000,000.00 along with Irrevocable Letter of authority to complete the Cheque.

Bank	Loan Account	Particulars
JAMUNA BANK	Export Development Fund (EDF)	Lender: JAMUNA BANK Nature: EDF Limit: Tk 450 million Purpose: Import of Raw Cotton Tenure: a) Each LTR shall be adjusted within 180 days from the date of creation. B) EDF as per Bangladesh Bank guideline. Rate of interest: @ 2.00%
		Security Arrangement: 1. Personal guarantees of Mr. Abdul Wahed, Mr. M.A. Jabbar, Mr. M.A. Rahim and Mr. M.A. Quader (all are Directors of the company and key persons of DBL Group), supported by duly signed Personal Net Worth statements verified by Head of Branch. 2. Corporate Guarantee of Jinnat Apparels Limited (sister concern of the customer) supported by Board Resolution, MoA and AoA. 3. Security cheques each limit with letter of approach duly signed by authorized persons. 4. Charge with RJSC on floating assets (present & future value) of the company. 5. Usual charge documents.

	Notes	Amounts in Taka	
		30 June 2022	30 June 2021
22 Current portion of long term loan			
Off Shore Loan & UPAS		1,054,404,943	205,141,666
		<u>1,054,404,943</u>	<u>205,141,666</u>
23 Share Application Money		-	4,553,160
The share application money consists of the money against IPO applicants who were unsuccessful in lottery. The money were in the process of being refunded to the unsuccessful applicants. Subsequently refunded all the remaining portion of un-refunded share application money during August 2021 as per Commission's Directive no. BSEC/CMRRCD/2021-386/03 dated 14 January 2021.			
24 Unclaimed dividend			
Opening Balance		4,371,032	4,027,296
Add: Addition during the year		389,960,000	175,482,000
Less: Paid during the year		(392,295,095)	(175,138,264)
Closing Balance		<u>2,035,937</u>	<u>4,371,032</u>
25 Provision & accruals			
Provision for Income Tax	25.01	434,258,641	241,426,481
Provision for workers' profit participation and welfare funds	25.02	61,649,653	41,546,649
		<u>495,908,294</u>	<u>282,973,130</u>
		Amounts in Taka	
		30 June 2021	30 June 2020
25.01 Provision for Income Tax			
Opening Balance		241,426,481	111,884,559
Add: Provision for taxation for the year (Note - 33)		192,832,161	127,867,668
Less: Adjustment provision for previous years AIT		-	(50,756,815)
Less: Adjustment provision for previous years deposit		-	(41,897,884)
Excess/(Short) provision for taxations after final assessment order as below:			
Add: Adjustment of short provision for the year 2016-2017		-	42,144,750
Add: Adjustment of short provision for the year 2017-2018		-	16,388,110
Add: Adjustment of short provision for the year 2018-2019		-	35,796,093
		<u>434,258,641</u>	<u>241,426,481</u>
25.02 Provision for workers' profit participation and welfare funds			
Opening Balance		41,546,649	12,079,513
Add: Addition during the year		62,241,507	42,138,503
Less: Paid during the year		(42,138,503)	(12,671,367)
Closing Balance		<u>61,649,653</u>	<u>41,546,649</u>

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.

26 Revenue

	Amounts in Taka	
	2021-2022	2020-2021
Carded Yarn	486,578,736	167,686,486
Combed Yarn	1,919,914,064	1,383,435,999
Slub Yarn	363,928,840	483,761,212
Synthetic Yarn	1,440,298,690	1,279,017,885
Melange Yarn	848,461,065	944,991,688
Vortex	335,580,239	345,721,771
Open End	431,827,545	302,534,633
Twist	174,547,503	113,073,817
Twisting Services Charges	1,551,612	848,594
	6,002,688,295	5,021,072,086

