

"If you have any query about this document, you may consult issuer, issue manager and underwriter"

PROSPECTUS OF R.N. SPINNING MILLS LIMITED

**PUBLIC ISSUE OF 3,000,000 ORDINARY SHARES OF TK. 100.00 EACH AT PAR
TOTTALLING TK.300, 000,000.00**

Opening date for subscription: November 22, 2009

Closing date for subscription: November 26, 2009

For Non-Resident Bangladeshi quota, subscription closes on: December 05, 2009

Underwriters

National Bank Limited
Bank Asia Limited.
AB Bank Limited
Uttara Finance and Investments Limited
Fidelity Assets & Securities Co. Limited
Grameen capital management Ltd.
GSP Finance Company (BD) Ltd.
Mercantile Securities Limited
Banco Transworld (BD) Ltd.
Swadesh Investment Management Ltd

The issue shall be placed in "N" category

Issue date of the Prospectus: 5th October 2009

Manager to the Issue



Amin Court, 4th Floor (Suit#404),
31, Bir Uttam Shahid Ashfaqueus Samad Road
(Previous 62-63, Motijheel C/A) Dhaka-1000

Phone: +88029559602, +88029567726, Fax: 880-2-9558330

Web-site: www.aaawebbd.com E-mail: info@aaawebbd.com



R.N. SPINNING MILLS LIMITED

M L Tower (5th floor), 1 East Rampura D.I.T Road, Dhaka-1219

Tel:9337472, 9338232,8312878, Fax:880-2-9337862,

Email: rnspringing@gmail.com ; fargroup@link3.net

Web site: www.rnspringingmills.com

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR".

AVAILABILITY OF PROSPECTUS

Prospectus of the Company may be available at the following addresses:

Name & Address	Contact Person	Tel. No.
Company		
R.N. Spinning Mills Ltd. M L Tower (5 th floor), 1, East Rampura, D.I.T Road, Dhaka-1219 Factory: Plot no. 100-107&127-134, CEPZ, Comilla	Md. Humayun Kabir, ACMA Director Finance & Company Secretary	9337472 9338232

Issue Manager

AAA Consultants & Financial Advisers Ltd. Amin Court, 4th Floor (Suit#404) 31, Bir Uttam Shahid Ashfaqus Samad Road (Previous 62-63, Motijheel C/A) Dhaka-1000	Mr. Khwaja Arif Ahmed Managing Director & CEO	9559602 9567726
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Underwriters

Bank Asia Limited Tea Board Building (1 st floor), 111-113, Motijheel C/A, Dhaka-1000.	Md. Asrafuddin Ahmed Vice President	7177031-32 7177034
AB Bank Limited BCIC Bhaban ,30-31, Dilkhusa C/A, Dhaka-1000	Syed Shafqat Ahmed Senior Principal Officer	9560312 Ext. 216
National Bank Limited 18, Dilkhusa C/A, Dhaka-1000	Mohammad Hossain Senior Vice President	9563081-85 7168729-31
Uttara Finance and Investments Limited Jibon Bima Tower (6 th floor) 10, Dilkhusa C/A, Dhaka-1000	Md. Kamrul Islam In Charge Merchant Banking Unit	9568207
Banco Transworld (BD) Limited Ispahani Building (3 rd Floor), 14-15, Motijheel, Dhaka-1000	A. Munim Chodhury Managing Director	9564922 01190354684
Fidelity Assets & Securities Co. Limited Suvastu Imam Square (4 th floor) 65, Gulshan Avenue, Dhaka-1212	Md. Maniruzzaman Akan Assistant Vice President	8825949 9860273
Grameen capital management Limited Grameen Bank Complex (10 th floor), Mirpur -2, Dhaka-1216.	Shieadul Morsalin Asst. General Manager	8057618
GSP Finance Company Limited 1, Paribagh, Mymensingh Road, Dhaka-1000	Md. Golam Sarwar Bhuiayan Head of Marketing, Operation & Merchant Banking	9674306
Mercantile Securities Limited Paramount Heights, Level-13 th , 65/2/1 Box culvert Road,Purana Paltan,Dhaka-1000	Mustofa kamal Chief Executive Officer	7113894 Ext-107
Swadesh Investment Management Ltd. Suite no. 01, Level-11, Unique Trade Centre (UTC) 8, Panthapath, Dhaka-1205	Ziaul Quddus Chairman	01711522441

Stock Exchanges

Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C.A., Dhaka-1000.	DSE Library	9564601-7 9666944-8
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080, Sk. Mujib Road, Agrabad C.A., Chittagong.	CSE Library	714632-3 720871-3

Prospectus is also available on the web sites www.secbd.org, www.aaawebbd.com, www.dsebd.org, www.csebd.com, www.rnspinningmills.com and Public Reference Room of the SEC for reading and study.

Name and Address of the Auditor

A. WAHAB & CO. Chartered Accountants Hotel Purbani, Annex-2 (4 th floor) 1, DilkushaC/A,Dhaka-1000 Tel-(88-02)7169268, 7161517 955229-32,Ext.172, Fax(88-02)7169268,7161517

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Definition and Elaboration of the abbreviated words and technical terms used in the Prospectus

AAA	:	AAA Consultants & Financial Advisers Limited.
Allotment	:	Letter of allotment for shares
BB	:	Bangladesh Bank
BEPZA	:	Bangladesh Export Processing Zone Authority
BO A/C	:	Beneficial Owner Account or Depository Account
Certificate	:	Share Certificate
Commission	:	Securities and Exchange Commission
Companies Act	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
DSE	:	Dhaka Stock Exchange Limited
EPZ	:	Export Processing Zone
FC Account	:	Foreign Currency Account
FI	:	Financial Institution
GOB	:	The Government of People's Republic of Bangladesh
IPO	:	Initial Public Offering
Issue	:	Public Issue
Issuer	:	R.N. Spinning Mills Limited
NAV	:	Net Asset Value of the Company
NBR	:	National Board of Revenue
NRB	:	Non Resident Bangladeshi
Offering Price	:	Price of the securities of R.N. Spinning Mills Limited being offered
Registered Office	:	Head Office of the Company
RJSC	:	Registrar of Joint Stock Companies & Firms
RNSML	:	R.N. Spinning Mills Limited
SC	:	Share Certificate
SEC	:	Securities and Exchange Commission
Securities	:	Shares of R.N. Spinning Mills Limited
Share Market	:	Market of the Securities
Sponsors	:	The sponsor shareholders of R.N. Spinning Mills Limited
STD Account	:	Short Term Deposit Account
Stockholders	:	Shareholders
Subscription	:	Application money
The Company	:	R.N. Spinning Mills Limited

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT FORM

"As per provisions of the Depository Act, 1999 and regulations made there under, share of the company will be issued in dematerialized form only and for this purpose the R.N. Spinning Mills Limited has signed an agreement with the Central Depository Bangladesh Ltd. (CDBL). Therefore, all transfer/ transmission, splitting or conversion will take place in the CDBL system and any further issuance of shares (including right/bonus) will also be issued in dematerialized form only."

CONDITIONS UNDER 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

PART-A

1. The company shall go for Initial Public Offer (IPO) for 30,00,000 ordinary shares of Taka 100.00(one hundred) per share worth Taka 30,00,00,000.00 (thirty crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations issued there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bengali and two English), within 03 (three) working days of issuance of this letter. The issuer shall post the full prospectus vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the web sites of the Commission, stock exchanges, and the issue manager within 03 (three) working days from the date of issuance of this letter which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue manager a diskette containing the text of the vetted Prospectus in "MS-Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within five working days of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manger within two working days from the date of said dispatch of the prospectus & the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non- Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.

8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within 07(seven) working days from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely:-

"Declaration about Listing of Shares with the Stock Exchange(s):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

10. The subscription list shall be opened and the sale of securities commenced after **25 (twenty five) days** of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.
11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". Application shall be sent by the NRB applicants to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.
12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
13. The company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities the issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 05 (five) working days, in respect of the following matters, namely: -
 - (a) Total number of securities for which subscription has been received;
 - (b) Amount received from the subscription; and
 - (c) Amount of commission paid to the banker to the issue.
15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) to the Commission within **3 (three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by the CEOs of the issuer company and the issue manager). The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than 5(five) weeks from the date of the subscription closure) if any of the following events occur:
- (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
 - (b) At least 50% of the IPO is not subscribed.
17. **10%** of total public offering shall be reserved for non-resident Bangladeshi (NRB) and **10%** for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
18. All the applicants shall first be treated as applied for one minimum market lot of 50 shares **worth Tk.5,000/-**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
19. **An applicant can not submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the commission.**
20. Lottery (if applicable) shall be held within **4 (four) weeks** from closure of the subscription date.
21. The company shall issue share allotment letters to all successful applicants within **5 (Five)** weeks from the date of the subscription closing date. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants, without any deduction.
- In case of non-allotment of shares, the application money of unsuccessful applicant shall be refunded to the respective banks for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription.
- After completion of remittance of the fund to the respective applicant's bank account, the issuer shall disclose the information in the newspapers where the abridged version of prospectus has been published. A compliance report in this regard shall be submitted to the Commission **within 7 (seven)** weeks from the date of closure of subscription.
22. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (twenty four) hours** of allotment.
23. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -17 above). The issuer must notify the underwriter to take up the underwritten shares within 10 (ten) days of the subscription closing date on full payment of the share money within 15(fifteen) days of the issuer's notice. The underwriter shall not share any underwriting fee with the issue manager, other underwriters, issuer or the sponsor group.

24. All issued shares of the issuer at the time of according this consent shall be subject to a **lock- in period of three years** from the date of issuance of prospectus or commercial operation, whichever comes later:

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a **lock-in of one year** from the date of issuance of prospectus or commercial operation, whichever comes later.

25. **In respect of shares of Sponsor/ Directors/ Promoters (if in paper format) shall be handed over to security custodian bank registered with SEC and shall remain till completion of lock in and the name and branch of the bank shall be furnished to the commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchanges(s). Or they (shares of Sponsor/ Directors/ Promoters) can be demated and will remain in lock-in under CDBL system and issuer will submit a dematerialization confirmation report generated by CDBL and attested by the Managing Director of the company along with lock-in confirmation to SEC within one week of listing of the shares with the stock exchanges(s). In respect of shares other than Sponsor/ Directors/ Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to SEC.**
26. The company shall apply to the stock exchanges for listing within 7(seven) working days of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
27. The company shall not declare any benefit other than cash dividend based on the financial statement for the year ended December 31, 2008.

Part –B

1. The issue manager shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.
2. The issue manager shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under "Due Diligence Certificates" provided with SEC.
3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The company shall furnish report to the Commission on utilization of IPO proceeds **within 15 days** of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus

6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the EGM under intimation to SEC and stock exchange(s).

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).

2. The issue manager shall also ensure due compliance of all above.

GENERAL INFORMATION

AAA Consultants & Financial Advisers Limited has prepared this Prospectus from information supplied by R.N. Spinning Mills Limited (the Company) and also several discussions with Chairman, Managing Director and related executives of the Company. The Directors of both R.N. Spinning Mills Limited and AAA Consultants & Financial Advisers Limited collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company or AAA Consultants & Financial Advisers Limited.

The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

A copy of this Prospectus may be obtained from the Head Office of R.N. Spinning Mills Limited, AAA Consultants & Financial Advisers Limited, the underwriters and the Stock Exchanges where the securities will be traded.

**Declaration About The Responsibility Of The Directors Including CEO Of The Company
"R.N. Spinning Mills Limited" In Respect Of The Prospectus**

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements there in misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/-
(Al-Haj Mustafizur Rahman)
Chairman

Sd/-
(Md. Abdul Kader Faruk)
Managing Director

Sd/-
(Abdul Quayum Mamun)
Director

Sd/-
(Mrs. Shirin Faruk)
Director

Sd/-
(Mr. Kim Jong Suk)
Director

Sd/-
(Mr. Abid Mostafizur Rahman)
Director

CONSENT OF DIRECTOR(S) TO SERVE AS DIRECTOR(S)

We hereby agree that we have been serving as Director(s) of **R.N. Spinning Mills Limited** and continue to act as a Director(s) of the Company:

Sd/-
(Al-Haj Mustafizur Rahman)
Chairman

Sd/-
(Md. Abdul Kader Faruk)
Managing Director

Sd/-
(Abdul Quayum Mamun)
Director

Sd/-
(Mrs. Shirin Faruk)
Director

Sd/-
(Mr. Kim Jong Suk)
Director

Sd/-
(Mr. Abid Mostafizur Rahman)
Director

**DECLARATION ABOUT FILING OF PROSPECTUS WITH THE REGISTRAR
OF JOINT STOCK COMPANIES AND FIRMS**

A vetted and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms, Bangladesh, as required by Section 138 (1) of the Companies Act, 1994 on October 05, 2009.

**DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM SEC FOR
ANY MATERIAL CHANGES**

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Issuer Company
Sd/-
Managing Director
R.N. Spinning Mills Limited

**Declaration by The Issue Manager About The Approval From Securities And
Exchange Commission For Any Material Changes Regarding Prospectus Of
R.N. Spinning Mills Limited**

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Manager to the Issue

Sd/-

Khwaja Arif Ahmed

Managing Director & CEO

AAA Consultants & Financial Advisers Ltd.

DUE DILIGENCE CERTIFICATE OF MANAGER TO THE ISSUE

Sub: Public Issue of 3,000,000 Ordinary Shares of Taka 100.00 each at par of R.N. Spinning Mills Ltd.

We, the under-noted Manager to the Issue to the above mentioned forthcoming Issue, state as follows:

1. We, while finalizing the draft Prospectus pertaining to the said Issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and discussion with the issuer Company, its directors and officers and other agencies, independent verification of the statements concerning objects of the Issue and the contents of the documents and other materials furnished by the issuer Company;

WE CONFIRM THAT:

- a. The draft Prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the Issue;
- b. All the legal requirements connected with the said Issue have been duly complied with; and
- c. The disclosures made in the draft Prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed Issue.

For Manager to the Issue

Sd/-

Khwaja Arif Ahmed

Managing Director & CEO

AAA Consultants & Financial Advisers Ltd.

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITERS

Sub: Public Offer of 3,000,000 Ordinary Shares of Taka 100.00 each at par of R.N. Spinning Mills Limited

We, the under-noted Underwriter(s) to the above mentioned forthcoming Issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned Issue on a firm commitment basis, have examined the draft Prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination, and the discussion with the Issuer Company; its directors and other officers, and other agencies; independent verification of the statements concerning objects of the Issue and the contents of the documents and other materials furnished by the Issuer Company;

WE CONFIRM THAT:

- a. All information as are relevant to our underwriting decision have been received by us and the draft Prospectus forwarded to the Commission has been approved by us;
- b. We shall subscribe and take up the under-subscribed Securities against the above-mentioned Public Issue within 15 (fifteen) days of calling up thereof by the Issuer; and
- c. This underwriting commitment is unequivocal and irrevocable

For Underwriter(s)

Sd/-

Managing Director

National Bank Limited

Bank Asia Limited

AB Bank Limited

Uttara Finance and Investments Limited

Fidelity Assets & Securities Co. Limited

Grameen capital management Ltd.

GSP Finance Company (BD) Ltd.

Mercantile Securities Limited

Banco Transworld (BD) Ltd.

Swadesh Investment Management Ltd.

No Objection Certificate regarding Public Issue of shares of R.N. Spinning Mills Limited by the Lending Agencies

REF: CBL/HO:CAD/2008/4037

Date: August 28, 2008

To Whom It May Concern

This is to certify that R.N. Spinning Mills Ltd., having its office at M.L. Tower (5th floor), 1, East Rampura, D.I.T Road, Dhaka-1219 and having its factory at plot no. 100-107 & 127-134 in Comilla Export Processing Zone, has been enjoying various Investment facilities including Project Investment from our Bank. The client (R.N. Spinning Mills Ltd.) has already availed Investment facilities of an amount of Tk. 59.54 crore vide different Sanction Letters. The client has executed several security documents in favour of our Bank including execution Deed of Mortgage, Lien of all the Ordinary Shares of the Company, Creation of Charge on the assets of the Company with RJSC along with execution of other security documents. Present outstanding liability of the client with us is Tk. 55.20 crore as on 27.08.2008 including Project Investment of Tk. 21.33 crore. The City Bank Limited does not hold any responsibility as to the due diligence required for issuance of IPO.

If R.N. Spinning Mills Ltd. generate their fund through IPO after fulfilling all the Legal and Regulatory issues required for **DUE DILIGENCE**, we have no objection for raising its fund through IPO under the conditions that (i) the client will adjust their liability with us from the fund up to an amount that Bank deems appropriate with notification to the client considering the amount of net proceeds of IPO. The client has to make declaration in this regard in their Prospectus, (ii) if the issuing of IPO is allowed by SEC, all the necessary banking transactions are to be routed through CBL and CBL's name has to be incorporated in the Prospectus as well as in other related documents.

Sd/-

For and on behalf of the Bank
The City Bank Limited

RISK FACTORS AND MANAGEMENT PERCEPTION REGARDING RISKS

The Company operates in a field involving some internal /external risk factors and among those some are avertable; others are beyond control, which may be causes of loss. The management of R.N. Spinning Mills Limited perceives the risk factors which are as follows simultaneously:-

(a) Industry Risk

Textile industry is a highly competitive industry but the largest industrial sub-sector in Bangladesh. Its contributes is the highest in the country's total export earnings, gives employment to over four million people and contributes around 50% of the industrial value addition. The company faces a number of aggressive competitors within the country as well as after phasing out of the MFA. The global textile trade is now free from quota restriction. So the textile industry of Bangladesh is now facing competition from China only which is very strong in production of textile goods.

The company has successfully entered in to the market by offering better quality products at competitive terms as well as the textile industry of Bangladesh has also successfully coped with the post MFA competitive situation. The force, which is helping the sector for its strong existence, is emergence of backward linkage industry. Backward linkage industries are supporting for minimizing lead-time and cost of production. The Company is a first state of backward linkage industry of Acrylic yarn producing that facilitates for better existence.

(b) Interest Rate Risk

Interest/financial charges are paid against any kind of borrowed fund. Volatility in money market and increased demand for loan presses interest rate structure to be fixed at high. Rising of interest rate increases the cost of fund for a company, which has borrowed fund, and consequently profit is squeezed.

The management of the Company is always aware of interest rate, which is connected to the cost of fund of the Company. The Management prefers procuring the long-term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate. On the other hand management of the Company is emphasizing on equity based financing.

(c) Exchange Rate Risk

If exchange rate is increased against local currency opportunity is created for getting more revenue against sale in local currency. On the other hand if exchange rate goes down margin is squeezed in local currency.

The products of the company are sold against foreign currency and payments for raw materials are also made in foreign currency. The exchange rate of the country traditionally witnessed upward trends, which makes ample opportunity of export. It notes that in case of R.N. Spinning Mills Ltd. earnings is made only by export in the currency of US Dollars and payment is also made from earnings US dollars. As the Company is 100% export oriented and in future it will be the same, volatility of exchange rate will have no impact on profitability of the Company and exchange rate risk factor minimize to foreign business transaction.

(d) Market and technology related Risk

(i) Market Risk:

R.N. Spinning Mills Limited produces Acrylic yarn and sells it to 100% export oriented dyeing factories using its as raw materials of 100% export oriented sweater factory. At present country's 80% of total demand is imported from different countries especially from China.

