Annual Report
2017-2018



Malek Spinning Mills Ltd.

AMAR STOCK

29th ANNUAL REPORT 2017-2018





29TH ANNUAL REPORT 2017-2018
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Malek Spinning Mills Limited

Registered Office: 117/A, Tejgaon Industrial Area, Dhaka-1208

Corporate Head Office: Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208

Tel: IPT +8809612111177-92, 880-2-8878065, Fax: 880-2-8878064

E-mail: allabj@dhaka.net, Website: www.malekspinning.com

MALEK SPINNING MILLS LIMITED

TRANSMITTAL LETTER

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

Sub: Annual Report for the year ended 30th June, 2018.

Dear Sir(s),

We are pleased to enclose herewith a copy of Annual Report together with the Audited Financial Statements comprising Consolidated and Separate Statement of Financial Position as at June 30, 2018, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended June 30, 2018 along with notes thereon of Malek Spinning Mills Limited and its Subsidiaries for your information and records.

Yours sincerely,

Syed Saiful Haque
Company Secretary

Dated: November 25, 2018

AMAR STOCK

MALEK SPINNING MILLS LIMITED

Registered Office: 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh
Corporate Head Office: Tower-117, 117/A,
Tejgaon Industrial Area, Dhaka-1208

NOTICE OF THE 29TH ANNUAL GENERAL MEETING

Notice is hereby given that the **29TH ANNUAL GENERAL MEETING** of the shareholders of the Company will be held on **Thursday, 27th December, 2018 at 10.30 a.m.** at Spectra Convention Centre Limited, House # 19, Road # 7, Gulshan-1, Dhaka-1212 to transact the following business:

Agenda-1. To receive, consider and adopt the Audited Financial Statements for the year ended 30th June, 2018 together with the Report of the Directors' and the Auditors' thereon.

Agenda-2. To declare dividend for the year ended 30th June, 2018.

Agenda-3. To elect Directors in terms of the relevant provision of Articles of Association of the Company.

Agenda-4. To appoint Auditors for the year 2018-2019 and to fix their remuneration.

Agenda-5. To appoint Corporate Governance Auditors for the year 2018-2019.

By order of the Board

Syed Saiful Haque
Company Secretary

Dated: November 25, 2018

Notes:

(i) The Shareholders whose names would appear in the Share Register of the Company and/or Depository Register of CDBL on the **record date i.e. November 14, 2018** would be entitled to attend at the AGM and to receive the dividend.

(ii) The Proxy form must be affixed with requisite revenue stamp and be deposited at the Corporate Head Office of the Company not less than 72 hours before the time fixed for the meeting.

(iii) Admittance to the meeting venue will be on production of the attendance slip sent with the Annual Report.

(iv) The Annual Report is available in the Company's website at www.malekspinning.com

N.B: No gift or benefit in cash or kind shall be paid/offered to the hon'ble Shareholders in the 29th AGM of the Company as per BSEC Circular under reference No. SEC/CMRRCD/2009-193/154 dated 24.10.2013.

AMARSTOCK

CORPORATE GOVERNANCE:

Corporate Governance involves decision making processes for any corporate body as a going concern for the benefit of all concerned, present and future. These decisions may be categorized as policy & strategic, operational and executing, performance & evaluation and sharing of the accretional assets between present and future cohorts. The involvement of the entrepreneur in all these areas invokes decisions making governance on a continuous basis, the degree of involvement being variable with the extent of delegation of authority top down and reporting for accountability bottom up of the management echelon. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants, workers and others in fulfillment of the common goals that converge in increasing the benefits of the stakeholders. To this end entire corporate governance efforts are blended with 'good governance practices' as ethically and morally acceptable standards under a given socio politico environmental phenomenon of our society in which we work, live and exist.

The organs through which the corporate governance functions are carried out:

BOARD OF DIRECTORS:

(a) Constitution:

The Board of Directors, the top Management echelon, consisting of the founder entrepreneurs/ successors and two Independent Directors, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors consist of Eight (8) members including two Independent Directors with varied education and experience which provides a balancing character in decision making process. The Board is re-constituted every year at each Annual General Meeting when one-third of the members retire and seek re-election. A director is liable to be removed if the conditions of the Articles of Association and the provisions of the Companies Act 1994 are not fulfilled.

(b) Role & Responsibilities:

The main role of the Board of Directors, which is the highest level of authority, is to provide general superintendence, oversee the operations and control the affairs of the Company through appropriate delegation and accountability processes via the lines of command. However the Board of Directors hold the ultimate responsibility & accountability with due diligence for conducting the activities of the Company as per provisions of law in the interest of the shareholders, the stakeholders, the state and the society. The Board of Directors, in fulfillment of its responsibility hold periodic meetings, at least once a quarter and provides appropriate decisions/directions to the Executive Management. Such meetings usually consider operational performance, financial results, review of budgets, capital expenditure, proposals for BMRE or new projects/divisions/product lines, procurement of funds by issue of shares or borrowing, procurement of raw materials, plant & machinery, pricing of products/discounts, recruitment, training and promotion of officers, approval of audited accounts and distribution of dividends and other interest of the stakeholders including the employees and workers. The Board of Directors take special care in designing and articulating productivity and compensation plans of employees and workers and rewarding them appropriately on the basis of quality and quantity of performance as an incentive. Board also remains responsible for removal of operational hazards to life and health of workers, friendly environmental work condition and social relationship as demanded of good citizen in a country.

(c) Relationship with Shareholders and Public:

The shareholders as owners are required to be provided with material information on the Company's operation quarterly, half-yearly and annually, the latter at the AGM. They are also provided routine services by the Company Secretary. The Board is, however, responsible to the public for publication of any Price Sensitive Information as per BSEC Regulation. A qualified & experienced person is in charge for all these responsibilities as Company Secretary. The Company has also a web site to provide permissible information/notices/price sensitive information/financial reports and others for the Shareholders and interested investors.

(d) Relationship with Government:

In its role on accountability to the government, the Board of Directors ensure payment of all dues to government in the form of import duty, custom duty and port charges, VAT, Corporate Taxes and other levies as and when they become due on the basis of actual operations and make sure to avoid corruption. This has enabled the Company to contribute to the National Exchequer.

(e) Relationship with Financiers/ Bankers:

The Board of Directors oversees the financial transactions and ensures to meet company's commitments to the lenders without default.

(f) Relationship with Suppliers:

As the Company has to import almost all the raw materials from abroad, it maintains cordial and mutually beneficial interest with its international as well as local suppliers. This has enabled the company to avoid any legal disputes in international/local courts and enhanced the Company's image as a good customer.

(g) Corporate Social Responsibilities (CSR):

The Board of Directors is also aware of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion- regional equality, non- employment of child labour, human rights, environmental pollution, social–marketing and social-activities.

SEPARATE ROLE OF THE CHAIRMAN AND MANAGING DIRECTOR:

The positions of Chairman and Managing Director are held by separate persons. The Chairman is responsible for the functions of the Board while the Managing Director serves as the Chief Executive Officer (CEO) of the Company.

CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPLIANCE AND COMPANY SECRETARY:

The Company has appointed Mr. B. K.Chaki, as Chief Financial Officer, Md. Rakibul Islam, as Head of Internal Audit and Compliance and Mr. Syed Saiful Haque, as Company Secretary of the Company as per requirement of Bangladesh Securities and Exchange Commission.

AUDIT COMMITTEE OF BOARD:

The Board of Directors has constituted an Audit Committee of the Board consisting of three Directors. The Audit Committee is headed by the Independent Director, Mr. Nurul Alam, former Senior Procurement Specialist and Procurement Hub Leader, Europe and Central Asia (ECA), The World Bank. Other members are Dr. Shamim Matin Chowdhury, Director and Mr. Moshiur Rahman, Director. The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also co-ordinates with the Internal and External Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors, frauds and other deficiencies. The other responsibilities include inter alia, not being limited to, the prevention of conflict of interest between the Company and its Directors, officials, customers, suppliers, government and any other interest groups and detect or remove any scope of insider trading in the Company's stock. The Audit Committee also ensures compliance of requirements of BSEC and other agencies. The Audit Committee of the Board held 4 (four) Meetings during the year 2017-2018.

NOMINATION AND REMUNERATION COMMITTEE:

The Board of Directors has constituted a Nomination and Remuneration Committee (NRC) consisting of three Directors. The NRC is headed by the Independent Director, Md. Qamrul Huda, former Managing Director of Pubali Bank Limited, Eastern Bank Limited and former Chief Executive of BCCI and additional Managing Director of Uttara Bank Limited and General Manager of Janata Bank. Other members are Dr. Shamim Matin Chowdhury, Director and Mr. Moshiur Rahman, Director of the company.

OTHER GOVERNANCE APPARATUS:

The Company, in its efforts for Corporate Good Governance Practices, uses a series of top ranking professional service providers including Bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive Management in properly discharging their duties to all the shareholders, stakeholders, the Government, and the Public as highlighted below:

(a) Independent Directors:

In compliance of the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Mr. Nurul Alam, former Senior Procurement Specialist and Procurement Hub Leader, Europe and Central Asia (ECA), The World Bank, Former Lecturer, Department of Political Science, Chittagong University and trained in World Bank Executive Development Program, Conducted jointly by Harvard University, Graduate School of Business Administration, Stanford University, Stanford Graduate School of Business and INSEAD (European Institute of Business Administration) and Md. Qamrul Huda, one of the Senior Bankers of the country, former Managing Director of Pubali Bank Limited/Eastern Bank Limited and former Chief Executive of BCCI and additional Managing Director of Uttara Bank Limited and General Manager of Janata Bank, as the non-shareholder Independent Directors. It is expected that their expertise would help contribute to the further disclosure and protect the interest of all investors in general and smaller investors in particular.

(b) Bankers:

The degree of efficient business operation largely depends on the quality of efficiency of banking services received by the company. Efficient banking service brings down cost of operations. On the other hand, cost of financial services and interest on the lending by the banks are also required to be the minimum. With this end of view, the company has established long term business relationship with the banks namely Eastern Bank Limited, Dhaka Bank Limited, HSBC, One Bank Limited and Trust Bank Limited who provide most efficient service at minimum cost/interest that benefit the shareholders.

(c) Insurer:

Insurance services cover certain operational risks which are required by law/business practices to be covered by legitimate insurance service providers for protection of the interest of the company, the investors. To this end, the company has to select insurer with the most efficient, reputed and financially sound history so that claims, if any, are settled promptly and the premium rates are market competitive. The Company, based on these considerations, is maintaining insurance business relationship with the highly reputed and publicly listed insurance companies namely Pioneer Insurance Co. Ltd, Eastland Insurance Co. Ltd. and Reliance Insurance Co. Ltd.

(d) Auditors:

The role of the auditors in certification of the financial statement is the most significant aspect of Corporate Governance and protection of interest of investors. As evident from the Annual Reports, the company rigidly follows Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations with legally required disclosures of Accounts and Financial Statements. This has been possible due to the high level capability and integrity of Malek Siddiqui Wali, Chartered Accountants, statutory auditors of the company and Das Chowdhury Dutta & Co., Chartered Accountants, Corporate Governance auditors of the company whose performances have played a very trustworthy role in the protection of interest of the investors.

EXECUTIVE MANAGEMENT:

The Executive Management is led by the Managing Director (CEO) who is appointed by the Board of Directors for a term of 5 years (renewable) with the approval of shareholders in the Annual General Meeting. The Managing Director is supported by professional, well educated, trained and experienced team consisting of Mr. Moshiur Rahman, Director and Mr. Azizur Rahim Chowdhury, Director, Mr. Ghaus Mohammad, Director-HR & Admin, Mr. Hasan Mahmood, Executive Director and Mr. B. K. Chaki, Chief Financial Officer and a host of Senior Executives in the hierarchy of management.

SEGMENT REPORT:

The Company's business and its geographic location is single and as such no segment reports are applicable. The company has 3 (Three) subsidiary companies of which Salek Textile Limited has been producing Yarn, Fabric & RMG products, J.M. Fabrics Limited has been producing fabric of RMG product and Newasia Synthetics Limited has not yet gone to operation. The financial statement of the subsidiary companies has been shown separately according to BFRS-8 and attached to this report.

RISK PERCEPTION:

The Company Management perceives investment risk within the national and international economic situation in relation to legal and moral requirements involving inter alia, intellectual property right, scientific invention, WTO Regulations etc. and monetary and fiscal investment policies and has prepared its production & marketing strategy to meet the challenges from these risks. The Company Management also perceives Financial Risk, Credit Risk, Liquidity Risk, Market Risk, Price Risk, Interest Risk and Currency Risk.

WE STRIVE FOR

- We in Malek Spinning Mills Ltd., strive, above all, for top quality products at an appropriate cost.
- We owe our shareholders and strive for protection of their capital as well as ensure highest return and growth of their assets.
- We strive for best compensation to all the employees who constitute the back-bone of the management and operational strength of the Company.
- We strive for the best co-operation of the creditors and debtors the banks & financial institutions who provide financial support when we need them, the suppliers of raw materials & suppliers who offer them at the best prices at the opportune moments, the providers of utilities- power, gas & water etc. and the customers who buy our products and services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates to our customers.
- We strive for fulfillment of our responsibility to the Government through payment of entire range of due taxes, duties and claims by various public agencies like municipalities etc.
- We strive, as responsible citizen, for a social order devoid of malpractices, anti-environmental behaviors, unethical and immoral activities and corruptive dealings.
- We strive for practicing good-governance in every sphere of activities covering inter alia not being limited to, disclosure & reporting to shareholders, holding AGM in time, distribution of dividends and other benefits to shareholders, reporting/dissemination of price sensitive information etc.
- We strive for equality between sexes, races, religions and regions in all sphere of operation without any discriminatory treatment.
- We strive for an environment free from pollution and poisoning.

CORPORATE REVIEW

I. MANAGEMENT APPARATUS:

(a) BOARD OF DIRECTORS:	Mr. A.F.M. Zubair	Chairman
	Mr. A. Matin Chowdhury	Managing Director
	Dr. Shamim Matin Chowdhury	Director
	Mr. Azizur Rahim Chowdhury	Director
	Ms. Saima Matin Chowdhury	Director
	Mr. Moshiur Rahman	Director (Nominee of Paragon Poultry Ltd.)
	Md. Qamrul Huda	Independent Director
	Mr. Nurul Alam	Independent Director
(b) AUDIT COMMITTEE:	Mr. Nurul Alam	Chairman
	Dr. Shamim Matin Chowdhury	Member
	Mr. Moshiur Rahman	Member
(c) NOMINATION AND REMUNERATION COMMITTEE:		
	Md. Qamrul Huda	Chairman
	Dr. Shamim Matin Chowdhury	Member
	Mr. Moshiur Rahman	Member
(d) MANAGEMENT COMMITTEE:	Mr. A. Matin Chowdhury	Chairman
	Mr. Moshiur Rahman	Member
	Mr. Azizur Rahim Chowdhury	Member
	Mr. Ghaus Mohammad	Member
	Mr. Hasan Mahmood	Member
	Mr. B. K. Chaki	Member
(e) SENIOR CORPORATE OFFICIALS:	Mr. Ghaus Mohammad	Director HR & Admin
	Mr. Hasan Mahmood	Executive Director
	Mr. B. K. Chaki	Chief Financial Officer
	Mr. Syed Saiful Haque	Company Secretary
	Md. Rakibul Islam	Head of Internal Audit & Compliance
(f) AUDITORS:	Malek Siddiqui Wali	Chartered Accountants
(g) BANKERS:	i. Eastern Bank Ltd.	Principal Br, Dhaka
	ii. Dhaka Bank Ltd.	Karwan Bazar Br, Dhaka
	iii. The Trust Bank Ltd.	Sena Kalyan Br, Dhaka
	iv. HSBC	Main Br, Dhaka
	v. One Bank Ltd.	Principal Br, Dhaka
	vi. AB Bank Ltd.	Principal Br, Dhaka
	vii. BRAC Bank Ltd.	Head Office, Dhaka
(h) INSURERS:	i. Pioneer Insurance Co. Ltd.	
	ii. Reliance Insurance Co. Ltd.	
	iii. Eastland Insurance Co. Ltd	
(i) LISTING:	(a) Dhaka Stock Exchange Ltd.	
	(b) Chittagong Stock Exchange Ltd.	
(j) REGISTERED OFFICE:	117/A, Tejgaon Industrial Area, Dhaka-1208.	
(k) CORPORATE HEAD OFFICE:	Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208.	
(l) INVESTORS' RELATION DEPARTMENT:	Md. Kamruzzaman,	Fax No-880-2-8878064, E-mail: kamruzzaman@knitasia.com, Tel: 880-2-8878065, Cell: 88-01709998863
(m) FACTORY:	Shafipur, Kaliakoir, Gazipur.	

II. CORPORATE HISTORY:

- Year of Incorporation : 02 November, 1989
- Year of Commencement of Production : 01 January, 1991
- Year of Conversion to Public Ltd. Co. : 14 September, 2008
- Year of Initial Public Offering (IPO) : 2010
- Stock Exchange Listing date : 2nd August, 2010 (DSE & CSE)
- Authorized Capital : Tk. 3,000 Million
- Paid Up Capital : Tk. 1,936 Million
- Product Lines : Combed and carded yarn of various counts
- Number of Employees (30th June 2018) : a. Executive & staff : 272
  b. Workers : 1,042
- Subsidiary Companies : a. Salek Textile Ltd.
  b. Newasia Synthetics Ltd.
  c. J.M. Fabrics Ltd.

III.FIVE YEARS OPERATIONAL RESULTS:

(Figures in thousand Tk.)

Particulars	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**
Turnover	3,002,641	2,540,411	2,587,147	2,994,446	3,065,013
Gross Profit	318,504	284,629	336,612	372,972	395,471
Net Profit (Before Tax)	141,193	138,552	202,002	261,155	249,470
Net Profit (After Tax)	119,129	117,686	171,969	225,197	215,231
Shareholder's Equity	5,177,055	5,251,526	5,327,440	5,387,791	5,356,194
Total Assets	6,464,612	6,403,382	6,825,321	6,942,375	7,113,508
Total Current Assets	2,584,307	2,520,411	2,928,056	2,959,887	3,043,633
Total Current Liabilities	883,451	861,318	1,208,294	1,216,712	1,405,194
Current Ratio	2.93	2.93	2.42	2.43	2.17
Number of shares outstanding	193,600,000	193,600,000	193,600,000	193,600,000	193,600,000
Face Value per share	10	10	10	10	10
Shareholder's Equity per Share	26.74	27.13	27.52	27.83	27.67
Earning per share (MSML)	0.62	0.61	0.89	1.16	1.11
Earning per share (Consolidated)	1.17	1.05	1.52	2.05	2.33
Dividend Declared Per Share (Stock)	Nil	Nil	Nil	Nil	Nil
Dividend Declared Per Share (Cash)	1.00	1.00	1.00	1.20	1.00
Net Operating Cash Flow per Share (MSML)	0.60	1.42	1.20	2.22	2.62
Number of Shareholders	**14,412	16,093	19,585	23,249	27,537
Human Resources:					
Executives & Staff	272	193	190	269	250
Workers	1,042	1,191	1,061	1,007	1,299

**Number of shareholders considered as on 30th June, 2018.

MESSAGE
FROM THE CHAIRMAN

Dear Shareholders,

It is a great pleasure for me to welcome you on behalf of the Board of Directors to the 29th Annual General Meeting of Shareholders of the Company. The Directors' Report containing inter alia Audited Accounts and Auditors Report thereon for the year ended 30th June 2018 is enclosed for your perusal.

As may be noted from the operational and financial performance, the Company has been operating almost at a stable platform for over 5 (five) years. Total assets/investment remained almost at constant level with turnover, gross profit, net profit, net asset value of shares, dividends at a stable situation. The Company did not undertake any major expansion in horizontal or vertical form due the marketing/exporting problem/competition with imported yarn. However, the Company followed its strategic policy on dividends to the shareholders.

As you may be aware, the textile sector in general, RMG sector in particular, had faced various internal and external difficulties, including, not being limited to, enhanced compliance standards from customers, new regulations in regard to building and fire safety, high wage rate as fixed by government, workers unrest etc.,which had direct impact on cost of production, price of products and export revenue.

Our sincere efforts were rewarded positively through recognition from our buyers who had vetted our factories to be safe and compliant for which we had succeeded in retaining our production and export levels.

The Board of Directors in its meeting held on 08th May, 2016 had passed a BMRE plan of Tk.32.75 crore for re-structuring of the existing project by renovation/reconstruction in civil works, replacement/installation of new machinery and equipment for improving production & quality of products. In this regard we got sanction of a loan of Tk.30.85 crore from One Bank Ltd. Out of which as on 30th June 2018 Tk.14.77 crore were invested and the implementation of BMRE plan is under process.

Bangladesh Securities and Exchange Commission (BSEC) has introduced mandatory Guidelines on Corporate Governance. The Board of Directors of the Company is committed to provide good governance and exercise best practices in all respects, good governance is our core philosophy for managing the business effectively and responsibly and in a way which is transparent and abiding by the laws of the land.

I would also like to take this opportunity to thank our Shareholders, Regulatory Bodies including Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., Central Depository Bangladesh Limited, our Bankers, Insurers and different facilitators for their cooperation and support to our Company.

A. F. M. Zubair
Chairman

MALEK SPINNING MILLS LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS FOR THE YEAR 2017-2018

Dear Shareholders,

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 of the Bangladesh Securities and Exchange Rules 1987, BSEC Notification dated 03 June, 2018 and IAS (International Accounting Standards) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Report to the Shareholders of the Company for the year ended 30 June, 2018 in the following paragraphs:

The company has 3 (three) subsidiaries as follows:

1. **Salek Textile Limited**- A composite mill of the Textile sector with three operational units. The rotor unit produces open end yarn of various counts having a capacity of 14,621 tons yarn per annum. The fabric unit produces denim fabric of various size and grade having capacity of 9,600,000 yards and the RMG unit produces denim products having capacity of 4,500,000 pcs per annum.
2. **J.M. Fabrics Limited**- A knitting, dyeing, finishing and garments factory located at South Nayapara, 6 No. Dogri, P.O. Bhawal, Mirzapur, Gazipur with a capacity of 43.68 million pcs. T-Shirt & Intimate garments per annum.
3. **Newasia Synthetics Limited**- A project promoted for setting up a polyester staple fibre and chips plant the implementation of which has since been kept in abeyance due to non-availability of energy/fuel & gas.

1. (5) (i) Industry outlook and possible future developments in the industry:

Our Company falls within the primary textile sector producing world class yarn of various counts. Bangladesh do not produce raw cotton, the basic raw materials of our company. So, we have to import 100% raw materials from outside. The success of the industry also depends on availability of raw materials, power & gas, world economy, international price trend, market situation of end product of export i.e. RMG export. Spinning mill is labour oriented industry.

The growth & challenges of the company depends on:

(a) Labor relations (b) Labor productivity (c) Energy

(d) Other infrastructures (e) Law and order (f) Financial costs

If these issues are appropriately addressed in time, the growth is expected to improve substantially as Bangladesh has already attained the name for being a quality manufacturer with a very reasonably priced supplier.

1. (5) (ii) Segment-wise or product wise performance:

Our company produces 100% export oriented Knit Yarn. The installed production capacity of the company is 12,600,000 kg. yarn per annum with 63,624 Spindles.

Comparative position of its operating/financial performance for the year 2017-2018 and 2016-2017 are given below:

Sl. No.	Description	2017-2018 (Kg.)	2016-2017 (Kg.)
01	Production capacity	12,600,000	12,600,000
02	Actual Production	10,905,455	10,777,354
03	Capacity Utilization	86.55%	85.53%
04	Quantity Sold (kg)	11,188,402	10,146,450
05	Sales Revenue (Tk.)	3,002,641,192	2,540,411,247
06	Average selling price (Tk.)	268.37	250.37

1. (5) (iii) Risk and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any:

All sectors of the textile industry face many of the similar challenges. These are lack of power, labor unrest causing disruption of production and increased cost of fund. Since a Spinning Mill has to depend on imported raw materials and local supply of labour. Price variation of raw material and increased cost of labour are the main risk for this type of industry. Uninterrupted power supply due to irregular gas supply and price variation also affects this type of industry. The Company is also aware of Financial Risk including Credit Risk, Liquidity Risk, Market Risk, Price Risk, Interest Risk, Currency Risk and is prepared to meet those by systematic control which are elaborately described in the notes of financial statement.

1. (5) (iv) Discussion on of Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:

(a) Cost of Goods Sold: The cost of goods sold was 89.39% during the year as compared to 88.80% during the previous year, a marginal increase of 0.59%.

(b) Export: The company had achieved an export turnover of Tk.3,002.64 million during the year ended 30th June 2018. Last year's export turnover was Tk.2,540.41 million. The turnover had increased by 18.20% over the last year due to increase in sales quantity.

(c) Gross Profit: Gross Profit earned during the year amounted to Tk. 318.50 million as against Tk. 284.63 million during the previous year. Gross profit increased due to increase of sales compared to last year, although gross profit on sales is decrease.

(d) Net Profit/(Loss): The company had succeeded in earning a Net Profit of Tk.119.13 million compared to last year's Net Profit of Tk.117.69 million. The Net Profit increased due to increase of sales compared to last year, although Net Profit percentage on sales is decrease.

1. (5) (v) Discussion on continuity of any extraordinary activities and their implications (gain or loss):

During the year extra-ordinary loss of Tk.5,904,554 was incurred from foreign currency exchange loss against import LC payment, foreign currency exchange loss against export realization and loss on sale of assets after adjustment of interest received from banks, which has been shown as Other Income in the Statement of Profit or Loss and other Comprehensive Income and in the note no.22.1 in the Notes of Account.

1. (5) (vi) Detailed discussion on related party transactions:

Related party transactions are depicted in Note no.27.1 in the Notes of Account.

1. (5) (vii) Statement of utilization of proceeds raised through public issues, right issues and/or any other instruments:

There were no public issues and/or right issues during the year.

1. (5) (viii) Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.:

Initial Public Offering was made onthe year 2010. There were no Repeat Public Offering, Rights Offer, Direct Listing, etc. in the history of the company.

1. (5) (ix) Explanation on any significant variance occurs between Quarterly Financial performance and Annual Financial Statements:

The company's earnings per share (EPS) in 1st quarter was Tk.0.10 per share, in 2nd quarter was Tk.0.24 per share, in 3rd quarter was Tk.0.17 per share and in annual financial statements it stood at Tk.0.62 per share. All quarter EPS were almost similar. There was no major fluctuation in EPS in between the quarters during the year. Profitability had marginally increased in the 2nd quarter from 1st quarter due to selling price was increased compared to previous quarter.