Quantitative details of sales (KG)
2021-2022

Product Type	Opening Stock (a)	Production (b)	Closing Stock (c)	Sales during the year (a+b-c)
Carded Yarn	2,276	1,586,044	266,200	1,322,120
Combed Yarn	257,320	4,973,602	570,169	4,660,752
Slub Yarn	91,805	799,562	30,131	861,236
Synthetic Yarn	83,811	3,751,558	188,036	3,647,333
Melange Yarn	97,699	1,753,337	83,596	1,767,440
Vortex	16,946	1,007,542	161,228	863,259
Open End	43,023	1,797,545	194,466	1,646,102
Twisted Yarn	11,173	287,276	3,936	294,513
Total	604,050	15,956,466	1,497,761	15,062,755

Turn over in Quantity (Kg)
2020-2021

Product Type	Opening Stock (a)	Production (b)	Closing Stock (c)	Sales during the year (a+b-c)
Carded Yarn	18,185	540,033	2,276	555,942
Combed Yarn	92,679	4,027,091	257,320	3,862,450
Slub Yarn	36,296	1,477,002	91,805	1,421,492
Synthetic Yarn	95,364	4,262,172	83,811	4,273,726
Melange Yarn	31,650	2,569,419	97,699	2,503,370
Vortex	14,819	1,141,327	16,946	1,139,231
Open End	63,146	1,734,583	43,023	1,754,706
Twisted Yarn	8,565	296,907	11,173	294,300
Total	360,733	16,048,534	604,050	15,805,217

	Amounts in Taka	
	2021-2022	2020-2021
27 Cost of goods sold		
Raw Material consumption (Note-27.01)	3,509,105,818	2,977,225,800
Packing materials consumption (Note-27.02)	39,405,860	35,532,667
Fiber Dyeing	21,400,768	21,925,201
Manufacturing overhead (Note-27.03)	1,088,588,860	985,033,019
Cost of goods manufacturing	4,658,501,306	4,019,716,687
Opening work-in-process	61,624,815	43,535,277
Closing work-in-process	(67,172,889)	(61,624,815)
Cost of production	4,652,953,232	4,001,627,149
Opening stock of finished yarn	166,706,650	89,041,018
Closing stock of finished yarn	(428,909,621)	(166,706,650)
	4,390,750,261	3,923,961,517

27.01 Raw Material consumption

Quantity (KG)		
Opening Stock	4,843,492	2,937,952
Purchase during the year	20,656,682	21,771,326
Raw Material available for consumption	25,500,174	24,709,278
Closing Stock	7,235,464	4,843,492
Raw Material Consumed	18,264,710	19,865,786
Value (Taka)		
Opening balance	754,617,992	465,487,680
Purchase during the year	4,419,505,141	3,266,356,112
Raw Material available for consumption	5,174,123,134	3,731,843,792
Sale of cotton- local	-	-
Closing balance	(1,665,017,316)	(754,617,992)
	3,509,105,818	2,977,225,800

Notes	Amounts in Taka	
	2021-2022	2020-2021

27.02 Packing materials consumption

Opening balance	3,094,460	2,208,327
Purchase during the year	39,756,379	36,418,800
Packing materials available for consumption	42,850,839	38,627,127
Closing balance	(3,444,979)	(3,094,460)
	39,405,860	35,532,667

27.03 Manufacturing overhead

Salary and allowances	275,032,878	257,537,013
Repair and maintenance	5,951,102	4,710,774
BIMA certificate charges	734,875	894,750
Store and spare parts	54,448,022	82,944,690
Travelling & Conveyance	453,523	462,985
Crockerries and Canteen Expenses	696,373	583,146
Fire Fighting Expenses-factory	2,297,042	2,063,185
Factory stationeries	2,189,545	1,691,486
Fuel and lubricants	345,812	389,680
Fuel and lubricants- Generator	102,075,688	30,748,503
Fuel and lubricants- Vehicles	703,868	729,626
Electricity bill	209,791,093	98,718,243
Gas bill	156,370,599	213,973,396
Insurance premium	5,719,203	5,618,548
Testing fee	256,950	46,430
Workshop expenses	1,866,180	1,378,439
Depreciation	269,656,106	282,542,127
	1,088,588,860	985,033,019

