www.malekspinning.com

PROSPECTUS

MALEK SPINNING MILLS LIMITED

Stepping into a World of Opportunities

Malek Spinning Mills Ltd. is setting up a Petro Chemical Complex to produce PET Chips and Polyester Staple Fiber, the first of its kind in Bangladesh.

The venture is a giant step forward for us and will be a great asset for the country, let this be the beginning of something HUGE!

Nature's Gift

Purity Guaranteed

Malek Spinning Mills Ltd. is a producer of premium quality yarn using cotton from the USA.
We are Cotton USA Licensee providing our customers with the benefits of contamination free yarn of the highest quality.

First Time Right On Time Every Time

- Quality consciousness and consistency at international standard begins from procurement and continues through all subsequent processes continuously.
- We strive for continuous improvement and innovation in all that we do, ensuring that we remain a world-class manufacturer.

Man and Machine – Our Winning Team

- 63,624 Spindles Ring Spinning
- 12,600,000 Kg. per annum installed capacity
- Full support and dedication from all our employees
- Opportunities of diversification and expansion into new ventures with the backing of our solid foundation built over the years

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

Prospectus

For
Public Offering of **40,000,000** Ordinary Shares of **Tk. 25** each including a premium of **Tk. 15** per Share Totaling to **Tk. 1,000,000,000/-**

Of

Malek Spinning Mills Limited

OPENING DATE FOR SUBSCRIPTION: June 06, 2010
CLOSING DATE FOR SUBSCRIPTION: June 10, 2010
For Non-Resident Bangladeshi (NRB) Quota, Subscription Closes on: June 19, 2010

Managers to the Issue

Grameen Capital Management Limited
Grameen Bank Bhaban (10th Floor)
Mirpur-2, Dhaka-1216
Phone: 880-2-8057618
Website: www.grameencapitalbd.org

Prime Finance & Investment Limited 63, Dilkusha C/A (3rd Floor), Dhaka-1000 Phone: 880-2-9563883 Website: www.primefinance.net	**ICB Capial Management Limited** 8, DIT Avenue Dhaka-1000 Phone: 880-2-7160326 Website: www.icbcml.com.bd
Swadesh Investment Management Limited Suit 01, Level 11, Unique Trade Center, 8 Panthapath, Kawran Bazar, Dhaka-1215 Phone: 880-2-8158166 Website: www.swadesh.com.bd	**Mercantile Securities Limited** Paramount Heights, Level-13 65/2/1/Box Culvert Road Purana Paltan, Dhaka-1000 Phone: 880-2-7119654 Website: www.msl.plfsbd.com

Underwriters

Grameen Capital Management Limited	Swadesh Investment Management Limited
Prime Finance & Investment Limited	Southeast Bank Limited
ICB Capital Management Limited	Uttara Finance and Investment Limited
Janata Bank Limited	Bangladesh Mutual Securiites Limited
Mercantile Securities Limited	IDLC Finance Limited
Union Capital Limited	Pioneer Insurance Company Limited

Credit Rating Status

Rating Company	:	Credit Rating Information and Services Limited (CRISL)	
		Long term:	Short term:
Entity Rating	:	AA-	ST-2
Rating Outlook	:	Stable	

Issue Date of the Prospectus: 15.04.2010

The issue shall be placed in "N" category

"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"

Malek Spinning Mills Limited
Registered office
117/A, Tejgaon Industrial Area, Dhaka -1208, Bangladesh.
Factory: Shafipur, Kaliakoir, Gazipur.
Phone: +880-2-8832771-82, +880-2-8816128, **Fax:** 880-2-8828953
E-mail: allabj@dhaka.net **Website:** www.malekspinning.com

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

MSML	: Malek Spinning Mills Limited
IPO	: Initial Public Offering
Commission/SEC	: Securities and Exchange Commission
The Company/Issuer	: Malek Spinning Mills Limited
Issue	: Public Issue of Shares of MSML
DSE	: Dhaka Stock Exchange Limited
CSE	: Chittagong Stock Exchange Limited
RJSC	: Registrar of Joint Stock Companies & Firms
ICML	: ICB Capital Management Limited.
NRB	: Non Resident Bangladeshi
NBR	: National Board of Revenue
Allotment	: Letter of allotment for shares
FC Account	: Foreign Currency Account
STD Account	: Short Term Deposit Account
Securities	: Shares of Malek Spinning Mills Limited
Securities Market	: The Securities Market of Bangladesh
Offering Price	: Price of the share of Malek Spinning Mills Limited being offered
Subscription	: Application money
Certificate	: Share Certificate
NAV	: Net Asset Value of the Company
Sponsors	: The Sponsor Shareholders of Malek Spinning Mills Limited
Registered Office	: Head Office of the Company
BO	: Beneficiary Owner
CDBL	: Central Depository Bangladesh Limited
CIB	: Credit Information Bureau
REB	: Rural Electrification Board

Availability of Prospectus

The Prospectus of **Malek Spinning Mills Limited** may be obtained from the Issuer Company, Issue Managers, The Underwriters and The Stock Exchanges as follows:

Issuer Company	Contact Person	Telephone Number
Malek Spinning Mills Limited 117/A Tejgaon Industrial Area, Dhaka-1208, Bangladesh	**Mr. Syed Saiful Haque** Corporate Secretary	+880-2-8832771-82 +880-2-8816128
Managers To the Issue	**Contact Person**	**Telephone Number**
Grameen Capital Management Limited Grameen Bank Bhaban (10th Floor) Mirpur-2, Dhaka-1216	**Mr. Shieadul Morsalin** Head of Merchant Banking	+880-2-8057618
Prime Finance & Investment Limited 63, Dilkusha C.A.(3rd Floor), Dhaka-1000	**Mr. Md. Rezaul Haque** Senior Vice President & Head of Merchant Banking	+880-2-9563883
ICB Capital Management Limited 8, DIT Avenue (14th Floor), Dhaka-1000	**Mr. Md. Abdur Rouf** Chief Executive Officer	+880-2-7160326-27
Mercantile Securities Limited Paramount Heights (13th Floor), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000	**Mr. Mustofa Kamal** Chief Executive Officer	+880-2-7119654
Swadesh Investment Management Limited Suit 01, Level 11, Unique Trade Center, 8 Panthapath, Kawran Bazar, Dhaka-1215	**Mr. Mamun Ahmed** Managing Director	+880-2-8158166
Underwriters	**Contact Person**	**Telephone Number**
Grameen Capital Management Limited Grameen Bank Bhaban (10th Floor), Mirpur-2, Dhaka-1216	**Mr. Shieadul Morsalin** Head of Merchant Banking	+880-2-8057618
ICB Capital Management Limited 8, DIT Avenue (14th Floor), Dhaka-1000	**Mr. Md. Abdur Rouf** Chief Executive Officer	+880-2-7160326-27
Union Capital Limited Noor Tower (5th Floor), 73, Sonargaon Road Dhaka-1205	**Mr. Abul Munim Khan** SVP & Head of Business	+880-2-9662888
Janata Bank Limited 57, Purana Paltan, Dhaka-1000	**Mr. Md. Saifullah** Deputy General Manager	+880-2-9564825
Prime Finance & Investment Limited 63, Dilkusha C.A. (3rd Floor), Dhaka-1000	**Mr. Md. Rezaul Haque** Senior Vice President & Head of Merchant Banking	+880-2-9563883
Mercantile Securities Limited Paramount Heights (Level-13), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000	**Mr. Mustofa Kamal** Chief Executive Officer	+880-2-7119654
Swadesh Investment Management Limited Suit 01, Level 11, Unique Trade Center, 8 Panthapath, Kawran Bazar, Dhaka-1215	**Mr. Mamun Ahmed** Managing Director	+880-2-8158166
Pioneer Insurance Company Limited Symphony (5th Floor), Plot # SE(F) 9, Road # 142 South Avenue Gulshan-1, Dhaka-1212	**Mr. S.M. Mizanur Rahman** Deputy Managing Director & Company Secretary	+880-2-8817512
Southeast Bank Limited Eunoos Center (level-2) 52-53 Dilkusha C.A. Dhaka-1000	**Mr. Muhammad Shahjahan** Senior Executive Vice President	+880-2-9571115
Uttara Finance and Investment Limited Jiban Bima Tower (6th Floor), 10 Dilkusha C.A. Dhaka-1000	**Mr. Md. Kamrul Islam** In-Charge Merchant Banking Unit	+880-2-9568207
Bangladesh Mutual Securiites Limited Shareef Mansion (7th Floor), 56-57, Motijheel C.A., Dhaka-1000	**Mr. Suman Chandra Modak** Assistant Vice President	+880-2-7169428
IDLC Finance Limited Bays Galleria (1st Floor), 57, Gulshan Avenue, Gulshan-1, Dhaka-1212	**Mr. Md. Muniruzzaman CFA** Head of Merchant Banking	+880-2-9571842

Stock Exchanges	Available at	Telephone Number
Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C.A., Dhaka–1000	DSE Library	+880-2-9564601-7
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080 Sheikh Mujib Road, Agrabad Chittagong–4100	CSE Library	+880-31- 714632-3 +880-31- 720871-3

Prospectus is also available on the websites www.secbd.org www.malekspinning.com, www.grameencapitalbd.org, www.swadesh.net. www.msl.plfsbd.com,www.primefinance.net, www.icbcml.com.bd, www.dsebd.org, www.cse.com.bd and public reference room of the Securities and Exchange Commission (SEC) for reading and study.

Name and Address of the Auditor

M. A. Malek Siddiqui Wali & Co.
Chartered Accountants
9-G, Motijheel C/A
Dhaka–1000, Bangladesh
Phone: 880-2-9560919 and **Fax:** 880-2-7175704

Corporate directory

Corporate Address	**Malek Spinning Mills Limited** **Registered Office** 117/A, Tejgaon Industrial Area, Dhaka-1208, Bangladesh. Phone: +880-2-8832771-82, +880-2-8816128 Fax: 880-2-8828953 E-mail: allabj@dhaka.net Website: www.malekspinning.com **Factory** Shafipur, Kaliakoir, Gazipur
Auditor	**M. A. Malek Siddiqui Wali & Co** Chartered Accountants 9-G, Motijheel C/A Dhaka–1000, Bangladesh Phone: 880-2-9560919 and Fax: 880-2-7175704
Legal Advisor & Tax Consultant	**Mr. M. Islam M.Com. L.L.B** Advocate & Tax Adviser 39, New Eskaton Dhaka -1000 Phone: +880-2-8359286
Managers to the Issue	1. **Grameen Capital Management Limited** Grameen Bank Bhaban (10th Floor) Mirpur-2, Dhaka-1216, Phone: +880-2-8057618 2. **Prime Finance & Investment Limited** 63, Dilkusha C.A.(3rd Floor) Dhaka-1000, Phone: +880-2-9563883 3. **ICB Capital Management Limited** 8, DIT Avenue (14th Floor), Dhaka-1000, Phone: +880-2-7160326-7 4. **Swadesh Investment Management Limited** Suit 01, Level 11, Unique Trade Center, 8 Panthapath, Kawran Bazar, Dhaka-1215, Phone: +880-2-8158166 5. **Mercantile Securities Limited** Paramount Heights (Level-13), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000 Phone: +880-2-7119654
Bankers To The Issue	1. Investment Corporation of Bangladesh 2. National Bank Limited 3. Southeast Bank Limited 4. Dutch Bangla Bank Limited 5. Eastern Bank Limited 6. First Security Islami Bank Limited 7. One Bank Limited 8. Trust Bank Limited 9. Dhaka Bank Limited 10. Standard Charterd Bank 11. Shahjalal Islami Bank Limited 12. Bank Asia Limited
Compliance Officer	**Mr. Syed Saiful Haque** Corporate Secretary Phone: +880-2-8832771-82

All investors are hereby informed that **Mr. Syed Saiful Haque, Corporate Secretary** would be designated as compliance officer who will monitor the compliance of The Acts, Rules, Regulations, Notification, Guidelines, Conditions, Orders and Directions etc. issued by the Commission and/or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to promote the interest of the investors in the security issued by the Company, and for redressing investors grievances.

Table of Contents

Section I

Disclosure in respect of issuance of security in demat form

As per provision of the Depository Act, 1999 and regulations made thereunder, shares will only be issued in dematerialized form. Therefore, All transfer/transmission, splitting, and conversion 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.

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

Part-A

1. The company shall go for Initial Public Offer (IPO) for 4,00,00,000 ordinary shares of Tk.25.00 each including premium of Tk 15.00 each worth Tk.100,00,00,000.00 (Taka one hundred crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4(four) national daily newspapers (in two Bangla 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 Managers 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 managers to the issue 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 manager to the issue. 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 managers to the issue 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 manager to the issue 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 money. 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 Managers to the Issue, 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”. The NRB applicants shall send applications 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 managers to the issue 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 managers to the issue 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 bankers to the issue.

15. The issuer and the managers to the issue shall jointly provide the Commission and the stock exchanges the list of valid and invalid applicants in electronic form in 2 (two) CDs and final status of subscription to the Commission within 3 (three) weeks after the closure of the subscription along with bank statement (original) and branch-wise subscription statement. 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 managers to the issue 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 500 shares worth Tk. 12,500/- (twelve thousand five hundred). 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 Managers to the Issue 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 cannot 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. 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 interest, through direct deposit to the applicant's bank account as far as possible/ Account Payee Cheque/ refund warrants with bank account number, bank's name and branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be subject to condition no. 19 above.

    Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have chosen the option in the IPO application forms, as maintained with the bankers to the issue or any other banks mentioned in the application.

    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 -16 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 managers to the isue, 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 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 shares, 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 the name and branch of the bank shall be furnished to the commission jointly by the issuer and issue managers, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(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 Managing Director of the company along with lock-in confirmation with SEC within one week of listing of the shares with the stock exchange(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 financial statement for the period ended 30.09.2009.

PART –B

1. The issuer and the managers to the issue 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 managers to the issue 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 Managers to the Issue 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 managers to the issue 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 approval of the shareholders in the General Meeting under intimation to SEC and stock exchange(s).

8. Directors on the company's Board will be in accordance with the applicable laws, rules and regulations.

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 (including rights/bonus) will be made 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 company allong with the Managers to the Issue shall also ensure due compliance of all above conditation and the Securities & Exchange Commission (Public Issue) Rules, 2006

General information

1. **Grameen Capital Management Limited, Prime Finance & Investment Limited, ICB Capital Management Limited, Swadesh Investment Management Limited, Mercantile Securities Limited** have jointly prepared this prospectus based on the information provided by **Malek Spinning Mills Limited** (the Issuer) and also upon several discussions with chairman, Managing Director and concerned executives of the Company. The Directors including Managing Director of Malek Spinning Mills Limited, Grameen Capital Management Limited, Prime Finance & Investment Limited, ICB Capital Management Limited, Swadesh Investment Management Limited, Mercantile Securities Limited collectively and individually, having made all reasonable inquires, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.

2. 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 Managers to the Issue.

3. 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.

4. A copy of this Prospectus may be obtained from the Head Office of **Malek Spinning Mills Limited**, **Grameen Capital Management Limited, Prime Finance & Investment Limited, ICB Capital Management Limited, Swadesh Investment Management Limited, Mercantile Securities Limited**, the Underwriters and the Stock Exchanges where the securities will be listed.

Section II

Declaration about the Responsibility of the Directors, including the CEO of the Company "Malek 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 therein 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/-
(Mr. A. F. M. Zubair)
Director

Sd/-
(Dr. Shamim Matin Chowdhury)
Director

Sd/-
(Mr. Azizur R. Chowdhury)
Director

Sd/-
(Mrs. Saima Matin Chowdhury)
Director

Sd/-
(Mr. Moshiur Rahman)
Director
Nominee of Paragon Poultry Ltd.

Sd/-
(Major (Rtd.) Abdul Matin Chowdhury)
Director & Managing Director

Consent of the Director(s) to Serve as Director(s)

We hereby agree that we have been serving as Directors of "MALEK SPINNING MILLS LIMITED" and continue to act as Directors of the Company.

Sd/-
(Mr. A. F. M Zubair)
Director

Sd/-
(Dr. Shamim Matin Chowdhury)
Director

Sd/-
(Mr. Azizur R. Chowdhury)
Director

Sd/-
(Mrs. Saima Matin Chowdhury)
Director

Sd/-
(Mr. Moshiur Rahman)
Director
Nominee of Paragon Poultry Ltd.

Sd/-
(Major (Rtd.) Abdul Matin Chowdhury)
Director & Managing Director

Declaration about filing of Prospectus With The Registrar of Joint Stock Companies and Firms, Bangladesh

A dated and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms, Bangladesh, as required under Section 138(1) of the Companies Act, 1994 before the date of publication of this prospectus in the newspapers.

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 shall be published with the approval of the Commission.

For Issuer

Sd/-
(Major (Rtd.) Abdul Matin Chowdhury)
Director & Managing Director
Malek Spinning Mills Limited.

Declaration by The Managers to The Issue 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 shall be published with the approval of the Commission.

For Managers to the Issue

Sd/-

(**Md. Aliuzzaman**)
Managing Director
Grameen Capital Management Limited

Sd/-

(**Md. Akter Hossain Sannamat FCA, FCS**)
Managing Director
Prime Finance & Investment Limited

Sd/-

(Md. Abdur Rouf)
Chief Executive Officer
ICB Capital Management Limited

Sd/-

(Mamun Ahmed)
Managing Director
Swadesh Investment Management Limited

Sd/-

(Mustofa Kamal)
Chief Executive Officer
Mercantile Securities Limited

Due Diligence Certificate of Managers to the Issue

Sub: **Public offer of 4,00,00,000 Ordinary Shares of TK. 25.00 each including a premium of Tk. 15 per share of Malek Spinning Mills Limited**

We, the under-noted Managers 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 the discussions with the issuer company, it's 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 Managers to the Issue

Sd/-

(**Md. Aliuzzaman**)
Managing Director
Grameen Capital Management Limited

Sd/-

(**Md. Akter Hossain Sannamat FCA, FCS**)
Managing Director
Prime Finance & Investment Limited

Sd/-

(Md. Abdur Rouf)
Chief Executive Officer
ICB Capital Management Limited

Sd/-

(Mamun Ahmed)
Managing Director
Swadesh Investment Management Limited

Sd/-

(Mustofa Kamal)
Chief Executive Officer
Mercantile Securities Limited

Due Diligence Certificate of The Underwriters

Sub: **Public offer of 4,00,00,000 Ordinary Shares of TK. 25.00 each including a premium of Tk. 15 per share of Malek Spinning Mills Limited**

We, the under-noted Underwriter(s) to the abovementioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the abovementioned 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 discussions with the issuer company, it's 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) 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 un-subscribed securities against the abovementioned 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
Grameen Capital Management Limited

Sd/-
SVP & Head of Business
Union Capital Limited

Sd/-
Chief Executive Officer
ICB Capital Management Limited

Sd/-
Managing Director
Prime Finance & Investment Limited

Sd/-
Managing Director
Swadesh Investment Management Limited

Sd/-
Deputy General Manager
Janata Bank Limited

Sd/-
Chief Executive Officer
Mercantile Securities Limited

Sd/-
Managing Director & CEO
Uttara Finance and Investment Limited

Sd/-
CEO & Managing Director
IDLC Finance Limited

Sd/-
Managing Director
Pioneer Insurance Company Limited

Sd/-
Managing Director
Southeast Bank Limited

Sd/-
Director- in charge
Bangladesh Mutual Securities Limited

Section III

Risk factors and management's perceptions about the risks

Any investment always associates with risks. Among those risks some can be averted, others are beyond control, which may causes of loss. Before making any investment decision, Investors should take the risk factors into consideration. Major such risk factors are described in brief as under:

a. Interest Rate Risk

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

Management perception

The management of the Company is always aware of interest rate, which is concerned to the cost of fund of the Company. The Management prefers in procuring of 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.

b. Exchange Rate Risk

The Company is 100% export oriented. The products of the company are sold against foreign currency and payments for raw material are also made in foreign currency. 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.

Management perception

The exchange rate of the country is traditionally witnessed of upward trends, which makes ample opportunity of export. On the other hand, management perceives revaluation of local currency i. e. down trend of exchange rate will have little impact on profitability of the Company.

C. Industry Risk

Textile is the largest industrial sub-sector in Bangladesh. It contributes highest in the country's total export earnings, gives employment to over four million people meets the second basic need for clothing of the country and contributes around 50% of the industrial value addition. But, after phasing out of the MFA, the global textile trade is now free from quota restriction. The phasing out of MFA has created a tough competitive environment, where Bangladesh is now competing with the countries like China, India, Pakistan, Indonesia, Thailand, Vietnam etc. countries that is very strong in production of textile goods.

Management perception

The textile industry has 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 yarn producing that facilitates for better existence.

d. Market and Technology Related Risk

(i) Market Risk:

Among the functional areas in a yarn company, marketing exerts the sheer part of the importance. Proper implementation of the marketing tools as well as identifying new clients will ensure the success of the project. The continuous changes on preference in the garment and textile market will force the company to catch the trend. For which the company has to produce yarn for international demand.

Management perception

The company set its focus only in countries export market through inland back-to-back letter of credits. The management is trying to sell through direct contact with the customers (RMG & Knitting industries) in the selected regions understanding their needs. The company also has established relationship with potential buyers across the country and expects to find market for its capacity despite competition prevailing in the sector. Further, the commercial banks and financial institutions provide a thrust in the textile sector as they provide credit facilities to RMG & Knitting industries to acquire the yarn for their final products.

(ii) Technology Related Risk:

Technology always plays vital role for existence of any industrial concern. Innovation of new and cost effective technology may obsolete existence technology, which may cause negative impact.

Management perception
The project is equipped with world's modern and latest machinery and technology and to cope with the pace and harmony of w 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 rules and rules adopted by other regulatory bodies. Any abrupt changes of the policies formed by those bodies may impact the business of the Company adversely.

Management perception
Unless any 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 endeavor to convince the policy makers for adopting favorable terms & conditions, which will eventually help the yarn manufacturers of Bangladesh to compete with the 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.

Management perception
The company can prosper in a situation of political stability and a congenial business environment. Political turmoil and the disturbance are bad for the economy and so also for us the company.

g. History of Non Operation

The Company does not have any history of non- operation so no risk has arise in this respect.

h. Operational risk

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

Management perception
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 having less record of flood. 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.

I. Additional Risk:

The Issue proceeds will be utilized in a non operational company within the same group

Management Perception
The external Investment project, the NewAsia Synthetics Limited will be implemented to produce PET Chips and Polyster staple fibers. Presently whole demand of PET CHIPS and staple fibers are being met through imports. As such it is expected that the project will not face difficulty in marketing its product.The feasibility report prepared on the project reflects highly profitable situation. The Management of the MSML is proceeding with appropriate teps to bring the Company (NewAsia Synthetics Limited) in commercial operation by beginning of 2012.

Section IV

Capital Structure

The capital structure of Malek Spinning Mills Limited before and after IPO will be as under:

A.	**Financial structure prior to Initial Public Offering (IPO)**	**(Amount in Taka)**
	Issued & fully paid up capital as per audited accounts as on 30.09.2009	Tk. 700,000,000
	Capital rasied after balance sheet date as on 30.09.2009	Tk. 500,000,000*
	(*As per Return of Allotment certified by Register of Joint Stock Companies and Firms (RJSC) as on 29.10. 2009)	
	Total Capital Structure as on 29.10. 2009	**Tk. 1,200,000,000**
B.	**Financial structure after Initial Public Offering (IPO) without premium**	
	Initial Public Offering (IPO)	
	a) Initial Public Offer (Non Resident Bangladeshi)	Tk. 40,000,000.
	b) Initial Public Offer (Mutual Fund)	Tk. 40,000,000.
	c) Initial Public Offer (General Public)	Tk. 320,000,000
	Total	**Tk. 400,000,000**
C.	**Total paid up capital after IPO without premium (A+B)**	**Tk. 1,600,000,000**
D.	Premium as per audited financial statements as on 30.09.2009	Tk. 150,000,000
E.	Premium from capital rasied after balance sheet date as on 30.09.2009	Tk. 750,000,000
F.	Premium from Initial Public Offering (IPO)	Tk. 600,000,000
G.	Total Premium (D+E+F)	**Tk. 1,500,000,000**
H.	**Total capital structure (Including Premium) after IPO**	
	Total (C+G)	**Tk 3,100,000,000**

Use of Proceeds

(a) Purpose of public issue

As per deceision of Board of Directors meeting held on December 20, 2009 the IPO proceeds of MSML would be utilized for the following purposes:

1. "Management of Malek Spinning Mills Limited will take all necessary steps to utilize the net proceeds of public offer for implementation PET Granules & Polyester Staple Fibre project under the name of NewAsia Synthetics Limited."
2. Management of NewAsia Synthetics Limited will utilize this amount of equity in acquiring part of the fixed assets and meeting other expenses of the project.

Description of new project

Public issue proceeds will be utilized to establish a petrochemical project to produce PET Chips (Polyester Chips) and Polyester Staple Fibre. The company will be the pioneer in the field of setting up of such a petrochemical complex for the first time in Bangladesh. The polyester chips to be produced by NewAsia Synthetics Ltd. will be used in the production of polyester yarn for the textile industries, food grade PET bottles and polyester staple fibre. PET Chips can also be used for manufacturing high tenacity polyester yarns which is used in the manufacture of tyres, belts and other industrial use. Besides, there is export demand for such product in the EU and USA, which are being met through imports form India, Pakistan and other countries. NewAsia Synthetics Ltd. is expected to go into operation by January 2012. The plant will have a production capacity of 170,400 tons per annum.

Estimated project cost		Taka in million
Land		367
Building and civil works		1,000
Plant and machinery including duty freight etc.		3,785
Others (including working capital)		1,288
	Total	**6,440**

Means of Finance		Taka in million
From capital raising	1,250	
From initial publc offering (IPO)	1,000	
From the Directors	250	
	Total	2,500
Borowings, Equity support from Banks, Financial Institutes and Others (yet to be arranged)		3,940
	Total	**6,440**

Mentionable here that the Board of Directors of Malek Spinning Mills Limited in its meeting held on 7th April 2008 decided to establish a company in the name of NewAsia Synthetics Limited (NSL) for implementing PET Chips and Staple Fibre manufacturing project in which MSML will invest net proceeds of IPO.

Malek Spinning Mills Limited will subscribe whole proceeds of private placement and Initial Public Offering of its shares towards equity participation of NewAsia Synthetics Limited for implementing part of the PET Chips (Polyester Chips) and Polyester Staple Fibre manufacturing project.

The Project of **New Asia Synthetics Limited** is expected to commence operation by January 2012. The tentative implementation schedule of the project is presented below:

(b) Implementation Schedule of NewAsia Synthetics Limited

Particulars	Approximate date for completion of project	Projected date of commercial operation
Land procurement and development completion	April 2010	January 2012
Civil works	April 2010- September 2011	
Opening of L/Cs	April-June 2010	
Machinery at site	October 2010-September 2011	
Completion of civil works	September 2011	
Erection and Installation	October 2010-September 2011	
Trial run	October –December 2011	

Sd/-	Sd/-	Sd/-
(Major (Rtd.) Abdul Matin Chowdhury) Director & Managing Director of Malek Spinning Mills Limited & Director of NewAsia SyntheticsLimited	(Dr. Shamim Matin Chowdhury) Director & Managing Director of NewAsia Synthetics Limited & Director of Malek Spinning Mills Limited	(B.K. Chaki) DGM- A&F and Company Secretary of Malek Spinning Mills Limited & New Asia Synthetics Limited

(C) There are no other contract for which Proceeds of IPO will be utilized

Section V

Description of Business

Company at a glance

Malek Spinning Mills Limited, a Public Limited Company has been envisaged by a group of dynamic entrepreneurs who have immense contribution to development of the textile sector of Bangladesh. The sponsors have a very long history in industrial management with the earlier generation starting in Bombay in the early 20th Century and then moving to Bangladesh in 1947. The Company was incorporated in Bangladesh on November 02, 1989 as a Private Limited Company. Subsequently the Company was converted into a Public Limited Company on September 14, 2008 under the Companies Act 1994 with the purpose for setting up a Petro Chemical PET Chips (Polyester Chips and Polyester Staple Fibre) Manufacturing Plant. The existing project is located at Shafipur, Kaliakoir, Gazipur and started its commercial operation on January 01, 1991. Presently the project has in total 63,624 spindles with an annual production capacity of 12,600 tons of combed and carded Cotton yarn. MSML is a deemed exporter and majority of its goods are supplied to Knit industries for export.

Malek Spinning Mills Limited is equipped with state-of-the-art machinery imported from Switzerland, Germany and India with a view to produce products of international standard. Due to its modern machinery and highly knowledgeable and skilled management and workforce, the company has earned a very high reputation in the spinning market.

MSML has implemented another spinning mills named Salek Textile Limited (STL) with 10 Schlafhorst Autocoro machine of 360 rotors each and having production capacity of 14,621,000 kgs of yarn per annum. At present, STL is a 90% owned subsidiary of MSML. STL commenced commercial operation from April 2009.

MSML's products have been very well accepted in the market and have topped the national production and quality parameters in Bangladesh. It has also been internationally well recognized for its production and quality. MSML and STL are both Licensees of **Cotton U.S.A**. issued by Cotton Council International, Washington DC, U.S.A.

Company highlights are as follows

Nature of business	:	The Company is engaged to produce Combed and carded yarn
Date of incorporation	:	02 November 1989
Converted to Public Ltd. Co.	:	14 September 2008
Change of face value from Tk. 100 to Tk. 10 per share	:	14 September 2008
Financial year	:	July-June

International recognitions

Sl. No.	License / Certificate	Provider / Issuer	License validity
01	License of **Cotton U.S.A.**	Cotton Council International, Washington DC, U.S.A.	31 December 2010

Existing capacity

(as per audited accounts as on 30th September 2009)

No of spindles	:	63,624
Installed capacity	:	12,600,000 kg per annum
Actual Production	:	28,34,523 kgs (from 1st July 2009 to 30th September 2009)
Current utilization	:	89.98% of installed capacity

Group Profile

(as per last audited accounts)

Company	Activity	Annual Production (Million)	Manpower	Sales Million Tk.
Malek Spinning Mills Limited	Carded and Combeded yarn	12.60 Kg	1,706	527.680 (July- Sept., 2009)
Knit Asia Ltd	Knit Fabric and Garmenting	7.00 Kg	4,500	2,353.66 (Jan- Dec, 2009)
Salek Textile Ltd	Open End Auto Coro yarn	14.62 Kg	1,000	290.105 (July- Sept., 2009)
Rahim Textile Mills Ltd	Knit and Woven Processing	7.00 MTR	300	70.91 (July- Sept., 2009)
New Asia Ltd	Textile Machinery Sales	-	30	21.99 (Jan- Dec, 2009)
NewAsia Synthetics Limited	Not yet implemented	-	-	-
Hejaj Publication Limited	Not in Operation	-	-	-
Fatehbag Tea Co Ltd	Tea leaf production	225,000 kg green leaf 55,000 kg made tea (annually)	80	3.19 (as on 31st March 2009)
Design Asia Limited	Buying House, Import and Export	N/A	7	N/A
Paragon Poultry Limited	Poultry breeding firm, poultry hatchery, Poultry and fish feeds	14,400,000 pcs eggs, 45,000 tons feeds 25,000,000 boiler and layer chicks	800	1,610 (as on June 2009)

Subsidiary Companies of Malek Spinning Mills Limited

Salek Textile Limited

Salek Textile Limited another envisage project under the group. The project has already started commercial operation since April 2009. The project has 10 Schlafhorst Autocoro machine of 360 rotors each with production capacity of 38 tons of yarn per day. At present, Malek Spinning Mills Limited holding 90% of share of the Salek Textile Limited.

NewAsia Synthetics Ltd

Sponsors of Malek Spinning Mills Ltd. have also undertaken to set up a PET Granule (Bottle grade & Industrial grade) and Polyester Staple Fibre manufacturing unit in the name of NewAsia Synthetics Ltd. A portion of equity subscription of this project is proposed to be done from the net proceeds of public issue of Malek Spinning Mills Ltd. At present, MSML is the holder of 96.23% shares of NewAsia Synthetics Limited. The polyester chips to be produced by NewAsia Synthetics Ltd. will be used in the production of polyester yarn for the textile industries and PET bottles for water, high tenacity fiber yarns, beverage, pharmaceuticals etc. Polyester Staple Fibre shall be used in the textile sector of the country. PET Chips can also be used for manufacturing high tenacity polyester yarns which is used in the manufacture of tyres, belts and for the other industrial use. Besides, there is export demand for such product in the EU and USA, which are being met through imports form India, Pakistan and other countries. NewAsia Synthetics Ltd. is expected to go into operation by January 2012. The plant will have a production capacity of 170,400 tons of PET Chips and Polyester Staple Fibre per annum.

Associate Companies of Malek Spinning Mills Limited

Knit Asia Limited

Knit Asia Limited is another project of the group. The Company was established in the year 2000 with a capacity of 3,000 KG per day. The current capacity is 18,000 kgs of fabrics and garments stitching of 120,000 pcs T- shirts per day. The annual turnover of the company has increased from US$ 1.00 million to US$ 38.00 million in last eight years. The Company is capable of stitching all type of knit garments and clothing with inhouse embroidery and printing facility using printing machinery from M&R USA. Knit Asia Ltd has a strong track record of on time shipments and good quality product. Some of the international clients are as follows:

Break Up of Sales of Knit Asia Limited (For the period from January to December 2009)

Sl no	Brand name	Country of Origin	Export quantity (pcs)	Amount in USD
01	ZARA	Spain	4,900,112	7,546,207
02	Russel	UK	2,104,284	3,543,359
03	MATALAN	UK	5,258,464	8,766,469
04	TESCO	UK	1,876,312	3,180,808
05	HANES	UK	52,615	66,186
06	PNH	UK	112,855	300,641
07	Others	-	7,298,861	10,957,008
	Total		**21,603,503**	**34,360,678**

Rahim Textile Mills Limited

Rahim textile Mills Limited another envisage project of the group has engaged in knitting and woven processing. The Company is already listed in the Stock exchange. The Company has annual production turnover of 7.00 MT and current Manpower capacity is 300 persons. The Authorized Capital of the Company is Tk. 500 million and Paid up Capital is Tk. 18.2 million respectively. The Sponsors are holding 80.17 percent of shares of the company while institute and Public shareholding is 10.54 and 9.29 percent respecteviley as on last audited accounts on 30th June 2009.

New Asia Limited

New Asia Limited incorporated on 14 January 1974 with Registrar of Joint Stock Companies and Firms. The Company is engaged in trading of textile machinery.

Fatehabagh Tea Co. Ltd.

Fatehabagh Tea Co. Ltd. incorporated on 12 April 1956. The project located at Purbashahbazpur, Moulvibazar.The Company cultivates raw tea leaf from its own garden and sell them to the local market.

Design Asia Limited

Design Asia Limited incorporated on 12 August 2009 with Registrar of Joint Stock Companies and Firm. The company operate its business operation from 117/A, tejgaon I/A, Dhaka. The Company is engaged in export and import of readymade garments product and operate as a buying house

Hejaz Publications Ltd.

Hejaz Publications Ltd. incorporated on 12 April 1956. The company operate its business operation from 117/A, tejgaon I/A, Dhaka. The Company was engaged in the business of printing and publication. Currently the Company is not in operation.

Paragon Poultry Limited

Paragon Poultry was established in the year 1993. The Company is situated at Baniarchala, Bhabanipur, Gazipur. It produces Hubbard Clasic & Hubbard Flex day old commercial broiler chicks. Weekly production capacity of the company is 700,000 chicks. Annual turnover of the company is BDT 1,610 million. Paragon poultry has now established itself as one of the leading players in the local chicks market with a strong brand image.

Nature of Business

The principal activitiy and operation of Malek Spinning Mills Ltd. is the production and sale of combed and carded yarn. The addition of Salek Textile Ltd. (A subsidiary Company of MSML) in April 2009 has resulted in a significant increase in production capacity of the company and opened doors for new markets such as Denim and the Home Textile Markets. In addition, the implementation of NewAsia Synthetics Ltd. will add PET Chips and Polyester Staple Fibre to its product line.

The Sponsors of Malek Spinning Mills Ltd. have started up another spinning project in April 2009 with 10 (Ten) Schlafhorst Autocoro Machines of 360 rotors each, in the name of Salek Textile Ltd. which will cater to the Denim and Home Textile Markets in addition to Knit Yarn.

The next step in the expansion process is to set up a Petro-Chemical plant to produce PET Chips and Polyester Staple Fibre in the name of NewAsia Synthetics Ltd. The project will be the first of its kind in Bangladesh. Total cost of the project including gross working capital requirement is estimated at around Tk. 6,440 million.

Principal Products

The company has been set up to produce 100% combed and carded yarn. In addition the subsidiary company Salek Textile Ltd. manufactures open end yarn for knitting, denim and home textile markets. Upon implementation of NewAsia Synthetics Ltd. (NSL), PET Chips-bottle grade, textile grade, polyster staple fibre would be added to the product list of the group.

Market of the products

Export oriented readymade garments (RMG) and knitting and weaving industries are the consumers of the products of the Malek Spinning Mills Ltd. and its subsidiary Salek Textile Ltd.

Relative contribution of the services contributing more than 10% of the total revenue

The Company produces only combed & carded yarn which contributed 100% of its revenue.

Associates, subsidiary/related holding Company

Subsidiary Companies

As per BAS 27, Malek Spinning Mills Ltd. has two subsidiary companies upon having voting rights of 20% or more in the following companies:

(as on 30th Septemeber 2009)

Sl. No.	Name of the Company	Shareholding % of Malek Spinning Mills Limited
01	Salek Textile Ltd.	90.00%
02	NewAsia Synthetics Ltd.	96.23%

Associated Companies

The following are associated companies on the basis of common directorship:

Sl. No.	Name of the Company	Shareholding % of Malek Spinning Mills Limited
01	Rahim Textile Mills Ltd.	Nil
02	Knit Asia Ltd.	Nil
03	NewAsia Ltd.	Nil
04	Hejaz Publications Ltd.	Nil
05	Fatehabagh Tea Co. Ltd.	Nil
06	Design Asia Limited	Nil
07	Paragon Poultry Limited	Nil

Distribution of product

The customers of the company collect the finished products and carry them to their sites at their own risk from the factory.

Competitive Conditions in the Business

There is a huge demand-supply gap for the product of the Company in the yarn market. The company has earned a very good reputation in the yarn market of the country due to its superior quality. The following companies can be considered as competitors of the company:

Sl. No.	Name of the Company
01	Square Spinning Mills Ltd.
02	Viyellatex Spinning Mills Ltd.
03	Hanif Spinning Mills Ltd.
04	Arif Knit spin Ltd.
05	Matin Spinning Mills Ltd.

Sources and availability of raw materials and the names of the principal suppliers

The principal raw material of the company is raw cotton, which is fully procured from USA only. Malek Spinning Mills Ltd. and Salek Textile Ltd. are licensees of COTTON USA, a most prestigious license for companies that procure cotton of the highest quality from the USA. The names of main suppliers are mentioned below:

Sl. No.	Name of supplier	Address
01	Staple Cotton Co-operative Association	214, West Market St, PO Box–547, Greenwood, M S 38935-0547, USA.

Raw cotton is used by both Malek Spinning Mills Ltd. and its subsidiary Salek Textile Ltd.

Sources of, requirement for, power gas and water

All existing projects have captive power generation and utilities. NewAsia Synthetics Ltd. will also be developed on this principal. The breakdown of utilities for each project is given below:

Particulars	User	Source and requirements
Power	Malek Spinning Mills Limited	Power requirement of Malek Spinning Mills Ltd is 6.3 MW/day, which is met up from own gas generator. Yet for smooth operation during time of emergency and maintenance of the project power connection from REB has been arranged as stand by.
	Salek Textile Limited	Power requirement of Salek Textile Ltd. is 3.6 MW/day, which is met through own gas generators. REB connection for emergencies will be arranged in due course.
	NewAsia Synthetics Limited (Not yet commenced commercial operation)	Power requirement of NewAsia Synthetics Ltd. is expected to be about 6 MW/day for running the unit and utilities, which is proposed to be met through own gas generators, for which permission from Titas Gas Transmission & Distribution Co. Ltd has already been obtained.
Water	Malek Spinning Mills Limited	Malek Spinning Mils Ltd. requires 35,000 liter of water per hour which is met by its own deep-tube well.
	Salek Textile Limited	Salek Textile Ltd. requires about 45,000 liters of water per hour, which is met from projects own deep tubewell.
	NewAsia Synthetics Limited (Not yet commenced commercial operation)	NewAsia Synthetics Ltd. would require approximately 2,200 m3 of water per day. As such, total water requirement for the project would be about 781,000 m3 per anuum, which would be met up by project's own water source. The project would install its own water treatment plant to obtain treated water for using in production processes.
GAS	Malek Spinning Mills Limited	Malek Spinning Mills Ltd. requires about 127,740,048 m3 of gas per annum. Titas Gas Transmission & Distribution Co. Ltd. (TGTDCL) supplies required gas for the project.
	Salek Textile Limited	Salek Textile Ltd. requires about 8,131,200 m3 of gas per month. Required gas supply is being obtained from Titas Gas Transmission & Distribution Company Ltd.
	NewAsia Synthetics Limited (Not yet commenced commercial operation)	NewAsia Synthetics Ltd. has already received permission from Titas Gas Transmission & Distribution Co. Ltd. on 14th January 2009 for 104,000 ft3 of gas per hour, which is sufficient for the project and probable future expansions.

Name of the customers who purchase 10% or more of the Company's product/services

The names & addresses of such companies are shown as below:

Sl. No.	Name of customer	Address
01	Knit Asia Limited (An associate company of MSML)	117/A, Tejgaon I/A, Dhaka-1208
02	Kushiara Composite Knit Industries Ltd	Tetoibari, Dehra, Savar, Dhaka

Contract with principal suppliers or customers

There is no contract with principal suppliers or customers.

Material patents, trademarks, license or royalty agreement

The company has no patent, trademarks, license or royality agreement

Employees' position as on 30/09/2009

Particular	Officers & Staffs		Workers	Total Employees
	Factory	Head Office		
No of Employees	132	54	1,520	1,706

All employees are full-time employee.

Production Capacity and Current Utilization as on 30/09/2009 of MSML as follows

Installed production capacity	Current utilization as per audited accounts (July 09-Sep 09)
12,600,000 Kg per annum	89.98% of installed capacity

Section VI

Description of property

Plants and Property

The Company has set up its factory at Shafipur, Kaliakoir, Gazipur to run the operations and the corporate office is situated at 117/A Tejgaon Industrial Area, Dhaka-1208, Bangladesh. The Company posses the following fixed assets as on 30th September 2009:

Sl. No.	Name of the Assets	
	Unit -1	Unit-2
01	Land and Land Development	Land and Land Development
02	Factory Building	Factory Building
03	Plant and machinery	Plant and machinery
04	Electrical Installation	Lease Assets (Plant and Machinery)
05	Tube well and Water Pump	Electrical Installation
06	Furnitures and Fixture	Tube well and Water Pump
07	Office Equipments	Furnitures and Fixture
08	Gas Line Instalalation	Office Equipments
09	Loose Tools and Equipment	Gas Line Instalalation
10	Motor Vehicle	Loose Tools and Equipment
11	Crockaries and Cutlaries	Motor Vehicle
12	Fire Installation	Telephone (PABX) Installation
13	Generator	Generator
14	-	Fire Installation

1. Entire above mentioned properties are situated at Company's factory premises and are in good operational condition.
2. The properties of the company have been owned by the Company and Purchased in brand new condition except 06 unit of comber machines in unit 2 which are acquired under lease financing.
3. 1,002 decimal of land and machinery of the Company are registered mortgaged to the lending banks namely Eastern Bank Ltd., Dhaka Bank Ltd., One Bank Ltd., Trust Bank Ltd., IPDC, Shahjalal Islami Bank Ltd and Citi Bank N.A., and HSBC on pari-passu basis.
4. 06 (six) Comber machine in Unit 2 were acquired under lease financing from United Leasing Company Limited. The date of expiration of the lease is 22.08.2010

Section VII

Plan of operation and discussion of financial condition

Internal & External Sources of Cash

as per audited accounts
(amount in Taka)

Internal Sources of Cash	From 01/07/09 to 30/09/2009	From 01/07/2008 to 30/06/2009	From 01/07/2007 to 30/06/2008	From 01/07/2006 to 30/06/2007
Paid Up Capital	700,000,000	700,000,000	600,000,000	300,000,000
Share Money Deposit	-	-	100,000,000	-
Share Premium	150,000,000	150,000,000	-	-
General Reserves & Surplus	475,914,063	416,211,705	153,283,640	339,479,669
Reserve for revaluation of Fixed Assets	1,104,037,855	1,121,891,469	1,200,832,885	-
Sub-total	**2,429,951,918**	**2,388,103,174**	**2,054,116,525**	**639,479,669**
External Sources of Cash				
Long term loan	41,813,217	38,006,986	318,724,740	493,642,958
Current Portion of Long term loan	129,328,508	157,573,987	-	-
Short term loan	776,145,506	644,479,847	197,937,315	339,958,622
Sub-total	**947,287,231**	**840,060,820**	**516,662,055**	**833,601,580**
Grand total	**3,377,239,149**	**3,228,163,994**	**2,570,778,580**	**1,473,081,249**

*As per Return of Allotment certified by Register of Joint Stock Companies and Firms (RJSC) as on 29.10. 2009 paid up capital of MSML stands at Tk. 1,200,000,000.

Material Commitment for capital expenditure & Sources of Fund

The company has material commitment in form of Board resulation in its meeting held on 7th April 2008 dated for capital expenditure to implement PET Granuels manufacturing project under the banner of New Asia Synthetics Limited which is a subsidiary of MSML. At present, MSML holds 96.23% shares of NSL as per note 3.2.1 of the audited accounts of Malek Spinning Mills Limited for the period ended as on 30th September 2009.

The source of fund for PET Chips project are fund collected from private placement and Initial Public Offering (IPO).

Material Change from period to period

The Company's net profit after Tax, EPS and other business indicators are increasing trend due to the management effort and strategic action to face competition in the industry. The following Table shows the year to year financial performance of the Company and which is increasing due to the company's long terms vision in this sector, experienced top tier management, favorable economic and government rules and regulations, the commendable repayment culture is contributing for growth of the company.

[as per audited accounts]

Particulars	From 01/07/2009 to 30/09/2009 (For Three Months)	From 01/07/2008 to 30/06/2009	From 01/07/2007 to 30/06/2008	From 1/07/2006 to 30/06/2007
	(amount in Tk.)	(amount in Tk.)	(amount in Tk.)	(amount in Tk.)
Sales	527,688,243	2,359,932,749	2,349,807,000	1,996,428,762
Less: Cost of goods sold	442,477,943	2,003,900,314	2,010,229,043	1,706,523,410
Gross Profit	85,210,300	356,032,435	339,577,957	289,905,352
Less:				
Operating expenses	8,581,422	36,384,488	43,949,396	36,899,090
Financial expenses	17,715,399	92,800,688	154,641,653	158,703,796
Trial Operation Expenses	-	-	-	690,190
Loss on Sale of Fixed Asset	-	447,781	53,198	-
Operating profit	58,913,479	226,399,479	140,933,710	93,612,276
Add: Other income	1,952,363	1,216,172	-	-
Net Operating Profit	60,865,842	227,615,651	140,933,710	93,612,276

Particulars	From 01/07/2009 to 30/09/2009 (For Three Months)	From 01/07/2008 to 30/06/2009	From 01/07/2007 to 30/06/2008	From 1/07/2006 to 30/06/2007
Less: Provision for contribution to WPPF	2,898,373	10,838,841	7,046,685	4,680,614
Profit/(Loss) before Tax	57,967,469	216,776,810	133,887,024	88,931,662
Less: Provision for Income Tax				
Current Tax	9,134,402	32,790,160	20,083,054	13,339,749
Deferred Tax	1,477,220	-	-	-
Net profit after tax for this year	47,355,847	183,986,650	113,803,970	75,591,913
EPS	0.68 *	2.70**	18.97	25.20

- *EPS for the three months as on 30th September 2009 stands at Tk. 0.68. After annualize, EPS for the year end 30th June, 2010 stands at Tk 2.72 which is increasing trend compare to last year end 30th June 2009.
- ** The face value of Share of the Company was denominated from Tk. 100 to Tk.10 per share on 14th September 2008. So EPS would be considered as per new face value of share from the accounting year 2008-09 to onwards.

Seasonal aspect

In general demand for yarn is prevailed in whole year yet from September to April demand goes high.

Known Trends, Events or Uncertainties

Decrease demand of the ready made garments product in the local and international market, increased production cost, scarcity of raw materials, scarcity of gas, technological change, increased competition, Govt. policy change towards the industry, political unrest, hartal, flood and natural calamities are the known events that may affect the business operations of the Company.

Changes in the assets of the company used to pay off any liabilities

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

Loans taken or given by the company either from or to its holding/parent or subsidiary company

MSML does not have any holding or Parent company, so no loan has been taken in this respect.

MSML has two subsidiary company namely Salek Textile Limited and NewAsia Synthetics Limited. MSML privides Advance as non interest bearing loan to its subsidiaries. As on 30-09-2009 accumulated balance of advance to Salek Textile Limited was Tk. 202,620,464 and to NewAsia Synthetics Limited was Tk 4,316,011.

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 and plan to equity financing in subsidiary company named NewAsia Synthetics Limited.

Future Capital Expenditure

There is no plan in the near future for any capital expenditure other than those of NewAsia Synthetics Ltd. by way of equity subscription by MSML as specified in use of Proceeds of public issue of share.

VAT, Income Tax, Customs Duty or other Tax Liability

(i) **VAT:**

The project of the Company is 100% export oriented. Government of Bangladesh has declared that there is no VAT on 100% export oriented project except local sale. There is no outsatndiung VAT claim upto 30th September 2009.

(ii) **Income Tax:**

Income Year	Assessment Year	Status	Remarks
1990-91	1991-92	The Company is enjoying Tax Holiday for the period of 7 years*	No Tax demand
1991-92	1992-93	Do	Do
1992-93	1993-94	Do	Do
1993-94	1994-95	Do	Do
1994-95	1995-96	Do	Do
1995-96	1996-97	Do	Do
1996-97	1997-98	Do	Do
1997-98	1998-99	Unit 1 up to 31.12.97 Tax holiday. Unit -2 Tax holiday	Do
1998-99	1999-2000	Unit -1 No Tax Claim Unit-2 Tax Holiday	No Tax demand in both the unit as per the order of DCT
1999-2000	2000-2001	Unit -1 No Tax Claim Unit 2 Tax Holiday	Do
2000-2001	2001-2002	Unit 1 No Tax Claim Unit 2 Tax Holiday	Do
2001-2002	2002-2003	Unit 1 No Tax Claim Unit 2 up to 31.05.2002 Tax Holiday and No Tax Claim	Do
2002-2003	2003-2004	Both the Unit Taxable but no tax claim	Do
2003-2004	2004-2005	Both the unit Taxable but no tax claim	Do
2004-2005	2005-2006	Tax demanded by the Tax authority Tk. 87,24,025	This case is pending in Honarable High court.
2005-2006	2006-2007	Tax demanded by the Tax authority Tk.3,80,62,999	This case is under appellate Tribunal for Consideration.
2006-2007	2007-2008	Tax provision Tk.1,33,39,749	Tax paid and assessment completed under Universal self assessment
2007-2008	2008-2009	Tax provision Tk.2,00,83,054	Tax paid and assessment completed under Universal self assessment
2008-2009	2009-2010	Current Tax provision Tk. 3,27,90,160	Return submitted under Universal Self Assessment Basis

**The Company enjoyed Tax-holiday from 1st January 1991 to 31st Decemebr 1997 as per approval granted by National Board of revenue vide their order no 11(73)/Kar-2/91 dated 14-10-91 for Unit 1 under Section 45(2B)(d) of Income Tax Ordinance 1984

From 1st June 1997 to 30th June, 2002 as per approval granted by National Board of revenue vide their order no 11(270)/Onu:-1/97/649 dated 12-05-98 for Unit 2 under Section 46A(3)/46 A(1)(a)/46A(4) of Income Tax Ordinance 1984.

Tax Status of the Subsidiary Company

Salek Textile Limited

As per section 46B (1) (a) and 46B (2) (a) (i) of Income Tax ordinance, 1984 Salek Textile Limited is excempted from income Tax for 5 years from 1st April 2009 to 31st March 2014 as per approval garnted by National Board of Revenue, Government of Bangladesh vide order no 11(52) onu-1/2009/1538(2) dated 16th July 2009.

NewAsia Synthetics Limited

The Company is newly set up venture which has not yet started commercial operation. So no income tax arise in this purpose.

(iii) Custom Duty or other Tax and contingent Liability

Custom duty or other Tax liability

There are no dues outstanding on account of custom duty or other tax liability.

Contingent Liability

During the period under audit the company has contingent liability against outstanding letter of credit in Eastern bank ltd for Tk.7,573,222.50 and Bank guarantee for Tk.7,766,142.The disclosure related with contingent liability is given below:

Contingent liability with Eastern Bank Limited an amount of Tk 7,573,222.50

Contingent liability of Tk. 7,573,222.50 arose against L/C no 147809011936, dated 27.07.2009 and L/C no 147809012106 , dated 12.08.2009 for stores and accessories. Subsequently L/Cs retired and contingent liability are adjusted.

Bank Guarantee of Tk. 7,766,142

Contingent liability of Tk. 7,766,142 is against Bank guarantee provided by Eastern Bank Limited to Titas Gas Transmission and Distribution Company Limited. This guarantee is renewed every five years.

The details information about contingent liabilities is disclose in note 38 of the notes to the accounts of the audited financial statements as on 30th September 2009 and auditor additional disclosure.