M.L. Dyeing, a sister concern of R.N. Spinning, is a forward linkage company to it and the highest procurer of their products. But greater market demand indicates that R.N. Spinning Mills Limited is not dependent to sell their products on M.L. Dyeing Ltd.

Moreover, to satisfy the portion of increased local demand, R.N. Spinning newly installed 10000 spindles of Spinning machinery. Actually R.N Spinning Mills covers up 10% of local demand. It means that to consider national demand of Acrylic Yarn, R.N. contributes 10% of market volume. Thus, there is no risk of marketing within the country.

(ii) Technology related Risk:

Technology always plays a vital role for existence of any industrial concern. Innovation of new and cost effective technology may obsolescence existent technology, which may cause negative impact. The project is equipped with world's modern and latest machineries and technology and to cope with the pace in harmony with modern textile world, the Company is continuing modernization program of its machinery.

(e) Potential or existing government regulations:

The Company operates under companies act, taxation policy adopted by NBR, Security and Exchange Commission (SEC)'s rule and rules adopted by other regulatory organizations. Any abrupt changes of the policies formed by those bodies will impact the business of the Company adversely. Unless adverse policies are taken, which may materially affect the industry as a whole; the business of the Company will not be affected.

Government emphasizes on the growth of Yarn Industry to boost up the export of RMG. Yet the promoters and the sponsors have to endeavor to convince the policy makers for adopting favorable terms & conditions, which will eventually help the yarn manufacturers of Bangladesh to compete with the firms in low cost locations in the global arena.

(f) Potential changes in global or national policies

The performance of the company may be affected by the political and economical instability both in Bangladesh and worldwide. Any instance of political turmoil and disturbance in the country may adversely affect the economy in general.

The company can prosper in a situation of political stability and a congenial business environment. Political turmoil and disturbance are bad for the economy and so also for this sector. This is why WTO and Asian Development Bank emphasize development of textile sector in chalking out their respective policies. The Company is always aware of all types of turmoil and even though if the smooth supply of raw material (TOW) is hampered or faces any kind of disruptions it will produce it in future and try to keep the production smooth.

(g) Operational risk

Shortage of power supply, labor unrest, unavailability or price increase of raw material, natural calamities like flood, cyclone, earth quack etc. may disrupt the production of the Company and can adversely impact the profitability of the Company.

The compensation as well the benefit package will restrain the employees to leave their assignment and go for any employee movement for higher benefit packages. The project of the Company is situated at a high land where less amount of flood is recorded. The factory building has strong RCC foundation, RCC floor, pre-fabricated steel structure to withstand wind, storm, rain etc. along with good drainage facility. The risks from these factors are also covered through Insurance. The company is also facilitated to keep a rational reserve for any future price escalation of the raw materials.

USE OF PROCEEDS

Proceeds from initial public offering will be used for repayment of outstanding loan and expansion of business activities to boost up the profitability of the Company. The details of which is stated as under:

Particulars	Amount	Projected Date/Period
Loan Repayment:	248,500,000	
Social Islamic Bank Limited	68,500,000	15 days after receiving the IPO Fund
The City Bank Limited	180,000,000	15 days after receiving the IPO Fund
Business Expansion:	51,500,000	
Construction of Office building 2100 sqft per floor, 4 storied	21,000,000	8 months after receiving the IPO Fund
Wastage go-down (105 ft X 47 ft) at factory premises	10,000,000	8 months after receiving the IPO Fund
Tiles fitting At existing production floor (2.00 lac sft.)	20,500,000	8 months after receiving the IPO Fund
Total	300,000,000	

Sd/-
Md. Humayun Kabir, ACMA
Director(Finance) & Company Secretary

Sd/-
Md. Abdul Kader Faruk
Managing Director

DESCRIPTION OF BUSINESS

Corporate Status and Background:

R.N. Spinning Mills Limited is a public limited Company but the company was incorporated in Bangladesh on November 04, 2004 as a Private Limited Company under the Companies Act 1994 in Comilla Export Processing Zone (**EPZ**), Comilla, by 100% local investment and entitled category "C" as per rule of BEPZA. In 2006 new investment was made and the category was changed into "B" from "C" due to huge foreign investment and subsequently the company was converted into Public Limited Company on February 20, 2007 and started its commercial operation on 5th July 2007. The project is located at Comilla EPZ, plot no. #100-107 & 127-134, Comilla. Authorized and paid -up capital structure of the company is as follows:

Particulars	No. of Shares	Face Value	Amount in Taka
Authorized Capital	15,000,000	Tk. 100.00	1500,000,000.00
Paid-Up Capital :			
Ordinary share	6,730,156	Tk. 100.00	673,015,600.00
9% Redeemable Preference share	4,365,270	Tk. 100.00	436,527,000.00
Total			1,109,542,600.00

The project of the company is equipped with balanced modern machineries imported from South Korea, with a view to producing product of international standard. This happens to be the project of state of art, which has earned high reputation in textile sector.

Nature of Business

The principal activities of the Company are to carry on the business of Textile Spinning Mills to produce 100% synthetic yarn / Acrylic yarn for 100% export oriented dyeing/ Textile industries and export thereof.

Principal Products:

The company has been set up to produce international standard 100 % synthetic/ acrylic yarn from acrylic fiber (TOW).

Market of the Products:

The company produces 100% acrylic yarn for 100% export oriented dyeing/ textile industries and export thereof. All buyers of the company are located within the country and business transactions have been being made by L/C and currency in US Dollars. There is no sale in cash or in local currency. Generally L/Cs are received in terms of payment either 120 days or 90 days deferred.

(2) Relative Contribution of the Services Contributing More Than 10% of Total Revenue:

The Company produces 100 % synthetic/ acrylic yarn.

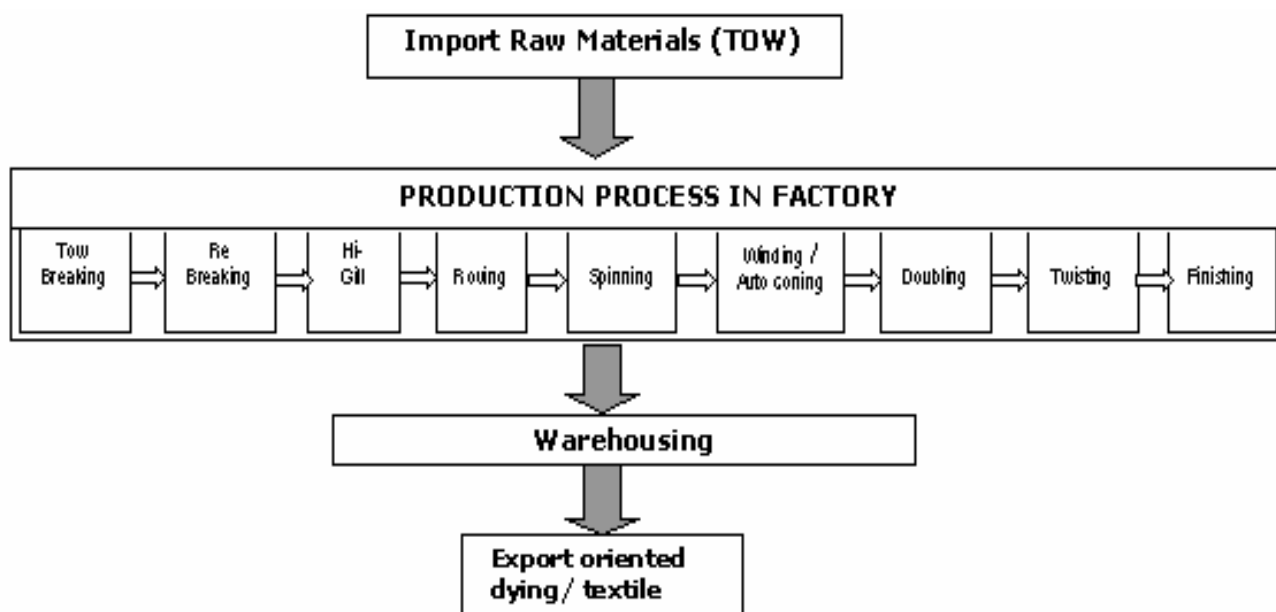
(3) Associates, Subsidiary/ Related Holding Company:

R.N Spinning Mills Ltd. has no Associates or Subsidiary company. However M.L. Dyeing is in the second highest majority in ordinary shareholders of the Company. The following companies are in common directorships with R.N. Spinning Mills Ltd.

Name of the Company	Relationship	Nature of the business of the Company and status of incorporation
M.L. Dying Limited Head Office: M.L.Tower (5 th floor) 1, East Rampura, DIT Road, Dhaka. Factory location: Zamirdia, 10 Hobirebari, Bhaluka. Mymensingh	Common directorship	Yearn dying Register of joint stock companies and firms, Dhaka-1000.
Far Apparel Limited Head Office: M.L.Tower (5 th floor) 1, East Rampura, DIT Road, Dhaka. Factory Location: 63, North zetrabari, Dhaka-1204	Common directorship	Sweater manufacturer Register of joint stock companies and firms, Dhaka-1000.
Chong Won ARS Sweater Limited Head Office: M.L.Tower (5 th floor) 1, East Rampura, DIT Road, Dhaka Factory Location: 63, North Zetrabari, Dhaka-1204	Common directorship	Sweater manufacturer Register of joint stock companies and firms, Dhaka-1000.
M. L. Hotel Tower Limited Head Office: M.L.Tower (5th floor) 1, East Rampura, DIT Road, Dhaka Location: 208, Shasid Syed Nuzrul Islam Sarani, Dhaka-1000.	Common directorship	Residential hotel Register of joint stock companies and firms, Dhaka-1000

(4) Distribution of Products/Services:

The Company produces products for 100% export oriented dyeing/ textile industries and export thereof. We may demonstrate the distribution process as follows:



(5) Competitive Conditions in the Business:

There is a huge demand-supply gap for the product of the Company in the Acrylic yarn market. The Company earned good name & fame in the acrylic yarn market of the country for its quality. The following companies produce Acrylic Yarn in Bangladesh:

Acrylic Yarn Producers	Approximate Market Share
1. R.N. Spinning Mills Ltd.	46%
2. Purbani Synthetic Mills Ltd.	7%
3. Ring Shine Spinning Mills Ltd.	11%
4. Daewoo Spinning Mills Ltd.	7%
5. Kung Keng Spinning Mills Ltd.	14%
6. Chin Hung Fibre Ltd.	7%
7. Global Dyeing & Spinning Mills Ltd.	8%

(6) Sources and Availability of Raw Materials and the Name of the Principal Suppliers:

The raw material of the company is acrylic fiber (TOW), which is fully procured from abroad. The names of main suppliers are mentioned below:

Sl. No.	Name of Supplier	Address
1.	M/s. Oxley Trading Limited	Level-5, 369 Queen Street Auckland, New Zealand.
2.	M/s. Darlon GmbH Ltd.	Chemp ARK Dorm Agen GEB B900, Postfach 1004 85 D- 41522, Dormagen Germany.

(7) Sources of and requirement for, power, gas & water:

All required utility facilities are available at the project site and those are stated below:

Power

Power requirement for the project is 100 MW which are met up from own gas generator. Yet for smooth operation of the project power connection from REB has been arranged as stand by.

Water

The project is required 9m3 of water per day which is met up from the water supply system of Comilla export processing Zone authority.

Gas

Bakhrabad Gas Systems Limited supplies required gas for the project

(8) Name of the customer(s) who purchase 10% or more of the Company's product/service:

Sl. No.	Name of Customer	Address	Nature of Transaction	Percentage
1.	M.L. Dying Ltd.	VILL: Zamirdia, 10, Habirbari, P.S: Bhaluka, Mymensingh	L/C in USD	34.61%
2.	Shepherd Yarn Ltd.	Bagrapal, Bhaluka, Mymensingh	L/C in USD	10.49%
3.	Labib Yarn Dying Mills Ltd.	Bada Kalmalsher, K.B Bazar, Joydebpur, Gazipur	L/C in USD	23.29%
4.	K. ALI Dying & finishing Industries	PlotNo#30&32, RoadNo-17, Sheyampur/A, Dhaka-1204	L/C in USD	30.44%

- As per rules of BEPZA transaction must be through L/C in EPZ areas of the country.
- M.L. Dying Ltd. holds 30.34% ordinary share of the Company is also the major customer.

(9) Contract with Principal Suppliers/Customers:

There is no contract with principal suppliers or customers other than the normal course of business.

(10) Material Patents, Trademark, Licenses or Royalty Agreements:

The company entered in to a Vendors Agreement with foreign investor Mr. Kim Jong Suk for providing capital machinery and equivalent value of foreign investment in capital machinery, company issued 9% redeemable preference shares and redemption will be started after four years from date of commercial production and complete next 5 years. But interest will be accrued from 1st July 2009. Another Vendors Agreement was done with Mr. Kim Jong Suk on August 2, 2008 and he provided 10,000 spindles of Acrylic Yarn Textile spinning machinery for an amount of 23,21,500 no. of ordinary shares of Tk.100.00 each were issued in favor of Mr. Kim Jong Suk with the approval of the SEC and RJSC.

(11) Employees' position as on 31.12.08

Monthly Salary Range	Factory	Head Office	Total Employee
Below 3000	812	7	819
Above 3000	209	42	251
Total	1,021	49	1,070

All are full time salaried employees. There is no part-time employee in the Company.

(12) Production Capacity and Current Utilization:

Installed Production Capacity of R. N Spinning Mills Limited is as under:

Total number of Spindle	20,608
Per Spindle production capacity per day (Three shift of 8 hours each)	1 kg
Average yearly production days	350 days
Total average yearly production Capacity	7,000,000 kgs
Present percentage of utilization	76% of normal capacity

Please note that already added newly 10,000 spindles of acrylic yarn textile machinery and we are expecting new capacity will be in run to production from March, 2009. In sequence of that production capacity will be increased by 10,000 kg per day.

DESCRIPTION OF PROPERTY

The Company has set up its plant at Comilla Export Processing Zone, Plot No. # 100-107 & 127-134, Comilla, to run operations and the corporate office is situated at M.L. Tower (5th floor), 1, East Rampura, DIT Road, Dhaka-1219. The Company possesses the following fixed assets at written down value:

(amount in BDT)		
Sl no.	Particulars	31.12.2008 (W.D.V)
1.	Leasehold Land Development	46,578,022
2.	Building	264,446,667
3.	Plant & Machinery	790,656,602
4.	HAVC (Humidification plant)	21,661,875
5.	Generator	145,558,283
6.	Fork Lift	2,740,976
7.	Electrical installation	45,666,335
8.	Furniture & fixture	301,687
9.	Mixture Machine	246,970
10.	Office equipment	466,990
11.	By cycle	3,528
12.	Cookeries	43,094
13.	Boiler	2,963,729
14.	Transformer	1,325,317
15.	Air compressor	16,796,039
16.	Water & gas installation	3,561,347
17.	Chiller	1,292,903
	Total	1,344,310,362

A. Break-up of Leasehold Land Development as at 31.12.2008 at cost price is as under:

Land development:

Vita Bali / Mati (46,290 cu.m) filling sand

@ Tk 332.09 / cu.m

Tk 1, 53, 72,680.00

Internal Road:

Rod cash purchase Tk 40, 15,302.00

Cement by L/C Tk 76, 31,320.00

Brick & bricks chips Tk 36, 32,250.00

Sand Tk 3, 52,210.00

Labor & other supplies Tk 10, 12,404.00

Tk 1, 66, 43,486.00

Boundary wall:

Block bricks Tk 66, 31,890.00

Cement Tk 23, 71,926.00

Rod (cash purchase) Tk 35, 75,460.00

Sand Tk 3, 95,750.00

Labor & other supplies Tk 8, 44,964.00

Tk 1, 38, 19, 990, 00

Drain:

Bricks Tk16, 44, 530.00

Cement Tk 8, 11,211.00

Sand Tk 1, 91,369.00

Labor & other supplies Tk 5, 43,650.00

Tk 31, 90,760.00

Tk 4, 90, 26,916.00

B. The Company purchased Plant and machineries in brand new condition.

C. There is no property under lease agreement except the Land which is taken under a Lease Agreement with BEPZA for 30 years. Land rent per year was US\$ 2.00 per sq. meter per year as per agreement dated 27th July 2005. Later on land rent was increased by US\$0.20 per sq meter per year. This lease agreement will be renewable for another term by both side mutual agreements. This agreement has been done for 32,000 sq meter of land for 16 industrial plots. Generally land rental payment is done in every 3 months as quarterly installments in a year.

D. Entire plant and machinery is owned by the Company which is mortgaged for short and mid term financing that will be paid off with part of the IPO proceeds.

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

(1) Internal and External Sources of Cash:

(As per Audited Accounts in BDT)

Internal sources of Cash:	31.12.2008	31.12.2007	31.12.2006
Ordinary Share Capital	673,015,600	236,665,600	236,665,600
Preference Shares (redeemable)	436,527,000	436,527,000	436,527,000
Retained Earning	90,960,196	8,499,633	-
Sub Total	1,200,502,796	681,692,233	673,092,600
External Sources of Cash:			
Loan Fund from Bank	299,913,555	243,357,000	285,222,791
Inter Company Balance	-	204,362,100	62,677,734
Sub Total	299,913,555	447,719,100	347,900,525
Grand Total	1,500,416,351	1,129,411,333	1,020,993,125

(2) Material Commitment for Capital Expenditure:

The company has not made any material commitment for capital expenditure.

(3) Material Change from period to period:

(amount in BDT.)

Particulars	31.12.2008	31.12.2007
Export	1,040,508,594	376,950,237
Less: Cost Of Goods Export	893,295,153	(331,210,800)
Gross profit	147,213,441	45,739,437
Less: Operating Expenses	13,058,512	(20,224,230)
Operating Income	134,154,929	25,515,207
Other Operating expenses	29,555	(244,600)
Net Operating Income	134,125,374	25,270,607
Financial Expenses	55,587,251	(18,000,955)
Net Operating Profit	78,538,123	7,269,652
Other Non operation income	3,922,440	1,229,981
NET Profit before tax	82,460,563	8,499,633
Provision for tax	-	-
Net Profit After Provision For Tax	82,460,563	8,499,633

The Management of the Company is always attempting to maximize production with cost efficiency as a result profit is also showing greater in size.

(4) Seasonal Aspects:

In general demand for yarn is prevailed in whole year yet from January to August demand goes at high.

(5) Known Trends, Events or Uncertainties:

The business operation of the Company may be affected by some known events as follows:

1. Down-trend demand at international market,
2. Entrance of new technology.
3. Increase competition,
4. Political unrest.
5. Natural disaster.

(6) Changes in the Assets of the Company used to pay off any Liabilities

No asset of the Company has been disposed to pay off any liability.

(7) Loans taken from or given to its holding/parent or subsidiary/Associate company:

The company has no holding /parent/Associate or subsidiary company. So loan taking from or giving to such concerns does not arise.

R.N Spinning Mills Ltd. has business Transaction with M.L. Dyeing which owns 30.34% ordinary shares of the Company and these transactions has been shown in the related party transaction of Additional Disclosure by the Auditor in the prospectus.

(8) Future Contractual Liabilities:

The company has no plan to enter into any contractual liabilities within next one year other than the normal course of business.