28 Other income		
Foreign currency exchange gain/(loss)	(91,427,203)	11,800,021
Gain / (Loss) on Investment in marketable securities	1,263,250	25,553,414
Bank interest received	882,007	1,037,581
Sales of wastage	69,364,786	58,571,237
Cash Dividend (received on marketable securities)	1,716,757	561,139
Rental Income	5,376,157	
Less: Repair and maintenance	(1,612,847)	
Miscellaneous Income	3,763,310	2,988,720
	267,705	186,733
	(14,169,388)	100,698,845

Amounts in Taka

Notes	2021-2022	2020-2021
29 Administrative expenses		
Salary and allowances	117,980,641	109,416,300
Audit fees	833,750	833,750
AGM Expenses	2,107,065	1,542,382
Board Meeting Expenses	2,282,500	1,496,000
Business promotion expenses	22,280,518	14,364,326
Bank charges and commission	10,296,522	11,936,668
Ceremonial expense	55,030	30,479
Certificate and membership fees	3,014,820	1,800,135
Credit rating expenses	107,500	145,125
Garden Expenses	19,725	15,831
Advertisement	1,886,300	1,004,745
Contribution to Provident Fund	2,376,360	2,073,830
Managing Directors Remuneration (Note -39.2)	8,400,000	8,400,000
Entertainment	1,220,516	2,944,462
Internet charges	50,400	106,750
Legal expenses	157,050	-
Medicine and medical expenses	120,774	132,420
News paper and periodicals	56,528	12,852
Office maintenance	352,689	390,645
Photocopy and type expenses	545,328	465,323
Office Stationery	72,804	234,852
Rates and taxes	1,257,517	1,420,044
Depreciation on Right-of-use (ROU) Asset	2,654,142	2,654,142
Registration and renewal	2,632,383	2,982,967
Religious expenses	65,595	46,000
Staff welfare	68,442	94,038
Travelling expenses	143,579	-
Software Expenses	226,263	-
Miscellaneous expenses	1,832,291	2,182,796
Power and fuel - vehicles	1,780,842	2,166,991
Obsolete Raw Materials	-	8,360,909
Doubtful debts	20,889,569	48,897,310
VAT Expenses	1,872,799	1,335,537
Depreciation	29,961,790	31,393,570
Loss/(Gain) on Fixed Assets adjustment	664,830	2,407,556
Impairment loss on asset held for sale	-	1,257,607
	238,266,862	262,546,344

30 Distribution expenses

Carriage outward	8,549,435	8,227,395
	<u>8,549,435</u>	<u>8,227,395</u>

Amounts in Taka

	Notes	2021-2022	2020-2021
31 Finance cost			
Interest expenses			
Bank Interest on Offshore loan		-	10,091,209
Bank Interest on term loan		1,472,262	7,775,600
Bank interest on Export Development Fund/Upas Cotton		40,307,503	18,430,694
Interest Expense on Lease Liability		668,474	886,965
Bank Interest on OD loan		1,432,462	4,950,374
Bank Interest on loan against export bills		-	13,470
		<u>43,880,702</u>	<u>42,148,312</u>

32 Contribution to workers' profit participation funds:

Allocation for workers' profit participation funds Tk.62,241,507 (2021: Tk. 42,138,503). This represents 5% of net income before charging income tax as per provision of the Labour Law - 2006 and it will be allocated as defined in the said Act.

33 Computation of Taxable Income & Tax Liability thereon

Amounts in Taka

	2021-2022	2020-2021
A. Tax Payable on Total Taxable Income	192,832,161	127,867,668

Reconciliation of effective tax rate	2021-2022		2020-2021	
	Percentage	BDT Amount	Percentage	BDT Amount
Profit before tax		1,244,830,140		842,748,860
On Business Income	15.00%	176,350,170	15.00%	108,485,283
On Foreign currency exchange gain/(loss)	20.00%	-	22.50%	2,655,005
On Sales of wastage (balance after setting off business loss)	20.00%	13,872,957	22.50%	13,178,528
On Misc. Income	20.00%	53,541	22.50%	42,015
On Bank interest received	20.00%	176,401	22.50%	233,456
On Cash Dividend (received on marketable securities)	20.00%	343,351	20.00%	112,228
On Gain / (Loss) on Investment in marketable securities	10.00%	1,283,078	10.00%	2,488,691
On Rental Income	20.00%	752,662	22.50%	672,462
Income tax expenses	15.49%	192,832,161	15.17%	127,867,668