Operating Lease during last five years

The company has established its Head Office on rental basis. The Company has entered an agreement with Hejaj Publication limited as on 26th December 2007 for use of 2,718 sft. On the 1st floor of 117/A, Tejgaon I/A, Dhaka-1208. The period of rent shall be 05 (five) years with effect from 01.01.2008 with the provision for extension of the rent for further period on Terms and Conditions mutually agreed in writing. The Company paid an amount of Tk 81,540/- as office rent as disclosed in the operating expense of the note 25 of the audited financial statements as on 30th September 2009. the details of operating llease as shown below table:

Particulars of Leased premises	Area in Sft.	Period of lease	Rent per Sft	Monthly amount
117/A, Tejgaon I/A, Dhaka -1208	2,718 Sft.	05 years	Tk. 10/- per Sft	Tk. 27,180/-

Financial and Lease Commitment during last five years

Financial and Lease Commitment during the last five years as such:

The following machineries have been procured from the United Leasing Company Limited on financial lease commitment basis:

Sl. No.	Name of the Machines	Quantity
01	01 unit of Combing Equipment namely New Lakshmi Lap Former, Model LH10 with Standard Accessories	01 unit
02	05 unit of Combing Equipment namely New Lakshmi Comber, Model LK 54 with Standard Accessories	05 Unit
03	Accessories – Lap Spools-125 nos Lap Trolley-6 nos	01 (One) set

The details Terms and Conditions of the lease commitment as shown under

Sl. No.	Name of Institution	Amount of Loan (Amount in Tk)	Rate of Interest	Sanction Date	Yearly Installment	Total Installment (Monthly basis)	Date of Maturity of Loan	Outstanding Balance as per audited accounts as on 30.09.2009
01.	United Leasing Company Limited	Tk. 30,000,000/-	14.25%	23-8-2005	Tk. 10,144,644	48	22-8-2009	1,647,091

Personal related scheme

The Company believes in supporting its employees and is offering incentives and motivation for its continued profitability and prosperity. With a view to supporting these objectives, the Company operates a contributory Provident Fund and Workers Profit Participation Fund (WPPF).

Breakdown of all Expenses connected with the public issue

The following is an estimate of expenditures on various accounts in relation to IPO:

Particulars	Rate	Amount in Tk.
Issue Management Fee		
Managers to the Issue Fees[1]		2,000,000
VAT against Issue Management Fees	15% on Issue Management fee	300,000
[1] Issue management fee will be distributed among the Issue Managers as per mutual arrangement as stated in issue management agreement.		
Regulatory Expenses		
Listing related expenses :		
Service Charge for DSE	Fixed	5,000
Annual fee for DSE & CSE	Fixed	200,000
Initial Listing fee for Stock Exchanges (CSE & DSE)	@0.25% on Tk 100 million and 0.15% on rest amount of paid-up capital maximum Tk 2 million	4,000,000
SEC Fees		
Application fee	Fixed	10,000
Consent fee	@ 0.15% on public offering amount	1,500,000
IPO Commission		
Underwriting Commission	@ 0.5% on the underwritten amount	2,500,000
Banker to the Issue commission	@ 0.1% on collected amount (to be paid at actual)	1,000,000
Credit Rating Fee	At Actual	250,000
Legal fees payable to legal advisor (if any)	Estimated (to be paid at actual)	250,000
Auditor fees including certification fees	Estimated (to be paid at actual)	300,000
Printing & Post IPO Expenses (Estimated)		
Expense regarding printing of abridged version of prospectus & notice in 4 national Dailies	Estimated (to be paid at actual)	250,000
Expense regarding Printing of prospectus & forms	Estimated (to be paid at actual)	800,000
Post issue Managers expenses (Data processing fee)	Estimated (to be paid at actual)	720,000
Lottery conduction expense	Estimated (to be paid at actual)	750,000
BUET fee for lottery conduction	Estimated (to be paid at actual)	250,000
CDBL Fees & Expenses		
Security deposit of elligible securities	At actual	400,000
Documentation fee	At actual	2,500
Annual fee	At actual	100,000
IPO fee	At actual	250,000
Connection fee (500 Tk per Month*12)	At actual	6,000
Others		
Distribution of application forms and prospectus to the overseas countries (Tk)	Estimated (to be paid at actual)	25,000
Distribution of application forms and prospectus within the country (Tk)	Estimated (to be paid at actual)	10,000
Envelop printing and currier charges (Tk)	Estimated (to be paid at actual)	10,000
Physical Distribution of Allotment and Refund warrants	Estimated (to be paid at actual)	200,000
Satcom Software for share Management	Estimated (to be paid at actual)	100,000
Stationary and others	Estimated (to be paid at actual)	50,000
	Grand Total	**16,238,500**

N. B. The costs of the above mentioned IPO expenses will vary and will be adjusted accordingly.

Revaluation of Assets

The company revalued its fixed assets for the 1st time in the year 2007-2008 as per Board Resolution dated on 05.12.2007. Reserve is created by the sum of revaluation surplus and depreciation is charges on the revalued assets except Land and Land Development as per the respective rate of depreciation and transferred the equal amount of depreciation to the equity as per the provision of BAS-16.

Name of the Valuer Company : Asian Surveyors Limited

Name of the Valuer : K.C. AICH

The particulars about the valuation team is presented below:

Sl. No.	Name of the valuation team member	Qualification
01	Mr. K.C. AICH	Science Gradute
02	Mr. Jotirmoy Bhattacharjee	Civil Engineering
03	Mr. M. Alauddin	Mechanical Engineering from UK
04	Mr. Fatullahil Azim Chowdhury	Masters Degree

Some of mentionable Valuation works completed by Asian Surveyors Limited

Sl. No.	Name of the Company for which revaluation of Assets was done
01	James Finley
02	ACI Ltd
03	Sonargaon Hotel
04	Square Pharmaceuticals
05	Ashuganj Thermo Power Station
06	Jamuna Fertiliser Factory Limited
07	Zia Fertiliser Factory Limited
08	Palash Urea Fertiliser Factory

Reasons for valuation

To ascertain net worth of the project at current value of the land, building, machinery and other assets.

Auditor's disclosure regarding revaluation of fixed asset

The first revaluation of Company's assets was made on 30.06.2008 by a renowned survey company named Asian Surveyors Ltd. of 28, Dilkusha C/A. Dhaka-1000.The report was signed by The Executive Director of Asian Surveyors Ltd. Mr.K.C Aich. The Valuation has been made for reflection of actual value of its assets. The revaluated amount was incorporated in the accounts as on 30.06.2008. The Summary of revaluation is shown below:

Particulars of Assets	Book Value as on 30.06.2008	Revaluation surplus as on 30.06.2008	Revalued book value as on 30.6.2008
Land and Land Development	68,007,396	337,982,604	405,990,000
Factory Building	113,542,226	146,872,234	260,414,460
Plant and Machinery	365,050,474	642,106,950	1,007,157,424
Electrical Installation	22,159,464	-	22,159,464
Tubewell and Water Pump	898,536	-	898,536
Furniture and Fixtures	1,995,076	-	1,995,076
Office Equipments	3,249,070	-	3,249,070
Gas Line Installation	1,761,478	-	1,761,478
Loose Tools and Equipment	211,395	-	211,395
Motor Vehicle	6,844,249	-	6,844,249
Telephone (PABX) Installation	108,996	-	108,996
Generator	44,992,903	73,871,097	118,864,000
Fire Installation	129,978	-	129,978
Stores and Accessories	98,377,123	-	98,336,403
Crockries and Cutlaries	24,083	-	24,083
TOTAL	**727,352,477**	**1,200,832,886**	**1,928,144,612**

The revaluation reserve has been written off subsiquently on yearly basis against the depreciation charges on the revalued assets. The balance of revaluation reserve as on 30.06.2009 was Tk.1,104,037,855. This calculation is arrived as follows:

Balance as on 01.07.2009		1,121,891,469	1,200,832,885
Less: Adjustment of Reserve for Revaluation of Fixed Assets		17,853,614	78,941,416
	Tk.	**1,104,037,855**	**1,121,891,469**

Note: Detail of Adjustment of Reserve for Re-valuation of Fixed Assets is given in the Annexure-1 of the audited financial statements as on 30th September 2009

Summary of Valuation Report

Sl No	Particulars of Assets	Asset Value before revaluation	Amount of revaluation
		(Amount in Tk.)	(Amount in Tk.)
A.	Land	68,007,396	405,990,000
B.	Buildings & Other Construction	113,542,226	260,414,460
C.	Machineries	410,043,377	1,126,021,424

Dhaka
10 March, 2010

(M.A.MALEK SIDDIQUI WALI & CO)
Chartered Accountants

Sd/-
(Md. Waliullah, FCA)

Transaction between holding/subsidiary/associate company and the Issuer

Considering voting right of 20% or more in another company as per BAS 27 , Malek Spinning Mills lImited have two subsidiary company namely Salek Textile Limited and New Asia Synthetics Limited. The Share holding Stracture in two companies is given below:

Sl. No.	Name of the Company	Share holding Percentage
01	Salek Textile Limited	90%
02	Newasia Synthetics Limited	96.23%

Besides this, there exist common directorship in some companies which considered as related party. The transaction has been made during the period with such companies, which is disclosed as follows:

SL. No.	Related Parties	Nature of relationship	Nature of Transaction	Balance as at 30.09.2009	Rate of Interest	Date of Loan	Date of Maturity Of Loan	Issuer Status
01	Knit Asia Limited	Common Director	Accounts Receivable (Yarn Sales)	188,295,357	N/A	N/A	Adjustable within 120 days from sales date	Debtor
02	Hejaz Publications Ltd	Common Director	Accounts Payable (Office Rent)	163,080	N/A	N/A	N/A	Creditor
03	Salek Textile Limited	Subsidiary	Share Money Deposit	189,926,900	N/A	N/A	N/A	Debtor
			Investment in equity	89,910,000	N/A	N/A	N/A	Debtor
			Advance (Loan given)	202,620,464	Non Interest bearing	Various dated	No fixed maturity date	Debtor
04	Newasia Synthetics Limited	Subsidiary	Share Money Deposit	10,000,000	N/A	N/A	N/A	Debtor
			Investment in equity	90,180,000	N/A	N/A	N/A	Debtor
			Advance (Loan given)	4,316,011	Non Interest bearing	Various dated	No fixed maturity date	Debtor

A Special report regarding any allotment of shares to the Directors and Subscribers to the Memorandum of Association and Articles of Association for any consideration otherwise than for cash

Paid up capital structure of Malek Spinning Mills Limited stands as on:

Paid-up capital as on	existing	New allotment	Total paid up	Face value	Amount in Tk.
02-11-1989	10,000	nil	10000	100/-	10,00,000
03-04-1990	10,000	30,000	40000	100/-	40,00,000
07-08-1994	40,000	6,666	46666	100/-	46,66,600
22-11-1995	46,666	53,334	1,00,000	100/-	1,00,00,000
07-02-1998	1,00,000	4,00,000	5,00,000	100/-	5,00,00,000
28-06-1999	5,00,000	5,00,000	10,00,000	100/-	10,00,00,000
13-04-2004	10,00,000	7,00,000	17,00,000	100/-	17,00,00,000
24-10-2004	17,00,000	7,00,000	24,00,000	100/-	24,00,00,000
28-04-2005	24,00,000	6,00,000	30,00,000	100/-	30,00,00,000
05-12-2007	30,00,000*	30,00,000	60,00,000	100/-	60,00,00,000
06-09-2008	60,00,000	1,00,00,00	70,00,000	100/-	70,00,00,000
29-10-2009	70,00,000	5,00,00,000	1,20,00,000	10/-	120,00,00,000

We certify that **The above shares are issued in consideration only for cash** and no other shares was issued other wise than for Cash up to 29.10.2009. except 3,000,000 nos. of Bonus Share issued on 05-12-2007.

The Paid Up Capital of the Company as on 30th September 2009 stands at Tk 700,000,000, i.e., 70,000,000 nos. ordinary share @ Tk. 10 per share. Subsequently, The Board of Directors in its meeting held on 14th January, 2009 decided to raise paid up capital through issuing public issue of shares of Malek Spinning Mills Limited.

Upon getting Consent from the Securities and Exchange Commission (SEC) vide their letter no SEC/CI/CPLC (PVT.)-95/06/ Date: June 03, 2009 the share money by way of Private Placement of Tk. 1,250,000,000 (i.e.,500,00,000 ordinary shares of Tk. 25 each including premium of Tk.15 per share) fully collected and deposited the same in the AB Bank Ltd. STD A/C 4005.767482.430. All the related returns filed to The Registrar of Joint Stock Companies and Firms on 29.10.2009 and certified copy withdrawn respectively. The paid up capital of the Company thus stands at Tk. 1,200,000,000, i.e (70,000,000+50,000,000) 120,000,000 nos. of Ordinary share @ Tk. 10 per share. The matter has already disclosed in the event after balance sheet date of the audited accounts as on 30th September 2009.

Dhaka
December 27, 2009

(M. A. MALEK SIDDIQUI WALI & CO)
Chartered Accountants
Sd/-

(Md. Waliullah, FCA)

Declaration For Non- Suppression of Material Information

This is to declare that to the best of our knowledge and belief no information, facts or circumstances, which should be disclosed have been suppressed, which can change the terms and conditions under which the offer has been made to the public.

Sd/-

(Major (Rtd.) Abdul Matin Chowdhury)

Director & Managing Director of
Malek Spinning Mills Limited

Section VIII

Directors of The Company

Description of The Directors:

a.

Sl. No.	Name	Age (years)	Qualification	Experience	Position
01	Major (Rtd.) Abdul Matin Chowdhury	59	Graduate	41 years	Director & Managing Director
02	Dr. Shamim Matin Chowdhury	59	M.B.B.S. from DMC and post graduation from U.K.	18 years	Director
03	Mr. A. F. M. Zubair	59	B.Sc. diploma in Textile Technology from Dundy College of Technology, U.K. and M.Sc. in Textile Industry from The Leeds University, U.K.	36 years	Director
04	Mr. Azizur R. Chowdhury	29	B.Sc. from USA in MIS	7 years	Director
05	Mrs. Saima Matin Chowdhury	33	B.Sc. from Swarthmore College, Pennsyvania, USA and MBA from Wharton Business School, University of Pennsylvania , USA	11 years	Director
06	Mr. Moshiur Rahman	50	Graduation	20 years	Director (Nominated by Paragon Poultry Ltd)

b.

Sl. No.	Name	Date of becoming Director for the first time	Expiry of current term
1	Major (Rtd.) Abdul Matin Chowdhury	02-11-1989	23rd AGM (To be held in 2012)
2	Dr. Shamim Matin Chowdhury	27-05-1991	22nd AGM (To be held in 2011)
3	Mr. A. F. M. Zubair	02-11-1989	22nd AGM (To be held in 2011)
4	Mr. Azizur R. Chowdhury	31-05-2004	23rd AGM (To be held in 2012)
5	Mrs. Saima Matin Chowdhury	15-02-2007	21st AGM (To be held in 2010)
6	Mr. Moshiur Rahman (Nominated by Paragon Poultry Ltd.)	15-11-2008	21st AGM (To be held in 2010)

Directors Ownership in other Companies

Sl. No.	Name	Designation with MSML	Entities where they have interest	Position
01	Major (Rtd.) Abdul Matin Chowdhury	Director & Managing Director	1. Rahim Textile Mills Ltd. 2. Knit Asia Ltd. 3. New Asia Ltd. 4. Salek Textile Ltd. 5. Hejaz Publications Ltd. 6. Fatehbagh Tea Co. Ltd. 7. New Asia Synthetics Ltd.	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Director
02	Dr. Shamim Matin Chowdhury	Director	1. New Asia Synthetics Ltd. 2. Rahim Textile Mills Ltd. 3. Knit Asia Ltd. 4. New Asia Ltd. 5. Salek Textile Ltd. 6. Hejaz Publications Ltd. 7. Fatehbagh Tea Co. Ltd.	Managing Director Director Director Director Director Director Director
03	Mr. A. F. M. Zubair	Director	1. Design Asia Limited 2. Knit Asia Ltd. 3. Salek Textile Ltd. 4. Hejaz Publications Ltd. 5. NewAsia Synthetics Ltd.	Managing Director Director Director Director Director
04	Mr. Azizur R. Chowdhury	Director	1. Rahim Textile Mills Ltd. 2. Knit Asia Ltd. 3. Salek Textile Ltd. 4. Fatehbagh Tea Co. Ltd. 5. Hejaz Publications Ltd.	Director Director Director Director Shareholder
05	Mrs. Saima Matin Chowdhury	Director	1. Rahim Textile Mills Ltd. 2. New Asia Ltd. 3. Fatehbagh Tea Co. Ltd. 4. Design Asia Limited 5. Salek Textile Ltd. 6. Knit Asia Ltd.	Director Director Director Director Director Shareholder
06	Mr. Moshiur Rahman (Nominated by Paragon Poultry Ltd)	Director	1. Paragoun Poultry Ltd. 2. Usha Poultry Limited 3. Usha Feed Limited 4. Chittagong Feed Limited 5. Jessor Feed Limited 6. Chittagong Chicks Limited 7. Sports Zone Limited 8. Paragon Press Ltd. 9. Rangpour Poultry Limited 10. Paragon Energy Limited 11. Paragon Plast Fiber Limited 12. Bangla Milk Limited 13. Paragon Agro Limited 14. Fatehbagh Tea Co. Ltd. 15. New Asia Synthetics Ltd. 16. Salek Textile Limited	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Director Director Director Director (Nominated by Malek Spinning Mills Ltd)

Family relationship among the directors

The relationships among the directors are stated below:

Name of Directors/Officer	Position	Relationship
Major (Rtd.) Abdul Matin Chowdhury	Director & Managing Director	Husband of Dr. Shamim Matin Chowdhury, Father of Mr. Azizur R Chowdhury & Mrs. Saima Matin Chowdhury
Dr. Shamim Matin Chowdhury	Director	Wife of Major (Rtd.) Abdul Matin Chowdhury and mother of Mr. Azizur R. Chowdhury and Mrs. Saima Matin Chowdhury
Mr. Azizur R. Chowdhury	Director	Son of Major (Rtd.) Abdul Matin Chowdhury & Dr Shamim Matin Chowdhury and Brother of Mrs. Saima Matin Chowdhury
Mrs. Saima Matin Chowdhury	Director	Daughter of Major (Rtd.) Abdul Matin Chowdhury & Dr. Shamim Matin Chowdhury and Sister of Mr. Azizur R. Chowdhury
Mr. A. F. M. Zubair	Director	No relationship with other directors.
Mr. Moshiur Rahman (Nominated by Paragon Poultry Ltd.)	Director	No relationship with other directors

Family Relationship among Directors and Top Five Officers

There is no family relationship among Directors and top five officers of the Company, except that the Director and Managing Director Major (Rtd.) Abdul Matin Chowdhury and Mr. Azizur R. Chowdhury, Head of MIS, are father & sons

Short Bio-Data of the Directors

Major (Rtd.) A Matin Chowdhury
Director & Managing Director

Mr. A. Matin Chowdhury is a renowned and dynamic personality in the Textile Sector of Bangladesh. After his active participation in the Liberation War of Bangladesh in 1971, he voluntarily retired from the Bangladesh Army as a Major. He entered into the family business with his brother late Mr. A. Malek Chowdhury into Graphics Limited, a company that pioneered printing, office equipment and other technology equipment.In the last many years, he moved from indenting to the manufacturing and is currently the Managing Director of:

- New Asia Limited
- Rahim Textile Mills Limited
- Malek Spinning Mills Limited
- Hejaz Publications Limited
- Salek Textile Limited
- Knit Asia Limited
- Fatehbagh Tea Company Limited
- NewAsia Synthetics Limited (Director)

He is the former Chairman of Bangladesh Textile Mills Association (BTMA) and Under previleged Children's Education Programs (UCEP). He is also involved with many other non-profit organizations including Diabetic Association of Bangladesh (DAB) as a Member of the National Council, Founder Trustee of Independent University Bangladesh, Founder Member, Board of Governors of Bangladesh Enterprise Institute (BEI), Member of the Governing Body of Swanirvar Bangladesh and many other voluntary organizations.

Dr. Shamim Matin Chowdhury
Director

Dr. Shamim Matin Chowdhury wife of Mr. A. Matin Chowdhury, completed M.B.B.S. from Dhaka Medical College and postgraduate studies from the U.K. Mrs. Chowdhury is a famous Child and Adolescent Psychiatrist. She was the former Chief Consultant of Pabna Mental Hospital. She is also the Chairperson of Special Olympics in Bangladesh. She is the Director of New Asia Limited, Rahim Textile Mills Limited, Malek Spinning Mills Limited, Hejaz Publications Limited, Salek Textile Limited, Knit Asia Limited, Fatehbagh Tea Company Limited and also the Managing Director of NewAsia Synthetics Limited.

Mr. A.F.M. Zubair
Director

By Profession Mr. Zubair is a Textile Engineer. He took his B.Sc. Diploma in Textile from Dundee College of Technology, U.K. and M.Sc. in Textile Industry from Leeds University, U.K. Mr. Zubair, 59, has vast knowledge in the Textile Sector in the country.He is the Director of Malek Spinning Mills Limited, Hejaz Publications Limited, Salek Textile Limited, Knit Asia Limited, NewAsia Synthetics Limited and also the Managing Director of Design Asia Limited.

Mr. Azizur R. Chowdhury
Director

Mr. Azizur Rahim Chowdhury graduated from Purdue University in the U.S.A. with a major in Computer Science and Business Management. He joined in the company as a Director. He is the son of Mr. A. Matin Chowdhury. Mr. Azizur R. Chowdhury is the Director of Rahim Textile Mills Limited, Malek Spinning Mills Limited, Salek Textile Limited, Knit Asia Limited, Fatehbagh Tea Company Limited and also the shareholder of Hejaz Publications Limited.

Mrs. Saima Matin Chowdhury
Director

Mrs. Saima Matin Chowdhury, a bright young executive having High School graduation from Concord Academy, Concord, Massachusetts, U.S.A- B.Sc. from Swarthmore College, Pennsylvania, USA and MBA from Wharton Business School, University of Pennsylvania USA. She has work experience in the United States with Ernst & Young and Victoria's Secret. She is the daughter of Mr. A. Matin Chowdhury. Mrs. Saima Matin Chowdhury is the Director of Rahim Textile Mills Limited, Malek Spinning Mills Limited, Salek Textile Limited, New Asia Limited, Fatehbagh Tea Company Limited, Design Asia Limited and also the shareholder of Knit Asia Limited.

Mr. Moshiur Rahman (Nominated by Paragon Poultry Ltd.)
Director

Mr. Moshiur Rahman, aged about 50 years after his graduation has to his credit training experience from Heidelberg on modern and economical working methods on advance printing technology. He successfully ran for many years Udayan Press Limited a business enterprise of family. In 1989, Mr. Rahman launched his own printing & packaging industry named Paragon Press Limited- a press with high quality printing & packaging facility.

Mr. Rahman also achieved tremendous growth in his vertically integrated poultry business. He started with commercial layer farming in 1993. Presently the annual turnover of the poultry farm stands approximately at US $ 50 million. The farm has facilities of raising Grand Parent stock, 3 hatcheries, 7 feed mills and one commercial layer farm. Besides, Mr. Rahman initiated and set up a bio fertilizer plant with the view to protect the environment and conserve nature. This project went into operation in 2008 with capacity to produce 100 MT of fertilizers per day. Mr. Rahman is associated with many businesses, social & sports associations.

He is the Managing Director of Paragon Poultry Limited, Usha Poultry Limited, Usha Feed Limited, Chittagong Feed Limited, Jessore Feed Limited, Chittagong Chicks Limited, Sports Zone Limited, Paragon Press Limited, Rangpur Poultry Limited, Paragon Energy Limited, Paragon Plast Fiber Limited, Bangla Milk Limited and the Director of Paragon Agro Limited, Malek Spinning Mills Limited, Fathbagh Tea company Limited, NewAsia Synthetics Limited and Salek Textile Limited (Nominated by Malek Spinning Mills Ltd.)

CIB report

Neither **MALEK SPINNING MILLS LIMITED** nor any of its directors or shareholders who hold 5% or more shares in the paid up capital of the issuer is loan defaulter in terms of the CIB Report of Bangladesh Bank.

Particulars of top officers of the Company

Sl. No.	Name	Position	Educational qualification	Date of joining in the company	Last five years experience
01	Major (Rtd.) Abdul Matin Chowdhury	Director & Managing Director	Graduate	02-11-1989	Malek Spinning Mills LImited
02	Mr. M. Sekander Ali	Advisor	MBA	01-01-2005	Malek Spinning Mills Limited
03	Mr. A. F. M. Zubair	Director Head of Sourcing and Production	M Sc in Textile Technology	02-11-1989	Malek Spinning Mills Limited
04	Mr. Azizur R. Chowdhury	Director Head of MIS	Graduation from USA in MIS	31-05-2004	Malek Spinning Mills Limited
05	Mr. Hasan Mahmood	Executive Director Head of Production	B.Sc. in Textile Engineering	10-06-1990	Malek Spinning Mills Limited
06	Mr. Arup Kumar Poddar	DGM-Production Head of Quality Control	B.Sc. in Textile Engineering	05-02-1998	Malek Spinning Mills Limited
07	Mr. B.K. Chaki	DGM-A&F and Company Secretary	M.Com	02-02-1992	Malek Spinning Mills Limited
08	Mr. Jahangir Sardar	AGM-Proc. & Supply	M.Com	03-12-2007	Malek Spinning Mills Limited
09	Mr. Jahir Uddin Joy	Manager-Marketing Head of Marketing	MBA	01-03-1997	Malek Spinning Mills LImited

Section IX

Involvement of Directors and Officers in Certain Legal Proceedings

No director or officer of the Company was involved in any of the following types of legal proceedings in the last ten years:

(a) Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.

(b) Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.

(c) Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

(d) 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, securities or banking activities.

Certain Relationships and Related Transactions

Transaction with related parties

Neither proposed any transaction nor had any transaction during the last two years with following related parties:

(a) any director or executive officer of the issuer;

(b) any director or officer;

(c) any person owning 5% or more of the outstanding shares of the issuer;

(d) any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.

(e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus.

(f) The Company has not taken or given any loan from or to any Director or any other persons connected with the Director. The company has not taken any loan from any person who did not have any stake in the Issuer, its holding company or its associate concerns except the transactions as disclosed below:

SL. No.	Related Parties	Nature of relationship	Nature of transaction	Balance as at 30.09.2009	Rate of interest	Date of loan	Date of maturity of loan	Issuer status
01	Knit Asia Limited	Common director	Accounts receivable (Yarn sales)	188,295,357	N/A	N/A	Adjustable within 120 days from sales date	Debtor
02	Hejaz Publications Ltd.	Common director	Accounts payable (office rent)	163,080	N/A	N/A	N/A	Creditor
03	Salek Textile Limited	Subsidiary	Share Money deposit	189,926,900	N/A	N/A	N/A	Debtor
			Investment in equity	89,910,000	N/A	N/A	N/A	Debtor
			Advance (Loan given)	202,620,464	Non Interest bearing	Various dated	No fixed maturity date	Debtor
04	Newasia Synthetics Limited	Subsidiary	Share Money Deposit	10,000,000	N/A	N/A	N/A	Debtor
			Investment in equity	90,180,000	N/A	N/A	N/A	Debtor
			Advance (loan given)	4,316,011	Non Interest bearing	Various dated	No fixed maturity date	Debtor

(g) Directors position in other companies are included in Directors' involvement in other organization(s) part of the prospectus.

(h) The Director and Managing Director Major (Rtd.) Abdul Matin Chowdhury, Director Mr. A.F.M. Zubair and Mr. Azizur R. Chowdhury received salary & festival bonus amounting to Tk. 1,347,500 for the 3 months period ended on 30th September, 2009. Mentionable here that none of the Directors are taking any remuneration for attending Board of Directors meeting as per resoulation dated as on September 30, 2008.

Executive Compensation

a. Remuneration paid to top five salaried officers in the last accounting year

(amount in Tk.)

Sl. No.	Name	Designation	Salary		Remarks
			From 01-07-09 to 30-09-09	From 01-07-08 to 30-06-09	
01	Major (Rtd.) Abdul Matin Chowdhury	Director & Managing Director	350,000	1,250,000	Salary
02	Mr. A. F. M. Zubair	Director& Head of Sourcing and Production	752,500	3,246,170	Salary
03	Mr. Azizur R. Chowdhury	Director& Head of MIS	245,000	1,008,451	Salary
04	Mr. Hassan Mahmud	Executive Director	350,000	1,250,000	Salary
05	Mr. Arup Kumar Podder	DGM	245,000	875,000	Salary

b. Aggregate amount of remuneration paid to all directors & officers as a group during last accounting year

(as per audited accounts)
(Amount in Tk.)

Sl. No.	Name	Salary & Bonus		Remarks
		From 01-07-09 to 30-09-09	From 01-07-08 to 30-06-09	
01	Directors	1,347,500	5,204,621	Salary & Festival Bonus
02	Executives, Officers & Staff	9,116,026	34,046,962	Salary& Festival Bonus

c. The Company did not pay any remuneration to any director, who was not an officer of the Company during the last accounting year.

d. Contract for payment of future compensation

The company has no contract with any director/officer for providing the payment of future compensation.

e. Pay Increase Intention

Annual review of the salary and benefits of the employees will be made depending on the growth of the company's operation and performance evaluation of the employees.

Options Granted To Officers, Directors and Employees

The company did not grant any options to any officers, directors and other employees of the company or to any other person not involved with the Company.

Transaction with The Directors and Subscribers To The Memorandum

a) **Benefits From the Company during last five years**

Name of the Directors & Subscribers	Nature of value received	Amount in Taka		
		From 01-07-09 to 30-09-09	From 01-07-08 to 30-06-09	From 01-07-03 to 30-06-08
Major (Rtd.) Abdul Matin Chowdhury	Salary & Festival Bonus	350,000	1,250,000	5,026,000
	Remuneration (Board meeting attendance fees)	Nil	Nil	Nil
	Dividend (Bonus Share)	Nil	Nil	55,200,000
Dr. Shamim Matin Chowdhury	Salary	Nil	Nil	Nil
	Remuneration (Board meeting attendance fees)	Nil	Nil	Nil
	Dividend (Bonus Share)	Nil	Nil	55,000,000
Mr. A. F. M. Zubair	Salary & Festival Bonus	752,500	3,246,170	8,777,000
	Remuneration (Board meeting attendance fees)	Nil	Nil	Nil
	Dividend (Bonus Share)	Nil	Nil	35,000,000
Mr. Azizur R. Chowdhury	Salary	245,000	1,008,451	3,000,000
	Remuneration (Board meeting attendance fees)	Nil	Nil	Nil
	Dividend (Bonus Share)	Nil	Nil	7,68,00,000
Mrs. Saima Matin Chowdhury	Salary & Festival Bonus	Nil	Nil	Nil
	Remuneration (Board meeting attendance fees)	Nil	Nil	Nil
	Dividend (Bonus Share)	Nil	Nil	6,20,00,000
Mr. Moshiur Rahman (Nominated by Paragon Poultry Limited)		Nil	Nil	Nil

Mentionable here that the Company hired 2,718 sft for its corporate office located at 117/A, Tejgaon I/A, Dhaka-1208 own by the Hejaj Publication Limited which is associate company for which rent is paid @ Tk 10 per sq ft per month.

b) **Directors and Subscribers' Assets to the Company**

The Company has not received any assets, services of other consideration from its Directors and Subscribers to the Memorandum except:

1) Land purchase from Mr. Abdul Matin Chowdhury and Mrs. Shamim Matin Chowdhury consideration value for all the lands sell to the company

Sl. No.	Seller of land	Buyer of land	Date of Purchase by Seller and Purchase price of seller		Deed No.	Purchase cost of MSML	Measurement	Method of Pricing
			Deed no & Date	Purchase Cost				
01	Mr. Abdul Matin Chowdhury	Malek Spinning Mills Limited	2388, date 25.06.1989	100,000	477, date 23.01.1990	50,000	125 decimal	Fair price
02	Mr. Abdul Matin Chowdhury	Malek Spinning Mills Limited	2388, date 25.06.1989		478 date 22.01.1990	50,000	125 decimal	Fair price
03	Dr. Shamim Matin Chowdhury	Malek Spinning Mills Limited	2389, date 25.06.1989	N/A	8032, date 15.12.2003	21,00,000	154, decimal	Fair price
04	Mr. Abdul Matin Chowdhury	Malek Spinning Mills Limited	305, date 12.01.1997 310, date 14.01.1999 4446, date 3.09.1996	N/A	6881 date 21.10.2003	25,43,000	188 decimal	Fair price

2) Fund against allotment of shares;
3) Transaction mentioned under caption 'loan given/taken' in the prospectus;
4) Services received from Major (Rtd.) Abdul Matin Chowdhury, Director and Managing Director, Mr. A.F.M. Zubair, Director and Mr. Azizur R. Chowdhury, Director of the company

c) No assets were acquired or are to be acquired from the directors and subscribers to the memorandum.

Tangible Assets per Share of Malek Spinning Mills Limited as on 30 September 2009

Particulars	**Amount in (Tk.)**
Ordinary Equity Share Capital	700,000,000
Share Premium	150,000,000
General Reserve and Surplus	475,914,063
Reserve for revaluation of fixed Asset	1,104,037,855
Total shareholder's equity	**2,429,951,918**
No. of Paid-up ordinary shares as on 30th September 2009	70,000,000
Net Tangible Assets per Ordinary Share (considering re-valuation reserve) (2,429,951,918/ 70,000,000)	**34.71**
Net Tangible Assets per Ordinary Share (without re-valuation reserve) (2,429,951,918-1,104,037,855)/70,000,000	**18.94**
Face Value of Share	**10.00**

We have examined the above calculation of Net Tangible Asset (With and Without Considering revaluation reserve of fixed asset) per share of Malek Spinning Mills Limited as on 30th September 2009 and the Calculation of Net Tangible Asset Per share has been found correct.

Dhaka
December 27, 2009

(M. A. MALEK SIDDIQUI WALI & CO)
Chartered Accountants

Sd/-
(Md. Waliullah, FCA)

Ownership of The Company's Securities

A. Shareholding structure of the Company as on 29.10.2009

Sl. No.	Name & Address of Shareholder(s)	Shares	Percentage
01	Major (Rtd.) Abdul Matin Chowdhury CEN (D)-9, Road No.101, Gulshan, Dhaka	11,040,000	9.200%
02	Mr. A.F.M. Zubair Plot No-2, Road No-7/B, Sector No-3, Uttara, Dhaka.	7,000,000	5.833%
03	Dr. Shamim Matin Chowdhury CEN (D)-9, Road No.101, Gulshan, Dhaka	11,000,000	9.167%
04	Saima Matin Chowdhury CEN (D)-9, Road No-101, Gulshan, Dhaka	12,400,000	10.333%
05	Mr. Azizur R. Chowdhury CEN (D)-9, Road No.101, Gulshan, Dhaka	15,360,000	12.800%
06	Mr. Shyan Zubair Plot No-2, Road No-7/B, Sector No-3, Uttara, Dhaka	3,200,000	2.667%
07	M/S Paragon Poultry Limited Paragon House, 5, Mohakhali C/A, Dhaka-1212 Bangladesh	10,000,000	8.333%
08	Pioneer Insurance Company Limited Jiban Bima Bhaban (6th Floor), 10, Dilkusha C/A, Dhaka-1000.	1,000,000	0.833%
09	Md. Fakhrul Islam Securities Limited PBL Tower (8th Floor), 17, North Gulshan-2, Dhaka-1212	400,000	0.333%
10	M.Rahman Securities Ltd. 55, Motijheel C/A, Zareen Mansion (3rd Floor), Dhaka-1000.	400,000	0.333%
11	Bangladesh Mutual Securities Limited (Portfolio A/C) Shareef Mansion (7th Floor), 56-57, Motijheel C/A, Dhaka-1000.	1,000,000	0.833%
12	Meghna Life Insurance Company Limited Biman Bhaban (2nd Floor), 10, Motijheel C/A, Dhaka-1000.	400,000	0.333%
13	Pubali Bank Limited Head Office, 26, Dilkusha C/A, Dhaka-1000.	2,800,000	2.333%
14	Popular Life Insurance Company Limited Peoples Insurance Bhaban (3rd Floor), 36, Dilkusha C/A, Dhaka-1000.	600,000	0.500%
15	Bangladesh Mutual Securities Limited Shareef Mansion (7th Floor), 56-57, Motijheel C/A, Dhaka-1000.	200,000	0.167%
16	Swadesh Investment Management Ltd. (Investor's Account) Suite-01, Level-11, Unique Trade Center, 8, Panthapath, Karwan Bazar, Dhaka-1215.	2,600,000	2.167%
17	Janata Bank Limited Treasury Deptt. Janata Bank Limited, Head Office, Dhaka.	400,000	0.333%
18	Janata Bank Limited (Investor's Account) 57, Purana Paltan, Dhaka-1000.	1,600,000	1.333%
19	Peoples Leasing & Financial Services Ltd. Paramount Heights, (12th & 13th Floor), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000.	1,600,000	1.333%
20	Mercantile Securities Ltd. (Investor's Portfolio A/C) Paramount Heights, (13th Floor), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000.	1,800,000	1.500%
21	Mercantile Securities Ltd. Paramount Heights, (13th Floor), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000.	600,000	0.500%
22	Prime Prudential Fund Ltd. 63, Dilkusha C/A (3rd Floor), Dhaka-1000.	200,000	0.167%
23	PFI Securities Ltd. 63, Dilkusha C/A (3rd Floor), Dhaka-1000.	400,000	0.333%
24	Prime Financial Securities Ltd. SW(A)-25, Gulshan Avenue, Gulshan-1, Dhaka.	200,000	0.167%
25	Southeast Bank Limited-MBW Eunoos Centre (Level-2), 52-53, Dilkusha C/A, Dhaka-1000.	120,000	0.100%
26	Reliance Insurance Limited BSB Building, (11th Floor), 8, Rajuk Avenue, Dhaka-1000.	400,000	0.333%
27	Eastland Insurance Company Ltd. 13, Dilkusha C/A, Dhaka-1000.	800,000	0.667%
28	IDLC-Portfolio Account 36 Dilkusha C/A, (13th Floor), Dhaka-1000.	80,000	0.067%
29	Phoenix Finance & Investments Ltd. Eunoos Centre (Level-11), 52-53, Dilkusha C/A, Dhaka-1000.	800,000	0.667%

Sl. No.	Name & Address of Shareholder(s)	Shares	Percentage
30	Karnaphuli Insurance Company Limited Biman Bhaban (3rd Floor), 100, Motijheel C/A, Dhaka-1000.	100,000	0.083%
31	ICB 8 DIT Avenue,(12-15th Floor), Dhaka-1000.	4,000,000	3.333%
32	ICB Unit Fund 8 DIT Avenue (12-15th Floor), Dhaka-1000.	1,600,000	1.333%
33	First ICB Mutual Fund 8 DIT Avenue (12-15th Floor), Dhaka-1000.	40,000	0.033%
34	Second ICB Mutual Fund 8 DIT Avenue (12-15th Floor), Dhaka-1000.	40,000	0.033%
35	Third ICB Mutual Fund 8 DIT Avenue (12-15th Floor), Dhaka-1000.	40,000	0.033%
36	Fourth ICB Mutual Fund 8 DIT Avenue (12-15th Floor), Dhaka-1000.	40,000	0.033%
37	Fifth ICB Mutual Fund 8 DIT Avenue (12-15th Floor), Dhaka-1000.	40,000	0.033%
38	Sixth ICB Mutual Fund 8 DIT Avenue (12-15th Floor), Dhaka-1000.	80,000	0.067%
39	Seventh ICB Mutual Fund 8 DIT Avenue (12-15th Floor), Dhaka-1000.	40,000	0.033%
40	Eighth ICB Mutual Fund 8 DIT Avenue (12-15th Floor), Dhaka-1000.	80,000	0.067%
41	ICML Uttara Branch (I/A) Plot-13 (2nd Floor), Road-14/A, Sector-4, Uttara, Dhaka.	55,000	0.046%
42	ICB Capital Management Limited (I/A) 8 DIT Avenue (14th Floor), BSB Bhaban, Dhaka-1000.	2,094,500	1.745%
43	ICML, Chittagong Branch (I/A) Delwar Bhaban (3rd Floor), 104, Agrabad C/A, Chittagong	1,327,000	1.106%
44	ICML, Rajshahi Branch (I/A) Dr. Gaffar Plaza (2nd Floor), Main Road, Shaheb Bazar, Rajshahi	325,000	0.271%
45	ICML, Khulna Branch (I/A) Shilpa Bank Bhaban (5th Floor), 25-26, KDA C/A, Upper Jessore Road, Khulna	29,500	0.025%
46	ICML, Barisal Branch (I/A) Barisal Plaza (2nd Floor), 87-88, Hemayet Uddin Road, Barishal	110,500	0.092%
47	ICML, Bogra Branch (I/A) Afsar Ali Complex (3rd Floor), Borogola, Raza Bazar Road, Bogra	878,000	0.732%
48	ICML, Sylhet Branch (I/A) Ananda Tower Complex (2nd Floor), Dhopa Dighir Uttar Path, Jail Road, Sylhet	380,500	0.317%
49	Peoples Insurance Company Limited Peoples Insurance Bhaban (5th Floor), 36 Dilkusha C/A, Dhaka-1000	200,000	0.167%
50	Island Securities Limited Faruk Chamber (6th Floor), 1403, Sk. Mujib Road, Chittagong	400,000	0.333%
51	Union Capital Limited Noor Tower, 5th Floor, 73 Sonargoan Road, Dhaka-1205	100,000	0.083%
52	Union Capital Limited Investors' Account Noor Tower, 5th Floor, 73 Sonargoan Road, Dhaka-1205	880,000	0.733%
53	Dhaka Bank Limited C/O-Head of CMS, Dhaka Bank Limited, Capital Market Services Division, Adamjee Court, 115-120 Motijheel C/A, Dhaka-1000	2,800,000	2.333%
54	Prime Finance & Investment Limited (Portfolio) 63 Dilkusha C/A, Dhaka-1000	6,424,000	5.353%
55	Investor's Account, Grameen Capital Management Limited Grameen Bank Complex (10th Floor), Mirpur-2, Dhaka-1216	5,296,000	4.413%
56	Grameen Capital Management Limited Grameen Bank Complex (10th Floor), Mirpur-2, Dhaka-1216	200,000	0.167%
57	Prime Finance & Investment Limited 63 Dilkusha C/A, Dhaka-1000	1,600,000	1.333%
58	Agrani Bank Merchant Banking Unit Fund 9/D, Dilkusha C/A (2nd Floor), Motijheel, Dhaka-1000	320,000	0.267%
59	Agrani Bank Merchant Banking Unit (I/A) 9/D, Dilkusha C/A (2nd Floor), Motijheel, Dhaka-1000	80,000	0.067%
60	LankaBangla Finance Limited IP A/C 20 Kamal Ataturk Avenue, Banani, Dhaka	2,000,000	1.667%
	Total	**120,000,000 ***	**100.00%**

(*As per Return of Allotment certified by Register of Joint Stock Companies and Firms (RJSC) as on 29.10. 2009)

Securities of the Company owned by the Directors, top ten salaried officers and all other officer as group

a. Name of the Directors who owned securities of the company

as on 29.10.2009

Sl. No.	Name	Position	Number of shares owned	Percentage of outstanding shares
01	Major (Rtd.) Abdul Matin Chowdhury	Director & Managing Director	11,040,000	9.200%
02	Dr. Shamim Matin Chowdhury	Director	11,000,000	9.167%
03	Mr. A. F. M. Zubair	Director	7,000,000	5.833%
04	Mr. Azizur R. Chowdhury	Director	15,360,000	12.800%
05	Mrs. Saima Matin Chowdhury	Director	12,400,000	10.333%
06	Mr. Moshiur Rahman	Director (Nominated by Paragon Poultry Ltd)	Nil	Nil

b. Name of the top ten salaried officer who owned securities of the company

as on 29.10.2009

Sl. No.	Name and possition of top ten salaried officers		Number of shares owned	Percentage of outstanding shares
01	Major (Rtd.) Abdul Matin Chowdhury	Director & Managing Director	11,040,000	9.200%
02	Mr. A. F. M. Zubair	Director	7,000,000	5.833%
03	Mr. Azizur R. Chowdhury	Director	15,360,000	12.800%
04	Mr. Hasan Mahmood	Executive Director	Nil	NA
05	Mr. Arup Kumar Podder	DGM	Nil	NA
06	Mr. B. K. Chaki	DGM-A&F and Company Secretary	Nil	NA
07	Mr. Jahangir Sardar	AGM (Procurement)	Nil	NA
08	Mr. Syed Saiful Haque	Corporate Secretary	Nil	NA
09	Mr.Nazrul Islam	Sr. Production Manager	Nil	NA
10	Mr. Jahir Uddin (Joy)	Manager (Marketing)	Nil	NA

C. No Share is held by any other officer as a group of the company.

Section X

Determination of Offering Price

The issue price at Tk 25.00 (including premium of Tk 15.00 each) is justified as per the guidelines of the Securities and Exchange Commission as detailed below:

(i) Net Asset Value per Share

The offering of the common stock of Malek Spinning Mills Ltd has been determined by assessing the Net Asset Value (NAV). The financial calculations presented below are from the audited accounts of 30th September 2009.

Sl No	Particulars	Amount in million Taka
A	Current Assets Cash and Bank balances	95.853
	Advances and Deposits	260.977
	Receivables	700.620
	Raw materials and Finished goods Inventories, Stores and spares etc	673.609
	Investments	380.017
	Net Fixed Assets	1,736.462
	Total Assets	**3,847.538**
B	Current Liabilities Short Term Bank loan	776.146
	Income tax payable	48.109
	Workers Profit Participation Fund	43.485
	Accounts and expenses payable	508.034
	Long Term Bank Loan	41.813
	Total Liabilities	**1,417.587**
C	**Net Assets (A-B)**	**2,429.951**
D	**No. of Shares**	**70,000,000**
E	**Net Asset Value per Share (C/D)**	**34.71**

We have examined the above calculation of Net Asset Value (NAV) of Malek Spinning Mills Limited which appears to be correct

Dhaka
29th March 2010

(M.A. Malek Siddique Wali & Co)
Chartered Accountants

Sd/-
(Md. Waliullah, FCA)

ii) Earning Based Value per share

The company's operational performance and financial results reflect its growth, financial strength, earning and prospects that help investors in making informed investment decision. The operational and financial results are summarized as follows:

Financial Years (Position on 30th June)	Turnover (mn Tk)	Net Profit After Tax (mn Tk)	Paid-up Capital (mn Tk)	EPS (Tk) Tk 10 basis	
2004-05	904.09	29.45	300	0.98	
2005-06	1,869.35	65.22	300	2.17	
2006-07	1,996.43	75.59	300	2.52	
2007-08	2,349.81	113.80	700	1.63	
2008-09	2,369.93	183.99	700	2.63	
Average of 5 Years (2004-05 To 2008-09)	1,897.92	93.61		1.99	

The weighted average net profit after tax for the last 5 (five) years 2004-05 To 2008-09 stands at **Tk 93.611** million and the weighted average EPS stands at **Tk. 1.99**. The Price Earning Multiple (PE) at issue price of **Tk. 25.00** each (including a premium of Tk. 15.00 per share) stands at PE **12.56** as against the overall DSE PE of **25.00** in November 2009.

If we consider the share price on the basis of DSE overall price earning multiple of **25.00,** the earning based value of shares of the Company at average EPS of **1.99** stands at **Tk. 49.75**, a price much higher than the price offered.

iii) Projected Earning Based Value Per Share

Period	Projected Earnings per share (in Taka)
2009-10 (9 months)	1.27
2010-11	0.98
2011-12	1.92
2012-13	2.62
Average EPS of 3 yrs and 9 months	**1.81**

The weighted average EPS of the Company for next 3 (three) years and 9 (nine) months, 2009-10 (Oct '09 to Jun '10) to 2012-13 stands at **Tk. 1.81.** If we consider the share price of the Company on the basis of DSE overall price earning multiple of **25.65** (DSE Monthly Review, December 2009), the earning based value per share of the Company stands at **Tk. 46.42**, a price much higher than the price offered.

(iv) Projected Book Value Based Price Per Share

Accounting year end date	Projected Book Value per share (in Taka)
30th June 2010 (9 months' period)	30.14
30th - June 2011	29.84
30th - June 2012	30.02
30th - June 2013	30.64
Average NAV	**30.16**

(v) Average market price of similar stocks

Company Name	Rahim Textile	Apex Spinning	Prime Textile	Square Textile
Basis of selecting company	Same management	Same product line	'A' Category company	Turnover close to MSML
Face value (a)	100.00	100.00	100.00	10.00
Closing Prices				
Jun '09	1231.00	593.25	231.50	95.90
July '09	1350.00	625.50	322.25	92.30
Aug '09	1287.75	955.00	360.50	91.20
Sep '09	1749.75	1206.75	422.25	96.90
Oct '09	1536.25	993.25	418.00	111.40
Nov '09	1874.25	1132.00	418.75	108.50
Average closing price (b)	1505.83	917.62	362.21	99.37
Market value multiplier (a/b)	15.06	9.18	3.62	9.94
Average Market value multiplier	9.45			

From the above it is clear that market price of prospective similar companies of textile sector are on average **9.45** times higher than that of its face value. Based on this, we may assume that share prices of Malek Spinning Mills Ltd. would be **Tk 94.50.**

From the foregoing as summed up below the determination of the offer price **Tk.25.00** each is quite justified.

Justification of offering price under different methods		Amount (Taka)
01	Net asset Value (NAV) per share	34.71
02	Earning Based Value per Share	51.04
03	Projected Earning Based Value Per Share	46.42
04	Projected Book Value Per Share	30.16
05	Average Market Price of Similar Shares	94.50
Average		**51.36**

From the above analysis, it appears that the ordinary share of Tk.10.00 being offered at Tk.25.00 each (including a premium of Tk. 15.00 per share) by the Company is quite justified.

Projected Financial Statements

Projected Financial Statements (Balance Sheet, Profit & Loss Accounts and Cash-flow Statements) of Malek Spinning Mills Ltd for the years 2009-10 (9 months), 2010-11 through 2012-13 have been prepared and presented by the company. The data presented in these financial statements seem to be fair and rational.

Dhaka

Date 29th March 2010

(M. A. Malek Siddiqui Wali & Co)
Chartered Accountants

Sd/-

(Md. Waliullah, FCA)

ESTIMATED BALANCE SHEETS

Tk in '000

ASSETS	As on	30-Sep-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13
Current Assets		(3 months)	(9 months)			
Cash & Bank Balance		95853	98896	99087	101112	103948
Short Term Investments		0	0	9000	50999	145999
Inventory: Raw Materials		448002	503008	570677	570677	670677
Work-in Process		54196	134046	191494	197767	194348
Finished Goods		72995	186202	196790	194554	195398
Stores & Spares		98415	44287	59049	68891	78732
Accounts Receivable		700620	707627	743008	780158	819166
Adv.Deposit & prepayments		260977	240589	242995	245401	247807
Total Current Assets		1731059	1914654	2112100	2209560	2456075
Investments						
Salek Textile		279837	279837	279837	279837	279837
NewAsia Synthetics Ltd		100180	2350180	2350180	2350180	2350180
		380017	2630017	2630017	2630017	2630017
Fixed Assets: at cost		2861520	2861520	2861520	2861520	2861520
Less: Accum. Depreciation		1125058	1275247	1554442	1833636	2112831
Net Fixed Assets		1736463	1586273	1307079	1027884	748690
Security Deposits		0	0	0	0	0
Other Assets: Prel. Expenses		0	0	0	0	0
TOTAL ASSETS		3847538	6130944	6049195	5867460	5834781

CAPITAL AND LIABILITIES	30-Sep-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13
Current Liabilities	(3 months)	(9 months)			
ST Bank Loan	776146	686146	527800	217800	0
WPPF	43486	56020	65771	84825	110744
Div. Payable	0	0	128000	200000	240000
Others Payable	508034	508034	508034	508034	508034
Income tax payable	48109	35722	27789	54307	73868
Total Current Liabilities	1375774	1285921	1257393	1064966	932645
Long Term Liabilities					
L C Loan (Existing)	41813	21851	18103	0	0
Dir/Other Loan	0	0	0	0	0
Total Long Term Liabilities	41813	21851	18102	0	0
Equity: Paid-up Capital	700000	1600000	1600000	1600000	1600000
Revaluation Reserve	1104038	1044832	965890	886949	808008
Reserve & Surplus	475914	678340	707810	815547	994129
Share Premium Acct	150000	1500000	1500000	1500000	1500000
Total Equity	2429952	4823172	4773700	4802496	4902137
TOTAL LIAB. & EQUITY	3847538	6130944	6049195	5867461	5834782
Break-up Value Per Share	34.71	30.14	29.84	30.02	30.64

ESTIMATED EARNING FORECAST

Tk in '000

		2009-10	2010-11	2011-12	2012-13
		9m projected			
Sales at capacity utilization		1592497	2237170	2340403	2353247
Cost of Goods Sold		1396106	2017187	2131892	2107668
Gross Profit		196391	219982	208511	245579
Op. Exp: Gen. & Admin		13193	14156	19151	19647
Selling		15925	22372	23404	23532
Total Operating Expenses		29118	36527	42555	43179
Operating Profit		167273	183455	165956	202400
Dividend Income	NewAsia			225000	281250
	Salek Tex	65211	65211	65211	65211
Interest income on Pub Issue Proceeds		76667	45000		
TotalOperating Income		309151	293666	456167	548861
Financial Expenses:					
Interest on LT Loan	(Existing)	4138	2597	1177	0
ST Loan		54330	96060	73892	30492
Amortization of Prel. Expenses		0	0	0	0
Total Financial Expenses		58468	98657	75069	30492
Other Income					
Profit Before Workers' Fund		250682	195009	381098	518369
Workers' Profit Part. Fund		12534	9750	19055	25918
Profit Before Income Tax		238148	185258	362044	492450
Income Tax Provision (Current & Deferred)		35722	27789	54307	73868
Profit Available for Distribution		202426	157470	307737	418583
Dividends		0	128000	200000	240000
Retained Profit		202426	29470	107737	178583
Cumulative Retained Profit		678340	707810	815547	994129
Earnings per share of Tk 10/- each		1.27	0.98	1.92	2.62

ESTIMATED CASH FLOW STATEMENT

Tk in '000

SOURCES OF FUND	2009-10	2010-11	2011-12	2012-13
	9m projected			
Operating Profit	309151	293666	456167	548861
Add back: Depreciation	90984	200253	200253	200253
Fund From Operation	400134	493919	656420	749114
Foreign Currency Loan	0	0	0	0
Local Currency Loan - New	0	0	0	0
Promoters'/ Directors' Loan	0	0	0	0
Deferred Payment of Interest	0	0	0	0
Paid-up Capital	900000	0	0	0
Share Premium	1350000	0	0	0
Bridging Loan	0	0	0	0
Fund From Misc. Sources	0	0	0	0
ST Bank Loan	0	0	0	0
Total Sources Of Fund	2650134	493919	656420	749114

UTILISATION OF FUND	2009-10	2010-11	2011-12	2012-13
	9m projected			
Investment in Fixed Assets	0	0	0	0
Preliminary Expenses	0	0	0	0
Interest During Constn Period	0	0	0	0
Security Deposit	0	0	0	0
Investment in New Asia Synthetics	2250000	0	0	0
Deferred Revenue Expenditure	0	0	0	0
Int Payment:LC Loan (Exist)	4138	2597	1177	0
ST Bank Loan	54330	96060	73892	30492
Repayment: LC Loan (Exist)	19962	3748	18103	0
ST Bank Loan	90000	158346	310000	217800
Decrease in Cur. Liab.	0	0	0	0
Increase in Current Assets	180552	188255	53435	148680
Payment of Taxes	48109	35722	27789	54307
Payment of Dividend	0	0	128000	200000
Short Term Investment	0	9000	42000	95000
Total Utilisation of Fund	2647091	493728	654395	746278
Cash Surplus/(Deficit) for year	3043	191	2025	2836
Cash at Begining of Year	95853	98896	99087	101112
Cash Bal at End of Year	98896	99087	101112	103948

(vi) Other factors considered for Premium Justification

a) The company had earlier on issued 10,000,000 ordinary shares of Tk. 10/- each at a price of Tk. 25/- including premium of Tk. 15/- per share to a corporate investor-M/S Paragon Poultry Ltd. with consent of SEC, ref: SEC/CI/CPLC (PVT.)-95/06/337 dated June 30, 2008. Further MSML issued 50,000,000 ordinary shares of Tk. 10/- each at a price of Tk. 25/- including premium of Tk. 15/- per share to various institutional & individual investors vide SEC consent letter No. SEC/CI/CPLC(PVT.)-95/06 dated 03 June 2009. The premium asked for the IPO subscribers is equal to the premium earned in the earlier issues. As such there is no discrimination in the offering price.

b) The Company has determined the offering price at Tk 25/- per share of Tk 10/- each, including a premium of Tk. 15/- per share based on its evaluation as a going concern with combined effects of all factors of production–land, labor, capital, goodwill and organization, all of which generate output and surplus for the investors. None of these factors is singularly capable of creating any output. Based on the consideration of contribution of all the factors of production as a going concern and their resultant effects on the future earnings, which is the desired fruits for harvest by investors, the company has succeeded in accepting the offered price of Tk. 25/- per share of its 50,000,000 ordinary shares amounting to Tk 12,50,000,000/- consequent upon the consent of Securities & Exchange Commission SEC vide its letter No. SEC/CI/CPLC(PVT.)-95/06 dated 03 June 2009.

c) Besides the above accounting figures it can be mentioned here that, Credit Rating Information & Services Limited **CRISL** has assigned Current Rating **"AA-"** (pronounced as "**Double A minus**") to Malek Spinning Mills Limited (hereinafter called MSML) that indicates good claim paying ability and good protection factors of acompany.