1. (5) (x) Statement of remuneration paid to the directors including independent directors is stated below:

Name of Directors	Designation	Remuneration paid from 1st July 2017 to 30th June 2018 (Tk.)
Mr. A. F. M. Zubair	Chairman	6,500,000
Mr. A. Matin Chowdhury	Managing Director	2,600,000
Dr. Shamim Matin Chowdhury	Director	Nil
Ms. Saima Matin Chowdhury	Director	Nil
Mr. Azizur Rahim Chowdhury	Director	Nil
Mr. Moshiur Rahman	Director	Nil
Md. Qamrul Huda	Independent Director	Nil
Mr. Nurul Alam	Independent Director	Nil
Total		**9,100,000**

1. (5) (xi) to (xvii) Statement of Directors on Financial Reports:

The above reports are depicted in **Annexure-I.**

1. (5) (xviii) Explanation that significant deviations from the last year's operating results of the company :

The company's Operating Profit ratio during the year 2017-2018, is 5.13% on sales compared to 5.69% during the previous year. The insignificant decrease in percentage of operating profit ratio at 0.56% is due to mainly gross profit percentage on sales had decreased by 0.60% and effect of financial & operating expenses.

1. (5) (xix) Key operating and financial data of last preceding 5 (five) years have been presented in summarized form in page no. 09

1. (5) (xx) Dividend:

Board of Directors has recommended for declaration of a Cash Dividend @ 10% i.e.Tk.1.00 (one) per share of Tk.10.00 each for ordinary shares held by the shareholders as on the Record Date.

1. (5) (xxi) Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend:

No bonus share or stock dividend has been declared during the year 2017-2018 as interim dividend.

1. (5) (xxii) The total number of Board Meetings held during the year 2017-2018 and attendance by each director, stated in Annexure-I.

1. (5) (xxiii) Report on the pattern of shareholding as required by clause 1.(5) (xxiii) of the BSEC Notification dated 03 June 2018, stated in Annexure-II.

1. (5) (xxiv) Appointment/re-appointment of the directors:

Brief resume and other required information of the directors who seek re-appointed in the ensuing AGM are stated in **Annexure-III.**

1. (5) (xxv) Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements:

Management's Discussion and analysis signed by CEO or MD are stated in **Annexure-IV**

1. (5) (xxvi) Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3 (3) are disclosed in Annexure-A.

1.(5) (xxvii) Report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 are disclosed in Annexure-B and Annexure-C.

CAPITAL EXPENDITURES:

The following Capital Expenditure was incurred during the years 2017-2018 & 2016-2017.

Description	2017-2018 (Tk.)	2016-2017 (Tk.)
Factory Building	21,748,315	---
Plant & Machinery	101,801,757	---
Furniture & Fixtures	11,040	---
Office Equipments	1,061,502	1,495,871
Loose Tools and Equipment	23,135,725	---
Total	**147,758,339**	**1,495,871**

The capital expenditures were financed by internal generation of fund.

SUBSIDIARY OPERATION:

Salek Textile Limited, Newasia Synthetics Limited and J.M. Fabrics Limited are subsidiaries and as such Directors Report along with, Auditors Report and Audited Accounts containing Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been included as part of this report.

(a) Salek Textile Limited (STL): The Company (MSM) holds 97.925% share of Salek Textile Limited i.e. 47,259,700 shares of Tk.10.00 each amounting to Tk. 472,597,000.00 out of 48,260,870 shares of Tk.10.00 each amounting to Tk.482,608,700.00. To comply the condition No. 9 of capital raising consent order No.BSEC/CI/CPLC(Pvt)-333/2011/446 dated June 24, 2014 of Bangladesh Securities and Exchange Commission (BSEC) and Notification No. SEC/CMRRCD/2006-159/36/Admin/03-44 dated May 05, 2010 published in the Bangladesh Gazette dated 01-06-2010 the status of the Company was converted from Private Limited Company to Public Limited Company on 23rd August, 2014. Subsequently the par value of share was changed from Tk.100.00 per share to Tk.10.00 per share.

The production capacity of STL is 14,621,000 kgs yarn, 9,600,000 yards fabric and 4,500,000 Pcs RMG products per annum. The company made additional investment of Tk.407,916,725 during the year 2017-2018.

The Company's operating results as on 2017-2018 and 2016-2017 are given below:

Description	2017-2018	2016-2017
Production (Kg) Yarn	8,059,078	7,369,889
Production (Yards) Fabric	8,950,626	9,074,567
Production (Pcs) RMG	*5,949,697	5,369,936
Sales Revenue (Tk.)	4,388,013,977	3,975,248,739
Gross Profit (Tk.)	370,291,522	425,146,023
Net Profit after tax provision (Tk.)	74,232,803	78,458,486
Gross Margin	8.44%	10.69%
Net Margin	1.69%	1.97%
EPS (Tk.)	1.54	1.63
NAV (Tk.)	57.83	56.30

- Production of RMG unit has been included sub- contract production.

(b) Newasia Synthetics Limited (NSL): The Company (MSM) holds 99.293% share of the Newasia Synthetics Ltd. i.e. 4,964,650 shares of Tk.100.00 each amounting to Tk. 496,465,000.00 out of 5,000,000 shares of Tk.100.00 each amounting to Tk.500,000,000.00 as on 30th June, 2018. The company had increased its paid up capital from Tk.93,715,000.00 to Tk.500,000,000.00 after obtaining capital raising consent from Bangladesh Securities and Exchange Commission (BSEC) vide their letter SEC/CI/CPLC-442/2013/2903 dated December 19, 2013. Due to non-availability of Gas connection from Titas Gas Transmission & Distribution Company Ltd. the project has been shelved until the situation changes regarding the availability of gas connection. The Company made additional investment of Tk.131,614,232.00 during the year 2017-2018 under Land & Land Development. The Net Assets Value (NAV) per share of the company as on 30th June 2018 stood at Tk.364.77.

(c) J.M. Fabrics Limited (JMFL): The Company (MSM) holds 99.998% share of J.M. Fabrics Limited i.e. 3,999,900 shares of Tk.100.00 each amounting to Tk. 399,990,000.00 out of 4,000,000 shares of Tk.100.00 each amounting to Tk.400,000,000.00. The Company is engaged in the production of 100% export oriented garments and knit fabric with a production capacity of 16 Metric Tons dyed fabric and 68 (sixty eight) lines of cutting and sewing operation with all necessary facilities, storage etc. During the year additional investment of Tk.243.81 million has been made. The investments made during the year 2017-2018 as follows:

Particulars	Taka
Building & Civil Construction	57,328,069
Plant & Machinery	92,136,508
Other Assets	94,341,222
Total	**243,805,799**

The Company's operating results as on 2017-2018 and 2016-2017 are given below:

Description	2017-2018	2016-2017
Production (Pcs)	38,570,835	38,290,113
Sales Revenue (Tk.)	3,507,548,993	3,433,029,643
Gross Profit (Tk.)	214,285,275	208,440,498
Net Profit (Tk.)	35,979,031	10,371,859
Gross Margin	6.11%	6.07%
Net Margin	1.03%	0.30%
EPS (Tk.)	8.99	2.59
NAV (Tk.)	220.89	211.90

FINANCIAL RESULTS:

The company's (MSM) operating financial results, as compared to the previous year are summarized as follows:

(Tk. in million)

Description	2017-2018	2016-2017
Sales	3,002.641	2,540.411
Cost of goods sold	2,684.137	2,255.782
Gross profit	318.504	284.629
Operating expenses	109.808	100.060
Financial expenses	54.539	39.925
Operating profit	154.157	144.645
Other Income	5.905	0.835
Net Operating Profit/(Loss)	148.253	145.480
Contribution to WPPF	7.060	6.928
Provision for Income Tax	22.065	20.866
Net profit (after tax)	119.128	117.686
Gross Margin	10.61%	11.20%
Net Margin	3.97%	4.63%
Earning per share –EPS (Tk.)	0.62	0.61
Return on Equity (ROE)	2.30%	2.24%
No. of shares outstanding	193,600,000	193,600,000
Face value per share (Tk.)	10	10
Consolidated Earning per share–EPS (Tk.)	1.17	1.05

APPROPRIATION OF PROFIT:

The Board of Directors recommended for appropriation of profit as follows:

Retained Earnings brought forward from previous year	: Tk. 373,193,246.00
Less: Dividend Distribution for the year 2016-2017	:(Tk.193,600,000.00)
Balance surplus brought forward	**: Tk. 179,593,246.00**
Add: Net Profit (after tax) during the year 2017-2018	: Tk. 119,128,559.00
Add: Transfer of excess depreciation of revalued assets	: Tk. 52,120,584.00
Total net free surplus available for appropriation	**:Tk.350,842,389.00**
Appropriation Proposed for the year 2017-2018:	
(a) Cash Dividend @ 10% i.e. Tk.1.00 (one) per share of Tk.10.00 each	:(Tk. 193,600,000.00)
Retained Earnings after payment of Dividend	**Tk. 157,242,389.00**

DECLARATION OF DIVIDEND:

In the line of proposed appropriation of profit, the Board of Directors proposed and recommended for declaration of Cash Dividend at the rate of 10% i.e Tk.1.00 (one) per share of Tk.10.00 each for the year 2017-2018. This will involve an amount of Tk.193,600,000.00 out of Reserve & Surplus/Retained Earnings (free reserves). The cash dividend will be available to the Shareholders whose names would appear in the Share Register of the Company or in the Depository on the record date.

CONSOLIDATION OF ACCOUNTS:

In terms of BSEC Regulations, the Company has consolidated the Accounts following the codes of International Accounting Standard -28 & IFRS-10 reflecting shareholders gross benefits/value of investments.

ELECTION OF DIRECTORS:

Rotation of Directors:

Pursuant to Article 110 of the Articles of Association of the Company Mr. A. Matin Chowdhury, Director and Mr. Azizur Rahim Chowdhury, Director would retire by rotation and being eligible as per Article 112 of the Articles of Association of the Company they offered themselves for re-election. Brief resume and other information of the above mentioned directors as per clause 1.(5) (xxiv) of BSEC notification dated 3 June, 2018 are depicted in **ANNEXURE–III**.

APPOINTMENT OF STATUTORY AUDITORS:

M/s. Malek Siddiqui Wali, Chartered Accountants, existing auditors of the company, will retire at this Annual General Meeting and being eligible offered themselves for re-appointment as auditors of the company for the year 2018-2019. The Board recommended M/s. Malek Siddiqui Wali, Chartered Accountants, 9-G, Motijheel C/A, Dhaka-1000 for re-appointment as auditors of the Company of the year 2018-2019 with fixation of their remuneration.

APPOINTMENT OF CORPORATE GOVERNANCE AUDITORS:

M/s. Das Chowdhury Dutta & Co., Chartered Accountants, existing auditors of the company being eligible offered themselves for re-appointment as corporate governance auditors of the company for the year 2018-2019. The Board recommended M/s. Das Chowdhury Dutta & Co., Chartered Accountants, Well Tower (1st Floor), Flat-A/1, 12/A, Purana Paltan Line, Dhaka for re-appointment as corporate governance auditors of the Company of the year 2018-2019 with fixation of their remuneration.

COMPLIANCE REPORT IN ANNEXURE:

We are pleased to confirm that the company has complied with all necessary guidelines in accordance with the requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. The Corporate Governance Compliance Report for 2017-2018 is attached **(Annexure-C)** in Annual Report along with the certificate of Compliance required under the said guidelines.

The company obtained a certificate from Das Chowdhury Dutta & Co., Chartered Accountants, regarding compliance of conditions of corporate governance guidelines of the Commission, which is enclosed in the Annual Report as **Annexure-B.**

ACKNOWLEDGEMENT:

The Board of Directors are pleased to record with appreciation and gratitude the co-operation and support provided by Shareholders, Customers, Bankers, Insurance Companies, Suppliers, BSEC, DSE, CSE, CDBL, RJSC and dedication by Workers and Employees of the company without whose active support the result achieved would not have been possible.

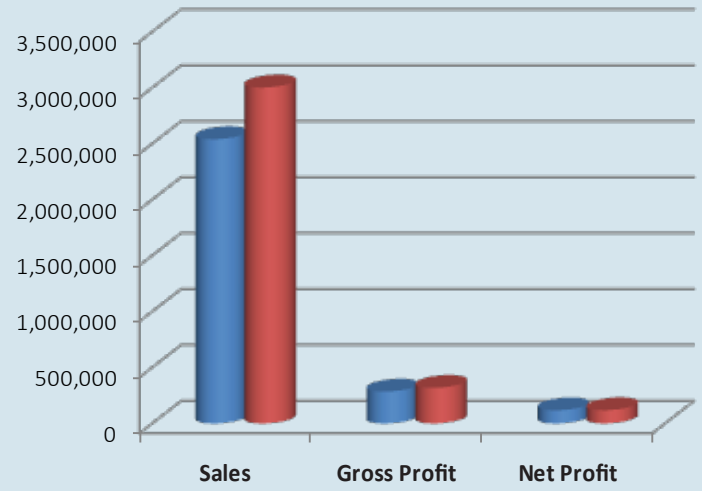
Looking forward for a bright future for all of us.

On behalf of the Board of Directors,

A. F. M. Zubair
Chairman

FINANCIAL PERFORMANCE

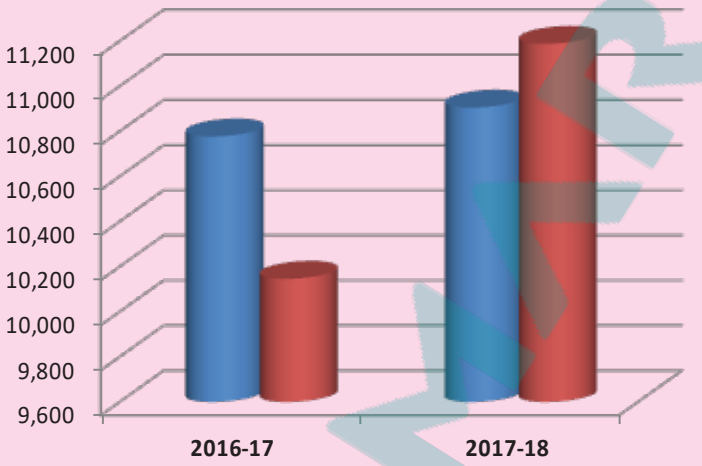
SALES & PROFITABILITY OVER 2 YEARS TIME



(Tk. in ,000)

Particulars	2016-17	2017-18
Sales	2,540,411	3,002,641
Gross Profit	284,629	318,504
Net Profit	117,686	119,129

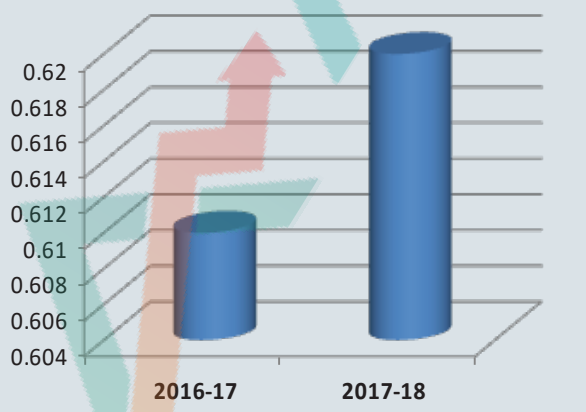
PRODUCTION VS. SALES



(Quantity in, 000 Kg.)

Particulars	2016-17	2017-18
Production	10,777	10,905
Sales	10,146	11,188

EARNING PER SHARE (EPS)



Particulars	2016-17	2017-18
Earning Per Share	0.61	0.62

ANNEXURE – I

The Directors also report that:

- Related Party Transactions are depicted in Note no. 27.1 in the Notes of Account.
- The Financial Statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS/IFRS as applicable in Bangladesh and any departure there from has been adequately disclosed.
- The internal control system is sound in design and is effectively implemented and monitored.
- The minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress.
- There is no significant doubt about the company's ability to continue as a going concern.
- There is no significant deviation from the operating result compared to the last year which is depicted in page no.13 clause 1.(5) (xviii) above.
- Key operating and financial data of last five years have been presented in summarized form in page no. 09
- No bonus share or stock dividend has been declared during the year 2017-2018 as interim dividend.
- The total number of Board Meeting and the Attendance of Directors during the year 2017-2018 were as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. A. F. M. Zubair	Chairman	08	06
Mr. A. Matin Chowdhury	Managing Director	08	08
Dr. Shamim Matin Chowdhury	Director	08	08
Ms. Saima Matin Chowdhury	Director	08	04
Mr. Azizur Rahim Chowdhury	Director	08	08
Mr. Moshiur Rahman	Director	08	08
Mr. Nurul Alam	Independent Director	08	05
Md. Qamrul Huda	Independent Director	08	07

- The pattern of shareholding as required by clause 1.(5) (xxiii) of the BSEC Notification dated 03 June, 2018, stated in **Annexure-II.**
- Information of Directors who seek appointment/re-appointment as required by clause 1.(5) (xxiv) of the BSEC Notification dated 03 June, 2018, stated in **Annexure-III.**
- Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission is enclosed as **Annexure –C.**

ANNEXURE –II

Pattern of Shareholding as on June 30, 2018

Name of the Shareholders	Status	Shares held	%
i. Parent/Subsidiary/Associated Companies and other related parties	**Nil**	**Nil**	**Nil**
ii. Directors:			
Mr. A.F.M. Zubair	Chairman	8,470,000	4.37%
Mr. A. Matin Chowdhury	Managing Director	17,575,200	9.08%
Dr. Shamim Matin Chowdhury	Director	15,310,000	7.91%
Mr. Azizur Rahim Chowdhury	Director	18,585,600	9.60%
Ms. Saima Matin Chowdhury	Director	16,004,000	8.27%
Mr. Moshiur Rahman	Director (Nominated by Paragon Poultry Ltd.)	12,100,000	6.25%
Mr. Nurul Alam	Independent Director	Nil	Nil
Md. Qamrul Huda	Independent Director	Nil	Nil
iii. Chief Executive Officer, Company Secretary, Chief Financial Officer,Head of Internal Audit & Compliance and their Spouses and Minor Children:			
Mr. A. Matin Chowdhury	Chief Executive Officer	17,575,200	9.08%
Mr. Syed Saiful Haque	Company Secretary	Nil	Nil
Mr. B. K. Chaki	Chief Financial Officer	Nil	Nil
Md. Rakibul Islam	Head of Internal Audit& Compliance	Nil	Nil
Dr. Shamim Matin Chowdhury	Wife of Mr. A. Matin Chowdhury	15,310,000	7.91%
iv. Executives	**Nil**	**Nil**	**Nil**
v. Shareholders holding 10% or more voting interest in the Company:			
ICB	Institution	22,322,171	11.53%

ANNEXURE-III

Brief Resume of the Directors

Directors who seek re-appointment:

Mr. A. Matin Chowdhury:

Mr. A. Matin Chowdhury is a Sponsor Director of the Company since 1989. He is a renowned and dynamic personality in the Textile Sector of Bangladesh. After his active participation in the liberation War of Bangladesh in 1971, he voluntarily retired from the Bangladesh Army as a Major. He entered into the family business with his brother late Mr. A. Malek Chowdhury into Graphics Limited, a company that pioneered printing, office equipment and other technology equipment. In the last many years, he moved from indenting to the manufacturing and is currently the Managing Director of Malek Spinning Mills Ltd, New Asia Ltd, Rahim Textile Mills Ltd, Salek Textile Ltd, Knit Asia Ltd, Hejaz Publications Ltd, Fatehbagh Tea Co. Ltd, and the Chairman of J.M. Fabrics Ltd. and New Asia Synthetics Ltd.

He is the former Chairman of Bangladesh Textile Mills Association (BTMA) and Under Previleged Children's Programs (UCEP). He is also involved with many other non-profit organizations including Diabetic Association of Bangladesh (DAB) as a Member of the National Council, Founder Trustee of Independent University Bangladesh (IUB), Founder Member, Board of Governors of Bangladesh Enterprise Institute (BEI) and many other voluntary organizations. He has more than 46(forty six) years' experience in the textile sector.

Mr. Azizur Rahim Chowdhury:

Mr. Azizur Rahim Chowdhury is a Director of the Company since 2007, son of Mr. A. Matin Chowdhury. He obtained graduation from Purdue University in the U.S.A. with a major in Computer Science and Business Management. He has more than 11 (eleven) years working experience in the textile sector. He is also the Director of Rahim Textile Mills Limited (listed company), Salek Textile Limited, Knit Asia Limited, Hejaz Publications Limited, Fatehbagh Tea Company Limited and also the Managing Director of J.M. Fabrics Limited and Director of Bangladesh Textile Mills Association (BTMA).

ANNEXURE-IV

Management's Discussion and Analysis

Management's Discussion and Analysis of the company's position and operations along with a brief discussion of changes in the financial statements as per condition no 1.5(xxv) of Corporate Governance Code dated June 03, 2018.

(a) The company has prepared and presented its financial statement as per BAS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The following BAS are applicable for the financial statements for the year under review:

BAS-1	Presentation of Financial Statement
BAS-2	Inventories
BAS-7	Statement of Cash Flows
BAS-8	Accounting policies, Changes in Accounting estimates and Errors
BAS-10	Events after the Balance Sheet Date
BAS-12	Income Tax
BAS-16	Property, Plant & Equipment
BAS-17	Leases
BAS-18	Revenue
BAS-20	Accounting for Government Grants and Disclosure of Government Assistance
BAS-21	The effect of changes in Foreign Exchange rate
BAS-23	Borrowing Cost
BAS-24	Related Party Disclosure
BAS-27	Separate Financial Statements
BAS-33	Earning per share
BAS-36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets
BAS-38	Intangible Assets
BFRS-3	Business Combination
BFRS-10	Consolidated Financial Statement

(b) There is no changes in accounting policies and estimation for preparation of financial statement for the year ended June 30, 2018. Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of BAS-1 in preparation and presentation of financial statements. The previous year's figures were presented according to the same accounting principles.

(c) Comparative analysis of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons are as follows:

Figures in Million Taka

Particulars	Jul 17 to Jun 18		Jul 16 Jun 17		Jul 15 Jun 16		Jul 14 Jun 15		Jul 13 Jun 14	
	Consolidated	Separate	Consolidated	Separate	Consolidated	Separate	Consolidated	Separate	Consolidated	Separate
Turnover	10,792	3,003	9,775	2,540	9,780	2,587	8,298	2,994	8,239	3,065
Gross Profit	903	319	918	285	980	337	902	373	1,012	395
Net Profit before tax	296	141	260	139	363	202	461	261	519	249
Net Profit after tax	228	119	204	118	296	172	398	225	448	215
Shareholders' Equity	8,841	5,177	8,807	5,252	8,796	5,327	8,732	5,388	8,776	5,483
Total Assets	16,069	6,465	15,459	6,403	15,873	6,825	15,374	6,942	15,407	7,114
Total Current Assets	7,076	2,584	6,970	2,520	7,573	2,928	6,950	2,960	7,008	3,044
Total Current Liabilities	5,175	883	4,900	861	5,030	1,208	4,129	1,217	4,915	1,405
Current Ratio	1.37	2.93	1.42	2.93	1.51	2.42	1.68	2.43	1.43	2.17
Net Asset Value per share	45.36	26.74	45.20	27.13	45.15	27.52	44.83	27.83	45.06	28.32
Earning per share	1.17	0.62	1.05	0.61	1.52	0.89	2.05	1.16	2.33	1.11
NOCFPS	2.10	0.60	4.02	1.42	1.68	1.20	3.72	2.22	3.03	2.62

AMARSTOCK

The rated capacity of Malek Spinning Mills Ltd. during 2013-2014 to 2017-2018 was unchanged and Turnover was more or less same, but in those period MSML was unable to keep expected profitability because of Cost of Goods sold increased due to raw material price, utility cost, factory overhead and operating expenses had increased. But sales price was not proportionately increased as a result Gross Profit had decreased which had affected the profitability.

(d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario:

Figures in Million Taka

Particulars	Malek Spinning Mills Ltd. June 30, 2018	Square Textiles Ltd. June 30, 2017	Matin Spinning Mills Ltd. June 30, 2017	Maksons Spinning Mills Ltd. June 30, 2017
Revenue (Turnover)	3,002.64	5,020.42	3,001.19	4,074.75
Gross Profit	318.50	525.63	447.35	707.66
Operating Expenses	109.81	181.27	189.79	158.68
Financial Expenses	54.54	36.49	56.57	412.66
Net Profit before tax	141.19	297.59	320.90	132.63
Net Profit after tax	119.13	252.49	261.33	74.29
Net Profit in %	3.97%	5.03%	8.71%	1.82%
Earnings per share (EPS)	0.62	1.41	2.68	0.33
NOCFPS	0.60	0.77	2.54	(0.29)

(e) Bangladesh's economy has grown by over 7% annually for last two years despite poor infrastructure and insufficient power supplies. Despite some streamlining of business regulations, entrepreneurial activity was also hampered by an uncertain regulatory environment and the absence of effective institutional support for private-sector development. The top income tax rate is 30 percent, and the top corporate tax rate is 45 percent. Other taxes include a value-added tax. The overall tax burden equals 8.8 percent of total domestic income. Over the past three years, government spending has amounted to 13.9 percent of total output (GDP) and budget deficits have averaged 3.4 percent of GDP. Public debt is equivalent to 33.1 percent of GDP.

(f) Risk and concerns related to the financial statements and such risk and concerns mitigation plan:

(1) 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 sales are made to renowned RMG exporting company. Sales made to the entity are fully secured by Letter of Credit issued by local scheduled banks.

(2) Liquidity Risk:

Liquidity risk is the risk that the company unable to meet its financial obligations as the 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 insures that it has sufficient cash and cash equivalent to meet expected operation expenses, including the servicing of financial obligation through preparation of cash forecast, prepared based on timeline of payment of the financial obligation and accordingly arranged 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 payments of obligations in the events that there is sufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

(3) 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 objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(4) Price Risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company does not have any financial instrument that expose the price risk.

(5) Interest Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short-term borrowings from financial institutions. At the reporting date, the company does not hold any interest bearing financial instrument.

(6) Currency Risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases which, are entered in a currency other than BDT. The foreign currency transactions are mainly occurred in USD and conversion rate of USD into BDT does not fluctuate materially.

(7) Capital Risk Management:

The objective of the Company when managing capital, i.e. its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

(g) Future plan or projection or forecast for company's operation, performance and financial position:

The Company does not have any major policy change in immediate future.