B. Minimum Tax Payable u/s 82C(4)(a)

Gross receipts during this year [Schedule-B]	6,079,946,110	5,121,770,931
Tax Rate	0.60%	0.60%
Minimum Tax u/s 82C(4)(a) of ITO 1984	36,479,677	30,730,626

C. Minimum Tax Payable u/s 82C(4)(a)

Tax deducted at Source under section 52 BBBB	31,818,245	22,696,178
	31,818,245	22,696,178

Gross Tax Liability (higher of A, B and C)	192,832,161	127,867,668
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(Excess)/Short provision for taxations after final assessment order as below:

Add: Adjustment of short provision for the year 2016-2017	-	42,144,750
Add: Adjustment of short provision for the year 2017-2018	-	16,388,110
Add: Adjustment of short provision for the year 2018-2019	-	35,796,093
Total Current Tax	192,832,161	222,196,621

		Amounts in Taka	
		2021-2022	2020-2021
34	Deferred tax for statement of Profit & loss and Statement of other comprehensive income		
	34.01: Deferred tax for statement of profit & loss		
	A. Deferred tax on Fixed assets:		
	Carrying amount *	2,666,987,734	2,749,200,922
	Tax base	(1,571,492,383)	(1,655,347,859)
	Taxable Temporary difference	1,095,495,351	1,093,853,063
	Tax rate	15%	15%
	(Tax rate is 15% on Textile sector as per SRO - 193 dated 30 June 2015)		
	Deferred tax liabilities as on 30 June 2022	164,324,303	164,077,959
	Deferred tax liabilities 30 June 2021	(164,077,959)	(158,983,806)
		246,343	5,094,153
	B. Deferred tax on Right-of-Used (ROU) Assets:		
	Carrying amount of PV of lease obligation	5,897,255	8,612,827
	Carrying amount Right to Use Assets	4,865,928	7,520,070
	Taxable Temporary difference	1,031,328	1,092,757
	Tax rate	15%	15%
	Deferred tax liabilities as on 30 June 2022	154,699	163,914
	Deferred tax liabilities 30 June 2021	(163,914)	(105,156)
		(9,214)	58,757
	Total Deferred Tax Expenses (A+B)	237,129	5,152,911
	34.02: deferred tax for statement of other comprehensive income		
	(i) Deferred tax liability against revaluation reserve other than land		
	Carrying amount other than land	330,521,879	349,660,462
	Tax base	-	-
		330,521,879	349,660,462
	Applicable tax rate (As per SRO - 193 dated 30 June 2015 for Textile Sector)	15%	15%
		49,578,282	52,449,069
	(ii) Deferred tax liability on capital gain on revaluation of land		
	Carrying amount other than building & others	1,371,505,300	1,358,959,500
	Tax base	-	-
		1,371,505,300	1,358,959,500
	Applicable tax rate (3% As per section 53 H of ITO 1984)	3%	3%
		41,145,159	40,768,785
	Deferred tax liability against revaluation reserve (i + ii)	90,723,441	93,217,854
	Deferred tax liabilities 30 June 2021	(93,217,854)	(96,306,953)
	Deferred tax for Statement of Other Comprehensive Income	(2,494,414)	(3,089,099)
	Deferred tax has been provided on Taxable Temporary difference.		
	* This amount include adjustment for 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.		
35	Earnings Per Share (EPS)		
	The computation of EPS is given below:		
	Earnings attributable to ordinary shareholders	1,051,760,851	615,399,328
	Weighted average number of ordinary shares outstanding at the year end	97,490,000	97,490,000
	Earnings per share (EPS)	10.79	6.31