Market for the securities being offered

The issuer shall apply to all the Stock Exchanges in Bangladesh within seven (7) working days from the date of consent accorded by the Commission to issue prospectus.
The issuer will apply at:

Dhaka Stock Exchange Limited (DSE)
9/F, Motijheel C/A, Dhaka-1000.

And

Chittagong Stock Exchange Limited (CSE).
CSE Building,1080 Sheikh Mujib Road, Chittagong.

Declaration about listing of shares with stock exchanges

None of the Stock Exchanges, if for any reason, grant 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 exchange, 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 Company rate, to the subscribers concerned.

The Issue Managers, 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 (7) days of expiry of the aforesaid fifteen (15) 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 shares of the Company.

Description of Securities outstanding or Being Offered

Dividend, voting, pre-emption rights

The share capital of the Company is divided into Ordinary Shares, carrying equal rights to vote and eligible to receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles of Association of the Company. All shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors & Auditors and other usual agenda of General Meeting–Ordinary or Extra Ordinary. On a show of hand, every shareholder present in person 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 Attorney or proxy shall have one vote for every share held by him or her.

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

Conversion and liquidation rights

If the Company at any time issues convertible preference shares or debentures with the consent of SEC or /and other regulatory authority, such holders of security shall be entitled to convert such securities into ordinary shares if it is so determined by the company

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant or person of unsound mind.

Dividend policy

- There is no limitation to pay dividend to common or preferred stock holders because of provisions in debt instruments or otherwise.
- The profits of the Company shall be divisible among the members in proportion to the shares held by them respectively.
- Subject to above the Company in the General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.
- No larger dividend shall be declared than is recommended by the Directors but the Company in the General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of net profits of the Company shall (subject to the certificate of the auditors) be conclusive.
- The Directors may from time to time pay to the members such interim dividends as in their judgments the position of the Company justifies.
- A transfer of shares shall pass to the transferee the right to any dividend declared but not paid thereon before the registration of the transfer.

Other rights of Shareholders

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The Directors shall present the financial statements as required under the law & International Accounting Standard. Financial statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as par law and International Accounting Standard to the shareholders regarding the financial and operational position of the company.

The shareholders shall have the right to receive all periodical statement and reports, audited as well as un audited, published by the company from time to time**.**

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 minimum of 10% shares of paid-up capital of the company shall have the right to requisition Extra-ordinary General Meeting of the Company as provided for in section 84 of the Companies Act 1994.

Debt Securities

Malek Spinning Mills Limited has not issued or is planning to issue within six months any debt securities.

Section XI

Underwriting of Shares

The Initial Public Offering (IPO) is for 4,00,00,000 shares @ TK. 25 each (including premium of Tk 15/- per share) totaling Tk. 1,000,000,000 of MALEK SPINNING MILLS LIMITED. As per guidelines of Securities & Exchange Commission, 50% of the IPO amount i.e. 2,00,00,000 shares @ TK. 25 each including premium of Tk 15/- each totaling Tk. 500,000,000 has been underwritten by the following underwriters:

Sl No	Name & Address of the underwriters	No of Shares underwritten	Underwriting amount (Tk)
01	Prime Finance & Investment Limited	8,000,000	200,000,000/-
02	Grameen Capital Management Limited	4,000,000	100,000,000/-
03	ICB Capital Management Limited	2,000,000	50,000,000/-
04	Union Capital Limited	1,200,000	30,000,000/-
05	Swadesh Investment Management Limited	800,000	20,000,000/-
06	Mercantile Securities Limited	800,000	20,000,000/-
07	IDLC Finance Limited	800,000	20,000,000/-
08	Janata Bank Limited	800,000	20,000,000/-
09	Pioneer Insurance Company Limited	400,000	10,000,000/-
10	Southeast Bank Limited	400,000	10,000,000/-
11	Uttara Finance and Investment Limited	400,000	10,000,000/-
12	Bangladesh Mutual Securiites Limited	400,000	10,000,000/-
	Total	**20,000,000**	**500,000,000/-**

Principal Terms and Conditions of Underwriting Agreements

1. 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 underwriters in writing to subscribe the shares not so subscribed and ask the underwriters to pay for them in cash in full within 15 (fifteen) days of the date of the said notice and the said amount shall have to be credited into shares subscription account within the said period.

2. If payment is made by Cheque /Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under his Agreement, until such time as the Cheque / Bank Draft has been encashed and the Company's account credited.

3. In any case within 7 (seven) days after the expiry of the aforesaid 15(fifteen) days, the Company shall send proof of subscription and deposit of share money by the underwriters to the Commission.

4. In case of failure by any underwriters to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under this agreement.

5. In case of failure by the Company to call upon the underwrites for the aforementioned purpose within the stipulated time, the Company and its directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Securities and Exchange Commission under the law.

Commission for Underwriters

The company shall pay to the underwriter an underwriting commission at the rate of 0.50% of 50% of the IPO amount of the iissue value of shares underwritten by them out of the Public Issue.

Relaitonship of Officers or Director of the underwriters acting as director of the company

No officer or Director of the underwriters is presently engaged as the Director of the Company

Section XII

Lock - In Provision

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 have subscribed to the shares of the Company within immediately preceding 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.

Shareholding Above 5%

Sl. No.	Name of shareholder	Status	No of Shares held	Amount in Tk	Percentage of ownership	Last Allotment date	Date of Issuance of Prospoectus	Period of lock In from the date of Issuance of Prospectus	Expire date of lock-in
01	Major (Rtd.) Abdul Matin Chowdhury	Director & Managing Director	1,10,40,000	11,04,00,000	9.200%	05-12-07	15-04-2010	03 Year	14-04-2013
02	Dr Shamim Matin Chowdhury	Director	1,10,00,000	11,00,00,000	9.167%	05-12-07	Do	03 Year	14-04-2013
03	Mrs .Saima Matin Chowdhury	Director	1,24,00,000	12,40,00,000	10.333%	05-12-07	Do	03 Year	14-04-2013
04	Mr. Azizur R Chowdhury	Director	1,53,60,000	15,36,00,000	12.800%	05-12-07	Do	03 Year	14-04-2013
05	Mr. A F M Zubair	Director	70,00,000	7,00,00,000	5.833%	05-12-07	Do	03 year	14-04-2013
06	M/s Paragon Poultry Ltd	Shareholder	1,00,00,000	10,00,00,000	8.333%	06-09-08	Do	01 year	14-04-2011

ShareHolding below 5%

Sl. No.	Name of shareholder	Status	No of Shares held	Amount in Tk	Percentage of ownership	Last Allotment date	Date of Issuance of Prospoectus	Period of lock In from the date of Issuance of Prospectus	Expire date of lock-in
01	Shyan Zubair	Shareholder	32,00,000	3,20,00,000	2.667%	05-12-07	15-04-2010	01 year	14-04-2011
02	Pioneer Insurance Company Limited	Shareholder	1,000,000	1,000,000 0	0.833%	29-10-09	Do	01 year	14-04-2011
03	Md. Fakhrul Islam Securities Limited	Shareholder	400,000	400,0000	0.333%	29-10-09	Do	01 year	14-04-2011
04	M.Rahman Securities Ltd.	Shareholder	400,000	400,0000	0.333%	29-10-09	Do	01 year	14-04-2011
05	Bangladesh Mutual Securities Limited (Portfolio A/C)	Shareholder	1,000,000	1,000,000 0	0.833%	29-10-09	Do	01 year	14-04-2011
06	Meghna Life Insurance Company Limited	Shareholder	400,000	400,0000	0.333%	29-10-09	Do	01 year	14-04-2011
07	Pubali Bank Limited	Shareholder	2,800,000	2,800,0000	2.333%	29-10-09	Do	01 year	14-04-2011
08	Popular Life Insurance Company Limited	Shareholder	600,000	600,0000	0.500%	29-10-09	Do	01 year	14-04-2011
09	Bangladesh Mutual Securities Limited	Shareholder	200,000	200,000 0	0.167%	29-10-09	Do	01 year	14-04-2011
10	Swadesh Investment Management Ltd. (Investor's Account)	Shareholder	2,600,000	2,600,0000	2.167%	29-10-09	Do	01 year	14-04-2011
11	Janata Bank Limited Treasury Deptt.	Shareholder	400,000	400,0000	0.333%	29-10-09	Do	01 year	14-04-2011
12	Janata Bank Limited (Investor's Account)	Shareholder	1,600,000	1,600,000 0	1.333%	29-10-09	Do	01 year	14-04-2011
13	Peoples Leasing & Financial Services Ltd.	Shareholder	1,600,000	1,600,000 0	1.333%	29-10-09	Do	01 year	14-04-2011

Sl. No.	Name of shareholder	Status	No of Shares held	Amount in Tk	Percentage of ownership	Last Allotment date	Date of Issuance of Prospoectus	Period of lock In from the date of Issuance of Prospectus	Expire date of lock-in
14	Mercantile Securities Ltd. (Investor's Portfolio A/C)	Shareholder	1,800,000	1,800,000 0	1.500%	29-10-09	Do	01 year	14-04-2011
15	Mercantile Securities Ltd.	Shareholder	600,000	600,0000	0.500%	29-10-09	Do	01 year	14-04-2011
16	Prime Prudential Fund Ltd.	Shareholder	200,000	200,0000	0.167%	29-10-09	Do	01 year	14-04-2011
17	PFI Securities Ltd.	Shareholder	400,000	400,000 0	0.333%	29-10-09	Do	01 year	14-04-2011
18	Prime Financial Securities Ltd.	Shareholder	200,000	200,0000	0.167%	29-10-09	Do	01 year	14-04-2011
19	Southeast Bank Limited-MBW	Shareholder	120,000	120,000 0	0.100%	29-10-09	Do	01 year	14-04-2011
20	Reliance Insurance Limited	Shareholder	400,000	400,0000	0.333%	29-10-09	Do	01 year	14-04-2011
21	Eastland Insurance Company Ltd.	Shareholder	800,000	800,000 0	0.667%	29-10-09	Do	01 year	14-04-2011
22	IDLC-Portfolio Account	Shareholder	80,000	80,0000	0.067%	29-10-09	Do	01 year	14-04-2011
23	Phoenix Finance & Investments Ltd.	Shareholder	800,000	800,0000	0.667%	29-10-09	Do	01 year	14-04-2011
24	Karnaphuli Insurance Company Limited	Shareholder	100,000	100,000 0	0.083%	29-10-09	Do	01 year	14-04-2011
25	ICB	Shareholder	4,000,000	4,000,0000	3.333%	29-10-09	Do	01 year	14-04-2011
26	ICB Unit Fund	Shareholder	1,600,000	1,600,000 0	1.333%	29-10-09	Do	01 year	14-04-2011
27	First ICB Mutual Fund	Shareholder	40,000	40,0000	0.033%	29-10-09	Do	01 year	14-04-2011
28	Second ICB Mutual Fund	Shareholder	40,000	40,000 0	0.033%	29-10-09	Do	01 year	14-04-2011
29	Third ICB Mutual Fund	Shareholder	40,000	40,000 0	0.033%	29-10-09	Do	01 year	14-04-2011
30	Fourth ICB Mutual Fund	Shareholder	40,000	40,000 0	0.033%	29-10-09	Do	01 year	14-04-2011
31	Fifth ICB Mutual Fund	Shareholder	40,000	40,000 0	0.033%	29-10-09	Do	01 year	14-04-2011
32	Sixth ICB Mutual Fund	Shareholder	80,000	80,000 0	0.067%	29-10-09	Do	01 year	14-04-2011
33	Seventh ICB Mutual Fund	Shareholder	40,000	40,000 0	0.033%	29-10-09	Do	01 year	14-04-2011
34	Eighth ICB Mutual F und	Shareholder	80,000	80,0000	0.067%	29-10-09	Do	01 year	14-04-2011
35	ICML Uttara Branch (I/A)	Shareholder	55,000	55,000 0	0.046%	29-10-09	Do	01 year	14-04-2011
36	ICB Capital Management Limited (I/A)	Shareholder	2,094,500	2,094,500 0	1.745%	29-10-09	Do	01 year	14-04-2011
37	ICML, Chittagong Branch (I/A)	Shareholder	1,327,000	1,327,000 0	1.106%	29-10-09	Do	01 year	14-04-2011
38	ICML, Rajshahi Branch (I/A)	Shareholder	325,000	325,0000	0.271%	29-10-09	Do	01 year	14-04-2011
39	ICML, Khulna Branch (I/A)	Shareholder	29,500	29,500 0	0.025%	29-10-09	Do	01 year	14-04-2011
40	ICML, Barisal Branch (I/A)	Shareholder	110,500	110,500 0	0.092%	29-10-09	Do	01 year	14-04-2011
41	ICML, Bogra Branch (I/A)	Shareholder	878,000	878,0000	0.732%	29-10-09	Do	01 year	14-04-2011
42	ICML, Sylhet Branch (/A)	Shareholder	380,500	380,500 0	0.317%	29-10-09	Do	01 year	14-04-2011
43	Peoples Insurance Company Limited	Shareholder	200,000	200,0000	0.167%	29-10-09	Do	01 year	14-04-2011
44	Island Securities Limited	Shareholder	400,000	400,000 0	0.333%	29-10-09	Do	01 year	14-04-2011
45	Union Capital Limited	Shareholder	100,000	100,0000	0.083%	29-10-09	Do	01 year	14-04-2011

Sl. No.	Name of shareholder	Status	No of Shares held	Amount in Tk	Percentage of ownership	Last Allotment date	Date of Issuance of Prospoectus	Period of lock In from the date of Issuance of Prospectus	Expire date of lock-in
46	Union Capital Limited Investors' Account	Shareholder	880,000	880,000 0	0.733%	29-10-09	Do	01 year	14-04-2011
47	Dhaka Bank Limited C/O-ead of CMS,	Shareholder	2,800,000	2,800,0000	2.333%	29-10-09	Do	01 year	14-04-2011
48	Prime Finance & Investment Limited (Portfolio)	Shareholder	6,424,000	6,424,0000	5.353%	29-10-09	Do	01 year	14-04-2011
49	Investor's Account, Grameen Capital Management Limited	Shareholder	5,296,000	5,296,000 0	4.413%	29-10-09	Do	01 year	14-04-2011
50	GrameenCapital Management Limited	Shareholder	200,000	200,0000	0.167%	29-10-09	Do	01 year	14-04-2011
51	Prime Finance & Investment Limited	Shareholder	1,600,000	1,600,000 0	1.333%	29-10-09	Do	01 year	14-04-2011
52	Agrani Bank Merchant Banking Unit Fund	Shareholder	320,000	320,0000	0.267%	29-10-09	Do	01 year	14-04-2011
53	Agrani Bank Merchant Banking Unit (I/A)	Shareholder	80,000	80,000 0	0.067%	29-10-09	Do	01 year	14-04-2011
54	LankaBangla Finance Limited IP A/C	Shareholder	2,000,000	2,000,0000	1.667%	29-10-09	Do	01 year	14-04-2011
Total			**120,000,000**	**1,200,000,000**	**100%**				

Refund of Subscription Money

As per SEC Notification Dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicant of the public offer by any of the following manner based on the option given by the applicant in the application form;-

(a) Through banking channel for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription; or

(b) Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription: Provided that, in case of deposit into the applicant's bank account, the applicant will bear the applicable service charge, if any, of the applicant's banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected."

Subsrciption 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 foreigncurrency 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 oversubscription 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. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

Availability of Securities

1. IPO will be for 40,000,000 shares @ TK. 25 each (including premium of Tk 15/- per share) totaling Tk. 1,000,000,000/- as per the Securities and Exchange Commission (Public Issue) Rules, 2006, 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 remaining 80% shall be open for subscription by the general public. The position is thus as follows:

Securities	No of shares	Amount in Tk.
A. 10% of IPO i.e. 4,000,000 shares shall be reserved for Non-Resident Bangladeshis (NRB).	4,000,000	100,000,000/-
B. 10% of IPO i.e. 4,000,000 shares shall be reserved for mutual funds and collective investment schemes registered with the Commission.	4,000,000	100,000,000/-
C. Remaining 80% of IPO i.e. 32,000,000 shares shall be open for subscription by the general public.	32,000,000	800,000,000/-
Total (A+B+C)	**40,000,000**	**1,000,000,000/-**

2. All securities as stated in sub–rule 1(A), 1(B) and 1(C) 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(A), 1(B) and 1(C), the issue managers shall jointly 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(A), 1(B)), 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 managers 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 underwriters.

6. The lottery as stated in clause –3 and 4 shall be conducted in presence of representatives from the issuer, the Stock Exchanges, and the applicants, if there be any.

Allotment

The company reserves the right of accepting any application, either in whole, or in part, successful applicants will be notified by the dispatch on an allotment letter by registered post/courier. Letter of allotment and refund warrants will be issued within 5(five) weeks from the closing of the subscription list. After allotment the company will have to transfer the shares to the allotees' Beneficiary Owners (BO) account, which has been mentioned in the application form.

The company shall issue share allotment letter to all successful applicants, within 5(five) weeks, from the date of the subscription closing date. At the same time, the unsuccessful application shall be refunded with the application money within 5 (five) weeks from the closing of the subscription date, by Account Payee Cheque, without interest payable at Dhaka/Chittagong/Khlulna/Rajshahi/Barisal/Sylhet, as the case may be.

Where allotment is made, in whole or in part in respect of joint application, the allotment letter will be dispatched to the person whose name appears first in the application form notwithstanding that the shares have been allotted to the joint applicants. Where joint applicant is accepted in part, the balance of any amount paid on application will be refunded without interest to the person named first in the application form.

Application For Subscription

1. Application for Shares may be made for a minimum lot for **500 (Five Hundred)** Ordinary Shares to the value of **Tk. 12,500.00** respectively and should be made on the Company's Printed Application Form. Application Forms and the Prospectus may be obtained from the Registered Office of the Company, Members of the Dhaka and Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case of adequate Forms are not available, applicants may use photocopied/cyclostyled/ typed/handwritten copies of the Forms. Application must not be for less than **500** Shares. Any application not meeting the criterion will not be considered for allotment purpose.

2. Joint Application Form for more than two (2) persons will not be accepted. In the case of a joint application each party must sign the Application Form.

3. 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 the Memorandum and Articles of Association.

4. **An applicant cannot 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.**

5. Bangladeshi Nationals (including Non-Resident Bangladeshi nationals working abroad) and Foreign Nationals shall be entitled to apply for Shares.

6. 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/Pay Order/Bank Draft shall be made payable to the Bank to which it is sent and be marked **"MALEK 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.

7. 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.

8. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a bankpayable 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 US Dollar or UK Pound Sterling or Euro at the Spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. 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 SEC, Issuer Company, Issue Managers, DSE and CSE.

9. 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 A/C No 01011230000068** with **Eastern Bank Limited , Principal Branch, Jiban Bima Bhaban,10, Dilkusha C/A, Dhaka-1000**, **Bangladesh** for this purpose.

10. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling or Euro shall be deposited to below mentioned **FC Account opened by the Company for IPO purpose as follows:**

Sl. No.	Name of the FC Accounts	Currency	Account No.	Bank and Branch
01	**MSML- IPO NRB Subscription Accountv**	US Dollar	**01013050004755**	Eastern Bank Limited, Principal Branch, Jiban Bima Bhaban,10, Dilkusha C/A, Dhaka-1000, Bangladesh
02	**MSML- IPO NRB Subscription Account**	UK Pound Sterling	**01013060000251**	Eastern Bank Limited, Principal Branch, Jiban Bima Bhaban,10, Dilkusha C/A, Dhaka-1000, Bangladesh
03	**MSML- IPO NRB Subscription Account**	Euro	**01013070000140**	Eastern Bank Limited, Principal Branch, Jiban Bima Bhaban,10, Dilkusha C/A, Dhaka-1000, Bangladesh

11. In the case of over-subscription of securities to the NRB applicants, refund shall be made by Malek Spinning Mills Limited. Out of the "FC Account for IPO NRB Subscription". MALEK SPINNING MILLS LIMITED has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of over-subscription if any.

12. Applications not in conformity with the above requirements and the instructions printed on the applicant form are liable to be rejected.

Trading and Settlement

Trading And Settlement Regulation of the Stock Exchanges shall apply in respect of trading and settlement of the shares of the company.

Bankers to the Issue

Investment Corporation of Bangladesh (ICB)

Head Office, Dhaka
Local Office, Nayapaltan, Dhaka
Barishal Branch, Barishal
Bogra Branch, Bogra
Chittagong Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Sylhet Branch, Sylhet

National Bank Limited

Agrabad Branch, Chittagong
Anderkillah Branch, Chittagong
Babubazar Branch, Dhaka
Banani Branch, Dhaka
Bangshal Road Branch, Dhaka
Barisal Branch, Barisal
Bogra Branch, Bogra
Chawk Bazar Branch,Chittagong
Chowmuhani Branch,Noakhali
Comilla Branch, Comilla
Daganbhuiyan Branch, Feni
Dhanmondi Branch, Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Faridpur Branch, Faridpur
Feni Branch, Feni
Foreign Ex. Branch, Dhaka
Gazipur Branch, Gazipur
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Islampur Branch, Dhaka
Jatrabari Branch, Dhaka
Jubilee Road Branch, Chittagong
Kawran Bazar Branch, Dhaka
Khatunganj Branch, ChIttagong
Khulna Branch, Khulna
Lake Circus Branch, Kalabagan, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
Mohakhali Branch, Dhaka
Mohammadpur Branch, Dhaka
Motijheel Branch, Dhaka
Narayanganj Branch, N'Gonj
Narsingdi Branch, Narsingdi
New Eskaton Branch,Dhaka
North Brook Hall Branch, Dhaka
Pagla Bazar Branch, N'Gonj
Pahartali Branch, Chittagong
Pragati Sarani Branch, Dhaka
Rajshahi Branch, Rajshahi
Rangpur Branch, Rangpur
Savar Bazar Branch, Savar, Dhaka
Sheikh Mujib Road Branch, Chittagong
Sylhet Branch, Sylhet
Tangail Branch, Tangail
Uttara Branch, Dhaka
Z H Sikder M.C. Branch, Dhaka
Zinda Bazar Branch, Sylhet
Sunamgonj Branch, Sunamgonj

Southeast Bank Limited

Aganagar Branch, Dhaka
Agargaon Branch, Dhaka
Agrabad Branch, Chittagong
Banani Branch, Banani, Dhaka
Bandar Bazar Branch, Sylhet
Bangshal Branch, Dhaka
Bashundhara Branch, Dhaka
Barisal Branch, Barisal
CDA Avenue Branch, Chittagong
Chowmuhani Branch, Noakhali
Corporate Branch, Dhaka
Dhanmondi Branch, Dhaka
Feni Branch, Feni
Gulshan Branch, Dhaka
Halishahar Branch, Chittagong
Hetimgonj Branch, Sylhet
Imamganj Branch, Dhaka
Jubilee Road Branch, Chittagong
Kakrail Branch, Dhaka
Karwan Bazar Branch, Dhaka
Khatungonj Branch Chittagong
Khulna Branch, Khulna
Kulaura Branch (Rural), Moulivi Bazar
Laldighirpaar Branch, Sylhet
Motijheel Branch, Dhaka
Moulvibazar Branch, Moulvibazar
Mouchak Branch, Dhaka
Momin Road Branch, Chittagong
Narayanganj Branch. Narayanganj
New Elephant Road Branch, Dhaka
New Eskaton Branch, Dhaka
Pahartali Branch, Pahartali, Chittagong
Panthantula Branch, Sylhet
Principal Branch, Dhaka
Rajshahi Branch, Rajshahi
Shaymoli Branch, Dhaka
Sat Moshjid Road Branch, Dhaka
Shahjalal Uposhahar Branch, Sylhet
Tongi Branch, Dhaka
Uttara Branch, Dhaka

Dutch Bangla Bank Limited

Agrabad Branch, Chittagong
B. B. Road Branch, Narayanganj
Baburhat Branch, Narshingdhi
Banani Branch, Dhaka
Barisal Branch, Barisal
Basundhara Branch, Dhaka
Biswanath Branch, Sylhet
Board Bazar Branch, Gazipur
Bogra Branch, Bogra
Beani Bazar Branch, Sylhet
Bandura Branch, Dhaka
Basurhat Branch(Rural) Noakhali
Bhairab Branch, Kishorgonj
Bhulta Branch, Narayangonj
BSCIC Branch, Narayangonj
CDA Avenue Branch, Chittagong
Comilla Branch, Comilla
Coxs Bazar Branch,Coxs Bazar
Choumuhani Branch, Feni
Chatak Branch, Sunamganj
Dania Branch, Dhaka
Dhaka EPZ Branch, Dhaka
Dhanmondi Branch, Dhaka
Dinajpur Branch, Dinajpur
Dagonbhuiyan Branch, Feni
Elephant Road Branch, Dhaka
Feni Branch, Feni
Fatikchhari Branch, Chittagong
Gazipur Chowrasta Branch, Gazipur
Golapgonj Branch, Sylhet
Gulshan Branch, Dhaka
Goala Bazar Branch, Sylhet
Gobindagonj Branch, Gaibandha
Hathazari Branch, Chittagong
Halishahar Branch, Chittagong
Imamgonj Branch, Dhaka
Islampur Branch, Dhaka
Joypara Branch,Dohar, Dhaka
Jubilee Road Branch, Chittagong
Jessor Branch, Jessore
Kadamtali Branch, Tangail
Kawran Bazar Branch, Dhaka
Khulna Branch, Khulna
Konabary Branch, Gazipur
Khatunganj Branch, Chittagong
Kushtia Branch, Kushtia
Local Office, 1 Dilkusha C/A, Dhaka
Lohagara Branch, Chittagong
Manikgonj Branch, Manikgonj
Mirpur Branch, Dhaka
Mirpur Circle-10 Branch, Dhaka
Mirzapur Branch, Tangail
Mohakhali Branch, Dhaka
Motijheel Foreign Exchange, Branch,Dhaka
Moulavi Bazar Branch, Moulavi Bazar
Muradpur Branch, Chittagong
Mymensingh Branch, Mymensingh
Nababpur Branch, Dhaka
Narayanganj Branch, Narayangang
Naya Bazar Branch, Dhaka
Narsingdi Branch, Narsingdi
Netaiganj Branch, Narayangong
Patherhat Branch, Chittagong
Pabna Branch, Pabna
Rajshshi Branch, Rajshahi
Ring Road Branch, Dhaka
Rangpur Branch, Rangpur
Savar Bazar Branch, Dhaka
Shantinagar Branch, Dhaka
Simrail Branch, Narayanganj
Sylhet Branch, Sylhet
Sonagazi Branch, Feni
Shahzadpur, Sirajganj
Saidpur Branch, Nilphamary
Srimangal Branch, Moulivibazar
Satmosjid Road Branch, Dhaka
Uttara Branch, Dhaka

Eastern Bank Limited

Principal Branch, Dilkusha Dhaka
Motijheel Branch, Dhaka
Mirpur Branch, Dhaka
Bashundhara Branch, Dhaka
Shyamoli Branch, Dhaka
Narayanganj Branch, Narayanganj
Agrabad Branch, Chittagong
Kahtunganj Branch, Chittagong
Bogra Branch, Bogra
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi

First Security Islami Bank Ltd.

Dilkusha Branch, Dhaka

Mohakhali Branch, Dhaka
Bangshal Branch, Bangshal, Dhaka
Dhanmondi Branch, Dhanmondi, Dhaka
Gulshan Branch, Gulshan, Dhaka
Mirpur Branch, Mirpur, Dhaka
Banani Branch, Banani, Dhaka
Topkhana Road Branch, Topkhana, Dhaka
Biswa Road Branch, Maiddah bashabo, Dhaka
Donia Branch, Shyampur, Dhaka
Collage Gate Branch, Tongi, Gazipur
Senanibash Branch, Kafrul, Dhaka
Motijheel Branch, Motijheel, Dhaka
Ring Road Branch,Mohammadpur, Dhaka
Banoshree Branch, Rampura, Dhaka
Khatungonj Branch, Chittagong
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Probortak Mor Branch, Panchlaish, Chittagong
Bohaddarhat Branch, Chandgaon, Chittagong
Andar Killah Branch, Andar Killah, Chittagong
Cox's Bazar Branch, Cox's Bazar
Rangpur Branch, Station Road, Rangpur
Bogra Branch, Barogola, Bogra
Rajshahi Branch, Shaheb Bazar, Rajshahi
Sylhet Branch, Mendibagh, Sylhet
Ambarkhana Branch, West Ambarkhana, Sylhet
Khulna Branch, KDA Avnenue, Khulna
Jessore Branch, Jessore

One Bank Limited

Agrabad Branch, Chittagong
Banani Branch, Dhaka
Bangshal Branch, Dhaka
Bogra Branch, Bogra
Chowmuhuni Branch, Noakhali
Chandragonj Branch, Laxmipur
Cox's Bazar Branch, Main Road, Cox's Bazar
CDA Avenue Branch, Chittagong
Dagon Bhuiyan Branch, Feni
Dhanmondi Branch, Dhaka
Elephant Road Branch, Dhaka
Feni Branch, Feni
Ganakbari (EPZ) Branch,Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Imamganj, Dhaka
Islampur Branch, Islampur Bazar, Sylhet
Nanupur Branch, Chittagong
Jatrabari Branch, Dhaka
Jessor Branch, Jessore
Joypara Branch, Raipara, Dohar, Dhaka
Jubilee Raod Branch, Chittagong
Kakrail Branch, Dhaka
Kawran Bazar Branch, Dhaka
Khatunganj Branch, Chittagong

Mirpur Branch, Mirpur -11, Dhaka
Motijheel Branch, Dhaka
Narayanganj Branch, Narayanganj
Nawabgonj Branch, Dhaka
Principal Branch, Dhaka
Progati Sharani Branch, Dhaka
Raipur Branch, Raipur, Laxmipur
Sherpur Branch, Moulvi Bazar
Sirajgonj Branch, Sirajgonj
Sylhet Branch, Sylhet
Uttara Branch, Dhaka

Trust Bank Limited

Principal Branch, Dhaka
SKB Branch,Dhaka
Agrabad Branch, Chittagong
Gulshan Corp. Branch, Dhaka
Dilkusha Corp. Branch, Dhaka
Milennium Corporate Branch.Dhaka Cant
Uttara Corporate Branch, Dhaka
Mirpur Branch, Dhaka
Karwan Bazar Branch, Dhaka
Kafrul Branch, Dhaka
Jubilee Road Branch, Chittagong
Shahjalal Uposhohor Branch, Sylhet
Feni Branch, Feni
Beanibazar Branch, Sylhet
Joydebpur Branch, Gazipur

Dhaka Bank Limited

Local Office, Dhaka
Banani Branch, Dhaka
Uttara Branch, Dhaka
Laldighirpar Branch, Sylhet
Bangshal Branch, Dhaka
Foreign Exchange Branch, Dhaka
Dhanmondi Branch, Dhaka
Islami Banking Branch, Dhaka
Jubilee Road Branch, Chittagong
Kawran Bazar Branch, Dhaka
Narayangonj Branch, Narayanganj
Khatungonj Branch, Chittagong
Baridhara Branch, Dhaka
Agrabad Branch, Chittagong

Standard Chartered Bank

Motijheel (OPCC) Branch, Dhaka
Mirpur (OPCC) Branch, Dhaka
Narsirabad Branch, Chittagong
Agrabad Branch, Chittagong
Khulan Branch, Khulna
Bogra Branch, Bogra
Sylhet Branch, Sylhet

Shahjalal Islami Bank Limited

Baipail (Dhaka EPZ) Branch, Dhaka
Banani Branch, Dhaka

Bangshal Branch, Dhaka
Bijoynagar Branch, Dhaka
Beani Bazar Branch, Sylhet
Dhaka Main Branch, Dhaka
Dhanmondi Branch, Dhaka
Dargah Gate BRRranch, Sylhet
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Joypara Branch, Dohar, Dhaka
Kawran Bazar Branch, Dhaka
Keraniganj Branch, Dhaka
Mirpur Branch, Dhaka
Mitford Branch, Dhaka
Motijheel Branch, Dhaka
Muradpur Branch, Chittagong
Moulvibazar Branch, Moulvi Bazar
Mymensingh Banch, Mymensingh
Satmasjid Road Branch, Dhaka
Savar Branch, Dhaka
Uttara Branch, Dhaka
Vatara Branch, Dhaka
Narayanganj Branch, Narayanganj
Joydevpur Chowrasta Branch, Gazipur
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatungonj Branch, Chittagong
Sylhet Branch, Sylhet
Jessore Branch, Jessore
Khulna Branch, Khulna
Saidpur Branch, Nilphamari
Rajshahi Branch, Rajshahi

Bank Asia Limited

Principal Office Branch, Dhaka
MCB Dilkusha Branch, Dhaka
Corporate Branch, Dhaka
Scotia Branch, Dhaka
Dhanmondi Branch, Dhaka
Mitford Branch. Dhaka
Gulshan Branch, Dhaka
NorthSouth Road Branch, Dhaka
MCB Banani Branch, Dhaka
Bashundhara Branch, Dhaka
Uttara Branch, Dhaka
Mirpur Branch, Dhaka
Mohakhali Branch, Dhaka
Shantinagar Branch, Dhaka
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
MCB Sk. Mujib Road Branch, Chittagong
CDA Avenue Branch, Chittagong
Station Road Branch, Chittagong
Anderkilla Branch, Chittagong
Bahadderhat Branch, Chittagong
Sylhet Main Branch, Sylhet
Sylhet Uposhar Branch, Sylhet
Rajshahi Branch, Rajshahi
Bogra Branch, Bogra
Khulna Branch, Khulna
Jessore Branch, Jessore

Commission to the bankers to the issue

Commission at the rate of 0.10% of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them.

Section XIII

Material contracts

1. Issue Management Agreement between the Company and the Managers to the Issue.

2. Underwriting Agreement between the Company and the Underwriters.

3. Agreement with The Credit Rating Information and Services Limited (CRISL)

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 (SEC) may be inspected on any working day during office hours at the Company's Registered Office.

Section XIX

AUDITORS' REPORT

এম, এ, মালেক সিদ্দিকী ওয়ালী এন্ড কোং, চার্টার্ড একাউনটেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

M. A. Malek Siddiqui Wali & Co.
CHARTERED ACCOUNTANTS

Partners: Md. Waliullah, FCA
Swadesh Ranjan Saha, FCA

PHONE: OFF: 9560919
PABX-7172025, 7172026
RES: 8628136: 8622175
FAX: 880-2-7175704
9-G, MOTIJHEEL C/A,
Dhaka-1000, Bangladesh

AUDITOR'S REPORT
TO
THE SHAREHOLDERS

We have audited the accompanying Balance Sheet of the **MALEK SPINNING MILLS LIMITED** as of September 30, 2009 and the related Income Statement, Cash Flow Statement and Statement of changes in Equity together with Notes to the Accounts for the period then ended. These financial statements are the responsibility of the management. Our responsibility is to express on opinion on these financial statements based on our audit.

BASIS OF OPINION:

We conducted our audit in accordance with International Standards on Auditing as adopted by the Institute of Chartered Accountants of Bangladesh. 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 amount 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION:

In our opinion, the financial statements prepared in accordance with International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh give a true and fair view of the state of the company's affairs as of September 30, 2009 and of the results of its operations for the year ended and comply with 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 explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
b) In our opinion, the Company as required by law has kept proper books of account so far as it appeared from our examination of those books.
c) The Company's Balance Sheet and Income Statement dealt with by the report are in agreement with books of account.
d) The Expenditure incurred was for the purpose of the company's business.

Dhaka
November 19, 2009

(M. A. MALEK SIDDIQUI WALI & CO.)
Chartered Accountants
Sd/-
(Md. Waliullah, FCA)

MALEK SPINNING MILLS LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2009

	Notes	SEPT'09 Taka	JUN'09 Taka
ASSETS :			
Non-Current Assets:			
Property, Plant and Equipment	4	1,736,463,251	1,749,339,453
Investment in Subsidiary Company	5	180,090,000	90,090,000
Share Money Deposit to Subsidiary Company	6	199,926,900	289,926,900
Current Assets :			
Inventories	7	673,608,357	658,395,700
Accounts Receivable	8	700,620,308	556,892,662
Advances,Deposits and Pre-payments	9	260,977,455	200,075,540
Cash and Cash Equivalents	10	95,852,538	124,561,616
		1,731,058,658	1,539,925,517
Current Liabilities :			
Short Term Loan	11	776,145,506	644,479,847
Current Portion of Long Term Loan	12	129,328,508	157,573,987
Security deposit against Sales		6,000,000	6,000,000
Acceptance Liabilities for Raw Cotton	13	329,647,813	316,842,289
Acceptance Liabilities for Machinery	14	-	13,832,589
Creditors and Accrues	15	86,543,287	72,453,163
Provision for Income Tax	16	41,124,236	31,989,834
		1,368,789,350	1,243,171,709
Net Current Assets		362,269,308	296,753,808
Deferred Tax Liability	17	6,984,324	-
TOTAL ASSETS		*2,471,765,135*	*2,426,110,160*
FINANCED BY :			
Shareholders' Equity :			
Share Capital	18	700,000,000	700,000,000
Share Premium	19	150,000,000	150,000,000
General Reserve and Surplus	20	475,914,063	416,211,704
Reserve for Re-valuation of Fixed Assets	21	1,104,037,855	1,121,891,469
		2,429,951,918	2,388,103,174
Non-Current Liabilities:			
Long Term Loan	22	41,813,217	38,006,986
TOTAL EQUITY AND LIABILITIES		*2,471,765,135*	*2,426,110,160*
Net Asset Value per share (NAV)		34.71	35.05

The annexed notes 1 to 39 form an integral part of these financial Statements.

Sd/-	Sd/-	Sd/-
A.Matin Chowdhury	**A.F.M. Zubair**	**B.K.Chaki**
Managing Director	Director	DGM-A&F and Company Secretary

As per our report of same date

Sd/-

Dhaka,
November 19, 2009

(M.A. Malek Siddiqui Wali & Co.)
Chartered Accountants

MALEK SPINNING MILLS LIMITED
INCOME STATEMENT
FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

	Notes	SEPT'09 Taka	SEPT'08 Taka
Sales	23	527,688,243	498,457,888
Cost of Goods Sold	24	442,477,943	418,484,262
Gross Profit		**85,210,300**	**79,973,626**
Operating Expenses	25	8,581,422	8,792,284
Financial Expenses	26	17,715,399	30,073,343
Operating Profit		**58,913,479**	**41,107,998**
Other Income	27	1,952,363	-
Net Operating Profit		**60,865,842**	**41,107,998**
Provision for Contribution to WPPF	28	2,898,373	1,957,524
Profit before Tax		**57,967,469**	**39,150,475**
Provision for Income Tax:			
Current Tax	29	9,134,402	5,872,571
Deferred Tax	29-A	1,477,220	-
Net Profit for this Year		**47,355,847**	**33,277,903**
Previous Years' Retained Earnings		337,270,290	153,283,640
Retained Earnings Balance (Transferred to the statement of Changes in Equity)		***384,626,137***	***186,561,543***
Earnings Per Share (EPS) (For three months)	30	***0.68***	***0.53***

The annexed notes 1 to 39 form an integral part of these financial Statements.

Sd/-	Sd/-	Sd/-
A.Matin Chowdhury	**A.F.M. Zubair**	**B.K.Chaki**
Managing Director	Director	DGM-A&F and Company Secretary

As per our report of same date

Sd/-
(M.A. Malek Siddiqui Wali & Co.)
Chartered Accountants

Dhaka,
November 19, 2009

MALEK SPINNING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

	SEPT'09 Taka	SEPT'08 Taka
CASH FLOW FROM OPERATING ACTIVITIES :		
Collection from Turnover/Bills Receivable	383,960,596	566,697,234
Payment for Raw Materials, Indirect Materials and other expenses	(430,240,808)	(684,755,569)
Collection from other income	1,952,363	-
Payment of financial expenses	(8,276,153)	(30,073,343)
Net cash used in operating activities	**(52,604,002)**	**(148,131,678)**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(18,931,822)	(28,446,869)
Investment to Subsidiary Company	-	(180,000)
Net cash used in investing activities	**(18,931,822)**	**(28,626,869)**
CASH FLOW FROM FINANCING ACTIVITIES :		
Bank loan received	106,199,346	84,805,615
Payment of lease obligations	(2,470,686)	(2,158,835)
Advance, Deposit and Prepayments.	(60,901,916)	(80,009,376)
Share premium received	-	150,000,000
Net cash provided by financing activities	**42,826,745**	**152,637,403**
Increase/(Decrease) in cash and cash eqivalents	**(28,709,079)**	**(24,121,143)**
Cash and Cash Equivalents at July 1	124,561,616	64,083,797
Cash and Cash Equivalents at September 30	**95,852,538**	**39,962,654**

MALEK SPINNING MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

Particulars	Share Capital	Reserve for Revaluation of Fixed Assets	General Reserve and Surplus	Share Premium	Total
Balance as on July 01,2009	700,000,000	1,121,891,469	410,704,601	150,000,000	2,382,596,070
Net Profit during the period	-	-	47,355,847	-	47,355,847
Reserve for Revaluation of Fixed Assets	-	(17,853,614)	17,853,614	-	- -
As on Sept. 30, 2009	**700,000,000**	**1,104,037,855**	**475,914,062**	**150,000,000**	**2,429,951,918**

FOR THE PERIOD FROM 1ST JULY 2008 TO 30TH SEPTEMBER 2008

Particulars	Share Capital	Reserve for Revaluation of Fixed Assets	General Reserve and Surplus	Share Premium	Share Money Deposit	Total
Balance as on July 01,2008	600,000,000	1,200,832,885	153,283,639	-	100,000,000	2,054,116,525
Net Profit during the year	-	-	33,277,903	-	-	33,277,903
Share Money Deposit	100,000,000	-	-	-	(100,000,000)	-
Share Premium	-	-	-	150,000,000	-	150,000,000
As on Sept. 30, 2008	**700,000,000**	**1,200,832,885**	**186,561,542**	**150,000,000**	**-**	**2,237,394,427**

MALEK SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER, 2009

1. REPORTING ENTITY:

Malek Spinning Mills Limited was incorporated as a Private Limited Company on 2nd November, 1989 under Companies Act 1913. It was converted into Public Ltd. Company in the year 2008. The share of the company is denominated from Tk100/- to Tk10/- per share as on 14th September, 2008. Registered office of the Companies is at 117/A, Tejgaon I/A, Dhaka-1208 while Factory is situated at Shafipur, Kaliakoir.. The principal activities of the company is to manufacture and marketing of 100% hosiery cotton yarn in the domestic market. This entity is a 100% export oriented industry (deemed exporter).

1.1 NATURE OF BUSINESS:

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

Salek Textile Limited is well equipped with 10 (ten) Schlafhorst Auto Coro Machines with 360 rotors each, having a total rated production capacity of 14,621,000 kgs. of open-end yarn per annum.

Newasia synthetics project will produce PET chips for producing PET Bottle and Textile grade chips. Newasia synthetics project is under construction. At present there is no factory for producing of PET chips in the country. Besides, there is export demand for such product in the EU and USA, which are being met through import from India, Pakistan and other countries.

1.2. DESCRIPTION OF SUBSIDIARIES:

1.2.1. Salek Textile Limited:

Salek Textile Limited was incorporated as a Private Limited Company on 9th September, 2007 under Companies Act 1994 with Registrar of Joint Stock Companies and Firms, Dhaka, Bangladesh. Registered office of the Companies is at 117/A, Tejgaon I/A, Dhaka-1208 while Factory is situated at Shafipur, Kaliakoir. The principal activities of the company are to manufacture and marketing of Yarn in the domestic market. This entity is a 100% export oriented industry (deemed exporter).

1.2.2. Newasia Synthetics Limited:

Newasia Synthetics Limited was incorporated as Private Limited Company on 30th July 2008 under Companies Act 1994 with Registrar of Joint Stock Companies and Firms, Dhaka, Bangladesh. Registered office of the Companies is at 117/A, Tejgaon I/A, Dhaka-1208. This project is under construction. The principal activities of the company will be producing PET chips for manufacturing PET Bottle and Textile grade chips.

2. BASIS OF PREPARATION:

2.1 Statement of compliance:

The financial statements of the company under reporting have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice in Bangladesh in compliance with the Companies Act 1994, The Securities and Exchange Rules 1987, The Listing Regulations of Dhaka Stock Exchange Ltd (DSE) & Chittagonj Stock Exchange Ltd. (CSE), International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standard (BAS) and other applicable laws and regulations.

2.2 Date of authorization:

The Board of Director of Malek Spinning Mills Limited has approved this financial statements on November 18, 2009 for preparation of the prospectus and include in the said prospectus in order to submit to submit the prospectus and Audited Financial Statements to The Securities and Exchange Commission (SEC) for public issue of shares of the Company.

2.3 Reporting Period:

Financial statements of the company including subsidiary companies cover from 1st July, 2009 to 30th September, 2009

2.4 Reporting Currency and Level of Precision:

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

2.5 Comparative Information:

Comparative information has been provided in accordance with BAS-34: Interim financial reporting. Comparative income statement, statement of changes in equity and cash flow statement are those of period ended 30th September, 2008, while Balance Sheet is that of 30th June, 2009.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

3.1. Principal Accounting Policies:

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

3.2. Basis of Consolidation:

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

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

All intra group transaction, balances, income and expenses are eliminated in full on consolidation. Minority interests in the net assets of consolidated subsidiaries are identified separately from the group equity therein.

These consolidate financial statements have been prepared in consolidation with the audited accounts of the company and the audited accounts of Salek Textile Limited and Newasia Synthetics Limited for the Period from 1st July 2009 to 30th September 2009.

3.2.1. Percentage of Holding on Subsidiary Company:

Name of Company	Total No. Shares	Total Holding	Percentage of Holding
Salek Textile Ltd	999,000	899,100	90.000%
Newasia Synthetics Ltd	937,150	901,800	96.228%

3.3. Application of Bangladesh Accounting Standards (BASs):

The financial statements have been prepared in compliance with requirement of BAS as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The following BASs are applicable for the financial statements for the period under review:

BAS – 1	Presentation of Financial Statement
BAS – 2	Inventories
BAS – 7	Statement of Cash Flows
BAS – 8	Accounting Policies, Changes in Accounting Estimates and Errors
BAS – 10	Events after the Reporting Period
BAS – 12	Income Taxes
BAS – 14	Segment Reporting
BAS – 16	Property, Plant & Equipment
BAS – 17	Leases
BAS – 18	Revenue
BAS – 21	The effects of Changes in Foreign Exchange Rate
BAS – 23	Borrowing Costs
BAS – 24	Related Party Disclosures
BAS – 27	Consolidated and Separate Financial Statements
BAS – 33	Earnings per share
BAS – 34	Interim Financial Reporting.
BAS – 36	Impairment of assets
BAS – 37	Provisions, Contingent Liabilities and Contingent Assets

3.4 . Recognition of Property, Plant & Equipment and Depreciation:

Property, Plant & Equipment is stated at cost less accumulated depreciation in accordance with BAS-16 “Property, Plant & Equipment”. Cost represents cost of acquisition or construction and include purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use, but do not include any capitalized borrowing cost. During Financial year 2007-2008 the Company Revalued the Assets as per Board Resolution dated on 05.12.2007. No depreciation is charged on land and land development. Depreciation on all other fixed assets is computed using the reducing balance method in amount sufficient to write-off depreciable assets over their estimated useful life. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in operations for the period.

The depreciation rate in the year 2008-2009 has been restructured. This restructuring decision is approved by the Board of Directors dated on 01.06.2009

Category of fixed assets	Rate	Category of fixed assets	Rate
Building	5%	Office Equipments	15%
Plant & Machinery	10%	Electrical Installation	15%
Generator	15%	Gas Line Installation	15%
Furniture & Fixture	10%	Fire Installation	15%
Motor Vehicles	15%	Loose Tools	15%

Depreciation has been allocated to cost of goods sold & administrative expenses consistently.

3.5. Revaluation of Fixed assets:

The company revalued its fixed assets for the 1st time in the year 2007-2008 as per Board Resolution dated on 05.12.2007. Reserve is created by the sum of revaluation surplus and depreciation is charges on the revalued assets except Land and Land Development as per the respective rate of depreciation and transferred the equal amount of depreciation to the equity as per the provision of BAS-16.

3.6. Retirement and Disposals:

An asset is recognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the profit and loss account

3.7. Impairment of Assets:

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

3.8 Lease Assets:

3.8.1. Finance Lease:

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

3.8.2. Lease Payment:

Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liabilities from 1st July 2009.

3.9. Inventories:

Inventories comprise of Raw Materials, Stock- in-Transit, Work-In-Process, Finished Goods and Stores and Accessories. They are stated at the lower of cost or net realizable value in accordance with the Para of 21 & 25 of BAS-2 “Inventories” after making due allowance for any obsolete or slow moving item. The cost of inventories is assigned by using weighted average cost.

3.10. Statement of Cash Flows :

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”.

3.11. Cash and Cash Equivalent:

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

3.12. Research, Development and Experimental Costs:

In compliance with requirements of BAS-38 “Intangible Assets” research, development and experimental cost usually absorbed as revenue charges and when incurred, as being not that much material in the company’s and /local Context.

3.13. Creditors and Accruals :

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

3.14. Income tax expenses:

Income tax expenses comprise current and deferred tax. Income tax expense is cognized in the profit or loss account except to the extant that it relates to items recognize directly in equity, in which case it is recognized in equity.

3.14.1. Current Tax:

Income tax is calculated and provision is made in accordance with BAS-12. The corporate tax rate for Textile Sector is 15% and 37.5% tax rate is charged on Other Income. Provision has been made and calculated on the above basis, which is adequate under Income Tax Ordinance 1984

3.14.2 Deferred Tax:

Deferred tax is recognized using the balance sheet method. Deferred tax arises due to temporary difference deductible or taxable for the event or transactions recognized in the income statement.

A temporary difference is the difference between the tax base of an asset or liability and its carrying amount / reported amount in the balance sheet. Deferred tax asset or liability is the amount of income tax recoverable or payable in future period's recognized in the current period. The deferred tax asset / income or liability / expenses dos not create a legal liability/recoverable to and from the income tax authority.

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

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

3.16. Compliance with Local Laws :

The financial statements have been prepared in compliance with requirements of the Companies Act 1994, Securities and Exchange Rules 1987 and other relevant local laws and rules.

3.17. 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.

3.18. 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 **Note: 38**.