A. Matin Chowdhury
Managing Director

Annexure-A

[As per condition No.1 (5)(xxvi)]

Malek Spinning Mills Limited
Declaration by CEO and CFO

Date: October 17, 2018

The Board of Directors
Malek Spinning Mills Limited
117/A, Tejgaon Industrial Area
Dhaka-1208
Bangladesh

Subject: Declaration on Financial Statements for the year ended on 30th June 2018.

Dear Sirs,
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

i. The Financial Statements of Malek Spinning Mills Limited for the year ended on 30th June 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

ii. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;

iii. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;

iv. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;

v. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and

vi. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

(i) We have reviewed the financial statements for the year ended on 30th June 2018 and that to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

(A. Matin Chowdhury)
Managing Director

(B. K. Chaki)
Chief Financial Officer

দাশ চৌধুরী দত্ত এন্ড কোং
DAS CHOWDHURY DUTTA & CO.
Chartered Accountants

Offices:

Well Tower (1st Floor), Flat - A/1
12/A Purana Paltan Line, Dhaka
Tel : 088-02-58313305
Fax : 088-02-58310639
E-mail : dcddhaka@f-lix.net

Jahan Building No. 5 (2nd Floor)
74, Agrabad Com. Area, Chittagong
Tel : 088-031-725955
Fax : 088-031-714312
E-mail : dcdctg@iolbd.net

Website : www.daschowdhurydutta.com

Annexure-B

[Certificate as per condition No.1 (5) (xxvii)]

Report to the Shareholders of Malek Spinning Mills Limited on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **Malek Spinning Mills Limited** for the year ended on **30 June 2018**. This Code relates to the Notification No. **BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018** of the Bangladesh Securities and Exchange Commission (BSEC).

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation there of as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required and after due scrutiny and verification there of, we report that, in our opinion:

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except 1(4)(b), 1(4)(c), 1(7)(a), 1(7)(b), 3(1)(c), 6(1)(b), 6(2)(g), 6(2)(h), 6(3)(b), 6(4)(a), 6(4)(b), 6(4)(c), 6(4)(d), 6(5)(a), 6(5)(b)(i)(a), 6(5)(b)(i)(b), 6(5)(b)(i)(c), 6(5)(b)(ii), 6(5)(b)(iii), 6(5)(b)(iv), 6(5)(b)(v), 6(5)(b)(vi), 6(5)(c) and explanation is given in Annexure-C;

(b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

(c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws and

(d) The Governance of the company is satisfactory.

Dhaka: 21 November 2018

Dipak Ranjan Datta, FCA
Partner
Das Chowdhury Dutta & Co.
Chartered Accountants

Annexure-C

[As per condition No. 1(5)(xxvii)]

Corporate Governance Compliance Report

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

(Report under Condition No. 9)

Condition No.	Title	Complied	Not Complied	Remarks (if any)
1	**Board of Directors.-**			
1(1)	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
1(2)	**Independent Directors**			
1(2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		
1(2)(b) (i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2) (b) (ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2) (b) (iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2) (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2) (b) (v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2) (b) (vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2) (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2) (b) (viii)	who is not independent director in more than 5 (five) listed companies;	√		
1(2) (b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	√		
1(2) (b) (x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2) (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2) (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		
1(2) (e)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) tenure only;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
1(3)	**Qualification of Independent Director.-**			
1(3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		
1(3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			Not applicable
1(3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company; or	√		
1(3) (b) (iii)	Former official of government or statutory or autonomous body or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or			Not applicable
1(3) (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			Not applicable
1(3) (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			Not applicable
1 (3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1 (3) (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			Not applicable
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-**			
1 (4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1 (4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company		√	As a group company MD is holding same position in 2 (two) listed companies as on date
1 (4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;		√	Noted for compliance
1 (4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1 (4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	**The Directors' Report to Shareholders**			
1 (5) (i)	An industry outlook and possible future developments in the industry;	√		
1 (5) (ii)	The segment-wise or product-wise performance;	√		
1 (5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1 (5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
1 (5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		
1 (5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1 (5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			Not applicable
1 (5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			Not applicable
1 (5) (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1 (5) (x)	A statement of remuneration paid to the directors including independent directors;	√		
1 (5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1 (5) (xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1 (5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1 (5) (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1 (5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1 (5) (xvi)	A statement that minority shareholders have been protected from abuse actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1 (5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1 (5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1 (5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1 (5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			Not applicable
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5) (xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5) (xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5) (xxiii) (c)	Executives; and	√		
1(5) (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5) (xxiv) (a)	a brief resume of the director;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
1(5) (xxiv) (b)	nature of his or her expertise in specific functional areas; and	√		
1(5) (xxiv) (c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5) (xxv) (a)	accounting policies and estimation for preparation of financial statements;	√		
1(5) (xxv) (b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5) (xxv) (c)	comparative analysis (including effects of inflation) of the financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5) (xxv) (d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5) (xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5) (xxv) (f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5) (xxv) (g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e. actual position shall be explained to the shareholders in the next AGM;	√		
1(5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3 (3) shall be disclosed as per **Annexure-A**; and	√		
1(5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 shall be disclosed as per **Annexure-B and Annexure-C**.	√		
1(6)	**Meetings of the Board of Directors** The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	**Code of Conduct for the Chairperson, other Board members and Chief Executive Officer.-**			
1(7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No.6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;		√	Noted for compliance
1(7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.		√	Noted for compliance
2	**Governance of Board of Directors of Subsidiary Company.-**			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding comp-any;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
3	**Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-**			
3(1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;		√	Noted for compliance
3(1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange (s).			Not applicable
3(2)	**Requirement to attend Board of Directors' Meetings** The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
3 (3)	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and chief financial officer (CFO)**			
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3(3) (a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3) (a) (ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	**Board of Directors' Committee.-**			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	√		
5	**Audit Committee.-**			
5(1)	**Responsibility to the Board of Directors.**			
5(1) (a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
5(2)	**Constitution of the Audit Committee**			
5(2) (a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2) (b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5(2) (c)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2) (d)	When the term of service of any Committee member expires or there is any circumstances causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2) (e)	The company secretary shall act as the secretary of the Committee;	√		
5(2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	**Chairperson of the Audit Committee**			
5(3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4) (b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5(3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		
5(4)	**Meeting of the Audit Committee**			
5(4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year:	√		
5(4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	**Role of Audit Committee**			
5(5) (a)	Oversee the financial reporting process;	√		
5(5) (b)	monitor choice of accounting policies and principles;	√		
5(5) (c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5) (d)	oversee hiring and performance of external auditors;	√		
5(5) (e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5) (f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
5(5) (g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5) (h)	review the adequacy of internal audit function;	√		
5(5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5) (j)	review statement of all related party transactions submitted by the management;	√		
5(5) (k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5) (l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5) (m)	oversee whether the proceeds raised through Initial Public Offering (IPO)or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;			Not applicable
5(6)	**Reporting of the Audit Committee**			
5(6) (a)	**Reporting to the Board of Directors**			
5(6) (a) (i)	The Audit Committee shall report on its activities to the Board	√		
5(6) (a) (ii) (a)	report on conflicts of interests;			Not applicable
5(6) (a) (ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Not applicable
5(6) (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			Not applicable
5(6) (a) (ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			Not applicable
5(6) (b)	Reporting to the Authorities			Not applicable
5(7)	Reporting to the Shareholders and General Investors	√		
6	**Nomination and Remuneration Committee (NRC).-**			
6(1)	**Responsibility to the Board of Directors**			
6(1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		
6(1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;		√	Noted for compliance
6(1) (c)	The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No.6(5)(b)	√		
6(2)	**Constitution of the NRC**			
6(2) (a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2) (b)	All members of the Committee shall be non-executive directors;	√		
6(2) (c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	√		

Condition No.	Title	Complied	Not Complied	Remarks (if any)
6(2) (e)	In case of death, resignation, disqualification or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			Not applicable
6(2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as adviser who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			Not applicable
6(2) (g)	The company secretary shall act as the secretary of the Committee;		√	Noted for compliance
6(2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;		√	Noted for compliance
6(2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6(3)	**Chairperson of the NRC**			
6(3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;		√	Noted for compliance
6(3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	√		
6(4)	**Meeting of the NRC**			
6(4) (a)	The NRC shall conduct at least one meeting in a financial year;		√	Noted for compliance
6(4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;		√	Noted for compliance
6(4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No.6(2)(h);		√	Noted for compliance
6(4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.		√	Noted for compliance
6(5)	**Role of the NRC**			
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;		√	Noted for compliance
6(5) (b) (i) (a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;		√	Noted for compliance
6(5) (b) (i) (b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and		√	Noted for compliance
6(5) (b) (i) (c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;		√	Noted for compliance
6(5) (b) (ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;		√	Noted for compliance
6(5) (b) (iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;		√	Noted for compliance

Condition No.	Title	Complied	Not Complied	Remarks (if any)
6(5) (b) (iv)	formulating the criteria for evaluation of performance of independent directors and the Board;		√	Noted for compliance
6(5) (b) (v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and		√	Noted for compliance
6(5) (b) (vi)	developing, recommending and reviewing annually the company's human resources and training policies;		√	Noted for compliance
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.		√	Noted for compliance
7	**External or Statutory Auditors.-**			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1) (i)	appraisal or valuation services or fairness opinions;	√		
7(1) (ii)	financial information systems design and implementation;	√		
7(1) (iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1) (iv)	broker-dealer services;	√		
7(1) (v)	actuarial services;	√		
7(1) (vi)	internal audit services or special audit services;	√		
7(1) (vii)	any service that the Audit Committee determines;	√		
7(1) (viii)	audit or certification services on compliance of corporate governance as required under condition No.9(1); and	√		
7(1) (ix)	any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	**Maintaining a website by the Company.-**			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	**Reporting and Compliance of Corporate Governance.-**			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the AGM	√		
9(3)	The directors of the company shall state, in accordance with the **Annexure-C** attached, in the directors' report whether the company has complied with these conditions or not	√		

AUDIT COMMITTEE REPORT

For the Year 2017-2018

Malek Spinning Mills Limited having an Audit Committee as a sub-committee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities.

The Audit Committee consists of the following persons:

Mr. Nurul Alam, Independent Director	Chairman
Dr. Shamim Matin Chowdhury, Director	Member
Mr. Moshiur Rahman, Director	Member
Mr .Syed Saiful Haque, Company Secretary	Secretary

Meetings of the Audit Committee:

- The Committee held four (04) meetings during the year.
- The Committee submits its report directly to the Board of Directors.
- Minutes of the Committee meeting are properly recorded.

The scope of Audit Committee was defined as under:

a. Review with the management and recommend to the Board to approve the quarterly, half yearly and annual financial statements prepared for statutory purpose;

b. Monitor and oversee financial reporting process, choice of accounting policies and principles, internal audit and compliances process to ensure that it is adequately resourced, approval of the internal audit and compliances plan, review of the internal audit and compliance report, hiring and performance of external auditors;

c. Meeting with the auditors for review of the annual financial statements before submission to the Board for approval;

d. Review the adequacy of internal audit function, Management's Discussion and Analysis before disclosing in the Annual Report;

e. Review statement of all related party transactions submitted by the management;

f. Carry on a supervision role to safeguard the system of governance and independence of statutory auditors; and

g. Review and consider the report of internal auditors and statutory auditors observations on internal control.

Activities carried out during the year:

The Committee reviewed with the management the quarterly, half yearly and annual financial statements and recommended to the Board for consideration. The Committee had overseen, financial reporting process, hiring and performance of external auditors, monitor choice of accounting policies and principles, internal audit and compliances process, reviewed and approved the procedure and task of the internal audit, financial report preparation, Management's Discussion and Analysis and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial statements of the company and a good monitoring system within the business and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

Nurul Alam
Chairman
Audit Committee
Date: 21st October, 2018.

MARSTOCK

মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউনটেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

Malek Siddiqui Wali
Chartered Accountants
9-G, Motijheel C/A (2nd Floor)
Dhaka, Bangladesh.
Extension Office: Property Heights (1st Floor)
12, R. K. Mission Road, Dhaka-1000

Phone : 9513471, 9569867
PABX : 9576118-9, 9576128
Fax : +88-02-9516236
E-mail : wali@satcombd.com
Web : www.msw-bd.com

INDEPENDENT AUDITORS' REPORT
To the shareholders of
Malek Spinning Mills Limited & its Subsidiaries

We have audited the accompanying consolidated Financial Statements of **Malek Spinning Mills Ltd.**, which comprises the Consolidated Statement of Financial Position as at June 30, 2018 and Consolidated Statement of Profit of Loss and Other comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We have audited the accompanying Financial Statements of **Malek Spinning Mills Ltd**., which comprise the Statement of Financial Position as at June 30, 2018 and the Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:
The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines, which is necessary to enable the preparation of financial statements that are free from material misstatement, where due to fraud or error.

Auditor's Responsibility:
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance where the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:
In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as of June 30, 2018 and of the results of its operations and its cash flows for the period then ended and comply with the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;

c) The Company's Statement of Financial Position and Statement of Profit or Loss & Other Comprehensive Income dealt with by the report are in agreement with the books of accounts;

d) The expenditures incurred and payments made were for the purpose of the company's business.

Dated: Dhaka
October 24, 2018

Malek Siddiqui Wali
Chartered Accountants

MALEK SPINNING MILLS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

Particulars	Notes	JUNE'18 Taka	JUNE'17 Taka
ASSETS :			
Non-Current Assets :			
Property, Plant and Equipment	4	8,738,466,373	8,204,449,779
Capital Work-in-Progress	5	254,521,114	283,752,635
		8,992,987,487	**8,488,202,414**
Current Assets :			
Inventories	6	3,360,677,186	3,202,773,360
Accounts Receivable	7	2,679,811,299	2,582,346,695
Advances,Deposits and Pre-payments	8	776,656,533	724,090,932
Cash and Cash Equivalents	9	259,091,357	461,094,357
		7,076,236,375	**6,970,305,344**
TOTAL ASSETS :		**16,069,223,862**	**15,458,507,758**
SHAREHOLDER'S EQUITY AND LIABILITIES:			
Equity attributable to owners of the company			
Share Capital	10	1,936,000,000	1,936,000,000
Share Premium	11	1,500,000,000	1,500,000,000
Tax Holiday Reserve	12	210,883,871	210,883,871
Re-valuation Surplus	13	3,665,792,491	3,753,746,128
Retained Earnings	14	1,469,605,341	1,349,164,984
		8,782,281,703	**8,749,794,983**
Non Controlling Interest	15	**58,334,503**	**56,805,843**
Total Equity :		**8,840,616,206**	**8,806,600,826**
Non Current Liabilities:			
Long Term Loan	16	1,615,784,558	1,317,569,116
Deferred Tax Liabilities	17	437,867,786	434,245,743
		2,053,652,344	**1,751,814,859**
Current Liabilities :			
Short Term Loan	18	1,669,646,017	1,518,318,407
Current Portion of Long Term Loan	19	634,663,634	622,882,024
Loan from Director	20	34,000,000	34,000,000
Bank Acceptance Liabilities	21	1,480,226,583	1,804,968,465
Creditors and Accruals	22	1,356,419,078	919,923,177
		5,174,955,312	**4,900,092,073**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES :		**16,069,223,862**	**15,458,507,758**
Net Assets Value Per Share (NAV)		**45.36**	**45.20**

Par Value Tk.10

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

MALEK SPINNING MILLS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2018

Particulars	Notes	JUNE'18 Taka	JUNE'17 Taka
Sales	23	10,791,944,561	9,774,991,342
Cost of Goods Sold	24	(9,888,863,429)	(8,856,775,340)
Gross Profit :		**903,081,132**	**918,216,002**
Operating Expenses	25	(272,021,562)	(258,890,254)
Financial Expenses	26	(418,327,651)	(418,259,340)
Operating Profit/(Loss) :		**212,731,920**	**241,066,409**
Other Income/(Loss)	27	92,577,272	29,619,259
Net Operating Profit/(Loss) :		**305,309,192**	**270,685,667**
Contribution to WPPF	28	(9,144,929)	(10,523,109)
Profit/(Loss) before Tax :		**296,164,262**	**260,162,558**
Provision for Income Tax :		**(68,548,882)**	**(56,136,701)**
Current Tax	29	(64,926,840)	(68,535,214)
Deferred Tax	30	(3,622,043)	12,398,514
Net Profit/(Loss) after tax		**227,615,380**	**204,025,858**
Other Comprehensive Income		-	-
Total Comprehensive Income		**227,615,380**	**204,025,858**
Profit attributable to:			
Owners of the company		226,086,720	202,415,587
Non-controlling interest	31	1,528,660	1,610,271
		227,615,380	**204,025,858**
Total comprehensive income attributable to:			
Owners of the company		226,086,720	202,415,587
Non-controlling interest	31	1,528,660	1,610,271
		227,615,380	**204,025,858**
Earnings Per Share (EPS)	32	**1.17**	**1.05**
Par Value Tk.10			
Number of Shares used to compute EPS		**193,600,000**	**193,600,000**

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	A. Matin Chowdhury	B.K. Chaki	Syed Saiful Haque
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

MALEK SPINNING MILLS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2018

Particulars	Share Capital	Share Premium	Revaluation Surplus of Fixed Assets	Tax holiday Reserve	Retained Earnings	Non Controlling Interest	Total
Balance as at 1st July 2017	1,936,000,000	1,500,000,000	3,753,746,128	210,883,871	1,349,164,984	56,805,843	8,806,600,826
Total Comprehensive Income					226,086,720	1,528,660	227,615,380
Transfer of excess depreciation of Revalued Assets			(87,953,637)		87,953,637		-
Declared Cash Dividend for 2016-2017 financial year					(193,600,000)		(193,600,000)
As at 30th June 2018	**1,936,000,000**	**1,500,000,000**	**3,665,792,491**	**210,883,871**	**1,469,605,341**	**58,334,503**	**8,840,616,206**

FOR THE YEAR ENDED 30TH JUNE 2017

Particulars	Share Capital	Share Premium	Revaluation Surplus of Fixed Assets	Tax holiday Reserve	Retained Earnings	Non Controlling Interest	Total
Balance as at 1st July 2016	1,936,000,000	1,500,000,000	3,850,028,366	210,883,871	1,244,067,160	55,195,572	8,796,174,969
Total Comprehensive Income					202,415,587	1,610,271	204,025,858
Transfer of excess depreciation of Revalued Assets			(96,282,238)		96,282,238		-
Declared Cash Dividend for 2015-2016 financial year					(193,600,000)		(193,600,000)
As at 30th June 2017	**1,936,000,000**	**1,500,000,000**	**3,753,746,128**	**210,883,871**	**1,349,164,984**	**56,805,843**	**8,806,600,826**

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair
Chairman

A. Matin Chowdhury
Managing Director

B.K. Chaki
Chief Financial Officer

Syed Saiful Haque
Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

MALEK SPINNING MILLS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2018

PARTICULARS	JUNE'18 Taka	JUNE'17 Taka
CASH FLOW FROM OPERATING ACTIVITIES :		
Collection from Turnover & Bills Receivable	10,694,479,957	10,183,313,644
Other Income	101,161,032	48,118,098
Payment for Raw Materials, Indirect Materials and other expenses	(9,610,608,989)	(8,693,671,176)
Foreign currency exchange Gain/(Loss)	(9,610,083)	(1,269,810)
Payment to Employee against contribution to WPPF	(8,304,741)	-
Payment for Operating Expenses	(259,995,781)	(245,562,447)
Payment for Financial Expenses	(418,327,651)	(418,259,340)
Payment for Income Tax	(81,365,777)	(95,245,480)
Net Cash provided/(used) by Operating Activities	**407,427,968**	**777,423,490**
CASH FLOW FROM INVESTING ACTIVITIES :		
Acquisition of Fixed Assets	(848,006,879)	(330,063,929)
Acquisition of Capital work in progress	(32,046,867)	(222,474,247)
Disposal of Fixed Assets	200,000	14,339,325
Net cash provided/(used) in Investing Activities	**(879,853,746)**	**(538,198,851)**
CASH FLOW FROM FINANCING ACTIVITIES :		
Bank Loan Increase/(Decrease)	461,324,662	47,945,077
Loan from Directors	-	(16,000,000)
Refundable IPO Share Money paid	(2,073)	(25,001)
Dividend Paid	(192,257,634)	(191,794,374)
Net cash provided/(used) in Financing Activities	**269,064,956**	**(159,874,299)**
Increase/(Decrease) in Cash and Cash Equivalents	**(203,360,822)**	**79,350,340**
Opening Cash & Cash Equivalents	461,094,357	381,744,017
Foreign Currency translation Gain	1,357,823	-
Closing Cash and Cash Equivalents	**259,091,357**	**461,094,357**
Net Operating Cash Flow Per Share (NOCFPS)	**2.10**	**4.02**

Par Value Tk.10

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

MALEK SPINNING MILLS LIMITED

NOTES OF CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2018

1. COMPANY AND ITS ACTIVITIES:

Malek Spinning Mills Limited was incorporated vide registered no. C-19018 as a Private Limited Company on 2nd November, 1989 under Companies Act 1913. It was converted into Public Ltd. Company in the year 2008. The share of the company is denominated from Tk.100/- to Tk.10/- per share as on 14th September, 2008. Its subsidiary companies are Salek Textile Limited, Newasia Synthetics Limited and J.M. Fabrics Limited. Titas Spinning & Denim Company Ltd. one of the subsidiary company has been Merged and Amalgamated with another subsidiary company Salek Textile Ltd. as per order of the Hon'ble High Court Division of the Supreme Court of Bangladesh dated 05.03.2014 in the Company Matter No. 248 of 2013. All of the companies are incorporated with registrar of joint stock companies and firms, Dhaka, except J.M. Fabrics Limited which is registered with RJSC Chittagong, Bangladesh under Companies Act 1994. Registered office of the Companies are at 117/A, Tejgaon I/A, Dhaka-1208, while Factories are situated at Shafipur, Kaliakoir, Bhawal Mirzapur, Gazipur & Mahna Bhabanipur, Gazipur respectively.

2. NATURE OF BUSINESS:

The Company has got the capacity of 63,624 spindles to spin high quality Cotton hosiery yarns by using modern machinery including state-of-the-art yarn testing laboratory. Annual production capacity of the company is 12,600,000 Kgs.

3. SIGNIFICANT ACCOUNTING POLICIES:

3.1 Basis of Accounting:

The financial statements of the company under reporting have been prepared under historical cost convention, except land, Building and Machinery which is stated at revalued amount, in a going concern concept and on accrual basis other than Cash Incentive Income which is recognized on cash basis in accordance with generally accepted accounting principles and practice in Bangladesh in compliance with the Companies Act 1994, The Securities and Exchange Rules 1987, Listing Regulations of Dhaka Stock Exchange Ltd (DSE) & Chittagong Stock Exchange Ltd. (CSE) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standard (BAS).

3.2 Principal Accounting Policies:

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of BAS-1 "Preparation of Financial Statement" in preparation and presentation financial statements. The previous year's figures were presented according to the same accounting principles.

3.3 Basis of Consolidation:

The consolidated financial statements incorporate the financial statements of the company and entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other member of the group.

All intra group transaction, balances, income and expenses are eliminated in full on consolidation. Minority interests in the net assets of consolidated subsidiaries are identified separately from the group equity therein. These consolidate financial statements have been prepared in consolidation with the audited accounts of the company and the audited accounts of **Salek Textile Limited, Newasia Synthetics Limited** and **J.M. Fabrics Limited** for the period ended June 30, 2018, according to the relevant IFRS or IAS.

3.4 Percentage of Holding on Subsidiary Company:

Name of Company	Total No. Shares	Total Holding	Percentage of Holding
Salek Textile Ltd.	48,260,870	47,259,700	97.925%
Newasia Synthetics Ltd.	5,000,000	4,964,650	99.293%
J.M. Fabrics Ltd.	4,000,000	3,999,900	99.998%

3.5 Application of Bangladesh Accounting Standards (BAS):

The following BAS are applicable for the financial statements for the year under review

BAS – 1	Presentation of Financial Statement
BAS – 2	Inventories
BAS – 7	Statement of Cash Flows
BAS – 8	Accounting Policies, Changes in Accounting Estimates and Errors
BAS – 10	Events after the Balance Sheet Date
BAS – 12	Income Tax
BAS – 16	Property, Plant & Equipment
BAS – 17	Leases
BAS – 18	Revenue
BAS – 20	Accounting for Government Grants and Disclosure of Government Assistance
BAS – 21	The effect of changes in Foreign Exchange rate
BAS – 23	Borrowing Cost
BAS – 24	Related Party Disclosure
BAS – 27	Separate Financial Statements.
BAS – 33	Earnings per share
BAS – 36	Impairment of Assets
BAS – 37	Provisions, Contingent Liabilities and Contingent Assets
BAS – 38	Intangible Assets
BFRS – 3	Business Combination.
BFRS –10	Consolidated Financial Statement.

3.6 Recognition of Property, Plant & Equipment and Depreciation:

Property, Plant & Equipment are stated at cost less accumulated depreciation in accordance with BAS-16 "Property, Plant & Equipment". Cost represents cost of acquisition or construction and include purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use. Revaluation of Land, Building, Plant & Machineries were made by registered renowned Company Asian Surveyors Ltd. as on 30.06.2012. Depreciation on all fixed assets except J.M. Fabrics Limited is computed using the reducing balance method in amount sufficient to write-off depreciable assets over their estimated useful life. Depreciation on fixed assets of J.M. Fabrics Limited is computed using straight line method. Depreciation on Current year addition is charged as and when the assets are ready for operation.

The annual depreciation rates applicable to the principal categories are:

Building	3.37% - 5%
Plant & Machinery	5.04% - 10.85%
Generator	10% - 15%
Furniture & Fixture	10% - 20%
Motor Vehicles	10% - 20%
Office Equipments	15% - 20%
Electrical Installation	10% - 19.75%
Gas Line Installation	15%
Fire Installation	15%
Loose Tools	10% - 15%

3.7 Inventories:

Inventories comprise of Raw Materials, Raw Materials in Transit, Work-In-Process, Finished Goods and Stores and Spare Parts. They are stated in accordance with the Para of 21 & 25 of BAS-2 "Inventories". Basis of valuation is as under:

a) Raw Material in hand (imported) lower of cost and net realizable value (NRV).

b) Raw Material in hand (local) lower cost (weighted average) and NRV.

c) Raw Material in transit Cost incurred to date accumulated to balance sheet date of course cost incurred to date is less than or equal to fair value.

d) Work-in-process lower of cost (weighted average) and NRV (market value less cost to finish).

e) Finished Goods lower of cost and NRV.

f) Waste NRV.