		Amounts in Taka	
		2021-2022	2020-2021
35.1 Diluted earnings per share	No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.		
36 Net Assets Value (Per Share)			
Total assets	10,391,089,103	8,282,703,071	
Less: Total current liabilities	(4,222,906,123)	(2,773,056,694)	
	6,168,182,980	5,509,646,378	
Deduct:			
Long Term & deferred liabilities	(257,598,321)	(263,356,982)	
	5,910,584,658	5,246,289,395	
Number of Ordinary Share at statement of financial position date	97,490,000	97,490,000	
NAV - Per Share at statement of financial position date	60.63	53.81	
37 Net Operating Cash Flow Per Share			
Cash flows from operating activities as per statement of cash flows	601,834,617	38,543,671	
Number of Ordinary Share at statement of financial position date	97,490,000	97,490,000	
Net Operating Cash Flow - Per Share	6.17	0.40	

38 Board Meetings

During the year from 01.07.2021 to 30.06.2022 five board meetings were held. The attendance status is as follows:

Name of Directors	Position	Meeting Held	Attended	Remarks
Abdul Wahed	Chairman	5	5	
M.A. Jabbar	Managing Director	5	5	
M.A. Rahim	Director	5	5	
M.A. Quader	Director	5	5	
Md. Hassan Imam	Director	5	5	
Selina Parvin	Director	5	5	
Tanzeen Rahim	Director	5	5	
Taslima Begum	Director	5	5	
Md. Abdus Salam FCA, FCS	Independent Director	5	5	
Shamsul Hasan Barrister-at-law	Independent Director	5	5	

39 Number of employees & Payments to Directors and Officers

39.1 Number of employees

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

	Officer & Staff		Worker	Total Employee	Amount in Taka
	Head Office	Factory			
2021-22	25	304	1,789	2,318	403,789,879
2020-21	25	439	1,683	2,147	377,427,143

There is no Salary/ Wages/Remuneration below Tk. 8,000/- per month or annually Tk. 96,000. Minimum Salary/ Wages/Remuneration has started from Tk. 8,000/- per month.

39.2 Payments to Directors and Officers

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

Particulars	2021-2022			2020-2021		
	Directors	Managers & Others	Total	Directors	Managers & Others	Total
Basic Salary	5,139,960	64,829,937	69,969,897	5,139,960	60,123,863	65,263,823
House Rent	2,569,980	32,414,969	34,984,949	2,569,980	30,061,931	32,631,911
Conveyance	690,060	8,703,676	9,393,736	690,060	8,071,867	8,761,927
Bonus/ incentives	-	12,032,059	12,032,059	-	11,158,639	11,158,639
Total Salary and allowances	8,400,000	117,980,641	126,380,641	8,400,000	109,416,300	117,816,300

* Directors represent Managing Director only.

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

40 Contingent Liabilities:

a As on 30 June 2022, Contingent Liability of the Company was Tk. 861,534,622.69 (Tk.1,003,325,372 as at 30 June 2021) for opening of LCs by the banks in favour of foreign suppliers for raw materials and spares.

b There was no facts and figures for which the company has contingent liability to any party other than Bank as on 30 June 2022.

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

	MSML Unit	Melange Unit	Synthetic Unit	Total	
				2020-2021	2019-2020
Capacity Installed:					
No. of Spindles Installed	39,600	18,240	15,344	73,184	73,184
Capacity Utilized:					
No. of Spindles Operated	38,175	16,924	14,149	69,248	65,900
Production Capacity: (In Kg)					
At Equivalent Ave. 28's (Ring) & 16's Count (Rotor)	8,750,000	3,530,000	5,904,534	18,184,534	18,257,000
Actual Production: (In Kg)					
At Equivalent Ave. 28's (Ring) & 16's Count (Rotor)	7,214,971	2,851,154	4,706,139	14,772,265	14,798,647
% of Capacity Utilization	82.46	80.77	79.70	81.24	81.06