3.19. Foreign Currency Translation :

Transactions in foreign currencies are translated into Bangladeshi Taka at the Exchange rate prevailing on the date of transactions in accordance with BAS- 21 "The Effects of Changes in Foreign Exchange Rate." Bank deposit in foreign currency has been translated into taka at the period end at the rate of exchange ruling on that date

3.20. Revenue Recognition:

3.20.1. Revenue from goods sold:

Revenue from the sales of yarn is measured at the fair value of the consideration received or receivable. The company recognizes revenue when risk and rewards associated with ownership has been transferred to buyer, which satisfied all the condition for the revenue recognition as provided in BAS-18 'Revenue Recognition.'

3.20.2. Interest Income:

Finance income comprises of interest income of fund invested. Interest income is recognized on accrual basis.

3.21. Accounts 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.

3.22. Worker's profit participation fund:

The company had created a fund for workers as "Worker's Profit Participation Fund" by 5% of the profit before charging such expenses and the fund transfer process under consideration and pending for board approval

3.23. Transaction with Related Parties:

In the period under review the company has transactions with related party in the normal course of business. They are as follows:

Business Transactions:

SL.	Related Parties	Nature of relationship	Nature of Transaction	Balance as at 30.09.2009
01	Knit Asia Limited	Common Director	Accounts Receivable (Yarn Sales)	188,295,357
02	Hejaz Publications Ltd	Common Director	Accounts Payable (Office Rent)	163,080
03	Salek Textile Limited	Subsidiary	Share Money Deposit	189,926,900
			Investment in equity	89,910,000
			Advance	202,620,464
04	Newasia Synthetics Limited	Subsidiary	Share Money Deposit	10,000,000
			Investment in equity	90,180,000
			Advance	4,316,011

3.24. Repairs, upkeep and maintenance charges:

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

3.25. Components of the Financial Statements:

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

i. Balance Sheet as at 30th September , 2009.

ii. Income Statement (Profit & Loss Account) for the period from 1st July 2009 to 30th September, 2009

iii. Cash flow Statement for the period from 1st July 2009 to 30th September, 2009

iv. Statement of changes in equity form 1st July 2009 to 30th September, 2009

v. Accounting Policies and Explanatory Notes.

3.26. Earnings Per Share:

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

i) Basic Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

ii) Diluted Earnings per Share:

No diluted Earnings per share was required to be calculated for the period under review as there was no scope for dilution of Earnings per Share for the period.

3.27. Responsibility for Preparation and Presentation of Financial Statements:

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

3.28. 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.

3.29. Share Premium:

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

3.30. Advertisement and promotional Expenses:

All cost associated with advertising and promotional activities are charged out in the year incurred

3.31. Borrowing Cost:

The company Capitalizes borrowing cost for new project such as interest on term loan and other related fees/Charges for the period till to commencement of commercial operation and charges the cost to revenue account as financial expenses after commencement of commercial operation.

3.32. Event after the balance sheet date

Event after the balance sheet date that provide additional information about the Company's position at the balance sheet data are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in the **note: 36**

		SEPT'09	JUN'09
		Amount in Taka	

4. FIXED ASSETS: Tk.1,736,463,251

Detail of fixed assets and depreciation as on 30 th September 2009 are shown in the **Annexure - 1**.

This is arrived at as follows:

		SEPT'09	JUN'09
COST:			
Cost as at 01.07.2009		1,641,755,646	1,746,406,325
Addition this period		18,931,822	61,119,139
		1,660,687,468	1,807,525,464
Less : Sales/Adjustment		-	165,769,818
Total Cost as on 30.09.2009		**1,660,687,468**	**1,641,755,646**
Accumulated Depreciation as at 01.07.2009		1,014,307,662	1,019,053,879
Less : Adjustments during the period		-	64,144,916
Add : Depreciation for the period		13,954,410	59,398,701
Total Depreciation as on 30.09.2009		**1,028,262,072**	**1,014,307,662**
Written Down Value		**632,425,396**	**627,447,984**
REVALUATION:			
Revaluation of Fixed Assets as at 01.07.09		1,121,891,469	1,200,832,885
Less: Depreciation this period on Revaluated assets		17,853,614	78,941,416
Written Down Value of Revaluated Assets		**1,104,037,855**	**1,121,891,469**
Total WrittenDown Value	**Tk.**	**1,736,463,251**	**1,749,339,453**

Allocation of depreciation charges for the period has been made in the accounts as follows:

		SEPT'09	JUN'09
Manufacturing Overhead		31,357,947	136,407,507
Administrative Overhead		450,076	1,932,610
	Tk.	**31,808,024**	**138,340,117**

Note: i) The depreciation rate in the year 2008-2009 was restructured. This restructuring decision was approved by the Board of Directors dated on 01.06.2009

5.INVESTMENT IN SUBSIDIARY COMPANY: Tk 180,090,000

		SEPT'09	JUN'09
i) Salek Textile Limited (899,100 Shares of Tk.100/- each)		89,910,000	89,910,000
ii) Newasia Synthetics Limited (901,800 Shares of Tk.100/- each)		90,180,000	180,000
	TK.	**180,090,000**	**90,090,000**

6. SHARE MONEY DEPOSIT TO SUBSIDIARY COMPANY: TK.199,926,900

		SEPT'09	JUN'09
i) Salek Textile Limited		189,926,900	189,926,900
ii) Newasia Synthetics Ltd.		10,000,000	100,000,000
	Tk.	**199,926,900**	**289,926,900**

Share money deposit will be converted into Share Capital and Salek Textile Ltd. will issue 1,899,269 shares of Tk.100/- each and Newasia Synthetics Ltd. Will issue 100,000 shares of 100/- in favour of Malek Spinning Mills Ltd.

7.INVENTORIES: Tk.673,608,357

This consists of as follows :

			SEPT'09	JUN'09
i) Raw Materials	**Note: 7.A**		210,207,177	257,270,930
ii) Stock-in-Transit	**Note: 7.B**		237,795,106	153,632,427
iii) Work-in-Process	**Note: 7.C**		54,196,006	54,298,593
iv) Finished Goods	**Note: 7.D**		72,994,580	92,471,545
v) Stores and Accessories	**Note: 7.E**		98,415,489	100,722,206
		Tk.	**673,608,357**	**658,395,700**

		Amount in Taka
	SEPT'09	JUN'09

7.A. RAW MATERIALS:Tk.210,207,177

Raw Materials Inventory is accounted as follows:

	Quantity in KG SEPT.'09	Quantity in KG JUNE'09		SEPT'09	JUN'09
Raw Cotton USA	2,060,854	1,922,031		210,207,177	243,013,086
Raw Cotton India	-	172,572		-	14,257,844
Total	**2,060,854**	**2,094,603**	**Tk.**	**210,207,177**	**257,270,930**

7.B. STOCK-IN-TRANSIT: Tk.237,795,106

Stock- in- Transit Inventory is accounted as follows:

	Quantity in KG SEPT.'09	Quantity in KG JUNE'09		SEPT'09	JUN'09
Raw Cotton USA	2,426,481	1,498,938		237,795,106	153,632,427
Total Kg.	**2,426,481**	**1,498,938**	**Tk.**	**237,795,106**	**153,632,427**

7.C WORK-IN-PROCESS: Tk.54,196,006

Work-In-Process Inventory is accounted as follows:

Particular	Quantity in KG SEPT.'09	Quantity in KG JUNE'09		SEPT'09	JUN'09
Blow Room	100,050	98,252		11,005,500	12,899,360
Carding	38,102	37,002		4,381,730	4,255,230
Drawing	12,067	12,945		1,411,839	1,514,565
Comber	11,052	11,201		1,381,500	1,400,125
Simplex	50,207	47,407		7,028,980	6,636,980
Ring	165,107	155,607		23,731,507	22,366,033
Cone Winding	35,033	34,842		5,254,950	5,226,300
Total Kg.	**411,618**	**397,256**	**Tk.**	**54,196,006**	**54,298,593**

7.D FINISHED GOODS: Tk.72,994,580

Finished Goods Inventory is accounted as follows:

Particular	Quantity in KG SEPT.'09	Quantity in KG JUNE'09		SEPT'09	JUN'09
34 Card	3,176	93,429		517,688	15,359,728
32 Card	1,453	42,523		241,634	7,027,525
30 Local	2,629	2,629		333,226	333,226
30 Card	9,710	86,669		1,530,296	13,654,701
28 Card	17,102	67,255		2,753,422	10,826,374
26 Card	33,657	53,351		5,216,835	8,405,450
25 Card	55,600	83,200		8,506,800	12,823,200
24 Card	53,070	53,404		8,066,640	8,230,892
22 Card	103,977	1,796		15,076,665	270,657
20 Card	94,808	3,143		13,083,504	452,121
30 Combed	30,177	64,774		5,072,150	11,650,421
28 Combed	15,100	1,250		2,521,700	222,625
26 Combed	59,968	6,950		9,081,540	1,096,435
24 Combed	6,203	11,696		992,480	2,118,191
Total Kg.	**486,630**	**572,069**	**Tk.**	**72,994,580**	92,471,545

		Amount in Taka	
		SEPT'09	**JUN'09**

7.E STORES AND ACCESSORIES: Tk.98,415,489

Stores and Accessories is accounted as follows:

Particular		SEPT'09	JUN'09
Spare Patrs		98,415,489	100,722,206
	Tk.	**98,415,489**	**100,722,206**

a) Inventories are valued at lower of cost and net realizable value. Net realizable value is based on estimated selling price less any other cost anticipated to be incurred to make the sale.

b) Inventories are physically verified by the Management team.

c) Inventories were hypothecated to Eastern Bank Ltd, Dhaka Bank Limited, Citibank N.A, HSBC, One Bank Ltd, Shahjalal Islami Bank Ltd, Trust Bank Ltd as security of working capital loan.

8. ACCOUNTS RECEIVABLE: TK700,620,308

Trade debtors occurred in the ordinary course of business are unsecured but considered good. The detail of Accounts Receivable is given in the following:

			SEPT'09	JUN'09
i) Base Textile Ltd	**Note: 8-A**		13,936,184	-
ii) M.M Knitware Ltd	**Note: 8-B**		59,597,262	-
iii) Knit Asia Ltd	**Note: 8-C**		188,295,357	-
iv) Fakruddin Textile Ltd	**Note: 8-D**		41,881,799	-
vi) Kushiara Composite Knit Ltd	**Note: 8-E**		66,906,657	-
vii) Masco Industries Ltd	**Note: 8-F**		45,213,700	-
viii) Padma Polycotton Knit Febrics Ltd	**Note: 8-G**		49,043,894	-
ix) Other Parties	**Note: 8-H**		235,745,455	-
Total		**TK.**	**700,620,308**	**556,892,662**

a) The above debtors are secured against confirmed L/C

b) The Export Bills Receivable were subsequently realised by December, 2009

8-A. BASE TEXTILE LTD.: Tk.13,936,184

Sl #	Customer	L/C No.	Delivery Date	US$	BDT
1	Base Textile Ltd	1878 09 04 0559	20.06.2009	22,500	1,539,000
2	Base Textile Ltd	1878 09 04 0806	19.07.2009	22,800	1,559,520
3	Base Textile Ltd	1878 09 04 0806-A	05.08.2009	17,990	1,230,516
4	Base Textile Ltd	1878 09 04 0554	11.06.2009	13,500	923,400
5	Base Textile Ltd	1878 09 04 0439	12.05.2009	31,360	2,145,024
6	Base Textile Ltd	1878 09 04 0745	11.07.2009	7,080	484,272
7	Base Textile Ltd	1878 09 04 0550	17.06.2009	24,750	1,692,900
8	Base Textile Ltd	1878 09 04 0745	11.07.2009	7,080	522,944
9	Base Textile Ltd	1878 09 04 0555	20.06.2009	27,000	1,846,800
10	Base Textile Ltd	1878 09 04 0440	20.05.2009	29,120	1,991,808
TOTAL				**$203,180**	**13,936,184**

8-B. M.M. KNITWARE LTD. Tk.59,597,262

Sl #	Customer	L/C No.	DELIVERY DATE	US$	BDT
1	M.M Knitware Ltd	1007/09/02/0420	30.08.2009	54,600	3,734,640
2	M.M Knitware Ltd	1007/09/02/0413	06.08.2009	79,300	5,424,120
3	M.M Knitware Ltd	1007/09/02/0413	30.08.2009	50,700	3,467,880
4	M.M Knitware Ltd	1007/09/02/0555	30.09.20009	3,500	239,400
5	M.M Knitware Ltd	1007/09/02/0413	30.08.2009	50,700	3,467,880
6	M.M Knitware Ltd	1007/09/04/2760	30.09.2009	63,330	4,331,772
7	M.M Knitware Ltd	1007/09/02/0420	15.09.2009	130,000	8,892,000
8	M.M Knitware Ltd	0001/09/04/1125	22.05.2009	32,800	2,243,520
9	M.M Knitware Ltd	0007/09/02/0363	23.06.2009	63,750	4,360,500
10	M.M Knitware Ltd	1007/09/02/0423	23.06.2009	69,550	4,757,220
11	M.M Knitware Ltd	1007/09/02/0423	11.08.2009	33,800	2,311,920
12	M.M Knitware Ltd	1007/09/02/0413	30.08.2009	19,500	1,333,800
13	M.M Knitware Ltd	1007/09/02/0414	30.07.2009	60,450	4,134,780
14	M.M Knitware Ltd	1007/09/04/0414	15.09.2009	130,000	8,892,000
15	M.M Knitware Ltd	1007/09/04/0555	24.09.2009	29,325	2,005,830
TOTAL				**$871,305**	**59,597,262**

8-C. KNIT ASIA LTD. TK.188,295,357

Sl #	Customer	L/C No.		US$	BDT
1	Knit Asia Ltd	673090411973	18.08.2009	35,640	2,437,776
2	Knit Asia Ltd	1010/09/04/0993	30.09.2009	42,271	2,891,336
3	Knit Asia Ltd	673090414477	28.09.2009	77,775	5,319,810
4	Knit Asia Ltd	1010/09/04/0738	01.08.2009	48,400	3,310,560
5	Knit Asia Ltd	673090410901	30.07.2009	26,016	1,779,512
6	Knit Asia Ltd	1010/09/04/0331	20.05.2009	39,065	2,672,046
7	Knit Asia Ltd	1010/09/04/0475	30.05.2009	35,777	2,447,147
8	Knit Asia Ltd	1010/09/04/0562	28.05.2009	17,712	1,211,501
9	Knit Asia Ltd	067309045360-A	03.06.2009	52,532	3,593,189
10	Knit Asia Ltd	067309045360-A	04.06.2009	48,048	3,286,483
11	Knit Asia Ltd	673090411164	10.08.2009	44,830	3,066,372
12	Knit Asia Ltd	673090411973	18.08.2009	35,640	2,437,776
13	Knit Asia Ltd	1010/09/04/0792	20.09.2009	24,890	1,702,459
14	Knit Asia Ltd	673090411760	31.08.2009	15,995	1,094,024
15	Knit Asia Ltd	673090410516	25.07.2009	36,244	2,479,073
16	Knit Asia Ltd	1010/09/04/0606	20.06.2009	10,413	712,215
17	Knit Asia Ltd	1010/09/04/0304	30.05.2009	13,292	909,173
18	Knit Asia Ltd	067309047367-A	21.07.2009	16,880	1,154,595
19	Knit Asia Ltd	1010/09/04/0848	05.09.2009	28,656	1,960,070
20	Knit Asia Ltd	673090412698	30.08.2008	46,555	3,184,362
21	Knit Asia Ltd	134308041703	11.09.2009	57,500	3,933,000
22	Knit Asia Ltd	1010/09/04/0304-A	08.05.2009	7,073	483,810
23	Knit Asia Ltd	1010/09/04/0569	14.06.2009	14,400	984,960
24	Knit Asia Ltd	1010/09/04/1002	30.09.2009	70,268	4,806,297
25	Knit Asia Ltd	67309040672	29.09.2009	8,904	609,034
26	Knit Asia Ltd	67309047056	26.05.2009	10,875	743,850
27	Knit Asia Ltd	67308040860	23.05.2009	3,410	233,244
28	Knit Asia Ltd	1010/09/04/0421-A	08.06.2009	450	30,780
29	Knit Asia Ltd	67309046078	21.05.2009	3,190	218,196
30	Knit Asia Ltd	67309044794	10.05.2009	980	67,032
31	Knit Asia Ltd	67309047367	14.06.2009	5,513	377,106
32	Knit Asia Ltd	1010/09/04/0372-A	10.06.2009	383	26,163
33	Knit Asia Ltd	067309045390-A	29.07.2009	7,751	530,168
34	Knit Asia Ltd	67309048021	28.06.2009	4,080	279,072
35	Knit Asia Ltd	1010/09/04/0512	20.05.2009	4,430	302,983
36	Knit Asia Ltd	1010/09/04/0657	11.07.2009	5,272	360,605
37	Knit Asia Ltd	1010/09/04/0768	10.08.2009	9,135	624,834
38	Knit Asia Ltd	1010/09/04/0791	16.08.2009	30,831	2,108,827
39	Knit Asia Ltd	67309045390-A	30.07.2009	4,994	341,573
40	Knit Asia Ltd	673090411535	12.08.2009	1,206	82,473
41	Knit Asia Ltd	673090410910	30.07.2009	3,480	238,032
42	Knit Asia Ltd	1010/09/04/0749	05.08.2009	41,031	2,806,520
43	Knit Asia Ltd	673090410655	28.07.2009	3,450	235,980
44	Knit Asia Ltd	1010/09/04/0419-A	30.05.2009	22,167	1,516,223
45	Knit Asia Ltd	067309048021-A	06.08.2009	854	58,441
46	Knit Asia Ltd	1010/09/04/0419-A	20.05.2009	4,003	273,771
47	Knit Asia Ltd	1010/09/04/0419-A	30.05.2009	1,083	74,103
48	Knit Asia Ltd	67309046078	21.05.2009	3,175	217,194
49	Knit Asia Ltd	1010/09/04/0474	19.7.2009	22,596	1,545,566
50	Knit Asia Ltd	1010/09/04/0643	13.07.2009	61,200	4,186,080
51	Knit Asia Ltd	67309049519	25.07.2009	12,948	885,643
52	Knit Asia Ltd	673090410029	15.07.2009	35,853	2,452,311
53	Knit Asia Ltd	673090410199	15.08.2009	6,975	477,090
54	Knit Asia Ltd	1010/09/04/0643	13.07.2009	65,688	4,493,059

Sl #	Customer	L/C No.		US$	BDT
55	Knit Asia Ltd	1010/09/04/0655	07.07.2009	17,775	1,215,810
56	Knit Asia Ltd	1010/09/04/0595	20.06.2009	53,710	3,673,764
57	Knit Asia Ltd	1010/09/04/0658	11.07.2009	91,650	6,268,860
58	Knit Asia Ltd	1010/09/04/0657	11.07.2009	5,273	360,673
59	Knit Asia Ltd	1010/09/04/0650	11.07.2009	5,381	368,060
60	Knit Asia Ltd	67309048838	07.05.2009	18,688	1,278,259
61	Knit Asia Ltd	1010/09/04/0576	10.06.2009	79,523	5,439,373
62	Knit Asia Ltd	1010/09/04/0537	01.06.2009	59,692	4,082,933
63	Knit Asia Ltd	67309049524	20.07.2009	28,890	1,976,059
64	Knit Asia Ltd	67309048946	07.07.2009	80,438	5,501,959
65	Knit Asia Ltd	067309048946-A	13.07.2009	4,713	322,369
66	Knit Asia Ltd	067309040197-A	23.05.2009	92,000	6,292,800
67	Knit Asia Ltd	1010/09/04/0336-A	27.05.2009	22,360	1,529,424
68	Knit Asia Ltd	067309045864-A	28.05.2009	38,410	2,627,244
69	Knit Asia Ltd	67309048838	05.07.2009	18,688	1,278,225
70	Knit Asia Ltd	1010/09/04/0550	31.05.2009	12,375	846,450
71	Knit Asia Ltd	1010/09/04/0535	07.06.2009	59,800	4,090,320
72	Knit Asia Ltd	67309046758	14.06.2009	29,374	2,009,182
73	Knit Asia Ltd	067309040553-A	15.06.2009	55,200	3,775,680
74	Knit Asia Ltd	1010/09/04/0550-A	11.06.2009	13,473	921,553
75	Knit Asia Ltd	1010/09/04/0524	20.06.2009	90,751	6,207,368
76	Knit Asia Ltd	1010/09/04/0524	20.06.2009	70,675	4,834,170
77	Knit Asia Ltd	1010/09/04/0524	20.06.2009	74,074	5,066,662
78	Knit Asia Ltd	1010/09/04/0585	14.06.2009	11,269	770,800
79	Knit Asia Ltd	67309048172	14.06.2009	11,419	781,060
80	Knit Asia Ltd	1010/09/04/0576	09.06.2009	79,523	5,439,373
81	Knit Asia Ltd	673090411164	20.08.2009	44,830	3,066,372
82	Knit Asia Ltd	067309046758-A	20.09.2009	10,125	692,550
83	Knit Asia Ltd	1010/09/04/0615	27.06.2009	16,127	1,103,087
84	Knit Asia Ltd	1010/09/04/0616	01.07.2009	89,600	6,128,640
85	Knit Asia Ltd	1010/09/04/0417	30.05.2009	13,389	915,808
86	Knit Asia Ltd	1010/09/04/0636	23.06.2009	55,762	3,814,121
87	Knit Asia Ltd	67309044794	10.05.2009	965	66,030
88	Knit Asia Ltd	1010/09/04/0380	06.05.2009	2,018	137,997
89	Knit Asia Ltd	1010/09/04/0428	09.05.2009	8,543	584,307
90	Knit Asia Ltd	1010/09/04/0349	02.05.2009	1,316	90,008
91	Knit Asia Ltd	1010/09/04/0418	30.05.2009	6,963	476,235
92	Knit Asia Ltd	67309045385	07.05.2009	2,482	169,793
93	Knit Asia Ltd	67309045360	03.06.2009	3,043	208,165
94	Knit Asia Ltd	1010/09/04/0561	28.05.2009	3,013	206,055
95	Knit Asia Ltd	67309049636	10.07.2009	4,804	328,594
96	Knit Asia Ltd	1010/09/04/0544	24.05.2009	4,598	314,469
97	Knit Asia Ltd	1010/09/04/1000	30.09.2009	74,200	5,075,280
98	Knit Asia Ltd	1010/09/04/0650	11.07.2009	5,381	368,088
99	Knit Asia Ltd	1010/09/04/0480	26.05.2009	5,852	400,277
100	Knit Asia Ltd	1010/09/04/0778	11.08.2009	9,296	635,826
101	Knit Asia Ltd	1010/09/04/0752	10.08.2009	7,950	543,780
102	Knit Asia Ltd	067309042140-A	25.05.2009	6,736	460,742
103	Knit Asia Ltd	67309045392	06.05.2009	2,800	191,520
104	Knit Asia Ltd	673090410633	29.07.2009	13,965	955,206
105	Knit Asia Ltd	1010/09/04/0421	04.05.2009	2,200	150,480
TOTAL				**$2,752,856**	**188,295,357**

8-D. FAKHRUDDIN TEXTILE LTD. Tk.41,881,799

Sl #	Customer	L/C No.	DELIVERY DATE	US$	BDT
1	Fakruddin Textile Ltd	086209041091-A	28.06.2009	62,750	4,292,100
2	Fakruddin Textile Ltd	86209043655	15.07.2009	40,150	2,746,260
3	Fakruddin Textile Ltd	86209043381	09.06.2009	44,650	3,054,060
4	Fakruddin Textile Ltd	86209044525	13.08.2009	38,500	2,633,400
5	Fakruddin Textile Ltd	86209043655	15.07.2009	26,650	1,822,860
6	Fakruddin Textile Ltd	86209042696	27.05.2009	35,360	2,418,624
7	Fakruddin Textile Ltd	86209043463	15.06.2009	39,810	2,723,004
8	Fakruddin Textile Ltd	86209044525	10.08.2009	41,000	2,804,400
9	Fakruddin Textile Ltd	86209043463	09.06.2009	36,690	2,509,596
10	Fakruddin Textile Ltd	86209045404	27.09.2009	34,075	2,330,730
11	Fakruddin Textile Ltd	86209045404	10.06.2009	33,475	2,289,690
12	Fakruddin Textile Ltd	86209045404	30.09.2009	39,000	2,667,600
13	Fakruddin Textile Ltd	86209045404	30.09.2009	52,800	3,611,520
14	Fakruddin Textile Ltd	86209045404	30.09.2009	30,157	2,062,739
15	Fakruddin Textile Ltd	86209042696	25.05.2009	27,040	1,849,536
16	Fakruddin Textile Ltd	86209043381-A	09.06.2009	5,200	355,680
17	Fakruddin Textile Ltd	086209041091-B	06.06.2009	25,000	1,710,000
TOTAL				**$612,307**	**41,881,799**

8-E. KUSHIARA COMPOSIT KNIT LTD. TK.66,906,657

Sl #	Customer	L/C No.	DELIVERY DATE	US$	BDT
1	Kushiara Composite Knit Ltd	1003 09 04 0488	01.06.2009	56,438	3,860,325
2	Kushiara Composite Knit Ltd	33809040356	26.05.2009	63,300	4,329,720
3	Kushiara Composite Knit Ltd	33809040356	26.05.2009	63,300	4,329,720
4	Kushiara Composite Knit Ltd	33809040356	26.05.2009	63,300	4,329,720
5	Kushiara Composite Knit Ltd	33809040343	29.09.2009	4,838	330,885
6	Kushiara Composite Knit Ltd	1003 09 04 0620	30.09.2009	37,977	2,597,627
7	Kushiara Composite Knit Ltd	1003 09 04 1160	09.06.2009	4,300	294,120
8	Kushiara Composite Knit Ltd	1003 09 04 1578	09.07.2009	7,200	492,480
9	Kushiara Composite Knit Ltd	0338 08 04 1543	31.05.2009	58,025	3,968,910
10	Kushiara Composite Knit Ltd	33809040621	13.09.2009	54,050	3,697,020
11	Kushiara Composite Knit Ltd	1003 09 04 0488	31.05.2009	51,063	3,492,675
12	Kushiara Composite Knit Ltd	33809040620	19.08.2009	60,775	4,157,010
13	Kushiara Composite Knit Ltd	33809040620	19.08.2009	64,563	4,416,075
14	Kushiara Composite Knit Ltd	33809040620	19.08.2009	64,563	4,416,075
15	Kushiara Composite Knit Ltd	33809040515	28.05.2009	7,820	534,888
16	Kushiara Composite Knit Ltd	33809040479	28.05.2009	64,500	4,411,800
17	Kushiara Composite Knit Ltd	1003 09 04 1964	13.09.2009	2,700	184,680
18	Kushiara Composite Knit Ltd	1003 09 04 1729	02.08.2009	6,600	451,440
19	Kushiara Composite Knit Ltd	1003 09 04 1927	25.08.2009	5,568	380,851
20	Kushiara Composite Knit Ltd	1003 09 04 1819	28.08.2009	56,810	3,885,804
21	Kushiara Composite Knit Ltd	33809040356	26.05.2009	63,300	4,329,720
22	Kushiara Composite Knit Ltd	33809040314	30.05.2009	36,520	2,497,968
23	Kushiara Composite Knit Ltd	1003 09 04 1474	28.06.2009	17,360	1,187,424
24	Kushiara Composite Knit Ltd	33809040356	26.05.2009	63,300	4,329,720
TOTAL				**$978,168**	**66,906,657**

8-F. MASCO INDUSTRIES LTD. Tk.45,213,700

Sl #	Customer	L/C No.	DELIVERY DATE	US$	BDT
1	Masco Industries Ltd	194509042913	10.06.2009	7,350	502,740
2	Masco Industries Ltd	194509042980A	15.07.2009	24,000	1,641,600
3	Masco Industries Ltd	194509042261C	11.06.2009	11,250	769,500
4	Masco Industries Ltd	194509041975	29.05.2009	21,000	1,436,400

Sl #	Customer	L/C No.	DELIVERY DATE	US$	BDT
5	Masco Industries Ltd	1945-09041978	30.05.2009	42,000	2,872,800
6	Masco Industries Ltd	194509041974	29.05.2009	21,000	1,436,400
7	Masco Industries Ltd	194509041977	05.05.2009	30,750	2,103,300
8	Masco Industries Ltd	194509042263C	06.08.2009	41,000	2,804,400
9	Masco Industries Ltd	194509042487	29.07.2009	30,750	2,103,300
10	Masco Industries Ltd	194509043119	18.07.2009	53,750	3,676,500
11	Masco Industries Ltd	194509043120	27.07.2009	53,750	3,676,500
12	Masco Industries Ltd	194509042488	10.06.2009	21,000	1,436,400
13	Masco Industries Ltd	194509042491	30.05.2009	31,500	2,154,600
14	Masco Industries Ltd	194509042979A	13.06.2009	24,000	1,641,600
15	Masco Industries Ltd	194509042492	08.06.2009	21,000	1,436,400
16	Masco Industries Ltd	194509042232	16.06.2009	42,000	2,872,800
17	Masco Industries Ltd	194509042260C	20.06.2009	21,000	1,436,400
18	Masco Industries Ltd	194509042264C	20.06.2009	21,000	1,436,400
19	Masco Industries Ltd	194509042489	29.06.2009	42,000	2,872,800
20	Masco Industries Ltd	194509042485	20.05.2009	10,080	689,472
21	Masco Industries Ltd	194509042494	29.05.2009	25,075	1,715,130
22	Masco Industries Ltd	194509041979	25.05.2009	30,750	2,103,300
23	Masco Industries Ltd	194509041974	25.05.2009	21,000	1,436,400
24	Masco Industries Ltd	194509042912	10.06.2009	4,900	335,160
25	Masco Industries Ltd	194509042418C	25.05.2009	9,114	623,398
TOTAL				**$661,019**	**45,213,700**

8-G. PADMA POLYCOTTON KNIT FEBRICS LTD. Tk.49,043,894

Sl #	Customer	L/C No.	DELIVRY DATE	US$	BDT
1	Padma Polycotton Knit Febrics Ltd	33009041799	10.08.2009	17,500	1,197,000
2	Padma Polycotton Knit Febrics Ltd	135109040548	07.05.2009	11,510	787,284
3	Padma Polycotton Knit Febrics Ltd	33009041799	29.07.2009	30,500	2,086,200
4	Padma Polycotton Knit Febrics Ltd	33009041799	20.07.2009	25,000	1,710,000
5	Padma Polycotton Knit Febrics Ltd	33009041799	29.07.2009	30,500	2,086,200
6	Padma Polycotton Knit Febrics Ltd	33009041614	09.07.2009	29,032	1,985,789
7	Padma Polycotton Knit Febrics Ltd	33009041612	04.07.2009	10,600	725,040
8	Padma Polycotton Knit Febrics Ltd	33009041614	29.06.2009	37,980	2,597,832
9	Padma Polycotton Knit Febrics Ltd	33009041719	14.07.2009	27,500	1,881,000
10	Padma Polycotton Knit Febrics Ltd	33009041729	09.07.2009	15,900	1,087,560
11	Padma Polycotton Knit Febrics Ltd	33009041719	14.07.2009	27,500	1,881,000
12	Padma Polycotton Knit Febrics Ltd	33009041614	22.06.2009	29,560	2,021,904
13	Padma Polycotton Knit Febrics Ltd	33009041614	15.07.2009	32,022	2,190,305
14	Padma Polycotton Knit Febrics Ltd	33009041614	11.07.2009	28,340	1,938,456
15	Padma Polycotton Knit Febrics Ltd	33009041614	15.07.2009	32,022	2,190,305
16	Padma Polycotton Knit Febrics Ltd	33009041614	15.07.2009	32,022	2,190,305
17	Padma Polycotton Knit Febrics Ltd	33009041719	14.07.2009	27,500	1,881,000
18	Padma Polycotton Knit Febrics Ltd	33009041719	14.07.2009	27,500	1,881,000
19	Padma Polycotton Knit Febrics Ltd	135109041024	23.09.2009	24,970	1,707,948
20	Padma Polycotton Knit Febrics Ltd	33009041799	03.08.2009	30,550	2,089,620
21	Padma Polycotton Knit Febrics Ltd	33009041799	02.08.2009	30,500	2,086,200
22	Padma Polycotton Knit Febrics Ltd	33009041799	06.08.2009	30,450	2,082,780
23	Padma Polycotton Knit Febrics Ltd	33009041614	15.07.2009	32,022	2,190,305
24	Padma Polycotton Knit Febrics Ltd	33009041639	05.09.2009	72,036	4,927,262
25	Padma Polycotton Knit Febrics Ltd	135109041026	05.09.2009	24,000	1,641,600
TOTAL				**$717,016**	**49,043,894**

8-H. OTHER PARTY Tk.235,745,455

Sl #	Customer	L/C No.	DELIVRY DATE	US$	BDT
1	Apex Textile Printing Mills Ltd	141109990166	26.05.2009	14,113	965,329
2	Apex Textile Printing Mills Ltd	147809041885	04.06.2009	51,041	3,491,204
3	Apex Textile Printing Mills Ltd	141109990180	10.06.2009	75,799	5,184,652
4	Apex Textile Printing Mills Ltd	141109990262	26.05.2009	19,320	1,321,488
5	Apex Spinning Mills Ltd	147809042411	20.08.2009	83,700	5,725,080
6	Apex Spinning Mills Ltd	147809042411	16.09.2009	70,200	4,801,680
7	Apex Spinning Mills Ltd	147809041156	21.06.2009	11,960	818,064
8	Oeko Textile Ltd	33309040526	19.07.2009	42,500	2,907,000
9	Oeko Textile Ltd	33309040844	14.09.2009	58,750	4,018,500
10	Oeko Textile Ltd	33309040844	14.09.2009	58,800	4,021,920
11	Oeko Textile Ltd	33309040526	28.05.2009	35,250	2,411,100
12	Oeko Textile Ltd	33309040526	18.06.2009	44,000	3,009,600
13	Liberty Knitware Ltd	1007/08/02/0306	05.05.2009	39,378	2,693,438
14	Liberty Knitware Ltd	1007/09/02/0285	10.05.2009	46,725	3,195,990
15	Cottonfield (BD) Ltd	153909041519	30.05.2009	4,240	290,016
16	Cottonfield (BD) Ltd	1953-09-04-0701	15.09.2009	25,000	1,710,000
17	Cottonfield (BD) Ltd	1953-09-04-0568	19.07.2009	25,500	1,744,200
18	Cottonfield (BD) Ltd	153909041386	25.05.2009	30,100	2,058,840
19	Hi-Fashion Composite Textile Ltd	155909040502-A	21.07.2009	12,975	887,490
20	Hi-Fashion Composite Textile Ltd	155909040502-A	30.09.2009	6,240	426,816
21	Hi-Fashion Composite Textile Ltd	155909040687	30.09.2009	22,360	1,529,424
22	Compit Comosite Ltd	1953-09-04-0568	19.07.2009	25,500	1,744,200
23	Compit Comosite Ltd	1953-09-04-0550	15.07.2009	76,800	5,253,120
24	Compit Comosite Ltd	1953-09-04-0624-A	29.09.2009	39,000	2,667,600
25	Compit Comosite Ltd	1953-09-04-0624	16.08.2009	57,500	3,933,000
26	Compit Comosite Ltd	1953-09-04-0656	29.06.2009	24,000	1,641,600
27	Compit Comosite Ltd	1953-09-04-0550-A	25.07.2009	12,500	855,000
28	A.B.S Garments Ltd	1616 09 04 0393	28.08.2009	11,250	769,500
29	A.B.S Garments Ltd	1616 09 04 0390	08.09.2009	42,750	2,924,100
30	A.B.S Garments Ltd	1616 09 04 0303	27.09.2009	41,650	2,848,860
31	A.B.S Garments Ltd	1616 09 04 0395	18.08.2009	18,000	1,231,200
32	A.B.S Garments Ltd	1616 09 04 0404	03.09.2009	68,293	4,671,241
33	A.B.S Garments Ltd	1616 09 04 0391	31.08.2009	14,300	978,120
34	Dignity Textile Mills Ltd	86209041389	05.03.2009	5,800	396,720
35	Dignity Textile Mills Ltd	86209041365	20.03.2009	30,520	2,087,568
36	Dignity Textile Mills Ltd	86209041528	05.05.2009	55,307	3,782,999
37	Dignity Textile Mills Ltd	86209041528	24.06.2009	3,150	215,460
38	Dignity Textile Mills Ltd	86209043525	29.09.2009	4,465	305,406
39	Iris Fabrics Ltd	1819-09-04-0116	03.08.2009	13,200	902,880
40	Iris Fabrics Ltd	1819-09-04-0146	03.09.2009	75,000	5,130,000
41	Iris Fabrics Ltd	1819-09-04-0100	23.07.2009	6,900	471,960
42	Iris Fabrics Ltd	1819-09-04-0089	09.07.2009	13,800	943,920
43	Knit Empire Ltd	195509040549	09.04.2009	11,000	752,400
44	Knit Empire Ltd	195509040595	11.04.2009	13,325	911,430
45	Midland Knitware Ltd	155508041547	06.03.2009	38,220	2,614,248
46	M/S Asrotex	13809041215	18.07.2009	25,500	1,744,200
47	Anlima Textile Ltd	9309044306	23.08.2009	24,000	1,641,600
48	Anlima Textile Ltd	9309044977	29.09.2009	52,000	3,556,800
49	Sadma Fashionware Ltd	175909040241	30.08.209	48,840	3,340,656
50	Sadma Fashionware Ltd	175909040241	13.08.2009	55,500	3,796,200
51	Sadma Fashionware Ltd	175909040241	26.08.2009	58,275	3,986,010

Sl #	Customer	L/C No.	DELIVRY DATE	US$	BDT
52	Sadma Fashionware Ltd	175909040234	12.07.2009	33,300	2,277,720
53	Sadma Fashionware Ltd	175909040256	26.08.2009	59,685	4,082,454
54	Sadma Fashionware Ltd	175909040234	01.08.2009	16,283	1,113,723
55	Runs Appls.	0339-09-04-1415	08.06.2009	40,500	2,770,200
56	Runs Appls Ltd.	0339-09-04-1415	29.07.2009	27,000	1,846,800
57	Fariha Knit Tex Ltd	13809040899	27.05.2009	53,750	3,676,500
58	Dallas Fashions Ltd	0864 09 04 1285	03.08.2009	23,100	1,580,040
59	Texeurop "BD" Ltd	167709040390	25.07.2009	16,450	1,125,180
60	Texeurop "BD" Ltd	167709040331	31.05.2009	22,200	1,518,480
61	M.S.C Garments Ltd	1003 09 04 1833	16.08.2009	49,500	3,385,800
62	Oli Knitting Febrics Ltd	135009040075	29.09.2009	41,160	2,815,344
63	Oli Knitting Febrics Ltd	135009040435	17.09.2009	25,560	1,748,304
64	Oli Knitting Febrics Ltd	135009040403	16.09.2009	12,375	846,450
65	Oli Knitting Febrics Ltd	135009040097	01.09.2009	34,200	2,339,280
66	Oli Knitting Febrics Ltd	33009041996	15.08.2009	55,800	3,816,720
67	Oli Knitting Febrics Ltd	135009040451	12.09.2009	18,360	1,255,824
68	Oli Knitting Febrics Ltd	135009040434	15.09.2009	22,280	1,523,952
69	Oli Knitting Febrics Ltd	135009040362	16.08.2009	56,750	3,881,700
70	Oli Knitting Febrics Ltd	135009040362	01.09.2009	56,750	3,881,700
71	Liz Fashion Industries	101309040996-A	22.08.2009	76,910	5,260,644
72	Liz Fashion Industries	101309040871	24.05.2009	44,000	3,009,600
73	Liz Fashion Industries	101309041186	24.05.2009	64,500	4,411,800
74	Liz Fashion Industries	101309040664	24.05.2009	32,250	2,205,900
75	Liz Fashion Industries	101309040871	24.05.2009	44,000	3,009,600
76	Generation Next Fashions Ltd	134308042063	07.05.2009	61,698	4,220,125
77	Generation Next Fashions Ltd	134309040539	18.04.2009	86,885	5,942,934
78	Generation Next Fashions Ltd	134309040513	11.04.2009	22,325	1,527,030
79	Generation Next Fashions Ltd	134309040536	11.04.2009	28,770	1,967,868
80	Generation Next Fashions Ltd	134309040537	23.04.2009	53,300	3,645,720
81	Generation Next Fashions Ltd	134309040628	29.04.2009	28,700	1,963,080
82	Generation Next Fashions Ltd	134309040681	10.05.2009	29,370	2,008,908
83	Generation Next Fashions Ltd	134309041087	13.07.2009	9,225	630,990
84	Generation Next Fashions Ltd	134309041243	17.08.2009	72,800	4,979,520
85	Generation Next Fashions Ltd	134309041243	05.09.2009	57,200	3,912,480
86	Generation Next Fashions Ltd	134309040794	30.05.2009	57,350	3,922,740
87	Generation Next Fashions Ltd	134309040778	19.05.2009	18,900	1,292,760
88	Generation Next Fashions Ltd	134309040776	20.06.2009	10,120	692,208
89	Generation Next Fashions Ltd	134309040428	25.04.2009	37,625	2,573,550
90	Generation Next Fashions Ltd	134309041203	12.08.2009	53,438	3,655,125
91	Generation Next Fashions Ltd	134309041203	05.09.2009	59,063	4,039,875
92	Generation Next Fashions Ltd	134309040906	15.06.2009	61,125	4,180,950
93	Generation Next Fashions Ltd	134309040717	25.05.2009	27,720	1,896,048
TOTAL				**$3,446,571**	**235,745,455**

	Amount in Taka	
	SEPT'09	**JUN'09**

9. ADVANCE, DEPOSITS AND PRE-PAYMENTS : Tk.260,977,455

This comprises as follows :

		SEPT'09	JUN'09
i) Advance against construction materials, supplies and others		22,395,332	21,819,209
ii) Advance to Employees against Salary		4,000	7,000
iii) Advance to Sikder Construction against Land Purchase		9,000,000	9,000,000
iv) Advance to Salek Textile Ltd. (Subsidiary Company)		202,620,464	144,576,864
v) Advance to Newasia Synthatics Ltd. (Subsidiary Company)		4,316,011	816,011
vi) Security Deposit on REB		178,875	178,875
vii) Security Deposit on Titas Gas T&D Co.		6,371,361	6,371,361
viii) Lease Deposit to United Leasing Co.		823,562	823,562
ix) Advance Income Tax	**Note: 9.A**	15,267,850	14,886,387
x) L/C Margin with Citi Bank N.A		-	1,596,271
	Tk.	**260,977,455**	**200,075,540**

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

b) Advance income taxes are paid to statutory authority.

c) Advance due from Employees are regularly being realised through their salaries.

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

e) There is no amount of loans and advances due for payment for a year of more than 12 months from the date of Balance Sheet.

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

g) Advance against construction materials, supplies and others consist of advance to B.K.Shipping Agency, Dana Engineers Intertational,Brother Engineering, Sikder Construction, Grameen Capital Management Ltd as issue Manager and various party for construction materials, supplies and other Indirect materials procurement.

9.A. ADVANCE INCOME TAX: Tk.15,267,850

This is made-up as follows:

		SEPT'09	JUN'09
Balance As per Last Accounts		14,886,387	16,634,030
Add: Addition this period (From Export Proceeds)		186,227	1,396,866
Add: Addition this period (From Import of Spare Parts)		-	126,411
Add: Advance Income tax paid against Interest Income		195,236	121,617
		15,267,850	18,278,924
Less: Payments/Adjustments		-	3,392,537
	Tk.	**15,267,850**	**14,886,387**

10. CASH AND CASH EQUIVALENTS: Tk.95,852,538

This consists of as follows :

		SEPT'09	JUN'09
A. Cash in Hand at Head Office		**140,000**	**140,000**
B. Cash at Banks :			
i) Bank Ltd.CD A/C: 0003-0210006613		32,660	65,169
ii) HSBC Bank-Margin Account : US$ 9,382.33		642,009	3,349,980
iii) Eastern Bank Ltd. - Margin Account : US$ 1,16,886.82		8,004,620	37,281,966
iv) One Bank Ltd. - Margin Account : US$18.66		1,276	88,004
v) Dhaka Bank Ltd. - Margin Account: $ 102,663.05		7,012,913	-
vi) Trust Bank Limited - Margin Account: $90.50		6,190	1,287,932
vii) Shahjalal Islami Bank Ltd.CD A/C: 4005 1110000252 8		12,869	2,348,565
viii) Fixed Deposit Account with Dhaka Bank Limited		40,000,000	40,000,000
ix) Fixed Deposit Account with Eastern Bank Limited		40,000,000	40,000,000
		95,712,538	**124,421,616**
	Tk.	**95,852,538**	**124,561,616**

Note: a) Cash balance is physically verified and Bank balances are reconciled and found in order.

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

c) Foreign Exchange Rate in different Banks as on 30.09.2009 are as HSBC Tk.68.4275, Eastern Bank Ltd Tk.68.4818, One Bank Ltd Tk.68.38, Dhaka Bank Ltd. Tk.68.31 and Trust Bank Ltd. Tk.68.40

	Amount in Taka SEPT'09	Amount in Taka JUN'09

11. SHORT TERM LOAN : Tk.776,145,506

This consists of as follows :

	SEPT'09	JUN'09
A. Import Loan:		
i) Eastern Bank Ltd	286,487,907	217,882,184
ii) Citibank N.A	118,820,007	55,733,513
iii) One Bank Ltd	111,956,155	96,789,215
iv) Dhaka Bank Ltd	44,267,420	43,982,326
v) Trust Bank Ltd	7,440,134	16,638,709
	568,971,623	**431,025,947**
B. Overdraft:		
i) Eastern Bank Ltd:	98,150,243	101,855,655
ii) Dhaka Bank Ltd OD A/C: 207.175.23	29,113,244	30,531,533
iii) One Bank Ltd OD A/C: 16426008	12,990,099	18,611,785
iv) HSBC OD A/C : 001-007475-011	31,431,387	29,857,943
v) Citibank N.A OD A/C: G010000200558006	33,841,819	28,479,206
	205,526,792	**209,336,123**
C. Lease Liability to United Leasing Co. Ltd.	1,647,091	4,117,777
Tk.	**776,145,506**	**644,479,847**

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

12. CURRENT PORTION OF LONG TERM LOAN: TK.129,328,508

This is arrived as follows:

	SEPT'09	JUN'09
i) Eastern Bank Limited	626,716	6,322,477
ii) Dhaka Bank Limited	42,991,947	31,762,131
iii) One Bank Limited	13,261,979	20,433,979
iv) Trust Bank Limited	18,266,296	32,068,296
v) Citibank N.A	2,066,068	-
vi) Shahjalal Islami Bank Limited	25,925,022	34,887,752
vii) IPDC	26,190,480	32,099,352
TK.	**129,328,508**	**157,573,987**

Note: According to Bangladesh Accounting Standard BAS-1 Current portion of Long Term Loan that are due for settlement within twelve months after the balance sheet date are current liabilities. The company is regularly paying all installment in due time.

13. ACCEPTANCE LIABILITY FOR RAW COTTON: Tk.329,647,813

This is arrived as follows :

	SEPT'09	JUN'09
i) Eastern Bank Limited	79,128,530	275,799,193
ii) HSBC	250,519,283	41,043,096
Tk.	**329,647,813**	**316,842,289**

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

14. ACCEPTANCE LIABILITY FOR MACHIMERY: Tk.Nil

This is arrived as follows :

	SEPT'09	JUN'09
Citibank N.A.	-	13,832,589
Tk.	**-**	**13,832,589**

Note: Acceptance liability represents the deferred payment of L/C for Imported Capital Machinery for the period of 360 Days.