(9) Future capital expenditure:

The company has no plan for future capital Expenditure for expansion of the plant.

(10) VAT, Income Tax, Customs Duty or other Tax Liability:

VAT and Customs Duty:

The company is 100% export oriented and situated in Export Processing Zone. Government of Bangladesh has declared that there is no VAT and Customs Duty on 100% export oriented project. Special SRO in this regard is mentioned below:

FM, IRD, NRB, SRO No-88-Law-98/1739/Customs, dated 28 May, 1988

In exercise of the power conferred by section 19/Customs Act, 1969 (IV of 1969) and section 14(1) under Value Added Tax Act, 1991 (Act no. 22 of 1991) for public interest and in consultation with the National Board of Revenue under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980) and by postponing under notification no SRO 544 – L/84/888/Cus dated 10 December, 1984, the government has exempted all import duties, Value Added Tax and Supplementary Tax under 7(e) and (f) of any Export Processing Zone.

Income Tax:

R. N. Spinning Mills Ltd. Situated in Comilla EPZ. As per income tax regulation for EPZ REF. # IRD SRO No. 289-law/89, dated 19 August, 1989, all industries of EPZ of Bangladesh have been exempted from payment of income tax for a period of ten years from the date of commercial operation. Hence no current Tax Provision has been made in the Financial Statements. Special SRO in this regard is mentioned below:

IRD SRO No.289-Law/89,dated 19 August1989

In pursuance of section 44(4) (b) of the Income Tax Ordinance, 1984 (XXXVI of 1984) and canceling the notification No. SRO 149-L/81, dated 12 May 1981, all industries operating in the Export Processing Zones of Bangladesh have been exempted from payment of income tax for a period of 10 years from the date an industry goes into commercial production.

11) Operating Lease:

The company has established its Head Office on rented accommodation. Relevant information of the operating lease agreement with the landlord is as follows:

Particulars of leased premises	Area (sft.)	Period of lease	Rent per sft.	Monthly Amount
R.n. Spinning Mills Ltd. M L Tower (5 th floor), 1 East Rampura D.I.T Road, Dhaka-1205.	2000 (5th Floor)	1 January 2008 to 31 December 2012	7.00	TK. 14,000.00

Further to the above the Company has established its factory from taken plots of Comilla EPZ operating lease:

Sl. No.	Particulars of leased premises	Name of lesser	Area (sqm.)	Annual Rent per sqm.	Period of lease
1.	Plots # 100-107 in CEPZ	BEPZA	16,000	\$2.20	30 Years (From 27 July 2005 To 27 July 2035)
2.	Plots # 127-134 in CEPZ	BEPZA	15,461	\$2.20	30 Years (From 1 January,2006 To 1 January,2036)

(12) Financial Lease and other Financial Commitment during last five years:

Financial commitment with The city Bank Ltd. & Social Investment Bank Ltd.:

Name of institution	Type of loan	Amount of loan	Rate of interest	Sanction Date	Amount of installment	Outstanding Balance
The City Bank Ltd.	Mid Term Investment	134,000,000	14%	16.10.06	23,300,000	169,337,768
The City Bank Ltd.	Short Term Investment-II	49,963,000	14%	30.12..07	2,644,000	47,586,806
The City Bank Ltd.	Short Term Investment-III	48,000,000	14%	30.12.07	4,493,000	14,488,981
The City Bank Ltd.	Murabaha Post Import (MPI)	140,000,000	15%	Yearly Renew	N/A	16,177,213
The City Bank Ltd.	Trust Received	120,000,000	15%	Yearly Renew	N/A	115,570,138
The City Bank Ltd.	Bai-Muazzal Commercial	10,000,000	15%	Yearly Renew	N/A	9,632,124
The City Bank Ltd.	Bai-Muazzal Demand Investment		15%		N/A	129,925,684
Social Investment Bank Ltd	Short Term Project Investment	68,500,000	N/A	29.09.08	N/A	68,500,000

(13) Personnel Related Scheme:

The Company considers its human resources as the most valuable assets and the profitability of company largely depends on the efficient & effective productivity of human resources. So the company going to provides following facilities and incentives for motivated employees for its continued profitability and prosperity. These are:

1. **Staff Provident Fund**

The Company is going to maintain a contributory provident fund for all eligible permanent employees in accordance with BAS-19 with effect from March 2009 in compliance to the requirement of BEPZA rules- **BEPZA instruction number 2 of 1989 as modified up to October 2003 under clause #18 employees (contributory) Provided Fund regulation.**

2. **Employees' retirement benefit & gratuity fund:**

The Company has a plan to establish gratuity fund and as such the board of directors passed a resolution at its meeting held on 24th August 2008 which is enclosed to Additional Disclosure by the Management. Fund will be created based on the valuation and recommendation of actuary.

(14) Break Down of Expenses for Issue Manager and Underwriters:

Detail of estimated Public Issue expenses are shown below:

Particulars	Basis of Calculation	Amount in Tk.
Manager to the Issue fee	Lump sum	1,000,000
SEC fee:		
Application Fee to Securities & Exchange Commission		10,000
Consent Fee to Securities & Exchange Commission	@ 0.15% on the IPO amount	450,000
Fees related to listing with the stock exchanges:		
Application fee		5,000
Annual Fee for DSE & CSE	@Tk. 100,000 each	200,000
Listing fee to DSE & CSE	@ 0.25% on Tk. 100 million and @ 0.15% on the rest of paid-up capital. But not more than 2 million each	3,119,048
CDBL fees and expenses:		
Security Fee		300,000
Documentation fee		5000
Initial public offering fee	@0.00025 on total IPO	75,000
Annual Fee		50,000
Connection Fee		6,000
Commissions & Expenses:		
Bankers to the Issue Commission	@ 0.10% on collected amount (Estimated; to be paid at actual)	1,000,000
Underwriting Commission	@.50% on 50% of IPO amount	750,000
Expenses related to printing & publication:		
Abridged version of Prospectus and Notices	(Estimated; to be paid at actual)	350,000
Designs, Printing of Prospectus and Forms	(Estimated; to be paid at actual)	150,000
Distribution & Collection of forms and Data Processing	(Estimated; to be paid at actual)	800,000
Lottery related expenses including BUET fee	(Estimated; to be paid at actual)	200,000
Distribution of allotment letters and refund warrants	(Estimated; to be paid at Actual)	150,000
Other Expenses		50,000
Total		8,670,048

(15) Revaluation of Company's Assets & Summary thereof:

No revaluation has been made to the Company's assets and liabilities on or before 2008.

(16) Transaction between Holding Company and the subsidiary:

R.N Spinning Mills Ltd. has business Transaction with M.L. Dyeing which owns 30.34% ordinary shares of the Company and these transactions has been shown in the related party transaction of Additional Disclosure by the Auditor in the prospectus.

(17) Auditors' Certificate about Allotment of Shares To Promoters Other than Cash

This is to certify that the capital structure of R.N. Spinning Mills Limited, ML Tower, 5th floor, 1, East Rampura, DIT Road, Dhaka-1219, Bangladesh as on December 31, 2008 is as follows:

Authorised Capital 15,000,000 Shares @ Tk. 100 each	<u>1,500,000,000</u>
Issued, Subscribed and Paid up Capital 4,408,656 Ordinary Shares @ Tk. 100 each in full in cash by the sponsors	
At the time of Incorporation	2,000,000
Issued as on 04.06.2006	200,000,000
Issued as on 05.06.2006	34,565,600
Issued as on 15.01.2007	100,000
Issued as on 31.01.2008	204,200,000
Total	<u>440,865,600</u>
2,321,500 ordinary shares @ Tk. 100 each issued against purchase of capital machinery from Mr. Kim Jong Suk on February 28, 2008 in pursuant to a Vendors Agreement dated August 2, 2008 RJSC return of allotment submitted on December 28, 2008 and SEC Letter of intent no, SEC/CI/CPLC-146/2008/04 dated March 2, 2009.	232,150,000
	<u>673,015,600</u>
9% Preference Shares of Tk. 100 each fully paid	<u>436,527,000</u>

Dated, Dhaka
March 16, 2009

Sd/-
A. Wahab & Co.
Chartered Accountants

18) DECLARATION REGARDING SUPPRESSION OF MATERIAL INFORMATION

This is to declare that to the best of our knowledge and belief no information, facts, circumstance, that are disclosable has not been suppressed that can change the terms and conditions under which the offer has been made to the public.

Sd/-
Md. Abul Kader Faruk
Managing Director

DIRECTORS & OFFICERS

Directors' involvement/interest in other companies

Sl. No.	Name	Age (Year)	Designation	Entities where they have Interested
1.	Al-Haj Mustafizur Rahman	72	Chairman	Chairman: M/S M.L. Dying Limited M/S FAR Apparel Limited
2.	Md. Abdul Kader Faruk	50	Managing Director	Chairman: M/S M.L. Hotel Tower Ltd. Chong Won ARS Sweater Ltd. Managing Director: M/S M.L. Dying Limited M/S FAR Apparel Limited
3.	Abdul Quayum Mamun	41	Director	Managing Director: Chong Won ARS Sweater Ltd. Director: M/S FAR Apparel Limited
4.	Mrs. Shirin Faruk	46	Director	Director: M/S M.L. Dying Limited Chong Won ARS Sweater Ltd.
5.	Mr. Kim Jong Suk	57	Director	-
6.	Mr. Abid Mostafizur Rahman	22	Director	Managing Director: M/S M.L. Hotel Tower Ltd.

	Name	Age Years	Position	Date of Becoming Director for the first time	Expiry of current term	Experience
1.	Al-Haj Mustafizur Rahman	72	Chairman	25-10-2004	Next AGM	20 years
2.	Md. Abdul Kader Faruk	50	Managing Director	25-10-2004	Next AGM	20 years
3.	Abdul Quayum Mamun	41	Director	25-10-2004	Next AGM	10 ears
4.	Mrs. Shirin Faruk	46	Director	04-06-2006	Next AGM	10 years
5.	Mr. Kim Jong Suk	57	Director	15-01-2007	Next AGM	20 years
6.	Mr. Abid Mostafizur Rahman	22	Director	08-05-2008	Next AGM	3years

Family Relationship among the Directors

The relationship among the directors is stated below:

Name of the Director	Position in the Company	Relationship
Al-Haj Mustafizur Rahman	Chairman	Self
Md. Abdul Kader Faruk	Managing Director	Son of Chairman
Abdul Quayum Mamun	Director	Son of Chairman
Mrs. Shirin Faruk	Director	Wife of M.D.
Mr. Abid Mostafizur Rahman	Director	Son of M.D.

Family Relation between Directors & Officers:

There is no family relationship between directors and officers. Alhaj Abdul Kader Faruk-Managing Director of the Company is one of the Directors of the Board of the Company as well.

Short BIO-DATA of the Directors

Al-Haj Mustafizur Rahman-Chairman

Al-Haj Mustafizur Rahman, aged 72, is the Chairman of the company. He has taken Graduation Degree from Barisal B.M. College. He started his career as a business man in 1964. He was engaged in different types of local and international businesses. Mr. Rahman acquired vast experience in textile trading and other manufacturing business through his forty five years of business career. Mr. Rahman is associated with and donors of many schools, colleges and different social welfare organizations. He is also the Managing Director and Director of other industrial unit. He traveled many countries of Europe and Asia to enrich his knowledge and experience.

Al-Haj Abdul Kader Faruk–Managing Director.

Al-Haj Abdul Kader Faruk aged 50, Managing Director of the Company born in well known business family in 1959 in Barisal. After completing his Masters in Commerce from Dhaka University he engages himself in business. He became a successful business man in short time of his business career with his sincerity, honesty, conceptual and practical problem solving minded. He has established and own of different type of Industries including M.L Dyeing Ltd, FAR Apparels, Chong Won ARS Sweater Ltd. and other organization. During his tenor of business career, he gained business technique in textile spinning and its manufacturing, operating, marketing and controlling systems. Mr. Faruk is associated with and donors of a number of schools, colleges and different social welfare organizations. He is well acquainted international scenario because of his business tours in many countries including America, Japan, China, India, German, U.K , Australia, Saudi Arab , Hong Kong, Singapore and many others countries.

Abdul Quayum Mamun-Director

Abdul Quayum Mamun, aged 41, the Director of the company is an MBA from Dhaka University. After completion of his education he joined a reputed textile company and subsequently by dint of his performance and experience he became the key person of the company. Mr. Ali has visited many countries of the world in connection of business and has bagged to his credit a vast experience and knowledge in Modern Methods, Technology, Production and Marketing & Management techniques of textile industries by attaching several courses/seminars and visiting similar industrial concerns of other Asian Countries.

Mr. Mamun has also earned vast experience in fabrics trading business at the international yarn market associated with his business in fabrics. Having rich experience in various industrial/trading concerns Mr. Ali has acquired the required experience, fitness and administrative efficiency to run such a business unit

Mrs. Shirin Faruk-Director

Mrs. Shirin Faruk, aged 46, is the Director of the company. She started her career as an officer in a Jute spinning mills after completion of her Master degree. After gaining technical details and production & factory labor administration of spinning mills she joins in her family business. She is the founder of Aysha Memorial – A health care organization of distress woman and she is associated with and donors of many schools, colleges and different social welfare organizations. She is also the Director of M.L. Dyeing Limited, a Private Limited company. She has traveled many countries U.K, Malaysia, Singapore, Saudi Arabia etc. She is well known in yarn quality, technical details of spinning machinery and general production process and administration.

Mr. Abid Mostafizur Rahaman –Director

Mr. Abid Mostafizur Rahaman, aged 22, is most youngest Director in R.N Spinning Mills Ltd. He is very much eager to know technical details of Spinning mills and its processing, marketing, administration activities of the company. He have traveled many countries including Japan, China, Hong Kong, India and America. Because of his very hard working nature and friend like attitude he is fond of most of the persons in the organizations. He is very much sincere of his work and gaining technical know how of Spinning Mills and modern method production technology.

A young and energetic man of amicable behavior, besides being a philanthropist he is engaged in various social activities of the countries.

Mr. Kim Jong Suk-Director

Mr. Kim Jong Suk, aged 57, is the Director of the company. He is only director of Foreign Nationals and South Korea national by birth. He completed his B.Sc. in Textile and started his career as a Manager Production in a Chemical Industry in Korea Then he had Joined in Textile Spinning Mills. After gaining sufficient Knowledge in line of Production, marketing and management system he started his won business occupying position Managing Director. Mr. Suk Established Daxin Oil Chemical Industries Co. in Korea. Mr. Kim acquired vast experience in Textile Trading and manufacturing and marketing business through his 19 years of his business career. He has visited many countries of the world in connection of business and has bagged to his credit a vast experience and Knowledge in modern method, technology, production and Marketing & Management techniques of textiles industries by attaching several courses / seminars and visiting similar industrial concerns of the world.

CIB REPORT:

Neither R.N. Spinning Mills Limited nor any of its Sponsors or Directors or shareholders who hold 5% or more shares in paid-up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

Particulars of top Executives/Officers:

Sl. No.	Name of the Officers	Position	Educational Qualification	Date of Joining in the Company	Last Job Experience
1.	Md. Abdul Kader Faruk	Managing Director	M. Com	Since inception	20 Years
3.	MD. Humayun Kabir , ACMA	Director Finance & Company Secretary	M. Com. ACMA	10-17-2006	16 Years
4.	Mohammad Humayun Kabir	Director Marketing	M.Sc	Since inception	26 Years
5.	Major (Retd) Syed Anwar Hossain	E.D (H.R & Administration)	M.Sc	Since inception	26 Years
6.	Major (Retd.) Hafiz Uddin	E.D (Commercial)	MBA	Since inception	25 Years

INVOLVEMENT OF OFFICERS AND DIRECTORS IN CERTAIN LEGAL PROCEEDINGS

No Directors or Officer of the company was involved in any of the following types of legal proceedings in the past ten years:

1. Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filling the prospectus was a director, officer or partner at the time of the bankruptcy;
2. Any conviction of director, officer in criminal proceedings or any criminal proceedings pending against him.
3. Any order, judgment or decree of any Court of competent jurisdiction against any director, officer permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or Banking activities.
4. Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any director or officer in any type of business of securities or Banking activities.

RELATED PARTY TRANSACTIONS

As per IAS 24 M.L Dyeing Limited is being considered under a related party transaction of the following three points :

- a. Key management personnel
- b. Equity participation
- c. Business transaction

a. Key Management personnel compensation:

There is no personnel compensation system in the form of Share based payment, termination benefit, short term employee benefits and other long term benefits.

b. Equity participation:

M.L Dyeing owns 2,042,000 ordinary shares of Tk.100/- each amounting Tk.204, 200,000 being @ 30.3411% of total ordinary shares of R.N Spinning Mills Limited.

c. Business transaction:

- 1) Total amount of sales to M.L Dyeing Limited during the financial period 2008 is TK.730, 263,454.
- 2) Total amount of outstanding balance to M.L Dyeing Ltd. Tk.104,189,492 as on December 31, 2008.
- i) There are no special terms and condition of the sales and purchase between the two Companies except normal terms and condition of letter of credit. Credit has been settled as per normal Banking norm. There is no scope or opportunity to sale other than letter of credit in foreign currency because The Company is situated in Comilla Export Processing Zone.
- ii) Payment Guarantee given by buyer's bank to seller's bank as per terms and condition of letter of credit with specific date of payment or maturity.
- 3) There is no provision for doubtful debts on outstanding balance in relation to M.L Dyeing Limited for the business transaction in respective financial year because every sale is executed under the clause of Letter of credit.
- 4) During the financial year doubtful debts has not been occurred between the businesses transaction with M.L.Dyeing Limited as well as not charged to financial statement.

Loan status:

The Company did not take or give any loan from any Director or any person connected with any Director nor did any Director or any person connected with any Director.

Directors holding any position apart from the company:

The information is already included in directors and officers part of the prospectus.

Interest and Facilities enjoyed by the Directors:

All the Directors except Md. Abdul Kader Faruk who is Managing Director of the Company enjoy only the Board Meeting attendance fee that will remain unchanged during the publication period of the Prospectus. Md. Abdul Kader Faruk also gets monthly salary that has been disclosed in Executive Compensation of the prospectus.

EXECUTIVE COMPENSATION

A. Remuneration paid to top five salaried Executives in the last accounting year:

(Amount in Taka)

SI	Name	Designation	31.12.2008
1.	Md. Abdul Kader Faruk	Managing Director	300,000
2.	MD. Humayun Kabir , ACMA	Director Finance & Company Secretary	600,000
3.	Mohammad Humayun Kabir	Director Marketing	816,000
4.	Major (Retd) Syed ANWAR Hossain	E.D (H.R & Administration)	408,000
5.	Major (Retd) Hafiz Uddin	E.D (Commercial)	408,000

B. Aggregate Amount of Remuneration paid to Directors & Officers during the last accounting year:

SL. No.	Name	2008
01.	Directors' Fees & remuneration	306,000
02.	Aggregate Salary and Welfare: Salary and welfare (Administration) Tk. 4,637,850 Salary and welfare (Warehouse, Distribution and Selling) Tk. <u>1,933,932</u>	6,571,782

Directors fees & remuneration as per audit report 2008

Name of the Director	Position	Meeting attending fee	Salary & benefit	Total amount TK.
Al-Haj Mustafizur Rahman	Chairman	900	-	900
Md. Abdul Kader Faruk	Managing Director	1200	300,000	301,200
Abdul Quayum Mamun	Director	1200	-	1,200
Mrs. Shirin Faruk	Director	1200	-	1,200
Mr. Kim Jong Suk	Director	900	-	900
Mr. Abid Mostafizur Rahman	Director	1200	-	1,200
Total				306,600

- The Company did not pay any amount to any person who was not an Officer of the Company during the last fiscal year.
- There is no contract with any Director/Officer for future compensation.