42 Related party disclosure

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

Name of the related party	Relationship	Nature of transaction	Value of transactions (Taka)	Closing balance as of June 30, 2022 (Taka)	Status as of June 30, 2022	Closing balance as of June 30, 2021 (Taka)	Status as of June 30, 2021
Flamingo Fashions Ltd	Sister Concern	Sale of yarn	1,634,672,579	254,769	Debtor	118,706,886	Debtor
Jinnat Fashions Ltd	Sister Concern	Sale of yarn	87,242,736	24,220,561	Debtor	36,139,150	Debtor
Jinnat knitwears Ltd	Sister Concern	Sale of yarn	2,251,993,222	646,833,890	Debtor	356,815,261	Debtor
Jinnat Apparels Ltd	Sister Concern	Sale of yarn	522,538,647	144,624,982	Debtor	14,467,517	Debtor
Mawna Fashions Ltd.	Sister Concern	Sale of yarn	308,385,553	3,461,876	Debtor	24,997,731	Debtor
Hamza Textiles Ltd	Sister Concern	Sale of yarn	130,041,648	6,460,726	Debtor	6,608,437	Debtor
Trackway Printing & Packaging Ltd.	Sister Concern	Sale of yarn	41,303,652	46,968,866	Debtor	6,291,636	Debtor
DB Trims Ltd	Sister Concern	Godown Rent & Sale of yarn	4,102,494	1,531,172	Debtor	879,671	Debtor
DBL Distribution	Sister Concern	Fuel & Lubricant	60,032	60,032	Debtor	-	Debtor
Color City Ltd	Sister Concern	Godown Rent & Fiber Dyeing	13,750,225	1,542,606	Debtor	166,000	Debtor
DBL Ceramics Ltd	Sister Concern	Fuel & Lubricant	93,460,456	24,294,579	Creditor	15,896,116	Creditor
Dulal Brothers Ltd	Sister Concern	Tiles	10,316,918	10,819,354	Creditors	8,099,861	Creditors
DBL Life Style Ltd	Sister Concern	Services	5,572,367	5,930,918	Creditors	124,945	Creditors
DBL Textile Recycling Ltd.	Sister Concern	Sale of yarn	4,689,705	4,689,705	Debtor	-	-
		Services	226,263	226,263	Creditors		
		Rental Income	1,008,007	1,008,007	Debtor	-	-

ii) Key management personal compensation comprised the following:

The Company's key management personal includes the Company's Managing Directors.

a) Short-term employee benefit:

Short term employee benefit includes remuneration, festival bonus and meeting attendance fees.

In Taka	2020-2021	2019-2020
Directors' remuneration	8,400,000	8,400,000
Board meeting fees	979,000	649,000
	9,379,000	9,049,000
b) Post employment benefit:	-	-
c) Other long-term benefit:	-	-
d) Termination benefit:	-	-
e) Share- based payment:	-	-
	9,379,000	9,049,000

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

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

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

Particulars	Local Purchase	Import	Total Purchase	Consumed	% of Consumption
Raw Cotton	-	4,419,505,141	4,419,505,141	3,509,105,818	94.90%
Stores and Accessories	-	77,725,207	77,725,207	149,335,540	4.04%
Packing Materials	39,756,379	-	39,756,379	39,405,860	1.07%
Capital Machinery	-	157,855,276	157,855,276	-	-
Total	39,756,379	4,653,085,624	4,694,842,003	3,697,847,218	100.00%

FOB Value of export

The FOB value of export is as follows:

Particulars	2021-22		2020-21	
	In foreign currency \$	In Taka	In foreign currency \$	In Taka
Export	69,395,240	6,002,688,295	59,810,269	5,021,072,086