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and apportionate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to affect such sale.

3.8 Accounts Receivable:

Accounts Receivable represents the amounts due from export sales both to local and foreign buyers. All transaction related to export sales is performed through letter of credit, they are secured and collectible.

3.9 Cash and Cash Equivalents:

According to BAS-7 'Cash flow Statements' cash comprises of cash-in-hand and demand deposits. BAS-1 'Presentation of Financial Statements' provides that cash and cash equivalents are not restricted in use. Considering the provisions of BAS-7 and BAS-1, Cash in hand and Bank balances have been considered as cash and cash equivalents

3.10 Creditors and Accruals:

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

3.11 Income Tax:

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

b) **Deferred Tax:** The Company has recognized deferred tax using balance sheet method in compliance with the provisions of IAS-12 Income Taxes. The company's policy of recognition of deferred tax assets/liabilities is based on temporary difference (Taxable or deductible) between the carrying amount (Book Value) of assets and liabilities for Financial Reporting purpose and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per share (EPS).

3.12 Statement of Cash Flows:

Statement of Cash Flows is prepared in accordance with BAS-7 under direct method as outlined in the "Securities and Exchange Rules 1987".

3.13 Risk and Uncertainties for use of Estimates in Preparation of Financial Statements:

The preparation of financial statements in conformity with the international accounting standards requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of affecting financial statements and revenues and expenses during the reported year. Actual results could differ from those estimates. Estimates are used for accounting of certain items such as long-term contracts; depreciation and employees benefit plans, taxes, reserves and contingencies.

3.14 Compliance with Bangladesh Accounting Standards:

The financial statements have been prepared in compliance with requirement of BAS as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh.

3.15 Contingent Liabilities and Assets:

Current or possible obligations or assets arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain events which are not within the control of the group.

3.16 Reporting Year:

Financial statements of the company cover from 1st July 2017 to 30th June 2018

3.17 Reporting Currency and Level of Precision:

The figures in the financial statements represent Bangladesh Currency (Taka), which have been rounded off to the nearest Taka except where indicates otherwise.

3.18 Comparative Information:

Comparative information have been disclosed in respect of year June 2017 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current years financial statements. Figures of the year 2017 have been rearranged whenever considered necessary to ensure comparability with the current year.

3.19 Foreign Currency Transaction:

Transactions in foreign currencies are translated into Bangladeshi taka in accordance with BAS-21 "The Effects of Changes in Foreign Exchange Rate." Foreign Currencies are converted into taka at the rates ruling on the transaction dates. Monetary assets and liabilities are converted at the rates prevailing at the balance sheet date, non-monitory assets and liabilities are reported using the exchange rate at the date of transaction. Exchange currency difference if any in the comprehensive income.

3.20 Revenue Recognition:

The Company recognizes revenue when risk and rewards associated with ownership has been transferred to buyer, which satisfied all the condition for the revenue recognition as provided in BAS-18 'Revenue Recognition.'

3.21 Accounting for Government Grants and Disclosure of Government Assistance:

Cash Incentive recognize as per BAS-20 as other income.

3.22 Responsibility for Preparation and Presentation of Financial Statements:

The Board of Directors is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act 1994 and as per the provision of 'The Framework for the Preparation and Presentation of Financial Statements' issued by the International Accounting Standards Board (IASB).

3.23 Components of the Financial Statements:

According to the Bangladesh Accounting Standard BAS-1 'Presentation of Financial Statements' the complete set of Financial Statements includes the following components:

(i) Statement of Financial Position as at 30th June 2018.

(ii) Statement of Profit or Loss and other Comprehensive Income for the period from 1st July 2017 to 30th June 2018.

(iii) Statement of Cash flows for the period from 1st July 2017 to 30th June 2018.

(iv) Statement of changes in Equity for the period from 1st July 2017 to 30th June 2018.

(v) Accounting Policies and Explanatory Notes.

3.24 Earnings per Share:

Earnings per share (EPS) is calculated in accordance with the Bangladesh Accounting Standard BAS-33 "Earnings per share".

3.25 Basic Earnings per Share:

Basic Earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the number of ordinary shares outstanding during the year.

3.26 Share Premium:

The balance in share premium account shall be utilized in accordance with provisions of the Companies Act 1994 and as directed by the Bangladesh Securities and Exchange Commission in this respect.

3.27 Lease Assets:

In Compliance with the BAS-17, Leases, cost of assets acquired under finance lease along with related obligation has been accounted for as assets and liabilities respectively of the company.

3.28 Impairment of Assets:

The company reviews the recoverable amount of its assets at each reporting date. If there exist any indication that the carrying amount of assets exceeds the recoverable amount, the company recognizes such impairment loss in accordance with BAS-36 "Impairment of Assets".

3.29 Credit Facility Not Availed:

There was no credit facility available to the company under any contract, other than trade credit available in the ordinary course of business.

3.30 Segment Reporting:

As there is a single business and geographic segment within the company operates as such no segment reporting is felt necessary for Malek Spinning Mills Ltd. But its subsidiaries Salek Textile Ltd. has geographic and product segment by Rotor, Fabrics & RMG unit and the financial statement has reported showing result and Financial Position each segment according to BFRS-8. The disclosure of segment reporting is also disclosed in financial of Salek Textile Ltd.

3.31 General Comments & Observations:

a. Previous year's figures is regrouped/reclassified wherever considered necessary to confirm to current year's presentation. There has no such effect during year. Figures have been rounded off to the nearest taka, as the currency represented in this financial statement.
b. All shares have been fully called and paid up.
c. There was no preference share issued by the company.
d. The company has not incurred any expenditure in foreign currency against royalties and technical fees.
e. Auditors are paid only statutory audit fees.
f. No foreign exchange remitted to the relevant shareholders during the year under audit.
g. No amount of money was expended by the company for compensating any members of the Board for special service rendered.
h. No brokerage was paid against sales during the year under audit.
i. There was no bank guarantee issued by the company on behalf of directors.

3.32 Contribution to Worker's Profit Participation Fund:

The contribution for Worker's Profit Participation Fund is provided in the Accounts but approved while approving the Accounts in the Annual General Meeting and payable accordingly. We have already disbursed partial amount to the respective workers and in future we will disburse the rest amount.

3.33 Calculation of Worker's Profit Participation Fund:

This represents 5% of net profit before tax of the company and is payable to workers as per provision defined in the Labour Law 2006 (amendment 2013).

3.34 Effect of exchange rate changes on cash and cash equivalent:

We have shown the effect of currency Exchange Rate Changes separately in the Cash Flows Statement.

3.35 Significant deviation in Earning per Share (EPS):

There is no significant deviation in Earning per Share (EPS).

3.36 Net Operating Cash Flow per Share (NOCFPS):

Net Operating Cash Flow per Share significantly decreased due as follows:

a) Sales increased but collection against sales is not increased proportionately and at the end of the period Accounts Receivable is increased.
b) Payment to Material suppliers and other supplier is increased this year and at the end of the period Bank Acceptance Liabilities is decreased.
c) Operating Expenses and Payment to Employee is increased this year because yearly increment of wages & allowance, salary & Allowance, Directors Remuneration and payment against contribution to WPPF.

MY MAP STOCK

MALEK SPINNING MILLS LIMITED

NOTES OF CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2018

Amount in Taka

	JUNE'18	JUNE'17
4. CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT:		
COST:		
Opening Balance	7,665,911,167	7,321,324,372
Addition during the year	931,095,095	386,754,029
	8,597,006,262	**7,708,078,401**
Sales/Adjustment during the year	11,095,997	42,167,234
Closing Balance	**8,585,910,265**	**7,665,911,167**
Accumulated Depreciation:		
Opening Balance	3,449,715,878	3,165,335,797
Adjustments during the year	10,564,497	10,598,879
Depreciation during the year	308,593,365	294,978,961
Closing Balance	**3,747,744,746**	**3,449,715,879**
Written Down Value at cost:	**4,838,165,519**	**4,216,195,288**
REVALUATION:		
Opening Balance	4,814,879,388	4,814,879,388
Addition of Revaluated Assets	-	-
Total Revaluated Assets:	**4,814,879,388**	**4,814,879,388**
Accumulated Depreciation:		
Opening Balance	826,624,897	730,342,659
Depreciation during the year	87,953,637	96,282,238
Closing Balance	**914,578,534**	**826,624,897**
Written Down Value of Revaluated Assets:	**3,900,300,854**	**3,988,254,491**
Total Written Down Value:	**8,738,466,373**	**8,204,449,779**
Allocation of depreciation charges for the year has been made in the accounts as follows:		
Factory Overhead	384,521,221	377,933,392
Administrative Overhead	12,025,781	13,327,807
	396,547,002	**391,261,199**
Details of Fixed Assets and Depreciation are shown in the **Annexure-1**		
5. CONSOLIDATED CAPITAL WORK-IN-PROGRESS:	**254,521,114**	**283,752,635**

Opening Balance	**283,752,635**
Addition for Plant & Machinery	346,860,658
Addition for Building & Construction	3,680,706
Addition for Tools & Equipment	23,135,725
Addition for ERP Software Installation	21,823,093
Sub-Total:	**395,500,182**
Less: Transferred to Assets Schedule	424,731,703
Closing Balance	**254,521,114**

	Plant & Machi.	Building & Const.	Tools & Equipment	ERP Software Inst.
Opening Balance	203,228,808	80,523,827	-	-
Addition for the year	346,860,658	3,680,706	23,135,725	21,823,093
Transferred to Assets Schedule	317,391,445	84,204,533	23,135,725	-
Closing Balance	**232,698,021**	**0**	**-**	**21,823,093**

6. CONSOLIDATED INVENTORIES :

Amount in Taka

	JUNE'18	JUNE'17
Raw Materials	1,654,049,588	1,440,730,541
Stock-in-Transit	27,193,168	-
Work-in-Process	375,237,311	405,392,587
Finished Goods	1,027,170,802	1,151,929,806
Stores & Accessories, Fuel, Oli, Packing Materials	277,026,318	204,720,426
Total:	**3,360,677,186**	**3,202,773,360**

7. CONSOLIDATED ACCOUNTS RECEIVABLE :		
i) Malek Spinning Mills Limited	1,177,499,313	1,108,519,253
ii) Salek Textile Limited	1,278,305,279	1,192,302,053
iii) J.M. Fabrics Limited	544,225,960	637,028,058
	3,000,030,552	**2,937,849,364**
Less: Inter Company Receivable	320,219,253	355,502,669
Total:	**2,679,811,299**	**2,582,346,695**
8. CONSOLIDATED ADVANCE, DEPOSIT & PRE-PAYMENTS:		
Advance against construction materials, Suppliers & Others	346,601,301	338,603,012
Security Deposit on REB	178,875	178,875
Security Deposit on Titas Gas T&D Co.	33,196,667	30,211,852
Advance against Income Tax (Note: 8-A)	341,926,118	285,703,974
Security Deposit to CDBL	500,000	500,000
Advance to Hoque Trade International	-	5,104,820
Advance to M/S Hira Enterprise	-	1,900,000
Advance to M/S Maznu Traders(For Land purchase)	73,073	73,073
Advance against Office/Factory Rent	48,799,000	750,000
Security Deposit against LC margin/ Bank Guarantee	687,411	420,285
Advance to M/S MR Traders (Land purchase-Ashugonj)	4,694,088	60,645,040
Total:	**776,656,533**	**724,090,932**
8-A. CONSOLIDATED ADVANCE INCOME TAX:		
Opening Balance	285,703,974	208,553,427
Payment/Adjustment for prior year Income	25,143,634	18,094,933
Last year Balance after adjustment-	**260,560,340**	**190,458,494**
Advance Income Tax paid (Against Export Proceeds)	76,502,367	70,598,703
Advance Income Tax paid (Against Import)	673,529	44,275
Advance Income Tax paid (Against Interest Income)	257,578	151,667
Advance Income Tax paid (Against Cash Incentive)	2,952,802	1,395,747
Advance Income Tax paid (Against Yearly Income)	500,000	22,613,587
Advance Income Tax paid (Against Vehicle Fitness)	479,500	441,500
Total AIT paid for the year:	**81,365,775**	**95,245,480**
Total:	**341,926,118**	**285,703,974**
9. CONSOLIDATED CASH AND CASH EQUIVALENTS:		
Cash in Hand:	**1,467,192**	**1,080,977**
Cash at Banks :		
AB Bank Ltd. STD A/C: 4005-767482-430 (MSML)	244,554	237,742
Brac Bank STD A/C: 150510 (Deposit with IPO) MSML	43,569	43,196
Brac Bank A/C: 150120 (MSML)	7,610,867	7,422,325
The City Bank Ltd.-CD A/C: (JM)	461,695	3,944,871
The City Bank Ltd.-FBPAR A/C: (JM)	-	115,826,725
The City Bank Ltd.-ERQ A/C: (JM)	-	5,353,530
Dhaka Bank Ltd A/C: 207.100.6276 (STL)	481,889	20,984,807
Dhaka Bank USD Margin A/C:0032 (STL)	658,036	3,741,315
Dhaka Bank Ltd A/C: 207.100.6643 (NSL)	915,771	1,254,481
Dhaka Bank Ltd. STD A/C: 207-150000000806(MSML)	20,552,616	19,219,939
Dhaka Bank Ltd.- Margin A/C: (MSML)	5,851,162	6,701,691
Eastern Bank CD A/C: 5745 (NSL)	89,106	90,256
Eastern Bank CD A/C: 101-2050000180 (MSML)	-	2,241,508
Eastern Bank Ltd.- Margin A/C: USD (MSML)	43,168,952	3,007,848
Eastern Bank Margin A/C:0311738 (STL)	11,353,073	33,895,658
Eastern Bank CD A/C: 01011060020990 (STL)	1,451,157	802
Eastern Bank Ltd. ERQ A/C:1043100255781(STL)	3,033,160	2,714,164
Eastern Bank FC A/C: (Deposit-NRB IPO) MSML	1,217,315	1,219,388
Eastern Bank STD A/C: BDT (Deposit IPO) MSML	8,290,855	6,483,298
HSBC Bank USD Margin A/C: 091 (STL)	16,809,780	73,061,756

HSBC Bank USD Margin A/C: 047 (STL)		3,490,898	6,483,263
HSBC Bank-Margin A/C:091 USD (MSML)		7,834,939	20,889,931
Islami Bank-CD A/C: 010049410(STL)		27,976	29,126
Islami Bank-CD A/C: 0100222810(STL)		31,805	84,536
Islami Bank-FDR A/C: 228312(STL)		12,667,885	11,964,648
Islami Bank-FDR A/C: 3301(STL)		1,384,746	1,314,632
One Bank- USD A/C:(MSML)		3,307,127	10,264,338
Pubali Bank-CD A/C: 3311-901-12209 (STL)		556,062	1,445,025
Shahjalal Islami Bank A/C: 11100000252 8 (MSML)		11,398	12,548
Trust Bank CD A/C: 0003-0210006613 (MSML)		163,969	433,804
Trust Bank Ltd A/C: 0003-0210009816 (STL)		7,291,772	403,782
Trust Bank Ltd - Margin A/C: 5025000082(MSML)		148,739	7,297,467
Trust Bank Ltd - Margin A/C: 5025000028(STL)		80,864	1,631,669
Trust Bank Ltd.- CD A/C: (NSL)		535,858	537,508
Eastern Bank Limited FC- Margin (JM)		131,333	46,530,227
Eastern Bank Ltd. CD A/C: 64055 (JM)		1,021,676	113,965
Eastern Bank Ltd. ERQ A/C: (JM)		383,210	1,761,410
UCBL- FC Margin: (JM)		95,849,744	38,815,092
UCBL- ERQ A/C: (JM)		470,606	2,555,110
Cash at Bank Total:		**257,624,165**	**460,013,380**
Total:		**259,091,357**	**461,094,357**
10. CONSOLIDATED SHARE CAPITAL:		**1,936,000,000**	**1,936,000,000**
It represents 19,36,00,000 ordinary shares of Tk.10 each.			
11. CONSOLIDATED SHARE PREMIUM:		**1,500,000,000**	**1,500,000,000**
It represents premium of 100,000,000 ordinary shares of Tk.15 each.			
12. CONSOLIDATED TAX HOLIDAY RESERVE:			
Opening Balance		210,883,871	210,883,871
Add: Provided during the year		-	-
Closing Balance		**210,883,871**	**210,883,871**
13. CONSOLIDATED RE-VALUATION SURPLUS:			
Opening Balance		3,753,746,128	3,850,028,366
Less: Transfer to Retained Earnings of excess depreciation		87,953,637	96,282,238
Net Written Down Value:		**3,665,792,491**	**3,753,746,128**
Detail of Re-valuation Surplus of Fixed Assets is given in the annexed **Annexure-1**			
14. CONSOLIDATED RETAINED EARNINGS:			
Opening Balance		1,349,164,984	1,244,067,160
Add: Net Profit/(Loss) during the year		226,086,720	202,415,587
		1,575,251,704	**1,446,482,746**
Add: Transfer of excess depreciation of revaluated assets		87,953,637	96,282,238
Less: Declared Cash Dividend		193,600,000	193,600,000
Total:		**1,469,605,341**	**1,349,164,984**
15. NON CONTROLLING INTEREST:			
Paid-up Capital-			
(i) Salek Textile Ltd.	2.0745%	10,011,700	10,011,700
(ii) Newasia Synthetics Ltd.	0.7070%	3,535,000	3,535,000
(iii) J.M Fabrics Ltd.	0.0025%	10,000	10,000
Total:	-	**13,556,700**	**13,556,700**
Retained Earnings-			
(i) Salek Textile Ltd.	2.0745%	23,906,367	21,663,376
(ii) Newasia Synthetics Ltd.	0.7070%	(125,699)	(113,503)
(iii) J.M Fabrics Ltd.	0.0025%	8,380	7,432
Total:		**23,789,049**	**21,557,306**

Tax Holiday reserve-			
(i) Salek Textile Ltd.	2.0745%	4,470,368	4,470,368
Total:		**4,470,368**	**4,470,368**
Revaluation Surplus-			
(i) Salek Textile Ltd.	2.0745%	7,029,210	7,732,244
(ii) Newasia Synthetics Ltd.	0.7070%	9,485,468	9,485,468
(iii) J.M Fabrics Ltd.	0.0025%	3,709	3,757
Total:		**16,518,387**	**17,221,469**
Total Non Controlling Interest:		**58,334,503**	**56,805,843**

This represents non controlling interest of Salek Textile Limited, Newasia Synthetics Limited, J.M. Fabrics Limited

16. CONSOLIDATED LONG TERM LOAN:

Eastern Bank Limited	628,573,210	585,930,790
Dhaka Bank Limited	-	52,444,222
Trust Bank Limited	559,756,795	352,436,917
HSBC Limited	251,281,577	395,914,107
One Bank Limited	140,804,686	8,851,111
The City Bank Ltd.	365,754,794	342,620,326
United Commercial Bank Ltd.	300,299,336	202,253,668
United Leasing Co. Ltd.	3,977,794	-
	2,250,448,192	**1,940,451,140**
Less: Current Portion of Long Term Loan Note: 19	634,663,634	622,882,024
Total Long Term Loan:	**1,615,784,558**	**1,317,569,116**

17. DEFERRED TAX LIABILITIES:

Opening Balance	434,245,743	446,644,257
Add: Provision for the year	3,622,043	(12,398,514)
Total:	**437,867,786**	**434,245,743**

18. CONSOLIDATED SHORT TERM LOAN:

Import Loan & Working Capital:		
Dhaka Bank Ltd.	25,000,000	-
Eastern Bank Ltd.	405,187,392	547,845,868
HSBC Ltd.	255,000,000	100,000,000
The City Bank Ltd.	290,364,171	394,019,602
United Commercial Bank Ltd.	483,424,190	402,794,067
Sub-total:	**1,458,975,753**	**1,444,659,537**
Bank Overdraft:		
Eastern Bank Ltd A/C: 01012050000180 & 11 (MSML)	48,839,389	-
Eastern Bank Ltd A/C: 01012040000780 (STL)	16,888,488	28,826,023
Eastern Bank Ltd A/C:(J.M)	26,930,257	-
Dhaka Bank Ltd A/C: 207.175.23 (MSML)	28,721,724	10,745,348
The city Bank Ltd. A/C:(JM)	10,380,395	-
One Bank Ltd A/C: 16426 008 (MSML)	20,338,092	513,202
HSBC OD A/C : 001-007475-011(MSML)	23,698,210	493,337
HSBC A/C: 001-241389-011 (STL)	34,873,709	33,080,960
Sub-total:	**210,670,264**	**73,658,870**
Total: -	**1,669,646,017**	**1,518,318,407**

19. CONSOLIDATED CURRENT PORTION OF LONG TERM LOAN :

Eastern Bank Ltd.	238,364,084	250,991,911
Dhaka Bank Ltd.	-	52,444,222
HSBC Ltd.	152,403,463	152,523,456
One Bank Ltd.	13,338,066	800,000
The City Bank Ltd.	152,420,655	119,313,100
United Commercial Bank Ltd.	78,137,366	46,809,335
Total:	**634,663,634**	**622,882,024**

According to Bangladesh Accounting Standard (BAS) 1 "Preparation of Financial Statements", Current portion of Long Term Loan that are due for settlement within twelve month after the balance sheet date are current liabilities, therefore, the above amount has been shown in current liabilities.

20. LOAN FROM DIRECTOR:	**34,000,000**	**34,000,000**
21. CONSOLIDATED BANK ACCEPTANCE LIABILITIES:		
Raw Materials:		
Eastern Bank Limited	376,573,191	893,130,585
HSBC Ltd.	571,085,580	555,320,475
The City Bank Ltd.	7,081,639	5,095,809
One Bank Ltd.	-	66,220,295
Trust Bank Ltd	-	5,134,502
United Commercial Bank Ltd.	34,955,773	59,394,645
Dhaka Bank Limited	400,530,400	152,481,983
Sub-total:	**1,390,226,583**	**1,736,778,293**
Machinery:		
HSBC Ltd.	90,000,000	-
Trust Bank Ltd	-	6,911,784
Sub-total:	**90,000,000**	**6,911,784**
Capital Work-in-progress	**-**	**61,278,388**
Total:	**1,480,226,583**	**1,804,968,465**
22. CONSOLIDATED CREDITORS & ACCRUALS:		
Gas Bill Payable	38,052,302	24,506,052
Electricity Bill Payable	86,428	326,626
Telephone & Mobile Bill Payable	-	170,000
Audit Fee Payable	377,200	377,200
Tax Deduction at Source	8,292,031	8,985,923
Municipal Tax Payable	211,500	-
Vat Deduction at Source	3,633,419	3,851,728
Income Tax Payable (Note: 22-A)	345,603,821	305,820,615
Salary & Wages Payable	113,613,311	71,925,280
Contribution to WPPF Payable (Note: 22-B)	194,241,384	193,401,196
Director's Remuneration Payable	1,015,450	834,650
Payable for Goods Suppliers & Others	573,744,256	365,816,555
Payable for Waste Cotton Purchase	348,903,630	251,886,715
Dividend Payable	35,974,940	34,632,573
Refundable IPO Share money	12,888,661	12,890,734
	1,676,638,331	**1,275,425,846**
Less: Inter Company Payable	320,219,253	355,502,669
Total:	**1,356,419,078**	**919,923,177**
22-A. CONSOLIDATED TAX PAYABLE:		
Opening Balance	305,820,615	255,380,333
Provision for the year (Current Tax): (Note: 29)	64,926,840	68,535,214
	370,747,454	**323,915,547**
Payment/Adjustment for prior year balance:	25,143,634	18,094,933
Total Payment/Adjustment for last year Income:	**25,143,634**	**18,094,933**
Total Payable-	**345,603,821**	**305,820,615**
22-B. CONTRIBUTION TO WPPF PAYABLE:		
Opening Balance	193,401,196	182,878,087
Add: Provision for the year	9,144,929	10,523,109
Less: Payment to employee	5,656,431	-
Closing Balance	**196,889,695**	**193,401,196**

**Contribution to WPPF was made as per Section-234 of Labour Law-2013.

Amount in Taka

	JUNE'18	JUNE'17
23. CONSOLIDATED SALES:		
Export Sales	10,898,204,162	9,948,689,629
Less: Inter Co. Sales	106,259,601	173,698,287
Total:	**10,791,944,561**	**9,774,991,342**
24. CONSOLIDATED COST OF GOODS SOLD:		
Raw Material Consumed (Note: 24-A)	7,036,190,053	6,010,338,385
Direct Expenses (Note: 24-B)	1,302,143,981	1,222,332,010
Factory Overhead (Note: 24-C)	1,501,874,715	1,391,317,547
Total Manufacturing Cost	**9,840,208,749**	**8,623,987,942**
Add: Work-in-Process- Opening	405,392,587	538,395,065
Cost of Goods available for use	**10,245,601,336**	**9,162,383,007**
Less: Work-in-Process- Closing	375,237,311	405,392,587
Cost of Production	**9,870,364,025**	**8,756,990,420**
Add: Finished Goods- Opening	1,151,929,806	1,425,413,013
Cost of Goods Available for Sales	**11,022,293,831**	**10,182,403,433**
Less: Finished Goods- Closing	1,027,170,802	1,151,929,806
Less: Finished Goods Closing- Inter Company	106,259,601	173,698,287
Cost of Goods Sold:	**9,888,863,429**	**8,856,775,340**
24-A. CONSOLIDATED RAW MATERIALS CONSUMED:		
Opening Inventory of Raw Materials	1,440,730,541	1,395,971,811
Add: Purchase of Raw Materials	7,249,509,100	6,055,097,115
Less: Closing Stock of Raw Materials	1,654,049,588	1,440,730,541
Total Raw Materials Consumption:	**7,036,190,053**	**6,010,338,385**
24-B. CONSOLIDATED DIRECT EXPENSE:		
Direct Wages/Labour	1,302,143,981	1,222,332,010
Total	**1,302,143,981**	**1,222,332,010**
24-C. CONSOLIDATED FACTORY OVERHEAD:		
Factory Salary and Allowances	290,670,723	219,350,735
Overtime Wages for Worker	56,693,746	53,595,026
Festival Bonus	6,927,800	3,329,886
Electricity Charges	23,233,413	17,264,372
Gas Charges	298,083,774	287,189,552
Gardening Expenses	118,007	45,515
Repairs & Maintenance	96,943,669	88,936,108
Air Freight, Courier charges	3,346,487	6,141,632
Packing Materials	42,848,162	55,400,416
Fuel, Oil & Lubricant	94,289,459	85,359,758
Insurance Premium- Fire	10,768,949	10,856,044
Insurance Premium- (Group)	758,205	62,350
Stores & Accessories consump. (Note: 24-C-i)	53,050,278	46,064,442
Entertainment	16,914,854	17,881,025
Telephone, Mobile & Fax	2,819,285	2,621,690
Stationery expenses	7,975,712	6,187,081
Printing Charges	659,546	945,903
Other Carrying Charges	19,312,661	8,305,109
Factory Office Expenses others	537,217	234,291
C&F and others expenses	6,566,564	17,517,530
Lab test & Inspection charges	26,806,889	26,086,168
Security Service charges	6,354,450	6,570,080
Factory Rent	23,488,327	17,160,000
Vehicles Maintenance	11,323,052	14,316,441
Medical Expenses	1,054,798	809,885
Uniform & Leverage	12,840	14,750
Central Fund expenses for RMG sector	1,755,254	1,609,690
Miscellaneous	5,569,397	8,062,509
Conveyances	5,794,424	9,291,761
House Rent for Worker Shed	2,675,552	2,174,407
Depreciation	384,521,221	377,933,392
Total:	**1,501,874,715**	**1,391,317,547**