		Amount in Taka	
		SEPT'09	**JUN'09**

15. CRDITORS AND ACCRUES: Tk.86,543,287

This is arrived as follows :

		SEPT'09	JUN'09
i) Gas Bill Payable		13,136,290	7,923,838
ii) Electricity Bill Payable		172,227	206,445
iii) Audit Fees Payable		20,000	30,000
iv) Legal Fees Payable		-	60,000
v) Office Rent Payable		163,080	81,540
vi) Salary & Wages Payable		4,377,655	7,167,141
vii) Municipal Tax Payable		175,890	175,890
viii) Contribution to WPPF Payable		43,485,959	40,587,586
ix) Directors Remuneration Payable		385,000	385,000
x) Accounts Payable For Goods Supplies & Others		15,187,940	15,835,723
xi) Accrued Interest	**Note: 15.A**	9,439,245	-
	Tk.	**86,543,287**	**72,453,163**

a) Accounts Payable for Goods Supplies and others represents regular suppliers of packing materials, ball-bearing, belts, fuel and lubricants, stationary items and others.
b) All accounts payable were paid on regular basis.
c) Factory Salary and Wages for the month of September 2009 has been paid 50% within the month due to Eid-UL-Fiter
d) Details of Accounts Payable for goods supplies and others are given is **Annexure-2**

15.A. ACCRUED INTEREST: Tk.9,439,245

		SEPT'09	JUN'09
Accrud Interst on Import Loan:			
	Eastern Bank Ltd	685,888	-
	One Bank Ltd	3,777,358	-
	Dhaka Bank Ltd	1,181,944	-
	Trust Bank Ltd	243,772	-
		5,888,962	**-**
Accrud Interst on Long Term Loan:			
	Eastern Bank Ltd	1,580	-
	One Bank Ltd	616,386	-
	Dhaka Bank Ltd	851,305	-
	Trust Bank Ltd	943,634	-
	Shahjalal Islami Bank Ltd	649,218	-
	IPDC	488,161	-
		3,550,283	**-**
	Tk.	**9,439,245**	**-**

16. PROVISION FOR INCOME TAX: Tk.41,124,236

This is arrived as follows :

		SEPT'09	JUN'09
Balance as per Last Account		31,989,834	36,442,088
Add : Provision made for this Period	**Note: 29**	9,134,402	32,790,160
		41,124,236	69,232,248
Less: Payment		-	33,849,877
Less: Adjustment		-	3,392,537
Total Payment and Adjustment		-	37,242,414
	Tk.	**41,124,236**	**31,989,834**

17. DEFERRED TAX LIABILITY: Tk.6,984,324

Deferrd tax assts and liabilities have been recognized and measured in accordanc with the provision of BAS-12: Income taxes. Related deferred tax expenses/income have been disclosed in **note:3.14.2.** Deferrd tax assets and liabilities are attributable to the following:

30 September 2009:

Particulars		Carrying amount at the balance sheet date **Taka**	Tax base **Taka**	Taxable/(deductible) temporary difference **Taka**
Property, Plant and equipment including Land and Land development		632,425,395	-	-
Less: Land and developmnt :				
Unit: 1	1,729,697			
Unit: 2	67,901,579			
		69,631,276		
Property, Plant and equipment excluding Land and Land development		**562,794,119**	**516,231,962**	**46,562,157**
Applicable Tax Rate				15%
A. Deferred Tax liability/(assets)			**Tk.**	**6,984,324**

30 June 2009:

Property, Plant and equipment including Land and Land development		627,447,984	-	-
Less: Land and developmnt :				
Unit: 1	1,729,697			
Unit: 2	67,901,579			
		69,631,276		
Property, Plant and equipment excluding Land and Land development		**557,816,708**	**521,102,682**	**36,714,026**
Applicable Tax Rate				15%
B. Deferred Tax liability/(assets)			**Tk.**	**5,507,104**

		Amount in Taka	
		SEPT'09	**JUN'09**

18. SHARE CAPITAL : Tk.700,000,000

This is made-up as follows :

Authorised Capital :			
20,00,00,000 Shares @ Tk. 10/- each	Tk.	2,000,000,000	2,000,000,000
Issued, Subscribed and Paid-up Capital :			
70,000,000 Ordinary Shares @ Tk. 10/- each issued and paid up at par cash		**700,000,000**	**700,000,000**
	Tk.	**700,000,000**	**700,000,000**

Percentage of Share Holding Position of different share holders are as follows:

S.L	Name of Share Holder	No.of Share Holding	% of Holding	Amount	Amount
1	Mr.A.Matin Chowdhury	11,040,000	15.771%	110,400,000	110,400,000
2	Dr.Shamim Matin Chowdhury	11,000,000	15.714%	110,000,000	110,000,000
3	Ms. Saima Matin Chowdhury	12,400,000	17.714%	124,000,000	124,000,000
4	Mr.Azizur R.Chowdhury	15,360,000	21.943%	153,600,000	153,600,000
5	Mr.A.F.M. Zubair	7,000,000	10.000%	70,000,000	70,000,000
6	Mr.Shyan Zubair	3,200,000	4.571%	32,000,000	32,000,000
7	Paragon Poultry	10,000,000	14.286%	100,000,000	100,000,000
TOTAL		**70,000,000**	**100.000%**	**700,000,000**	**700,000,000**

Classification of shareholders by holding:

Holdings	Number of holders Sept'09	Number of holders June'09	Total holding(%) Sept'09	Total holding(%) June'09
Less than 500 shares	-	-	-	-
500 to 5,000 shares	-	-	-	-
5,001 to 10,000 shares	-	-	-	-
10,001 to 20,000 shares	-	-	-	-
20,001 to 30,000 shars	-	-	-	-
30,001 to 40,000 shares	-	-	-	-
40,001 to 50,000 shares	-	-	-	-
50,001 to 100,000 shares	-	-	-	-
100,001 to 1,000,000 shares	-	-	-	-
Over 1,000,000 shares	7	7	100%	100%
	7	**7**	**100%**	**100%**

19. SHARE PREMIUM:	Tk.	**150,000,000**	**150,000,000**

This represents issuance of 10,000,000 ordinary shares in September 2008 for Tk.25 each including premium of Tk.15/- each in compliance with The Securities and Exchange Commission (SEC) consent No.SEC/CI/CPLC (PVT.)-95/06/337 adted on 30.06.2009

20. GENERAL RESERVE AND SURPLUS: Tk.475,914,063

This is arrived as follows :

Balance as per last accounts		416,211,704	153,283,640
Less: Adjustment of Deferrd Tax Liability as at 30.06.2009 **Note: 17.**		(5,507,104)	-
Adjusted Ratained earnings as on 01.07.2009		410,704,601	153,283,639
Add : Net Profit this period		47,355,847	183,986,650
		458,060,448	**337,270,289**
Add: Adjustment of Reserve for Revaluation of Fixed Assets(Depreciation)		17,853,614	78,941,416
	Tk.	**475,914,063**	**416,211,704**

	Amount in Taka	
	SEPT'09	**JUN'09**

21.RESERVE FOR RE-VALUATION OF FIXED ASSETS: Tk.1,104,037,855

The first revaluation of Company's assets was made on 30.06.2008 by a reknowned survey company named Asian Surveyors Ltd. of 28, Dilkusha C/A. Dhaka-1000.The report was signed by The Executive Director of Asian Surveyors Ltd. Mr.K.C Aich. The Valuation has been made for reflection of actual value of its assts.The revaluatued amount was incorporated in the accounts as on 30.06.2008. The Summery of revaluation is shown below:

Particulars of Assets	Book Value as on 30.06.2008	Rvaluation surplus as on 30.06.2008	Revalued book value as on 30.6.2008
Land and Land Development	68,007,396	337,982,604	405,990,000
Factory Building	113,542,226	146,872,234	260,414,460
Plant and Machinery	365,050,474	642,106,950	1,007,157,424
Electrical Installation	22,159,464	-	22,159,464
Tubewell and Water Pump	898,536	-	898,536
Furniture and Fixtures	1,995,076	-	1,995,076
Office Equipments	3,249,070	-	3,249,070
Gas Line Installation	1,761,478	-	1,761,478
Loose Tools and Equipment	211,395	-	211,395
Motor Vehicle	6,844,249	-	6,844,249
Telephone (PABX) Installation	108,996	-	108,996
Generator	44,992,903	73,871,097	118,864,000
Fire Installation	129,978	-	129,978
Stores and Accessories	98,377,123	-	98,336,403
Crockries and Cutlaries	24,083	-	24,083
TOTAL	**727,352,477**	**1,200,832,886**	**1,928,144,612**

The revaluation reserve has been written off subsiquently on yearly basis against the depreciation charges on the revalued assets. The balance of revaluation reserve as on 30.06.2009 was Tk.1,104,037,855. This calculation is arrived as follows:

		SEPT'09	JUN'09
Balance as on 01.07.2009		1,121,891,469	1,200,832,885
Less: Adjustment of Reserve for Revaluation of Fixed Assets		17,853,614	78,941,416
	Tk.	**1,104,037,855**	**1,121,891,469**

Note: Detail of Adjustment of Reserve for Re-valuation of Fixed Assets is given in the **Annexure-1**

22. LONG TERM LOAN: Tk.41,813,217

This is arrived as follows :

			SEPT'09	JUN'09
i) Eastern Bank Limited			4,375,136	6,322,477
ii) Dhaka Bank Limited			42,991,947	49,807,341
iii) One Bank Limited			13,261,979	20,433,979
iv) Trust Bank Limited			18,266,296	32,068,296
v) IPDC			26,190,480	32,099,352
vi) Shahjalal Islami Bank Ltd.			53,659,480	54,849,528
vii) Citibank N.A.			12,396,408	-
			171,141,725	195,580,973
Less: Current Portion of Long Term Loan	**Note: 12**		129,328,508	157,573,987
		TK.	**41,813,217**	**38,006,986**

Note:

a) The above Loans are fully secured by way of Pari Passu Security Sharing Agreement between the Company and the Lenders.

b) Detail of loan limit and interest rate is given in the **Annexure-3**

23. SALES: Tk. 527,688,243

In Quantity

		SEPT'09	SEPT.08
Opening Stock of Finished goods		572,069	241,502
Production during the period		2,834,523	2,659,815
Goods available for Sales		3,406,592	2,901,317
Closing Stock of Finished goods		(486,630)	(550,704)
Sales during the period	**Kg.**	**2,919,962**	**2,350,613**

			Amount in Taka	
			SEPT.09	**SEPT.08**
(To be accountd for as follows)				
Sales Accounted as follows:				
Export Sales of Yarns			2,919,962	2,304,749
Local Sale of yarns	**Note: 23-A**		-	62,236
		Kg.	**2,919,962**	**2,366,985**
In Taka				
Export Sales			527,688,243	487,517,767
Local Sales			-	10,940,121
		Tk.	**527,688,243**	**498,457,888**

23-A. LOCAL SALES: Tk.Nil

Local Sales		-	11,040,121
Less: Payment of VAT on Local Sales		-	100,000
	Tk.	**-**	**10,940,121**

24. COST OF GOODS SOLD: Tk.442,477,943

This is made-up as follows :

Raw Material Consumed	**Note: 24-(A).**		**332,356,490**	**381,496,375**
Direct Expenses	**Note: 24-(B).**		**14,824,778**	**13,834,082**
Factory Overhead	**Note: 24-(C).**		**75,717,123**	**74,852,804**
Total Manufacturing Cost			**422,898,390**	**470,183,262**
Work-in-Process - **Opening**			54,298,593	54,180,248
Cost of Goods available for Use			**477,196,983**	**524,363,510**
Work-in-Process - **Closing**			54,196,006	54,048,472
Cost of Production			**423,000,977**	**470,315,038**
Finished Goods - **Opening**			92,471,545	45,643,973
Cost of Goods Available for Sales			**515,472,522**	**515,959,011**
Finished Goods - **Closing**			72,994,580	97,474,749
Cost of Goods Sold		**Tk.**	**442,477,943**	**418,484,262**

24-(A) RAW MATERIALS CONSUMED: Tk.332,356,490

Raw Materials Consumption is Accountes as follows:

In Quantity

Opening Inventory of Raw Materials		2,094,603	850,433
Add: Purchase during the period		3,125,050	4,698,459
Less: Closing Inventory of Raw Materials		(2,060,854)	(2,303,557)
Raw Materials Consumed	**Kg.**	**3,158,799**	**3,245,335**

In Taka

Opening Inventory Raw Materials		257,270,930	101,201,524
Add: Purchase during the period		285,292,737	554,418,181
Less: Closing Inventory of Raw Materials		210,207,177	274,123,330
Raw Materials Consumed	**Tk.**	**332,356,490**	**381,496,375**

Note: During the period undear under review all Raw Materials are Imported on C&F Basis

24-(B) DIRECT EXPENSES: TK.14,824,778

Direct Labour/Wages		14,783,256	13,637,225
Overtime Wages		41,522	196,857
	Tk.	**14,824,778**	**13,834,082**

		Amount in Taka SEPT.09	SEPT.08
24-(C) FACTORY OVERHEAD: Tk.75,717,123			
Factory Salary and Allowances		5,714,405	5,647,697
Electricity Charges		672,166	826,098
Gas Charges		13,136,290	12,469,469
Repairs & Maintenance		3,163,568	3,777,135
Packing Materials		5,412,560	8,729,676
Fuel & Oil		3,235,910	5,541,065
Stores & Accessories	**Note: 24(C)-i**	10,935,054	8,176,700
Entertainment		1,090,118	921,381
Telephone, Mobile & Fax		49,407	49,344
Statonery Charges		298,560	68,500
Printing Charges		30,981	13,228
Other Carrying Charges		16,830	6,075
Office Expenses		15,560	12,035
Vehicles Maintenance		498,466	236,101
Conveyance		4,650	6,233
House Rent for Worker Shed		84,650	89,600
Depreciation	**Note: 4**	31,357,947	28,282,467
	TK.	**75,717,123**	**74,852,804**

24(C)-i STORES AND ACCESSORIES CONSUMED: Tk.10,935,054

Opening stock of Stores and accessories		100,722,206	98,377,123
Add:Purchase during the period		8,628,337	3,831,628
Less: Closing Stock of Stores and Accessories		(98,415,489)	(94,032,051)
Stores Accessories Consumed	**TK.**	**10,935,054**	**8,176,700**

Note: Previously Stores and Accessories shown in the fixed assets schedule, now transferred to inventories of Stores and Accessories for Unit-1 Tk.64,803 and Unit-2 Tk.98,312,320. Writtendown value of Stores and Accessories of previous year taken as opening stock of Stores and Accessories.

25. OPERATING EXPENSES: Tk.8,581,422

This is arrived at as follows :

Salaries & Allowances		2,840,369	2,177,421
Festival Bonus		561,252	578,730
Director's Remuneration		1,347,500	945,000
Fees, Forms & Others		272,461	681,525
Travelling & Conveyance		288,770	772,720
Printing & Stationary		155,095	168,151
Audit Fees		20,000	-
Telephone Expenses		249,035	309,409
Postage & Stamp		7,069	18,370
Vehicle Maintenance		731,459	819,355
Miscellaneous Expenses		358,951	254,445
Office Rent		81,540	81,540
Carriage Outward		507,460	526,890
Consultancy Fees		49,500	149,500
Entertainment		18,758	15,363
Office Expenses		90,717	91,679
Diesel for Head Office Generator		97,900	144,200
Advertisement / Publicity Expenses		-	43,950
Seminer & Meeting		-	153,158
Gardening Expenses		30,678	7,590
Uniform / Livery Security		-	21,750
Repairs & Maintenance		326,824	360,928
Books and periodicals		4,824	1,500
Medical Expenses		20,516	21,871
Software Maintenance Expenditure		17,000	-
Loss from foreign currency transactions		53,668	-
Depreciation	**Note: 4**	450,076	447,239
	Tk.	**8,581,422**	**8,792,284**

Note: During the period under review directors are paid remuneration and festival bonus only.

	Amount in Taka SEPT.09	SEPT.08
26. FINANCIAL EXPENSES: Tk.17,715,399		
This is arrived as follows :		
i. EASTERN BANK LTD. :		
Interest on Long Term Loan	196,344	651,941
Interest on Short Term Loan	1,089,542	589,440
Interest on Overdraft	1,476,929	2,800,781
Bank Charges & Commission	368,498	833,773
Export L/C Negotiation Commission	326,209	138,984
Interest on Bill Discount	1,025,897	2,603,937
	4,483,419	**7,618,855**
ii. HSBC :		
Interest on Short Term Loan	-	128,749
Bank Charges & Commission	181,881	209,566
Export L/C Negotiation Commission	115,440	295,156
Interest on Overdraft	906,469	545,754
Interest on Bill Discount	570,275	952,871
	1,774,066	**2,132,096**
iii. DHAKA BANK LTD. :		
Interest on Long Term Loan	684,606	3,167,758
Interest on Overdraft	927,126	754,035
Bank Charges and Commission	129,052	293,197
Export L/C Negotiation Commission	77,071	347,610
Interest on Bill Discount	702,216	2,673,611
	2,520,072	**7,236,211**
iv. ONE BANK LTD. :		
Interest on Long Term Loan	922,077	1,788,941
Interest on Overdraft	515,312	29,136
Bank Charges & Commission	250	-
Export L/C Negotiation Commission	24,994	35,989
Interest on Bill Discount	205,968	402,391
	1,668,601	**2,256,457**
v. TRUST BANK LTD. :		
Interest on Long Term Loan	1,241,925	2,261,829
Bank Charges and Commission	4,509	48,249
Export L/C Negotiation Commission	17,710	47,458
Interest on Bill Discount	298,079	497,141
	1,562,223	**2,854,677**
vi. SHAHJALAL ISLAMI BANK LTD. :		
Interest on Long Term Loan	1,069,419	1,478,696
Bank Charge and Commission	-	9,281
Export L/C Negotiation Commission	7,422	2,518
Interest on Bill Discount	185,245	54,700
	1,262,086	**1,545,195**
vii. CITIBANK NA :		
Interest on Short Term Loan	1,671,591	3,410,316
Interest on Overdraft	944,654	851,368
Bank Charges and Commission	746,368	350
	3,362,613	**4,262,034**
viii. IPDC:		
Interest on Term Loan	**968,475**	1,472,487
	968,475	**1,472,487**
ix. UNITED LEASING CO.LTD.:		
Interest on finance lease	**113,844**	**695,329**
Tk.	**17,715,399**	**30,073,343**

		Amount in Taka	
		SEPT.09	**SEPT.08**

27. OTHER INCOME:Tk.1,952,363

		SEPT.09	SEPT.08
Interest Income from FDR A/C with Eastern Bank Ltd.		1,002,363	-
Interest Income from FDR A/C with Dhaka Bank Ltd.		950,000	-
	Tk.	**1,952,363**	**-**

28. PROVISION FOR WORKER'S PROFIT PARTICIPATION FUND: Tk.2,898,373

		SEPT.09	SEPT.08
Provision for Contribution to WPPF		2,898,373	1,957,524
	Tk.	**2,898,373**	**1,957,524**

Note: This represents 5% of net profit before tax of the company and is payable to workers as per provision defined in The Labour Law 2006.

29.INCOME TAX (CURRENT TAX) PROVISION: Tk.9,134,402

	Operating Income	Tax	Tax
On operating Income 15%	56,015,106	8,402,266	5,872,571
On other Income 37.50%	1,952,363	732,136	-
Total	**57,967,469**	**9,134,402**	**5,872,571**

Corporate Tax rate for Textile Sector is 15%

29-A INCOME TAX (DEFERRED TAX) PROVISION: Tk.1,477,220

			SEPT.09	SEPT.08
Deferred tax liability/(assets) as at September 30, 2009	**Note:17**		6,984,324	**-**
Deferred tax liabiliti/(assets) as at June 30, 2009	**Note:17**		5,507,104	**-**
Deferred tax expenses		**Tk.**	**1,477,220**	**-**

Deferred tax has been recognized to account for tax consequence of transactions and other events recognized in the financial statements. Deferred tax expenses arise mainly due to diffrence in the carrying amount of the assets that will result in taxable amount in determining taxable profit or loss of future periods when the carrying amount of the assets would be recovered or settled

30. BASIC EARNINGS PER SHARE (EPS): Tk.0.68

The computation of EPS is given below:

		SEPT.09	SEPT.08
(a) Net profit after tax for the period		47,355,847	33,277,903
(b) Weighted average number of shares outstanding		70,000,000	62,717,391
(c) Basic Earnings per share (a/b)	**Tk.**	**0.68**	**0.53**

Note:

As Malek Spinning Mills Limited issued new shares of 10,000,000 on 6th September 2008 no weight is required for calculating outstanding shares for the priod Sept'09. Outstanding shares for the period under audit are 70,000,000 and for the period Sept'08 are 62,717,391

31. Credit Facility Not Availed:

There was no credit facility available to the company under any contract, but not availed as on 30th September 2009 other than trade credit available in the ordinary course of business.

32. Segment Reporting:
As there is a single business and geographic segment within the company operates as such no segment reporting is felt necessary.

33. Attendance Status of Board Meeting of Directors:
During the period from 01.07.2009 to 30.09.2009 there were four Board Meetings were held. The attendance status of all the meetings is as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. A. Matin Chowdhury	Managing Director	4	4
Dr. Shamim Matin Chowdhury	Director	4	4
Mr.A.F.M Zubair	Director	4	4
Mr.Azizur Rahim Chowdhury	Detector	4	3
Ms. Saima Matin Chowdhury	Director	4	4
Mr.Moshiur Rahman	Director	4	4

For board meeting, attendance fees were not paid to the directors of the Company

34. Discloser as per requirement of Schedule XI, Part II of Company Act 1984

A. Discloser as per requirement of schedule XI, part II, Note 5 of Para 3

Employee Position for Malek Spinning Mills Ltd. (as at 30th September, 2009)

Salary Range (Monthly)	Officer & Staff		Worker	Total Employee
	Head Office	Factory		
Below 3,000	-	1	610	611
Above 3,000	54	131	910	1,095
Total	**54**	**132**	**1,520**	**1,706**

Discloser as per requirement of schedule XI, part II, Para 4

Name	Designation	Remuneration	Festival Bonus	Total
Mr. A.Matin Chowdhury	Managing Director	3,00,000	50,000	**3,50,000**
Mr. A.F.M Zubair	Director	6,45,000	1,07,500	**7,52,500**
Mr.Azizur R. Chowdhury	Director	2,10,000	35,000	**2,45,000**
TOTAL		**11,55,000**	**1,92,500**	**13,47,500**

Payment to Directors (From 1ST July, 2009 to 30th September, 2009)

B. Discloser as per requirement of schedule XI, part II, Para 7
Detail of Production Capacity Utilization

Particulars	Licence Capacity	Installed Capacity Per annum in Kgs.	Actual Production from 1st July 2009 to 30th September 2009 in Kgs.	Capacity Utilization from 1st July 2009 to 30th September 2009
Annual Production Capacity of Yarn in KG.	Not Mentioned in the Licence	1,26,00,000	28,34,523	89.98%

C. Discloser as per requirement of schedule XI, part II, Para 8

D. a and c. Value of Raw Cotton, Spare Parts, Packing Materials and Capital Machinery

(BDT) and Consumption

Particulars	Local Purchase	Import	Total Purchase	Consumed	% of Consumption on Purchase
Raw Cotton	-	285,292,737	285,292,737	332,356,490	**95.31%**
Stores and Accessories	-	8,628,337	8,628,337	10,935,054	**3.14%**
Packing Materials	5,412,560	-	5,412,560	5,412,560	**1.55%**
Capital goods	-	18,931,822	18,931,822	**-**	**-**
Total	**5,412,560**	**312,852,896**	**318,265,456**	**348,704,104**	**100.00%**

b and d. Foreign currencies remitted during the period

In the period under review the company did not remit any amount as dividend, technical know-how, royalty, professional consultation fees, interest and other matters either its share holder or others.

e. Value of export:

The Value of export from the period from 1st July 2009 to 30th September 2009 is as follows:

Particular	In foreign currency $	In BDT
Export	7,714,740	527,688,243

35. Compliance status of Schedule XI of The Companies Act 1994
A. Compliance status of Schedule XI, part II, para 3 of The Companies Act 1994

Requirements under condition no.	Compliance status
3(1)(a)	Complied
3(1)(b)	Not applicable
3(1)(c)	Not applicable
3(1)(d)(i)	Complied
3(1)(d)(ii)	Complied
3(1)(e)	Not applicable
3(1)(f)	Not applicable
3(1)(g)	Not applicable
3(1)(h)	Not applicable
3(1)(i)	Complied
3(1)(j)	Complied
3(1)(k)	Not applicable
3(1)(l)	Complied

Requirements under condition no.	Compliance status
3(1)(m)	Not applicable
3(1)(n)	Not applicable
3(1)()	Not applicable
3(1)(p)	Complied

B. Compliance status of Schedule XI, part II, para 8 of The Companies Act 1994

Requirements under condition no.	Compliance status
8(a)	Complied
8(b)	Complied
8(c)	Complied
8(d)	Complied
8(e)	Complied

36. Subsequent Disclosure of Events occurring after the Balance Sheet date:

Subsequent to the balance sheet date the company collected the pre IPO Private Placement share money as per approval of The Securities and Exchange Commission (SEC) consent letter no: SEC/CI/CPLC (PVT.)-95/06/ Date: June 03, 2009. The share money of Pre IPO Private Placement of Tk.1,250,000,000 (500,00,000 ordinary shares of Tk.25 each including premium of Tk.15 each) fully collected and deposited the same in the AB Bank Ltd. STD A/C 4005.767482.430. This return of allotment filed and effected with The Registrar of Joint Stock Companies and Firms on 29.10.2009.

Also subsequent to the balance sheet date Newasia Synthetics Limited is converted into Public Limited Company from Private Limited Company on 24.10.2009.

Except for the facts stated above, no circumstances have arisen since the balance sheet date which would require adjustments to, or disclosures in the financial statements.

37. Internal Control:

The following steps have been taken for implementation of an effective internal control procedure of the company:

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

38. Contingent liability:

During the period under audit the company has contingent liability against outstanding letter of credit in Eastern bank ltd for Tk.7,573,222.50 and Bank guarantee for Tk.7,766,142

39. General Comments & Observations:

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

MALEK SPINNING MILLS LIMITED

FIXED ASSETS SCHEDULE AS ON SEPTEMBER 30, 2009

ANNEXURE : 1

	PARTICULARS	COST				RATE	DEPRECIATION				WRITTEN DOWN VALUE AS ON 30.09.09	WRITTEN DOWN VALUE AS ON 30.06.09
		AS AT 01.07.2009	ADDITION	ADJUSTME	AS AT 30.09.2009		01.07.2009	THIS PERIOD	ADJUSTME	AS AT 30.09.2009		
A.	Unit - 1 :											
1	Land and Land Development	1,729,697			1,729,697	0%	-			-	1,729,697	1,729,697
2	Factory Building	34,010,155			34,010,155	5%	32,233,913	22,203		32,256,116	1,754,039	1,776,242
3	Plant and Machinery	93,025,513			93,025,513	10%	87,290,060	143,386		87,433,446	5,592,067	5,735,453
4	Electrical Installation	3,544,585			3,544,585	15%	3,359,955	6,924		3,366,879	177,706	184,630
5	Tubewell and Water Pump	845,003			845,003	15%	792,468	1,970		794,438	50,565	52,535
6	Furniture and Fixtures	89,980			89,980	10%	75,729	356		76,085	13,895	14,251
7	Office Equipments	114,632			114,632	15%	105,531	341		105,872	8,760	9,101
8	Gas Line Installation	526,050			526,050	15%	489,920	1,355		491,275	34,775	36,130
9	Loose Tools and Equipment	777,088			777,088	15%	732,796	1,661		734,457	42,631	44,292
10	Motor Vehicle	2,351,000			2,351,000	15%	2,287,256	2,390		2,289,646	61,354	63,744
11	Crockaries and Cutlaries	50,777			50,777	15%	28,606	831		29,437	21,340	22,171
12	Fire Installation	125,000			125,000	15%	93,188	1,193		94,381	30,619	31,812
13	Generator	16,702,643			16,702,643	15%	15,555,468	43,019		15,598,487	1,104,156	1,147,175
	Total of "A"	**153,892,123**	**-**	**-**	**153,892,123**		**143,044,890**	**225,630**	**-**	**143,270,520**	**10,621,603**	**10,847,233**
B.	Unit - 2 :											
1	Land and Land Development	67,901,579			67,901,579	0%		-		-	67,901,579	67,901,579
2	Factory Building	274,174,528			274,174,528	5%	167,780,549	1,329,925		169,110,474	105,064,054	106,393,979
3	Plant and Machinery	979,835,190	17,742,680		997,577,870	10%	619,212,585	9,459,132		628,671,717	368,906,153	360,622,606
4	Lease Assets (Plant and Machinery)	12,753,116			12,753,116	10%	1,275,312	286,945		1,562,257	11,190,859	11,477,804
4	Electrical Installation	41,252,129			41,252,129	15%	22,601,215	699,409		23,300,624	17,951,505	18,650,914
5	Tubewell and Water Pump	1,618,403			1,618,403	15%	907,183	26,671		933,854	684,549	711,221
6	Furniture and Fixtures	2,752,160	137,300		2,889,460	10%	929,892	48,989		978,881	1,910,579	1,822,267
7	Office Equipments	6,104,864	342,740		6,447,604	15%	2,710,378	140,146		2,850,524	3,597,080	3,394,486
8	Gas Line Installation	3,127,412	709,102		3,836,514	15%	1,666,286	81,384		1,747,670	2,088,845	1,461,126
9	Loose Tools and Equipment	477,000			477,000	15%	341,606	5,077		346,683	130,317	135,394
10	Motor Vehicle	14,163,899			14,163,899	15%	7,402,633	253,547		7,656,180	6,507,719	6,761,266
11	Telephone (PABX) Installation	400,000			400,000	15%	307,353	3,474		310,827	89,173	92,647
12	Generator	83,175,143			83,175,143	15%	46,078,350	1,391,130		47,469,480	35,705,663	37,096,793
14	Fire Installation	128,100			128,100	15%	49,431	2,950		52,381	75,719	78,669
	Total of "B"	**1,487,863,523**	**18,931,822**	**-**	**1,506,795,345**		**871,262,773**	**13,728,780**	**-**	**884,991,553**	**621,803,793**	**616,600,751**
	Total (A+B)	**1,641,755,646**	**18,931,822**	**-**	**1,660,687,468**		**1,014,307,662**	**13,954,410**	**-**	**1,028,262,073**	**632,425,395**	**627,447,984**

REVALUATED FIXED ASSETS SCHEDULE AS ON SEPTEMBER 30, 2009

	PARTICULARS	COST				RATE	DEPRECIATION				WRITTEN DOWN VALUE AS ON 30.09.09	WRITTEN DOWN VALUE AS ON 30.06.09
		AS AT 01.07.2009	ADDITION	ADJUSTME	AS AT30.09.2009		01.07.2009	THIS PERIOD	ADJUSTME	30.09.2009		
C.	REVALUATION OF FIXED ASSETS :											
1	Land	337,982,604	-	-	337,982,604	-	-	-	-	-	337,982,604	337,982,604
2	Building & Civil Construction	146,872,234	-	-	146,872,234	5%	7,343,612	1,744,108	-	9,087,719	137,784,515	139,528,622
3	Machineries	715,978,047	-	-	715,978,047	10%	71,597,805	16,109,506	-	87,707,311	628,270,737	644,380,243
	Total of "C"	**1,200,832,885**			**1,200,832,885**	**-**	**78,941,416**	**17,853,614**	**-**	**96,795,030**	**1,104,037,855**	**1,121,891,469**
	GRAND TOTAL (A+B+C)	**2,842,588,531**	**18,931,822**	**-**	**2,861,520,353**		**1,093,249,078**	**31,808,024**	**-**	**1,125,057,103**	**1,736,463,251**	**1,749,339,453**

Depreciation Charged to:

Operating Expenses		**450,076**
Manufacturing Expenses		**31,357,947**
	Tk.	**31,808,024**

ACCOUNTS PAYABLE FOR GOODS SUPPLIES & OTHERS
As at 30.09.2009

Annexure-2

S.L#	PARTICULARS	AMOUNT	AIGING
1	Advance Chemical Est.	35,500	12.09.2009
2	A.K.Traders	170,300	06.08.2009
3	Alif Transport Agencies	675,600	20.08.2009
4	Asha Electric	102,800	28-08-2009
5	Ata Enterprise	297,008	09.09.2009
6	Azad Electrice House	31,000	06.08.2009
7	Baral Chemical Company	1,069	06.06.2009
8	Bengal Roots	31,000	05.09.2009
9	B.K.Shipping Agency	3,254,405	08.08.2009
10	Cargo Control Bangladesh (Pvt) Ltd.	515,867	10.08.2009
11	Concord Hardware & Machineries	57,260	01.08.2009
12	Dana Engering International Ltd.	407,840	19.08.2009
13	Delcot Enterprise Ltd.	129,450	08.08.2009
14	Dimond Bearing & Machinery	32,095	16.08.2009
15	Enough Computer Ltd	15,890	24.08.2009
16	Eva Machineries	12,000	09.09.2009
17	F & V	4450	11.08.2009
18	Group-4 Securitas	15,675	30.09.2009
19	Hagihara Automobiles Ltd	7,000	29.09.2009
20	H.M.Multimedia	2,600	09.09.2009
21	Integrated Security Services	12,000	30.09.2009
22	Jalal Polythine Stores	729,588	25.08.2009
23	Liberty Associates Ltd.	11,750	28.08.2009
24	Lipika	455,500	13.09.2009
25	Manikgonj Hardware and Supply	251,593	20.07.2009
26	M.F.Trading	127,000	23.08.2009
27	S.K.Traders	96,890	17.09.2009
28	New Tyre House	157,000	17.07.2009
29	Nipa Garments Accessories	6,380	02.09.2009
30	Oriental Motors	1,100	20.09.2009
31	Ornate Trade Intl	384,400	01.08.2009
32	Uttara Services Ltd	181,453	03.09.2009
33	PC Garden	43,100	10.09.2009
34	Universal Trade Centre	127,620	17.08.2009
35	Rizwan Transport Agency (Pvt)Ltd.	1,365,110	01.07.2009
36	R.K.Packaging	1,593,563	25.07.2009
37	Ruma Enterprise	177,600	12.08.2009
38	S.A. Traders	187,500	13.09.2009
39	Selim Electric House	55,432	10.09.2009
40	Shahed Enterprise	539,200	30.09.2009
41	Zakir Hossain & Brothers	1,385,200	25.07.2009
42	Soyeb Enterprise	4,500	16.09.2009
43	Tongi New Paper Cone	1,470,000	09.08.2009
44	Trade Linkers Office Automation Ltd	11,200	22.08.2009
45	T.S Computer	3,500	14.09.2009
46	Unique Electric Co.	10,952	10.09.2009
TOTAL		**15,187,940**	

Annexure: 3

CREDIT FACILITY FOR DIFFERENT BANKS AND FINANCIAL INSTITUTIONS:

A. Credit Facility from Eastern Bank Limited

i) Sight letter of credit up to Tk.800,000,000
ii) Usance letter of credit, Accepance facility limit up to 800,000,000 (inner limit of Tk.800,000,000)
iii) Overdraft (CC Hypo) limit up to Tk.45,000,000
iv) Overdraft (Non-cheque) limit up to Tk.52,853,000(inner limit of Tk.800,000,000)
v) Import Loan limit up to Tk.70,000,000 (inner limit of Tk.800,000,000)
vi) Time Loan limit up to Tk.170,560,000 (inner limit of Tk.800,000,000)
vii) Term Loan limit up to Tk.6,145,000
viii) Bank Guarantee limit up to Tk.8,000,000

B. Credit Facility from Dhaka Bank Limited

i) Sight & DP Letter of credit limit up to Tk.220,000,000
ii) Overdraft limit up to Tk.30,000,000
i) Import Loan/LTR limit up to Tk.50,000,000 (Inner Limit of Tk.220,000,000)
ii) Term Loan limit up to Tk.260,000,000
iv) Local/Inland bill purchase limit up to Tk.150,000,000
vi) Bank Guarantee limit up to Tk.10,000,000

Credit facility sl. No iii), iv) & v) are approved combinedly used by Salek Textile Ltd

C. Credit Facility from One Bank Limited

i) Term Loan limit up to Tk.55,700,000
ii) Sight/Usance letter of Credit limit up to Tk.150,000,000
iii) Import Loan/LATR limit up to 42,000,000 (Inner limit of Tk.150,000,000
iv) Acceptance limit up to Tk.150,000,000 (Inner limit Tk.150,000,000)
v) Overdraft limit up to Tk.20,000,000

D. Credit Facility from IPDC (Industrial Promotion and Development Company of Bangladesh Ltd)

i) Term Loan Facility up to Tk.110,000,000

E. Credit Facility from Trust Bank Limited

i) Overdraft limit up to Tk.30,000,000
ii) Sight/Deferred Letter of Credit limit up to Tk.100,000,000
iii) IDBP/Time Loan limit up to Tk.30,000,000
iv) TR limit up to 300,000,000 (Inner limit of Tk.100,000,000)

Credit facility sl. No. i), ii) and iv)) are approved combinedly used by Salek Textile Ltd

F. Credit Facility from Shahjalal Islami Bank Limited

i) Sight/Deferred letter of credit limit up to Tk.100,000,000
ii) Import Loan limit up to Tk.65,000,000 (Inner limit of Tk.100,000,000)
ii) Term Loan limit up to Tk.100,000,000

G. Credit Facility from HSBC

i) Overdraft limit up to Tk.30,000,000
ii) Letter of credit limit up to Tk.490,000,000
iii) Import Loan/ Def. Liability
iii) Bill discounting limit up to Tk.250,000,000
iv) Foreign Exchange line limit up to Tk.10,000,000

The above all Credit facilities are approved combinedly used by Salek Textile

H. Credit Facility from Citibank N.A

i) Sight/Usance letter of credit for Machine limit up to Tk.39,000,000
ii) Term Loan limit up to Tk.39,000,000 (Inner limit of Tk.39,000,000)
iii) Sight/Usance letter of credit for Raw Cotton limit up to Tk.200,000,000
iv) Acceptance limit up to Tk.200,000,000 (Inner limit up to Tk.200,000,000)
v) Short Term Loan limit up to Tk.200,000,000 (Inner limit up to Tk.200,000,000)
vi) Bill Discounting limit up to Tk.70,000,000 (Inner limit up to Tk.200,000,000)
vii) Guarantee limit up to Tk.10,000,000 (Inner limit up to Tk.200,000,000)
viii) Overdraft limit up to Tk.30,000,000 (Inner limit up to Tk.200,000,000)

The range of Interest rate of all banks and financial institutions are from 11% to 13% and it may be changed at any point of time by the order of Bangladesh Bank.

এম, এ, মালেক সিদ্দিকী ওয়ালী এন্ড কোং, চার্টার্ড একাউনটেন্টস

৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

M. A. Malek Siddiqui Wali & Co.
CHARTERED ACCOUNTANTS
Partners: Md. Waliullah, FCA
Swadesh Ranjan Saha, FCA

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AUDITOR'S REPORT
TO
THE SHAREHOLDERS

We have audited the accompanying Consolidated Financial Statement of **MALEK SPINNING MILLS LIMITED AND ITS SUBSIDIARIES-SALEK TEXTLE LIMITED AND NEWASIA SYNTHETICS LIMITED** as of September 30, 2009 and the related Cash Flow Statement and Statement of changes in Equity together with Notes to the Accounts for the period then ended. These financial statements are the responsibility of the management. Our responsibility is to express on opinion on these financial statements based on our audit.

BASIS OF OPINION:

We conducted our audit in accordance with International Standards on Auditing as adopted by the Institute of Chartered Accountants of Bangladesh. 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 amount 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION:

In our opinion, the financial statements prepared in accordance with International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh give a true and fair view of the state of the company's affairs as of September 30, 2009 and of the results of its operations for the year ended and comply with 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 explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
b) In our opinion, the Company management has followed relevant provisions of laws and rules in managing the affairs of the company and proper books of account, records and other statutory books have been maintained so far as it appeared from our examination of those books.
c) The Company's Consolidated Balance Sheet and Income Statement dealt with by the report are in agreement with books of account.
d) The expenditure incurred and payments were for the purpose of the company's business.

Dhaka
November 19, 2009

(M. A. MALEK SIDDIQUI WALI & CO.)
Chartered Accountants
Sd/-
(Md. Waliullah, FCA)

MALEK SPINNING MILLS LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2009

	Notes	SEPT'09 Taka	JUN'09 Taka
ASSETS :			
Non-Current Assets			
Property, Plant and Equipment	1.1	3,013,683,885	3,022,427,568
Capital Work-in-Progress	2.1	98,420,417	92,085,800
Preoperating Expenses	3.1	6,152,032	3,420,716
		3,118,256,334	**3,117,934,084**
Current Assets :			
Inventories	4.1	1,003,216,024	959,726,554
Accounts Receivable	5.1	1,051,989,131	733,896,080
Advances,Deposits and Pre-payments	6.1	56,830,219	58,255,174
Cash and Cash Equivalents	7.1	102,398,136	140,489,874
		2,214,433,510	**1,892,367,682**
Current Liabilities :			
Short Term Loan	8.1	1,031,596,529	862,369,894
Current Portion of Long Term Loan	9.1	318,920,239	256,784,577
Security Deposit against Sales		6,000,000	6,000,000
Acceptance Liabilities for Raw Cotton	10.1	464,384,955	477,039,602
Acceptance Liabilities for Machinery	11.1	-	182,926,892
Crediors and Accrues	12.1	116,204,511	104,744,071
Provision for Income Tax	13.1	41,124,236	31,989,834
		1,978,230,470	**1,921,854,872**
Net Current Assets		**236,203,040**	**(29,487,190)**
Deferred Tax Liability		**6,984,324**	**-**
Trial and operation Loss	14.1	**18,026,983**	**22,533,729**
TOTAL ASSETS		***3,365,502,034***	***3,110,980,624***
FINANCED BY :			
Shareholders' Equity :			
Share Capital	15.1	700,000,000	700,000,000
Share Premium	16.1	150,000,000	150,000,000
General Reserve and Surplus	17.1	518,086,909	440,965,057
Tax Holiday Reserve	18.1	18,074,078	10,608,580
Reserve for Re-valuation of Fixed Assets	19.1	1,104,037,855	1,121,891,469
		2,490,198,843	**2,423,465,106**
Minority Interest	20.1	**20,219,102**	**13,954,104**
Loan from Directors	21.1	**16,173,100**	**16,173,100**
Non Current Liabilities:			
Long Term Loan	22.1	**838,910,988**	**657,388,314**
TOTAL EQUITY AND LIABILITIES		***3,365,502,034***	***3,110,980,624***
Net Assets Value per Share (NAV)		**35.57**	**35.57**

The annexed notes 1.1 to 30.1 form an integral part of these financial Statements.

Sd/-	Sd/-	Sd/-
A.Matin Chowdhury	**A.F.M. Zubair**	**B.K.Chaki**
Managing Director	Director	DGM-A&F and Company Secretary
		As per our report of same date

Sd/-

Dhaka,
November 19, 2009

(M.A. Malek Siddiqui Wali & Co.)
Chartered Accountants

MALEK SPINNING MILLS LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

	Notes	SEPT'09 Taka	SEPT'08 Taka
Sales	23.1	817,793,416	498,457,888
Cost of Goods Sold	24.1	671,660,589	418,484,262
Gross Profit		**146,132,827**	**79,973,625**
Operating Expenses	25.1	10,509,229	8,792,284
Financial Expenses	26.1	43,170,881	30,073,343
Amortization of Trial and operation Expenses		4,506,746	-
Operating Profit		**87,945,971**	**41,107,998**
Other Income	27.1	1,952,363	-
Net Operating Profit		**89,898,334**	**41,107,998**
Provision for Contribution to WPPF	28.1	4,280,873	1,957,524
Profit before Tax		**85,617,461**	**39,150,474**
Income Tax Provision			
Current Tax	29.1	9,134,402	5,872,571
Deferred tax		1,477,220	-
NET PROFIT FOR THIS YEAR		**75,005,839**	**33,277,903**
Less: Transferred to Tax Holiday Reserve		(7,465,498)	-
Minority Interst		(2,764,999)	-
Balance Transferred to the Statement of Changes in Equity		**64,775,342**	**33,277,903**
Earnings per Share (EPS)	**30.1**	***1.07***	***0.53***

The annexed notes 1.1 to 30.1 form an integral part of these financial Statements.

Sd/-
A.Matin Chowdhury
Managing Director

Sd/-
A.F.M. Zubair
Director

Sd/-
B.K.Chaki
DGM-A&F and Company Secretary

As per our report of same date

Sd/-
(M.A. Malek Siddiqui Wali & Co.)
Chartered Accountants

Dhaka,
November 19, 2009

MALEK SPINNING MILLS LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

	SEPT'09 Taka	SEPT'08 Taka
CASH FLOW FROM OPERATING ACTIVITIES :		
Collection from Turnover/Bills Receivable	499,700,365	566,697,234
Payment for Raw Materials, Indirect Materials and other expenses	(670,371,869)	(684,755,569)
Collection from other income	1,952,363	-
Payment of financial expenses	(26,404,814)	(30,073,343)
Net cash used in operating activities	**(195,123,955)**	**(148,131,678)**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(53,659,550)	(28,446,869)
Acquisition of Capital Work-in-Progress	(6,334,617)	(196,278,626)
Pre-operating expenses	(2,731,316)	(2,454,315)
Net cash used in Investing activities	**(62,725,484)**	**(227,179,810)**
CASH FLOW FROM FINANCING ACTIVITIES :		
Bank Loan	217,303,430	329,043,692
Lease obligations and other	(2,470,686) -	(2,158,835)
Realise of advance	1,424,955	(115,424,714)
Payment of Security Money	-	(2,773,984)
Isuance of Share Capital (Minority Portion)	3,500,000	35,000
Share Premium Received	-	150,000,000
Net cash provided by financing activities	**219,757,700**	**358,721,158**
Increase/(Decrease) in cash and cash eqivalents	***(38,091,738)***	**(16,590,330)**
Cash and Cash Equivalents at July 1	140,489,874	69,525,679
Cash and Cash Equivalents at September 30	***102,398,136***	**52,935,349**

MALEK SPINNING MILLS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT IN CHANGES IN EQUITY

FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

Particulars	Share Capital	Reserve for Revaluation of Fixed Assets	Tax holiday Reserve	General Reserve and Surplus	Share Premium	Total
Balance on July 01, 2009	700,000,000	1,121,891,469	10,608,580	435,457,953	150,000,000	2,417,958,002
Net Profit during the period	-	-	-	64,775,342	-	64,775,342
Reserve for Revaluation of Fixed Assets	-	(17,853,614)	-	17,853,614	-	-
Tax Holiday Reserve	-	-	7,465,498	-	-	7,465,498
As on 30 Sept. 2009	**700,000,000**	**1,104,037,855**	**18,074,078**	**518,086,909**	**150,000,000**	**2,490,198,843**

FOR THE PERIOD FROM 1ST JULY 2008 TO 30TH SEPTEMBER 2008

Particulars	Share Capital	Reserve for Revaluation of Fixed Assets	General Reserve and Surplus	Share Premium	Share Money Deposit	Total
Balance as on July 01,2008	600,000,000	1,200,832,885	153,283,639	-	100,000,000	2,054,116,525
Net Profit during the period	-	-	33,277,903	-	-	33,277,903
Share Money Deposit	100,000,000	-	-	-	(100,000,000)	-
Share Premium	-	-	-	150,000,000	-	150,000,000
As on Sept. 30,2008	**700,000,000**	**1,200,832,885**	**186,561,542**	**150,000,000**	**-**	**2,237,394,427**

MALEK SPINNING MILLS LIMITED AND ITS SUBSIDIARIES
NOTES OF CONSOLIDATED FINANCIAL STATEMENT
AS AT 30 SEPTEMBER, 2009

1.1 CONSOLIDATED FIXED ASSETS: Tk.3,013,683,885

Detail of fixed assets and depreciation as on 30 June 2009 are shown in the **Annexure-1.1**

This is arrived at as follows:

		Amount in Taka SEPT'09	JUN'09
COST:			
Cost as at 01.07.2009		2,945,950,355	1,746,406,325
Addition this period		53,659,550	1,365,313,847
		2,999,609,906	3,111,720,173
Less : Sales/Adjustment		-	165,769,818
Total Cost as at 30.09.2009		**2,999,609,906**	**2,945,950,355**
Accumulated Depreciation as at 01.07.2009		1,045,414,256	1,019,053,879
Less : Adjustments during the period		-	64,144,916
Add : Depreciation for this period		44,549,620	90,505,292
Total Depreciation as at 30.09.2009		**1,089,963,876**	**1,045,414,256**
Written Down Value as at 30.09.2009		**1,909,646,030**	**1,900,536,099**
REVALUATION:			
Revaluation of Fixed Assets as at 01.07.2009		1,121,891,469	1,200,832,885
Less: Depreciation this period		17,853,614	78,941,416
Written Down Value as at 30.09.2009		**1,104,037,855**	**1,121,891,469**
Total Written Down Value	**Tk.**	***3,013,683,885***	***3,022,427,568***

Allocation of depreciation charges for the period has been made in the accounts as follows:

Factory Overhead		61,804,535	136,407,507
Administrative Overhead		598,699	1,932,610
	Tk.	***62,403,234***	***138,340,117***

2.1 CONSOLIDATED CAPITAL WORK-IN-PROGRESS: Tk.98,420,417

This represents expenditure incurred for acquisation and development of Land and other assets of Newasia Synthetics Project. After completion of construction of the project this expenditure will be capalizied in the respective head of fixed assets. Capital-work-in progress of Salek Textile Limited is Capatalize in the respective head of fixed assets. The break-up of above amount are given below:

PARTICULARS	SALEK	NASL	CONSOLIDATED	AMOUNT
(i) Plant and Machinery	-	-	-	-
(ii) Factory Building	-	-	-	-
(iii) Office Equipment	-	44,000	44,000	44,000
(iv) Electrical Installation	-	-	-	-
(v) Furniture & Fixture	-	256,000	256,000	256,000
(vi) Weight Scale	-	-	-	-
(vii) Gas Line Installation	-	-	-	-
(viii) Generator	-	-	-	-
(ix) Land & Land Development	-	98,120,417	98,120,417	91,785,800
(x) Motor Vehicles	-	-	-	-
(xi) Tubewell and Water Pump	-	-	-	-
TOTAL	-	***98,420,417***	***98,420,417***	92,085,800

		Amount in Taka	
		SEPT'09	**JUN'09**
3.1 CONSOLIDATED PRE-OPERATING EXPENSES:	**Tk.**	**6,152,032**	**3,420,716**

Preoperating expenses consists of Name registration cost, Market survey cost, Feasibility study cost, consultancy cost, salary and other

4.1. CONSOLIDATED INVENTORIES : Tk.1,003,216,024

This consists of as follows :

		SEPT'09	JUN'09
i) Raw Materials		245,859,579	374,050,838
ii) Stock-in-Transit		405,206,194	239,302,747
iii) Work-in-Process		73,074,857	72,724,343
iv) Finished Goods		179,887,291	172,238,308
v) Stores and Accessories		99,188,103	101,410,318
	Tk.	***1,003,216,024***	***959,726,554***

5.1 CONSOLIDATED ACCOUNTS RECEIVABLE : Tk.1,051,989,131

Trade debtors occurred in the ordinary course of business are unsecured but considered good.

		SEPT'09	JUN'09
Export Bills Receivable:	**TK.**	***1,051,989,131***	***733,896,080***

6.1 CONSOLIDATED ADVANCE, DEPOSITS AND PRE-PAYMENTS: Tk.56,830,219

This comprises as follows :

		SEPT'09	JUN'09
i) Advance against construction material and Supplies		22,906,770	23,113,918
ii) Advance to Employees		4,000	7,000
iii) Advance to Sikder Construction against Land purchase		9,000,000	9,000,000
iv) Security Deposit on REB		178,875	178,875
v) Security Deposit on Titas Gas T&D Co.		8,649,161	8,649,161
vi) Lease Deposit to United Leasing Co.		823,562	823,562
vii) Advance Income Tax	**Note: 6.1-A**	15,267,851	14,886,387
viii) L/C Margin with Citi Bank N.A. for Import of Capital Machinery		-	1,596,271
	Tk.	***56,830,219***	***58,255,174***

6.1-A. CONSOLIDATED AVANCE INCOME: TAX Tk.15,267,851

This is made-up as follows:

		SEPT'09	JUN'09
Balance As per last accounts		14,886,387	16,634,030
Add: Addition this period (From Export Proceeds)		186,227	1,396,866
Add: Addition this period (From Import of Spare Parts)		-	126,411
Add: Advance Income tax paid against Interest Income		195,236	121,617
		15,267,851	18,278,924
Less: Payments/Adjustments		-	3,392,537
	Tk.	**15,267,851**	**14,886,387**

7.1 CONSOLIDATED CASH AND CASH EQUIVALENTS: Tk.102,398,136

This is made-up of the followings :

		SEPT'09	JUN'09
A. Cash in Hand at Head Office		**160,000**	**160,000**
C. Cash at Banks :			
i)Trust Bank Ltd A/C : 0003-0210006613 (MSML)		32,660	65,169
ii)Trust Bank Ltd A/C: 0003-0210009816 (STL)		383,393	5,093
iii) Dhaka Bank Ltd A/C : 207.100.6276 (STL)		2,586,598	6,065,820
iv) Dhaka Bank Ltd A/C : 207.100.6643 (NSL)		3,458,562	5,324,495
v) HSBC A/C : 001-241389-011 (STL)		-	337,828
vi) HSBC Bank-Margin Account : US$ 48,951.27 (MSML)		642,009	3,349,980
vii) Eastern Bank Ltd. - Margin Account : US$ 5,45,853.62 (MSML)		8,004,620	37,281,966
viii) One Bank Ltd. - Margin Account : US$ 1,286.05 (MSML)		1,276	88,004
ix) Dhaka Bank Ltd. - Margin Account: $ 0(MSML)		7,012,913	-
x)Trust Bank Limited - Margin Account: $ 18,862.50 (MSML)		6,190	1,287,932
xi) Shahjalal Islami Bank Ltd A/C : 4005 1110000252 8 (MSML)		12,869	2,348,565
xii) Fixed Deposit Account with Eastern Bank Limited (MSML)		40,000,000	40,000,000
xiii) Fixed Deposit Account with Dhaka Bank Limited (MSML)		40,000,000	40,000,000
xiv) CITI Bank N.A A/C :G010000200622006 (STL)		-	-
xv) Eastern Bank Ltd. : 01011060020990 (STL)		97,046	4,175,021
		102,238,136	**140,329,874**
	Tk.	***102,398,136***	***140,489,874***

	Amount in Taka	
	SEPT'09	**JUN'09**

8.1 CONSOLIDATED SHORT TERM LOAN: Tk.1,031,596,529

This consists of as follows :

	SEPT'09	JUN'09
A. Import Loan:		
i) Eastern Bank Ltd (MSML)	286,487,907	217,882,184
iI) Eastern Bank Ltd (STL)	34,972,453	46,666,835
iii) Citi Bank N.A (MSML)	118,820,007	55,733,513
iv) Citi Bank N.A (STL)	-	51,504,387
v) One Bank Ltd (MSML)	111,956,155	96,789,215
vi) Dhaka Bank Ltd (MSML)	44,267,420	43,982,326
vii) Dhaka Bank Ltd (STL)	154,343,754	63,379,282
viii) Trust Bank Ltd (MSML)	7,440,134	16,638,709
ix) Trust Bank Ltd (STL)	20,980,986	14,417,804
	779,268,817	**606,994,255**
B. Overdraft:		
i) Eastern Bank Ltd A/C: 01012050000180 (MSML)	98,150,243	101,855,655
ii) Eastern Bank Ltd A/C: 01012040000780 (STL)	25,174,108	19,842,241
iii) Citi Bank N.A A/C : G010000200622006 (STL)	2,181,988	22,079,497
iv) CITI Bank N.A A/C : G010000200558006 (MSML)	33,841,819	28,479,206
v) Dhaka Bank Ltd A/C : 207.175.23 (MSML)	29,113,244	30,531,533
vi) One Bank Ltd A/C : 16426 008 (MSML)	12,990,099	18,611,785
vii) HSBC A/C : 001-007475-011 (MSML)	31,431,387	
viii) HSBC A/C: 001-241389-011 (STL)	17,797,732	29,857,943
	250,680,621	**251,257,862**
C. Lease Liability to United Leasing Co. Ltd.	1,647,091	4,117,777
Tk.	***1,031,596,529***	***862,369,894***

9.1 CONSOLIDATED CURRENT PORTION OF LONGTERM LOAN: TK.318,920,239

	SEPT'09	JUN'09
i) Eastern Bank Ltd	58,991,448	**38,563,351**
ii) Dhaka Bank Ltd	62,018,828	**31,762,131**
iii) One Bank Ltd	13,261,979	**20,433,979**
iv) HSBC	37,982,461	**-**
v) Citibank N.A	50,034,078	**41,838,645**
vi) Trust Bank Ltd.	44,515,943	**57,199,367**
vii) Shahjalal Islami Bank Ltd	25,925,022	**34,887,752**
viii) IPDC	26,190,480	**32,099,352**
Tk.	**318,920,239**	**256,784,577**

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

10.1 CONSOLIDATED ACCEPTANC LIABILITIES FOR RAW COTTON: TK.464,384,955

This is arrived as follows :

	SEPT'09	JUN'09
i) Eastern Bank Limited	90,474,273	334,157,653
ii) Dhaka Bank Limited	-	101,838,853
iii) HSBC	373,910,682	41,043,096
iv) Citibank N.A.	-	-
TK.	***464,384,955***	***477,039,602***

		Amount in Taka	
		SEPT'09	**JUN'09**

11.1 CONSOLIDATEDACCEPTANC LIABILITIES FOR MACHINERY: TK.Nil

This is arrived as follows :

		SEPT'09	JUN'09
i) Citibank N.A.		-	13,832,589
ii) HSBC		-	169,094,303
	Tk.	-	***182,926,892***

12.1 CONSOLIDATED CRDITORS AND ACCRUES: TK.116,204,511

This is arrived as follows :

		SEPT'09	JUN'09
i) Gas Bill Payable		19,717,355	10,419,594
ii) Electricity Bill Payable		172,227	206,445
iii) Audit Fees Payable		30,000	50,000
iv) Legal Fees Payable		-	85,000
v) Office Rent Payable		163,080	81,540
vi) Municipal Tax Payable		175,890	175,890
vii) Salary & Wages Payable		5,201,148	8,445,424
viii) Contribution to WPPF Payable		46,833,011	42,552,138
ix) Director's Remuneration Payable		485,000	485,000
x) Security Money of Varios Party		2,429,263	2,165,123
xi) Accounts Payable for Goods Suppliee & Others		31,558,291	34,355,543
xii) Accounts Payable for Weste cotton Purchase		-	5,722,375
xiii) Interest accrued		9,439,245	-
	Tk.	***116,204,511***	***104,744,072***

13.1 CONSOLIDATED PROVISION FOR INCOME TAX: Tk.41,124,236

This is arrived as follows :

		SEPT'09	JUN'09
Balance as per Last Account		31,989,834	36,442,088
Add : Provision made for this period	**Note: 29.1**	9,134,402 -	32,790,160
		41,124,236	69,232,248
Less: Payment		-	33,849,877
Less: Adjustment		-	3,392,537
Total Payment and Adjustment		-	37,242,414
	TK.	***41,124,236***	***31,989,834***

Provision has been made @ 15% .