Amounts in Taka	
2021-22	2020-21

44 Reconciliation of net operating cash flow

Cash Flow from Operations

Net income	1,051,760,851	615,479,288
Less: Dividend Income transfer to investing activities	(1,716,757)	(561,139)
Less: Interest on FDR and Bank Accounts transfer to investing activities	(882,007)	(1,037,581)
Less: Effects of foreign currency translation gain / (loss)	(23,326,828)	-
Depreciation and amortization	299,617,896	313,935,696
Depreciation on Right-of-Used (ROU) Assets	2,654,142	-
Decrease (increase) in current assets	(921,845,287)	(1,021,086,088)
Decrease (increase) in current liabilities	237,029,978	166,201,776
Deferred tax liability	(2,257,285)	2,005,055
Unrealized gain/(loss)	(1,166,280)	17,672,862
Capital expenditure	664,829	(60,724,657)
Decrease (increase) in Revaluation Reserve	21,632,997	23,683,090
Gain / (Loss) on Investment in marketable securities	(1,271,564)	(22,918,199)
Proceeds from Asset held for sale	-	(192,393)
Accrued Interest shown in investing activities	580,224	726,494
Capital work-in-process	(59,640,291)	5,359,466
Cash flow from operating activities	601,834,617	38,543,671

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

46 Figures are rounded off to the nearest Taka.

47 Event after the reporting period

The Board of Directors of Matin Spinning Mills Limited, at its 133 meeting held on October 20, 2022 proposed Tk. 5 per share amounting to a total of Tk.487,450,000 as cash dividend for the year ended 30 June 2022, which represents 50% of the paid up Capital. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting of the Company.

48 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Effective for year beginning 1 January 2020	• Amendments to references to conceptual framework in IFRS standards
	• Amendments to IFRS 3: <i>Business Combinations</i> of definition of business
	• Amendments to IAS 1: <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> of definition of material.
Effective for year beginning 1 January 2021	• IFRS 17: <i>Insurance Contracts</i>
Effective date deferred indefinitely / available for optional adoption	• Amendments to IFRS 10: <i>Consolidated Financial Statements</i> and IAS 28: <i>Investments in Associates and Joint Ventures</i> on sale or contribution of assets between an investor and its associate or joint venture

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Company's financial statements.



Abdul Wahed
Chairman



M. A. Jabbar
Managing Director



Mohammad Emarot Hossain FCA, FCS
Chief Financial Officer



Md. Shah Alam Miah FCS
Company Secretary

Matin Spinning Mills Ltd

Details of property, plant and equipment for the year ended 30 June 2022

Annex i

A) Non Revalued Assets (Cost Component)

Amounts in Taka

Name of the assets	Cost		Total at 30 June 2022	Rate %	At 01 July 2021	Depreciation Charge for the year	Adjustment during the year	Total at 30 June 2022	Written down value at 30 June 2022
	At 01 July 2021	Addition during the year							
Land and land development	160,426,166	12,545,800	172,971,966	0%	-	-	-	-	172,971,966
Factory building	694,974,463	5,759,260	700,733,723	5%	220,675,620	23,720,369	-	244,395,989	456,337,734
Godown	116,095,164	2,797,584	118,892,748	10%	39,572,045	7,636,367	-	47,208,412	71,684,336
Plant and machinery	3,997,025,541	157,855,276	4,154,880,817	10%	2,178,435,927	189,475,062	-	2,367,910,989	1,786,969,828
Furniture and fixtures	3,871,294	3,047,748	6,919,042	10%	2,700,194	133,124	-	2,833,318	4,085,724
Sub Station (Machinery)	386,431,498	2,691,328	389,122,826	15%	221,327,868	24,936,663	-	246,264,530	142,858,295
Gas Generator	316,407,375	10,871,996	327,279,371	15%	149,395,102	25,308,852	-	174,703,954	152,575,417
Office equipments	77,239,799	15,203,807	91,678,606	15%	39,799,508	6,756,188	100,171	46,455,525	45,223,082
Vehicles	67,643,349	-	67,643,349	20%	55,079,907	2,512,688	-	57,592,596	10,050,753
Total at 30 June 2022	5,820,114,648	210,772,799	6,030,122,447		2,906,986,171	280,479,312	100,171	3,187,365,312	2,842,757,135

B) Revalued Assets (Revaluation Reserve Component)