Pay Increase Intention:

Besides normal increment, the Company has no plan to increase salary in near future.

OPTION GRANTED TO OFFICERS, DIRECTORS AND EMPLOYEES

The Company has not offered any option for issue of shares to any of the officers, directors and employees or to any outsiders.

TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

Benefit from the Company

The Promoters of the Company have not received any benefits other than Board Meeting attendance fees and the Company also has not received anything from its Promoters except fund against allotment of Shares. R.N Spinning Mills Ltd. has business transaction with M.L. Dyeing which owns 30.34% ordinary shares of the Company and these transaction has been shown in the related party transaction of Additional Disclosure by The Auditor in the prospectus.

Promoters' Asset to Company

The Company made a vendors agreement with the joint venture investor Mr. Kim Jong Suk, a Korean national on 2nd August 2008 that has been amended on 9th April 2009. In pursuant to that agreement 2,321,500 ordinary shares @ Tk. 100 each issued against purchase of capital machinery from Mr. Kim Jong Suk on February 28, 2008 in pursuant to a Vendors Agreement dated August 2, 2008 RJSC return of allotment submitted on December 28, 2008 and SEC Letter of intent no, SEC/CI/CPLC-146/2008/04 dated March 2, 2009. Other than this the Company acquired assets through bridge financing and by investing its own funds and allotted shares to Promoters receiving share money as required.

TANGIBLE ASSETS PER SHARE

Particulars	Amount in Taka (31.12.08)
Fixed assets at cost less depreciation	1,344,310,362
Security deposit	4,308,243
Current assets	583,603,481
Total Assets	1,932,227,086
Preferential Creditors	436,527,000
Long Term Loan	299,913,555
Creditors and Acc	10,304,846
Bills Payable	44,256,051
Short Term Loan from Bank	377,249,838
Total Liabilities	1,168,251,290
Net Assets	763,975,796
Number of Share	6,730,156
Net Tangible Asset backing per unit of securities	114

Net Tangible Asset backing per unit of securities being offered is Tk.114 as on 31.12.2008

OWNERSHIP OF THE COMPANY'S SECURITIES (As Per Schedule X)

Name of Shareholders	Address	Position	Shareholdings	Percentage (%)
Al-Haj Mustafizur Rahman	32/6,Noyatola, Moghbazar Dhaka-1000.	Chairman	600	0.009
Al-Haj Md. Abdul Kader Faruk	22/A, Chamelibag, Motijheel, Dhaka-1000.	Managing Director	19,000	0.282
Abdul Quayum Mamun	32/6,Noyatola, Moghbazar Dhaka-1000.	Director	400	0.006
Mrs. Shirin Faruk	22/A, Chamelibag, Motijheel, Dhaka-1000.	Director	2,000,000	29.717
Mr. Kim Jong Suk	339-24, Shimgok 3 Dong, Wonmi Ku Bughun City, Kyung Ki Do, South Korea.	Director	2,667,156	39.630
M. L. Dyeing Ltd. Represented by Mrs. Jaheda Khondoker	M L Tower (5 th floor) East Rampura D I T Road Dhaka-1000.	Sponsors Share holder	2,042,000	30.341
Mr. Abid Mostafizur Rahman	32/6,Noyatola, Moghbazar Dhaka-1000.	Director	1,000	0.015
Total:			6,730,156	100%

- No officers except Managing Director owns any share of the Company.

Beneficial Owners Holding Shares 5% or Above

Name of Shareholders	Status	Class of Share	No of Shares Subscribed	Amount of Shares Owned in Taka	Percentage
Mrs. Shirin Faruk	Director	Ordinary	200,000	20,000,000	29.717
Mr. Kim Jong Suk	Director	Ordinary	2,667,156	266,715,600	39.630
M. L. Dyeing Ltd. Represented by Mrs. Jaheda Khondoker	Sponsor shareholder	Ordinary	2,042,000	204,200,000	30.341

DETERMINATION OF OFFERING PRICE

The offering of the common stock of R.N Spinning Mills Limited has been determined by assessing the Net Assets Value (NAV). The financial calculations presented below are from the audited accounts as of December 31, 2008.

Particulars	Amount in Taka 31.12.08
Fixed assets at cost less depreciation	1,344,310,362
Security deposit	4,308,243
Current assets	583,603,481
Total Assets	1,932,227,086
Preferential Creditors	436,527,000
Long Term Loan	299,913,555
Creditors and Acc	10,304,846
Bills Payable	44,256,051
Short Term Loan from Bank	377,249,838
Total Liabilities	1,168,251,290
Net Assets	763,975,796
Number of Share	6,730,156
Net Assets value per share	114

We have examined the above calculation of Net Assets Value (NAV) of R.N Spinning Mills Limited which appears to be correct

Sd/-

Dated: Dhaka, March 16, 2009

(A WAHAB & CO.)
CHARTERED ACCOUNTANTS

Net asset Value per share of Tk. 100 each is Tk. 114 that is higher than the face value, but the company is offering its issue price at Tk. 100 each share at par.

MARKET FOR THE SECURITIES BEING OFFERED

The issuer shall apply to the all the stock exchanges in Bangladesh within 7(seven) working days from the date of consent accorded by the Commission to issue prospectus.

Dhaka Stock Exchange Limited (DSE)

9/F, Motijheel C/A, Dhaka-1000

And

Chittagong Stock Exchange Limited (CSE)

CSE Building, 1080 Sk. Mujib Road
Agrabad C/A, Chittagong

"Declaration about Listing of Shares with the Stock Exchange(s):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the share of the company.

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

Dividend, Voting, Preemption Right

The share capital of the Company is divided into ordinary shares carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the Company. Shareholders shall have the usual voting right in person or by proxy in connection with, among others, selection of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.

Redeemable Preference

The Company issued 9% redeemable preference 43,65,270 shares of Tk.100.00 each in the name of Mr. Kim Jong Suk, a Korean National and redemption of these shares with due interest (accrued will be made from July 1, 2009) will be started after 4 years from operation and will be completed within next 5 years from the first redemption.

In case of any additional issue of rights shares for raising further capital the existing shareholders shall be entitled in terms of the guidelines issued by the SEC from time to time.

Conversion & Liquidation Right

If the company at any time issues convertible preference shares or Debenture with the consent of SEC, such holders of Securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.

Subject to the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant Rules in force, the Shares, if any, of the Company are freely transferable, the Company shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mental health.

Dividend Policy

- a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the Shares held by them respectively.
- b) No larger dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net Profit of the Company shall be conclusive.
- c) No dividend shall be payable except out of profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- d) The Directors may, from time to time, pay the members such interim dividend as in their judgment the financial position of the Company may justify.
- e) A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- f) There is no limitation on the payment of dividend.

OTHER RIGHTS OF STOCK HOLDERS

The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the Law and International Accounting standards. Financial Statements will be prepared in accordance with International Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the Financial and operational position of the Company.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure for the purpose.

The shareholders holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the Company as provided under Section 84 of the Companies Act, 1994.

FINANCIAL STRUCTURE

Authorized Capital		Tk. 1,500,000,000
Issued & Fully Paid up Capital :		
Ordinary share	673,015,600	
9% Redeemable Preference share	<u>436,527,000</u>	Tk. 1,109,542,600
IPO (Initial Public Offering)		Tk. 300,000,000
Total Capital Structure after IPO		Tk. 1,409,542,000

DEBT SECURITIES

R.N. Spinning Mills Limited has not issued any debt securities and has no plan to issue within 6(six) months.

LOCK-IN PROVISION SHARE

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock- in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who has subscribed to the shares of the Company within immediately preceeding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

Name of Shareholders	Address	Position	Shareholdings	Percentage (%)
Al-Haj Mustafizur Rahman	32/6,Noyatola, Moghbazar Dhaka-1000.	Chairman	600	0.009
Al-Haj Md. Abdul Kader Faruk	22/A, Chamelibag, Motijheel, Dhaka-1000.	Managing Director	19,000	0.282
Abdul Quayum Mamun	32/6,Noyatola, Moghbazar Dhaka-1000.	Director	400	0.006
Mrs. Shirin Faruk	22/A, Chamelibag, Motijheel, Dhaka-1000.	Director	2,000,000	29.717
Mr. Kim Jong Suk	339-24, Shimgok 3 Dong, Wonmi Ku Bughun City, Kyung Ki Do, South Korea.	Director	2,667,156	39.630
M. L. Dyeing Ltd. Represented by Mrs. Jaheda Khondoker	M L Tower (5 th floor) East Rampura D I T Road Dhaka-1000.	Sponsors Share holder	2,042,000	30.341
Mr. Abid Mostafizur Rahman	32/6,Noyatola, Moghbazar Dhaka-1000.	Director	1,000	0.015
Total:			6,730,156	100%

As per condition of the 2CC of the consent letter above shares will be locked-in from October 06, 2009 to October 05, 2012

AVAILBLITY OF SECURITIES

a)	10% of the Issue i.e. 300,000 ordinary shares @Tk. 100 each shall be reserved for Non-resident Bangladeshis.	Tk. 30,000,000
b)	10% of the Issue i.e. 300,000 ordinary shares @Tk. 100 each shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	Tk. 30,000,000
c)	The remaining 80% i.e. 2,400,000 Ordinary Shares @Tk. 100 each shall be open for subscription by the general public.	Tk. 240,000,000
Total		Tk. 300,000,000

- (1) 10% of total public offering shall be reserved for non-resident Bangladeshi **(NRB)** and 10% for **mutual funds** and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public.
- (2) All securities as stated in sub-rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the Securities and Exchange Commission.
- (3) In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
- (4) In case of under-subscription under any of the 10% categories mentioned in sub-rule (1), the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
- (5) In case of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s).
- (6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

APPLICATION FOR SUBSCRIPTION

01. Application for Shares may be made for a minimum lot of 50 (Fifty) Ordinary Shares to the value of Tk. 5,000.00 and should be made on the Company's Printed Application forms. Application forms and the Prospectus may be obtained from the Registered Office of the Company, members of the Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied/cyclostyled/typed/handwritten copies of the forms. Application must not be for less than 50 Shares. Any application not meeting the criterion will not be considered for allotment purpose.
02. Joint Application form for more than two persons will not be accepted. In the case of a joint Application each party must sign the Application form.
03. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.
04. Bangladeshi Nationals (including Non-Resident Bangladeshis residing/working abroad) and Foreign Nationals shall be entitled to apply for Shares.

05. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the Banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque or Pay Order or Bank Draft shall be made payable to the Bank to which it is sent and be marked **"R.N. SPINNING MILLS LIMITED"** And shall bear the crossing **"Account Payee only"** and must be drawn on a Bank in the same town of the Bank to which application form is deposited.
06. All completed application forms, together with remittance for the full amount payable on application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue
07. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a Bank payable at Dhaka, or through a nominee (including a bank or a company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of Securities applied for. The value of Securities applied for may be paid in Taka, US Dollar or UK Pound Sterling at the rate of exchange mentioned in the Share Application Form. Refund against over subscription of Shares shall be made in the currency in which the value of Shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company at its Registered Office. Copies of Application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the issuer, issue manager, DSE, CSE and the SEC.
08. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Company's STD Account No. **1015710033014418** with **The City Bank Limited**, Principal Branch
9. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling, Euro shall be deposited to "FC Account(s) for IPO. In case of over subscription, refund shall be made by the Company out of the "FC Account(s) for IPO". The Company has open **"FC Account for IPO" in US Dollar A/C No. 1015915051119003, in UK Pound Sterling A/C No. 1015920051119015, in EURO A/C No. 1015935051119027 with The City Bank Limited**, Principal Branch, these accounts will close after refund of over-subscription, if any.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

REFUND OF SUBSCRIPTION MONEY

The company shall issue share allotment letters to all successful applicants within **5 (Five)** weeks from the date of the subscription closing date. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants, without any deduction.

In case of non-allotment of shares, the application money of unsuccessful applicant shall be refunded to the respective banks for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription.

After completion of remittance of the fund to the respective applicant's bank account, the issuer shall disclose the information in the newspapers where the abridged version of prospectus has been published. A compliance report in this regard shall be submitted to the Commission within **7 (seven)** weeks from the date of closure of subscription."

SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

- (1) A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".
- (2) The value of securities applied for by such person may be paid in Taka or US Dollar or UK Pound Sterling or Euro at the rate of exchange mentioned in the securities application form.
- (3) Refund against over subscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.

UNDERWRITERS OBLIGATION

As per Securities and Exchange Commission's guideline 50% of the **Public Offer of 30,00,000** ordinary share i.e., 15,00,000 ordinary shares of TK. 100.00 each at par i.e., for TK. 15,00,00,000.00 will be Underwritten at a rate of 0.50% (underwriting commission) by the following Underwriters for the IPO of **R N Spinning Mills Limited**. No additional commission will be paid on the amount of shares required to be subscribed by the underwriter.

Name of the Underwriters	No. of shares underwritten	Amount @ TK.100 per share
National Bank Limited	150,000	15,000,000
Bank Asia Limited.	150,000	15,000,000
AB Bank Limited	150,000	15,000,000
Uttara Finance and Investments Limited	150,000	15,000,000
Fidelity Assets & Securities Co. Limited	150,000	15,000,000
GSP Finance Company (BD) Ltd.	150,000	15,000,000
Banco Transworld (BD) Ltd.	150,000	15,000,000
Mercantile Securities Limited	150,000	15,000,000
Grameen capital management Ltd.	50,000	5,000,000
Swadesh Investment Management Ltd	250,000	25,000,000
Total	1,500,000	150,000,000

If and to the extent that the Shares offered to the public through a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of the said writing to the Securities and Exchange Commission, to subscribe the Shares not so subscribed within the closing date and to pay for in cash in full, inclusive of any premium, if applicable, for such unsubscribed Shares within 15 (fifteen) days after being called upon to do so. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards underwriting commitment under this agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's account credited. In any case within 7 (seven) days after expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of

subscription and payment by the underwriters, to the Commission. In the case of failure by the underwriter to pay for the Shares under the terms mentioned above, the said underwriter will not be eligible to underwrite any Issue, until such time as he fulfills his underwriting commitment under this agreement and also other penalties as may be determined by the Commission.

MISCELLANEOUS INFORMATION

ISSUE MANAGER	AAA Consultants & Financial Advisers Ltd. Amin Court, 4 th Floor (Suit#404) 31, Bir Uttam Shahid Ashfaqus Samad Road (Previous 62-63, Motijheel C/A), Dhaka-1000
AUDITOR	A. WAHAB & CO. Chartered Accountants
BANKER	The City Bank Limited
COMPLIANCE OFFICER OF THE COMPANY	Md. Humayun Kabir , ACMA Director Finance & Company Secretary
COMPLIANCE OFFICER OF MANAGER TO THE ISSUE	Md. Khalid Hossain Assistant Manager

All investors are hereby informed by the Company that it has appointed a Compliance Officer who may be contacted in case of any Pre-Issue / Post Issue related problems such as, non-receipt of letters of allotment /Share Certificates/Refund warrants/Cancelled Stock Investors, etc.

MATERIAL CONTRACTS

The following are material contracts in the ordinary course of business, which have been entered into by the Company.

- a) Underwriting Agreement between the Company and the Underwriters.
- b) Issue Management Agreement between the Company and the Manager to the Issue, AAA Consultants & Financial Advisers Ltd.
- c) Contract between the company and the Central Depository Bangladesh Ltd. (CDBL).
- d) The company entered in to a Vendors Agreement with foreign investor Mr. Kim Jong Suk for providing capital machinery and equivalent value of foreign investment in capital machinery, company issued 9% redeemable preference shares and redemption will be started after four years from date of commercial production and completed within next 5 years. But interest will be accrued from July 2009. Another Vendors Agreement was done with Mr. Kim Jong Suk on August 2, 2008 and he provided 10,000 spindles of Acrylic Yarn Textile spinning machinery. Equivalent amount of 23,21,500 no. of ordinary shares of Tk.100.00 each were issued to the name of Mr. Kim Jong Suk.

Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

"INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ISSUER AND THE ISSUE MANAGER"

R.N. SPINNING MILLS LIMITED
APPLICATION FORM

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHIS

Warning: Please read the instructions on the back of this form. Incorrectly filled Applications may be rejected.

The Managing Director
R.N. Spinning Mills Limited
M L Tower (5th floor),
1 East Rampura D.I.T Road, Dhaka-1205.

Bankers SI No.

Dear Sir,

I/we apply for and request you to allot me/us the.....number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Company and deposit the said shares to my/our Depository (BO) Account and/or a crossed (A/C Payee Only) cheque in respect of any Application money refundable by post/courier at my/our risk to the first applicant's address stated below:

- 1 Number of Ordinary Shares **50** of Tk. 100.00 each at par.
- 2 Amount Tk. (in figure) **5000/-**Taka (in words) **Five Thousand** only deposited vide Cash/ Cheque/Draft/Pay Order No.....Date..... on..... Bank.....Branch

- 3 Depository (BO) Account Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

{If you do not mention your valid Depository (BO) account, your application will be treated invalid.}

- 4 I/we agree to fully abide by the instructions given herein.

- 5 **Particulars of Applicant(s) :**

Sole/First Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name:	
Postal Address :	
Occupation :	Contact no. : Nationality:
For refund (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch.	
Applicant's Bank A/C No. :	
Name of the Bank :	Branch :
Second Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name :	
Postal Address :	
Occupation :	Nationality:

- 6 I/we hereby declare that I/we have read the Prospectus of **R.N. SPINNING MILLS LIMITED** and have willingly subscribed for **50** No. of Shares of Tk. 100.00 each on this form.

- 7 Specimen Signature(s) :

Name (in Block Letters)	Signature
1	
2	

BANKER'S ACKNOWLEDGMENT

Certified that this Bank has received **Tk.5000/- (in word. Five Thousand)** only from Mr./Mrs./Ms./ being the Application money for **50** Nos. of Ordinary Shares of **R.N.**

SPINNING MILLS LIMITED.

Banker's SL. No.