24(C)-i. CONSOLIDATED CONSUMPTION OF STORES AND ACCESSORIES:		
Opening Stock of Stores and Accessories	204,720,426	165,522,005
Add: Purchase during the year	105,678,649	85,262,863
Less: Closing Stock of Stores and Accessories	257,348,797	204,720,426
Total Stores and Accessories Consumed	**53,050,278**	**46,064,442**
25. CONSOLIDATED OPERATING EXPENSES:		
Salaries & Allowances	87,031,410	110,677,929
Festival Bonus	33,157,382	19,089,208
Director's Remuneration	16,740,000	11,610,000
Fees, Forms & Others	12,637,834	11,132,186
Audit Fees	377,200	377,200
Legal Fees	-	57,625
Printing & Stationery	1,766,840	1,866,178
Telephone,Mobile & Internet Expenses	2,752,761	2,681,860
Postage & Stamp	670,823	532,800
Vehicle Maintenance	17,858,894	8,650,782
Miscellaneous Expenses	7,930,989	8,391,986
Business Development expenses	-	2,758,015
Office Rent	36,476,527	12,347,081
Rates & Taxes	384,000	1,123,971
Carriage Outward, Selling & Distribution, C&F, Sample charges	18,519,131	25,633,747
Travelling & Conveyance	3,333,558	3,480,146
Entertainments	2,409,590	1,994,110
Office Expenses	833,362	125,592
Fuel & Oil for Head Office	-	26,600
Advertisement/ Publicity Expenses	1,054,600	1,381,161
AGM Expenses	1,700,055	1,841,828
Marketing Expenses	4,988,114	4,676,762
Security Charges	560,166	550,425
Uniform & Leverage Security	145,563	19,125
Repairs & Maintenance	7,338,082	10,303,341
Medical Expenses	20,248	-
Donation & Subscription	230,000	100,000
Software Maintenance Expenditure	963,652	4,000,539
Credit Rating Charges	115,000	132,250
Depreciation	12,025,781	13,327,807
Total:	**272,021,562**	**258,890,254**
26. CONSOLIDATED FINANCIAL EXPENSES :		
EASTERN BANK LTD.:		
Interest on Long Term Loan	56,303,092	75,828,368
Interest on Short Term Loan	39,023,788	38,654,632
Interest on Overdraft	3,035,411	3,205,391
Bank Charges & Commission	10,496,927	16,567,734
Export L/C Negotiation Commission	10,254,911	13,677,674
Interest on Bill Discount	20,333,443	16,680,992
Total:	**139,447,573**	**164,614,791**
HSBC LTD.:		
Interest on Long Term Loan	36,074,058	41,876,890
Interest on Short Term Loan	4,120,857	13,989,433
Interest on Overdraft	3,624,878	3,494,495
Bank Charges & Commission	10,257,905	10,004,438
Export L/C Negotiation Commission	12,028,946	21,311,364
Interest on Bill Discount	16,175,786	2,165,261
Total:	**82,282,430**	**92,841,882**

DHAKA BANK LTD. :		
Interest on Long Term Loan	2,148,057	14,154,711
Interest on Short Term Loan	5,800,000	8,467,091
Interest on Overdraft	1,540,489	1,651,979
Bank Charges & Commission	1,844,658	3,040,057
Export L/C Negotiation Commission	912,630	1,080,475
Interest on Bill Discount	20,844,517	15,880,865
Total:	**33,090,351**	**44,275,178**
ONE BANK LTD. :		
Interest on Long Term Loan	6,522,577	204,120
Interest on Overdraft	756,726	715,414
Bank Charges & Commission	198,676	1,790,483
Export L/C Negotiation Commission	190,940	106,681
Interest on Bill Discount	101,872	655,011
Total:	**7,770,791**	**3,471,709**
TRUST BANK LTD. :		
Interest on Long Term Loan	46,022,676	10,808,938
Bank Charges & Commission	991,255	1,929,703
Export L/C Negotiation Commission	-	5,946
Interest on Bill Discount	-	64,855
Total:	**47,013,931**	**12,809,442**
SHAHJALAL ISLAMI BANK LTD. :		
Bank Charges & Commission	1,150	1,150
TOTAL	**1,150**	**1,150**
ISLAMI BANK BANGLADESH LTD.:		
Bank Charges & Commission	74,934	44,860
Total: -	**74,934**	**44,860**
AB BANK LTD :		
Bank Charges & Commission	1,300	1,650
TOTAL	**1,300**	**1,650**
BRAC BANK LTD:		
Bank Charges and Commission	3,650	1,300
Total:	**3,650**	**1,300**
THE CITY BANK LTD.:		
Bank Charges and Commission	780,372	4,909,141
Interest on Long Term Loan	30,553,460	25,586,735
Interest on Short Term Loan	18,929,740	20,877,654
Total:	**50,263,572**	**51,373,531**
PUBALI BANK LTD.:		
Bank Charges & Commission	6,515	3,168
Total:	**6,515**	**3,168**
UCBL:		
Interest on Short Term Loan	31,908,881	31,874,343
Interest on Term Loan	24,551,639	14,376,119
Bank Charges & Commission	1,910,934	2,570,217
Total:	**58,371,454**	**48,820,679**
Total Financial expenses:	**418,327,651**	**418,259,340**
27. OTHER INCOME/(LOSS):		
CASH INCENTIVE:	**98,426,740**	**46,523,895**
OTHER INCOME/(LOSS):		
Interest Received from Dividend A/C with BRAC Bank Ltd.	227,167	221,564
Interest Received from Dividend A/C with Dhaka Bank Ltd.	756,054	791,331
Interest Income from STD A/C with AB Bank Ltd.	6,035	6,327

Interest Income from STD A/C with BRAC Bank Ltd.		439	436
Interest Income from STD A/C with Eastern Bank Ltd.		81,948	80,216
Interest Received from FDR A/C-Islami Bank		1,130,753	494,330
		2,202,396	**1,594,203**
Income from Agriculture/Land		531,896	-
		531,896	**-**
Foreign currency exchange Gain/(Loss) against Import LC payment		(6,441,192)	(759,707)
Foreign currency exchange Gain/(Loss) against export realization		(3,168,890)	(510,103)
Foreign currency translation Gain		1,357,823	-
Gain/(Loss) on Sale of Assets		(331,500)	-
		(8,583,760)	**(1,269,810)**
Less: Loss on fire		-	17,229,030
Other Income/(Loss)		**(5,849,468)**	**(16,904,636)**
Total Non-operating Income/(Loss)		**92,577,272**	**29,619,259**
28. CONSOLIDATED WORKER'S PROFIT PARTICIPATION FUND:			
Provision for Contribution to WPPF(MSML)		7,059,661	6,927,610
Provision for Contribution to WPPF(STL)		2,085,268	3,595,499
Total:		**9,144,929**	**10,523,109**
29. CONSOLIDATED INCOME TAX PROVISION (CURRENT TAX):			
On Operating Income:			
Malek Spinning Mills Ltd.		24,630,904	27,348,394
Salek Textile Ltd.		11,506,441	15,100,728
J.M Fabrics Ltd.		25,836,693	24,370,744
Sub-total:		**61,974,037**	**66,819,866**
On Cash Incentive:			
Salek Textile Ltd.		1,081,257	733,632
J.M Fabrics Ltd.		1,871,545	662,115
Sub-total:		**2,952,802**	**1,395,747**
On Other Income:			
Malek Spinning Mills Ltd.		-	208,827
J.M Fabrics Ltd.		-	110,775
Sub-total:		**-**	**319,602**
Total:		**64,926,840**	**68,535,214**
30. CONSOLIDATED INCOME TAX PROVISION (DEFERRED TAX):			
Malek Spinning Mills Ltd.		(2,566,237)	(6,690,860)
Salek Textile Ltd.		(5,083,405)	(5,626,688)
J.M Fabrics Ltd.		11,271,684	(80,966)
Total:		**3,622,043**	**(12,398,514)**
31. NON CONTROLLING INTEREST:			
On Net Profit/(Loss) after tax			
Salek Textile Ltd.	2.0745%	1,539,957	1,627,618
Newasia Synthetics Ltd.	0.7070%	(12,196)	(17,607)
J.M. Fabrics Limited	0.0025%	899	259
Total:		**1,528,660**	**1,610,271**
32. CONSOLIDATED BASIC EARNINGS PER SHARE (EPS):			
(a) Consolidated Net Profit/(Loss) after tax		227,615,380	204,025,858
(b) Non Controlling Interest		1,528,660	1,610,271
Consolidated Net Profit/(Loss): (a-b)		**226,086,720**	**202,415,587**
(c) Number of total share		193,600,000	193,600,000
Basic Earnings per Share (EPS): [(a-b)/c]		**1.17**	**1.05**

MALEK SPINNING MILLS LIMITED

CONSOLIDATED FIXED ASSETS SCHEDULE AS AT 30TH JUNE 2018

ANNEXURE : 1

SL	PARTICULARS	COST				RATE	DEPRECIATION				WRITTEN DOWN
		AS AT 01.07.2017	ADDITION	ADJUSTMENT	AS AT 30.06.2018		AS AT 01.07.2017	THIS PERIOD	ADJUSTMENT	AS AT 30.06.2018	VALUE AS AT 30.06.2018
A.	**Malek Spinning Mills Ltd., Salek Textile, Newasia Synthetics Ltd. & JM Fabrics Ltd.**										
1	Land and Land Development	931,454,321	174,843,962	-	1,106,298,283	0%	-	-	-	-	1,106,298,283
2	Factory Building	1,324,614,015	83,734,622	-	1,408,348,637	3.37%-5%	428,010,035	39,118,735	-	467,128,771	941,219,866
3	Plant and Machinery	4,740,377,720	549,689,758	11,000,000	5,279,067,478	5.04%-10.85%	2,613,492,952	211,440,802	10,515,957	2,814,417,797	2,464,649,681
4	Equipment/Electrical Installation	204,300,086	71,136,983	-	275,437,069	10%-19.75%	117,921,822	32,195,730	-	150,117,552	125,319,517
5	Tubewell and Water Pump	12,462,308	210,000	-	12,672,308	15%	7,899,025	700,242	-	8,599,268	4,073,040
6	Furniture and Fixtures	45,330,669	3,379,545	-	48,710,214	10%	18,726,426	3,782,664	-	22,509,090	26,201,124
7	Office Equipments	31,214,159	5,056,920	-	36,271,079	15%	13,758,998	2,880,415	-	16,639,413	19,631,666
8	Gas Line Installation	29,141,214	13,779,440	-	42,920,654	15%	19,116,952	2,068,347	-	21,185,299	21,735,355
9	Loose Tools and Equipment	3,319,088	23,135,725	-	26,454,813	10%-15%	1,472,877	276,932	-	1,749,809	24,705,004
10	Motor Vehicle	97,120,911	5,203,000	-	102,323,911	10%-20%	49,923,358	7,627,197	-	57,550,555	44,773,356
11	Telephone (PABX) Installation	790,975	-	-	790,975	15%	579,215	31,764	-	610,979	179,995
12	Crockaries and Cutlaries	146,774	-	95,997	50,777	15%	92,059	2,123	48,540	45,642	5,135
13	Generator	236,629,429	-	-	236,629,429	10%-15%	176,414,012	7,463,210	-	183,877,222	52,752,207
14	Fire Installation	9,009,499	925,140	-	9,934,639	15%	2,308,147	1,005,203	-	3,313,349	6,621,290
	Total (A) as at 30.06.2018	**7,665,911,167**	**931,095,095**	**11,095,997**	**8,585,910,265**		**3,449,715,878**	**308,593,365**	**10,564,497**	**3,747,744,746**	**4,838,165,519**
	Total (A) as at 30.06.2017	**7,321,324,372**	**386,754,029**	**42,167,234**	**7,665,911,167**		**3,165,335,797**	**294,978,961**	**10,598,879**	**3,449,715,879**	**4,216,195,288**

MALEK SPINNING MILLS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED REVALUATED ASSETS SCHEDULE AS AT 30TH JUNE 2018

SL	PARTICULARS	RE-VALUED COST				RATE	DEPRECIATION				WRITTEN DOWN
		AS AT 01.07.2017	ADDITION	ADJUSTMENT	AS AT 30.06.2018		AS AT 01.07.2017	THIS PERIOD	ADJUSTMENT	AS AT 30.06.2018	VALUE AS AT 30.06.2018
B.	**Malek Spinning Mills Ltd., Salek Textile, Newasia Synthetics Ltd. & JM Fabrics Ltd.**										
1	Land and Land Development	2,859,354,760	-	-	2,859,354,760	0%	-	-	-	-	2,859,354,760
2	Factory Building	348,907,426	-	-	348,907,426	3.37%-5%	100,008,583	12,335,173	-	112,343,756	236,563,670
3	Plant and Machinery	1,448,886,907	-	-	1,448,886,907	5.04%-10.85%	644,062,907	67,533,196	-	711,596,104	737,290,803
4	Generator	157,730,295	-	-	157,730,295	10%-15%	82,553,407	8,085,268	-	90,638,675	67,091,620
	Total (B) as at 30.06.2018	**4,814,879,388**	**-**	**-**	**4,814,879,388**	**-**	**826,624,897**	**87,953,637**	**-**	**914,578,534**	**3,900,300,854**
	Total (B) as at 30.06.2017	**4,814,879,388**	**-**	**-**	**4,814,879,388**	**-**	**730,342,659**	**96,282,238**	**-**	**826,624,897**	**3,988,254,491**
	Total (A+B) as at 30.06.2018	**12,480,790,555**	**931,095,095**	**11,095,997**	**13,400,789,653**		**4,276,340,775**	**396,547,002**	**10,564,497**	**4,662,323,280**	**8,738,466,373**
	Total (A+B) as at 30.06.2017	**12,136,203,760**	**386,754,029**	**42,167,234**	**12,480,790,555**		**3,895,678,455**	**391,261,199**	**10,598,879**	**4,276,340,775**	**8,204,449,779**

Depreciation Charges to:

Factory Overhead:	**384,521,221**
Operating Expenses:	**12,025,781**
	Tk. 396,547,002

MALEK SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

Particulars	Notes	JUNE'18 Taka	JUNE'17 Taka
ASSETS :			
Non-Current Assets:			
Property, Plant and Equipment	1.1	2,195,113,460	2,136,081,968
Capital Work-in-Progress	2.1	18,827,350	80,523,827
Investment in Subsidiary Company	3.1	1,666,365,000	1,666,365,000
		3,880,305,810	**3,882,970,795**
Current Assets :			
Inventories	4.1	985,777,919	1,053,500,320
Accounts Receivable	5.1	1,177,499,313	1,108,519,253
Advances, Deposits and Pre-payments	6.1	322,403,215	272,736,173
Cash and Cash Equivalents	7.1	98,626,062	85,655,023
		2,584,306,509	**2,520,410,769**
TOTAL ASSETS :		**6,464,612,319**	**6,403,381,564**
SHAREHOLDER'S EQUITY AND LIABILITIES :			
Shareholder's Equity :			
Share Capital	8.1	1,936,000,000	1,936,000,000
Share Premium	9.1	1,500,000,000	1,500,000,000
Re-valuation Surplus	10.1	1,390,212,220	1,442,332,804
Retained Earnings	11.1	350,842,389	373,193,246
		5,177,054,609	**5,251,526,050**
Non-Current Liabilities:			
Long Term Loan	12.1	130,555,973	14,420,248
Deferred Tax Liabilities	13.1	273,550,703	276,116,940
		404,106,676	**290,537,188**
Current Liabilities :			
Short Term Loan	14.1	121,597,415	11,751,887
Current Portion of Long Term Loan	15.1	15,948,501	7,183,880
Bank Acceptance Liabilities	16.1	330,190,711	484,187,913
Creditors and Accruals	17.1	415,714,407	358,194,646
		883,451,034	**861,318,326**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES :		**6,464,612,319**	**6,403,381,564**
Net Assets Value Per Share (NAV)		**26.74**	**27.13**

Par Value Tk.10

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

MALEK SPINNING MILLS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2018

Particulars	Notes	JUNE'18 Taka	JUNE'17 Taka
Sales	18.1	3,002,641,192	2,540,411,247
Cost of Goods Sold	19.1	(2,684,136,858)	(2,255,781,766)
Gross Profit/(Loss) :		**318,504,334**	**284,629,481**
Operating Expenses	20.1	(109,808,307)	(100,059,563)
Financial Expenses	21.1	(54,538,587)	(39,925,412)
Operating Profit/(Loss) :		**154,157,441**	**144,644,507**
Other Income/(Loss)	22.1	(5,904,554)	835,306
Net Operating Profit/(Loss) :		**148,252,887**	**145,479,813**
Contribution to WPPF	23.1	(7,059,661)	(6,927,610)
Profit/(Loss) before tax :		**141,193,226**	**138,552,203**
Provision for Income tax :		**(22,064,667)**	**(20,866,361)**
Current Tax	24.1	(24,630,904)	(27,557,221)
Deferred Tax	25.1	2,566,237	6,690,860
Net Profit/(Loss) after tax		**119,128,559**	**117,685,842**
Other Comprehensive Income		-	-
Total Comprehensive Income		**119,128,559**	**117,685,842**
Earnings Per Share (EPS) Par Value Tk.10	26.1	**0.62**	**0.61**
Number of Shares used to compute EPS		**193,600,000**	**193,600,000**

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

MALEK SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2018

Particulars	Share Capital	Share Premium	Revaluation Surplus of Fixed Assets	Retained Earnings	Total
Balance as at 1st July 2017	1,936,000,000	1,500,000,000	1,442,332,804	373,193,246	5,251,526,050
Net Profit/(Loss) during the year				119,128,559	119,128,559
Transfer of excess depreciation of Revalued Assets			(52,120,584)	52,120,584	-
Declared Cash Dividend for 2016-2017 financial year				(193,600,000)	(193,600,000)
As at 30th June 2018	**1,936,000,000**	**1,500,000,000**	**1,390,212,220**	**350,842,389**	**5,177,054,609**

FOR THE YEAR ENDED 30TH JUNE 2017

Particulars	Share Capital	Share Premium	Revaluation Surplus of Fixed Assets	Retained Earnings	Total
Balance as at 1st July 2016	1,936,000,000	1,500,000,000	1,498,659,595	392,780,614	5,327,440,209
Net Profit/(Loss) during the year				117,685,842	117,685,842
Transfer of excess depreciation of Revalued Assets			(56,326,790)	56,326,790	-
Declared Cash Dividend for 2015-2016 financial year				(193,600,000)	(193,600,000)
As at 30th June 2017	**1,936,000,000**	**1,500,000,000**	**1,442,332,804**	**373,193,246**	**5,251,526,050**

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

MALEK SPINNING MILLS LIMITED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2018

PARTICULARS	JUNE'18 Taka	JUNE'17 Taka
CASH FLOW FROM OPERATING ACTIVITIES :		
Collection from Turnover & Accounts Receivable	2,933,661,133	2,582,443,225
Payment for Raw Materials, Indirect Materials and other expenses	(2,621,952,294)	(2,130,429,273)
Foreign currency exchange Gain/(Loss)	(7,742,754)	(264,567)
Other Income	1,071,643	1,099,873
Payment to Employee against contribution to WPPF	(5,656,431)	-
Payment for Operating Expenses	(107,400,653)	(97,527,846)
Payment for Financial Expenses	(54,538,587)	(39,925,412)
Payment for Income Tax	(20,867,535)	(39,701,980)
Net Cash provided/(used) by Operating Activities	**116,574,522**	**275,694,020**
CASH FLOW FROM INVESTING ACTIVITIES :		
Acquisition of Fixed Assets	(1,072,542)	(8,939,982)
Acquisition of Capital work in progress	(146,267,708)	(19,245,439)
Disposal of Fixed Assets	200,000	-
Net cash used in Investing Activities	**(147,140,250)**	**(28,185,421)**
CASH FLOW FROM FINANCING ACTIVITIES :		
Bank Loan Increase/(Decrease)	234,745,874	(78,142,124)
Refundable IPO Share Money paid	(2,073)	(25,001)
Dividend Paid	(192,257,634)	(191,794,374)
Net Cash provided/(used) by Financing Activities	**42,486,167**	**(269,961,500)**
Increase/(Decrease) in Cash and Cash Equivalents	**11,920,439**	**(22,452,900)**
Opening Cash & Cash Equivalents	85,655,023	108,107,923
Foreign Currency translation Gain	1,050,600	-
Closing Cash and Cash Equivalents	**98,626,062**	**85,655,023**
Net Operating Cash Flow Per Share (NOCFPS)	**0.60**	**1.42**
Par Value Tk.10		

The annexed notes are integral part of these financial statement.

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

MALEK SPINNING MILLS LIMITED
NOTES OF FINANCIAL STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018

Amount in Taka

	JUNE'18	JUNE'17
1.1 PROPERTY, PLANT AND EQUIPMENT:		
COST:		
Opening Balance	1,968,317,513	1,966,821,642
Addition during the year	147,758,339	1,495,871
	2,116,075,852	**1,968,317,513**
Sales/Adjustment during the year	11,000,000	-
Closing Balance	**2,105,075,852**	**1,968,317,513**
Accumulated Depreciation:		
Opening Balance	1,401,471,173	1,361,483,740
Depreciation during the year	36,122,220	39,987,433
Adjustments during the year	10,515,957	-
Closing Balance	**1,427,077,436**	**1,401,471,173**
Written Down Value at cost:	**677,998,416**	**566,846,340**
REVALUATION:		
Opening Balance	2,148,818,646	2,148,818,646
Addition of Revaluated Assets	-	-
Total Revaluated Assets	**2,148,818,646**	**2,148,818,646**
Accumulated Depreciation:		
Opening Balance	579,583,018	523,256,227
Depreciation during the year	52,120,584	56,326,790
Closing Balance	**631,703,601**	**579,583,018**
Written Down Value of Revaluated Assets:	**1,517,115,044**	**1,569,235,628**
Total Written Down Value:	**2,195,113,460**	**2,136,081,968**
Allocation of depreciation charges for the year has been made in the accounts as follows:		
i) Factory Overhead	85,835,150	93,782,507
ii) Administrative Overhead	2,407,654	2,531,717
Total	**88,242,804**	**96,314,224**

Land, Building, Plant & Machinery are registered Mortgage (Pari Passu charges among the existing lender Bank, Eastern Bank Ltd., HSBC, Dhaka Bank Ltd. & One Bank Ltd.)
Details of Fixed Assets and Depreciation are shown in the **Annexure- 1.1**

2.1 CAPITAL WORK-IN-PROGRESS:		
Opening Balance (Building & Construction)	**80,523,827**	**-**
Addition for Plant & Machinery	39,345,539	80,523,827
Addition for Building & Construction	3,680,706	-
Addition for Tools & Equipment	23,135,725	-
Addition for ERP Software Installation	18,827,350	-
Total addition:	**84,989,320**	**80,523,827**
Total transferred to Assets Schedule	**146,685,797**	**-**
Closing Balance	**18,827,350**	**80,523,827**

ERP Software Installation expenses are included in Capital Work-in-progress.

	Plant & Machi.	Building & Const.	Tools & Equipment	ERP Software Inst.
Opening Balance	-	80,523,827	-	-
Addition for the year	39,345,539	3,680,706	23,135,725	18,827,350
Transferred to Assets Schedule	39,345,539	84,204,533	23,135,725	-
Closing Balance	**-**	**0**	**-**	**18,827,350**

3.1 INVESTMENT IN SUBSIDIARY COMPANY:			
Salek Textile Limited (3,900,100 Shares @Tk,100 and 825,870 Share of Tk.460 each including Premium Tk.360)	46%	769,910,000	769,910,000
Newasia Synthetics Limited (4,964,650 Shares of Tk.100/- each)	30%	496,465,000	496,465,000
J.M. Fabrics Limited (3,999,900 Shares of Tk.100/- each)	24%	399,990,000	399,990,000
Total:	**100%**	**1,666,365,000**	**1,666,365,000**

Share holding position in Subsidiary Company 97.926% of Salek Textile Ltd., 99.293% of Newasia Synthetics Ltd. & 99.998% of J.M Fabrics Ltd.

4.1 INVENTORIES:

Raw Materials (Note: 4.1-A)	416,676,107	468,799,852
Stock-in-Transit (Note: 4.1-B)	10,779,231	-
Work-in-Process (Note: 4.1-C)	34,350,532	39,116,139
Finished Goods (Note: 4.1-D)	396,951,965	438,604,731
Stores & Accessories, Packing Material., Fuel, Oil, Lubricant and Maintenance Material (Note: 4.1-E)	127,020,084	106,979,599
Total:	**985,777,919**	**1,053,500,320**

(i) The inventory counting was taken place at the year end in the presence of company management and auditors.

(ii) Inventories were hyphothecated to Dhaka Bank Ltd., HSBC Ltd., Eastern Bank Ltd., Trust Bank Ltd. and One Bank Ltd. as security of workings capital loan.