14.1 CONSOLIDATED TRIAL AND OPERATION LOSS: TK.18,026,983

		SEPT'09	JUN'09
Balance as per Last Accounts		22,533,729	22,533,729
Less: Adjustments with current year profit		4,506,746	-
	TK.	**18,026,983**	**22,533,729**

		SEPT'09	JUN'09
15.1 CONSOLIDATED SHARE CAPITAL :	TK.	***700,000,000***	***700,000,000***

16.1 CONSOLIDATED SHARE PREMIUM: Tk.150,000,000

		SEPT'09	JUN'09
Malek Spinnig Mills Limited	TK.	***150,000,000***	***150,000,000***

It represents 10,000,000 ordinary shares of Tk.25 each including premium of Tk.15 each

	SEPT'09	JUN'09
	Amount in Taka	

17.1 CONSOLIDATED GENERAL RESERVE AND SURPLUS : Tk.518,086,909

This is arrived as follows :

	SEPT'09	JUN'09
Balance as per last accounts	440,965,057	153,283,639
Less: Adjustment of Deferred Tax as at 30.06.2009	(5,507,104)	-
Add : Surplus this period	64,775,342	208,740,001
	500,233,295	362,023,641
Add: Adjustment of Reserve for Revaluation of Fixed Assets(Depreciation)	17,853,614	78,941,416
TK.	***518,086,909***	***440,965,057***

18.1 CONSOLIDATE TAX HOLIDAY RESERVE: TK.18,074,078

	SEPT'09	JUN'09
Opening Balance	10,608,580	-
Add: Provided during the period	8,294,998	11,787,311
Less: Minority Interest	829,500	1,178,731
Closing Balance TK.	**18,074,078**	10,608,580

19.1 CONSOLIDATED RESERVE FOR RE-VALUATION OF FIXED ASSETS: Tk.1,104,037,855

Revaluation of Assets are as follows :

Particulars

	SEPT'09	JUN'09
Land	337,982,604	337,982,604
Building and Civil Construction	146,872,234	146,872,234
Plant and Machinery	715,978,047	715,978,047
	1,200,832,885	1,200,832,885
Less:Adjustment of Reserve for Re-valuation of Fixed Assets (Depreciation)	96,795,030	78,941,416
TK.	***1,104,037,855***	***1,121,891,469***

Note: Detail of Adjustment of Reserve for Re-valuation of Fixed Assets is given in the annexed **Annexure-1.1**

20.1 MINORITY INTEREST: TK.20,219,102

This represents minority interest of Salek Textile Limited and Newasia Synthetics Limited are as follows:

	SEPT'09	JUN'09
Paidup Capital	13,525,000	10,025,000
Retained Earnings	4,685,871	2,750,372
Tax Holiday reserve	2,008,231	1,178,731
TK.	**20,219,102**	**13,954,103**

The Company is using equity method of accounting in preparation of Consolidated Financial Statement

	SEPT'09	JUN'09
21.1 CONSOLIDATED LOAN FROM DIRECTOR: TK.	**16,173,100**	**16,173,100**

It represents temporary loan taken for day to day expenditure

22.1 CONSOLIDATED LONG TERM LOAN: Tk.838,910,988

This is arrived as follows :

	SEPT'09	JUN'09
i) Eastern Bank Limited	237,834,065	135,332,814
ii) Dhaka Bank Limited	347,422,049	329,718,275
iii) One Bank Limited	13,261,979	20,433,979
iv) Bank Limited	123,264,881	132,545,720
v) HSBC	151,929,844	
vi) IPDC	26,190,480	32,099,352
vii) Shahjalal Islami Bank Ltd.	53,659,480	54,849,528
viii) Citibank N.A.	204,268,448	209,193,224
	1,157,831,226	***914,172,892***
Less: Current Portion of Long Term Loan **Note:9.1**	318,920,239	256,784,577
TK.	**838,910,988**	**657,388,314**

23.1 CONSOLIDATED SALES: Tk.817,793,416

Sales comprises of the following :

	Amount in Taka SEPT'09	SEPT'08
Export Sales	817,793,416	487,517,767
Local Sales **Note: 23.1-A**	-	10,940,121
TK.	**817,793,416**	**498,457,888**

		Amount in Taka	
		SEPT'09	**SEPT'08**

23.1-A CONSOLIDATED LOCAL SALES: Tk.NIL

Local Sales		-	11,040,121
Less: Payment of VAT		-	100,000
	Tk.	-	10,940,121

24.1 CONSOLIDATED COST OF GOODS SOLD : Tk.671,660,589

This is made-up as follows :

Raw Material Consumed	**Note: 24.1-A.**		538,488,374	381,496,375
Direct Expenses	**Note: 24.1-B.**		18,008,096	13,834,082
Factory Overhead	**Note: 24.1-C.**		123,163,615	74,852,804
Total Manufacturing Cost			**679,660,085**	**470,183,262**
Work-in-Process - **Opening**			72,724,343	54,180,248
Cost of Goods available for Use			**752,384,428**	**524,363,510**
Work-in-Process - **Closing**			73,074,857	54,048,472
Cost of Production			**679,309,571**	**470,315,038**
Finished Goods - **Opening**			172,238,309	45,643,973
Cost of Goods Available for Sales			**851,547,880**	**515,959,011**
Finished Goods - **Closing**			179,887,291	97,474,749
Cost of Goods Sold		**Tk.**	**671,660,589**	**418,484,262**

24.1-A CONSOLIDATED RAW MATERIALS CONSUMED: Tk.538,488,374

PARTICULARS		**AMOUNT**	**AMOUNT**
Opening Inventory		374,050,838	850,433
Add: Purchase		410,297,115	4,698,459
Less: Closing Inventory		(245,859,579)	(2,303,557)
Raw Materials Consumption	**Tk.**	**538,488,374**	**3,245,335**

24.1-B CONSOLIDATED DIRECT EXPENSES: Tk.18,008,096

Direct Labour/Wages		17,911,110	13,637,225
Overtime Wages		96,986	196,857
	Tk.	**18,008,096**	**13,834,082**

24.1-C CONSOLIDATED FACTORY OVERHEAD: Tk.123,163,615

Factory Salary and Allowances			7,075,172	5,647,697
Electricity Charges			672,166	826,098
Gas Charges			19,717,355	12,469,469
Agriculture Expenses			4,089	-
Repairs & Maintenance			5,332,583	3,777,135
Packing Materials			10,023,582	8,729,676
Fuel & Oil			4,653,310	5,541,065
Insurance Premium - Fire			-	-
Stores & Accessories	**Note: 24.1(C)-i**		11,020,900	8,176,700
Entertainment			1,473,836	921,381
Telephone, Mobile & Fax			49,407	49,344
Statonery charges			397,807	68,500
Printing Charges			143,112	13,228
Other Carrying Charges			31,200	6,075
Office Expenses			22,210	12,035
Vehicles Maintenance			643,741	236,101
Medical Expenses			560	-
Miscellaneous			6,000	-
Conveyance			7,400	6,233
House Rent for Worker Shed			84,650	89,600
Depreciation	**Note: 1.1**		61,804,535	28,282,467
		Tk.	**123,163,615**	**74,852,804**

		Amount in Taka	
		SEPT'09	**SEPT'08**

24.1(C)-i CONSOLIDATED CONSUMPTION OF STORES AND ACCESSORIES: Tk.11,020,900

		SEPT'09	SEPT'08
Opening stock of Stores and Accessories		101,410,318	98,377,123
Add: Purchase during the period		8,798,686	3,831,628
Less: Closing Stock of Stores and Accessories		(99,188,104)	94,032,051
Stores and Accessories Consumed	Tk.	**11,020,900**	**196,240,801**

25.1 CONSOLIDATED OPERATING EXPENSES: Tk.10,509,229

This is arrived at as follows :

		SEPT'09	SEPT'08
Salaries & Allowances		3,084,169	2,177,421
Director's Remuneration		1,697,500	945,000
Festival Bonus		561,252	578,730
Fees, Forms & Others		325,461	681,525
Travelling & Conveyance		288,770	772,720
Printing & Stationary		178,745	168,151
Audit Fees		30,000	-
Telephone Expenses		253,079	309,409
Postage & Stamp		7,069	18,370
Vehicle Maintenance		731,459	819,355
Miscellaneous Expenses		558,951	254,445
Donation and Subscription		-	-
Office Rent		81,540	81,540
Rates & Taxes		-	-
Carriage Outward		1,397,950	526,890
Consultancy Fees		49,500	149,500
Entertainment		18,758	15,363
Office Expenses		90,717	91,679
Diesel for Head Office Generator		97,900	144,200
Advertisement / Publicity Expenses		-	43,950
Trade fair / Exhibition Expenses		-	-
Gardening Expenses		30,678	7,590
Uniform / Livery Security		-	21,750
Repairs & Maintenance		326,824	360,928
Books and periodicals		4,824	1,500
Medical Expenses		20,516	21,871
Lease Rent		-	-
Software Maintenance Expenditure		21,200	-
Credit Rating Charges		-	-
Seminer and Meeting		-	153,158
Loss from foreign currency transactions		53,668	-
Depreciation **Note: 1.1**		598,699	-
	Tk.	**10,509,229**	**8,345,045**

Notes: During the period under review directors are paid remuneration and festival bonus only.

26.1 CONSOLIDATED FINANCIAL EXPENSES : Tk.43,170,881

This is arrived at as follows :

i. EASTERN BANK LTD. :

	SEPT'09	SEPT'08
Interest on Long Term Loan	6,457,081	651,941
Interest on Short Term Loan	3,597,751	589,440
Interest on Overdraft	2,153,900	2,800,781
Bank Charges & Commission	916,418	833,773
Export L/C Negotiation Commission	405,177	138,984
Interest on Bill Discount	1,812,184	2,603,937
	15,342,511	**7,618,855**

	SEPT'09	SEPT'08
	Amount in Taka	
ii. HSBC:		
Interest on Long Term Loan	4,394,812	128,749
Interest on Short Term Loan	-	-
Interest on Overdraft	991,674	545,754
Bank Charges & Commission	188,421	209,566
Export L/C Negotiation Commission	115,440	295,156
Interest on Bill Discount	570,275	952,871
	6,260,623	**2,132,096**
iii. DHAKA BANK LTD. :		
Interest on Long Term Loan	684,606	3,167,758
Interest on Short Term Loan	265,252	-
Interest on Overdraft	927,126	754,035
Bank Charges & Commission	270,543	293,197
Export L/C Negotiation Commission	86,453	347,610
Interest on Bill Discount	1,339,752	2,673,611
	3,573,733	**7,236,211**
iv. ONE BANK LTD. :		
Interest on Long Term Loan	922,077	1,788,941
Interest on Overdraft	515,312	29,136
Bank Charges & Commission	250	-
Export L/C Negotiation Commission	24,994	35,989
Interest on Bill Discount	205,968	402,391
	1,668,601	**2,256,457**
v. TRUST BANK LTD. :		
Interest on Long Term Loan	1,241,925	2,261,829
Interest on Short Term Loan	-	-
Bank Charges & Commission	4,509	48,249
Export L/C Negotiation Commission	17,710	47,458
Interest on Bill Discount	298,079	497,141
	1,562,223	**2,854,677**
vi. SHAHJALAL ISLAMI BANK LTD. :		
Interest on Long Term Loan	1,069,419	1,478,696
Bank Charges & Commission	-	9,281
Export L/C Negotiation Commission	7,422	2,518
Interest on Bill Discount	185,245	54,700
	1,262,086	**1,545,195**
vii. CITIBANK NA :		
Interest on Long Term Loan	6,681,563	-
Interest on Short Term Loan	2,046,172	3,410,316
Interest on Overdraft	1,162,742	851,368
Bank Charges & Commission	820,527	350
Interest on Bill Discount	1,707,782	-
	12,418,785	**4,262,034**
vii. IPDC:	**968,475**	**1,472,487**
viii. UNITED LEASING COMPANY:		
Interest on finance lease	**113,844**	**695,329**
Tk.	**43,170,881**	***30,073,343***

		Amount in Taka	
		SEPT'09	**SEPT'08**

27.1 CONSOLIDATED OTHER INCOME: Tk.1,952,363

		SEPT'09	SEPT'08
Interest Income from FDR A/C with Eastern Bank Ltd.		1,002,363	-
Interest Income from FDR A/C with Dhaka Bank Ltd.		950,000	-
	Tk.	**1,952,363**	**-**

28.1 CONSOLIDATED PROVISION FOR WORKER'S PROFIT PARTICIPATION FUND: Tk.4,280,873

		SEPT'09	SEPT'08
Provision for Contribution to WPPF		4,280,873	1,957,524
	Tk.	**4,280,873**	**1,957,524**

29.1. CONSOLIDATED INCOME TAX (CURRENT TAX) PROVISION: Tk.9,134,402

			SEPT'09	SEPT'08
On operating Income 15%	56,015,106		8,402,266	5,872,571
On other Income 37.50%	1,952,363		732,136	-
TOTAL	**57,967,469**	**Tk.**	**9,134,402**	**5,872,571**

30.1 CONSOLIDATED BASIC EARNINGS PER SHARE (EPS): Tk.1.07

This is arrives as follows

		SEPT'09	SEPT'08
(a) Consolidated Net Profit.		75,005,839	33,277,903
(b) Weighted average no of Shares outstanding.		70,000,000	62,717,391
(c) Basic Earnings per Share (EPS) a/b	**TK.**	**1.07**	**0.53**

MALEK SPINNING MILLS LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED FIXED ASSETS SCHEDULE AS AT 30 SEPTEMBER 2009

ANNEXURE : 1.1

	PARTICULARS	COST				RATE	DEPRECIATION				WRITTEN DOWN VALUE AS ON 30.09.09	WRITTEN DOWN VALUE AS ON 30.06.09
		AS at 01.07.2009	ADDITION	ADJUSTMENT	AS aT 30.09.2009		As at 01.07.2009	THIS PERIOD	ADJUSTMENT	AS AT 30.09.2009		
A.	Unit - 1 :											
1	Land and Land Development	1,729,697			1,729,697		-			-	1,729,697	1,729,697
2	Factory Building	34,010,155	-		34,010,155	5%	32,233,913	22,203		32,256,116	1,754,039	1,776,242
3	Plant and Machinery	93,025,513	-		93,025,513	10%	87,290,060	143,386		87,433,446	5,592,067	5,735,453
4	Electrical Installation	3,544,585	-		3,544,585	15%	3,359,955	6,924		3,366,879	177,706	184,630
5	Tubewell and Water Pump	845,003	-		845,003	15%	792,468	1,970		794,438	50,565	52,535
6	Furniture and Fixtures	89,980	-		89,980	10%	75,729	356		76,085	13,895	14,251
7	Office Equipments	114,632	-		114,632	15%	105,531	341		105,872	8,760	9,101
8	Gas Line Installation	526,050	-		526,050	15%	489,920	1,355		491,275	34,775	36,130
9	Loose Tools and Equipment	777,088	-		777,088	15%	732,796	1,661		734,457	42,631	44,292
10	Motor Vehicle	2,351,000	-		2,351,000	15%	2,287,256	2,390		2,289,646	61,354	63,744
11	Crockaries and Cutlaries	50,777	-		50,777	15%	28,606	831		29,437	21,340	22,171
12	Fire Installation	125,000	-		125,000	15%	93,188	1,193		94,381	30,619	31,812
13	Generator	16,702,643	-		16,702,643	15%	15,555,468	43,019		15,598,487	1,104,156	1,147,175
	Total of "A"	**153,892,123**	**-**	**-**	**153,892,123**		**143,044,890**	**225,630**	**-**	**143,270,520**	**10,621,603**	**10,847,233**
B.	Unit - 2 and Salek Textile:											
1	Land and Land Development	108,760,612	10,029,400		118,790,012		-	-		-	118,790,012	67,901,579
2	Factory Building	498,329,810	24,306,488		522,636,298	5%	170,582,490	4,400,673		174,983,163	347,653,136	106,393,979
3	Plant and Machinery	1,832,733,010	17,742,680	-	1,850,475,690	10%	640,535,030	30,248,517		670,783,547	1,179,692,144	360,622,606
4	Lease Assets(Plant and Machin	12,753,116		-	12,753,116	10%	1,275,312	286,945		1,562,257	11,190,859	11,477,804
5	Electrical Installation	99,348,801	-		99,348,801	15%	24,779,840	2,796,336		27,576,176	71,772,625	18,650,914
6	Tubewell and Water Pump	6,344,305	59,900		6,404,205	15%	1,084,404	199,493		1,283,897	5,120,308	711,221
7	Furniture and Fixtures	3,023,360	143,240		3,166,600	10%	936,672	55,748		992,420	2,174,180	1,822,267
8	Office Equipments	7,025,603	368,740		7,394,343	15%	2,744,906	174,354		2,919,260	4,475,083	3,394,486
9	Gas Line Installation	12,420,946	1,009,102		13,430,048	15%	2,014,794	428,072		2,442,866	10,987,182	1,461,126
10	Loose Tools and Equipment	532,000			532,000	15%	343,669	7,062		350,731	181,269	135,394
11	Motor Vehicle	17,146,582			17,146,582	15%	7,514,483	361,204		7,875,687	9,270,895	6,761,266
12	Telephone (PABX) Installation	400,000			400,000	15%	307,353	3,474		310,827	89,173	92,647
13	Generator	193,111,986			193,111,986	15%	50,200,982	5,359,163		55,560,145	137,551,842	37,096,793
14	Fire Installation	128,100			128,100	15%	49,431	2,950		52,381	75,719	78,669
	Total of "B"	**2,792,058,232**	**53,659,550**	**-**	**2,845,717,782**		**902,369,366**	**44,323,990**	**-**	**946,693,356**	**1,899,024,426**	**616,600,751**
	Total (A+B)	**2,945,950,355**	**53,659,550**	**-**	**2,999,609,905**		**1,045,414,256**	**44,549,620**	**-**	**1,089,963,876**	**1,909,646,028**	**627,447,984**

CONSOLIDATED REVALUATED ASSETS SCHEDULE AS AT 30 SEPTEMBER, 2009

	PARTICULARS	COST				RATE	DEPRECIATION				WRITTEN DOWN VALUE AS ON 30.09.09	WRITTEN DOWN VALUE AS ON 30.06.09
		As at 01.07.2009	ADDITION	ADJUSTMENT	As at 30.09.2009		As at 01.07.2009	THIS PERIOD	ADJUSTMENT	As at 30.09.2009		
C.	REVALUATION OF FIXED ASSETS :											
1	Land	337,982,604	-		337,982,604	-	-	-	-	-	337,982,604	337,982,604
2	Building & Civil Construction	146,872,234	-		146,872,234	5%	7,343,612	1,744,108	-	9,087,719	137,784,515	139,528,622
3	Machineries	715,978,047	-		715,978,047	10%	71,597,805	16,109,506	-	87,707,311	628,270,736	644,380,243
	Total of "C"	**1,200,832,885**			**1,200,832,885**	**-**	**78,941,416**	**17,853,614**	**-**	**96,795,030**	**1,104,037,855**	**1,121,891,469**
	GRAND TOTAL (A+B+C)	**4,146,783,240**	**53,659,550**	**-**	**4,200,442,790**		**1,124,355,672**	**62,403,234**	**-**	**1,186,758,907**	**3,013,683,883**	**1,749,339,453**

Depreciation Charges to:

Manufacturing Expenses		61,804,535
Operating Expenses		598,699
	Tk.	**62,403,234**

এম, এ, মালেক সিদ্দিকী ওয়ালী এন্ড কোং, চার্টার্ড একাউনটেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

M. A. Malek Siddiqui Wali & Co.
CHARTERED ACCOUNTANTS
Partners: Md. Waliullah, FCA
Swadesh Ranjan Saha, FCA

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AUDITOR'S REPORT
TO
THE SHAREHOLDERS

We have audited the accompanying Balance Sheet of the **SALEK TEXTILE LIMITED** as of September 30, 2009 and the related Income Statement, Cash Flow Statement and Statement of changes in Equity together with Notes to the Accounts for the period then ended. These financial statements are the responsibility of the management. Our responsibility is to express on opinion on these financial statements based on our audit.

BASIS OF OPINION:

We conducted our audit in accordance with International Standards on Auditing as adopted by the Institute of Chartered Accountants of Bangladesh. 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 amount 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION:

In our opinion, the financial statements prepared in accordance with International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh give a true and fair view of the state of the company's affairs as of September 30, 2009 and of the results of its operations for the year ended and comply with 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 explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) In our opinion, the Company as required by law has kept proper books of account so far as it appeared from our examination of those books.

c) The Company's Balance Sheet and Income Statement dealt with by the report are in agreement with books of account.

d) The Expenditure incurred was for the purpose of the company's business.

Dhaka
November 19, 2009

(M. A. MALEK SIDDIQUI WALI & CO.)
Chartered Accountants
Sd/-
(Md. Waliullah, FCA)

SALEK TEXTILE LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2009

	Notes	SEPT'09	JUN'09
ASSETS :		Taka	Taka
Non-Current Assets:			
Property, Palnt and Equipment	1.2	1,277,220,633	1,273,088,115
Current Assets :			
Inventories	2.2	329,607,668	301,330,854
Advance, Deposit and Pre-Payments	3.2	2,789,238	3,372,509
Accounts Rceivable	4.2	351,368,823	177,003,418
Cash and Cash Equivalents	5.2	3,087,037	10,603,763
		686,852,765	**492,310,544**
Current Liabilities :			
Short Term Loan	6.2	255,451,022	217,890,047
Advance From Malek Spinning Mills Ltd	7.2	202,620,464	144,576,864
Current Portion of Long Term Loan	8.2	189,591,731	99,210,590
Acceptance Liabilities for Raw Cotton	9.2	134,737,142	160,197,313
Acceptance Liabilities for Machinery	10.2	-	169,094,303
Creditors and Accrues	11.2	29,661,224	32,290,908
		812,061,583	**823,260,025**
Net Current Assets		**(125,208,817)**	**(330,949,480)**
Trial and Operation Loss	12.2	**18,026,983**	**22,533,729**
TOTAL ASSETS		***1,170,038,799***	***964,672,364***
FINANCED BY :			
Shareholders' Equity :			
Share Capital	13.2	99,900,000	99,900,000
General Reserve and Surplus	14.2	46,858,720	27,503,725
Tax Holiday Reserve	15.2	20,082,309	11,787,311
		166,841,029	**139,191,036**
Loan from Director	16.2	16,173,100	16,173,100
Share Money deposit	17.2	189,926,900	189,926,900
Non-Current Liabilities:			
Long Term Loan	18.2	797,097,770	619,381,328
TOTAL EQUITY AND LIABILITIES		***1,170,038,799***	***964,672,364***
Net Assets Value per Share (NAV)		**167.01**	**158.69**

The annexed notes 1.2 to 24.2 form an integral part of these financial Statements.

Sd/-	Sd/-	Sd/-
A.Matin Chowdhury	**A.F.M. Zubair**	**B.K.Chaki**
Managing Director	Director	DGM-A&F and Company Secretary

As per our report of same date

Sd/-
(M.A. Malek Siddiqui Wali & Co.)
Chartered Accountants

Dhaka,
November 19, 2009

SALEK TEXTILE LIMITED

INCOME STATEMENT

FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

	Notes	SEPT'09 Taka
Sales	**19.2**	290,105,173
Cost of Goods Sold	**20.2**	229,182,645
Gross Profit		**60,922,528**
Operating Expenses	**21.2**	1,927,807
Financial Expenses	**22.2**	25,455,483
Amortization of Trial and Operation Loss		4,506,746
Operating Profit		**29,032,492**
Provision for Contribution to WPPF	**23.2**	1,382,500
PROFIT BEFORE TAX		**27,649,993**
Income Tax Provision		-
NET PROFIT FOR THIS YEAR		**27,649,993**
Less: Transferred to Tax Holiday Reserve		8,294,998
Retained Earnings Balance		***19,354,995***
(Transferred to the statement of Changes in Equity)		
Basic Earnings per Share (Par Value Taka 100/-)	**24.2**	***27.68***

The annexed notes 1.2 to 24.2 form an integral part of these financial Statements.

Sd/-	Sd/-	**Sd/-**
A.Matin Chowdhury	**A.F.M. Zubair**	**B.K.Chaki**
Managing Director	Director	DGM-A&F and Company Secretary

As per our report of same date

Sd/-

Dhaka,
November 19, 2009

(M.A. Malek Siddiqui Wali & Co.)
Chartered Accountants

SALEK TEXTILE LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

	SEPT'09 Taka	SEPT'08 Taka
CASH FLOW FROM OPERATING ACTIVITIES :		
Collection from Turnover/Bills Receivable	115,739,768	-
Payment for Raw Materials, Indirect Materials and other expenses	(240,131,061)	-
Payment financial expenses	(18,128,660)	
Net cash used in operating activities	**(142,519,953)**	**-**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisation of Capital Work-in-Progress	-	(106,763,626)
Pre-operating expenses	-	(2,138,200)
Acquisation of Fixed Assets	(34,727,728)	-
Net cash used in investing activities	**(34,727,728)**	**(108,901,826)**
CASH FLOW FROM FINANCING ACTIVITIES :		
Advance,deposits and pre-payments	583,271	(10,364,680)
Payment of Security Money	-	(2,773,984)
Bank Loan Received	111,104,084	244,238,077
Advance from Malek Spinning Mills Ltd.	58,043,600	(125,866,669)
Net cash provided by financing activity	**169,730,954**	**105,232,745**
Increase/(Decrease) in cash and cash eqivalents	**(7,516,726)**	**(3,669,082)**
Cash and Cash Equivalents at July 1	10,603,763	**5,441,882**
Cash and Cash Equivalents at September 30	**3,087,037**	**1,772,800**

SALEK TEXTILE LIMITED

STATEMENT IN CHANGES IN EQUITY

FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

Particulars	Share Capital	Tax Holiday Reserve	Retained Earnings	Total
Balance as on July 01, 2009	99,900,000	11,787,311	27,503,725	139,191,036
Issuance of Shares Capital	-	-	-	-
Net Profit during this Period	-		19,354,995	19,354,995
Tax Holiday Reserve	-	8,294,998	-	8,294,998
As on September 30, 2009	**99,900,000**	**20,082,308**	**46,858,720**	**166,841,029**

FOR THE PERIOD FROM 1ST JULY 2008 TO 30TH SEPTEMBER 2008

Particulars	Share Capital	Total
Balance as on July 01, 2008	200,000	200,000
Balance as on September 30, 2008	**200,000**	**200,000**

				Amount in Taka	
				SEPT'09	**JUN'09**

2.2-D. FINISHED GOODS: Tk.106,892,711

Finished Goods Inventory is accounted as follows:

i) 20 Single Weaving		91,150	71,875	12,175,361	9,600,703
ii) 16 Single Weaving		83,562	84,687	10,875,594	11,022,013
iii) 12 Single Weaving		101,741	48,597	12,544,665	5,659,121
iv) 10 Single Weaving		124,818	159,324	14,107,554	17,461,910
v) 9 Single Weaving		101,959	38,825	11,174,706	4,255,220
vi) 7 Single Weaving		241,975	194,235	25,570,100	21,288,156
vii) 6 Single Weaving		109,644	17,000	11,265,921	1,746,750
viii) 7 Single Slub		3,170	11,950	369,147	1,227,863
ix) 9 Single Slub		71,449	60,831	8,809,662	7,505,028
	Kg.	**929,468**	**687,324**	**Tk. 106,892,711**	**79,766,764**

2.2-E. STORS AND ACCESSORIES: Tk.772,615

Finished Goods Inventory is accounted as follows:

Particular			
Spare Patrs		**772,615**	**688,112**
	Tk.	**772,615**	**688,112**

(a) Inventories are valued at lower of cost and net realizable value. Net realizable value is based on estimated selling price less any other cost anticipated to be incurred to make the sale. Any obsolete stock or abnormal losses are recognized as expenses.

(b) Inventories are physically verified by the Management Team.

(c) Inventories were hypothecated to Eastern Bank Ltd, Dhaka Bank Limited, CITI Bank N.A, HSBC, Trust Bank Ltd

3.2 ADVANCE, DEPOSIT AND PREPAYMENTS: TK.2,789,238

Security deposit to Titas Gas T&D Co.Ltd		2,277,800	2,277,800
Advance against construction material and supplies		511,438	1,094,709
	TK.	**2,789,238**	**3,372,509**

Advance consists of advance to B.K.Shipping Agency, New Look, Factory for Construction and others for Indirect Materials Purchases

4.2 ACCOUNTS RRECEIVABLE: TK.351,368,823

Trade debtors occurred in the ordinary course of business are unsecured but considered good. Details of debtors are given below:

i) Shasha Denims Ltd	**Note: 4.2-A.**		192,685,620	-
ii) Ha-Meem Denims Ltd	**Note: 4.2-B.**		24,213,600	-
iii) Padma Fabrics Ltd	**Note: 4.2-C.**		45,615,960	-
iv) Hamid Fabrics Ltd	**Note: 4.2-D**		14,181,030	-
v) Chittagong Denim Mills Ltd	**Note: 4.2-E**		19,083,600	-
vi) Other Party	**Note: 4.2-F**		55,589,013	-
Total		**TK.**	***351,368,823***	***177,003,418***

(a) The above debtors are secured against confirmed L/C

(b) The Export Bills Receivable were subsequently realised by December 2009

4.2-A. SHASHA DENIMS LTD Tk.192,685,620

S.L#	Party Name	L/C No	DELIVRY DATE	US Dollar	BDT
1	Shasha Denims Ltd	208109020027	24.05.2009	37,500	2,565,000
2	Shasha Denims Ltd	208109020027	26.05.2009	37,500	2,565,000
3	Shasha Denims Ltd	208109020027	08.06.2009	37,500	2,565,000
4	Shasha Denims Ltd	208109020027	10.06.2009	37,500	2,565,000
5	Shasha Denims Ltd	208109020027	31.05.2009	37,500	2,565,000
6	Shasha Denims Ltd	208109020027	31.05.2009	37,500	2,565,000
7	Shasha Denims Ltd	208109020027	11.06.2009	37,500	2,565,000
8	Shasha Denims Ltd	208109020027	11.06.2009	35,000	2,394,000
9	Shasha Denims Ltd	208109020027	24.06.2009	37,500	2,565,000
10	Shasha Denims Ltd	208109020027	24.06.2009	35,000	2,394,000
11	Shasha Denims Ltd	208109020003	11.04.2009	43,750	2,992,500
12	Shasha Denims Ltd	208109020003	15.04.2009	43,750	2,992,500
13	Shasha Denims Ltd	208109020003	24.04.2009	43,750	2,992,500
14	Shasha Denims Ltd	208109020003	24.04.2009	43,750	2,992,500
15	Shasha Denims Ltd	208109020003	23.04.2009	43,750	2,992,500
16	Shasha Denims Ltd	208109020003	15.04.2009	43,750	2,992,500
17	Shasha Denims Ltd	208109020003	26.04.2009	43,750	2,992,500
18	Shasha Denims Ltd	208109020003	16.05.2009	43,750	2,992,500
19	Shasha Denims Ltd	208109020003	26.05.2009	43,750	2,992,500
20	Shasha Denims Ltd	208109020003	02.06.2009	43,750	2,992,500
21	Shasha Denims Ltd	208109020003	04.06.2009	43,750	2,992,500
22	Shasha Denims Ltd	208109020018	09.04.2009	35,000	2,394,000
23	Shasha Denims Ltd	208109020018	09.04.2009	35,000	2,394,000
24	Shasha Denims Ltd	208109020027	24.05.2009	35,000	2,394,000
25	Shasha Denims Ltd	208109020018	09.04.2009	35,000	2,394,000
26	Shasha Denims Ltd	208109020027	24.05.2009	37,500	2,565,000
27	Shasha Denims Ltd	208109020027	26.05.2009	37,500	2,565,000
28	Shasha Denims Ltd	208109020027	08.06.2009	37,500	2,565,000
29	Shasha Denims Ltd	208109020027	10.06.2009	35,000	2,394,000
30	Shasha Denims Ltd	208109020027	31.05.2009	37,841	2,588,340
31	Shasha Denims Ltd	208109020018	09.04.2009	35,000	2,394,000
32	Shasha Denims Ltd	208109020018	09.04.2009	35,000	2,394,000
33	Shasha Denims Ltd	208109020018	28.04.2009	35,000	2,394,000
34	Shasha Denims Ltd	208109020018	29.04.2009	35,000	2,394,000
35	Shasha Denims Ltd	208109020018	09.05.2009	35,000	2,394,000
36	Shasha Denims Ltd	208109020018	28.05.2009	36,250	2,479,500
37	Shasha Denims Ltd	208109020018	30.05.2009	8,700	595,080
38	Shasha Denims Ltd	208109020018	01.06.2009	36,250	2,479,500
39	Shasha Denims Ltd	208109020018	22.06.2009	36,250	2,479,500
40	Shasha Denims Ltd	208109020018	23.06.2009	35,000	2,394,000
41	Shasha Denims Ltd	208109020018	01.06.2009	35,000	2,394,000
42	Shasha Denims Ltd	208109020018	01.06.2009	35,000	2,394,000
43	Shasha Denims Ltd	208109020043	30.08.2009	90,000	6,156,000
44	Shasha Denims Ltd	208109020045	07.07.2009	638,000	43,639,200
45	Shasha Denims Ltd	208109020044	06.08.2009	515,000	35,226,000
TOTAL				**$2,817,041**	**192,685,620**

4.2-B. HA-MEEM DENIMS LTD. Tk.24,213,600

S.L#	Party Name	L/C No	DELIVRY DATE	US Dollar	BDT
1	Ha-Meem Denims Ltd	134309990032	03.07.2009	75,400	5,157,360
2	Ha-Meem Denims Ltd	134309990032	03.07.2009	69,600	4,760,640
3	Ha-Meem Denims Ltd	134309040774	21.05.2009	58,000	3,967,200
4	Ha-Meem Denims Ltd	134309040740	11.05.2009	70,000	4,788,000
5	Ha-Meem Denims Ltd	134309041228	16.08.2009	67,500	4,617,000
6	Ha-Meem Denims Ltd	134309041222	04.08.2009	13,500	923,400
TOTAL				$354,000	24,213,600

4.2-C. PADMA FABRICS LTD. Tk.45,615,960

S.L#	Party Name	L/C No	DELIVRY DATE	US Dollar	BDT
1	Padma Fabrics Ltd	49909990069	01.08.02009	46,250	3,163,500
2	Padma Fabrics Ltd	135109990036	18.07.2009	46,250	3,163,500
3	Padma Fabrics Ltd	49909990038	04.05.2009	28,950	1,980,180
4	Padma Fabrics Ltd	49909041176	08.08.2009	18,000	1,231,200
5	Padma Fabrics Ltd	49909990037	22.04.2009	24,750	1,692,900
6	Padma Fabrics Ltd	49909040853	01.06.2009	44,250	3,026,700
7	Padma Fabrics Ltd	49909990048	01.06.2009	38,000	2,599,200
8	Padma Fabrics Ltd	49909990046	27.05.2009	38,000	2,599,200
9	Padma Fabrics Ltd	49909990041	15.05.2009	28,950	1,980,180
10	Padma Fabrics Ltd	49909990055	16.06.2009	16,500	1,128,600
11	Padma Fabrics Ltd	49909990027	29.03.2009	35,500	2,428,200
12	Padma Fabrics Ltd	49909990052	10.06.2009	47,500	3,249,000
13	Padma Fabrics Ltd	49909040487	12.04.2009	17,000	1,162,800
14	Padma Fabrics Ltd	49909990061	25.06.2009	16,500	1,128,600
15	Padma Fabrics Ltd	49909990063	11.07.2009	47,500	3,249,000
16	Padma Fabrics Ltd	49909990068	27.07.2009	46,250	3,163,500
17	Padma Fabrics Ltd	49909990061	25.06.2009	16,500	1,128,600
18	Padma Fabrics Ltd	49909040459	29.03.2009	16,500	1,128,600
19	Padma Fabrics Ltd	49909990067	25.07.2009	46,250	3,163,500
20	Padma Fabrics Ltd	49909990056	15.06.2009	47,500	3,249,000
TOTAL				$666,900	45,615,960

4.2-D.HAMID FEBRICS LTD. Tk.14,181,030

S.L#	Party Name	L/C No	DELIVRY DATE	US Dollar	BDT
1	Hamid Fabrics Ltd	10509040097	08.04.2009	39,000	2,667,600
2	Hamid Fabrics Ltd	153909041727	18.06.2009	24,000	1,641,600
3	Hamid Fabrics Ltd	153909041727	18.06.2009	24,000	1,641,600
4	Hamid Fabrics Ltd	10509040097	08.04.2009	39,000	2,667,600
5	Hamid Fabrics Ltd	10509040097	11.04.2009	36,000	2,462,400
6	Hamid Fabrics Ltd	10509040097	15.04.2009	24,000	1,641,600
7	Hamid Fabrics Ltd	153909041727	18.06.2009	21,325	1,458,630
TOTAL				$207,325	14,181,030

4.2-E. CHITTAGONJ DENIMS LTD. Tk.19,083,600

S.L#	Party Name	L/C No	DELIVRY DATE	US Dollar	BDT
1	Chittagong Denim Mills Ltd	296009041609	04.08.2009	70,000	4,788,000
2	Chittagong Denim Mills Ltd	221709040569	19.07.2009	15,500	1,060,200
3	Chittagong Denim Mills Ltd	221709040559	19.07.2009	35,000	2,394,000
4	Chittagong Denim Mills Ltd	296009040650	22.04.2009	52,500	3,591,000
5	Chittagong Denim Mills Ltd	296009041236	21.06.2009	52,500	3,591,000
6	Chittagong Denim Mills Ltd	296009040889	13.05.2009	17,500	1,197,000
7	Chittagong Denim Mills Ltd	296009041651	18.08.2009	36,000	2,462,400
TOTAL				$279,000	19,083,600

4.2-F. OTHER PARTY Tk.55,589,013

S.L#	Party Name	L/C No	DELIVRY DATE	US Dollar	BDT
1	Envoy Textiles Ltd	21609040453	19.07.2009	15,300	1,046,520
2	Envoy Textiles Ltd	21609040524	13.08.2009	46,350	3,170,340
3	Envoy Textiles Ltd	21609040237	02.04.2009	6,200	424,080
4	Anmona Fashions Ltd	87209040172	19.05.2009	55,499	3,796,145
5	Anmona Fashions Ltd	167509040578	27.06.2009	37,485	2,563,974
6	Anmona Fashions Ltd	167509040578	08.07.2009	37,485	2,563,974
7	Pacific Denims Ltd	208409990080	13.08.2009	45,000	3,078,000
8	Pacific Denims Ltd	208409990080	26.08.2009	46,000	3,146,400
9	Pacific Denims Ltd	208409990086	14.09.2009	31,500	2,154,600
10	Super Textile Mills Ltd	95609990005	30.06.2009	18,880	1,291,392
11	Super Textile Mills Ltd	95609040018	29.04.2009	15,528	1,062,115
12	Joni Textile Ltd	181309040178	30.04.2009	18,000	1,231,200
13	Joni Textile Ltd	181309040164	19.04.2009	9,000	615,600
14	Samrat & Com(Pvt) Ltd	909040119	14.06.2009	38,520	2,634,768
15	Samrat & Com(Pvt) Ltd	0009/09/04/0186	29.08.2009	34,770	2,378,268
16	Hossain Dying Ltd	296009041728	13.08.2009	19,800	1,354,320
17	Hossain Dying Ltd	296009041831	25.08.2009	21,750	1,487,700
18	Hossain Dying Ltd	296009040998	14.05.2009	4,070	278,400
19	Paramount Textile Ltd	20109990034	29.07.2009	53,375	3,650,850
20	Paramount Textile Ltd	1823 09 99 0004	27.07.2009	4,875	333,450
21	Asiatic Textile Mills (Pvt) Ltd	109020012	18.04.2009	28,000	1,915,200
22	Sparkle Textile Mills Ltd	33309040558	13.05.2009	7,145	488,718
23	Gabardine Textile Mills Ltd	50709040087	19.05.2009	8,788	601,065
24	Deep Textile Mills Ltd	86209041185	28.02.2009	60,150	4,114,260
25	Nassa Taipei Denims Ltd	167909990254	12.08.2009	75,000	5,130,000
26	Adnan Textile Ltd	87209040231	22.07.2009	19,695	1,347,138
27	Padma Weaving Ltd	135109990035	20.07.2009	47,500	3,249,000
28	Shamsul Alamin Cotton Mills Ltd	160609040127	24.07.2009	7,040	481,536
TOTAL				$812,705	55,589,013

		Amount in Taka	
		SEPT'09	**JUN'09**
5.2 CASH AND CASH EQUIVALENT: TK.3,087,037			
A.Cash in Hand		20,000	20,000
B. Cash at Bank			
i) Trust Bank Ltd. A/C: 0003-0210009816		383,393	5,093
ii) Dhaka Bank Ltd. A/C: 207.100.6276		2,586,598	6,065,820
iii) Eastern Bank Limited CD A/C :01011060020990		97,046	4,175,021
iv) HSBC A/C: 001-241389-011		-	337,828
		3,067,037	**10,583,763**
	TK.	**3,087,037**	**10,603,763**

6.2 SHORT TERM LOAN: Tk.255,451,022

This consists of as follows :

		SEPT'09	JUN'09
A. Short Term Loan:			
i) Dhaka Bank Limited		154,343,754	63,379,282
ii) Eastern Bank Limited		34,972,453	46,666,835
iii) Trust Bank Limited		20,980,986	14,417,804
iv) Citibank N.A		-	51,504,387
		210,297,193	**175,968,308**
B. Overdraft:			
i) Eastern Bank Limited OD A/C :01012040000780		25,174,108	19,842,241
ii) HSBC A/C: 001-241389-011		17,797,732	
iii) Citibank N.A A/C : G010000200622006		2,181,988	22,079,497
		45,153,829	**41,921,739**
	TK.	**255,451,022**	**217,890,047**

Note:

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

b) Short term loan is for 6 months interest bearing.

c) The rate of Interest of different banks are from 11% to 13%

		SEPT'09	JUN'09
7.2 ADVANCE FROM MALEK SPINNING MILLS LIMITED:	**TK.**	**202,620,464**	**144,576,864**

Loan taken from Malek Spinning Mills Limited in due normal course of Business and will be paid off in time. This loan is non-interest bearing.

8.2 CURRENT PORTION OF LONG TERM LOAN: TK.189,591,731

This is arrived as follows:

		SEPT'09	JUN'09
i) Eastern Bank Limited		58,364,732	32,240,874
ii) Trust Bank Limited		26,249,646	25,131,071
iii) HSBC		37,982,461	-
iv) Citibank N.A		47,968,010	41,838,645
v) Dhaka Bank Limited		19,026,881	-
	TK.	**189,591,731**	**99,210,590**

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

9.2 ACCEPTANCE LIABITIES FOR RAW COTTON : TK.134,737,142

		SEPT'09	JUN'09
i) Eastern Bank Limited		11,345,743	58,358,460
ii) HSBC		123,391,399	-
iii) Dhaka Bank Limited		-	101,838,853
	TK.	**134,737,142**	**160,197,313**

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

		Amount in Taka	
		SEPT'09	**JUN'09**

10.2 ACCEPTANCE LIABITIES FOR MACHINERY : TK.Nil

		SEPT'09	JUN'09
HSBC			169,094,303
	TK.	-	**169,094,303**

Acceptance liability represents the deferred payment of L/C for Imported Capital Machinery for the period of 360 Days.

11.2 CRDITORS AND ACCRUES : Tk.29,661,224

This is arrived as follows :

		SEPT'09	JUN'09
i) Gas Bill Payable		6,581,065	2,495,756
ii) Audit Fees Payable		10,000	20,000
iii) Legal Fees Payable		-	25,000
iv) Contribution to WPPF		3,347,052	1,964,552
v) Security Money of various party		2,429,263	2,165,123
vi) Salary and Wages Payable		823,493	1,278,283
vii) Directors Remuneration Payable		100,000	100,000
viii) Accounts Payable for waste Cotton purchase		-	5,722,375
ix) Accounts Payable For Goods Supplies & others		16,370,351	18,519,820
x) Interest accrued	**Note:11.2-A**	7,326,822	-
	Tk.	**29,661,224**	**32,290,908**

a) Creditors for Goods Supplied and others represents regular suppliers of packing materials, ball-bearing, belts, fuel and lubricants, stationary items and others. All suppliers were paid on regular basis.

b) Security Money of Various Party represents security deposit against Construction Bill.

c) Details of Accounts Payable for goods supplies and other are given in **Annexure-2.2**

11.2-A. INTERST ACCRUED: Tk.7,326,822

		SEPT'09	JUN'09
Accrued interst on Import Loan:			
Eastern Bank Limited		-	-
Trust Bank Limited		650,123	-
HSBC		-	-
CITIbank N.A		-	-
Dhaka Bank Limited		2,876,080	-
		3,526,203	-
Accrued Interest on Long Term Loan:			
Eastern Bank Limited		189,481	-
Trust Bank Limited		3,611,138	-
HSBC		-	-
CITIbank N.A		-	-
Dhaka Bank Limited		-	-
		3,800,619	-
	Tk.	**7,326,822**	**-**

12.2 TRIAL AND OPERATION LOSS: TK.18,026,983

		SEPT'09	JUN'09
Balance as on 01.07.2009		22,533,729	22,533,729
Less: Amortization during this period @20%		4,506,746	-
	Tk.	**18,026,983**	**22,533,729**

Notes: Trial and operation loss will be written off over 5 years profit.

13.2 SHARE CAPITAL: TK.99,900,000

		SEPT'09	JUN'09
Authorized Capital :			
5,000,000 Shares @ Tk. 100/- each	**Tk.**	500,000,000	500,000,000
Issued, Subscribed and Paid-up Capital :			
999,000 Ordinary Shares @ Tk. 100/- each issued and paid up at par cash	**Tk.**	**99,900,000**	**99,900,000**

	Amount in Taka	
	SEPT'09	**JUN'09**

Percentage of Share Holding Position of different share holders is given below:

S.L	Name of Share Holder	No.of Share	% of Holding	Amount
1	Mr.A.Matin Chowdhury	48,891	4.894%	**4,889,100**
2	Mr.A.F.M.Zubair	16,983	1.700%	**1,698,300**
3	Mr.Azizur R. Chowdhury	51	0.005%	**5,100**
4	Dr.Shamim Matin Chowdhury	33,934	3.397%	**3,393,400**
5	Ms.Saima Matin Chowdhury	41	0.004%	**4,100**
6	Malek Spinning Mills Limited	899,100	90.000%	**89,910,000**
TOTAL		**999,000**	**100.000%**	**99,900,000**

Classification of shareholders by holding:

	Number of holders		Total holding(%)	
Holdings	**Sept'09**	**June'09**	**Sept'09**	**June'09**
Less than 500 shares	92	92	0.009%	0.009%
500 to 5,000 shares	-	-	-	-
5,001 to 10,000 shares	-	-	-	-
10,001 to 20,000 shares	16,983	16,983	1.700%	1.700%
20,001 to 30,000 shars	-	-	-	-
30,001 to 40,000 shares	33,934	33,934	3.397%	3.397%
40,001 to 50,000 shares	48,891	48,891	4.894%	4.894%
50,001 to 100,000 shares	-	-	-	-
100,001 to 1,000,000 shares	899,100	899,100	90.000%	90.000%
Over 1,000,000 shares	-	-	-	-
	999,000	**999,000**	**100%**	**100%**

14.2. GENERAL RESERVE AND SURPLUS : TK.46,858,720

This is arrived as follows :			
Balance as per last accounts		27,503,725	-
Add : Net Profit during this priod		27,649,993	39,291,036
		55,153,718	**39,291,036**
Less : Transferred to Tax Holiday Reserve		8,294,998	11,787,311
	Tk.	**46,858,720**	**27,503,725**

15.2 TAX HOLIDAY RESERVE: TK.20,082,309

Opening Balance		11,787,311	-
Add: Provided during the period		8,294,998	11,787,311
Closing Balance	**Tk.**	**20,082,309**	**11,787,311**

Tax holiday reserve is created as per provision of section 46B(1)(a) and 46B(B)(a)(i) of the Income Tax Ordinance 1984.

16.2 LOAN FROM DIRECTOR'S:	**TK.**	**16,173,100**	**16,173,100**

Temprory Loan taken from Director for meeting of day to day expenditure and will be Paid off in time

17.2 SHARE MONEY DEPOSIT:	**Tk.**	**189,926,900**	**189,926,900**

It represents share money deposit from Malek Spinning Mills Ld. for 1,899,269 Shares @ Tk.100/- each
and Salek Textile Ltd will issue 1,899,269 ordinery shares @ Tk.100/- each in favour of Malek Spinning Mills Ltd.

	Note	Amount in Taka SEPT'09	JUN'09
18.2 LONG TERM LOAN : Tk. 797,097,770			
This is arrived as follows :			
i) Eastern Bank Limited		233,458,929	129,010,337
ii) Dhaka Bank Limited		304,430,102	279,910,934
iii) HSBC		151,929,844	-
iv) Trust Bank Limited		104,998,585	100,477,424
v) Citibank N.A.		191,872,040	209,193,224
		986,689,500	**718,591,918**
Less: Current Portion of Long Term Loan	**Note: 8.2**	**189,591,731**	**99,210,590**
	Tk.	**797,097,770**	**619,381,328**

	Note	Amount in Taka SEPT'09
19.2 SALES : Tk.290,105,173		
Local Sales		-
Export Sales		290,105,173
	Tk.	**290,105,173**
20.2 COST OF GOODS SOLD : Tk.229,182,645		
This is made-up as follows :		
Raw Material Consumed	**Note: 20.2-(A).**	206,131,883
Direct Expenses	**Note: 20.2-(B).**	3,183,318
Factory Overhead	**Note: 20.2-(C).**	47,446,492
Total Manufacturing Cost		**256,761,694**
Work-in-Process - Opening Inventory		18,425,750
Cost of Goods available for Use		**275,187,444**
Work-in-Process - Closing Inventory		18,878,851
Cost of Production		**256,308,593**
Finished Goods - Opening Inventory		79,766,764
Cost of Goods Available for Sales		**336,075,357**
Finished Goods - Closing Inventory		106,892,711
Cost of Goods Sold	**Tk.**	**229,182,645**
20.2-(A) RAW MATERIALS CONSUMED: Tk.206,131,883		
Raw Materials Consumption is accounted as follows:		
Opening Inventory of Raw Materials		116,779,908
Add: Purchase		125,004,378
Raw Materials available for use		241,784,286
Less: Closing Inventory of Raw Materials		(35,652,403)
Raw Material Consumed	**Tk.**	**206,131,883**
20.2-(B) DIRECT EXPENSES: TK.3,183,318		
Direct Wages		3,127,854
Overtime Wages		55,464
	Tk.	**3,183,318**
20.2- (C) FACTORY OVERHEAD: Tk.47,446,492		
Salary and Allowances		1,360,767
Gas Charges		6,581,065
Repairs & Maintenance		2,169,015
Packing Materials		4,611,022
Fuel & Oil		1,417,400
Agriculture Expenses		4,089
Entertainment		383,718
Stationery charges		99,247
Stores and Accessories	**Note: 20.2-(C)-i**	85,846
Printing Charges		112,131
Other Carrying Charges		14,370
Office Expenses		6,650
Vehicles Maintenance		145,275
Conveyance		2,750
Miscellaneous Expenses		6,000
Medical Expenses		560
Depreciation	**Note: 1.2**	30,446,587
	Tk.	**47,446,492**

		Amount in Taka SEPT'09
20.2-(C)-i STORES AND ACCESSORIES CONSUMED: Tk.85,846		
Opening stock of Stores and Accessories		688,112
Add:Purchase during the period		170,349
Less: Closing Stock of Stores and Accessories		772,615
Stores Accessories Consumed	**Tk.**	**85,846**

Notes: Stores and accessories consist of Ball Baring, Various belt, spare parts

21.2 OPERATING EXPENSES : Tk.1,927,807

This is arrived at as follows :

Salaries & Allowances		243,800
Director's Remuneration		350,000
Fees, Forms & Others		53,000
Audit Fees		10,000
Telephone and Mobile Expenses		4,044
Miscellaneous Expenses		200,000
Carriage Outward		890,490
Software Maintenance Expenditure		4,200
Stationary		23,650
Depreciation	**Note: 1.2**	148,623
	Tk.	**1,927,807**

Notes: During the period under review director's are paid remuneration and festival bonus only.

22.2 FINANCIAL EXPENSES : Tk.25,455,483

This is arrived as follows :

i. EASTERN BANK LTD. :		
Interest on Long Term Loan		6,260,737
Interest on Short Term Loan		2,508,210
Interest on Overdraft		676,971
Bank Charges & Commission		547,919
Export Bill Negotiation Commission		78,968
Interest on Bill Discount		786,287
		10,859,092
ii. HSBC :		
Interest on Long Term Loan		4,394,812
Interest on Overdraft		85,205
Bank Charges & Commission		6,540
		4,486,557
iii. DHAKA BANK LTD. :		
Interest on Short Term Loan		265,252
Bank Charges and Commission		141,491
Export L/C Negotiation Commission		9,382
Interest on Bill Discount		637,536
		1,053,661
iv. TRUST BANK LTD. :		
Interest on Short Term Loan		-
		-
v. CITIBANK NA :		
Interest on Short Term Loan		374,581
Interest on Overdraft		218,088
Interest on Term Loan		6,681,563
Interest on Bill Discount		1,707,782
Bank Charges and Commission		74,159
		9,056,173
	Tk.	**25,455,483**

23.2 PROVISION FOR WORKER'S PROFIT PARTICIPATION FUND :TK.1,382,500

		Amount in Taka SEPT'09
This is as follows:		
Provision for Contribution to WPPF		1,382,500
	Tk.	**1,382,500**

24.2 EARNINGS PER SHARE: TK.27.68

(a) Net Income		27,649,993
(b) Weighted average No. of shares outstanding during the period.		999,000
(c) Basic Earnings per Share (EPS) a/b	**Tk.**	**27.68**

Notes: Out standing shares for the period under audit for Salek Textile Limited are 999,000

SALEK TEXTILE LIMITED
FIXED ASSETS SCHEDULE AS AT 30 SEPTEMBER 2009

ANNEXURE :1.2

S.L	PARTICULARS	COST				RATE	DEPRECIATION				WRITTEN DOWN VALUE AS ON 30.09.09	WRITTEN DOWN VALUE AS ON 30.06.09
		AS AT 01.07.2009	ADDITION THIS PERIOD	ADJUSTMET THIS PERIOD	As at 30.09.2009		AS AT 01.07.2009	THIS PERIOD	ADJUSTME	As at 30.09.2009		
1	Land and Land Developmen	40,859,033	10,029,400		50,888,433		-	-	-	-	50,888,433	40,859,033
2	Factory Building	224,155,282	24,306,488		248,461,770	5%	2,801,941	3,070,748		5,872,689	242,589,081	221,353,341
3	Plant and Machinery	852,897,820			852,897,820	10%	21,322,446	20,789,384		42,111,830	810,785,990	831,575,375
4	Generator	109,936,843			109,936,843	15%	4,122,632	3,968,033		8,090,665	101,846,179	105,814,211
5	Motor Vehicle	2,982,683			2,982,683	15%	111,851	107,656		219,507	2,763,176	2,870,832
6	Office Equipments	920,739	26,000		946,739	15%	34,528	34,208		68,736	878,003	886,211
7	Furniture and Fixtures	271,200	5,940		277,140	10%	6,780	6,759		13,539	263,601	264,420
8	Electrical Installation	58,096,672			58,096,672	15%	2,178,625	2,096,927		4,275,552	53,821,120	55,918,047
9	Gas Line Installation	9,293,534	300,000		9,593,534	15%	348,508	346,688		695,196	8,898,338	8,945,026
10	Tubewell and Water Pump	4,725,902	59,900		4,785,802	15%	177,221	172,822		350,043	4,435,759	4,548,681
11	Tools and Equipment	55,000			55,000	15%	2,063	1,985		4,048	50,952	52,938
	TOTAL	**1,304,194,708**	**34,727,728**	**-**	**1,338,922,436**		**31,106,593**	**30,595,210**	**-**	**61,701,804**	**1,277,220,633**	**1,273,088,115**

Depreciation Charged to:

Manufacturing Overhead	30,446,587
Administrative Overhead	148,623
	30,595,210

SCHEDULE OF ACCOUNTS PAYABLE FOR GOODS SUPPLIES & OTHERS.