Seal & Date

Authorized Signature
(Name & Designation)

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated invalid.
2. All information must be typed or written in full (in Block letters) in English or in Bengali and must NOT be abbreviated.
3. Application must be made on the Company's printed form/photocopy or typed copy/hand written form thereof.
4. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting this criterion will not be considered for allotment purpose.
5. Remittance for the full amount of the Shares must accompany each Application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of Cash/Cheque/Bank Draft/Pay Order payable to one of the Bankers to the Issue A/C **"R.N.SPINNING MILLS LIMITED"** and crossed **"A/C Payee only"** and must be drawn on a Bank in the same town as the Bank to which the Application form has been sent.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application form for more than two persons will not be accepted. In case of joint Application, each party must sign the Application Form.
8. Application must be in full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies and Private Company must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. **An applicant can not submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
10. No receipt will be issued for the payment made with Application, but the bankers will issue a provisional acknowledgment to the Issue for Application lodged with them.
11. **In the case of non-allotment of shares, the application money of un-successful applicant shall be refunded to the respective banks for onward deposit of the refund money in to the applicant's bank account as provided in the respective application form for subscription.**
12. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money. The said forfeited Application money will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall NOT be considered for allotment purpose.
15. The Banker's to the Issue Banks shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription of the IPO.
16. **No sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until 25(twenty five) days after the prospectus has been published**

Bankers to the Issue

Southeast Bank Limited - Principal Br, Dhaka - Corporate Br., Dhaka - Imamgonj Br., Dhaka - Dhanmondi Br., Dhaka - Uttara Br., Dhaka - New Elephant Rd. Br, Dhaka - Gulshan Br., Dhaka-1212. - Kakrail Br., Dhaka - Banani Branch, Banani, Dhaka - Bangshal Br, North South Rd, Dhaka - New Eskaton Br. Dhaka. - Agargaon Br. Dhaka. , - Motijheel Br., Motijheel C/A, Dhaka - Shymoli Br., Dhaka - Aganagar Br., Dhaka - Kawran Bazar Br., Dhaka - Madhabdi Br. (Rural), Dhaka - Ashulia Br.(Rural), Dhaka - Narayanganj Br., Narayanganj - Joypara Br. (Rural), Dohar, Dhaka - Savar Br. Dhaka - Mouchak Br., Dhaka - Konabari Br.(Rural), Dhaka - Bandar Bazar Br. Sylhet - Moulivi Bazar Br., Sylhet - Hetimganj Br., Sylhet - Chouhatta br. Choutatta, Sylhet - Laldighirpar Br., Sylhet - Shahjahaj Upashahar Br. Sylhet - Kulaura Br.(Rural), Sylhet - Pathantula Br., Sylhet - Agrabad Br., Chittagong - Khatungonj Br., Chittagong - Jubilee Road Br., Chittagong - Halishahar Br, Chittagong - Chowmuhan Br, Chittagong - CDA Avenue Br., Chittagong - Cox's Bazar Br., Cox Bazar. - Chagalnaya Br. (Islami Banking), Feni - Feni Branch, Feni, - Pahartali Br, Chittagong - Bashurhat Br.(Rural), Noakhali - Momin Road Br., Chittagong - Rangpur Br., Rangpur - Bogra Br., Bogra - Khulna Br., Khulna	National Bank Ltd. - Agrabad BR. Chittagong - Anderkillah Br. Chittagong - Babubazar Br, Dhaka - Banani Branch, Dhaka - Bangsai Road Br., Dhaka - Barishal Br, Barashal - Bogra Br, Bogra - Chawk Bazar Br.,Chittagong - Comilla Br. Comilla - Dhanmondi Br., Dhaka - Dilkusha Br. , Dhaka - Elephant Road Br. Dhaka - Faridpur Br., Faridpur - Feni Br., Feni - Foreign Exchange Br. Dhaka - Gazipur Br., Gazipur - Gulshan Br. Dhaka - Imamgonj Br, Dhaka - Islampur Br., Dhaka - Jatrabari Br. Dhaka - Jubilee Road BR.Chittagong - Kawran Bazar Br., Dhaka - Katunganj BR. Chittagong - Khulna Br, Khulna - Lake Circus Br. Dhaka - Malibagh Br. Dhaka - Mirpur Br. Dhaka - Mohakhali Br. DHAKA - Mohammadpur Br. Dhaka - Motijheel Br., Dhaka - Narayanganj Br. Narayanganj - Narsingdi Br, Narsingdi - North brook Hall Br. Dhaka - Pagla bazaar Br. N'Gonj - Pahartoli BR. Chittagong - Pragati Sarani Br. Dhaka - Rajshahi Br, Rajshahi - Rangpur Br, Rangpur - Savar Bazar Br. Savar - Sheikh Muzib Road BR. Chittagong - Sylhet Br. Sylhet - Tangail Br, Tangail - Uttara Br. Dhaka - Z.H .Sikder M. C. Br. Dhaka	Bank Asia - Principal Office Br., Dhaka - MCB Dilkusha Br., Dhaka - Corporate Br., Dhaka - Scotia Br., Dhaka - Gulshan Br., Dhaka - MCB Banani Br., Dhaka - Uttara Br., Dhaka - Mitford Br., Dhaka - North South Rd. Br.,Dhaka - Dhanmondi Br., Dhaka - Bashundhara Br., Dhaka - Sylhet Main Br., Sylhet - Sylhet Upashahar Br., Sylhet - Agrabad Br., Chittagong - Khatun gonj Br., Chittagong - MCB Sk. Mujib Road Br., Chittagong - CDA Avenue Br., Chittagong - Station Road Br., Chittagong - Rajshahi Br. Rajshahi - Khulna Br., Khulna - Mohakhali Br., Dhaka - Mirpur Br. Dhaka - Bogra Br, Bogra - Jessore Br. Jessore - Anderkillah Br.Chittagong - Shantinagar Br. Dhaka	The City Bank Limited - Principal, Br. Dhaka - B.B. Avenue Br. Dhaka - Dhaka Chamber Br Dhaka - Dhanmondi Br. Dhaka - Foreign Ex. Br. Dhaka - Gulshan Br. Dhaka - Imamganj Br. Dhaka - Islami Banking Br. Dhaka - Johnson Road Br. Dhaka - Kawran Bazar Br. Dhaka - Mirpur Br. Dhaka - Mouchak Br. Dhaka - New Market Br. Dhaka - Shaymoli Br. Dhaka - Uttara Br. Dhaka - VIP Road Br. Dhaka - Islampur Br., Dhaka - Barishal Br. Barishal - Tongi Br. Gazipur - Tanbazar Br. Narayanganj - Comilla Br. Comilla - Agrabad Br. Chittagong - Jubilee Road Br. Chittagong - Khatungonj Br.Chittagong - O.R. Nizam Road Br. Chittagong - Bandar Bazar Br. Sylhet - Zinda Bazar Br. Sylhet - Bogra Br. Bogra - Rajshahi Br. Rajshahi - Khulna Br. Khulna
Social Islami Bank Limited - Principal Branch, Dhaka - Agrabad Branch, Chittagong - Khulna Branch, Khulna - Sylhet Branch, Ambarkhana, Sylhet - Rajshahi Branch, Rajshahi - Gulshan Branch, Gulshan, Dhaka - Babu Bazar Branch, Dhaka - Moulvi Bazar Branch, Dhaka - Bogra Branch, Boragola, Bogra - IDB Bhaban Branch, Dhaka - Sonargaon Branch, Sonargaon - Foreign Exchange Branch, Dhaka - Dhanmondi Branch, Dhaka - Jubilee Road Branch, Chittagong - Uttara Branch, Dhaka - Mirpur Branch, Dhaka - Banani Branch Dhaka - Savar Br. Savar	Standard Bank Limited - Principal Branch, Dhaka - Foreign Exchange Br. Dhaka - Topkhana Road Dhaka - Imamgonj br, Dhaka - Gulshan Br. Dhaka - Dhanmondi Br, Dhaka - Mirpur Br. Dhaka - Uttara Br. Dhaka - Gulshan -1 Br. Dhaka - Panthapath Dhaka - Banani Branch Dhaka - Narayanganj Br, - Munshikhula Br, Dhaka - Jubilee Road Br. Dhaka - Agrabad Road . Chittagong - Khatungong Br, Chittagong - CDA Avenue Br. Chittagong - EPZ Br. Chittagong - Bahaddar Hat Br. Chittagong - Sylhet Br, Sylhet - Khulna Br, Khulna - Rajshahi BR. Rajshahi - Jessore Br, Jessore - Barisal Br. Barisal	One Bank Limited - Principal Br., Dhaka - Karwanbazar Br, Dhaka - Mirpur Br., Dhaka - Dhanmondi Br., Dhaka - Ganakbari EPZ Br. Savar - Progati Sharoni Br., Dhaka - Motijheel Br., Dhaka - Gulshan Br., Dhaka - Uttara Br., Dhaka - Banani Branch, Dhaka - Kakrail Br., Dhaka - Imamganj Br., Dhaka - Elephant Road Br., Dhaka - Nababganj Br., Dhaka - Joypara Br., Dohar - Agrabad Br., Chittagong - Cox's Bazar Br - Feni Branch, Feni - Raipur Br., Laxmipur - Jatrabari Br., Dhaka - Bangsai Br., Dhaka - Narayanganj Br., N'Ganj - Khatungonj Br., Chittagong - Jubilee Road Br., Chittagong - Chandragonj Br.,Laxmipur - Dagonbhuiyan Br., Feni - Sylhet Br., Sylhet - Bogra Br., Boghra - Chowmuhan Br.,Noakhali - Sherpur Br., Moulvi Bazar - Jessore Branch, Jessore - Sirajgonj Br., Sirajgonj Br	Investment Corporation Bank of Bangladesh (ICB) - Head Office, Dhaka. - Chittagong Br. Agrabad C/A, Chittagong - Rajshahi Br., Saheb Bazar, Rajshahi - Khulna Br., Shilpa Bank Bhaban, Khulna - Barishal Br., Hemayat Uddin Road, Barishal. - Sylhet Br., Chamber Building, Jail Road,Sylhet - Bogra Br.,Baragola, Bogra - Local Office, Nayapaltan, VIP Road, Dhaka. Dhaka Bank Limited - Local office, Motijheel, Dhaka - Bangshal Br. Dhaka - Uttara Br. Dhaka - Narayanganj Br. N'gonj - Agrabad Br. Chittagong - Foreign Exchange Br. Dhaka - Amin Bazar Br. Savar, Dhaka - Jubilee Road Br. Chittagong - Imamgonj Br. Dhaka - Dhanmondi Br. Dhaka - Islami Banking Br.Dhaka - Khatungong Br. Chittagong - Islampur Br. Dhaka - Karwanbazar Br. Dhaka - Laldighirpar Br. Sylhet - Banani Br, Dhaka

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated invalid.
2. All information must be written or typed in Block Letters in English and must NOT be abbreviated.
3. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting this criterion will not be considered for allotment purpose.
4. Application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of Shares favoring **"R.N. Spinning Mills Limited"** and crossed **"ACCOUNT PAYEE ONLY"**.
5. Application shall be sent by the applicant directly to the Company within **26/11/2009** so as to reach the Company within **05/12/2009**. No Application sent after **26/11/2009** or received by the Company after **05/12/2009** will be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of Shares was paid for by the applicant through Account Payee Cheque payable at Dhaka with bank account number, Bank's name and Branch.
7. All the applicants shall first be treated as applied for one minimum lot. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. On the other hand, if there is under subscription, then all the applicants shall first be distributed with a single lot and thereafter, for the balance amount, lottery, shall be held for the applicants who have applied for multiple lots on the basis of dividing the application money by amount of a market lot separately for both NRB and General Public.
8. Money receipt of clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint Application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or Company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money.
12. The intending NRB applicants shall deposit share money by US \$/UK Pound Sterling/Euro draft drawn on and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account or in taka, supported by foreign currency encashment certificate issued by the concerned Bank, so that the Issuer's collecting Bank can clear that proceeds and deposit the same into Issuer's Bank account in time.
13. Spot buying rate (TT Clean) in US Dollars, Euro and UK Pound Sterling of Sonali Bank as prevalent on the date of opening of subscription will be applicable for the Non-Resident Bangladeshi (NRB) applicants.
- 14. The applicant shall furnish photocopies of relevant pages of valid passport(s) in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
15. In case of joint NRB application joint applicant shall also submit supporting papers/ documents in support of their being an NRB as mentioned in para-14 above.
- 16. An applicant can not submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
- 17. No sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until 25 days after the prospectus has been published.**

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
R. N. SPINNING MILLS LIMITED**

We have audited the accompanying Balance Sheet of **R. N. SPINNING MILLS LIMITED** as of December 31, 2008 and the related Income Statement, Statement of Cash Flows and Changes in Equity Statement for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Company's affairs as of December 31, 2008 and of the results of its operations and its cash flows for the year then ended and comply with the applicable section of the Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 Balance Sheet, Income Statement, Statement of Cash Flows and Changes in Equity Statement dealt with by the report are in agreement with the books of accounts; and
- d) The expenditure incurred was for the purposes of the company's business.

Dated: Dhaka, March 05, 2009

Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

R. N. SPINNING MILLS LTD.
Balance Sheet
as at 31st December 2008

Particulars	Notes	Amount in Taka	
		2008	2007
Application of fund:			
Fixed Assets:		1,348,618,605	1,121,048,867
Property, Plant & Equipment	Annex-A/1	1,344,310,362	1,116,769,201
Security Deposits	3	4,308,243	4,279,666
A. Current Assets:			
		583,608,481	320,116,788
Inventory	4	277,618,420	127,114,750
Advances, Deposits and Prepayments	5	4,308,731	2,142,849
Bills Receivable	6	301,056,293	190,855,996
Cash and Cash Equivalents	7	625,037	3,193
B. Current Liabilities:			
		431,810,735	311,754,322
Creditors and Accrues	8	10,304,846	2,898,865
Bills Payable	9	44,256,051	184,405,107
Short term loan from Bank	10	377,249,838	124,450,350
Net Current Assets (A-B)		151,797,746	8,362,466
Total Assets		1,500,416,351	1,129,411,333
Sources of fund:			
		1,200,502,796	681,692,233
Share Capital			
Ordinary Shares	11	673,015,600	236,665,600
Preference Shares	12	436,527,000	436,527,000
Retaining Earning Balance	13	90,960,196	8,499,633
		299,913,555	447,719,100
Long term loan from bank	14	299,913,555	243,357,000
Inter Company Balance	15	-	204,362,100
Total Liabilities		1,500,416,351	1,129,411,333

Sd/-
Md. Mustafizur Rahman
Chairman

Sd/-
Md. Abdul Kader Faruk
Managing Director

Sd/-
Md. Humayun Kabir, ACMA
Director Finance &
Company Secretary

Subject to our separate report of even date

Place: Dhaka
Dated: March 05, 2009

Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

R. N. SPINNING MILLS LTD.
Income Statement
For the year ended 31 st December 2008

Particulars	Notes	Amount in Taka	
		2008	2007
Export	16	1,040,508,594	376,950,237
Less Cost of goods sold	17	893,295,153	331,210,800
Gross Profit		147,213,441	45,739,437
Less operating expenses	18	13,058,512	20,224,230
Operation income		134,154,929	25,515,207
Less: Other operating expenses:		29,555	244,600
Trading and consulting Fees		-	114,000
Welfare Expenses		29,555	130,600
Net operating Income		134,125,374	25,270,607
Financial expenses	19	55,587,251	18,000,956
Net operating profit		78,538,123	7,269,651
Add: Other non-operation income	20	3,922,440	1,229,981
Net profit before tax		82,460,563	8,499,632
Provision for taxation		-	-
Profit after tax		82,460,563	8,499,632
Earning Per Share	21	19.37	3.59

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Chairman

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Md. Abdul Kader Faruk
Managing Director

Sd/-
Md. Humayun Kabir, ACMA
Director Finance &
Company Secretary

Place: Dhaka
Dated: March 05, 2009

Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

R. N. SPINNING MILLS LTD.
Cash Flow Statement
For the year ended 31 st December 2008

Particulars	<u>Amount in Taka</u>	
	2008	2007
A. Cash Flow From Operating Activities:		
Collection from Turnover	930,308,297	186,094,241
Collection from other non-opeating income	3,922,440	1,229,981
Payment for Cost of Expenses	(1,089,742,991)	(228,128,763)
Paid for operating Expenses	(11,965,502)	(8,719,803)
Expenses paid for other operating activities	(29,555)	(244,600)
Payment for financial Expenses	(56,553,216)	(18,000,955)
Net cash flow from Operating activities	<u>(224,060,527)</u>	<u>(67,769,899)</u>
B. Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(15,982,995)	(154,593,347)
Increase in Security Deposits	(28,577)	(2,175,731)
Net cash used in investing activities	<u>(16,011,572)</u>	<u>(156,769,078)</u>
C. Cash Flow From Financing Activities:		
Increase in Short term loan from bank	252,799,488	124,450,350
Decrease in Long term loan from bank	(11,943,445)	(41,865,791)
Increase/decrease in inter-company balance	(204,362,100)	141,684,366
Issuence of share capital	204,200,000	100,000
Net Cash used in financing activities	<u>240,693,943</u>	<u>224,368,925</u>
D. Increase/(Decrease) cash and cash equivalents (A+B+C)	621,844	(170,052)
E. Opening cash and cash equivalents	3,193	173,245
F. Closing cash and cash equivalents (E + D)	<u>625,037</u>	<u>3,193</u>

Note: Direct Method has been followed in prepering the cash flow statement.

Sd/-
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Managing Director

Sd/-
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Director Finance &
Company Secretary

Place: Dhaka
Dated: March 05, 2009

Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

R.N.SPINNING MILLS LIMITED
Changes in Equity Statement
For the year ended 31st December 2008

Particulars	Ordinary Share Capital	Preference Share	Retained Earnings	Total
As at January 01, 2008	236,665,600	436,527,000	8,499,633	681,692,233
Addition	436,350,000	-		436,350,000
Net Profit	-	-	82,460,563	82,460,563
Total	673,015,600	436,527,000	90,960,196	1,200,502,796

Sd/-
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Chairman

Sd/-
Md. Abdul Kader Faruk
Managing Director

Sd/-
Md. Humayun Kabir, ACMA
Director Finance &
Company Secretary

Place: Dhaka
Dated: March 05, 2009

Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

R. N. SPINNING MILLS LTD
Schedule of Property, Plant & Equipment
As at 31st December 2008

Annexure-A/1

Particulars	Cost			Rate of Dep. / Amortization (%)	Depreciation			Written down value at 31-12-2008
	Balance as on 1st January 2008	Addition during the year	Balance as on 31st December 2008		Balance as on 01-01-2008	Charge during the year	Balance as on 31-12-2008	
Leasehold Land Development	49,026,916		49,026,916	3.33%	816,298	1,632,596	2,448,894	46,578,022
Building	271,734,842	2,852,622	274,587,464	2.50%	3,396,686	6,744,112	10,140,797	264,446,667
Plant & Machinery	559,263,388	313,109,373	872,372,761	10%	27,963,169	53,752,991	81,716,160	790,656,602
HAVC (Humidification Plant)	25,335,525		25,335,525	10%	1,266,776	2,406,875	3,673,651	21,661,875
Generator	170,243,605		170,243,605	10%	8,512,180	16,173,143	24,685,323	145,558,283
Fork Lift	3,205,820		3,205,820	10%	160,291	304,553	464,844	2,740,976
Electrical Installation	53,253,140	142,000	53,395,140	10%	2,662,657	5,066,148	7,728,805	45,666,335
Furniture & Fixture	352,849		352,849	10%	17,642	33,521	51,163	301,687
Mixture Machine	343,015		343,015	20%	34,302	61,743	96,045	246,970
Office Equipment	522,410	21,400	543,810	10%	26,121	50,699	76,820	466,990
By-Cycle	4,900		4,900	20%	490	882	1,372	3,528
Cookeries	57,228	2,100	59,328	20%	5,723	10,511	16,234	43,094
Boiler	3,466,350		3,466,350	10%	173,318	329,303	502,621	2,963,729
Transformer	1,372,300	160,000	1,532,300	10%	68,615	138,369	206,984	1,325,317
Air Compressor	19,644,489		19,644,489	10%	982,224	1,866,227	2,848,451	16,796,039
Water & Gas Installation	3,903,096	236,000	4,139,096	10%	195,155	382,594	577,749	3,561,347
Chiller	1,390,500	109,500	1,500,000	10%	69,525	137,573	207,098	1,292,903
Total	1,163,120,373	316,632,995	1,479,753,368		46,351,172	89,091,837	135,443,009	1,344,310,362

Allocation of depreciation

Manufacturing Expenses	98.80%	88,022,735
Administrative Expenses	0.84%	748,371
Selling & Distribution Expenses	0.36%	320,731
	100%	<u>89,091,837</u>

Notes:

- i) Leasehold Land Development represents the cost incurred to develop land after taken-over from BEPZA. Soil filling, internal road and boundary wall are the components of this amount. Total area of the factory is 32000 Sq. meters as per lease agreement and the lease term is for 30 years. Accordingly the Leasehold Land Development cost is being amortized over a period of 30 years on Straight Line Method w.e.f 01-07-2007.
- ii) Addition to the value of machinery includes at Tk. 300,650,000 for which no depreciation has been charged during the year because its production will be started from March 2009.
- iii) Depreciation has been charged on acquisition of Fixed assets during the year irrespective of the date of acquisition.