Name of the assets	Revaluation		Total at 30 June 2022	Rate %	At 01 July 2021	Depreciation Charge for the year	Adjustment during the year	Total at 30 June 2022	Written down value at 30 June 2022
	At 01 July 2021	Addition during the year							
Land and land development	1,198,533,334	-	1,198,533,334	0%	-	-	-	-	1,198,533,334
Factory building	405,031,744	-	405,031,744	5%	88,482,492	15,827,463	-	104,309,955	300,721,789
Godown	41,653,543	-	41,653,543	10%	8,542,333	3,311,121	-	11,853,454	29,800,089
Total at 30 June 2022	1,645,218,621	-	1,645,218,621		97,024,825	19,138,584	-	116,163,408	1,529,055,213
Total (A + B) at 30 June	7,465,333,269	210,772,799	7,675,341,068		3,004,010,996	299,617,896	100,171	3,303,528,721	4,371,812,348

Allocation of depreciation:

Year ended 30 June 2022

Manufacturing overhead @ 90%	269,656,106
Administrative overhead @ 10%	29,961,790
	<u>299,617,896</u>

-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.

Matin Spinning Mills Ltd

Details of property, plant and equipment for the year ended 30 June 2021

Annex ii

A) Non Revalued Assets (Cost Component)

Amounts in Taka

Name of the assets	Cost			Depreciation			Written down value at 30 June 2021			
	At 01 July 2020	Addition during the year	Adjustment/disposal during the year	Total at 30 June 2021	Rate %	At 01 July 2020		Charge for the year	Adjustment during the year	Total at 30 June 2021
	Land and land development	160,426,166	-	-	160,426,166	0%		-	-	-
Factory building	667,712,041	27,262,422	-	694,974,463	5%	196,435,852	24,239,768	-	220,675,620	474,298,843
Godown	88,041,886	28,053,278	-	116,095,164	10%	33,697,711	5,874,334	-	39,572,045	76,523,119
Plant and machinery	3,906,994,756	90,030,785	-	3,997,025,541	10%	1,983,434,303	195,001,625	-	2,178,435,927	1,818,589,613
Furniture and fixtures	3,871,294	-	-	3,871,294	10%	2,566,861	133,333	-	2,700,194	1,171,100
Sub Station (Machinery)	386,431,498	-	-	386,431,498	15%	192,191,933	29,135,935	-	221,327,868	165,103,630
Gas Generator	312,937,576	3,469,799	-	316,407,375	15%	120,793,901	28,601,201	-	149,395,102	167,012,273
Office equipments	75,553,633	4,675,683	2,989,517	77,239,799	15%	33,166,820	7,214,650	581,961	39,799,508	37,440,290
Vehicles	67,643,349	-	-	67,643,349	20%	51,939,047	3,140,860	-	55,079,907	12,563,442
Total at 30 June 2021	5,669,612,198	153,491,967	2,989,517	5,829,114,648		2,614,226,427	293,341,705	581,961	2,906,986,171	2,913,128,477

B) Revalued Assets (Revaluation Reserve Component)

Name of the assets	Revaluation			Depreciation			Written down value at 30 June 2021			
	At 01 July 2020	Addition during the year	Adjustment/disposal during the year	Total at 30 June 2021	Rate %	At 01 July 2020		Charge for the year	Adjustment during the year	Total at 30 June 2021
	Land and land development	1,198,533,334	-	-	1,198,533,334	0%		-	-	-
Factory building	405,031,744	-	-	405,031,744	5%	71,741,459	16,741,033	-	88,482,492	316,549,252
Godown	41,653,543	-	-	41,653,543	10%	4,689,374	3,852,959	-	8,542,333	33,111,210
Total at 30 June 2021	1,645,218,621	-	-	1,645,218,621		76,430,833	20,593,992	-	97,024,825	1,548,193,796
Total (A + B) at 30 June	7,314,830,819	153,491,967	2,989,517	7,465,333,269		2,690,657,260	313,935,696	581,961	3,004,010,996	4,461,322,273

Allocation of depreciation:

Year ended
30 June 2021
282,342,127
31,393,570
313,935,696

Manufacturing overhead @ 90%
Administrative overhead @ 10%

-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.