As at 30.09.2009 **Annexure-2.2**

S.L#	PARTICULARS	AMOUNT	AIGING
1	ACI Limited	5,832	16.08.2009
2	A.K.Traders	226,160	03.08.2009
3	Alif Transport Agency	709,840	29.07.2009
4	Asha Electric	232,800	20.08.2009
5	Asma Steel House	587,000	01.07.2009
6	Ata Enterprise	25,000	30.09.2009
7	Azad Electric House	38,800	06.05.2009
8	Cargo Control Bangladesh PTE Ltd.	132,229	22.07.2009
9	Concord Hardware & Machineries	67,895	30.06.2009
10	Dana Engineers International Ltd.	1,070,342	12.06.2009
11	Delcot Limited	7,800	10.09.2009
12	Diamond Bearing & Machinery	176,300	12.08.2009
13	Enough Computer Ltd	51,800	24.08.2009
14	Eva Machinery & Co.	28,000	13.09.2009
15	Everett Bangladesh (Pvt) Ltd.	543,551	08.08.2009
17	Gulshan Electric	322,760	06.08.2009
18	Hagihara Automobiles Ltd	8,500	24.07.2009
19	H.M.Multimedia	128,431	07.07.2009
20	Jalal Polythine Stores	975,459	26.07.2009
21	Khokan Enterprise	113,600	27.06.2009
22	Liberty Associates Ltd.	11,750	25.08.2009
23	Manikgonj Hardware and Supply	20,250	25.07.2009
24	Meghna Plastic & Engineering Works	3,750	14.09.2009
25	M.F Trading Corporation	15,000	09.08.2009
27	Mita Engineering	31,886	18.06.2009
28	New Hasina Traders	5,500	25.07.2009
29	Ornate Trade Intl	28,405	15.09.2009
30	Paragon Plast Fiber Ltd	1,041,910	04.08.2009
31	Progati Traders	70,000	06.07.2009
33	Rany Enterprise	4,110	12.07.2009
35	Rizwan Transport Agency Ltd.	1,078,145	11.07.2009
37	Salim Electric House	27,140	14.07.2009
38	S.A. Traders	28,000	13.09.2009
39	Shahed Enterprise	749,518	17.08.2009
40	Sharothi Enterprise	20,349	25.08.2009
41	Sigma Pumps Ltd.	1,133,224	31.07.2009
42	S.K.Traders	1,490,799	23.08.2009
43	Soyeb Enterprise	8,000	16.09.2009
44	Teknopack Accessories Industries	379,500	17.08.2009
45	Tongi New Paper Cone	1,335,475	20.08.2009
46	Trade Linkers Ltd.	85,875	14.09.2009
47	LIPIKA	891,506	04.07.2009
48	Zakir Hossain & Brothers	352,935	19.09.2009
49	Unique Electric Co.	410,952	10.07.2009
50	Universal Trade Centre	127,620	03.07.2009
51	Uttara Services Ltd	181,453	08.09.2009
52	Zakir Hossain & Brothers	1,385,200	19.09.2009
TOTAL		**16,370,351**	

DIRECTORS' REPORT

TO THE SHAREHOLDERS FOR THE YEAR ENDED 30TH JUNE, 2009

Dear Shareholders, Colleagues, Ladies & gentlemen,

Assalamu Alaikum,

The directors are pleased to present their report on the activities of the company together with the Audited Accounts of the company for the period from 1st July 2008 to 30th June 2009.

REFERRAL:

In terms of provisions of section 184 of the Companies Act'1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and IAS-1 (International Accounting Standards-1) Codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure for the Board of Directors to submit its report to the Shareholders for the period from 1st July 2008 to 30th June 2009 in the following paragraphs.

BACKGROUND:

The Company was incorporated with RJSC on 9th day of September 2007 as a Private Limited Company. The Authorized Share Capital of the company is Tk. 50,00,00,000/- (Fifty crore) divided into 50,00,000 (Fifty lac) ordinary shares of Tk.100/- each. The paid-up capital as on 30th June stood at Tk. 99,900,000/- consisting of 999,000 ordinary shares of Tk.100/- each.

In terms of the provision of Sub Section (4) of condition 2 of Part-1 of the Companies Act. 1994, the Company is a subsidiary company of Malek Spinning Mills Limited which holds 90% share & other sponsors of Malek Spinning Mills Ltd. hold 10% share of the company.

COMMERCIAL OPERATION:

We are pleased to inform you that Salek Textile Limited started its commercial operation from 1st day of April 2009 (3 months).

GENERAL ECONOMIC & ENVIRONMENTAL SITUATION:

The period under report has seen Bangladesh slowly emerging on global investors' radars as a 'frontier market'. Its population, low-cost labour and strategic location adjacent to China and India makes it a potential contender in the growing economic arena. However growth prospects in Bangladesh are constrained by its weak business environment which suffers from very high levels of corruption and poor infrastructure. The new government's budgetary measures (2009-10), if implemented in full hearts, may help private sector to play an effective role in sustained development of the export oriented sector.

Microeconomic performance has been remarkably resilient in a year of multiple natural disasters, abnormally higher international food and fuel prices and the recession in the West due to financial Tsunami originating in the United States plunging its economy into its worst crisis since the great depression of the 1930s. The crisis in the USA has now been engulfing both the developed and developing countries. Bangladesh being a developing country cannot remain insusceptible to these changed economic scenarios.

COMPANY'S OPERATIONS:

The position of its operating performance for the year ended 30th June, 2009 is given below:

Sl. No.	Description	01-07-08 to 30-06-09) Kg.
01	Production capacity	3,655,250
02	Actual Production	2,193,162
03	Capacity Utilization	60.00%

FINANCIAL RESULTS:

The financial results for the year ended 30th June, 2009 is as follows:

Tk. In million

Description	01-07-08 to 30-06-09)
Turnover	227.81
Cost of goods sold	162.90
Gross profit	**64.91**
Operating expenses	4.88
Financial Expenses	18.78
Operating profit	**41.26**
Provision for Worker's Profit Participation Fund	1.96
Net profit	**39.29**
Gross Margin Ratio	28.49%
Net Margin Ratio	17.25%
Earnings per share (Tk.)	44.79
Weighted average no. of shares outstanding	877,144

The above results reveal that the company's performance during the period (3 months operation) has been satisfactory.

FIXED ASSETS:

The following Fixed Assets as on 30th June 2009:

Description	(as on 30-06-09) (Tk.)
Land and Land Development	40,859,033
Factory Building	2 24,155,282
Plant and Machinery	852,897,820
Generator	109,936,843
Motor Vehicle	2,982,683
Office Equipments	920,739
Furniture & Fixtures	271,200
Electrical Installation	58,096,672
Gas Line Installation	9,293,534
Tubewell and Water Pump	4,725,902
Tools and Equipment	55,000
Total	**1,304,194,708**

APPROPRIATION OF PROFIT:

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

Net Profit earned	Tk. 39,291,036
Less: Proposed Dividend	Nil
Less: Transferred to Tax holiday Reserve	Tk.11,787,311
Transferred to Retained Earnings of Balance Sheet	Tk.27,503,725

DECLARATION OF DIVIDEND:

In order to plough back profit the Board of Directors did not recommend for declaration of any dividend.

APPOINTMENT OF AUDITORS:

The existing Auditor, M/S M.A. Malek Siddiqui Wali & Co. Chartered Accountants appointed as external auditors for the year 2008-2009 in 1st Annual General Meeting held on 25th day of November, 2008. Being eligible they have applied for appointment for the year 2009-2010.

BOARD MEETINGS:

During the period (01-07-2008 to 30-06-2009) 06 (Six) Board meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Number of meeting held	Number of attendance
Mr. A. Matin Chowdhury	06	06
Mr. A.F.M. Zubair	06	05
Dr. Shamim Matin Chowdhury	06	06
Mr. Azizur Rahim Chowdhury	06	06
Ms. Saima Matin Chowdhury	06	04

ACKNOWLWDGEMENT:

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

Looking forward for a bright future for all of us.

Thanking you,

Sd/-

(A Matin Chowdhury)

Chairman & Managing Director

এম, এ, মালেক সিদ্দিকী ওয়ালী এন্ড কোং, চার্টার্ড একাউনটেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

M. A. Malek Siddiqui Wali & Co.
CHARTERED ACCOUNTANTS
Partners: Md. Waliullah, FCA
Swadesh Ranjan Saha, FCA

PHONE: OFF: 9560919
PABX-7172025,717202 RES: 8628136: 8622175
FAX: 880-2-7175704
9-G, MOTIJHEEL C/A,
Dhaka-1000, Bangladesh

AUDITOR'S REPORT
TO
THE SHAREHOLDERS

We have audited the accompanying Balance Sheet of the **NEWASIA SYNTHETICS LIMITED** as of September 30, 2009 and the related Cash Flow Statement and Statement of changes in Equity together with Notes to the Accounts for the period then ended. These financial statements are the responsibility of the management. Our responsibility is to express on opinion on these financial statements based on our audit.

BASIS OF OPINION:

We conducted our audit in accordance with International Standards on Auditing as adopted by the Institute of Chartered Accountants of Bangladesh. 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 amount 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION:

In our opinion, the financial statements prepared in accordance with International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh give a true and fair view of the state of the company's affairs as of September 30, 2009 and of the results of its operations for the year ended and comply with 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 explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) In our opinion, the Company as required by law has kept proper books of account so far as it appeared from our examination of those books.

c) The Company's Balance Sheet dealt with by the report are in agreement with books of account.

d) The Company has not started the Business operation and as such there is no Income Statement of the company to this report.

e) The Expenditure incurred was for the purpose of the company's business.

Dhaka
November 19, 2009

(M. A. MALEK SIDDIQUI WALI & CO.)
Chartered Accountants
Sd/-
(Md. Waliullah, FCA)

NEWASIA SYNTHETICS LIMITED
BALANCE SHEET
AS AT 30 SEPTEMBER, 2009

	Notes	SEPT'09 Taka	JUN'09 Taka
ASSETS :			
Non-Current Assets			
Pre-Operating Expenses	1.3	6,152,032	3,420,716
Capital Work in Progress	2.3	98,420,417	92,085,800
		104,572,449	**95,506,516**
Current Assets :			
Advance, Deposit and Pre-Payments	3.3	-	200,000
Cash and Cash Equivalents	4.3	3,458,562	5,324,495
		3,458,562	**5,524,495**
Current Liabilities :			
Advance from Malek Spinning Mills Ltd.	5.3	4,316,011	816,011
		4,316,011	**816,011**
Net Current Assets		**(857,449)**	**4,708,484**
TOTAL ASSETS		***103,715,000***	***100,215,000***
FINANCED BY :			
Shareholders' Equity :			
Share Capital	6.3	93,715,000	215,000
Share Money Deposit	7.3	10,000,000	100,000,000
TOTAL EQUITY AND LIABILITIES		***103,715,000***	***100,215,000***

The annexed notes 1.3 to 7.3 form an integral part of these financial Statements.

Sd/-	Sd/-	Sd/-
Dr.Shamim Matin Chowdhury	**A.Matin Chowdhury**	**B.K.Chaki**
Managing Director	Director	DGM-A&F and Company Secretary

As per our report of same date

Sd/-
(M.A. Malek Siddiqui Wali & Co.)
Chartered Accountants

Dhaka,
November 19, 2009

NEWASIA SYNTHETICS LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

	SEPT'09 Taka	SEPT'08 Taka
CASH FLOW FROM OPERATING ACTIVITIES :		
Advance deposit and prepayments	200,000	-
Net Cash Provided by Operating Activities	**200,000**	**-**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisation of Capital Work in Progress	(6,334,617)	(89,515,000)
Pre-operating Expenses	(2,731,316)	(316,115)
Net cash used in Investing activities	**(9,065,933)**	**(89,831,115)**
CASH FLOW FROM FINANCING ACTIVITIES :		
Issuance Share Capital	93,500,000	215,000
Share Money Deposit	(90,000,000)	-
Loan Received From Malek Spinning Mills Ltd	3,500,000	100,816,011
Net cash provided by financing activities	**7,000,000**	**101,031,011**
Increase/(Decrease) in cash and cash eqivalents	**(1,865,933)**	**11,199,896**
Cash and Cash Equivalents at July 1	5,324,495	-
Cash and Cash Equivalents at September 30	**3,458,562**	**11,199,896**

NEWASIA SYNTHETICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1ST JULY 2009 TO 30TH SEPTEMBER 2009

Particulars	Share Capital	Total
Balance as on July 1, 2009	93,715,000	93,715,000
As on September 30, 2009	**93,715,000**	**93,715,000**

FOR THE PERIOD FROM 30TH JULY 2008 TO 30TH SEPTEMBER 2008

Particulars	Share Capital	Total
Balance as on July 30, 2008	215,000	215,000
As on September 30, 2008	**215,000**	**215,000**

NEWASIA SYNTHETICS LIMITED
NOTES OF FINANCIAL STATEMENT
AS AT 30 SEPTEMBER, 2009

		Amount in Taka	
		SEPT'09	JUN'09
1.3 PRE-OPERATING EXPENSES:	Tk.	6,152,032	3,420,716

Pre-operating expenses consists of Name registration cost, Capital Increase fees, Market survey cost, Feasibility study cost, consultancy cost, salary and others

2.3 CAPITAL WORK-IN-PROGRESS: TK.92,085,800

This represents expenditure incurred for acquisation and development of Land and other assets up to commercial operation. After completion of construction of the project this expenditure will be transferred to the respective head of fixed assets. The break-up of above amount are given below:

		SEPT'09	JUN'09
(iii) Office Equipment		44,000	44,000
(iv) Furniture & Fixture		256,000	256,000
(vii) Land & Land Development		98,120,417	91,785,800
	Tk.	**98,420,417**	**92,085,800**

		SEPT'09	JUN'09
3.3 ADVANCE, DEPOSIT AND PRE-PAYMENTS:		-	200,000
	Tk.	**-**	**200,000**

Advance consists of Advance to MIDAS for Market Survey

4.3 CASH AND CASH EQUIVALENTS: TK.5,324,495

		SEPT'09	JUN'09
Dhaka Bank Limited A/C: 207.100.6643		3,458,562	5,324,495
	Tk.	**3,458,562**	**5,324,495**

		SEPT'09	JUN'09
5.3 LOAN FROM MALEK SPINNING MILLS LTD.:	Tk.	**4,316,011**	**816,011**

It represents temporary loan taken for day to day expenditure

6.3 SHARE CAPITAL: Tk. 215,000

This is made-up as follows :

		SEPT'09	JUN'09
Authorised Capital :			
50,000,000 Shares @ Tk. 100/- each	Tk.	5,000,000,000	500,000,000
Issued, Subscribed and Paid-up Capital :			
937,150 Ordinary Shares @ Tk. 100/- each issued and paid up at par cash	Tk.	**93,715,000**	**215,000**

The company has increased its Authorise and paid-up capital. This decision is approved by the Extra-Ordinery General Meeting of the Shareholderds of Newasia Synthetics Ltd. on September 09, 2009. Authorisd capital is increased to Tk.500,000,000 (50,000,000 shares of Th.100/- each) and Paid up Capital is increased to Taka 93,715,000 (937,150 shares of Taka.100/- each)

Percentage of Share Holding Position of different share holders is given below:

S.L	Name	No.of Share ho	% of Share Hold	Amount	Amount
1	Mr. A.Matin Chowdhury	5,150	0.550%	515,000	15,000
2	Dr. Shamim Matin Chowdhury	5,200	0.555%	520,000	20,000
3	Mr. A.F.M Zubair	5,000	0.534%	500,000	-
4	Mr.Azizur R. Chowdhury	5,000	0.534%	500,000	-
5	Ms. Saima Matin Chowdhury	5,000	0.534%	500,000	-
6	Mr.Sayen Zubair	5,000	0.534%	500,000	-
7	Malek Spinning Mills Ltd	901,800	96.228%	90,180,000	180,000
8	Mr. Moshiur Rahman	5,000	0.534%	500,000	-
TOTAL		**937,150**	**100.000%**	**93,715,000**	**215,000**

			Amount in Taka	
			SEPT'09	**JUN'09**

Classification of shareholders by holding:

Holdings	Number of holders Sept'09	Number of holders June'09	Total holding(%) Sept'09	Total holding(%) June'09
Less than 500 shares	-	350	-	16%
500 to 5,000 shares	-	1,800	-	84%
5,001 to 10,000 shares	35,350	-	4%	-
10,001 to 20,000 shares	-	-	-	-
20,001 to 30,000 shars	-	-	-	-
30,001 to 40,000 shares	-	-	-	-
40,001 to 50,000 shares	-	-	-	-
50,001 to 100,000 shares	-	-	-	-
100,001 to 1,000,000 shares	901,800	-	96%	-
Over 1,000,000 shares	-	-	-	-
Total	**937,150**	**2,150**	**100%**	**100%**

7.3 SHARE MONEY DEPOSIT: Tk.10,000,000

		SEPT'09	JUN'09
Balance as on 01.07.2009		100,000,000	100,000,000
Less: Transferred to Share Capital		90,000,000	-
	Tk.	**10,000,000**	**100,000,000**

Notes: Share money deposit was comverted into share capital on 27.09.2009

DIRECTORS' REPORT

TO THE SHAREHOLDERS FOR THE YEAR ENDED 30TH JUNE, 2009

Dear Shareholders, Colleagues, Ladies & gentlemen,

Assalamu Alaikum,

The directors are pleased to present their report on the activities of the company together with the Audited Accounts of the company for the period from 30th July 2008 to 30thJune 2009.

REFERRAL:

In terms of provisions of section 184 of the Companies Act'1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and IAS-1 (International Accounting Standards-1) Codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure for the Board of Directors to submit its report to the Shareholders for the period from 30th July 2008 to 30th June 2009 in the following paragraphs.

BACKGROUND:

The Company was incorporated with RJSC on 30th day of July 2008 as a Private Limited Company. The Authorized Share Capital of the company is Tk. 50,00,00,000/- (Fifty crore) divided into 50,00,000 (Fifty lac) ordinary shares of Tk.100/- each. The paid-up capital as on 30th June stood at Tk. 2,15,000/- consisting of 2,150 ordinary shares of Tk.100/- each.

In terms of the provision of Sub Section (4) of condition 2 of Part-1 of the Companies Act. 1994, the Company is a subsidiary company of Malek Spinning Mills Limited which holds 83.72% share & other sponsors of Malek Spinning Mills Ltd. hold 16.28% share of the company.

COMPANY OPERATION AND FINANCIAL RESULTS:

The Company has not started the business operation and such there is no financial results except Pre-operating expenses & Capital work-in progress.

APPOINTMENT OF AUDITORS:

M/S M.A. Malek Siddiqui Wali & Co. Chartered Accountants have applied for appointment as external auditor for the year 2009-2010.

ACKNOWLWDGEMENT:

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

Looking forward for a bright future for all of us.

Thanking you,

Sd/-

(**Dr. Shamim Matin Chowdhury)**

Chairman & Managing Director

এম, এ, মালেক সিদ্দিকী ওয়ালী এন্ড কোং, চার্টার্ড একাউনটেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

M. A. Malek Siddiqui Wali & Co.
CHARTERED ACCOUNTANTS

Partners: Md. Waliullah, FCA
Swadesh Ranjan Saha, FCA

PHONE: OFF: 9560919
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FAX: 880-2-7175704
9-G, MOTIJHEEL C/A,
Dhaka-1000, Bangladesh

Malek Spinning Mills Limited

Auditors Report under section 135(1),Para 24(1) of Part -II of the Third Schedule of Companies Act 1994 We as the auditors having examined the Financial Statements of Malek Spinning Mills Limited as on 30 September 2009, and the figures extracted from the financial statements for remaining years as on 30th June 2009,2008,2007,2006,2005 audited by M.A.Malek Siddique Wali & Co.Chartered Accountants Certified pursuit to section 135 (1) and Paragraph 24 (1) of Part-II of the Thired Schedule of the Companies Act 1994 report that.

A.The statement of Assets & Liabilities of the company as under:

Partculars	30-Sep-09 Tk.	30-Jun-09 Tk.	30-Jun-08 Tk.	30-Jun-07 Tk.	30-Jun-06 Tk.	30-Jun-05 Tk.
ASSETS:						
Non-Current Assets :						
Property, Plant and Equipment at Cost	1,736,463,251	1,749,339,453	1,928,185,332	879,738,790	1,007,871,369	1,044,147,990
Investment in Subsidiary Company	180,090,000	90,090,000	180,000	180,000	-	-
Share Money Deposit to Subsidiary	199,926,900	289,926,900	-	-	-	-
Trial Operation Expenses	**-**	**-**	**-**	**-**	**690,190**	**862,737**
Curret Assets :						
Inventories	673,608,357	658,395,700	413,462,889	444,761,874	384,997,169	333,256,732
Acccunts Receivable	700,620,308	556,892,662	635,768,687	657,209,655	553,134,200	244,163,200
Advances, Deposits and Pre-payments	260,977,455	200,075,540	333,788,195	81,172,035	37,879,704	19,745,335
Cash and Bank Balances	95,852,538	124,561,616	64,083,797	61,145,113	78,953,375	27,322,066
Totat Current Assets:	**1,731,058,658**	**1,539,925,518**	**1,447,103,568**	**1,244,288,677**	**1,054,964,448**	**624,487,333**
Curret Liabilities :						
Short Term Loan (Secured)	776,145,506	644,479,847	197,937,315	339,958,622	266,933,320	410,410,071
Current Portion of Long term Loan	129,328,508	157,573,987		-	-	-
Security Deposit against Sales	6,000,000	6,000,000	6,000,000	-	-	-
Loans and Advances (Un-Secured)	-	-	-	6,000,000	7,000,000	6,000,000
Acceptance Liabilities for Raw Cotton	329,647,813	316,842,289	706,779,554	566,414,078	-	-
Acceptance Liabilities for Machinery	-	13,832,589	-	-	-	-
Creditors for Goods Supplied	86,543,287	-	-	47,672,796	504,605,848	9,300,407
Sundry Creditors	-	72,453,163	55,468,678	-	51,013,688	30,855,680
Provision for Income Tax	41,124,236	31,989,834	36,442,088	31,039,344	17,699,595	6,190,334
Total Current Liabilities	**1,368,789,350**	**1,243,171,709**	**1,002,627,635**	**991,084,840**	**847,252,451**	**462,756,492**
Net Current Assets	**362,269,308**	**296,753,809**	**444,475,933**	**253,203,837**	**207,711,997**	**161,730,841**
Deferred Tax Liability	6,984,324	-	-	-	-	-
TOTAL ASSETS	**2,471,765,135**	**2,426,110,162**	**2,372,841,265**	**1,133,122,627**	**1,216,273,556**	**1,206,741,568**
FINANCED BY:						
Share holder's Equity:						
Share Capital	700,000,000	700,000,000	700,000,000	300,000,000	300,000,000	300,000,000
Share Premium	150,000,000	150,000,000	-	-	-	-
General Reserve and Surplus	475,914,063	416,211,704	153,283,640	-	-	-
Reserve for Re-investment	-	-	-	67,970,378	67,970,378	67,970,378
Reserve for Re-valuation and Surplus	1,104,037,855	1,121,891,469	1,200,832,885	-	-	-
Profit & Loss Account	-	-	-	271,509,291	195,917,378	130,698,233
Non Current Liabilities :						
Long Term Loan(Secured)	41,813,217	38,006,986	318,724,740	493,642,958	652,385,800	708,072,957
TOTAL EQUITY AND LIABILITIES	**2,471,765,135**	**2,426,110,159**	**2,372,841,265**	**1,133,122,627**	**1,216,273,556**	**1,206,741,568**

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

Particulars	01.07.2009 to 30.09.2009 Tk.	01.07.2008 to 30.06.2009 Tk.	01.07.2007 to 30.06.2008 Tk.	01.07.2006 to 30.06.2007 Tk.	01.07.2005 to 30.06.2006 Tk.	01.07.2004 to 30.06.2005 Tk.
Sales	527,688,243	2,359,932,749	2,349,807,000	1,996,428,762	1,869,351,047	904,084,685
Cost of Goods Sold	442,477,943	2,003,900,314	2,010,229,043	1,706,523,410	1,609,634,698	762,952,790
Gross Profit	**85,210,300**	**356,032,435**	**339,577,957**	**289,905,352**	**259,716,349**	**141,131,895**
Operating Expenses	8,581,422	36,384,488	44,002,594	36,899,090	36,212,218	26,928,913
Financial Expenses	17,715,399	92,800,688	154,641,653	158,703,796	142,564,841	82,984,332
Loss on Sale of Fixed Assets		447,781	-	-	-	-
Trial & Operation Expeses written off		-	-	690,190	172,547	215,684
Operating Profit	**58,913,479**	**226,399,478**	**140,933,710**	**93,612,276**	**80,766,743**	**31,002,966**
Other Income	1,952,363	1,216,172	-	-	-	-
Net Operating Income	**60,865,842**	**227,615,650**	**140,933,710**	**93,612,276**	**80,766,743**	**31,002,966**
Contribution to WPPF	2,898,373	10,838,841	7,046,685	4,680,614	4,038,337	1,550,148
Net Profit before Tax	**57,967,469**	**216,776,809**	**133,887,025**	**88,931,662**	**76,728,406**	**29,452,818**
Current Tax	9,134,402	-	-	-	-	-
Deferred Tax	1,477,220	-	-	-	-	-
Provision for Income Tax	-	32,790,160	20,083,054	13,339,749	11,509,261	-

Net Profit this Year	**47,355,847**	**183,986,650**	**113,803,971**	**75,591,913**	**65,219,145**	**29,452,818**
Previous Year Balance	337,270,290	153,283,640	339,479,669	195,917,378	130,698,233	101,245,414
Total Retained Earnings--	**384,626,137**	**337,270,290**	**453,283,640**	**271,509,291**	**195,917,378**	**130,698,232**
Appropriations :						
Bonus Share	-	-	(300,000,000)	-	-	-
Retained Earnings	**384,626,137**	**337,270,290**	**153,283,640**	**271,509,291**	**195,917,378**	**130,698,232**

C. Cash Flows Statement as follows :

Particulars	01.07.2009 to 30.09.2009 Tk.	01.07.2008 to 30.06.2009 Tk.	01.07.2007 to 30.06.2008 Tk.	01.07.2006 to 30.06.2007 Tk.
Cash Flows from Operating Activities :				
Cash Received from Turnover/Bills Receivable	383,960,596	2,440,024,946	2,371,247,969	1,893,753,307
Payment to Suppliers	(430,240,808)	(2,193,500,093)	(2,047,847,219)	(1,665,986,977)
Collection from other Income	1,952,363	-	-	-
Vat Paid	-	-	-	(1,400,000)
Payment of financial Expenses	(8,276,153)	-	-	(158,703,796)
Net Cash provided/used by Operating Activities	**(52,604,002)**	**246,524,853**	**323,400,750**	**67,662,534**
Cash Flows from Investing Activities :				
Acquisition of Fixed Assets	(18,931,822)	(48,366,023)	(42,997,736)	(61,381,486)
Sale of Assets	-	2,800,000	43,930,000	-
Investment in Susidiary	-	(379,836,900)	-	180,000
Net Cash provided/used by Ivesting activities	**(18,931,822)**	**(425,402,923)**	**932,264**	**(61,561,486)**
Cash Flows from Financing Activities :				
Bank Loan Received/Payments	106,199,346	(44,356,766)	-	-
Repayment of Loan/Lease obligations	-	-	(174,918,219)	(158,742,842)
Realise of advance		133,712,655	(246,476,109)	
Cash received against share money deposit		-	100,000,000	
Short Term Loan	-	-	-	134,833,532
Payment of Lease Obligations	(2,470,686)	-	-	-
Advance,Deposits And Prepayments	(60,901,916)	-	-	-
Share Premium Received	-	150,000,000	-	-
Net Cash provided/used by financing activities	**42,826,744**	**239,355,890**	**(321,394,328)**	**(23,909,310)**
Increase/(Decrease) in cash and cash equivalents	(28,709,080)	60,477,819	2,938,686	(17,808,262)
Cash and Cash Equivalents at July 1	124,561,616	64,083,797	61,145,112	78,953,375
Cash and Cash Equivalents at September 30	**95,852,536**	**124,561,616**	**64,083,798**	**61,145,113**

D. Dividend

The Company has declared dividend as follows

	01.07.2009 to 30.09.2009	01.07.2008 to 30.06.2009	01.07.2007 to 30.06.2008	01.07.2006 to 30.06.2007	01.07.2005 to 30.06.2006	01.07.2004 to 30.06.2005
Cash dividend	Nil	Nil	Nil	Nil	Nil	Nil
Stock dividend	Nil	Nil	Nil	100%	Nil	Nil

E. Malek Spinning Mills Limited was incorporated as a Private Limited Company on 2 November, 1989 under Companies Act, 1913. It was converted into Public Ltd. Company and denominated from Tk100/- to Tk10/- per share as on 14th September, 2008.

F. The company has two subsidiary company.

I. Salek Textile Limited.
II. Newasia Synthetics Limited

G. The company did not prepare any accounts for any period subsequent to 30.09.2009

H. Figures related to previous years have been rearranged whete considerd necessary.

Dhaka
`December 27, 2009

(M.A.MALEK SIDDIQUI WALI & CO)
Chartered Accountants

Sd/-
(Md.Waliullah, FCA)

এম, এ, মালেক সিদ্দিকী ওয়ালী এন্ড কোং, চার্টার্ড একাউনটেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

M. A. Malek Siddiqui Wali & Co.
CHARTERED ACCOUNTANTS
Partners: Md. Waliullah, FCA
Swadesh Ranjan Saha, FCA

PHONE: OFF: 9560919
PABX-7172025,717202 RES: 8628136: 8622175
FAX: 880-2-7175704
9-G, MOTIJHEEL C/A,
Dhaka-1000, Bangladesh

Auditor's Certificate regarding calculations of EPS and Ratios

We have examined the following earnings per share (EPS) and other ratio of Malek Spinning Mills Limited as an 30th September, 2009 and for the year ended 30 June 2009, 2008, 2007, 2006, and 2005, which have been produced by the management of the company to us. The preparation of the EPS and other ratios is the responsibility of the company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable principles on the basis of audited financial statements for the period ended 30th September, 2009 and for the year ended 30 June 2009, 2008, 2007, 2006, and 2005.

Based on our review, we certify that the company has properly prepared the following EPS and other ratio using acceptable principles on the basis of audited financial statements for the period ended 30th September, 2009 and for the year ended 30 June 2009, 2008, 2007, 2006, 2005.

Particulars	July-09 to Sept-09	30.06.2009	30.06.2008	30.06.2007	30.06.2006	30.06.2005
1.Liquidity Ratios:						
Current Ratio	1.26	1.24	1.44	1.26	1.25	1.35
Quick Ratio	0.77	0.71	1.03	0.81	0.79	0.63
Times Interest Earned Ratio	3.74 Times	2.49 Times	0.91Times	0.59 Times	0.57 Times	0.37 Times
Debt to Equity Ratio	0.53	0.49	0.60	2.19	2.53	2.24
2. Operating Ratios :						
Accounts Receivable	0.84 Times	3.96 Times	3.63 Times	3.30 Times	4.69 Times	4.34 Times
Turnover Ratio						
Inventory Turnover Ratio	0.66 Times	3.74 Times	4.68 Times	4.11 Times	4.48 Times	2.36 Times
Asset Turnover Ratio	0.22Times	0.97 Times	1.34 Times	1.70 Times	1.54 Times	1.10 Times
3. Profitability Ratios:						
Gross Margin Ratio	16.15%	15.09%	14.45%	14.52%	13.89 %	15.61%
Operating Income Ratio	11.53%	9.65%	6.00%	4.69%	4.32 %	3.43%
Net Income Ratio	8.97%	7.80%	4.84%	3.79%	4.10 %	3.26%
Return on Assets Ratio	1.93%	7.58%	6.49%	6.44%	5.38 %	3.59%
Return on Equity Ratio	1.97%	8.28%	8.45%	12.56%	12.28 %	7.03%
Earning Per Share(EPS)	Tk 0.68*	Tk.2.70**	Tk.18.97	Tk.25.20	Tk. 21.74	Tk. 9.82

* EPS for the period as on 30th September 2009 stands Tk 0.68. After annualizing, EPS stands as on 30 June 2010 is Tk 2.72 per share.

** The face value of share of the company has been denominated from Tk 100 to Tk 10 as on 14th September 2008 So EPS would be considered as per new face value of share

Dhaka

10 March, 2010

(M.A.MALEK SIDDIQUI WALI & CO)

Chartered Accountants

Sd/-

(Md.Waliullah, FCA)

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৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

M. A. Malek Siddiqui Wali & Co.
CHARTERED ACCOUNTANTS
Partners: Md. Waliullah, FCA
Swadesh Ranjan Saha, FCA

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Dhaka-1000, Bangladesh

	Ratios	Formula	Calculation	Result	
I	Liquidity Ratio				
	(i) Current Ratio	Current Assests	1,731,058,658	1.26	
		Current Liabilites	1,368,789,350		
	(ii) Quick Ratio	Quick Assets = (Current Assets-Inventory)	1,057,450,301	0.77	
		Current Liabilites	1,368,789,350		
	(iii) Times Interest Earned Ratio	Operating Profit	58,913,479	3.74	Times
		Net Interest Expenses= (Financial Exspenses-Interest Income)	15,763,036		
	(iv) Debt to Equity Ratio	Total Debt = (Secured Loans+ Current Portion of Long Term Loan)	1,276,935,044	0.53	
		Total Equity = (Share Capital + Reserves & Serpluses)	2,429,951,918		
II	Operating Ratio				
	(v) ACCOUNTS RECEIVABLES TURNOVER	Sales	527,688,243	0.84	Times
		Average Accounts Receivables = {(Opening+ Closing Account Receivables)/2}	628,756,485		
	(vi) INVENTORY TRUNOVER	Cost of goods Sold	442,477,943	0.66	Times
		Average Inventory Cost = {(Opening+Closing Inventory)/2}	666,002,029		
	(vii) ASSETS TURNOVER	Sales	527,688,243	0.22	Times
		Average Total Assets ={(Opening + Closing Total Assets)/2}	2,448,937,648		
III.	Profitability Ratio				
	(viii) GROSS MARGIN	Gross Profit X 100	85,210,300	16.15	%
		Sales	527,688,243		
	(ix) OPERATING INCOME	Operating profit X 100	60,865,842	11.53	%
		Sales	527,688,243		
	(x) NET INCOME	Net Profit X 100	47,355,847	8.97	%
		Sales	527,688,243		
	(xi) RETURN ON ASSETS	Net profit for the year X 100	47,355,847	1.93	%
		Average Total Assets = { (Opening + Closing Total Assets)/2}	2,448,937,648		
	(xii) RETURN ON EQUITY	Net Profit for the year X 100	47,355,847	1.97	%
		Average Total Stockholder's Equity= { (Opening + Closing Share Capital and Reserves & Surpluses)/2}	2,409,027,546		
	(xiii) EARING PER SHARE (EPS)	Net Profit available for ordinary share holders	47,355,847	0.68	Taka
	(Face Value Tk.10.00)	Weighted average No. of Ordinary shares outstanding	70,000,000		

Dhaka
December 27, 2009

(M.A.MALEK SIDDIQUI WALI & CO)
Chartered Accountants
Sd/-
(Md.Waliullah, FCA)

এম, এ, মালেক সিদ্দিকী ওয়ালী এন্ড কোং, চার্টার্ড একাউনটেন্টস
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Auditors Certificate Regarding deposit of an amount equivalent to the Paid up capital

Paid up capital structure of Malek Spinning Mills Limited stands as on:

Paid-up capital as on	existing	New allotment	Total paid up	Face value	Amount in Tk.
02-11-1989	10,000	nil	10000	100/-	10,00,000
03-04-1990	10,000	30,000	40000	100/-	40,00,000
07-08-1994	40,000	6,666	46666	100/-	46,66,600
22-11-1995	46,666	53,334	1,00,000	100/-	1,00,00,000
07-02-1998	1,00,000	4,00,000	5,00,000	100/-	5,00,00,000
28-06-1999	5,00,000	5,00,000	10,00,000	100/-	10,00,00,000
13-04-2004	10,00,000	7,00,000	17,00,000	100/-	17,00,00,000
24-10-2004	17,00,000	7,00,000	24,00,000	100/-	24,00,00,000
28-04-2005	24,00,000	6,00,000	30,00,000	100/-	30,00,00,000
05-12-2007	30,00,000	30,00,000	60,00,000	100/-	60,00,00,000
06-09-2008	60,00,000	1,00,00,00	70,00,000	100/-	70,00,00,000
29-10-2009	70,00,000	5,00,00,000	1,20,00,000	10/-*	120,00,00,000

* The company changed the face value of its shares from Tk 100/- to Tk 10/- on September 14, 2008

The above mentioned paid up capital has been deposited on different Banks such as:

Sl. No.	Name of the Banks	Branch Name
01	Eastern Bank Limited	Principal Branch
02	Dhaka Bank Limited	Kawran Bazar Branch
03	One Bank Limited	Principal Branch
04	Trust Bank Limited	Sena Kalyan Bhaban Branch
05	Shahjalal Islami Bank Limited	Foreign Exchange Branch
06	HSBC	Anchor Tower Branch
07	Citibank, N.A.	Gulshan Branch
08	AB Bank Limited	Principal Branch

Dhaka
December 27, 2009

(M. A. MALEK SIDDIQUI WALI & CO)
Chartered Accountants
Sd/-
(Md. Waliullah, FCA)

Section XIV

"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."

Malek Spinning Mills Limited

APPLICATION FORM

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI (S)

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

Banker's Sl. No.

The Managing Director
Malek Spinning Mills Limited
117/A, Tejgaon I/A
Dhaka-1208

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 the 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 Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account 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. No. of Ordinary Shares .... of Tk. 25.00 each including a premium of Tk. 15 per share.
2. Amount of Tk. (*in figure*)..,Taka (*inwords*)... only deposited vide Cash/Cheque/Draft/PayOrderNo...dated.. on..Bank..Branch.
3. Depository (B/O) Account Number | | | | | | | | | | | | | | | | |

(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

4. I/we agree to fully abide by the instruction given herein.
5. Particulars of Applicant(s):

a) Sole/First Applicant

Name:		
Father's/Husband's name:		
Mothers name:		
Postal address:		
Occupation:	Nationality:	Telephone No. (if any):
For refund warrant (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:		
For refund purpose: I/we wants refund through	☐ Bank Account*	☐ Hand delivery/Courier (please put tick marks in which refund will be made)
Applicant's Bank A/C No.:		Branch:
Name of the Bank:		

b) Second Applicant

Name:		
Father's/Husband's name:		
Mothers name :		
Postal address:		
Occupation:	Nationality:	Telephone No.(if any)

6. I/we hereby declare that I/we have read the Prospectus of **Malek Spinning Mills Limited,** and have willingly subscribed for .... no. of shares of Tk. 25.00 each including a premium of Tk. 15 per share..
7. **Specimen Signature(s):**

(i) Name (*in block letters*):	Signature:
(ii) Name (*in block letters*):	Signature:

*In case of deposit into the applicant's bank account, the applicant will bear the applicable charge, If any, of the applicants banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk.............................(in word)...only from Mr./Mrs./Ms. ....being the application money for .... nos. of Ordinary Shares of Malek Spinning Mills.

Authorized Signature

Banker's Sl. No. **Seal and Date** **(Name & Designation)**

INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under 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 as 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 on typed copy/hand written form thereof.

4. Application must not be for less than 500 ordinary shares and must be for a multiple of 500 ordinary shares. Any application not meeting these criterions 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 favoring **"Malek 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 a joint application form, the Allotment letter will be dispatched to the person whose name appears first on this application form.

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. Applications must be in the 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 must be accompanied by Memorandum of Association and Articles of Associations and Certificate of Incorporation.

9. **An applicant cannot 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 acknowledgement to the issue for application lodged with them.

11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) showing bank account number and name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.

12. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.

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 and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) 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 the law.

14. Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.

15. The Bankers' to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.

16. **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 have been published.**

Bankers to the Issue

Investment Corporation of Bangladesh (ICB)

Head Office, Dhaka
Local Office, Nayapaltan, Dhaka
Barishal Branch, Barishal
Bogra Branch, Bogra
Chittagong Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Sylhet Branch, Sylhet

National Bank Limited

Agrabad Branch, Chittagong
Anderkillah Branch, Chittagong
Babubazar Branch, Dhaka
Banani Branch, Dhaka
Bangshal Road Branch, Dhaka
Barisal Branch, Barisal
Bogra Branch, Bogra
Chawk Bazar Branch,Chittagong
Chowmuhani Branch,Noakhali
Comilla Branch, Comilla
Daganbhuiyan Branch, Feni
Dhanmondi Branch, Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Faridpur Branch, Faridpur
Feni Branch, Feni
Foreign Ex. Branch, Dhaka
Gazipur Branch, Gazipur
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Islampur Branch, Dhaka
Jatrabari Branch, Dhaka
Jubilee Road Branch, Chittagong
Kawran Bazar Branch, Dhaka
Khatunganj Branch, ChIttagong
Khulna Branch, Khulna
Lake Circus Branch, Kalabagan, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
Mohakhali Branch, Dhaka
Mohammadpur Branch, Dhaka
Motijheel Branch, Dhaka
Narayanganj Branch, N'Gonj
Narsingdi Branch, Narsingdi
New Eskaton Branch,Dhaka
North Brook Hall Branch, Dhaka
Pagla Bazar Branch, N'Gonj
Pahartali Branch, Chittagong
Pragati Sarani Branch, Dhaka
Rajshahi Branch, Rajshahi
Rangpur Branch, Rangpur
Savar Bazar Branch, Savar, Dhaka
Sheikh Mujib Road Branch, Chittagong
Sylhet Branch, Sylhet
Tangail Branch, Tangail
Uttara Branch, Dhaka
Z H Sikder M.C. Branch, Dhaka
Zinda Bazar Branch, Sylhet
Sunamgonj Branch, Sunamgonj

Southeast Bank Limited

Aganagar Branch, Dhaka
Agargaon Branch, Dhaka
Agrabad Branch, Chittagong
Banani Branch, Banani, Dhaka
Bandar Bazar Branch, Sylhet
Bangshal Branch, Dhaka
Bashundhara Branch, Dhaka
Barisal Branch, Barisal
CDA Avenue Branch, Chittagong
Chowmuhani Branch, Noakhali
Corporate Branch, Dhaka
Dhanmondi Branch, Dhaka
Feni Branch, Feni
Gulshan Branch, Dhaka
Halishahar Branch, Chittagong
Hetimgonj Branch, Sylhet
Imamganj Branch, Dhaka
Jubilee Road Branch, Chittagong
Kakrail Branch, Dhaka
Karwan Bazar Branch, Dhaka
Khatungonj Branch Chittagong
Khulna Branch, Khulna
Kulaura Branch (Rural), Moulivi Bazar
Laldighirpaar Branch, Sylhet
Motijheel Branch, Dhaka
Moulvibazar Branch, Moulvibazar
Mouchak Branch, Dhaka
Momin Road Branch, Chittagong
Narayanganj Branch. Narayanganj
New Elephant Road Branch, Dhaka
New Eskaton Branch, Dhaka
Pahartali Branch, Pahartali, Chittagong
Panthantula Branch, Sylhet
Principal Branch, Dhaka
Rajshahi Branch, Rajshahi
Shaymoli Branch, Dhaka
Sat Moshjid Road Branch, Dhaka
Shahjalal Uposhahar Branch, Sylhet
Tongi Branch, Dhaka
Uttara Branch, Dhaka

Dutch Bangla Bank Limited

Agrabad Branch, Chittagong
B. B. Road Branch, Narayanganj
Baburhat Branch, Narshingdhi
Banani Branch, Dhaka
Barisal Branch, Barisal
Basundhara Branch, Dhaka
Biswanath Branch, Sylhet
Board Bazar Branch, Gazipur
Bogra Branch, Bogra
Beani Bazar Branch, Sylhet
Bandura Branch, Dhaka
Basurhat Branch(Rural) Noakhali
Bhairab Branch, Kishorgonj
Bhulta Branch, Narayangonj
BSCIC Branch, Narayangonj
CDA Avenue Branch, Chittagong
Comilla Branch, Comilla
Coxs Bazar Branch,Coxs Bazar
Choumuhani Branch, Feni
Chatak Branch, Sunamganj
Dania Branch, Dhaka
Dhaka EPZ Branch, Dhaka
Dhanmondi Branch, Dhaka
Dinajpur Branch, Dinajpur
Dagonbhuiyan Branch, Feni
Elephant Road Branch, Dhaka
Feni Branch, Feni
Fatikchhari Branch, Chittagong
Gazipur Chowrasta Branch, Gazipur
Golapgonj Branch, Sylhet
Gulshan Branch, Dhaka
Goala Bazar Branch, Sylhet
Gobindagonj Branch, Gaibandha
Hathazari Branch, Chittagong
Halishahar Branch, Chittagong
Imamgonj Branch, Dhaka
Islampur Branch, Dhaka
Joypara Branch,Dohar, Dhaka
Jubilee Road Branch, Chittagong
Jessor Branch, Jessore
Kadamtali Branch, Tangail
Kawran Bazar Branch, Dhaka
Khulna Branch, Khulna
Konabary Branch, Gazipur
Khatunganj Branch, Chittagong
Kushtia Branch, Kushtia
Local Office, 1 Dilkusha C/A, Dhaka
Lohagara Branch, Chittagong
Manikgonj Branch, Manikgonj
Mirpur Branch, Dhaka
Mirpur Circle-10 Branch, Dhaka
Mirzapur Branch, Tangail
Mohakhali Branch, Dhaka
Motijheel Foreign Exchange, Branch,Dhaka
Moulavi Bazar Branch, Moulavi Bazar
Muradpur Branch, Chittagong
Mymensingh Branch, Mymensingh
Nababpur Branch, Dhaka
Narayanganj Branch, Narayangang
Naya Bazar Branch, Dhaka
Narsingdi Branch, Narsingdi
Netaiganj Branch, Narayangong
Patherhat Branch, Chittagong
Pabna Branch, Pabna
Rajshshi Branch, Rajshahi
Ring Road Branch, Dhaka
Rangpur Branch, Rangpur
Savar Bazar Branch, Dhaka
Shantinagar Branch, Dhaka
Simrail Branch, Narayanganj
Sylhet Branch, Sylhet
Sonagazi Branch, Feni
Shahzadpur, Sirajganj
Saidpur Branch, Nilphamary
Srimangal Branch, Moulivibazar
Satmosjid Road Branch, Dhaka
Uttara Branch, Dhaka

Eastern Bank Limited

Principal Branch, Dilkusha Dhaka
Motijheel Branch, Dhaka
Mirpur Branch, Dhaka
Bashundhara Branch, Dhaka
Shyamoli Branch, Dhaka
Narayanganj Branch, Narayanganj
Agrabad Branch, Chittagong
Kahtunganj Branch, Chittagong
Bogra Branch, Bogra

Khulna Branch, Khulna
Rajshahi Branch, Rajshahi

Firsv t Security Islami Bank Ltd.

Dilkusha Branch, Dhaka
Mohakhali Branch, Dhaka
Bangshal Branch, Bangshal, Dhaka
Dhanmondi Branch, Dhanmondi, Dhaka
Gulshan Branch, Gulshan, Dhaka
Mirpur Branch, Mirpur, Dhaka
Banani Branch, Banani, Dhaka
Topkhana Road Branch, Topkhana, Dhaka
Biswa Road Branch, Maiddah bashabo, Dhaka
Donia Branch, Shyampur, Dhaka
Collage Gate Branch, Tongi, Gazipur
Senanibash Branch, Kafrul, Dhaka
Motijheel Branch, Motijheel, Dhaka
Ring Road Branch,Mohammadpur, Dhaka
Banoshree Branch, Rampura, Dhaka
Khatungonj Branch, Chittagong
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Probortak Mor Branch, Panchlaish, Chittagong
Bohaddarhat Branch, Chandgaon, Chittagong
Andar Killah Branch, Andar Killah, Chittagong
Cox's Bazar Branch, Cox's Bazar
Rangpur Branch, Station Road, Rangpur
Bogra Branch, Barogola, Bogra
Rajshahi Branch, Shaheb Bazar, Rajshahi
Sylhet Branch, Mendibagh, Sylhet
Ambarkhana Branch, West Ambarkhana, Sylhet
Khulna Branch, KDA Avnenue, Khulna
Jessore Branch, Jessore

One Bank Limited

Agrabad Branch, Chittagong
Banani Branch, Dhaka
Bangshal Branch, Dhaka
Bogra Branch, Bogra
Chowmuhuni Branch, Noakhali
Chandragonj Branch, Laxmipur
Cox's Bazar Branch, Main Road, Cox's Bazar
CDA Avenue Branch, Chittagong
Dagon Bhuiyan Branch, Feni
Dhanmondi Branch, Dhaka
Elephant Road Branch, Dhaka
Feni Branch, Feni
Ganakbari (EPZ) Branch,Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Imamganj, Dhaka
Islampur Branch, Islampur Bazar, Sylhet
Nanupur Branch, Chittagong
Jatrabari Branch, Dhaka
Jessor Branch, Jessore
Joypara Branch, Raipara, Dohar, Dhaka
Jubilee Raod Branch, Chittagong
Kakrail Branch, Dhaka
Kawran Bazar Branch, Dhaka
Khatunganj Branch, Chittagong
Mirpur Branch, Mirpur -11, Dhaka
Motijheel Branch, Dhaka
Narayanganj Branch, Narayanganj
Nawabgonj Branch, Dhaka
Principal Branch, Dhaka
Progati Sharani Branch, Dhaka
Raipur Branch, Raipur, Laxmipur
Sherpur Branch, Moulvi Bazar
Sirajgonj Branch, Sirajgonj
Sylhet Branch, Sylhet
Uttara Branch, Dhaka

Trust Bank Limited

Principal Branch, Dhaka
SKB Branch,Dhaka
Agrabad Branch, Chittagong
Gulshan Corp. Branch, Dhaka
Dilkusha Corp. Branch, Dhaka
Milennium Corporate Branch.Dhaka Cant
Uttara Corporate Branch, Dhaka
Mirpur Branch, Dhaka
Karwan Bazar Branch, Dhaka
Kafrul Branch, Dhaka
Jubilee Road Branch, Chittagong
Shahjalal Uposhohor Branch, Sylhet
Feni Branch, Feni
Beanibazar Branch, Sylhet
Joydebpur Branch, Gazipur

Dhaka Bank Limited

Local Office, Dhaka
Banani Branch, Dhaka
Uttara Branch, Dhaka
Laldighirpar Branch, Sylhet
Bangshal Branch, Dhaka
Foreign Exchange Branch, Dhaka
Dhanmondi Branch, Dhaka
Islami Banking Branch, Dhaka
Jubilee Road Branch, Chittagong
Kawran Bazar Branch, Dhaka
Narayangonj Branch, Narayanganj
Khatungonj Branch, Chittagong
Baridhara Branch, Dhaka
Agrabad Branch, Chittagong

Standard Chartered Bank

Motijheel (OPCC) Branch, Dhaka
Mirpur (OPCC) Branch, Dhaka
Narsirabad Branch, Chittagong
Agrabad Branch, Chittagong
Khulan Branch, Khulna
Bogra Branch, Bogra
Sylhet Branch, Sylhet

Shahjalal Islami Bank Limited

Baipail (Dhaka EPZ) Branch, Dhaka
Banani Branch, Dhaka
Bangshal Branch, Dhaka
Bijoynagar Branch, Dhaka
Beani Bazar Branch, Sylhet
Dhaka Main Branch, Dhaka
Dhanmondi Branch, Dhaka
Dargah Gate Branch, Sylhet
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Joypara Branch, Dohar, Dhaka
Kawran Bazar Branch, Dhaka
Keraniganj Branch, Dhaka
Mirpur Branch, Dhaka
Mitford Branch, Dhaka
Motijheel Branch, Dhaka
Muradpur Branch, Chittagong
Moulvibazar Branch, Moulvi Bazar
Mymensingh Banch, Mymensingh
Satmasjid Road Branch, Dhaka
Savar Branch, Dhaka
Uttara Branch, Dhaka
Vatara Branch, Dhaka
Narayanganj Branch, Narayanganj
Joydevpur Chowrasta Branch, Gazipur
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatungonj Branch, Chittagong
Sylhet Branch, Sylhet
Jessore Branch, Jessore
Khulna Branch, Khulna
Saidpur Branch, Nilphamari
Rajshahi Branch, Rajshahi

Bank Asia Limited

Principal Office Branch, Dhaka
MCB Dilkusha Branch, Dhaka
Corporate Branch, Dhaka
Scotia Branch, Dhaka
Dhanmondi Branch, Dhaka
Mitford Branch. Dhaka
Gulshan Branch, Dhaka
NorthSouth Road Branch, Dhaka
MCB Banani Branch, Dhaka
Bashundhara Branch, Dhaka
Uttara Branch, Dhaka
Mirpur Branch, Dhaka
Mohakhali Branch, Dhaka
Shantinagar Branch, Dhaka
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
MCB Sk. Mujib Road Branch, Chittagong
CDA Avenue Branch, Chittagong
Station Road Branch, Chittagong
Anderkilla Branch, Chittagong
Bahadderhat Branch, Chittagong
Sylhet Main Branch, Sylhet
Sylhet Uposhar Branch, Sylhet
Rajshahi Branch, Rajshahi
Bogra Branch, Bogra
Khulna Branch, Khulna
Jessore Branch, Jessore

"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."