4.1-A RAW MATERIALS:

Raw Cotton USA	2,274,238 Kg	416,676,107	468,799,852
Total:		**416,676,107**	**468,799,852**

4.1-B STOCK IN TRANSIT:

Raw Material	10,779,231	-
Total:	**10,779,231**	**-**

Raw Material LC # DC DAK876410 (HSBC), LC value: $12,09,601.22, in transit invoice value: $1,29,092.59

4.1-C WORK-IN-PROCESS:

Direct Materials	166,374 Kg	30,482,336	36,527,993
Direct Labour		1,278,584	862,715
Factory Overhead		2,589,612	1,725,431
Total:		**34,350,532**	**39,116,139**

4.1-D FINISHED GOODS INVENTORY: **396,951,965** **438,604,731**

Finished Yarn: 1,572,295 Kg

4.1-E STORES & ACCESSORIES, PACKING MATE., FUEL, OIL, MAINT. MATERIAL:

Stores & Accessories, Packing Material., Fuel, Oil, Lubricant and Maintenance Material	127,020,084	106,979,599
Total:	**127,020,084**	**106,979,599**

5.1 ACCOUNTS RECEIVABLE: **1,177,499,313** **1,108,519,253**

(i) A/C Receivable occurred in the ordinary course of business.

(ii) The A/C Receivable are secured against confirmed Export L/C (Deferred period is 120 days).

(iii) Aging of the Receivables:

For 90 days L.C tenor: Tk.	117,749,931
For 120 days L.C tenor: Tk.	1,059,749,381
Total:	**1,177,499,313**

(iv)Receivable from other company: Tk.	801,163,354
(v) Receivable from related party:-	
Knit Asia Limited: Tk.	56,116,705
Salek Textile Ltd.: Tk.	165,438,691
J.M. Fabrics Ltd.: Tk.	154,780,563
Total:	**1,177,499,313**

6.1 ADVANCES, DEPOSITS & PRE-PAYMENTS:

Advance against materials, suppliers and others	43,403,271	47,403,764
Advance to Newasia Synthatics Ltd.	100,500,000	67,700,000
Security Deposit on REB	178,875	178,875
Security Deposit on Titas Gas T&D Co.	7,038,761	7,038,761
Advance Income Tax (Note-6.1-A)	170,782,308	149,914,773
Security Deposit to CDBL	500,000	500,000
Total:	**322,403,215**	**272,736,173**

6.1-A. ADVANCE INCOME TAX:

Opening Balance	149,914,773	110,212,793
Payment/Adjustment for prior year Income	-	-
Last year Balance after adjustment-	**149,914,773**	**110,212,793**
Advance Income Tax paid (Against Export Proceeds)	20,536,491	16,782,306
Advance Income Tax paid (Against Vehicle Fitness)	212,500	185,000
Advance Income Tax paid (Against Yearly Income 2012-2015)	-	2,013,587
Advance Income Tax paid (Against Yearly Income 2015-2016)	-	20,600,000
Advance Income Tax paid (Against Interest Income)	118,545	121,087
Total AIT paid for the year:	**20,867,535**	**39,701,980**
Closing Balance	**170,782,308**	**149,914,773**

a) All the advances & deposits amount is considered good and recoverable.

b) In the opinion of Directors, all current assets, investments, loans and advance have, on realization in the ordinary course of business, a value at least equal to the amount at which they are stated in the Financial Position.

c) There is no amount due from Directors or officers of the Company.

d) Advance against materials, supplies and others various party and other Indirect materials procurement.

e) Partial advance given to Subsidiary Co. shall be realised in future.

f) From the above advances security deposit to Titas Gas, REB, CDBL and advance Income Tax will be realised after one year.

g) Due to not having assesment of Income Tax is sattled by NBR 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017 the above advance income tax is not adjusted with the Income Tax payable.

h) From the above advances except security deposit and advance Income Tax will be realised will be realised within on year.

AGEING & RELATED PARTY ADVANCE:

(i) Advance within 1 year:	43,403,271
(ii) Advance after 1 year:	278,999,944
Total:	**322,403,215**

Related party advance to Newasia Synthetics Ltd. was Tk.100,500,000

7.1 CASH AND CASH EQUIVALENTS:

Cash in Hand:	**180,000**	**180,000**
Cash at Banks:		
AB Bank Ltd.-STD A/C: 4005-767482-430	244,554	237,742
BRAC Bank STD A/C: 1505-101-762043001	43,569	43,196
BRAC Bank CD A/C: 1501-201-762043001 (Dividend)	7,610,867	7,422,325
Dhaka Bank Ltd. STD A/C: 207-150000000806 (Dividend)	20,552,616	19,219,939
Dhaka Bank Ltd. Margin A/C: 207-130000000013	5,851,162	6,701,691
Eastern Bank CD A/C: 101-2050000180	-	2,241,508
Eastern Bank Ltd.-Margin A/C: 101-0100611	43,168,952	3,007,848
Eastern Bank Ltd.-FC A/C: (NRB IPO)	1,217,315	1,219,388
Eastern Bank Ltd.-STD A/C: 101-1230000068: BDT-(IPO)	8,290,855	6,483,298
HSBC Ltd.-Margin A/C: 001-007475-091	7,834,939	20,889,931
One Bank Ltd.- Margin A/C: 0016426-091	3,307,127	10,264,338
Shahjalal Islami Bank Ltd.-CD A/C: 4005 1110000252 8	11,398	12,548
Trust Bank Ltd.-CD A/C: 0003-0210006613	163,969	433,804
Trust Bank Ltd.-Margin A/C 003-5025000082	148,739	7,297,467
Sub-total: -	**98,446,062**	**85,475,023**
Total:	**98,626,062**	**85,655,023**

a) It include Foreign Currency deposit amounting of US$ 7,41,216.20 (2017: US$ 6,21,140.41) equivalent to BDT 6,15,20,944.60 (2017: BDT 4,93,80,662.91).

b) Cash balance was physically counted at the year ended and Bank balances were reconciled and found in order.

c) Export proceeds are realised in the Margin A/C and is utilized for Payment of Deferred L/C Payment for Raw Cotton.

8.1 SHARE CAPITAL:

8.1(A) AUTHORISED CAPITAL:	**3,000,000,000**	**3,000,000,000**
300,000,000 Shares @ Tk. 10/- each		
8.1(B) ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:	**1,936,000,000**	**1,936,000,000**
19,36,00,000 Ordinary Shares @ Tk.10/- each issued and paid-up.		

Share Holding Composition of Malek Spinning Mills Ltd. as at 30.06.2018 are as follows:

Shareholder's Group	No. of Shares held	% of Shares	No. of Shareholders
Sponsors & Directors	88,044,800	45.48%	6
Government	-	0.00%	0
Institutions	60,516,200	31.26%	138
Foreign Shareholders	9,627,826	4.97%	6
General Public	35,411,174	18.29%	14262
Total	**193,600,000**	**100%**	**14,412**

Classification of shareholders by holding:

Distribution schedule of each class of equity security setting out the number of holders and percentage as at 30.06.2018

Range of Holdings	No. of Holders	Holdings	Percentage
Less than 500 shares	3,449	533,401	0.28%
500 to 5,000 shares	9,904	10,714,869	5.53%
5,001 to 10,000 shares	503	3,750,181	1.94%
10,001 to 20,000 shares	282	4,075,718	2.11%
20,001 to 30,000 shars	94	2,317,239	1.20%
30,001 to 40,000 shares	41	1,406,837	0.73%
40,001 to 50,000 shares	34	1,596,314	0.82%
50,001 to 100,000 shares	47	3,362,510	1.74%
100,001 to 1,000,000 shares	34	9,931,065	5.13%
Over 1,000,000 shares	24	155,911,866	80.53%
Total	**14,412**	**193,600,000**	**100%**

9.1 SHARE PREMIUM:	**1,500,000,000**	**1,500,000,000**

This represents issuance of 10,000,000 ordinary shares in September 2008 for Tk.25 each including premium of Tk. 15/- each in compliance with The Securities and Exchange Commission (SEC) consent No.SEC/CI/CPLC (PVT.)-95/06/337 dated on 30.06.2008 and further Placement issuance of 50,000,000 ordinary shares in October 2009 for Tk.25/- each including premium of Tk.15 each in compliance with The Securities and Exchange Commission (SEC) consent No. SEC/CI/CPLC(PVT.)-95/ dated on June 03, 2009 and further issuance of IPO of 4,00,00,000 ordinary shares on July 2010 for Tk. 25/- each including Premium of Tk. 15/- each in compliance with the Securities and Exchange Commission (SEC) consent No. SEC/CI/IPO-118/2010/462 dated April 15, 2010.

10.1 RE-VALUATION SURPLUS:

Opening Balance	1,442,332,804	1,498,659,595
Less: Transfer to Retained Earnings of excess depreciation	52,120,584	56,326,790
Written Down Value:	**1,390,212,220**	**1,442,332,804**

Details of Re-valuation Surplus of Fixed Assets is given in the **Annexure-1.1**

a) Name of Ravaluer: ASIAN SURVEYORS LTD.

b) Last date of Revaluation: 30.06.2012

c) Methodology use for revalution:

(i) Valuation of Land: Surveyors Physically examined the land and sorroundings. The present value of the land have been taken into consideration according to the location, importance and convenience of the locality in terms of industrial, commercial and other related factors.

(ii) Valuation of building: Surveyors taken into consideration the nature and quality of construction of the buildings, examined the present condition of the buidings as well as nature of maintenance. Relevant papers, documents and records were scrutinized and verified. Considering all allied factors they determined the correct present value.

(iii) Valuation of Machineries: The value of the machineries of the project were assessed as a running concern. They have taken into account the practical utility of a machine in terms of present performance of the particular machine in working out the present value. They also taken into consideration erection or installation cost and other related details to determine the present value of the machineries. Copies of invoice and other related documents were scrutinised and verified accurately.

d) Total revaluation amount: Revaluation amount as on 30.06.2012 is Tk. 2,148,818,646

e) Independency of valuation: The surveyor and valuer was independent from the company and its management and employees.

11.1 RETAINED EARNINGS:

Opening Balance	373,193,246	392,780,614
Add: Net Profit/(Loss) during the year	119,128,559	117,685,842
	492,321,805	**510,466,455**
Add: Transfer of excess depreciation of revaluated assets	52,120,584	56,326,790
Less: Declared Cash Dividend	193,600,000	193,600,000
	350,842,389	**373,193,246**

12.1 LONG TERM LOAN:

Eastern Bank Limited	5,699,788	12,753,017
One Bank Limited	140,804,686	8,851,111
Total	**146,504,474**	**21,604,128**
Less: Current Portion of Long Term Loan (Note-15.1)	15,948,501	7,183,880
Total Long Term Loan:	**130,555,973**	**14,420,248**

Particulars	**EBL**	**OBL**
Opening Loan facility	12,753,017	8,851,111
Addition Loan	-	141,729,751
Interest Charged	1,346,410	6,522,577
Repayment: (Principal & Interest)	8,399,639	16,298,753
Loan Balance:	5,699,788	140,804,686
Repayment Terms	Quarterly Installment	Quarterly Installment
Installment Size	220,000	1,389,000
Tenor	5 years	5 years
Interest Rate	10.25% - 11%	10.25% - 11%
Security	Pari-passue security of Land, Building, Stock & Book Debts sharing agreement.	

13.1 DEFERRED TAX LIABILITIES:

Opening Balance	276,116,940	282,807,800
Add: Provision for the year	(2,566,237)	(6,690,860)
Total Liabilities:	**273,550,703**	**276,116,940**

Deferred Tax Calculation:

Particulars	**Accounts Base (WDV)**	**Tax Base (WDV)**	**Excess/(Short) value**
Written Down Value of Fixed Assets at cost	677,998,416	371,442,107	306,556,309
WDV of Revaluation Surplus of Fixed Assets	1,517,115,044	-	1,517,115,044
Total	**2,195,113,460**	**371,442,107**	**1,823,671,354**
Deferred Tax Liability @ 15%			273,550,703

14.1 SHORT TERM LOAN:

Bank Overdraft:		
Eastern Bank Ltd A/C:180 & 011	48,839,389	-
Dhaka Bank Ltd OD A/C: 207.175.23	28,721,724	10,745,348
One Bank Ltd OD A/C: 0010016426008	20,338,092	513,202
HSBC OD A/C: 001-007475-011	23,698,210	493,337
Total:	**121,597,415**	**11,751,887**

The above Import Loan and Overdraft loans are secured against hypothecation of Stocks and Book Debts.

Particulars	EBL	OBL	DBL	HSBC
Saction facility	45,000,000	20,000,000	30,000,000	20,000,000
Interest paid this year	1,590,247	756,726	1,540,489	532,303
Repayment Terms	N/A	N/A	N/A	N/A
Installment Size	N/A	N/A	N/A	N/A
Tenor	One year renewable	One year renewable	One year renewable	One year renewable
Interest Rate	10% - 11%	10% - 11%	10% - 11%	10% - 11%
Security	Pari-passue security of Stock & Book Debts sharing agreement.			

15.1 CURRENT PORTION OF LONG TERM LOAN:

Eastern Bank Limited	2,610,435	6,383,880
One Bank Limited	13,338,066	800,000
Total:	**15,948,501**	**7,183,880**

16.1 BANK ACCEPTANCE LIABILITIES:

Raw Cotton:		
Eastern Bank Limited	116,591,438	91,438,807
Dhaka Bank Limited	86,778,508	85,511,250
One Bank Ltd.	-	66,220,295
HSBC Limited	126,820,765	179,739,174
	330,190,711	**422,909,525**
Capital Work-in-progress	**-**	**61,278,388**
Total:	**330,190,711**	**484,187,913**

Acceptance liability represents the deferred payment of L/C for Imported Raw Materials for the period of 180 Days.

17.1 CREDITORS AND ACCRUALS:

Gas Bill Payable	21,656,339	10,744,439
Electricity Bill Payable	86,428	326,626
Audit Fees Payable	172,500	172,500
Salary, Wages & Other allwance Payable	21,728,483	10,776,970
Tax Deduction at Source Payable	2,861,605	1,696,164
Vat Deduction at Source Payable	1,626,803	1,463,177
Municipal Tax Payable	211,500	-
Income Tax Payable (Note:17.1-A)	187,204,370	162,573,466
Contribution to WPPF Payable (Note: 17.1-D)	113,486,013	112,082,783
Directors Remuneration Payable	559,825	446,525
Payable for Goods Supplies & Others	17,256,941	10,388,689
Dividend Payable (Note-17.1-C)	35,974,940	34,632,573
Refundable IPO Share money (Note-17.1-B)	12,888,661	12,890,734
Total:	**415,714,407**	**358,194,646**

a) Payable for Goods Supplies and others represents regular suppliers of packing materials, Bearing, belts, fuel & lubricants, stationery items and others.

b) Factory Salary and Wages payable for the month of 30th June 2018

c) Due to not having assesment of Income Tax is sattled by NBR 2012-2013, 2013-2014, 2014-2015, 2015-2016 the above Income Tax payable is not adjusted with the advance income tax.

17.1-A. INCOME TAX PAYABLE:

Opening Balance	162,573,466	135,016,245
Provision for the year (Current Tax): (Note-24.1)	24,630,904	27,557,221
	187,204,370	**162,573,466**
Payment/Adjustment for prior year balance:	-	-
Total Payment/Adjustment for prior year income:	**-**	**-**
Total Payable-	**187,204,370**	**162,573,466**

17.1-B. REFUNDABLE IPO SHARE MONEY:

Eastern Bank FC A/C:	1,218,777	1,220,850
Eastern Bank STD A/C:	11,669,885	11,669,884
Total-	**12,888,661**	**12,890,734**

17.1-C. DIVIDEND PAYABLE:

Brac Bank	10,210,505	10,211,405
Dhaka Bank	25,764,434	24,421,168
Total-	**35,974,940**	**34,632,573**

17.1-D. CONTRIBUTION TO WPPF PAYABLE:		
Opening Balance	112,082,783	105,155,173
Add: Provision for the year	7,059,661	6,927,610
Less: Payment to employee	5,656,431	-
Closing Balance	**113,486,013**	**112,082,783**
**Contribution to WPPF was made as per Section-234 of Labour Law-2013.		
18.1 SALES:		
Export Sales	**3,002,641,192**	**2,540,411,247**
19.1 COST OF GOODS SOLD:		
Raw Material Consumed (Note:19.1-A)	2,136,218,801	1,639,956,761
Direct Expenses (Note:19.1-B)	118,104,910	111,513,893
Factory Overhead (Note:19.1-C)	383,394,775	367,632,490
Total Manufacturing Cost	**2,637,718,485**	**2,119,103,144**
Add: Work-in-Process- Opening	39,116,139	42,191,215
Cost of Goods available for use	**2,676,834,624**	**2,161,294,359**
Less: Work-in-Process- Closing	34,350,532	39,116,139
Cost of Production	**2,642,484,092**	**2,122,178,220**
Add: Finished Goods- Opening	438,604,731	572,208,276
Cost of Goods Available for Sales	**3,081,088,823**	**2,694,386,496**
Less: Finished Goods- Closing	396,951,965	438,604,731
Add: Loss on Fire	-	-
Cost of Goods Sold:	**2,684,136,858**	**2,255,781,766**
19.1-(A) RAW MATERIALS CONSUMED:		
Opening Inventory Raw Materials	468,799,852	501,638,757
Add: Purchase during the year	2,084,095,056	1,607,117,857
Less: Closing Inventory of Raw Materials	416,676,107	468,799,852
Raw Materials Consumed	**2,136,218,801**	**1,639,956,761**
19.1-(B) DIRECT EXPENSES:		
Direct Labour/Wages	118,104,910	111,513,893
Total	**118,104,910**	**111,513,893**
19.1-(C) FACTORY OVERHEAD:		
Factory Salary and Allowances	48,180,871	39,630,116
Overtime Wages for Worker	2,946,385	9,789,213
Festval Bonus Factory	6,927,800	3,329,886
Electricity Charges	2,035,289	3,624,837
Gas Charges	146,379,735	137,710,701
Repairs & Maintenance	34,662,998	27,638,790
Packing Materials	24,907,331	25,511,956
Fuel,Oil & Lubricant	11,912,144	10,038,332
Insurance Premium	1,467,624	1,509,552
Insurance Premium (Group)	37,900	37,900
Stores & Accessories consump. (Note:19.1-C-ii)	12,197,563	9,608,036
Entertainment Factory	1,036,097	884,180
Telephone, Mobile & Fax	369,204	401,166
Stationery Charges	693,814	546,153
Printing Charges	88,590	113,650
Other Carrying Charges	193,000	126,880
Factory Office Expenses other	11,363	13,664
Vehicles Maintenance	2,169,097	2,139,391
Conveyances Factory	187,096	83,937
House Rent for Worker Shed	769,555	534,128
Medical Expenses	114,969	97,082
Uniform & Leverage	11,300	550
Miscellaneous Exp.	259,900	479,883
Depreciation	85,835,150	93,782,507
Total Factory Overhead-	**383,394,775**	**367,632,490**

19.1-(C)-i FUEL, OIL, PACKING MATE. AND MAINTENANCE MATERIAL:		
Opening Balance	-	
Add: Purchase during the year	82,137,267	
Less: Closing Balance	10,690,355	
Total Consumed- -	**71,446,912**	
19.1 (C)-ii STORES & ACCESSORIES:		
Opening Balance	106,979,599	89,085,675
Add: Purchase during the year	21,547,693	27,501,960
Less: Closing Balance	116,329,729	106,979,599
Total Consumed-	**12,197,563**	**9,608,036**
20.1 OPERATING EXPENSES:		
Salaries & Allowances	48,307,238	42,451,660
Festival Bonus	4,845,267	3,830,882
Director's Remuneration	8,400,000	7,110,000
Fees, Forms & Others	3,208,277	3,037,590
Audit Fees	172,500	172,500
Printing & Stationery	969,635	1,124,156
Telephone,Mobile & Internet Expenses	1,545,569	1,750,757
Postage & Stamp	88,029	56,387
Vehicle Maintenance	6,886,711	6,270,211
Miscellaneous Expenses	3,865,850	5,347,254
Office Rent	10,092,480	5,999,470
Rate & Taxes	211,500	208,800
Carriage Outwards, Selling & Distribution exp.	6,864,630	5,563,560
Entertainment	1,309,192	1,241,257
Fuel for Head Office Generator	-	26,600
Advertisement & Publicity Expenses	699,500	728,261
AGM Expenses	1,700,055	1,841,828
Security Charges	560,166	550,425
Travelling & Conveyance	1,957,670	2,307,454
Uniform/Leveries Security	42,505	16,867
Repairs & Maintenance	5,446,779	3,792,638
Donation & Subscription	155,000	70,000
Medical Expenses	14,600	-
Credit Rating Charges	57,500	74,750
Software Maintenance Expenditure	-	3,954,539
Depreciation	2,407,654	2,531,717
Total Operating expenses:	**109,808,307**	**100,059,563**
21.1 FINANCIAL EXPENSES:		
EASTERN BANK LTD.:		
Interest on Long Term Loan	1,346,410	3,518,922
Interest on Short Term Loan	647,018	-
Interest on Overdraft	1,590,247	2,108,310
Bank Charges & Commission	964,050	3,229,841
Export L/C Negotiation Commission	4,597,602	1,466,179
Interest on Bill Discount	12,357,658	7,548,876
Total	**21,502,985**	**17,872,128**
HSBC LTD.:		
Interest on Short Term Loan	1,819,339	5,296,966
Bank Charges & Commission	2,381,213	1,514,052
Export L/C Negotiation Commission	1,879,211	1,157,092
Interest on Overdraft	532,303	599,158
Interest on Bill Discount	10,715,318	-
Total	**17,327,384**	**8,567,266**
DHAKA BANK LTD.:		
Interest on Overdraft	1,540,489	1,651,979
Bank Charges and Commission	907,769	1,093,943
Export L/C Negotiation Commission	604,880	399,804
Interest on Bill Discount	4,876,855	6,790,626
Total	**7,929,993**	**9,936,352**

ONE BANK LTD.:		
Interest on Long Term Loan	6,522,577	204,120
Interest on Overdraft	756,726	715,414
Bank Charges & Commission	198,676	1,790,483
Export L/C Negotiation Commission	190,940	106,681
Interest on Bill Discount	101,872	655,011
Total	**7,770,791**	**3,471,709**
TRUST BANK LTD.:		
Bank Charges and Commission	1,334	3,055
Export L/C Negotiation Commission	-	5,946
Interest on Bill Discount	-	64,855
Total	**1,334**	**73,856**
SHAHJALAL ISLAMI BANK LTD.:		
Bank Charge and Commission	1,150	1,150
Total	**1,150**	**1,150**
AB BANK LTD.		
Bank Charges and Commission	1,300	1,650
Total	**1,300**	**1,650**
BRAC BANK LTD.		
Bank Charges and Commission	3,650	1,300
Total	**3,650**	**1,300**
Total Financial Expenses-	**54,538,587**	**39,925,412**

22.1 OTHER INCOME/(LOSS):

CASH INCENTIVE:		
OTHER INCOME/(LOSS):		
Interest Received from BRAC Bank Ltd., STD A/C (1501201 762043001)	227,167	221,564
Interest Received from Dhaka Bank Ltd., STD A/C (0207-150000000806)	756,054	791,331
Interest Received from AB Bank Ltd., STD A/C (4005-767482-430)	6,035	6,327
Interest Received from BRAC Bank Ltd., STD A/C (1505101 762043001)	439	436
Interest Received from Eastern Bank Ltd., STD A/C (101-1230000068)	81,948	80,216
	1,071,643	**1,099,873**
Foreign currency exchange Gain/(Loss) against Import LC payment	(5,947,237)	(144,367)
Foreign currency exchange Gain/(Loss) against export realization	(1,795,516)	(120,200)
Foreign currency translation Gain	1,050,600	-
Gain/(Loss) on Sale of Assets	(284,043)	-
	(6,976,197)	**(264,567)**
Other Income/(Loss)	**(5,904,554)**	**835,306**
Total Other Income/(Loss) including Cash incentive:	**(5,904,554)**	**835,306**

22.1(A). GAIN/(LOSS) ON SALE OF ASSETS:

Sales Price	200,000	-
Less: Written down value of Machine	484,043	-
Gain/(Loss) on Sale of Machine	**(284,043)**	**-**
Total Gain/(Loss) on Sale of Assets:	**(284,043)**	**-**

23.1 WORKER'S PROFIT PARTICIPATION FUND:

Contribution to WPPF this year	7,059,661	6,927,610
	7,059,661	**6,927,610**

This represents 5% of net profit before tax of the company and is payable to workers as per provision defined in the Labour Law 2006 (amendment 2013).

24.1 INCOME TAX PROVISION (CURRENT TAX):

	Income	Tax	Tax
i) On Operating Income 15%	164,206,024	24,630,904	27,348,394
ii) On Other Income 25%	(5,904,554)	-	208,827
Total	**158,301,471**	**24,630,904**	**27,557,221**

Taxable Operating Income Calculation:

Net Operating Profit before Tax	147,097,779
Add: Accounting Depreciation	88,242,804
Less: Tax Depreciation	71,134,559
Taxable Operating Income:	**164,206,024**

25.1 INCOME TAX PROVISION (DEFERRED TAX):	**(2,566,237)**	**(6,690,860)**

26.1 BASIC EARNINGS PER SHARE (EPS):

(a) Net Profit/(Loss) after tax	119,128,559	117,685,842
(b) Number of total Share	193,600,000	193,600,000
Basic Earnings per Share (a/b):	**0.62**	**0.61**

27.1 RELATED PARTY TRANSACTION:

The company, in normal course of business, carried out a number of transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: Related Party Disclosures. All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates, on the same terms and conditions as applicable to the third parties. Details of transactions with related parties and balances with them as at 30 June 2018 were as follows:

Related Party	Nature of Relationship	Nature of Transaction	Dr. (Sales or Advance)	Cr. (Realised)	Balance as at 30.06.2018	Balance as at 30.06.2017
Knit Asia Limited	Common Director	Sales	303,857,907	267,800,929	56,116,705	20,059,727
Salek Textile Limited	Subsidiary	Sales & Advance	42,457,880	95,699,251	165,438,691	218,680,062
Newasia Synthetics Limited	Subsidiary	Advance	46,800,000	14,000,000	100,500,000	67,700,000
J.M. Fabrics Limited	Subsidiary	Sales & Advance	63,801,721	45,843,766	154,780,563	136,822,608

28.1 CONTINGENT LIABILITIES:

The following Letter of Credit is outstanding due to the goods not shipped and no liabilities has made against the same:

Serial No.	L/C No.	L/C Date	L/C Amount(US$)
1	187718020062	6/10/2018	$550,450.00
2	187718020061	6/10/2018	$337,774.00
3	141418010095	6/24/2018	$247,974.00
4	187718020039	4/23/2018	$95,750.00

29.1 PRODUCTION CAPACITY:

Production capacity of Malek Spinning Mills Ltd. is 35,000kg per day and annual production capacity is 1,26,00,000Kg During the year produced 1,09,05,455 Kg and Capacity utilized 86.55%.