R. N. SPINNING MILLS LTD.
Notes to the Financial Statements
For the year ended 31 December 2008

1. The Company and its operations

1.1 Legal form of the Company

The Company was incorporated on November 4, 2004 as a 'Private' Company limited by Shares Registered under the Companies Act 1994 as adopted in Bangladesh vide certificate of incorporation No. C-54808 (1493)/04. the company converted to 'Public' Company limited on 20.02.2007.

1.2 Address of the Registered and Corporate office

The registered office of the company is located at M.L.Tower (5th floor), 1, East Rampura, DIT Road, Dhaka.

1.3 Nature of Business activities

The principal activities of the Company shall be to carry on the business of Textile Spinning Mills to produce 100% Synthetic Yarn / Acrylic Yarn for 100% export oriented dyeing / Textiles industries and export thereof.

1.4 Capital Structure of the Company:

Mr. Kim Jung Suk (Korean National) owns 39.6299% of the fully paid up ordinary shares and 4,365,270, 9% redeemable Preference shares of R.N Spinning Mills Limited as detailed at note # 11.02.

1.5 Production Unit

Production unit of the company is situated at Comilla Export Processing Zone and its status is category 'B'

2. Summary of significant accounting as per rules

2.1 Basis of preparation and presentation of the financial statements

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 as applicable, and BAS's adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), & Bangladesh Financial Reporting Standard (BFRS) as long as applicable for the company. The balance sheet and profit and loss account have been prepared According to BAS 1 Presentation of Financial Statements based on accrual basis of Accounting following going concern assumption under generally accepted accounting Principles and practices in Bangladesh and cash flow statement according to BAS 7.

2.2 Accounting convention and assumption

The financial statements are prepared under the historical cost convention.

2.3 Principal accounting policies

The specific accounting policies have been selected and applied by the company's management for significant transactions and events that have a material effect within the Framework for the preparation and presentation of financial Statements. Financial Statements have been prepared and presented in compliance with applicable BAS. Previous year's figures were re-arranged for companies, there were no significant changes in the accounting policies and valuation policies affecting the financial position and performance of the Company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for reasons of clarity. The company classified the expenses using the function of expenses method as per BAS 1.

2.4 Application Accounting Standards of the company

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

BAS	1	Presentation of Financial Statements
BAS	2	Inventories
BAS	7	Cash Flow Statements
BAS	8	Accounting policies, Changes in Accounting Estimates and Errors
BAS	10	Events after the Balance sheet Date
BAS	16	Properties, Plant and Equipment
BAS	17	Leases
BAS	18	Revenue
BAS	19	Employee Benefits
BAS	21	The effects of Changes in Foreign Exchange Rates
BAS	22	Business Combination
BAS	23	Borrowing Costs
BAS	24	Related Party Disclosures
BAS	26	Accounting and reporting by retirement benefit plans
BAS	27	Consolidated Financial Statements and accounting for Investment in Subsidiary
BAS	33	Earnings per Share
BAS	37	Provisions, Contingent liabilities and Contingent Assets
BAS	38	Intangible Assets

2.5 Property, Plant and equipment

Tangible fixed assets are accounted for according to BAS 16 Property, Plant and Equipment at Historical cost less accumulated depreciation and the Capital work- in -progress is stated at cost. Both tangible and intangible assets are depreciated/ amortized according to the Straight-line depreciation method.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized as non operating income and reflected in the profit and loss account.

2.6 Depreciation of fixed assets

Depreciation is provided on reducing balance method except Leasehold land Development (Comilla EPZ) on the cost at which the asset is carried in the books of account over the lease term of 30 years.

Depreciation is provided on Leasehold land Development (comilla EPZ) on straight-line method.

Half year's depreciation has been charged on additions irrespective of the date of acquisition.

The depreciation /amortization rate(s) are as follows:

Category of fixed assets	Rate %
Leasehold land Development (Comilla EPZ)	3.33
Buildings – on leasehold land	2.50
Plant & Machinery	10
Humidification Plant (HAVC)	10
Generator	10
Folk Lift	10
Electrical Installation	10
Boiler	10
Transformer	10
Air Compressor	10
Water and Gas Installation	10
Chiller Plant	10
Mixture Machine	20
Office equipment	10

Furniture, fixtures & fittings	10
By-Cycle	20
Cookeries	20

2.6.1 Accelerated depreciation allowance

The Company has entitled to Accelerated depreciation has been charged vide order Ref: no#. 269-L/86, dated 1 July, 1986 on capital machinery as per section 10 of the Bangladesh Export Processing Zones Authority Act 1980 (XXXVI of 1980) to the extent of hundred percent of the actual cost of the machinery or plant within the tax exemption period of five or ten years.

2.7 Valuation of stocks

Inventories are stated at the lower of cost or net realizable value in compliance with the requirements of Para 21 and 25 of BAS 2.

Category of stocks

Raw & packing materials including w-i-p
Finished Goods at Factory

At warehouses
Stores Items
Materials in-transit

Basis of valuation

: Moving average (Weighted) Cost
: At lower of cost or net estimated Realizable value
: At cost
: At cost
: Book value i.e. cost so far incurred

Cost comprises of the value of materials and attributable direct labor, depreciation & production overheads.

2.8 Current Liabilities

The current portion of long term liabilities payable within one year from the balance sheet date may be calculated at Tk. 206,907,399 as follows:

Current Portion of Long Term Loan:	<u>31-12-2008</u>	<u>31-12-2007</u>
Mid Term Project Investment	93,200,000	
Short Term Project Investment	45,207,399	
Short Term Project Investment (SIBL)	68,500,000	
Current Portion of Long Term Loan		75,781,579
	<u>206,907,399</u>	<u>75,781,579</u>

2.9 Bills Receivable

Bills Receivable is carried at original invoice amount without making any provision for doubtful debts, because of the fact that sales / export are being based on 100% confirmed letter of credit basis with fixed maturity dates.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks, term deposits, etc which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

2.11 Foreign currency transaction

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with BAS 21 (the Effects of changes in Foreign Exchange Rates). Foreign currency transaction are translated at the balance sheet date are charged/credited to the profit and loss account whenever arise.

2.12 Creditors and accrued expenses

2.12.1 Trade and other payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

2.12.2 Provision

The preparation of financial statements in conformity with Bangladesh accounting standard BAS 37 Provisions, Contingent Liabilities and Contingent Assets requires management to make estimates and Assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the Disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by BAS 37 provisions were recognized in the following situations:

- When the Company has a present obligation as a result of past event;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

We have shown the provisions in the balance sheet at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the balance sheet date.

2.13 Employee benefits (BAS 19)

2.13.1 Employees' retirement benefit & gratuity fund

The company has a plan to established Gratuity Fund and as such the Board of Directors passed a resolution at its meeting held on 24th August 2008. Fund will be created based on the valuation and recommendation of actuary. The Company will introduce gratuity scheme from 2009.

2.13.2 Staff provident fund

The Company is going to maintain a contributory provident fund for all eligible permanent employees with effect from March 2009 in compliance to the requirement of BEPZA rules.

2.14 Taxation

Provision is not made because R.N Spinning Mills Limited situated in Comilla export processing zone. As per income tax regulation for EPZ ref. # IRD SRO No. 289-Law/89, dated 19 August,1989, all industries operation in the export processing zone of Bangladesh have been exempted from payment of income tax for a period of 10 years from the date an industry goes into commercial production.

2.15 Contingent liabilities and assets

Contingent liabilities and assets are 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 future events which are not within the control of the company. In accordance with BAS 37 Provisions, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

2.16 Revenue recognition

In compliance with the requirements of BAS 18 Revenue, revenue is recognized only when;

- a) The products are invoiced and dispatched to the customers;
- b) Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest rate applicable;
- c) Income from export is recognized at delivery of the consignment on accrual basis.

2.17 Borrowing costs

In compliance with the requirements of BAS 23 Borrowing Costs, borrowing costs of operational. Period on short term loan and overdraft facilities from The City Bank Ltd was charged off as revenue. Expenditure as they incurred.

2.18 Lease arrangements

The company has 2 lease arrangements of 30 years with Bangladesh Export Processing Zone (BEPZA) for industrial plot # 100-1007 & 127-134. The lease is classified as an operating

lease as it does not transfer substantial risks and rewards incident to ownership consistent with the view laid down in BAS 17 Leases. The total area is 32,000 Sq meter.

2.18.1 Measurement of lease payments

Lease payments (excluding cost for services such as insurance and maintenance) are recognized as expense in the income statement.

2.19 Intangible Assets

In compliance with the requirements of BAS 38 intangible assets are usually absorbed as revenue charges as and when incurred, as being not that material in the company's and / or local context.

2.20 Repairs, upkeep and maintenance charges

These are usually charged out as revenue expenditure in the period in which it is incurred.

2.21 Bad and doubtful debts

We are not making any provision for bad and doubtful debts because our sales / export are based on 100% confirm letter of credit doing with fixed maturity date.

2.22 Advertising and promotional expenses

All costs associated with advertising and promotional activities are charged in the year they were incurred.

2.23 Cash flow statement

Statement of Cash Flows is prepared principally in accordance with BAS 7 Cash Flow Statement and the cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions that 'Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method'.

2.24 Earning per shares

The Company calculates Earning per Share (EPS) in accordance with BAS 33 Earning per share, which has been shown on the face Profit and Loss account.

2.24.1 Basic earnings

This represents earnings for the year attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to ordinary shareholders.

2.24.2 Weighted average number of ordinary shares outstanding during the year

<u>Date of Allotment</u>	<u>No. of Share</u>	<u>Duration in year</u>	<u>No. of Weighted Share</u>
Previous year	2,267,656	365/365	2,267,656
January 31, 2008	2,141,000	335/365	1,965,027
December 28, 2008	2,321,500	4/365	25,411
Total:			4,258,124

2.24.3 Related Party Disclosure

The company has no transaction with related party in the normal course of business except the following:

Equity Participation: M L Dying Limited owns 2,042,000 ordinary shares of Tk.100/- each at per amounting Tk. 204,200,000 being @ 30.3411% of total ordinary shares of RN Spinning Mills Limited.

Business Transaction

SL. No.	Name of company	Nature of transaction	Balance as at 31-12-2008 (Taka)
01.	M L Dying Limited	Bills Receivable (Trade)	104,189,492

3.00 Security Deposits: Tk. 4,308,243

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Land Leases at BEPZA, Plot # 100-107	1,032,827	1,032,827
Land Leases at BEPZA, Plot # 127-134	1,039,302	1,039,302
Flat Rent of BEPZA Flat # A-2/8 & B-2/2	60,383	31,806
Bakhrabad Gas System Ltd. (BGSL)- Gas line	1,903,153	1,903,153
Bakhrabad Gas System Ltd. (BGSL)- Gas line	119,778	119,778
Electricity	152,800	152,800
Total	4,308,243	4,279,666

4.00 Inventory: Tk. 277,618,420

The above balance is made up as follows:

Particulars	Notes	31-12-2008	31-12-2007
Raw Materials	4.01	126,313,724	109,445,999
Work in process	4.02	5,400,932	4,963,558
Packing Materials	4.03	275,675	324,106
Finished goods	4.04	144,528,329	10,548,354
Store items	4.05	1,099,760	1,832,733
Total		277,618,420	127,114,750

4.01 Raw Materials: Tk. 126,313,724

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Opening	109,445,999	-
Add: Purchase	892,413,956	392,970,615
Raw materials available for production	1,001,859,955	392,970,615
Less input to production	875,546,231	283,524,616
Total	126,313,724	109,445,999

4.02 Work in process: Tk. 5,400,932

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Opening	4,963,558	-
Add: Current year	875,546,231	283,524,616
	880,509,789	283,524,616
Less transfer to finished goods	875,108,857	278,561,058
Closing balance	5,400,932	4,963,558

4.03 Packing Materials: Tk. 275,675

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Opening	324,106	-
Add: Purchase during the period	1,884,331	972,318
	2,208,437	972,318
Less Consumption during the period	1,932,762	648,212
Closing balance	275,675	324,106

4.04 Finished Goods : Tk. 144,528,329

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Opening	10,548,354	-
Add: Production during the period	1,027,493,778	341,879,454
Production available for export	1,038,042,132	341,879,454
Less: Cost of goods sold	893,513,803	331,331,100
Closing balance	144,528,329	10,548,354

4.05 Store items: Tk. 1,099,760

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Opening	1,832,733	-
Add: Purchase during the period	15,127,717	5,118,333
	16,960,450	5,118,333
Less Consumption during the period	15,860,690	3,285,600
Closing balance	1,099,760	1,832,733

Raw materials: It consist of import value and local expenses upto incurred warehouse. Inventory system maintained on FIFO basis.

Work in process: It consist of cost of raw materials only.

Finished Goods: It includes the cost incurred upto cost of goods available for sale.

Store Items: It is consist of the total cost of spare parts, loose tools and consumable items.

Physical verification of inventories: The management has physically verified the inventories as of the Balance Sheet date.

5.00 Advances, Deposits & Prepayments: Tk. 4,308,731

The above balance is made up as follows:

Particulars	Notes	31-12-2008	31-12-2007
Salary & wages		-	3,400
Consultancy fees		1,000,000	1,000,000
Container		1,407,000	-
Sundry Advances	5.01	762,282	-
M/s. Kalu Bricks Field		572,600	572,600
M/s. Rahman Timber		100,200	100,200
M/s. Shovon Hardware Store		153,300	153,300
M/s. Ladu Enterprise		152,400	152,400
M/s. Sikder Bricks Field		160,949	160,949
Total		4,308,731	2,142,849

5.01 Sundry Advances: Tk. 762,282

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
M/S. Denmark Refrigerator Works	15,500	-
M/S. Feni Iron Mart	89,552	-
M/S. Gazi Enterprise	6,482	-
M/S. Z.K Enterprise	25,000	-
Md. Abul Khair Manik	16,744	-
Md. Shajedur Rahman	307,759	-
Adv. Agst. Factory Expenses	269,245	-
Adv. Agst. Sales Commission	32,000	-
Total	762,282	-

6.00 Bills Receivable: Tk. 301,056,293

The above is the amount of receivable against export bills as on December 31, 2008. This is considered as good & realizable and is secured by export letter of credit duly accepted by L/C opening bank.

Particulars	Notes	31-12-2008	31-12-2007
Crown Wool Wear Ltd		-	83,650,800
Dragon Sweater	6.01	3,554,321	-
K.Ali Dyeing & Finishing Industries Ltd.	6.02	91,625,600	35,685,500
M.L.Dyeing Ltd.	6.03	104,189,492	55,053,050
Labib Dyeing Ltd	6.04	70,122,080	16,466,646
Shephard yarn Ltd.	6.05	31,564,800	-
Total		301,056,293	190,855,996

6.01 M/s. Dragon Sweater

SL No.	L/C Number	Delivery date	Quantity in KG	Value in US\$	Value in Taka
1	120208120264	19.10.08	8,070	\$32,037	2,194,596
2	120208100277	02.11.08	5,000	\$19,850	1,359,725
Total				\$51,887	3,554,321

6.02 M/s. K.Ali Dyeing & Finishing Industries Ltd.

SL No.	L/C Number	Delivery date	Quantity in KG	Value in US\$	Value in Taka
1	101208120028	17.11.08	106,000	\$339,200	23,235,200
2	101208120028	20.11.08	195,000	\$624,000	42,744,000
3	101208120026	23.11.08	117,000	\$374,400	25,646,400
Total				\$1,337,600	91,625,600

6.03 M/s. M.L.Dyeing Ltd.

SL No.	L/C Number	Delivery date	Quantity in KG	Value in US\$	Value in Taka
1	120208100021	18.10.08	11,183	\$35,784	2,451,237
2	120208100018	10.11.08	117,000	\$374,400	25,646,400
3	120208100022	11.11.08	40,000	\$145,600	9,973,600
4	120208100021	15.11.08	106,000	\$339,200	23,235,200
5	120208100024	02.12.08	40,000	\$124,000	8,494,000
6	120208100024	02.12.08	40,000	\$124,000	8,494,000
7	120207100005	10.12.08	33,000	\$101,970	6,984,945
8	175208120144	24.12.08	25,000	\$80,250	5,497,125
9	175208120144	31.12.08	61,000	\$195,810	13,412,985
Total				\$1,521,014	104,189,492

6.04 M/s. Labib Dyeing Ltd

SL No.	L/C Number	Delivery date	Quantity in KG	Value in US\$	Value in Taka
1	175208120144	01.12.08	117,000	\$374,400	25,646,400
2	175208120135	08.12.08	195,000	\$624,000	42,744,000
3	175208120144	21.12.08	7,900	\$25,280	1,731,680
Total				\$1,023,680	70,122,080

6.05 M/s. Shephard yarn Ltd.

SL No.	L/C Number	Delivery date	Quantity in KG	Value in US\$	Value in Taka
1	161808100020	13.12.08	117,000	\$374,400	25,646,400
1	161808100020	17.12.08	27,000	\$86,400	5,918,400
Total				\$460,800	31,564,800

7.00

Cash and Cash Equivalent: Tk. 625,037

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Cash in hand	1,425	3,116
Cash at Bank - The City Bank Limited	40,152	77
Social Investment Bank Ltd.	583,460	-
Total	625,037	3,193

The Bank balance are in agreement with respective bank statement balances.