Malek Spinning Mills Limited

APPLICATION FORM

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI (S)

(TO BE SENT DIRECTLY TO THE COMPANY'S CORPORATE OFFICE)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications or failing to comply with any of the instructions there in, applications may be rejected.

The Managing Director
Malek Spinning Mills Limited
117/A, Tejgaon I/A,
Dhaka-1208
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 the 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 Members of the Company as the holder(s) of ....Shares allotted to me/us pursuant to this application and credit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account 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. No. of Shares .... of Tk. 25.00 each including a premium of Tk. 15 per share.
2. Amount of Tk. (*in figure*)..........................(*in words*)..only Convertible into US Dollar 1.00 = Tk ...., UK Pound Sterling 1.00 = Tk ...., and Euro 1.00 = Tk .... Payment by cheque/draft no. .... dated.................................. for US Dollar or UK Pound Sterling or Euro or TK.. drawn on...Bank..Branch.
3. Depository (B/O) Account Number

(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

4 I/we fully agree to abide by the instructions given herein.
5. Particulars of Applicant(s):

a) Sole/First Applicant

Name:	
Father's/Husband's name:	
Mothers name:	
Mailing address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	Telephone No. (if any):
For refund purpose:	
Applicant's Bank A/C No.:	
Name of the Bank:	Branch:

b) Second Applicant

Name:	
Father's/Husband's name:	
Mothers name:	
Mailing address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	Telephone No. (if any):

Nominee:

Name:
Mailing address:

6. I/we hereby declare that I/we have read the Prospectus of **Malek Spinning Mills,** and have willingly subscribed for .... no. of shares of Tk. 25.00 each including a premium of Tk 15 per share.
7. **Specimen Signature(s):**

	Name in Block Letters	Signature
Sole/First Applicant:		
Second Applicant:		
Nominee:		

INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under 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 as invalid.

1. All information must be written or typed in block letters in English and must not be abbreviated.

2. An application must not be for less than 500 Ordinary Shares and must be for a multiple of 500 ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.

4. An 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 **"Malek Spinning Mills Limited"** and crossed **"Account Payee only"**.

5. An application shall be sent by the applicant directly to the Company by June 10, 2010 so as to reach the Company by June 19, 2010 Applications sent after June 10, 2010 or received by the Company after June 19, 2010 will not 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 at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.

7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.

8. Money receipt on 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. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.

12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) 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 the law.

13. The intending NRB applicants shall deposit share money by US$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, 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". So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.

14. The spotbuying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.

15 **The applicant shall furnish photocopies of relevant pages of valid passports 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.**

16. In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-15 (above).

17. An applicant cannot 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.

18. 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 have been published.

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

Section XV

Credit Rating Information and Services Limited

CREDIT RATING REPORT
ON
MALEK SPINNING MILLS LIMITED

CRISL
R E P O R T

Address:
CRISL
Nakshi Homes
(4th Floor),
6/1A, Segunbagicha,
Dhaka-1000
Tel: 7173700-1
Fax: 88-02-9565783
Email: crisl@bdonline.com

Analysts:
Sk.Md.Lutful Kabir
Kabir@crislbd.org

Akram H Siblee, ACMA
siblee@crislbd.org

Entity Rating:
Long Term: AA-
Short Term:ST-2

Outlook: Stable

Rating :
Based on Financials upto 1Q of FY2009-10

MALEK SPINNING MILLS LIMITED

PRINCIPAL ACTIVITY
Manufacturing and marketing of yarn

INCORPORATED ON
November 2, 1989

BOARD CHAIRMAN & MANAGING DIRECTOR
Mr. A. Matin Chowdhury

EQUITY
TK. 2,429.95 million

TOTAL ASSETS
TK. 3,847.547 million

REPORT: RR/332/10

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's Long-term Rating is valid for one year only and Short-term rating is valid for 6 months only. After the above periods, these rating will not carry any validity unless the company goes for rating surveillance.

This surveillance rating report is updated in view of the change in material information regarding proposed IPO flotation.

	Long term	Short term
Previous Rating	AA-	ST-2
Current Rating	AA-	ST-2
Date of Rating Declaration	March 11, 2010	
Outlook	Stable	

1.0 RATIONALE

CRISL has assigned "AA-" (pronounced as double A minus) rating in the Long Term and "ST-2" rating in the Short Term to Malek Spinning Mills Limited (hereinafter referred "MSML") based on financials and other relevant quantitative and qualitative information. The above ratings have been done on the basis of its good fundamentals such as sound equity based capital structure, long business exposure of the entrepreneurs, commendable credibility and creditworthiness, good profitability, sound production facilities, sound market reputation, experienced management team etc. However, the ratings are constrained by working capital mostly financed by bank loans, above average financial cost to revenue etc.

Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. The short term rating indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

MSML has long operating history which spans over 20 years focusing on the domestic textile market. The foresightness of the entrepreneurs, qualified and experienced management team, sound production facilities are considered as competitive advantages for the company. It has been operating with good profitability and sustained stability in revenue. The company has demonstrated stable growth in last five years in revenue, which reached to Tk. 2,359.93 million in FY2008-09 from Tk. 820.90 million in FY2004-05. The after tax profit grew to Tk. 183.99 million from Tk. 7.81 million in the above period. MSML is benefited from the other textile units of the same entrepreneurs. About 40% of total production is consumed by Knit Asia Limited, a sister concern of MSML. With two subsidiaries the consolidated revenue reached to Tk. 2,587.74 million during FY2008-09 (Tk. 817.79 million in 1Q of FY2009-10). The sound equity base (98% contribution in capital employed) with low financial leverage (0.58 times at end of 1Q, FY2009-10) made its capital structure stronger. However, consolidated leverage reached to 1.13 times at end of 1Q of FY2009-10.

Over the first three months operation of FY2009-10, the company has been affected by increased working capital requirements due to the pressure of increased receivables as well as higher inventory. Working capital is mostly financed by bank finances; consequently, the consolidated financial cost to revenue ratio reached to 5.28% in 1Q of FY2009-10 seems very high.

CRISL also viewed the company with "Stable" outlook and believes that MSML will be able to maintain its good fundamentals in the foreseeable future.

CRISL

Credit Rating Information and Services Limited

CREDIT RATING REPORT
ON
MALEK SPINNING MILLS LIMITED

CRISL REPORT

2.0 CORPORATE PROFILE

2.1 The Genesis

Malek Spinning Mills Limited (MSML), a sister concern of New Asia Limited, started its journey in 1989 under the sponsorship of renowned industrialist & Freedom Fighter Major (Rtd.) A. Matin Chowdhury, who has inherited businesses from his family which had manufacturing interest in Bombay in the pre-partition days. Mr. Chowdhury along with Mr. A. F. M. Zubair, a textile graduate from United Kingdom, and other partners initiated its operation in 1991 with only 6,000 spindles under one unit which has grown by over ten times in capacity within next two decades and is now running with 63,624 spindles. From its initial production capacity of only 1,500 kg per day, the company became capable of producing 35,000 kg per day by 2009. The company produces 100% carded and combed yarn in the range of NE 20/1 to NE 34/1 counts. The company is considered as one of the best quality yarn producers of the country. In view of its growing demand and sound market reputation, it has set up a subsidiary company under the name and style Salek Textile Ltd. having production capacity of 38 tons/per day of open end cotton yarn which has started operation in April, 2009. MSML has also set up another subsidiary to produce pet chips as raw materials to meet the growing needs of polestar yarn and pet bottles.

Presently the authorized capital and paid up capital of the company stood at Tk. 2,000 million and Tk. 700 million respectively and considered to be one of the sound equity based companies in the industry. The company has been planning to raise fund through Initial Public Offering (IPO) which may enlarge the equity base further. The Head Office of the company is at Tejgaon I/A, Dhaka and the factory at Kaliakoir, Gazipur.

2.2 Ownership Pattern

Shareholding vested to members of two family

Being a public limited company, the company issued 50,000,000 ordinary shares of Tk.25 each (including premium of Tk.15 each) through the new allotment with the consent of The Securities and Exchange Commission (SEC) Letter No: SEC/CI/CPLC(PVT)-95/06/ dated on June 03, 2009. The new allotment is effected from 29.10.2009. The shareholding of The Chairman & Managing Director along with his family holds 41.50% shares of the company and other directors hold the rest 58.50%. Among the six directors, Mr. Azizur R. Chowdhury holds the highest 12.80% share in the company followed by Ms. Saima Matin Chowdhury (10.33%), Mr. A. Matin Chowdhury (9.20%), Managing Director of the company and Dr.Shamim Matin Chowdhury (9.17%). It is also notable that the family shareholding of Mr. Chowdhury remains significant in all of the other group concerns, for example, 8.299% in Salek Textile Ltd., 2.17 in Newasia Synthetics Ltd. 57.85% in Rahim Textile Ltd. and 76.07% in Knit Asia Ltd, New Asia Ltd. 100%.

2.3 Subsidiaries

Entry into auto coro yarn spinning business

The MSML has been setting up an open-end Auto Coro yarn spinning mills with a production capacity of about 42 tons yarn per day in the name and style Salek Textile Ltd. (STL) which was incorporated in 2007 where MSML has 90% stake. Since 2007, MSML had been providing advances to STL (Tk. 39.97 million in 2007, Tk. 279.70 million in 2008 and Tk.202.62 million in 2009) which was non interest bearing loan and will be paid off in time. The project cost was estimated at Tk. 1,500 million: of which 58% financed by the sponsors while the rest 42% financed through banking finance. The annual turnover is estimated to be Tk. 2,000 million at expected capacity utilization. STL has gone commercial operation in 3rd quarter of FY2008-09. Another subsidiary i.e. Newasia Synthetics Ltd. (NSL) of MSML was set up in last year with 96.24% holding stake. The NSL i.e. the pet chips producing project is under construction and expected to go commercial operation in early 2011.

3.0 PRODUCTION FACILITIES

The production facilities of MSML are located at Gazipur. The factory has been designed to accommodate 63,624 spindles for production of 1,26,00,000 kg yarn per annum. In addition

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Credit Rating Information and Services Limited

CREDIT RATING REPORT
ON
MALEK SPINNING MILLS LIMITED

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Sound infrastructural arrangements

to main factory shed, the company has 4 warehouses, own power generation system consisting 7 generators, proper drainage system, fire fighting arrangements and other related infrastructures. The core production plant facilities are equipped with branded automated machineries of Indian, German and Swiss origin.

4.0 BUSINESS STRATEGY

In house business demand

MSML is considered to be a backward linkage plant of Knit Asia Ltd which is engaged in manufacturing and marketing of knit fabric and garments and purchases about 40% of the total production of the company. The company sets its product price following the market mostly rather than adopting a cost-based approach. This pricing strategy remains the same for all its customers including its sister concerns.

Selective marketing policy

MSML follows selective marketing experienced marketing professionals knocks probable customers after assessing its payment history and overall performance as far as possible. It also gets customer information through buying houses and banks. With this policy, MSML developed a stable customer base of about 10 to 12 companies, with whom the company has a professional relationship of 5 to 8 years.

Products are distributed from the factory premises; mostly by the clients' vehicles. Being an export oriented company, each sales agreement is backed by a letter of credit (L/C) in different maturity. Receivables are collected either through discounting the L/C (at 30% to 35%) or placing it at the end of the period (usually 90 to 120 days).

5.0 SUMMARY OF THE GROUP BUSINESS

Group business having long heritage

With a long heritage of the family with the manufacturing facilities in Bombay, India before partition and later, under the guidance of Mr. A. Malek Chowdhury, they started Graphics Ltd. in 1958 in the country. In the mid '70s, Mr. A. Matin Chowdhury joined in the family business and focused on New Asia Ltd. as an indenting and trading business of textile machinery, office equipment, security printing, industrial raw material etc. With the passage of time, he took the leading position in the group and gradually launching Rahim Textile Mills Ltd, Knit Asia Ltd, Malek Spinning Mills Ltd., Salek Textile Mills Ltd and Hejaz Publications Ltd (now not in operation) penetrating all the sectors in textile business including spinning, knitting, woven processing, dyeing, printing etc. All the companies under this group have earned confidence of a number of private sector banks and are now enjoying relatively relaxed credit facilities. So far, only Rahim Textile Mills Ltd. had gone for public issue. A summarized position of the group stands as follows:

Sound profile of the group units

(Figures in Million Taka)

Name of the Companies	Area of operation	Year of Establishment	Paid up capital	Annual Sales	Net profit or (loss)
New Asia Ltd.	Sale of textile machinery	1972	2.00 (2008)	20.02 (2008)	(0.24) (2008)
Rahim Textile Mills Ltd.	Knit & woven processing	1982	18.20 (2008-09)	329.74 (2008-'09)	9.18 (2008-09)
Malek Spinning Mills Ltd.	Ring Spinning	1989	700.00 (2008-09)	2,359.93 (2008-09)	183.99 (2008-09)
Knit Asia Ltd.	Knit fabric and garments	1999	140.00 (2008)	2,378.09 (2008)	87.04 (2008)
Salek Textile Ltd.	Open end AutoCoro yarn	2007	99.90 (2008-09)	227.81 (3 Months)	27.50 (3 Months)

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Newasia Synthetics Ltd.	Pet chips	2008	93.715(30TH Sept-09)	Yet to start production	Yet to start production

6.0 INDUSTRY OVEREVIEW

Huge demand

The phase-out of the Multi-Fiber Arrangement (MFA) on 31 December, 2004 has important implications for all agents in the value chain including apparel manufacturers, exporters, importers, retailers and consumers. Bangladesh, surprisingly with all the apprehension of losing its market share to major players, has been able to not only sustain it but also been able to increase its export - from US$6.4 billion in FY2005 to US$7.9 billion in FY2006 and US$9.2 billion in FY2007. Around 80% demand for accessories used in exportable garment and knit items are now locally met. There exists above 200 spinning units with around 40 lac spindles and 1 lac rotors having a total production of nearly 500 million kg of yarn, demand being almost double of it (around 40% of which are from export oriented RMG).

Even after a continuous and steady growth in supply of yarn, the demand-supply gap seems to remain the same over the years, showing a consistent growth in demand as well. As per projection, yarn demand by 2010 will rise up to 1050 million kg against a supply of only 650 million kg.

Industry Challenges

Infrastructural development and global competition

Although, Bangladesh has been progressing in Knit sector, the future of the woven sector is still uncertain. The success of a robust textile sector largely depends upon an improved and reliable spinning sub-sector. If spinning sub-sector produces substandard / inferior yarn, its adverse effect persists right across the entire value chain. Availability of raw materials, transportation, port facilities and tariff rationalization are the key challenges to the spinners. Two major challenges will persist in the spinning sector of Bangladesh- quality and pricing. A large number of Spinning Mills have been set up in India keeping Bangladesh market in view. The price of Indian yarn is still low compared to Bangladesh spinning sector. However, with the imposition of restriction on purchase of yarn through land port, Bangladesh garments sector, prefers to purchase yarn from Bangladeshi spinners even at higher price to accommodate short lead time being allowed by the importers. Bangladesh Government has been withdrawing cash incentive, being enjoyed by the garment manufacturers for using local yarn, gradually which will remain as a major challenge for the local spinners.

Nevertheless, Bangladesh has still been facing some other challenges, such as competition with China (especially after lifting out safeguard against Chinese apparels in 2008), poor compliance standard etc. The sector has weaknesses in some areas such as lack of diversity in export market, high concentration in few products, long lead-time etc. Besides, entrepreneurs have to take into account some recent trends in the global apparel market following the MFA phase out, especially in case of buyers' sourcing patterns (concentrated to few sources), consumers' choice (relatively more frequent changes in fashion compared to earlier periods) and marketing techniques (lean retailing), etc. and make necessary adjustment. Apart from the above challenges, both RMG and Textile sector are badly affected by the erratic electricity supply from PDB/REB. A study indicated a negative correlation between lost hours due to outage of electricity and enterprise's earning of profit (-0.20).

Government has taken some measures to address the electricity supply problem which include economizing its use, fixing sequential holidays for factories in different industrial/commercial zones etc. However, all these are only temporary measures. Some of the small scale power generation plants getting approval in recent times may not start operation in due time because of lack of supply of gas in the plant. Government may consider exemption of VAT on electricity bill for operating garment factories. Government may provide subsidy especially to small and medium firms to set up small scale captive power plants. Power generation ought to be given highest priority.

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Industry Supportive Policies

Tax holiday, discounted tax rate and others

Recently, in order to encourage the entrepreneurs, government has decided to continue with its tax holiday scheme for newly set up industries between 1 July, 2008 and 30 June, 2011 with more favorable offers. Also, it was decided to continue with the provision of imposition of income tax at a discounted rate of 15 percent on textiles sector from 1 July 2008 to 30 June 2011. Besides, in the interest of quick clearance and simplification of Customs procedure of imported machinery and spares by the export-oriented enterprises, it was decided to repeal the indemnity bond system and replace it with a concessionary rate of 1 percent Customs Duty. For importation of machinery for textile industries, similar benefit of 1 percent concessionary rate and for importation of some other spares and inputs, special rate of 3 percent in lieu of 5 percent is fixed.

7.0 GOVERNANCE PRACTICE

7.1 Board of Directors

Six-member Board

The six-member Board is chaired by Mr. A. Matin Chowdhury, who is acted also as Managing Director of the company. Mr. Chowdhury is a retired Army personnel (Retired Major) and also the former Chairman of Bangladesh Textile Mills Association (BTMA) and Underprivileged Children's Education Programs (UCEP). He is also involved as a member of the National Council of Diabetic Association of Bangladesh (BIRDEM) and a founder trustee of Independent University of Bangladesh (IUB) and Bangladesh Enterprise Institute (BEI). The co-initiator Mr. A. F. M. Zubair, a textile engineer and Masters in textile from U.K., having long experience in the industry also acts as director. The other active board members are Dr. Shamim Matin Chowdhury, Ms. Saima Matin Chowdhury, Mr. Azizur Rahim Chowdhury and Mr. Moshiur Rahman (representative director of Paragon Poultry).

7.2 Corporate Management

Experienced management team

MSML has been operating with an experienced management team for a long time. Along with that the Chairman himself, other Board Members are actively participating in different strategic management arena. The company developed sound corporate structure and also the reporting line. The operational activities are divided into ten departments excluding factory operations namely Accounts & Finance, Production, Quality Control, Procurement, Marketing, Maintenance, Electrical and Store & Accounts, Internal Audit and Company Affairs.

Among the top executives Mr. Hasan Mahmood, Executive Director, who is a Textile Engineer and has been with the company for last 18 years, is in charge of Production, Quality Control, Maintenance, Electrical and Store & Accounts. Besides, Mr. Arup Kumar Podder, a textile engineer, is the Depury General Manager- Production having 11 years of working experience with MSML. Mr. B. K. Chaki is in charge of Accounts & Finance holding the position of DGM of that department having 21 years of experience. Marketing is being looked after by Mr. Jahir Uddin Joy having 10 years of experience in the company. Mr. Jahangir Sardar is in charge of Procurement & Supply with 22 years of experience in the industry.

7.3 Human Resources Management

HRM is developing stage

The company has recently taken significant steps to improve its human resource management style. Previously MSM did not have a structured HRM program nor did it have proper training facilities. However, due to the forward thinking attitude of the higher management, the company sends its key personnel to attend various training sessions and seminars, which may be beneficial. In addition, there is a standard evaluation system for all employees and periodic increments are based on those results. The total human resource strength of the company stood at 54 in the Head office and 1,652 at the factory as at September 30, 2009. The human resource turnover of the company has been found to be negligible.

7.4 Compliance with SEC Notification about Corporate Governance

To comply with the minimum requirements of Securities and Exchange Commission's (SEC) corporate governance guideline after being a listed company, the position of Chairman and Managing Director (MD) should preferably be filled by different individuals. Moreover, the company needs to have at least one Independent Director in the Board and a Board Audit

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No Board audit committee

Committee with at least three directors including one Independent Director. In addition, the company will be required to have a Chief Finance officer (CFO), independent Internal Auditor and a Company Secretary. In the meantime, MSML has employed Company Secretary and head of internal audit. Since MSML is going issue shares to the public, these minimum corporate governance guidelines will be required to comply or explain the reason of non-compliance.

7.5 Information System

Information system in developing stage

The company has put special emphasis on improving information technology to enhance communication and information transfer. There is a high-tech satellite point to point link network between the factory and the head office. In addition, they have recently incorporated video conferencing to facilitate communication with the factory. MSM has also developed custom made software to keep track of inventories, deliveries, document position, etc.

7.6 Utilization Plan of IPO Fund

In our Credit Rating report as on 1st Quarter of FY 2009-10 of Malek Spinning Mills Limited dated 20th December 2009, we reported that the company raised capital through Pre IPO Private Placement for 50,000,000 ordinary shares of Tk.25 each including premium of Tk.15 each and further capital was going through IPO to issue 20,000,000 ordinary shares @ Tk.25 each including premium of Tk.15 each totaling to Tk.175 crore. Subsequently, the company in its Board meeting held on 8th March 2010 decided to increase IPO amount from existing 20,000,000 ordinary share @ Tk.25 each including premium of Tk.15 each to 40,000,000 share @ Tk.25 each including premium of Tk.15 each totaling to Tk.225 crore with a view to restructuring the Debt-Equity financing position and to improve the debt servicing capacity of Newasia Synthetics Limited.

8.0 BUSINESS PERFORMANCE

Moderate business performance

Indicators	2009	2008	2007	2006	2005
Sales revenue growth (%)	0.43	17.70	6.80	106.77	10.13
Sales Volume Growth (%)	1.69	19.12	9.37	80.68	19.81
COGS Growth (%)	-0.31	17.80	6.02	110.97	6.76
PAT Growth (%)	61.67	50.55	15.90	121.44	277.09

Over the years the business performance of MSML has been reflecting a good growth story especially in profit. The turnover of the company was Tk. 2,359.93 million in FY 2008-09 and Tk. 2,349.81 million in FY2007-08 resulting from marginal growth of 0.43% and 17.70% in respective years. Huge import of Indian yarn, global recession and static capacity utilization induced to sluggish turnover growth. Annual production was 11,554,383 kg with 91.70% of capacity utilization in FY2008-09 against 12,080,880 KG with 95.88% capacity utilization in FY2007-08. The consolidated revenue of MSML stood at Tk. 2,587.74 million in FY08-09 against Tk. 2,349.81 million in FY07-08 registering 10.13% growth. However, the consolidated revenue comprised of only three month operation of STL while other subsidiary i.e. NSL is yet to start commercial operation.

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9.0 FINANCIAL PERFORMANCE

9.1 Profitability

Good profitability

Indicators	Combined 2009	1Q of 09-10*	2009	2008	2007
Return on Average Assets (ROAA)%	5.16	4.93	5.22	4.14	3.61
Return on Average Equity (ROAE)%	9.94	7.70	8.28	8.45	12.56
Return on Average Capital Employed%	9.29	9.29	9.37	8.47	8.85
Gross Profit Margin%	16.27	16.15	15.09	14.45	14.52
Operating Profit Margin%	14.67	14.52	13.54	12.58	12.67
Net Profit Margin%	8.63	8.78	7.80	4.84	3.79
Earning Per Share**	1.07	0.68	2.70	18.9	

** First Quarter growth of FY2009-10 has been annualized*
*** EPS of FY2008 is based on face value of Tk. 100 per share while F 2009 and onwards the face value has been fixed to Tk. 10 per share.*

MSML is a highly profitable company and most of the profitability indicators depict good growth in FY2008-09. The consolidated profit after tax stood at Tk. 219.35 million in FY2008-09 against Tk. 140.93 million in FY2007-08. Only three months operation of STL has included in consolidated profit. On standalone basis Profit after tax of MSML stood at 183.974 million in FY2008-09 against Tk. 113.80 million indicating a growth in net profit by 61.67%. Despite marginal growth in revenue, the reasons for such growth in profit were due to negative growth in COGS (-10.31% in FY2008-09), reduction in administrative overheads and low financial expenses than previous year. Consequently, gross profit margin increased to 15.09% in FY2008-09 from 14.45% in FY2007-08. At the same time net profit margin also increased to 8.78% against 4.84% resulting from the efficiency in the administrative and financial expenses. During 1Q of FY2009-10, the gross profit margin and net profit margin have improved, which stood at 16.15% and 8.78% respectively.

Stable cost efficiency

Due to tax holiday facilities of STL, the consolidated profitability indicators have shown comparatively better position than standalone MSML. At the end of FY2008-09, Return on Average Assets (ROAA) stood 5.16%, Return on Average Equity (ROAE) 9.94% and Return on Average Capital Employed (ROACE) 9.29%. On the standalone basis of MSML, despite of significant investment in subsidiaries, revaluation of assets and increased inventory level, ROAA has increased to 5.22% in FY2008-09 against 4.14% in FY2007-08. Though significant improvement in net profit (61.67%), the ROAE marginally declined to 8.28% in FY2008-09 from 8.45% in FY2007-08. However, due to substantial reduction of long term loan, the ROACE increased to 9.37% against 8.47% in the above periods. The annualized ROAA, ROAE and ROACE have stood 4.93%, 7.70% and 9.29% respectively at end of 1Q of FY2009-10.

9.2 Cost Efficiency

Indicators	Combined 2009	1Q of 09-10*	2009	2008	2007
Cost to Revenue Ratio (%)	83.73	83.85	84.91	85.55	85.48
Administrative Expense to Revenue Ratio %	1.59	1.63	1.54	1.87	1.85
Finance Cost to Revenue Ratio %	4.31	3.36	3.93	6.58	7.95

The consolidated and standalone cost efficiency (Cost to Revenue) of MSML was almost static over the years however; it was marginally improved in FY2008-09. In standalone basis, it stood at 84.91% in FY2008-09 against 85.55% in FY2007-08 and 85.48% in FY2006-07. Though consumption of raw materials increased, lower side factory overhead allocation and

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substantial closing stock of finished goods helped to improve the cost to revenue indicator. The contribution of raw materials cost to cost of goods sold increased to 86.01% in FY2008-09 from 81.78% in FY2007-08. It revealed that the price of major raw materials i.e. raw cotton increased 3.43% in FY2008-09. Administrative expense to revenue ratio has gradually been improved over the years, which reached to 1.54% in FY2008-09 against 1.87% in FY2007-08. As contribution of long term loan to capital employed decreased annually, finance cost to revenue ratio substantially improved and reached to 3.93% in FY2008-09 against 6.58% in FY2007-08. Again during 1Q of FY2009-10, the annualized cost to revenue ratio decreased to 83.85%, administrative expenses to revenue marginally increased to 1.63% and finance expense to revenue ratio decreased to 3.36%. In case of consolidated basis, as the STL has the newer set up than MSML, the cost efficiency (cost to revenue) will further be improved in the future which reflected in 1Q operation of FY2009-10 i.e. 82.13% against 83.73% in FY2008-09. However, financial expense to revenue ratio was little higher due to significant long term loan of STL.

10.0 CAPITAL STRUCTURE AND LEVERAGE

Indicators	Combined 09	1Q of 09-10*	2009	2008	2007
Leverage Ratio (X)	1.06	0.58	0.54	0.64	2.32
Internal Capital Generation (%)	9.16	7.63	7.70	5.54	11.82
Net Asset Value Per Share (Tk. 10)	35.57	34.71	35.05		

Sound equity base

The capital structure of MSML is substantially contributed by equity and contribution of long term loan has decreased gradually. However, the consolidated capital structure comprised significant amount of long term loan. At end of 1Q of FY200-10, the consolidated capital structure revealed that 74.40% of the net capital employed (Tk. 3,372.49 million) was financed by equity i.e. Tk. 2,510.42 million. However, as single entity, 98% of capital employed (Tk. 2,478.75 million) was financed by equity i.e. Tk. 2,429.95 million. The equity pie of MSML is composed of 28.81% paid up capital, 6.71% share premium, 19.59% retained earnings and 45.43% revaluation reserve. According to the revaluation of assets, land were revalued by about 6 times (procured mostly about 20 years ago), building & civil construction by 2.30 times and plant & machinery by 2.75 times. The capital build-up process of the company seems commendable due to good internal capital generation, which accounted at 7.70% in YE2008-09 against 5.54% in FY2007-08 and 11.82% in FY2006-07. In FY2008, it also issued bonus share of Tk. 300 million and in FY2009 raised Tk. 100 million as share capital with Tk. 150 million as share premium, which further strengthened its equity base.

Against the above equity base of MSML, outside liabilities stood at Tk. 1,417.59 million representing the leverage ratio 0.58 times (consisting 0.02 as long term gearing and 0.56 as short term gearing) as on 30 September, 2009 against 0.64 times at YE2007-08. However, consolidated leverage ratio stood at 1.13 times (0.34 as long term and 0.79 as short term) against 1.06 times in the above respective periods. Without considering revaluation reserve, MSML's leverage ratio reached to 1.07 times (0.04 as long term and 1.03 as short term) and the consolidated leverage ratio stood 2.02 times (0.61 as long term and 1.41 as short term) at YE2008-09.

11.0 LIQUIDITY AND FUND FLOW ANALYSIS

Indicators	Combined 09	1Q of 09-10*	2009	2008	2007
Current Ratio (X)	0.98	1.26	1.24	0.99	1.04
Quick Ratio (X)	0.49	0.77	0.71	0.64	0.65
Cash Conversion Cycle	92	174	94	63	85

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Moderate liquidity

MSML is basically an import based (considering volume of raw materials) company requiring significant inventory with long cash conversion cycle. The average inventory turnover was 3.74 times representing nearly 98 days inventory in stock position in FY2008-09 against 78 days in previous year. The average receivable turnover was 3.96 times representing about 92 days to collect receivables. Similarly long outstanding payables period (96 days :FY09 and 116 days in FY08) made the cash conversion cycle to 93 days and 63 days and 84 days in FY2008-09 and FY2007-08 and FY2006-07 respectively. However, the situation was alarming during 1Q of FY2009-10, the annualized average cash conversion cycle reached to 174 days.

The fund flow movements in the last two years depicted that substantial investment in its subsidiary and additional capital expenditure requirement put a pressure on its liquidity; however, it was able to meet the requirements with the internally generated fund without having any additional bank borrowing. During FY 2008-09, the company was required to make additional investment in its subsidiary, which was financed by the share premium of newly raised paid up capital and realization of advances from subsidiary. The fund flow movement revealed that the operating cash flow was Tk. 246.52 million whereas investment activities required Tk. 425.04 million representing Tk. 178.88 million as negative free cash flow, which was mitigated by share premium, realization of advances and short term borrowing The above fund flow movement represented that operating fund flow was 1.42 times and free cash flow was -1.03 times against the due debt liability during FY 2008-09.

12.0 FINANCIAL FLEXIBILITY AND SOLVENCY

Indicators	Combined 09	1Q of 09-10*	2009	2008	2007
Debt Service Coverage Ratio (X)	1.88	0.61	1.68	1.36	1.33
Interest Coverage Ratio (X)	4.81	6.01	4.83	2.84	2.75

Commendable credibility and creditworthiness

MSML is a sound equity based company and due to strong market image, it enjoys sound financial flexibility to raise fund from different sources. Due to its sound credibility, it enjoys a large credit limit from different banks. Presently it enjoys funded limit of Tk. 1,227.00 million and non funded limit of Tk. 1,492.50 million as on September 30, 2009. Out of the above limit, the outstanding bank loan liability was Tk. 947.29 million (consisting of Tk. 568.97 million as import loan, 205.53 million overdraft, 1.65 million lease liability and Tk. 171.14 million long term loan) with 77.20% utilization of the limit as on 30 September, 2009. However, consolidated bank loan liability was Tk. 2,189.43 million consisting Tk. 1,157.83 million as long term loan, Tk. 779.27 million import loan, Tk. 250.68 million overdraft and Tk. 1.65 million as lease liability.

The debt servicing capacity of MSML has also been found good. The profit generation of the company was sufficient to serve its debt burden. Debt service coverage ratio of the company stood at 1.68 times in FY2008-09 against 1.36 times in FY2007-08. In terms of Interest service coverage ratio, the earnings of the company against the fixed cost burden was commendable and improved to 4.83 times in FY2008-09 against 2.84 times in FY2007-08. However, in 1Q of FY2009-10, the annualized debt coverage was 1.86 times and interest coverage was 6.01 times. During FY2008-09, the consolidated debt service coverage ratio and interest coverage ratio were 2 times and 4.81 times respectively.

13.0 RISK MANAGEMENT

13.1 Operational Risk

The management personnel both in head office and production premise seem to be competent and experienced to run the operation effectively. However, better human resources development plan for both officers and workers may increase the efficiency in operation.

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Development of internal control system

In order to reduce the operational risk, the company has established internal audit department to follow up the internal control policies. However, computerization in the total operational process is yet to be established to reduce the data processing and preservation risk.

13.2 Financial Risk

Low financial risk

CRISL views that the company exposed to low financial risk in consideration of Tax liability and change of interest rate and exchange rate. Being an export oriented company it enjoys VAT exemption on export sales and subsidized tax rate declared by the Government @15%. So far, the provision against the tax liability is adequate. It has provision of Tk. 36.44 million and advance payment of tax worth of Tk. 16.63 million as on 30 June 2008. Only the first unit enjoyed the tax holiday period.

Due to its good reputation in the financial sector, it has been enjoying financial flexibility with reduced rate of interest. Besides all the L/Cs are booked with forward contract rate in US Dollar: and against US Dollar, BD Taka was almost stable in the last year and also expecting to remain stable.

13.3 Supply Risk

Strong relation with Reputed foreign suppliers

The company imports major raw cotton from USA, the major supplier of quality cotton to the world and it has a good reputation among the suppliers. In 2006 and 2007, it was awarded by the cotton Council International as a verified Cotton USA Licensee in view of its sound compliance and also granted to use the CCI's registered trade mark.

13.4 Market Risk

Loyal customer base

MSML, being a backward linkage unit of the textile based group consuming about 30 to 40 percent of its annual sales; it enjoys an in-built demand of its product. This, to some extent, puts aside the company from the tough competition in this sector. Besides, due to its quality yarn, there are some other customers who had been purchasing yarn from the company since long.

13.5 Gas Supply Risk

Gas supply risk put pressure on production

MSML has set up gas burning generators total 6,300 KW capacity to support smooth power to the production. Low gas pressure is a major threat to keep the optimum production capacity utilization. The company has agreement with Titas Gas, a government entity for uninterrupted supply. At present, MSML required standard pressure is 20 psi. However, during last four months it got an average 14 psi pressure for the authority.

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14.0 OBSERVATION SUMMARY

Rating Comforts	**Rating Concerns**
• Sound equity based company • Long business exposures of the entrepreneurs • Good profitability • Sound market reputation • Sound production facilities • Commendable credibility and creditworthiness • Experienced management team • Reliable source of raw material supply • Good relation with financing companies • 40% of production consumed by sister concern (Knit Asia Limited)	• Working capital loan mostly financed by bank loan • Above average financial cost to revenue • Newly developed human resource development plan
Business Prospects	**Business Challenges**
• Wide export market • Flourishing sector • Tax holiday incentives • Expansion to horizontal	• Gas Supply • Political Instability • Increased global competition • Maintaining appropriate compliance standard • Cost effective production • Quality maintenance

15.0 PROSPECTS

Textile and garments are the major focus of government export policy. The spinning sector is now providing full support to the garments as deemed export industry. Due to government's restrictive policy on Indian yarn import, opportunity has been created for the local spinners to increase business volume. MSML has been taking the advantage of the industry.

As one of the leading yarn processing entities, MSML is capable of making full use of the aforementioned opportunities. Besides, some of its unique advantages like demand within group, healthy relationship with financing organizations put it in a more comfortable position, which encouraged the company to expand further and even to initiate a new similar project. It is expected that in today's competitive market the company will no way compromise with its area of competitive strengths and keep trying to overcome the drawbacks.

END OF THE REPORT

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16.0 CORPORATE INFORMATION

Date of Incorporation: 2nd November, 1989

Commencement of Business: 1991

Board of Directors:

Mr. A. Matin Chowdhury	Chairman & Managing Director
Dr. Shamim Matin Chowdhury	Director
Mr. A. F. M. Zubair	Director
Mr. Moshiur Rahman	Director
Mr. Saima Matin Chowdhury	Director
Mr. Azizur R. Chowdhury	Director

Auditor: M. A. Malek Siddiqui Wali & Co.
Chartered Accountants

Capital History:

Year	Authorized Capital (Million Tk.)	Issued, Subscribed and Paid-up Capital (M. Tk.)
2004	250.00	170.00
2005	1,000.00	300.00
2006	1,000.00	300.00
2007	1,000.00	300.00
2008	2,000.00	700.00
2009	2,000.00	700.00

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17.0 FINANCIALS

A. Balance Sheets (As on June 30,2009)

Figures in million Taka

Balance Sheet	2009 (July-Sep)	2009	2008	2007
Non-Current Assets:	---	---	---	---
Property, Plant & Equipment	1,736.46	1,749.34	1,928.19	879.74
Investment in Subsidiary	180.09	90.09	0.18	0.18
Share Money Deposit	199.93	289.93	-	-
Total Non-Current Assets	**2,116.48**	**2,129.36**	**1,928.37**	**879.92**
Current Assets:	---	---	---	---
Inventories	673.61	658.40	413.46	444.76
Trade Debtors	700.62	556.89	635.77	657.21
Adv. Deposits & Prepayments	260.98	200.08	333.74	81.17
Cash & Bank Balances	95.85	124.56	64.08	61.15
Total Current Assets	**1,731.06**	**1,539.93**	**1,447.05**	**1,244.29**
Current Liabilities:	---	---	---	---
Short Term Loan	776.15	644.48	197.94	339.96
Long Term Loan-CP	129.33	157.57	-	-
Trade Creditors	86.54	72.45	706.78	47.67
Acceptance Liabilities	329.65	330.67	55.47	566.41
Security deposit against sales	6.00	6.00	6.00	6.00
Provision for Income Tax	41.12	31.99	36.44	31.04
Total Current Liabilities	**1,368.79**	**1,243.17**	**1,002.63**	**991.08**
Net Current Assets	**362.27**	**296.75**	**444.46**	**253.20**
Deferred Tax Liabilities	6.98	-	-	-
Total Assets	**2,471.77**	**2,426.11**	**2372.84**	**1,133.12**
Non-Current Liabilities:	---	---	---	---
Long Term Loan	41.81	38.01	318.72	493.64
Total Non-Current Liability	**41.81**	**38.01**	**318.72**	**493.64**
Shareholders' Equity:	---	---	---	---
Share Capital	700.00	700.00	700.00	300.00
Share Premium	150.00	150.00	-	
Revaluation Reserve	1,104.04	1,121.89	1,200.83	
General Reserve and Surplus	475.91	416.21	153.28	339.48
Total Shareholder's Equity	**2,429.95**	**2,388.10**	**2,054.12**	**639.48**
Total Equity and LT Liability	**2,471.76**	**2,426.11**	**2,372.84**	**1,133.12**

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Credit Rating Information and Services Limited

CREDIT RATING REPORT
ON
MALEK SPINNING MILLS LIMITED

CRISL
REPORT

B. Income Statements (For the year ended 30 June, 2009)
Figures in million Taka

Income Statement	**2009 (July-Sep)**	**2009**	**2008**	**2007**
Sales Revenue	**527.69**	**2,359.93**	**2,349.81**	**1,996.43**
CoGS Excluding Dep.	411.12	1,867.49	1,860.84	1,518.85
Depreciation-Mfg	31.36	136.41	149.39	187.68
Cost of Good Sold	**442.48**	**2,003.90**	**2,010.23**	**1,706.52**
Gross Profit	**85.21**	**356.03**	**339.58**	**289.91**
Salary & Allowances	2.84	11.25	15.32	12.82
Depreciation-Admn.	0.45	1.93	2.01	1.84
Other Admin. Expenses	5.29	23.20	26.67	22.25
Total Adm. and Selling Exp	**8.58**	**36.38**	**44.00**	**36.90**
Profit from Operation	**76.63**	**319.65**	**295.58**	**253.01**
Financial Cost	17.72	92.80	154.64	158.70
Non Operating Income	1.95	1.22	-	-
Other Non-Operating Exp.	2.90	11.29	7.05	5.37
Profit Before Tax	**57.96**	**216.78**	**133.89**	**88.93**
Income Tax	10.61	32.79	20.08	13.34
Profit After Tax	**47.35**	**183.99**	**113.80**	**75.59**

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Credit Rating Information and Services Limited

CREDIT RATING REPORT
ON
MALEK SPINNING MILLS LIMITED

CRISL
REPORT

CRISL RATING SCALES AND DEFINITIONS
LONG-TERM RATINGS OF CORPORATE

RATING	DEFINITION
	Investment Grade
AAA Triple A (Highest Safety)	Entities rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies.
AA+, AA, AA- (Double A) (High Safety)	Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- Single A (Adequate Safety)	Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Entities rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
	Speculative Grade
BB+, BB, BB- Double B (Inadequate Safety)	Entities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (Risky)	Entities rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time through creating external liabilities.
CCC+,CCC, CCC- Triple C (Vulnerable)	Entities rated in this category are adjudged to be vulnerable and might fail to meet its repayments frequently or it may currently meeting obligations in time through creating external liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support.
CC+,CC, CC- Double C (High Vulnerable)	Entities rated in this category are adjudged to be very highly vulnerable. Entities might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support.
C+,C,C- (Extremely Speculative)	Entities rated in this category are adjudged to be with extremely speculative in timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
D (Default)	**Default Grade** Entities rated in this category are adjudged to be either already in default or expected to be in default.

Note: For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.

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Credit Rating Information and Services Limited

CREDIT RATING REPORT
ON
MALEK SPINNING MILLS LIMITED

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REPORT

SHORT-TERM RATINGS OF CORPORATE

ST-1	**Highest Grade** Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.
ST-2	**High Grade** High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	**Good Grade** Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	**Moderate Grade** Moderate liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.
ST-5	**Speculative Grade** Speculative investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating factors and market access may be subject to a high degree of variation.
ST-6	**Default** Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and external support is uncertain.

CRISL

Section XVI

এম, এ, মালেক সিদ্দিকী ওয়ালী এন্ড কোং, চার্টার্ড একাউনটেন্টস
৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

M. A. Malek Siddiqui Wali & Co.
CHARTERED ACCOUNTANTS
Partners: Md. Waliullah, FCA
Swadesh Ranjan Saha, FCA

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Additional Disclosure by the Auditor

SEC Query No 1

Disclose Information about accounts receivable, advance in line with schedule XI of Companies Act, 1994

Compliance with Query No 1

Ans:

Information regarding accounts receivable, advance in line with schedule XI of Companies Act, 1994 is given below:

1. **Disclosure in line with 4(a) of part A of schedule XI of Companies Act, 1994**
   There are no debts outstanding for the period exceeding six Months
2. **Disclosure in line with 4(B) of part A of schedule XI of Companies Act, 1994**
   There are no debts outstanding in this respect
3 **Disclosure in line with instruction F of part A of schedule XI of Companies Act, 1994**

Accounts receivable:

F. In regard to sundry debtors the following particulars shall be given separately:-

(I) Debt considered good in respect of which the company is fully secured

Trade debtors occurred in the ordinary course of business are considered good and secured against confirmed L/C .The details of Accounts receivable are given below:

(as on 30th September 2009)

Customer name	Amount (BDT)
Base Textile Limited	13,936,184
M.M Knitware Ltd	59,597,262
Knit Asia Limited	188,295,357
Fakruddin Textile Ltd	41,881,799
Kushiara Composit Knit Limited	66,906,657
Masco Industries Limited	45,213,700
Padma Polycotton Knit Fabrics Ltd	49,043,894
Other parties	235,745,455
Total	**700,620,308**

The above disclosures are included in note 8 of the audited accounts.

(II) Debt considered good for which the company hold no security other than the debtor personal security

There is no such debt in this respect as on 30th September 2009

(III) Debt considered doubtful or bad

The Company does not make any provision for doubtful debts as on 30th September 2009, because of the fact that sales / export are being based on 100% confirmed letter of credit basis with fixed maturity dates.

(IV) Debt due by directors or other officers of the company

There is no such debt in this respect as on 30th September 2009

(V) Debt due by Common Management

There are an amount of Tk. 188,295,357 has been due as accounts receivable to Knit Asia Limited, which is under common management. The above transaction has disclosed in the Note 3.23 of the audited accounts as on 30th September 2009 under related party transaction

(VI) The maximum amount due by directors or other officers of the company

There is no such debt in this respect except an amount of Tk 4,000 has been due from an officer during that period as advance against salary. The said transaction is disclosed in note no 9 of the audited accounts for the period ended 3oth September, 2009

(G) Reserve for doubtful or bad debts

There are no such reserve created in this respect as on 30th September 2009

Advance

a) Current Assets:

1) Interest Accrued on Investment

No temporary investment was made by the Company from which Interest would be received as income as on 30th September 2009.

2) Loose Tools

There was no loos tools inventories on 30th September 2009

3) Inventories of store & Spare parts, Raw materials, Stock in trade and Work in process

	(as on 30th September 2009)
Stores, Spares and Accessories	Tk. 98,415,489
Raw Materials	Tk 210,207,177
Stock in trade (Finished goods)	Tk 72,994,580
Work in Process	Tk 54,196,006
Stock in Transit	Tk 237,795,106
Total	**Tk. 673,608,357**

Dhaka
29th March 2010

(M.A.MALEK SIDDIQUI WALI & CO)
Chartered Accountants

Sd/-

(Md.Waliullah, FCA)

SEC Query No 2

Disclose information in line with schedule XI, part B para IV of Companies Act, 1994

Compliance with Query No 2

Managerial remuneration paid or payable during the financial year to the directors, including managing director, a managing agent or manager as on 30th September 2009 are as follows :

Name	Designation	Salary	Remuneration	Festival Bonus	Total
Mr. A..Matin Chowdhury	Director & Managing Director	3,00,000	Nil	50,000	3,50,000
Mr. A.F.M Zubair	Director	6,45,000	Nil	1,07,500	7,52,500
Mr.Azizur R. Chowdhury	Director	2,10,000	Nil	35,000	2,45,000
TOTAL		**11,55,000**		**1,92,500**	**13,47,500**

The above three Directors of the Company did not take any benefit from the company other than the monthly salary and festival bonus.

The Directors of the Company do not take any remuneration as per Board Decision meeting held on 30th September 2009.

a. Expense reimbursed to the managing agent
   Nil
b. Commission or other remuneration payable separately to a managing agent or his associate
   Nil
c. Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company
   Nil
d. The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year.
   Nil
e. Any other perquisites or benefits in cash or in kind stating
   Nil
f. Other allowances and commission including guarantee commission
   Nil
g. Pensions

1.)	Pensions	Nil
2.)	Gratuities	Nil
3.)	Payment from provident fund	Nil
4.)	Compensation for loss of office	Nil
5.)	Consideration in connection with retirement from office	Nil

Dhaka
29th March 2010

(M.A.MALEK SIDDIQUI WALI & CO)
Chartered Accountants

Sd/-

(Md.Waliullah, FCA)

SEC Query 3

Explain why festival bonus and salary paid to directors under the head directors remuneration

Compliance with Query No 3

In note 25 and note 34 of the audited accounts in 30th September 2009 disclosed that directors remuneration was Tk 1,347,500 which comprises of Directors salary Tk. 1,155,000 and festival bonus paid to directors Tk 192,500. Due to typing mistake both the amount combined shown under directors remuneration head.
Necessary correction was done in this respect and which is presented below:

Note: 25 (Amount in Tk)

25. OPERATING EXPENSES: Tk.8,581,422		Sept-09	Sept-08
This is arrived at as follows :			
Salaries & Allowances		2,840,369	2,177,421
Festival Bonus		561,252	578,730
Director's Salary		1,155,000	945,000
Director's Festival Bonus		192,500	-
Fees, Forms & Others		272,461	681,525
Travelling & Conveyance		288,770	772,720
Printing & Stationary		155,095	168,151
Audit Fees		20,000	-
Telephone Expenses		249,035	309,409
Postage & Stamp		7,069	18,370
Vehicle Maintenance		731,459	819,355
Miscellaneous Expenses		358,951	254,445
Office Rent		81,540	81,540
Carriage Outward		507,460	526,890
Consultancy Fees		49,500	149,500
Entertainment		18,758	15,363
Office Expenses		90,717	91,679
Diesel for Head Office Generator		97,900	144,200
Advertisement / Publicity Expenses		-	43,950
Seminer & Meeting		-	153,158
Gardening Expenses		30,678	7,590
Uniform / Livery Security		-	21,750
Repairs & Maintenance		326,824	360,928
Books and periodicals		4,824	1,500
Medical Expenses		20,516	21,871
Software Maintenance Expenditure		17,000	-
Loss from foreign currency transactions		53,668	-
Depreciation	**Note: 4**	450,076	447,239
	Tk.	**8,581,422**	**8,792,284**

Note: During the period under review directors are paid Salary and festival bonus only.

Note 34

Name	Designation	Salary	Remuneration	Festival Bonus	Total
Mr. A.Matin Chowdhury	Director & Managing Director	3,00,000	Nil	50,000	**3,50,000**
Mr. A.F. M Zubair	Director	6,45,000	Nil	1,07,500	**7,52,500**
Mr. Azizur R. Chowdhury	Director	2,10,000	Nil	35,000	**2,45,000**
TOTAL		**11,55,000**		**1,92,500**	**13,47,500**

Dhaka **(M.A.MALEK SIDDIQUI WALI & CO)**

29th March 2010 **Chartered Accountants**

Sd/-

(Md.Waliullah, FCA)

SEC Query 4

Discloser as per requirement of section 186 (1) (e) of Companies Act, 1994

Compliance with Query No 4

Disclosure under 6(a) of section 186 (1) (e) of Companies Act, 1994

a. The extent of the holding Company Interest in the subsidiary at the end of the financial year or at the end of the last of the financial years of the subsidiary

Percentage of Holding Company on Subsidiary Company are as follows:

Name of Company	Total No. of Share	Total Holding	Percentage of Holding
Salek Textile Limited	999,000	899,100	90.00%
NewAsia Synthetics Limited	937, 150	901,800	96.23%

Disclosure under 6(b) and (c) of section 186 (1)(e) of Companies Act, 1994

The net aggregate amount, so far as it concerns members of the holding company and is not dealt with in the company's accounts, of the subsidiary profits after deducting its losses or vice versa:

Sl No	Name of Company	Net Aggregate profit	
		Current FY	Previous FYs since Inception
01	NewAsia Synthetics Limited	Yet to commence operation	Yet to commence operation
02	Salek Textile Limited	Tk. 27,649,993 (July 09-Sept 09)	Tk.39,291,036

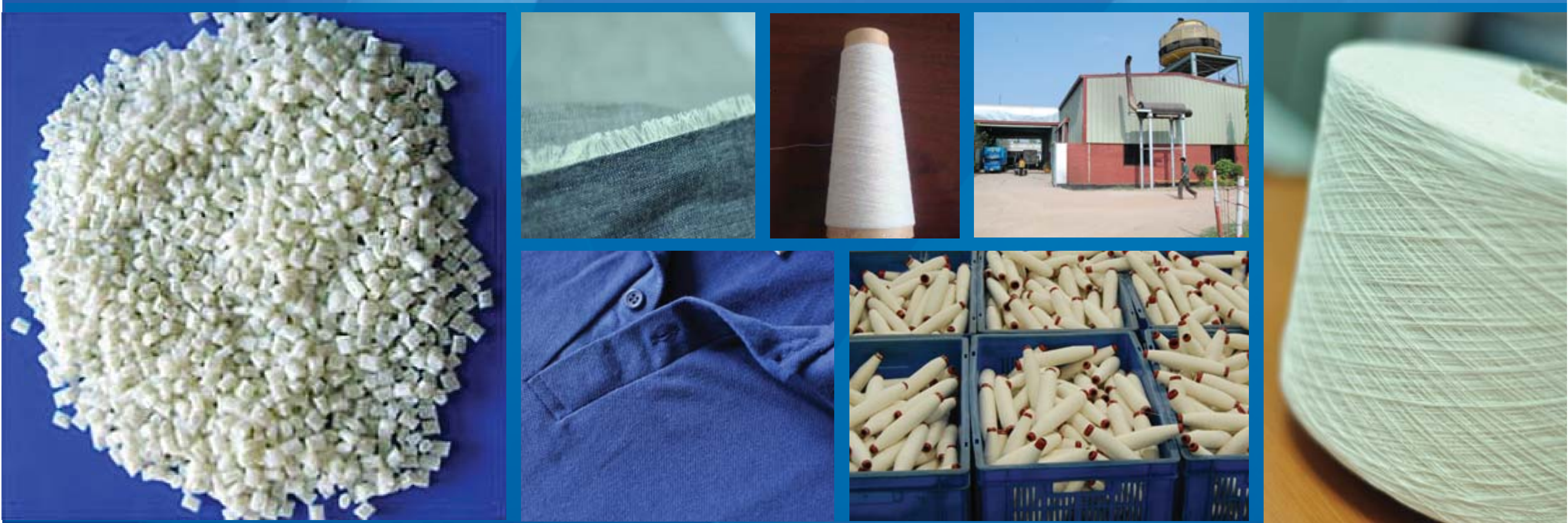
Dhaka

29th March, 2010 **(M. A. MALEK SIDDIQUI WALI & CO.)**

Chartered Accountants

Sd/-

(Md. Waliullah, FCA)



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Malek Spinning Mills Limited

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