	%	Quantity in Kg (2017-18)	%	Quantity in Kg (2016-17)
Capacity	100	12,600,000	100	12,600,000
Production	86.55	10,905,455	85.53	10,777,354
Difference		**1,694,545**		**1,822,646**

30.1 WPPF:

Provision for contribution to WPPF was made as per Section-234 of Labour Law-2013 and disbursement was made in the part during the financial year 2017-2018. The due amount is under process of payment.

31.1 EVENTS AFTER THE REPORTING PERIOD:

The board of directors of the company has approved the financial statements as on 24th October 2018 and recommended 10% Cash dividend for the financial year ended June 2018. Except the fact stated above, no circumstances have arisen that to be disclosed as note or adjusted in the financial statements

32.1 ATTENDANCE STATUS OF BOARD MEETING OF DIRECTORS:

During the year 2017-2018 eight Board Meetings were held. The attendance status of all the meetings is as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. A.F.M Zubair	Chairman	8	6
Mr. A. Matin Chowdhury	Managing Director	8	8
Dr. Shamim Matin Chowdhury	Director	8	8
Mr. Azizur Rahim Chowdhury	Director	8	8
Ms. Saima Matin Chowdhury	Director	8	4
Mr. Moshiur Rahman	Director	8	8
Mr. Nurul Alam	Independent Director	8	5
Md. Qamrul Huda	Independent Director	8	7

33.1 EMPLOYEES SALARY STATUS & POSITION (AS PER 30TH JUNE 2018)

Salary Range	Officer & Staff		Worker	Total Employee
	Head Office	Factory		
Below 4,000	-	-	-	-
Above 4,000	72	200	1,042	1,314
Total	**72**	**200**	**1,042**	**1,314**

34.1 KEY MANAGEMENT BENEFITS TO DIRECTORS (FROM: 1ST JULY 2017 TO 30TH JUNE 2018)

	Mr. A.F.M. Zubair	Mr. A. Matin Chowdhury
i) Basic	3,600,000	1,440,000
ii) House Rent	1,800,000	720,000
iii) Conveyance	240,000	96,000
iv) Medical Allowance	360,000	144,000
v) Bonus	500,000	200,000
Total:	**6,500,000**	**2,600,000**

35.1 VALUE OF RAW COTTON, SPARE PARTS, PACKING MATERIALS AND CAPITAL MACHINERY (BDT) OF MALEK SPINNING MILLS LTD. (AS PER 30TH JUNE 2018)

Particulars	Local Purchase	Import	Total Purchase	Consumed
Raw Cotton	-	2,084,095,056	2,084,095,056	2,136,218,801
Spare Parts	-	21,547,693	21,547,693	12,197,563
Packing Materials	27,705,337	-	27,705,337	24,907,331
Capital Machinery	-	101,801,757	101,801,757	-

36.1 KEY MANAGEMENT PERSONNEL COMPENSATION:

Company has established following personnel compensation to the employee:

a) Short-term employee benefits: Company provide the following short-term benefit.

Particulars	2017-18		2016-17	
	Directors	Executives	Directors	Executives
Remuneration/ Salary	9,100,000	15,716,263	7,667,500	17,749,123
i) Basic	5,040,000	8,266,843	4,266,000	11,194,178
ii) House Rent	2,520,000	2,985,539	2,133,000	2,633,104
iii) Conveyance	336,000	1,514,417	284,400	1,292,392
iv) Medical Allowance	504,000	933,943	426,600	865,070
v) Bonus	700,000	2,015,521	557,500	1,764,379
Number of Person:	2	6	2	6

b) **Post-employment benefits:** Company provide contributory Provident fund and Worker's Profit Participation Fund to the employee.

c) **Other long-term benefits:** Company provide Gratuity Benefit to the employee under which an employee is entitle to the benefit depending on length of service. The cost for Gratuity is accounted on cash basis.

d) **Share-based payment:** Company does not provide any share-based payment facilities to the employee.

37.1 FINANCIAL RISK MANAGEMENT:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility also includes developing and monitoring the Company's risk management policy. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the company's financial risk exposure. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures and summarized as follows.

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 sales are made to renowned RMG exporting company. Sales made to the entity are fully secured by Letter of Credit issued by local scheduled banks.

Credit risk of the Company arises principally from trade debts, loans and advances, and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2017-2018	2016-2017
Consolidated Accounts Receivable:	2,679,811,299	2,582,346,695
Consolidated Loans and Advances:	776,656,533	724,090,932
Consolidated Bank Balances:	257,624,165	460,013,380
	3,714,091,997	**3,766,451,007**

LIQUIDITY RISK:

Liquidity risk is the risk that the company unable to meet its financial obligations as the 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 operation expenses, including the servicing of financial obligation through preparation of cash forecast, prepared based on timeline of payment of the financial obligation and accordingly arranged 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 payments of obligations in the events that there is sufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly. Seeks to maintain a balance between the higher returns that might be possible with the higher levels of borrowings and the advantages and security afforded by a sound capital position. The board also monitors dividend trend to ordinary shareholders.

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 the return.

PRICE RISK:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company does not have any financial instrument that expose the price risk.

INTEREST RISK:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short-term borrowings from financial institutions. At the reporting date, the company does not hold any interest bearing financial instrument.

CURRENCY RISK:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and Foreign Currency loan, which, are entered in a currency other than BDT. The foreign currency transactions are mainly occurred in USD and conversion rate of USD into BDT does not fluctuate materially.

CAPITAL RISK MANAGEMENT:

The objective of the Company when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

MALEK SPINNING MILLS LIMITED

FIXED ASSETS SCHEDULE AS AT 30TH JUNE 2018

Annexure: 1.1

SL	PARTICULARS	COST				RATE	DEPRECIATION				WRITTEN DOWN
		AS AT 01.07.2017	ADDITION	ADJUSTMENT	AS AT 30.06.2018		AS AT 01.07.2017	THIS YEAR	ADJUSTMENT	AS AT 30.06.2018	VALUE AS AT 30.06.2018
(A)-											
1	Land and Land Development	84,647,187	-		84,647,187	0%	-	-		-	84,647,187
2	Factory Building	313,690,859	21,748,315		335,439,174	5%	238,141,383	3,777,474		241,918,857	93,520,317
3	Plant and Machinery	1,338,107,118	101,801,757	11,000,000	1,428,908,876	7.5%	987,802,047	25,447,880	10,515,957	1,002,733,970	426,174,905
4	Electrical Installation	47,779,426	-		47,779,426	15%	41,504,481	941,242		42,445,723	5,333,703
5	Tubewell and Water Pump	2,463,406	-		2,463,406	15%	2,255,290	31,217		2,286,507	176,899
6	Furniture and Fixtures	3,340,478	11,040		3,351,518	10%	2,293,284	105,271		2,398,555	952,963
7	Office Equipments	13,267,111	1,061,502		14,328,613	15%	8,459,525	787,223		9,246,748	5,081,865
8	Gas Line Installation	10,618,384	-		10,618,384	15%	8,173,799	366,688		8,540,487	2,077,897
9	Loose Tools and Equipment	1,254,088	23,135,725		24,389,813	15%	1,205,125	7,344		1,212,470	23,177,343
10	Motor Vehicle	25,662,992	-		25,662,992	15%	15,633,149	1,504,477		17,137,625	8,525,367
11	Telephone (PABX) Installation	490,000	-		490,000	15%	424,821	9,777		434,598	55,402
12	Crockaries and Cutlaries	50,777	-		50,777	15%	44,736	906		45,642	5,135
13	Generator	126,692,586	-		126,692,586	10%	95,310,539	3,138,205		98,448,744	28,243,842
14	Fire Installation	253,100	-		253,100	15%	222,995	4,516		227,511	25,589
	Total (A) as at 30.06.2018	**1,968,317,513**	**147,758,339**	**11,000,000**	**2,105,075,852**		**1,401,471,173**	**36,122,220**	**10,515,957**	**1,427,077,436**	**677,998,416**
	Total (A) as at 30.06.2017	**1,966,821,642**	**1,495,871**	**-**	**1,968,317,513**		**1,361,483,740**	**39,987,433**	**-**	**1,401,471,173**	**566,846,340**

REVALUATED FIXED ASSETS SCHEDULE AS AT 30TH JUNE 2018

P SL	PARTICULARS	RE-VALUED COST				RATE	DEPRECIATION				WRITTEN DOWN
		AS AT 01.07.2017	ADDITION	ADJUSTMENT	AS AT 30.06.2018		AS AT 01.07.2017	THIS YEAR	ADJUSTMENT	AS AT 30.06.2018	VALUE AS AT 30.06.2018
(B)- Revaluation of fixed assets :											
1	Land and Land Development	846,018,824		-	846,018,824	-	-	-	-	-	846,018,824
2	Factory Building	219,355,567		-	219,355,567	5%	70,703,207	7,432,618	-	78,135,825	141,219,742
3	Plant and Machinery	951,297,577		-	951,297,577	7.5%	440,558,434	38,305,436	-	478,863,870	472,433,707
4	Generator	132,146,678		-	132,146,678	10%	68,321,376	6,382,530	-	74,703,906	57,442,771
	Total (B) as at 30.06.2018	**2,148,818,646**	**-**	**-**	**2,148,818,646**	**-**	**579,583,018**	**52,120,584**	**-**	**631,703,601**	**1,517,115,044**
	Total (B) as at 30.06.2017	**2,148,818,646**	**-**	**-**	**2,148,818,646**	**-**	**523,256,227**	**56,326,790**	**-**	**579,583,018**	**1,569,235,628**
	Total (A+B) as at 30.06.2018	**4,117,136,158**	**147,758,339**	**11,000,000**	**4,253,894,498**		**1,981,054,191**	**88,242,804**	**10,515,957**	**2,058,781,038**	**2,195,113,460**
	Total (A+B) as at 30.06.2017	**4,115,640,287**	**1,495,871**	**-**	**4,117,136,158**		**1,884,739,967**	**96,314,224**	**-**	**1,981,054,191**	**2,136,081,968**

Depreciation Charged to:

Operating Expenses:	2,407,654
Factory Overhead:	85,835,150
Tk.	**88,242,804**

SALEK TEXTILE LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS FOR THE YEAR ENDED 30TH JUNE, 2018

Dear Shareholders,

In terms of provisions of section 184 of the Companies Act'1994 and IAS (International Accounting Standards) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Board of Directors is pleased to submit its Report to the Shareholders together with Audited Accounts and Auditors' Report thereon, containing Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2018.

BACKGROUND:

The Company was incorporated with RJSC on 9th day of September 2007 as a Private Limited Company. The Authorized Share Capital of the company was increased from Tk.500,000,000.00 divided into 5,000,000 ordinary shares of Tk.100.00 each to Tk.3,000,000,000.00 divided into 30,000,000 ordinary shares of Tk.100.00 each on 14th August, 2013. Subsequently the par value of share has been changed from Tk.100.00 per share to Tk.10.00 per share. The paid-up capital as on 30th June, 2018 stood at Tk.482,608,700.00 consisting of 48,260,870 ordinary shares of Tk.10.00 each.

The Company obtained Consent for raising of Paid-up Capital from Bangladesh Securities and Exchange Commission (BSEC) vide their letter No. BSEC/CI/CPLC(Pvt)-333/2011/446 dated June 24, 2014. To comply the condition No. 9 of the Consent Letter of Bangladesh Securities and Exchange Commission (BSEC) dated June 24, 2014 and to comply the provisions of the Commission's Notification No.SEC/CMRRCD/2006-159/Admin/03-44 dated 05-05-2010 published in the Bangladesh Gazette dated 01-06-2010 though the paid up capital of the company exceeds Tk.400,000,000.00 (Forty crore) the status of the Company has been converted from Private Limited Company to Public Limited Company on 23rd August, 2014 and the face value of per share of the Company also changed from Tk.100.00 each to Tk.10.00 each per share.

The Company is a subsidiary company of Malek Spinning Mills Limited which holds 97.925% share & other sponsors of Malek Spinning Mills Ltd. hold 2.08% share of the company as on 30th June 2018.

Mr. A.F.M. Zubair has been elected as Chairman by the Board of Directors and Mr. A. Matin Chowdhury has been retained as the Managing Director of the company. Mr. Nurul Alam, Independent Director of Malek Spinning Mills Limited has been appointed as Independent Director (Non Shareholding).

COMMERCIAL OPERATION:

Salek Textile Limited started its commercial operation from 1st day of April 2009. The production capacity of the project is 14,621,000 kgs of yarn,9,600,000 yards fabric and 4,500,000 Pcs RMG products per annum. The Company manufactures open end yarn for denim and home textile markets and denim RMG.

COMPANY'S OPERATIONS:

The position of its operating performance for the year ended 30th June, 2018 compared to previous year is given below:

Sl. No.	Description	2017-2018 (Kg.)	2016-2017 (Kg.)
01	Production capacity (Yarn)	14,621,000	14,621,000
02	Production capacity (Fabric) yds	9,600,000	9,600,000
03	Production capacity (RMG) Pcs	4,500,000	4,500,000
04	Actual Production (Yarn)	8,059,078	7,369,889
05	Actual Production (Fabric) yds	8,950,626	9,074,567
06	Actual Production (RMG) Pcs	*5,949,697	5,369,936
07	Capacity Utilization (Yarn)	55.12%	50.41%
08	Capacity Utilization (Fabric)	93.24%	94.53%
09	Capacity Utilization (RMG) Pcs	132.22%	119.33%
10	Quantity Sold (kg) Yarn	7,374,785	7,733,577
11	Quantity Sold (yds) Fabric	9,314,150	8,442,203
12	Quantity Sold (RMG) Pcs	5,413,775	5,167,616
13	Sales Revenue (Tk.) Yarn	1,309,846,639	1,106,784,532
14	Sales Revenue (Tk.) Fabric	1,534,083,825	1,400,460,626
15	Sales Revenue (Tk.) RMG	2,490,386,321	2,306,825,979
16	Average selling price (Tk.) Yarn	177.61	143.11
17	Average selling price (Tk.) Fab.	164.70	165.89
18	Average selling price (Tk.) RMG	460.01	446.40

- Actual production in RMG unit included sub contract production.

CAPITAL EXPENDITURES:

The following Capital Expenditure was incurred during the last two years:

Description	2017-2018 (Tk.)	2016-2017 (Tk.)
Land and Land Development	43,229,730	---
Factory Building	4,658,238	24,066,688
Plant and Machinery	331,440,269	139,807,517
Motor Vehicle	5,203,000	2,117,592
Office Equipments	3,995,418	5,259,333
Furniture & Fixtures	1,450,957	734,215
Electrical Installation	3,024,533	5,637,523
Gas Line Installation	13,779,440	2,000,000
Fire Installation	925,140	1,140,520
Tube well and Water Pump	210,000	2,203,000
Tools and Equipment	---	1,790,000
Total	**407,916,725**	**184,756,388**

SHAREHOLDING:

The Shareholding Position of different shareholders as at 30th June 2018 as follows:

Name of Shareholders	No. of share hold	% of Holding
Malek Spinning Mills Limited	47,259,700 shares	97.9255%
Mr. A. Matin Chowdhury	489,780 shares	1.0149%
Dr. Shamim Matin Chowdhury	339,340 shares	0.7031%
Mr. A.F.M. Zubair	169,830 shares	0.3519%
Ms. Saima Matin Chowdhury	410 shares	0.0008%
Mr. Azizur R. Chowdhury	510 shares	0.0011%
Mr. Moshiur Rahman	650 shares	0.0013%
Mr. Shyan Zubair	650 shares	0.0013%
Total	**48,260,870 shares**	**100%**

FINANCIAL RESULTS:

The company's operating financial results, as compared to the previous year are summarized as follows:

Tk. in million

Description	2017-2018	2016-2017
Sales	4388.01	3975.25
Cost of goods sold	4017.72	3550.10
Gross profit	370.29	425.15
Operating expenses	118.26	121.29
Financial Expenses	204.15	235.54
Operating profit	47.88	68.32
Provision for WPPF	2.08	3.60
Provision for Income Tax	7.50	10.21
Net profit	74.23	78.46
Gross Margin Ratio	8.44%	10.69%
Net Margin Ratio	1.69%	1.97%
Earnings per share (Tk.)	1.54	1.63

APPROPRIATION OF PROFIT:

The Board of Directors recommended for appropriation of profit as follows:

Net Profit after tax provision 2017-2018	Tk. 74,232,803
Add: Balance of profit B/F from previous year	Tk. 1,044,271,597
Add: Transfer of excess depreciation of revalued assets	Tk. 33,889,364
Total net free surplus available for appropriation	**Tk.1,152,393,764**
Appropriation Proposed:	
Proposed Dividend	Nil
Balance carried forward to Balance Sheet as Retained Earnings	**Tk.1,152,393,764**

DECLARATION OF DIVIDEND:

In order to strengthen the financial position of the company no dividend be and is recommended by the Board for the year ended 30th June, 2018.

APPOINTMENT OF DIRECTORS:

Rotation of Directors:

Pursuant to Article 117 of the Articles of Association of the Company Dr. Shamim Matin Chowdhury, Director and Mr. Azizur R.Chowdhury, Director will retire by rotation and being eligible as per Article 119 of the Articles of Association of the Company they offered themselves for re-election.

APPOINTMENT OF AUDITORS:

The existing Auditor, M/s Malek Siddiqui Wali, Chartered Accountants would retire at the 11th Annual General Meeting and being eligible, they offered themselves for re-appointment as Auditors for the year 2018-2019 with re-fixation of their remuneration.

BOARD MEETINGS:

During the period 2017-2018, Eight (08) Board meetings were held. The attendance record of the Directors are as follows:

Name of Directors	Position	Meeting held	Attended
Mr. A.F.M. Zubair	Chairman	08	06
Mr. A. Matin Chowdhury	Managing Director	08	08
Dr. Shamim Matin Chowdhury	Director	08	08
Mr. Azizur R. Chowdhury	Director	08	08
Ms. Saima Matin Chowdhury	Director	08	04
Mr. Shyan Zubair	Director	08	06
Mr. Moshiur Rahman	Director (Nominated by Malek Spinning Mills Ltd.)	08	08
Mr. Nurul Alam	Independent Director (Non Shareholding)	08	05

ACKNOWLEDGEMENT:

The Directors are pleased to record with appreciation and gratitude the co-operation and support provided by Shareholders, Customers, Bankers, Suppliers, Workers and Employees of the company without whose active support the result would not have been possible.

Looking forward for a bright future for all of us.

On behalf of the Board of Directors,

A.F.M. Zubair
Chairman

CHARTERED ACCOUNTANTS

Malek Siddiqui Wali
Chartered Accountants
9-G, Motijheel C/A (2nd Floor)
Dhaka, Bangladesh.
Extension Office: Property Heights (1st Floor)
12, R. K. Mission Road, Dhaka-1000

মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউনটেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

Phone : 9513471, 9569867
PABX : 9576118-9, 9576128
Fax : +88-02-9516236
E-mail : wali@satcombd.com
Web : www.msw-bd.com

INDEPENDENT AUDITORS' REPORT
To the shareholders of
Salek Textile Limited

We have audited the accompanying Financial Statements of **Salek Textile Limited,** which comprise the Statement of Financial Position as at June 30, 2018 and the Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:
The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines, which is necessary to enable the preparation of financial statements that are free from material misstatement, where due to fraud or error.

Auditor's Responsibility:
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance where the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:
In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as of June 30, 2018 and of the results of its operations and its cash flows for the period then ended and comply with the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;

c) The Company's Statement of Financial Position and Statement of Profit or Loss & Other Comprehensive Income dealt with by the report are in agreement with the books of accounts;

d) The expenditures incurred and payments made were for the purpose of the company's business.

Dated: Dhaka
October 24, 2018

Malek Siddiqui Wali
Chartered Accountants

SALEK TEXTILE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

Particulars	JUNE'18 Taka	JUNE'17 Taka
ASSETS :		
Non-Current Assets:		
Property, Plant and Equipment	2,820,011,166	2,608,619,324
Capital Work-in-Progress	168,922,889	203,228,808
Goodwill	168,600,020	168,600,020
	3,157,534,075	**2,980,448,152**
Current Assets :		
Inventories	1,329,237,869	1,446,953,961
Advance, Deposit and Pre-Payments	477,934,413	418,042,454
Accounts Rceivable	1,278,305,279	1,192,302,053
Cash and Cash Equivalents	59,502,379	157,919,149
	3,144,979,940	**3,215,217,617**
TOTAL ASSETS :	**6,302,514,015**	**6,195,665,769**
SHAREHOLDER'S EQUITY AND LIABILITIES:		
Shareholder's Equity :		
Share Capital	482,608,700	482,608,700
Share Premium	601,754,814	601,754,814
Re-valuation Surplus	338,839,341	372,728,706
Tax Holiday Reserve	215,491,736	215,491,736
Retained Earnings	1,152,393,764	1,044,271,597
	2,791,088,355	**2,716,855,553**
Non-Current Liabilities:		
Long Term Loan	817,202,261	854,119,050
Deferred Tax Liabilities	130,763,307	135,846,712
	947,965,568	**989,965,762**
Current Liabilities :		
Short Term Loan	336,118,623	211,906,983
Current Portion of Long Term Loan	263,801,929	339,127,943
Bank Acceptance Liabilities	1,092,288,272	1,217,603,747
Creditors and Accruals	871,251,268	720,205,781
	2,563,460,092	**2,488,844,454**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES :	**6,302,514,015**	**6,195,665,769**
Net Assets Value Per Share (NAV)	**57.83**	**56.30**
Par Value Tk.10		

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

SALEK TEXTILE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2018

Particulars	Rotor Unit	Fabrics Unit	RMG Unit	JUNE'18 Total	JUNE'17 Total
	Taka	Taka	Taka	Taka	Taka
Sales	1,309,846,639	1,534,083,825	2,490,386,321	4,388,013,977	3,975,248,739
Cost of Goods Sold	(1,248,714,661)	(1,357,181,703)	(2,358,128,899)	(4,017,722,455)	(3,550,102,716)
Gross Profit/(Loss) :	**61,131,978**	**176,902,122**	**132,257,422**	**370,291,522**	**425,146,023**
Operating Expenses	(22,930,040)	(38,178,076)	(57,148,759)	(118,256,875)	(121,286,485)
Financial Expenses	(25,801,424)	(118,142,467)	(60,204,393)	(204,148,284)	(235,541,375)
Operating Profit/(Loss) :	**12,400,514**	**20,581,579**	**14,904,271**	**47,886,363**	**68,318,163**
Other Income/(Loss)	(1,201,311)	12,009,850	25,127,462	35,936,001	23,943,493
Net Operating Profit/(Loss) :	**11,199,203**	**32,591,429**	**40,031,733**	**83,822,364**	**92,261,657**
Contribution to WPPF	(533,295)	(1,551,973)	-	(2,085,268)	(3,595,499)
Profit/(Loss) before Tax :	**10,665,907**	**31,039,456**	**40,031,733**	**81,737,096**	**88,666,158**
Provision for Income Tax :	**(1,780,083)**	**(3,181,551)**	**(2,542,660)**	**(7,504,293)**	**(10,207,672)**
Current Tax	(4,937,309)	(5,107,729)	(2,542,660)	(12,587,698)	(15,834,360)
Deferred Tax	3,157,226	1,926,178	-	5,083,405	5,626,688
Net Profit/(Loss) after tax	**8,885,825**	**27,857,905**	**37,489,073**	**74,232,803**	**78,458,486**
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	**8,885,825**	**27,857,905**	**37,489,073**	**74,232,803**	**78,458,486**
Earnings Per Share (EPS)				**1.54**	**1.63**
Par Value Tk.10					
Number of Shares used to compute EPS				**48,260,870**	**48,260,870**

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

SALEK TEXTILE LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2018

Particulars	Share Capital	Share Premium	Tax Holiday Reserve	Revaluation Surplus of Fixed Assets	Retained Earnings	Total
Balance as at 1st July 2017	482,608,700	601,754,814	215,491,736	372,728,706	1,044,271,597	2,716,855,553
Net Profit/(Loss) during the year					74,232,803	74,232,803
Transfer of excess depreciation of Revalued Assets				(33,889,364)	33,889,364	-
As at 30th June 2018	**482,608,700**	**601,754,814**	**215,491,736**	**338,839,341**	**1,152,393,764**	**2,791,088,355**

FOR THE YEAR ENDED 30TH JUNE 2017

Particulars	Share Capital	Share Premium	Tax Holiday Reserve	Revaluation Surplus of Fixed Assets	Retained Earnings	Total
Balance as at 1st July 2016	482,608,700	601,754,814	215,491,736	410,239,960	928,301,857	2,638,397,067
Net Profit/(Loss) during the year					78,458,486	78,458,486
Transfer of excess depreciation of Revalued Assets				(37,511,254)	37,511,254	-
As at 30th June 2017	**482,608,700**	**601,754,814**	**215,491,736**	**372,728,706**	**1,044,271,597**	**2,716,855,553**

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

SALEK TEXTILE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2018

PARTICULARS	JUNE'18 Taka	JUNE'17 Taka
CASH FLOW FROM OPERATING ACTIVITIES :		
Collection from Turnover & Bills Receivable	4,302,010,751	4,353,369,990
Payment for Raw Materials, Indirect Materials and other expenses	(3,806,940,676)	(3,543,464,676)
Foreign currency exchange Gain/(Loss)	(1,543,878)	(1,005,243)
Other Income received	37,172,656	24,948,736
Payment to Employee against contribution to WPPF	(2,648,310)	-
Payment for Operating Expenses	(111,282,495)	(115,068,500)
Payment of Financial Expenses	(204,148,284)	(235,541,375)
Payment for Income Tax	(32,790,003)	(30,399,866)
Net Cash provided/(used) by Operating Activities	**179,829,761**	**452,839,067**
CASH FLOW FROM INVESTING ACTIVITIES :		
Acquisation of Fixed Assets	(46,782,603)	(120,622,178)
Aquisition of Capital work in progress	(243,739,987)	(203,228,808)
Net cash used in Investing Activities	**(290,522,590)**	**(323,850,986)**
CASH FLOW FROM FINANCING ACTIVITIES :		
Bank Loan Increase/(Decrease)	11,968,836	(66,979,021)
Net cash provided/(used) by Financing Activities	**11,968,836**	**(66,979,021)**
Increase/(Decrease) in Cash and Cash Equivalents	**(98,723,993)**	**62,009,060**
Opening Cash and Cash Equivalents	157,919,149	95,910,089
Foreign Currency translation Gain	307,223	-
Closing Cash and Cash Equivalents	**59,502,379**	**157,919,149**
Net Operating Cash Flow Per Share (NOCFPS)	**3.73**	**9.38**
Par Value Tk.10		

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A.F.M. Zubair	**A. Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

NEWASIA SYNTHETICS LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS FOR THE YEAR ENDED 30TH JUNE, 2018

Dear Shareholders,

The directors are pleased to present their report on the activities of the company together with the Audited Accounts and Auditors' Report thereon containing Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income,Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2018.