8.00

Creditors and Accrues: Tk. 10,304,846

The above balance is made up as follows:

Particulars	Notes	31-12-2008	31-12-2007
Gas Bill		5,602,193	538,958
Electricity Bill		156,173	22,507
Water Bill		150,159	27,095
Gas Bill - guest house		1,760	-
Medical subscription -BEPZA		41,640	-
Rent		168,000	-
Salary & Wages		1,961,933	1,032,711
Director Remuneration and Fees	22.03.B	306,600	-
Sundry Creditors	8.01	1,154,698	-
M/s. Sikder Traders		455,230	61,629
Audit and Professional Fees		250,000	250,000
M/s. Rahman Stationary		23,650	-
M/s. Art Printing Press		28,600	-
M/s. Bangal Drink Supply		4,210	-
Accrued Interest		-	965,965
Total		10,304,846	2,898,865

8 **Sundry Creditors: Tk. 1,154,698**

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
M/S. Bappi Traders	48,250	-
M/S. Karim Carrier Services	389,000	-
M/S. Mahbub Enterprises	7,285	-
M/S. Mita Engineering	298,690	-
M/S. Popular Trading Agency	217,330	-
M/S. Prattasha Enterprise	40,000	-
M/S. Rafique & Brothers	12,000	-
M/S. Shadhana Builders	4,287	-
M/S. SIEMENS	131,556	-
M/S. United Trade Centre	6,300	-
Total	1,154,698	-

9.00

Bills Payable: Tk. 44,256,051

The above balance is made up as follows:

Particulars	Notes	31-12-2008	31-12-2007
M/s. Oxley Trading Limited	9.01	7,598,633	75,231,800
M/s. AK-PA Textile Ihracat Pazarlama A.S		-	68,501,079
M/s Dralon gmbh	9.02	36,657,418	-
M/s. Montifiber		-	40,672,228
Total		44,256,051	184,405,107

Liabilities are recorded at the amount of bills payable for settlement in respect of goods and services received by company. Name of the foreign supplier of raw materials with due amount are stated below:

9.01 M/s. Oxley Trading limited

SL No	L/C Number	Received Date	Quantity in Kg	Value in US\$	Value in Taka
1	74908020117	17.12.08	43,733	\$109,332.85	7,598,633
Total:				\$109,333	7,598,633

9.02 M/s. Darlon GmbH Ltd.

SL No	L/C Number	Received Date	Quantity in Kg	Value in US\$	Value in Taka
1	74908020143	31.12.08	199,036	\$527,445	36,657,418
Total				\$527,445	36,657,418

10.00**Short Term Loan: Tk. 377,249,838**

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Demand Loan (BMDI)	129,925,684	17,521,209
Bi-Moazel Commercial	9,632,124	11,524,117
Trust Receipt	115,570,138	5,027,475
MPI (LIM)	16,177,213	30,621,549
FDBP	105,944,679	59,756,000
Total	377,249,838	124,450,350

10.01 The City Bank Limited sanctioned a composite working capital limit for Tk 27.00 crore to make stock of raw materials, work in process and finished goods in form of:

- L/C limit for Tk 14.00 crore
- Murabaha post import (MPI) limit for Tk 10.00 crore
- Trust receipt (TR) for Tk 2.00 crore and
- Bai-muajjal Commercial (CC-HYPO) limit for Tk 1.00 crore

Terms and Conditions:

- Rate of profit 15% per annum
- Validity upto 31.05.2009, but every year renewable.

10.02**Present status of sanctioned limit: Tk. 270,000,000**

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Murabaha Post Import (MPI)	140,000,000	30,616,549
Trust Receipt (TR)	120,000,000	5,027,471
Bai-Muazzal Commercial	10,000,000	11,520,817
Total	270,000,000	47,164,837

11.00 Share Capital:

11.01 Authorised Capital :	31-12-2008	31-12-2007
1,50,00,000 ordinary shares of Taka 100/= each.	1,500,000,000	1,000,000,000

11.02 Issued, subscribed, called-up and paid-up capital:	31-12-2008	31-12-2007
673015600 ordinary shares of Tk 100/= each fully paid-up	673,015,600	236,565,600

The shareholding position of the company are as under:

Name	No of shares	Percentages %	Amount in Tk
Al-Haj Mustafizur Rahman	600	0.0089	60,000
Al-Haj Mohd. Abdul Kader Faruk	19,000	0.2823	1,900,000
Abdul Quayum Mammun	400	0.0059	40,000
Mrs. Shirin Faruk	2,000,000	29.7170	200,000,000
Mr.Abid Mostafizur Rahaman	1,000	0.0149	100,000
Mr. Kim Jung Suk	2,667,156	39.6299	266,715,600
M.L.Dyeing Limited	2,042,000	30.3411	204,200,000
Total	6,730,156	100	673,015,600

- 11.03** The authorised capital has been increased from Taka 100 crore to 150 crore during the year and duly noticed to RJSC including resolution for such change to incorporate in clause no,(V) of Memorandum of Association and clause no, (8) of Articles of Association of the company.

11.04 Particulars	31-12-2008
Paid up Capital at the beginning of the year	236,665,600
Add: New Share Issued during the year	436,350,000
11.04.A Total	673,015,600

11.04.A**New Share Issued during the year Tk.436,350,000**

The above amount is made up as follows:

i) Issued 2,042,000 ordinary share @ Tk.100 each to ML Dying Limited, Alloted as on January 31, 2008	204,200,000
ii) Issued 2,321,500 fully Paid ordinary share @ Tk.100 each to Mr. Kim Jong Suk, Alloted as on December 28, 2008	232,150,000
Total	436,350,000

11.05 Foreign Investment : Tk. 703,242,600

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Ordinary shares 26,67,156 of Tk 100/= each	266,715,600	34,565,600
9% redeemable preference shares 43,65,270 of Tk 100/=	436,527,000	436,527,000
Total	703,242,600	471,092,600

12.00 Preference Shares: Tk. 436,527,000

43,65,270, 9% redeemable preference shares of Tk 100/= **436,527,000** **436,527,000**

As per Companies Act 1994, clause 154-(2), the redemption of 9% redeemable preference shares will be started after two years of operation and will be completed within three years from the date of starting the redemption.

The Company allotted 43,65,270, 9% redeemable preference shares of Tk. 100/= each in favour of foreign investment worth Tk. 43,65,27,000 /= against fixed assets as a capital plant and machinery vide Vendor Agreements.

13.00 Retained Earnings: Tk. 90,960,196

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Opening balance	8,499,633	-
add: current year profit	82,460,563	8,499,633
Closing balance as on 31.12.2008	90,960,196	8,499,633

14.00 Long term loan: Tk. 299,913,555

This represent amount of term loan sanctioned by the City Bank Limited under the following form:

Particulars	Notes	31-12-2008	31-12-2007
Mid term project investment	14.01	169,337,768	125,014,469
Short term project investment	14.02	62,075,787	-
Short term project investment-SIBL		68,500,000	-
Demand investment	14.03	-	42,560,952
Total:		299,913,555	167,575,421

14.01 Mid term project investment: Tk. 169,337,768

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Principal amount	169,337,768	118,668,469
add: Yearly profit	-	6,346,000
Total:	169,337,768	125,014,469

This represents amount of term loan sanctioned by The City Bank Limited vide letter no. CBL / IBB / INV / 2007 / 310 dated 20th February 2006 and letter ref # CBL / IBB / INV / 2005 / 1675 dated 1st December 2005. The amount has been sanctioned to import Fixed Assets.

14.02 Short term project investment

This balance of short term project investment sanctioned by the City Bank Limited for Tk 4.00 crore vide ref # CBL / IBB / INV / 2006 2026 dated October 19, 2006 with a profit rate of 14% per annum.

14.03 Demand Investment

This is the Mid Term Investment provided by the City Bank Limited at the rate of profit of 14% per annum for settlement of IFDBC payment against Capital Machinery and other fixed assets.

Terms of Payment: Payment will be started from May 2008 by 24 equal installment.

15.00 Inter Company balance: TK. Nil

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
F.A.R. Apparel Ltd.	-	112,732,100
Chong Won ARS Sweater Ltd.	-	55,000,000
M.L.Hotel Tower Ltd.	-	36,630,000
Total:	-	204,362,100

16.00 Particulars of import, export, production and stock in quantity during the period: Kg 4,665,221

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Opening raw materials	751,086	-
add: purchase during the period	4,970,368	2,703,200
	5,721,454	2,703,200
Less: Input to production	5,460,528	1,952,114
Closing stock raw materials	260,926	751,086
Input to production	5,460,528	1,952,114
Add: opening work in process	34,063	-
	5,494,591	1,952,114
Less: Closing work in process	29,321	34,063
	5,465,270	1,918,051
Add: Opening finished goods	55,851	-
	5,521,121	1,918,051
Less: Wastege	169,084	68,224
Finished goods available to Export	5,352,037	1,849,827
Less: closing finished goods	686,816	55,851
Export in quantity during the period:	4,665,221	1,793,976

17.00 Cost of goods exported: Tk. 893,295,153

The above balance is made up as follows:

Particulars	Notes	31-12-2008	31-12-2007
Raw materials consumed	17.01	875,546,231	283,524,616
Packing materials consumed	17.02	1,932,762	648,212
		877,478,993	284,172,828
Work in process- opening		4,963,558	-
Work in process- closing		5,400,932	4,963,558
Change in work in process		(437,374)	(4,963,558)
Total consumption		877,041,619	279,209,270
Add: Manufacturing Overhead	17.03	62,429,424	16,878,504
Add: Depreciation		88,022,735	45,791,680
Cost of production		1,027,493,778	341,879,454
Finished goods - opening		10,548,354	-
Finished goods - closing		144,528,329	10,548,354
Change of finished goods stock		(133,979,975)	(10,548,354)
Cost of free issue		(218,650)	(120,300)
Total:		893,295,153	331,210,800

Manufacturing unit situated in Comilla Export Processing Zone, Comilla and covered Category-B (Bangladesh and foreign investment joint venture Company). By the law of Ref: No= SRO No. -88-98/1739/Custom Act. Dated May 28/1998. The Company totally exempted from VAT.

17.01 Raw materials consumed: Tk. 875,546,231

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Opening Stock	109,445,999	-
Add: Purchase	892,413,956	392,970,615
Raw materials available for production	1,001,859,955	392,970,615
Less: Closing Stock	126,313,724	109,445,999
Total	875,546,231	283,524,616

17.02 Packing materials consumed: Tk. 1,932,762

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Opening Stock	324,106	-
Add: Purchase	1,884,331	972,318
Packing materials available for packing.	2,208,437	972,318
Less: Closing Stock	275,675	324,106
Total	1,932,762	648,212

17.03 Manufacturing overhead: Tk. 62,429,424

The above balance is made up as follows:

Particulars	Notes	31-12-2008	31-12-2007
Salary & Wages		21,740,252	6,125,665
Fuel, Water & Power		14,720,979	1,388,460
Store & Spares Consumed		15,860,690	3,285,600
Insurance		397,773	522,000
Rent, Rate and other Taxes		8,337,943	2,109,552
L/C and Bank Charges		154,534	285,920
Repairs & Maintenance	17.03.A	1,001,018	3,089,307
Other Overhead		216,235	72,000
Total		62,429,424	16,878,504

17.03.A Repairs & Maintenance: Tk. 1,001,018

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Plant and Machinery	671,373	1,680,360
Building	250,189	1,172,624
Others	79,456	236,323
Total	1,001,018	3,089,307

18.00 Operating Expenses: Tk. 13,058,512

The above balance is made up as follows:

Particulars	Notes	31-12-2008	31-12-2007
Warehouse, Distribution & Selling Exp.	18.01	4,459,915	2,407,699
Administrative Expenses	18.02	8,598,597	6,676,439
Deferred Capital Expenditure		-	11,140,092
Total		13,058,512	20,224,230

18.01 Warehouse, Distribution & Selling Exp.: Tk. 4,459,915

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Advertising Expenses	105,600	250,000
Salary & Welfare	1,933,932	570,000
Transpiration and Handling expenses	414,972	250,822
Repair and Maintenance	27,218	58,377
Rent	468,344	234,172
Electricity, water and gas	43,152	44,636
Sales promotion expenses	44,200	78,560
Traveling Expenses	776,890	213,960
Entertainment Expenses	23,438	298,740
Miscellaneous Expenses	82,788	120,285
Cost of free issue	218,650	120,300
Depreciation	320,731	167,847
Total	4,459,915	2,407,699

18.02 Administrative Expenses: Tk. 8,598,597

The above balance is made up as follows:

Particulars	Notes	31-12-2008	31-12-2007
Salary & Welfare		4,637,850	4,850,600
Postage & Telecommunication		48,377	17,000
Traveling, Haultage & passage		95,982	19,150
Repair & Maintenance		9,301	72,580
Vehicle Expenses		46,312	141,750
Electricity, Fuel & Water		218,324	44,637
Printing and Stationery		178,997	84,390
Rent, Rates and Taxes		1,450,128	85,000
Subscription & Donation		85,843	20,000
Entertainment		31,621	35,572
Legal & Professional Charges		15,830	70,000
Audit & Professional fees		250,000	250,000
Miscellaneous Expenses		25,000	13,215
News paper & periodical		2,700	1,800
Director Remuneration & Fees	22.03.B	306,600	306,000
Gust house expenses		447,361	273,100
Depreciation		748,371	391,645
Total		8,598,597	6,676,439

19.00 Financial Expenses: Tk. 55,587,251

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Interest on Mid Term Project Investment	14,070,000	17,034,990
Interest on Short Term Project Investment	10,413,666	-
Interest on Demand Loan (BMDI)	7,544,675	219,015
Interest on Bai-Moazel Commercial	1,500,325	-
Interest on Trust Receipts	14,989,827	-
Interest on MPI (LIM)	215,173	-
Interest on FDBP	6,853,585	746,950
Total	55,587,251	18,000,955

20.00 Other non-operating income: Tk. 3,922,440

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Wastage raw materials	769,158	277,013
Wastage W-I-P	1,896,432	472,436
Wastage finished goods	1,256,850	480,532
Total	3,922,440	1,229,981

21.00 Basic earning per share(EPS) :

The above balance is made up as follows:

Particulars	31-12-2008	31-12-2007
Earning during the period	82,460,563	8,499,633
Number of Weighted Ordinary Shares	4,258,124	2,366,618
Earning Per Share	19.37	3.59

22.00 General**22.01 Comparative figures**

Whereever considered necessary, previous year's figures have been restated, in order to conform to current years presentation. Comparative figures have been given as per the instruction of BAS-01 para 36.

22.02 Presentation currency

The annexed financial statements are presented in Bangladeshi currency (Taka), which have been rounded off to the nearest Taka.

22.03 Disclosure as per requirment of Schedule XI, part II of Companies Act 1994**22.03.A Disclosure as per requirment of Schedule XI, part II, note 5 of para 3**

Employee Position (as on 31st December 2008)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 3000	12	7	800	819
Above 3000	27	42	182	251
Total	39	49	982	1070

22.03.B Disclosure as per requirment of Schedule XI, part II, para 4 of companies act 1994

Payment to directors within the period year 2008

Director Remuneration & Fees: Tk.306,600

Director are entitle Tk 300 as Board Meeting fee for attending each Board Meeting as per Articles of Association. Managing Director and CEO monthly remuneration entitle Tk 25,000/=

This is made up as follows:

Name of Board of Directors		Meeting attending	Salary & Benefits	Amount in Taka
Mr. Kim Jong Suk	Director	900	-	900
Mr. Abdul Kader Faruk	Managin g Director	1,200	300,000	301,200
Mrs. Shirin Faruk	Director	1,200	-	1,200
Mr. Al-Haj Mostafizur Rahman	Chairman	1,200	-	1,200
Mr. Abdul Quaim Mamun	Director	900	-	900
Mr. Abid Mostafizur Rahaman	Director	1,200	-	1,200
Total				306,600

22.03.C Disclosure as per requirment of Schedule XI, part II, para 7

Details of Capacity has given below:

Particulars	Licence Capacity	Installed Capacity in KG	Actual Production in KG
Annual Production of Acrylic yarn in KG	Not mentioned in licence	7,210,000	5,296,186

22.03.D Disclosure as per requirement of Schedule XI, part II, para 8 of companies Act 1994

Value of raw material, spare parts, packing materials and Capital goods

Particulars	Local purchase	Import	Total Purchase	Consumption	% of consumption
Raw materials	9,611,923.00	882,802,033	892,413,956	766,100,232	86
Spar and accessories	15,127,717	-	15,127,717	14,027,957	93
Packing Materials	1,884,331	-	1,884,331	1,608,656	85
Capital goods	12,671,320	303,961,675	316,632,995		

Value of export:

Particulars	Amount in foreign currency US\$	Amount in Tk
Export	15,189,403	1,040,508,594

23.00 Post Balance sheet event:

There was no significant event that has been occurred between Balance sheet date and the date on which the financial statement are authorised for issue.

24.00 Internal control:

Following steps have been taken for implementation of an effective internal control procedures of the Company:

1. A strong internal control and compleiance division has been formed with a view to establish a well designed system of internal control
2. Regular reviw of internal audit reports with a view to implement the suggestion of internal auditors in respect of internal control techniques
3. To establish an effective management system that includes planning, organising and supervising culture in the factory as well as at Head Office.

25.00 Particulars of Audit Committee

An audit committee has been formed by the board of directors of the company in its Board Meeting held on November 6, 2006. The committee constituted with a chairman and two members. At 31st December 2008, the members of the committee were as follows:

Name	Position	Status with committee	Educational qualification
Mrs. Shirin Faruk	Director	Chairman	M.Com
Abdul Quayum Mamun	Director	Member	M.Com
Md. Humayun Kabir	Director Finance & Company Secretary	Member	M.Com. ACMA

During the year 2008, the followings number of meetings of the audit committee held with the company's Senior Management to consider and review the company's financial statements and risk management.

Meeting	Date of meeting
1	15-Jan-08
2	17-Mar-08
3	28-May-08
4	14-Aug-08
5	7-Dec-08

TO WHOM IT MAY CONCERN

We have compiled the accompanying statements of R.N Spinning Mills Limited. U/S 135 (1) and Para 24 (1) Part II of the Third Schedule of Companies Act 1994. The statement comprises of the financial information for the year ended December 31, 2008 audited by M/s. A. Wahab & Co., Chartered Accountants. It also includes financial information for the years ended December, 31 2005, and 2007 audited by M/s. Syful Shamsul Alam & Co. Chartered Accountants. It also includes financial information for the years ended December 31, 2006 audited by M/s. Huda Hossain & Co. Chartered Accountants. Our report is under:

1. The R.N Spinning Mills Limited was incorporated on November 4, 2004.
2. The operating results of the Company over the last 4 years is as follows:

Particulars	Amount in Taka			
	31.12.2008	31.12.2007	31.12.2006	31.12.2005
ASSETS				
Non-Current Assets	1,348,618,605	1,121,048,867	1,020,982,880	14,299,072
Fixed Assets less accumulated Depreciation	1,344,310,362	1,116,769,201	1,008,527,026	-
Capital Work-in-Progress	-	-	-	10,906,122
Security Deposits	4,308,243	4,279,666	2,103,935	1,054,058
Deferred Capital Expenditure	-	-	10,297,639	-
Pre-Operating Expenses	-	-	-	2,146,480
Preliminary Expenses	-	-	54,280	192,412
Current Assets	583,608,481	320,116,788	450,045	300,594
Inventories	277,618,420	127,114,750	-	-
Advance, Deposit & Prepayments	4,308,731	2,142,849	276,800	-
Bills Receivable	301,056,293	190,855,996	-	-
Cash & Cash Equivalents	625,037	3,193	173,245	300,594
TOTAL ASSETS	1,932,227,086	1,441,165,655	1,021,432,925	14,599,666
EQUITY & LIABILITIES				
Share holder Equity	1,200,502,796	681,692,233	673,092,600	12,280,000
Share Capital*				
Ordinary Shares	673,015,600	236,665,600	236,565,600	2,000,000
Share Money Deposit	-	-	-	10,280,000
Preference Shares	436,527,000	436,527,000	436,527,000	-
Retained Earnings	90,960,196	8,499,633	-	-
Non-Current Liabilities	299,913,555	447,719,100	347,900,525	-
Long Term Loan	299,913,555	243,357,000	285,222,791	-
Inter Company Balance	-	204,362,100	62,677,734	-
Current Liabilities	431,810,735	311,754,322	439,800	2,319,666
Creditors and Accrues	10,304,846	2,898,865	439,800	972,448
Loan from Directors	-	-	-	1,347,218
Bills Payable	44,256,051	184,405,107	-	-
Short term loan from Bank	377,249,838	124,450,350	-	-
TOTAL EQUITY & LIABILITY	1,932,227,086	1,441,165,655	1,021,432,925	14,599,666

3. The statement of operating results of the company as follows:

Particulars	Amount in Taka	
	31.12.08	31.12.07
Sales	1,040,508,594	376,950,237
Less: Cost of Goods sold	893,295,153	331,210,800
Gross profit	147,213,441	45,739,437
Less: Administrative & Selling Expenses	13,088,067	20,468,830
Operating Profit	134,125,374	25,270,607
Add: Non-operating income	3,922,440	1,229,981
Profit before financial expenses & WPPF	138,047,814	26,500,588
Less: Financial Expenses	55,587,251	18,000,956
Profit before WPPF	82,460,563	8,499,632
Less: Provision for WPPF	-	-
Net profit before tax holiday reserve	82,460,563	8,499,632
Less: Provision for Tax	-	-
Profit Available for Appropriation	82,460,563	8,499,632

EPS of R.N Spinning Mills Limited are shown below based on Audited Report of 2007 and 2008.