REFERRAL:

In terms of the provisions of section 184 of the Companies Act'1994 and IAS (International Accounting Standards) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its report to the Shareholders for the year ended 30 June 2018 in the following paragraphs:

BACKGROUND:

The Company was incorporated with RJSC on 30th day of July 2008 as a Private Limited Company and subsequently on October 24, 2009 it has been converted into a Public Limited Company. The Authorized Share Capital of the company has also been increased from Tk. 500,000,000.00 to Tk.5,000,000,000.00 divided into 50,000,000 ordinary shares of Tk.100.00 each. The paid-up capital as on 30th June, 2018 stood at Tk.500,000,000.00 consisting of 5,000,000 ordinary shares of Tk.100.00 each. The paid up capital of the company has been raised after receiving capital raising consent from Bangladesh Securities and Exchange Commission (BSEC) vide their letter No. SEC/CI/CPLC-442/2013/2903 dated December 19, 2013.

The Company is a subsidiary company of Malek Spinning Mills Limited which holds 99.293% share & other sponsors of Malek Spinning Mills Ltd. hold 0.707% share of the company.

Mr. A. Matin Chowdhury is the Chairman of the Company and Dr. Shamim Matin Chowdhury is the Managing Director of the Company. Mr. Nurul Alam, Independent Director of Malek Spinning Mills Limited has been appointed as Independent Director (Non Shareholding) of the Company.

COMPANY'S OPERATION AND FINANCIAL RESULTS:

The following capital expenditure was incurred in the year 2017-2018 & 2016-2017.

Description	2017-2018 (Tk.)	2016-2017 (Tk.)
Land and Land Development	131,614,232	65,114,890
Total	131,614,232	65,114,890

IMPLEMENTATION SCHEDULE:

The project was undertaken to set up a PET Granule (Bottle grade & Industrial grade) and Polyester Staple Fibre manufacturing unit in the name of Newasia Synthetics Ltd. As on 30th June 2018, MSML is the holder of 99.293% shares of Newasia Synthetics Limited i.e. 4,964,650 shares of Tk.100.00 each total Tk.496,465,000.00 out of 5,000,000 shares of Tk.100.00 each total Tk.500,000,000.00. Due to failure of Gas connection by Titas Gas Transmission & Distribution Company Ltd. the project has been shelved until the Gas connection is provided.

APPOINTMENT OF DIRECTORS:

Rotation of Directors:

Pursuant to Article 117 of the Articles of Association of the Company Mr.A. Matin Chowdhury, Director and Mr. A. F. M. Zubair, Director will retire by rotation and being eligible as per Article 119 of the Articles of Association of the Company they offered themselves for re-election.

APPOINTMENT OF AUDITORS:

The existing Auditor, M/s. Malek Siddiqui Wali, Chartered Accountants would retire at the 10th Annual General Meeting and being eligible, have offered themselves for re-appointment as Auditors for the year 2018-2019 with re-fixation of their remuneration.

BOARD MEETINGS:

During the year 2017-2018, Six (06) Board meetings were held. The attendance record of the Directors are as follows:

Name of Directors	Position	Meeting held	Attended
Mr. A. Matin Chowdhury	Chairman	06	06
Dr. Shamim Matin Chowdhury	Managing Director	06	06
Mr. A. F. M. Zubair	Director	06	04
Mr.Moshiur Rahman	Director	06	06
Mr. Nurul Alam	Independent Director (Non Shareholding)	06	04

FINANCIAL ACCOUNTS:

As the Company did not commence production & marketing but due to operating and financial expenses Net Loss incurred Tk.1,725,013 in the Statement of Profit or Loss and other Comprehensive Income for the year ended on 30th June, 2018.

ACKNOWLEDGEMENT:

The Directors are pleased to record with appreciation and gratitude the co-operation and support provided by Shareholders of the company.

Looking forward for a bright future for all of us.

On behalf of the Board of Directors,

A. Matin Chowdhury
Chairman

CHARTERED ACCOUNTANTS

Malek Siddiqui Wali
Chartered Accountants
9-G, Motijheel C/A (2nd Floor)
Dhaka, Bangladesh.
Extension Office: Property Heights (1st Floor)
12, R. K. Mission Road, Dhaka-1000

মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউনটেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

Phone : 9513471, 9569867
PABX : 9576118-9, 9576128
Fax : +88-02-9516236
E-mail : wali@satcombd.com
Web : www.msw-bd.com

INDEPENDENT AUDITORS' REPORT
To the shareholders of
Newasia Synthetics Limited

We have audited the accompanying Financial Statements of **Newasia Synthetics Limited,** which comprise the Statement of Financial Position as at June 30, 2018 and the Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines, which is necessary to enable the preparation of financial statements that are free from material misstatement, where due to fraud or error.

Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as of June 30, 2018 and of the results of its operations and its cash flows for the period then ended and comply with the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;

c) The Company's Statement of Financial Position and Statement of Profit or Loss & Other Comprehensive Income dealt with by the report are in agreement with the books of accounts;

d) The expenditures incurred and payments made were for the purpose of the company's business.

Malek Siddiqui Wali
Chartered Accountants

Dated: Dhaka
October 24, 2018

NEWASIA SYNTHETICS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

Particulars	JUNE'18 Taka	JUNE'17 Taka
ASSETS :		
Non-Current Assets :		
Property Plant & Equipment	2,108,994,893	1,978,123,057
	2,108,994,893	**1,978,123,057**
Current Assets :		
Advance, Deposit and Pre-Payments	5,517,161	68,472,933
Cash and Cash Equivalents	1,540,735	1,882,245
	7,057,896	**70,355,178**
TOTAL ASSETS :	**2,116,052,789**	**2,048,478,235**
SHAREHOLDER'S EQUITY AND LIABILITIES:		
Shareholder's Equity :		
Share Capital	500,000,000	500,000,000
Re-valuation Surplus	1,341,650,365	1,341,650,365
Retained Earnings	(17,779,159)	(16,054,146)
	1,823,871,206	**1,825,596,219**
Current Liabilities :		
Creditors & Accruals	292,181,583	222,882,016
	292,181,583	**222,882,016**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES :	**2,116,052,789**	**2,048,478,235**
Net Assets Value Per Share (NAV)	**364.77**	**365.12**
Par Value Tk.100		

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A. Matin Chowdhury	**Dr. Shamim Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

NEWASIA SYNTHETICS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2018

Particulars	JUNE'18 Taka	JUNE'17 Taka
Sales	-	-
Cost of Goods Sold	-	-
Gross Profit/(Loss) :	**-**	**-**
Operating Expenses	(2,240,594)	(2,473,730)
Financial Expenses	(16,315)	(16,600)
Operating Profit/(Loss) :	**(2,256,909)**	**(2,490,330)**
Other Income/(Loss)	531,896	-
Net Operating Profit/(Loss) :	**(1,725,013)**	**(2,490,330)**
Provision for Contribution to WPPF	-	-
Profit/(Loss) before Tax :	**(1,725,013)**	**(2,490,330)**
Provision for Income Tax :	**-**	**-**
Current Tax	-	-
Deferred Tax	-	-
Net Profit/(Loss) after tax	**(1,725,013)**	**(2,490,330)**
Other Comprehensive Income	-	-
Total Comprehensive Income	**(1,725,013)**	**(2,490,330)**
Earnings Per Share (EPS)	**(0.35)**	**(0.50)**
Par Value Tk.100		
Number of Shares used to compute EPS	**5,000,000**	**5,000,000**

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A. Matin Chowdhury	**Dr. Shamim Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

NEWASIA SYNTHETICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2018

Particulars	Share Capital	Revaluation Surplus of Fixed Assets	Share Money Deposit	Retained Earnings	Total
Balance as on 1st July 2017	500,000,000	1,341,650,365	-	(16,054,146)	1,825,596,219
Net Profit/(Loss) during the year				(1,725,013)	(1,725,013)
As at 30th June 2018	**500,000,000**	**1,341,650,365**	**-**	**(17,779,159)**	**1,823,871,206**

FOR THE YEAR ENDED 30TH JUNE 2017

Particulars	Share Capital	Revaluation Surplus of Fixed Assets	Share Money Deposit	Retained Earnings	Total
Balance as on 1st July 2016	500,000,000	1,341,650,365	-	(13,563,816)	1,828,086,549
Net Profit/(Loss) during the year				(2,490,330)	(2,490,330)
As at 30th June 2017	**500,000,000**	**1,341,650,365**	**-**	**(16,054,146)**	**1,825,596,219**

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A. Matin Chowdhury	**Dr. Shamim Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

NEWASIA SYNTHETICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2018

PARTICULARS	JUNE'18 Taka	JUNE'17 Taka
CASH FLOW FROM OPERATING ACTIVITIES :		
Other Income/(Loss)	531,896	-
Payment for Operating Expenses	(1,498,198)	(1,545,735)
Accounts Payable Increased/(Decreased)	36,499,567	155,005,048
Payment for Financial Expenses	(16,315)	(16,600)
Net Cash provided/(used) by Operating Activities	**35,516,950**	**153,442,713**
CASH FLOW FROM INVESTING ACTIVITIES :		
Acqusition of Fixed Assets	(68,658,460)	(69,751,612)
Net Cash used in Investing Activities	**(68,658,460)**	**(69,751,612)**
CASH FLOW FROM FINANCING ACTIVITIES :		
Advance received/payment from Malek Spinning Mills Ltd	32,800,000	(86,400,000)
Net cash provided/(used) by Financing Activities	**32,800,000**	**(86,400,000)**
Increase/(Decrease) in Cash and Cash Equivalents	**(341,510)**	**(2,708,899)**
Opening Cash and Cash Equivalents	1,882,245	4,591,144
Closing Cash and Cash Equivalents	**1,540,735**	**1,882,245**
Net Operating Cash Flow Per Share (NOCFPS)	**7.10**	**30.69**
Par Value Tk.100		

These financial statements were approved by the Board of Directors on October 24, 2018 and were signed on it's behalf by.

A. Matin Chowdhury	**Dr. Shamim Matin Chowdhury**	**B.K. Chaki**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

As per our report of same date

Malek Siddiqui Wali
Chartered Accountants

Dhaka
October 24, 2018

J.M. FABRICS LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS FOR THE YEAR ENDED 30TH JUNE, 2018

Dear Shareholders,

In terms of provisions of section 184 of Companies Act'1994 and BAS (Bangladesh Accounting Standards) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Board of Directors is pleased to submit its Report to the Shareholders together with Audited Accounts and Auditors' Report thereon, containing Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2018.

BACKGROUND:

The Company was incorporated with RJSC on 25th day of May 2005 as a Private Limited Company. The Authorized Share Capital of the company is Tk.500,000,000.00 divided into 5,000,000 ordinary shares of Tk.100.00 each. The paid-up capital as on 30th June, 2018 stood at Tk.400,000,000.00 consisting of 4,000,000 ordinary shares of Tk.100.00 each of which 3,999,900 shares of Tk.100.00 each was held by Malek Spinning Mills Limited.

The Company is a subsidiary company of Malek Spinning Mills Limited which holds 99.998% share & another sponsor of Malek Spinning Mills Ltd. holds 0.002% share of the company as on 30th June 2018.

Mr. A. Matin Chowdhury is the Chairman of the Company and Mr. Azizur R. Chowdhury is the Managing Director of the Company. Mr. Nurul Alam, Independent Director of Malek Spinning Mills Limited has been appointed as Independent Director (Non Shareholding).

COMMERCIAL OPERATION:

J. M. Fabrics Limited started its commercial operation on 18th day of August 2007. The Company is engaged in the production of 100% export oriented garments and knit fabric with a production capacity of 16 Metric Tons dyed fabric and 68 (sixty eight) lines of cutting and sewing operation with all necessary facilities, storage etc.

COMPANY'S OPERATIONS:

The position of its operating performance for the year ended 30th June, 2018 is given below:

(1) CAPACITY/PRODUCTION

The Company's installed estimatedproduction capacity is 43,680,000 Pcs. of Basic T-Shirt, Polo-Shirt & Intimate Garments per annum.Due to increase of Intimate products order quantity, we had to re-arranged production line. As a result total number of production quantity increase but production line was remain same.A comparative position of its operating performance is given below:

Sl. No.	Description	2017-2018 (Pcs.)	2016-2017 (Pcs.)
01	Production capacity	43,680,000	43,680,000
02	Actual Production	38,570,835	38,290,113
03	Capacity Utilization	88.30%	87.66%
04	Quantity Sold (Pcs.)	*39,760,483	39,063,125
05	Sales Revenue (Tk.)	3,507,548,993	3,433,029,643
06	Average selling price (Tk.)	88.22	87.88

- Quantity sold included outsources production of 1,599,392 pcs.

CAPITAL EXPENDITURES:

The following Capital Expenditure was incurred during the year 2017-2018 as compared to the previous year:

Description	2017-2018 (Tk.)	2016-2017 (Tk.)
Factory Building	57,328,069	1,712,381
Plant and Machinery	92,136,508	116,391,032
Office Equipments	68,112,450	11,178,880
Furniture & Fixtures	1,917,548	3,026,363
Gas Line Installation	---	2,500,000
Tools and Equipment	---	562,223
Motor Vehicle	---	16,000
Utilities Facility	24,311,224	---
Total	**243,805,799**	**135,386,880**

SHAREHOLDING:

The Shareholding Position of different shareholders as at 30th June 2018 as follows:

Name of Shareholders	No. of share held
Malek Spinning Mills Limited	3,999,900 shares
Mr. A.F.M. Zubair	100 shares
Total	**4,000,000 shares**

FINANCIAL RESULTS:

The company's operating financial results, as compared to the previous year are summarized as follows:

Tk. in million

Description	2017-2018	2016-2017
Turnover	3,507.55	3,433.03
Cost of goods sold	3,293.26	3,224.59
Gross profit	**214.29**	**208.44**
General and Administrative Expenses	201.34	177.85
Operating profit	**12.95**	**30.59**
Other income	62.01	4.84
Net Profit before provision of WPPF	**74.96**	**35.43**
Provision for Worker's Profit Participation Fund	---	---
Net Profit before tax	**74.96**	**35.43**
Provision for Income Tax	38.98	25.06
Net profit after tax	**35.98**	**10.37**
Gross Margin Ratio	6.11%	6.07%
Net Margin Ratio	1.03%	0.30%
Earnings per share (Tk.)	**8.99**	**2.59**

APPROPRIATION OF PROFIT:

The Board of Directors recommended for appropriation of profit as follows:

Net Profit (after tax provision) during the year 2017-2018	Tk. 35,979,031
Add: Profit brought forward from previous year balance sheet	Tk.297,290,895
Add: Transfer for depreciation charged on revalued assets	Tk. 1,943,689
Total net free surplus available for appropriation	**Tk.335,213,615**
Appropriation Proposed:	
Proposed Dividend	Nil
Balance carried forward to Balance Sheet as Retained earnings	**Tk.335,213,615**

DECLARATION OF DIVIDEND:

In order to strengthen the financial position of the company no dividend be and is recommended by the Board for the year ended 30th June, 2018.

APPOINTMENT OF AUDITORS:

The existing Auditor, M/s. Das Chowdhury Dutta & Co., Chartered Accountants would retire at the 13th Annual General Meeting and being eligible, have offered themselves for re-appointment as Auditors for the year 2018-2019 with re-fixation of their remuneration.

ACKNOWLEDGEMENT:

The Directors are pleased to record with appreciation and gratitude the co-operation and support provided by Shareholders, Customers, Bankers, Suppliers, Workers and Employees of the company without whose active support the result would not have been possible.

Looking forward for a bright future for all of us.

On behalf of the Board of Directors,

A. Matin Chowdhury
Chairman

দাশ চৌধুরী দত্ত এন্ড কোং
DAS CHOWDHURY DUTTA & CO.
Chartered Accountants

Offices:

Well Tower (1st Floor), Flat - A/1
12/A Purana Paltan Line, Dhaka
Tel : 088-02-58313305
Fax : 088-02-58310639
E-mail : dcddhaka@f-lix.net

Jahan Building No. 5 (2nd Floor)
74, Agrabad Com. Area, Chittagong
Tel : 088-031-725955
Fax : 088-031-714312
E-mail : dcdctg@iolbd.net

Website : www.daschowdhurydutta.com

Auditors' Report to the Shareholders of J. M. Fabrics Limited

We have audited the accompanying Financial Statements of **J. M. Fabrics Limited** which comprises of the Statement of Financial Position as at 30 June 2018 and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended together with a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters:

Depreciation on assets has been charged on straight line method in place of written down value of assets and as such rate of charging depreciation on assets has been changed.

Opinion:

In our opinion, the financial statements give a true and fair view of the financial position of **J. M. Fabrics Limited as at 30 June 2018** and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the Companies Act 1994 and other applicable laws and regulations subject to changing the method of depreciation charged on assets as enumerated in Note-3.12.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and

(c) the company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

(d) the expenditure incurred was for the purpose of the Company's business.

Dhaka, 23 October 2018

Das Chowdhury Dutta & Co.
Chartered Accountants

J. M. Fabrics Limited

Statement of Financial Position as at 30 June 2018

Particulars	Taka	
	30.06.2018	30.06.2017
ASSETS:		
Non-Current Assets	**1,681,117,728**	**1,481,625,430**
Property, plant and equipment	1,444,566,790	1,309,901,679
Revalued fixed assets	169,780,063	171,723,751
Capital work in progress	66,770,875	0
Current Assets	**1,952,111,283**	**1,742,524,449**
Inventories	1,045,661,398	702,319,079
Advance, deposits and pre-payments	262,801,743	187,539,372
Accounts receivable	544,225,960	637,028,058
Cash and cash equivalents	99,422,182	215,637,940
Total	**3,633,229,011**	**3,224,149,879**
SHARE HOLDERS' EQUITY AND LIABILITIES:		
Shareholders' Equity	**883,567,054**	**847,588,023**
Share capital	400,000,000	400,000,000
Revaluation reserve	148,353,439	150,297,128
General reserve and surplus	335,213,615	297,290,895
Non-Current Liabilities	**701,580,100**	**471,311,910**
Long term loan from bank	668,026,324	449,029,818
Deferred tax liabilities	33,553,776	22,282,092
Current Liabilities	**2,048,081,857**	**1,905,249,946**
Short term loan	1,211,929,979	1,294,659,537
Current portion of long term loan	354,913,204	276,570,200
Accounts payable	286,034,742	111,872,146
Loan from director	34,000,000	34,000,000
Bank acceptance liabilities	57,747,600	103,176,805
Liabilities for expenditure	103,456,332	84,971,258
Total	**3,633,229,011**	**3,224,149,879**
Net Assets Value (NAV) Per Share (Including Revaluation surplus)	220.89	211.90

A. Matin Chowdhury	**Azizur R.Chowdhury**	**Amit Kumar Saha**	**Syed Saiful Haque**
Chairman	Managing Director	Chief Financial Officer	Company Secretary

Signed in terms of our report of even date annexed

Dhaka, 23 October 2018

Das Chowdhury Dutta & Co.
Chartered Accountants

J. M. Fabrics Limited

Statement of Comprehensive Income for the year ended on 30 June 2018

Particulars	Taka	
	30.06.2018	30.06.2017
Turnover		
Export earnings	3,507,548,993	3,433,029,643
Less: Cost of goods sold	3,293,263,718	3,224,589,145
Gross Profit / (Loss)	**214,285,275**	**208,440,498**
General and Administrative Expenses	**201,340,251**	**177,846,430**
Administrative expenses	36,727,672	30,393,714
Selling and distribution expenses	4,988,114	4,676,762
Financial expenses	159,624,465	142,775,954
Operating Profit / (Loss)	**12,945,024**	**30,594,068**
Other Income	**62,013,929**	**4,840,459**
Other Income/(loss)	62,013,929	22,069,489
Gain /(Loss) on Fire	-	(17,229,030)
Net Profit Before provision of WPPF	**74,958,953**	**35,434,527**
Provision for WPPF	-	-
Net Profit Before Tax	**74,958,953**	**35,434,527**
Provision for Income Tax	**38,979,922**	**25,062,668**
Provision for tax - current year	27,708,238	25,143,634
Provision for deferred tax	11,271,684	(80,966)
Net Profit After Tax	**35,979,031**	**10,371,859**
Earnings Per Share (EPS)	**8.99**	**2.59**
Number of shares used to compute EPS	**4,000,000**	**4,000,000**

A. Matin Chowdhury
Chairman

Azizur R.Chowdhury
Managing Director

Amit Kumar Saha
Chief Financial Officer

Syed Saiful Haque
Company Secretary

Signed in terms of our report of even date annexed

Dhaka, 23 October 2018

Das Chowdhury Dutta & Co.
Chartered Accountants

J. M. Fabrics Limited

Statement of Changes in Equity

For the year ended 30 June 2018

Particulars	Share Capital	General Reserve and Surplus	Revaluation Reserve	Total
Balance as at 01 July 2017	400,000,000	297,290,895	150,297,128	847,588,023
Net profit / (loss) for the year	-	35,979,031	-	35,979,031
Transfer to general reserve and surplus for depreciation charged on revalued assets	-	1,943,689	(1,943,689)	-
Balance as at 30 June 2018	**400,000,000**	**335,213,615**	**148,353,439**	**883,567,054**

For the year ended 30 June 2017

Particulars	Share Capital	General Reserve and Surplus	Revaluation Reserve	Total
Balance as at 01 July 2016	400,000,000	284,474,842	152,741,322	837,216,164
Net profit / (loss) for the year	-	10,371,859	-	10,371,859
Transfer to general reserve and surplus for depreciation charged on revalued assets	-	2,444,194	(2,444,194)	-
Balance as at 30 June 2017	**400,000,000**	**297,290,895**	**150,297,128**	**847,588,023**

A. Matin Chowdhury
Chairman

Azizur R.Chowdhury
Managing Director

Amit Kumar Saha
Chief Financial Officer

Syed Saiful Haque
Company Secretary

Signed in terms of our report of even date annexed

Dhaka, 23 October 2018

Das Chowdhury Dutta & Co.
Chartered Accountants

J. M. Fabrics Limited

Statement of Cash Flows for the year ended on 30 June 2018

Particulars	Taka	
	30.06.2018	30.06.2017
Cash Flows from Operating Activities:		
Collection from turnover and bills receivable	3,600,351,091	3,415,601,550
Collection From Other Income	62,384,837	4,840,459
Foreign Currency Gain / (Loss)	(323,451)	-
Payment for purchase of raw materials	(3,527,470,469)	(3,206,742,940)
Payment for operating expenses	(39,814,434)	(31,420,366)
Payment for financial expenses	(159,624,465)	(142,775,954)
Increase in advance, deposit and prepayment	(75,262,372)	(107,059,040)
Increase/(Decrease) in liabilities	147,218,465	61,874,338
Tax paid	(27,708,238)	(25,062,667)
Net Cash Provided/ (Used) by Operating Activities	**(20,249,036)**	**(30,744,619)**
Cash Flows from Investing Activities:		
Acquisition of fixed assets	(243,805,799)	(135,386,879)
Disposal of fixed assets	-	31,568,355
Capital work in progress	(66,770,875)	-
Net Cash Provided/(Used) by Investing Activities	**(310,576,674)**	**(103,818,524)**
Cash Flows from Financing Activities:		
Loan received from bank	214,609,952	193,066,223
Loan received from Directors	-	(16,000,000)
Net Cash Provided/(Used) by Financing Activities	**214,609,952**	**177,066,223**
Increase/(Decrease) in Cash and Cash Equivalents	(116,215,758)	42,503,079
Opening balance of Cash and Cash Equivalents	215,637,940	173,134,861
Closing balance of Cash and Cash Equivalents	**99,422,182**	**215,637,940**
Net Operating Cash Flows Per Share (NOCFPS)	**(5.06)**	**(7.69)**

A. Matin Chowdhury
Chairman

Azizur R.Chowdhury
Managing Director

Amit Kumar Saha
Chief Financial Officer

Syed Saiful Haque
Company Secretary

Signed in terms of our report of even date annexed.

Dhaka, 23 October 2018

Das Chowdhury Dutta & Co.
Chatered Accountants

28th Annual General Meeting













28th Annual General Meeting













Malek Spinning Mills Limited

Registered Office: 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh
Corporate Head Office: Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh

PROXY FORM

I/We ----------

of ----------

being a shareholder(s) of Malek Spinning Mills Limited and a holder of ---------- shares hereby appoint

Mr/Mrs/Miss----------

of ----------

as my/our proxy to attend and vote on my/our behalf at the 29th Annual General Meeting of the Company to be held on Thursday, December 27, 2018 at 10.30 a.m. at Spectra Convention Centre Limited, House # 19, Road # 7, Gulshan-1, Dhaka-1212 and at any adjournment thereof.

Signed this ---------- day of December, 2018

Afix Revenue Stamp

Signature shareholder(s)----------

Signature of Proxy----------

Name of shareholder (s) ----------

Name of Proxy----------

Folio/BOID No.

Folio/BOID No. of Proxy (if any):

Note: A member entitled to attend and vote at the Annual General Meeting may appoint proxy to attend and vote in his/her stead. The proxy form should reach the Corporate Head Office of the Company not less than 72 hours before the time fixed for the meeting.

Malek Spinning Mills Limited

Registered Office: 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh
Corporate Head Office: Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh

Attendance Slip

I hereby record my attendance at the 29th Annual General Meeting of Malek Spinning Mills Limited being held today, the December 27, 2018 at 10.30 a.m. at Spectra Convention Centre Limited, House # 19, Road # 7, Gulshan-1, Dhaka-1212 as a holder of ----------shares of the Company.

Signature of Shareholder/Proxy----------

Name of Shareholder/Proxy----------

Folio/BOID No.

NOTE: Shareholder(s) attending the meeting in person or by proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.

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Malek Spinning Mills Limited

Registered Office: 117/A, Tejgaon Industrial Area, Dhaka-1208
Corporate Head Office: Tower-117, 117/A, Tejgaon Industrial Area, Dhaka-1208
Tel: IPT +8809612111177-92, 880-2-8878065, Fax: 880-2-8878064
E-mail: allabj@dhaka.net, Website: www.malekspinning.com

Design & Print: VERTEX Tel: 58610028, 01911385556