Particulars	Amount in Taka	
	31.12.08	31.12.07
Net Profit After Tax	82,460,563	8,499,632
Weighted No. of Share (Note: 3.01)	4,258,124	2,366,618
Face Value per Share	100.00	100.00
Earning per Share in Tk.	19.37	3.59

3.01. No of Weighted Shares

Allotment Date	No. of Share	Duration in Year	Weighted Average Share
Previous Year	2,267,656	365/365	2,267,656
January 31, 2008	2,141,000	335/365	1,965,027
December 28, 2008	2,321,500	4/365	25,441
Total			4,258,124

4. Cash flow statement

Particulars	Amount in Taka	
	31.12.08	31.12.07
CASH FLOW FROM OPERATING ACTIVITIES:		
Collection from Turnover	930,308,297	186,094,241
Collection from other Non-operating Income	3,922,440	1,229,981
Payment for Cost of Expenses	(1,089,742,991)	(228,128,763)
Paid for Operating Expenses	(11,965,502)	(8,719,803)
Expenses Paid for other Operating Activities	(29,555)	(244,600)
Payment for Financial Expenses	(56,553,216)	(18,000,955)
Net Cash Generated from Operating Activities	(224,060,527)	(67,769,899)
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets	(15,982,995)	(154,593,347)
Increase in Security Deposit	(28,577)	(2,175,731)
Net Cash Used in Investing Activities	(16,011,572)	(156,769,078)
CASH FLOW FROM FINANCING ACTIVITIES:		
Short Term Loan from Bank	252,799,488	124,450,350
Long Term Loan from Bank	(11,943,445)	(41,865,791)
Inter Company Balance	(204,362,100)	141,684,366
Share Capital	204,200,000	100,000
Net Cash Generated from Financing Activities	240,693,943	224,368,925
Net Cash Inflow / Outflow	621,844	(170,052)
Opening Cash & Cash Equivalent	3,193	173,245
Closing Cash & Cash Equivalent	625,037	3,193

5. The company was incorporated as "Private" limited company & obtained the certificate of commencement under the Company Act. 1994, on November 4, 2004. Subsequently it was converted to public limited company on February 20, 2007, under the same certificate of incorporation.
6. The company has started its manufacturing from July, 2007. So, the statement of operating results and cash flow statement have been given from December 31, 2007.
7. The Company did not declare any dividend in the aforesaid years.
8. The Company has no subsidiaries.
9. No proceeds or part of proceeds of the issue of share were applied directly to the company in the purchase of any business.
10. The Company prepared accounts for the year ended December 31, 2008.

Dated: Dhaka, March 16, 2009

Sd/-
(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

Selected Ratio as specified in rule 8 B (20) I-Annexure B of the Securities and Exchange Commission (Public Issue) Rules, 2006.

Particulars	Formula	31.12.2008		31.12.2007		31.12.2006	
		Calculation	Result	Calculation	Result	Calculation	Result
Liquidity Ratios							
Current Ratio (Times)	Current Asset/Current Liability	$\frac{583,608,481}{431,810,735}$	1.35	$\frac{320,116,788}{311,754,322}$	1.03	$\frac{450,045}{439,800}$	1.02
Quick Ration (Times)	(Current Asset-Stock-Prepaid Exp)/Current Liability	$\frac{(583,608,481-277,618,420-4,308,731)}{431,810,735}$	0.70	$\frac{(320,116,788-127,114,750-2,142,849)}{311,754,322}$	0.97	$\frac{(450,045-276,800)}{439,800}$	0.39
Time Interest Earned Ratio (Times)	EBIT/Int. Charges	$\frac{138,047,814}{55,587,251}$	2.48	$\frac{26,500,588}{18,000,956}$	1.47	N/A	N/A
Debt-Equity Ratio (Times)**	(Long Term Loan+Current Portion of Long Term Loan+Pref. Share)/Owners Equity	$\frac{(299,913,555+436,527,000)}{763,975,796}$	0.96	$\frac{(243,357,000+436,527,000)}{245,165,233}$	2.77	$\frac{(285,222,791+436,527,000)}{236,565,600}$	3.05
Operating Ratios							
Accounts Receivable-Turnover Ratio*	Sales/Avg. Receivables	$\frac{1,040,508,594}{245,956,145}$	4.23	$\frac{376,950,237}{95,427,998}$	3.95	N/A	N/A
Inventory-Turnover Ratio*	COGS/Avg. Inventory	$\frac{893,295,153}{202,366,585}$	4.41	$\frac{331,210,800}{63,557,375}$	5.21	N/A	N/A
Asset-Turnover Ratio*	Sales/Avg. Assets	$\frac{1,040,508,594}{1,686,696,371}$	0.62	$\frac{376,950,237}{720,582,828}$	0.52	N/A	N/A

Particulars	Formula	31.12.2008		31.12.2007		31.12.2006	
		Calculation	Result	Calculation	Result	Calculation	Result
Profitability Ratio							
Gross Margin Ratio (%)	Gross Margin/Sales	$\frac{147,213,441}{1,040,508,594}$	14%	$\frac{45,739,437}{376,950,237}$	12%	N/A	N/A
Operating Income Ratio (%)	Operating Income/Sales	$\frac{78,538,123}{1,040,508,594}$	8%	$\frac{7,269,651}{376,950,237}$	2%	N/A	N/A
Net Income Ratio (before Tax) (%)	NIBT/Sales	$\frac{82,460,563}{1,040,508,594}$	8%	$\frac{8,499,632}{376,950,237}$	2%	N/A	N/A
Net Income Ratio (after Tax) (%)	NIAT/Sales	$\frac{82,460,563}{1,040,508,594}$	8%	$\frac{8,499,632}{376,950,237}$	2%	N/A	N/A
Return on Assets (%)	Net profit before/Fixed Assets-Dep.	$\frac{82,460,563}{1,348,618,605}$	6%	$\frac{8,499,632}{1,121,048,867}$	1%	N/A	N/A
Return on Equity (%)	Net profit/Shareholders Equity	$\frac{82,460,563}{673,015,600}$	12%	$\frac{8,499,632}{236,665,600}$	4%	N/A	N/A
Earning Per Share (Taka)*	Earnings/No of ordinary shares (Weighted)	$\frac{82,460,563}{6,730,156}$	19.37	$\frac{8,499,632}{2,366,618}$	3.59	N/A	N/A

Note-1: Company started commercial operation from July-2007

Note-2: Figures marked with * (star) regarding 2007 and all EPSs are annualized for smooth comparison.

Note-3: Preference Share Capital treated like other external liabilities by considering its nature.

Additional Disclosure by the Auditor

Related Party Transaction

The Company has no transaction with related party in the normal course of business except the following:

Equity participation: M.L. Dyeing Limited owns 20, 42,000 ordinary shares of Tk100/= each at per amounting to Tk 20, 42, 00,000 being @30.3411% of total ordinary shares of R.N. Spinning Mills Limited.

Business Transaction:

M/s. M.L. Dyeing Ltd.

SL No.	L/C Number	Delivery date	Quantity in KG	Rate per Kg in US\$	Value in US\$	Value in Taka
1	120208100021	18.10.08	11,183	\$ 3.120	\$35,784	2,451,237
2	120208100018	10.11.08	117,000	\$ 3.200	\$374,400	25,646,400
3	120208100022	11.11.08	40,000	\$ 3.640	\$145,600	9,973,600
4	120208100021	15.11.08	106,000	\$ 3.200	\$339,200	23,235,200
5	120208100024	02.12.08	40,000	\$ 3.100	\$124,000	8,494,000
6	120208100024	02.12.08	40,000	\$ 3.100	\$124,000	8,494,000
7	120207100005	10.12.08	33,000	\$ 3.090	\$101,970	6,984,945
8	175208120144	24.12.08	25,000	\$ 3.210	\$80,250	5,497,125
9	175208120144	31.12.08	61,000	\$ 3.210	\$195,810	13,412,985
					\$1,521,014	104,189,492

Note: R.N. Spinning Mills Limited always considering export price on the basis of local as well world market of acrylic yarn.

Directors' involvement/interest in other companies

Sl. No.	Name	Age (Year)	Designation	Entities where they have Interested
1.	Al-Haj Mustafizur Rahman	72	Chairman	Chairman: M/S M.L. Dying Limited M/S FAR Apparel Limited
2.	Md. Abdul Kader Faruk	50	Managing Director	Chairman: M/S M.L. Hotel Tower Ltd. Chong Won ARS Sweater Ltd. Managing Director: M/S M.L. Dying Limited M/S FAR Apparel Limited
3.	Abdul Quayum Mamun	41	Director	Managing Director: Chong Won ARS Sweater Ltd. Director: M/S FAR Apparel Limited
4.	Mrs. Shirin Faruk	46	Director	Director: M/S M.L. Dying Limited Chong Won ARS Sweater Ltd.
5.	Mr. Kim Jong Suk	57	Director	-
6.	Mr. Abid Mostafizur Rahman	22	Director	Managing Director: M/S M.L. Hotel Tower Ltd.

Auditors certificate regarding VAT and Income Tax

This is to certify that R.N.Spinning Mills Limited having its office at M.L.Tower (5th floor), 1, East Rampura, DIT Road, Dhaka - 1219 and having its factory at plot # 100-107 & 127-134 in Comilla Export Processing Zone, Comilla has been enjoying various facilities under the rule of BEPZA, These are stated below:

Customs and value Added Tax:

(FM, IRD, NRB, SRO No-88-Law-98/1739/Customs, dated 28 May, 1988)

In exercise of the power conferred by section 19/Customs Act, 1969 (IV of 1969) and section 14(1) under Value Added Tax Act,1991 (Act no. 22 of 1991) for public interest and in consultation with the National Board of Revenue under section 10 of the Bangladesh Export Processing Zones Authority Act ,1980 (XXXVI of 1980) and by posponding under notification no SRO 544 – L/84/888/Cus dated 10 December, 1984, the government has exempted all import duties, Value Added Tax and Supplementary Tax under 7(e) and (f) of any Export Processing Zone.

EXEMPTION OF INCOME TAX FOR INDUSTRIES IN EPZS:

(IRD SRO No.289-Law/89,dated 19 August1989)

In pursuance of section 44(4) (b) of the Income Tax Ordinance, 1984 (XXXVI of 1984) and canceling the notification No. SRO 149-L/81, dated 12 May 1981, all industries operating in the Export Processing Zones of Bangladesh have been exempted from payment of income tax for a period of 10 years from the date an industry goes into commercial production.

EXAMPTION OF INCOME TAX ON THE EXPORT VALUE:

(NBR File No 4(9) Tax-8/ 92, dated 6 December, 1992)

The National Board of Revenue has instructed that the enterprises of the Export Processing Zones who are getting Exemption of Income tax according to the SRO No 289-law /89, of NBR, dated 17 August, 1989 will continue to receive the exemption on the export value of the exported items.

Dated, Dhaka
May 16, 2009

Sd/-
A. Wahab & Co.
Chartered Accountants

Additional Disclosure by the Management

Chittagong Stock Exchange has furnished some observations on the Draft Prospectus of R.N. Spinning Mills Ltd. And the management of the Company gave their replay/ disclosure in this regard as under:

I) As a 100% export oriented company, its operation may be hindered due to downward trend in world economy and also fluctuation of exchange rate.

Ans of R.N.: R.N Spinning Mills Ltd produces Acrylic yarn and after dyeing and finishing supplies to 100% readymade Sweater Industries in Bangladesh. At present 80% of total demand of the country is imported from different countries especially from china and balance 20% of demand is produced within the country. Major part of local demand is being produced by R.N Spinning Mills Ltd. In case of Import from other countries lead time is generally 45 to 50 days where R.N Spinning Mills Ltd can Export within 15 days i.e. lead time is only 15 days. So, 100% Export oriented Dyeing & Finishing industries in Bangladesh are interested to import form R.N Spinning Mills Ltd due to shorter lead time. So in trends of world wide economic recession local producers will not be affected because very poor portion of demand is supplied from local market.

In case of Import of raw material and export of production both are made by L/C in foreign currency US\$. So effect of fluctuation of exchange rate is not countable. Which has already been mentioned in **RISK FACTOR** in Page no.10 of Prospectus.

II) The company started its commercial operation in July 2007 after three years of its incorporation and no information/explanation was given regarding the delay of production in the draft prospectus. Moreover, it did not declare any dividend over its previous years of operations.

Ans of R.N: The Company constructed Factory building and completed internal infrastructure with warehouse and internal road, capital machinery erection up to stage of production but around one year commercial production was delayed only due to unavailability of Gas connection from Bakhrabad Gas System Ltd. with Comilla Export Processing Zone (Comilla EPZ), though BEPZA authority and Concerned Company tried their best in this regard.

To meet up increasing Working Capital the company did not declare any dividend in the previous years.

III) The company has a very poor balance of cash in hand amounting Tk. 0.63 mill which is only 0.11% of total current assets as on 31st Dec 08. On the contrary, account receivable and short term loan from bank are increased by 57.74%, 203.13% respectively during the year ended Dec 08 as against the previous year. Total account receivables amounting Tk. 301.06 mill consists of 34.61% due from its one associate company during the latest accounting year ended Dec 08. Therefore, the company may be asked for status of realization of bills receivable along with schedules mentioned against note#6.

Ans of R.N: Company maintains "Cash management Policy". As per implementation of this policy to minimize the Cost of Capital by reducing amount of Interest and in sequence of that the Company always tries to keep its balance cash in hand as idle money minimum.

All Raw materials of R.N. are imported from different foreign countries and it is made by Letter of Credit (L/C) in US Dollar. Generally L/C Payment Clause includes 90/120 days deferred. As import of raw materials increased proportionately short-term loan increased in respect to previous years.

The Company also Exports their product to 100% Export oriented yarn Dyeing and Finishing industries. M. L Dyeing Ltd. which is sister concern of the Company one of the largest companies in Bangladesh in the same Sector. Accordingly, major portion of import of M.L Dyeing Ltd. Is made from R.N Spinning Mills Ltd. In sequence of that bills receivable proportionately increases in respect to Export.

Product of the company Exported to 100% Export Oriented Yarn dyeing and Finishing Companies by Letter of credit in US Dollar. L/C is generally accepted under the terms of payment 90/120 days deferred. As export of product of the Company increased proportionately A/C receivable increased in respect to previous years.

IV) The company earned NPAT of Tk. 82.46 mill in the year ended Dec 08 but generated operating cash shortage of Tk. (224.06) mill in the same year. Besides this, the cash in hand is excessively low amounting Tk. 0.63 mill while total current liabilities is Tk. 431.81 mill as on Dec 08 which implies that the company could be unable to meet short term contingency requirement of cash from its own sources. Moreover, the company's total debt stands as 96% of its total equity as on Dec 08 which is very high and it may limit the company's ability to borrow further. There is no information mentioned in the draft prospectus regarding the maturity of long term loans from different sources. In notes no. 14.03, the company mentioned that it has balance of mid term demand investment amounting Tk. 42.56 mill which will be paid in 24 equal installments started from May-08 but this amount is totally absent in the balance sheet during the year ended-08 and the company did not provide any information regarding short term project investment-SIBL in note no. 14. The company should clarify its position in these regards.

Ans of R.N: Negative cash flow from operating activities is mostly attributable to delay in collection of sales proceeds against export and additional investment in Inventory. R.N Spinning Mills Ltd. is a 100% export oriented Spinning Industry sells its product through 120 days deferred L/C. In December 08 Accounts Receivable balance was Tk 301,056,293 against the yearly sales of Tk. 1,040,508,594 that means 30% of the proceeds remained unrealized. In 31st December 2008 value of Inventory stood at Tk. 277,618,420 increased by Tk 150,503,670 to operate its production smoothly and Export regularly.

The company has no operational risk due to short level of Cash in hand. Company is able to met short term contingency requirement of cash from its own sources by discounting Export Bill document in any time, which is common practice in Bangladesh as well as approved by Bangladesh Bank.

Debt Equity Ratio depends on structure of organization, nature of Business and the Country in which it operates etc. Standard Debt- Equity ratio ranges from 1:1 to 1:3 depending on criteria. R.N Spinning Mills Ltd maintains sound Debt-Equity Ratio which 0.96: 1.

Mid-Term Demand Investment balance amounting Tk. 42,56 mill on 31st December 2007 which has been merged with Short Term Project Investment and shown Nil balance as on 31st December 2008 (which shown in note 14.03).

V) Payment terms of demand loan in note#10 should be included in the draft prospectus.

Ans. of R.N: Demand Loan is repaid from Export proceeds by the beneficiary Bank.

VI) Listing Fee for DSE & CSE under the head of "IPO Expenses" (page#18) has been over estimated.

Ans. of R.N: Listing fees for DSE and CSE totaling Tk. 31,19,048 calculation of which is shown below:

First 100,000,000 @ 0.25% = Tk.250,000

Balance 873,015,600 @ 0.10% = Tk.1,309,524

Total Listing fees for DSE and CSE= TK. 1,559,524X2 =Tk. 3,119,048

VII) The company should mention about the details of synthetic yarn/acrylic yarn that are producing by them including their uses in the draft prospectus.

Ans of R.N: Already mentioned in Page# 13 under the Head "Market of the Product"

VIII) The operational history of the company is too short. The company has completed only one full year of operation.

Ans of R.N: Though operational history of the company not too long but Growth of the company is remarkable. It has been happened because sufficient skill manpower as well co-operation of EPZ Authority and Bank. Even from the regaining the Company tried to utilize high technology and employed foreign technician also. As a result within the one and half year company made profit Tk 9.09 Crore. Management of the Company expects that within a very short time production is expected to reach to 85% of Machine capacity.