

শফিক বসাক এন্ড কোং
SHAFIQ BASAK & CO.

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CHARTERED ACCOUNTANTS

Partners:

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Ref. No-SB/521/2016

Dated: October 29, 2016

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HAKKANI PULP & PAPER MILLS LIMITED

We have audited the accompanying financial statements of **HAKKANI PULP & PAPER MILLS LIMITED**, which comprise the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and securities and exchanges rules 1987, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion:

In our opinion, the accounts are maintained and the statements are prepared and reported in accordance with the Bangladesh Accounting Standards (BAS) and the Bangladesh Financial Reporting Standards (BFRS), the financial statements present fairly in all material respects, give a true and fair view of the financial position of the company as of June 30, 2016 and of the results of its financial performance and its cash flows for the year then ended and comply with the Companies Act, 1994 and other applicable laws & regulation.



Branch Office :

Dhaka : House - 42 (1st Floor), Road - 01, Blook - A, Niketan, Gulshan - 01, Dhaka. Phone : 88-02-99859602-3, 01819-285196, E-mail.mahmoods.bd@gmail.com

Emphasis of Matters

We draw users' attention to note 3.01.03 to the financial statements, where managements applied changes in accounting policy and made retrospective restatement as required by BAS 8 and corresponding disclosure as required by BAS 1 in statement of financial position. The company revalued its property plants and equipment in 2012 and since then the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost has not been charged to profit and loss accounts rather, adjusted with revaluation reserve. During the period, the company followed the guidance of BAS 16 for charging depreciation of revalued carrying amount to profit and loss accounts and changed related prior year's balances.

We also draw user's attention to note 6.03 to financial statements, where the company charged loss on fair value changes of investment in share in comprehensive income as required by BAS 39 which was previously used to be charged in profit and loss accounts.

The reported financial statements of 30 June 2015 has been disclosed instead of disclosure of financial statements at 01 July 2014 disregarding the requirement of Para 40B(C) of BAS-1.

Our opinion is not qualified with regard to either of the above matters.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the securities and exchanges rules 1987, we also report the following:

- (i) We have obtained all the information, explanations and documents which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- (ii) The Company management has followed relevant provision of law and rules in managing the affairs of the Company and that proper books of account, records and other statutory books have been properly maintained.
- (iii) The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of account and returns; and
- (iv) The expenditure incurred and payments made were for the purpose of the Company's business for the year.

Dated – Dhaka
October 29, 2016

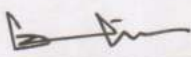

SHAFIQ BASAK & CO.
CHARTERED ACCOUNTANTS



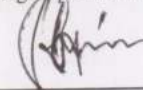
HAKKANI PULP & PAPER MILLS LIMITED
Statement of Financial Position
As at 30 June, 2016

	Note(s)	2016 Taka	2015 *Restated Taka	2015 Reported Taka
ASSETS				
Non Current Assets :				
Property, Plant and Equipment	04	631,651,793	652,982,392	652,982,392
Capital Work In Progress	05	105,586,125	18,123,383	18,123,383
Investment in Shares	06	17,276,493	19,292,072	19,292,072
		264,456,451	201,190,654	201,190,654
Current Assets:				
Inventories	07	142,167,234	103,740,121	103,740,121
Trade Receivables	08	34,865,465	47,738,984	47,738,984
Advances, Deposits & Prepayments	09	71,247,069	44,092,399	44,092,399
Interest Receivable on FDR		402,904	235,001	235,001
Cash & Cash equivalents	10	15,773,779	5,384,149	5,384,149
TOTAL ASSETS		1,018,970,862	891,588,501	891,588,501
SHARE HOLDERS EQUITY & LIABILITIES				
Shareholders Equity:				
Share Capital	11	190,000,000	190,000,000	190,000,000
Dividend Equalization Reserve	12	15,000,000	15,000,000	15,000,000
Revaluation Reserve	13	325,410,615	339,361,429	339,361,429
Fair Value Reserve		(3,168,122)	(956,157)	-
Retained Earnings	14	24,192,442	31,026,570	30,070,413
		125,592,052	138,362,812	138,362,812
Non Current Liabilities:				
Unsecured Loan	15	21,928,250	16,451,250	16,451,250
Long Term Loan	16.01	11,197,507	27,500,000	27,500,000
Deferred Tax Liability	17	92,466,295	94,411,562	94,411,562
		341,943,875	178,793,847	178,793,847
Current Liabilities:				
Short Term Loan & Overdraft	18	291,282,585	111,193,030	111,193,030
Accrued Expenses	19	7,969,471	5,810,312	5,810,312
Workers Profit Participation and Welfare Fund	20	1,108,876	1,685,819	1,685,819
Current Portion of Long Term Loan	16.01	10,632,000	-	-
Trade Payables	21	20,447,020	41,700,718	41,700,718
Liabilities for Other Finance	22	2,657,438	3,797,782	3,797,782
Directors Current Account	23	4,600,000	4,600,000	4,600,000
Current Tax Liabilities	24	3,246,485	10,006,186	10,006,186
TOTAL EQUITY & LIABILITIES		1,018,970,862	891,588,501	891,588,501
Net Asset Value Per Share(with revaluation)	34	29.02	30.23	30.23
Net Asset Value Per Share(without revaluation)	35	11.90	12.37	12.37

The annexed notes from 1 to 43 form an integral part of these financial statements.



 MANAGING DIRECTOR



 DIRECTOR



 COMPANY SECRETARY

Signed in terms of our separate report of date.
 Chittagong: October 29, 2016


SHAFIQ BASAK & CO.
 CHARTERED ACCOUNTANTS

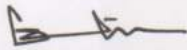


HAKKANI PULP & PAPER MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June, 2016

	Note(s)	2016 Taka	2015 *Restated Taka	2015 Reported Taka
Revenue	25	272,975,199	300,223,218	300,223,218
Less: Cost of Sales	26	254,987,998	283,568,225	266,022,158
Gross Profit		17,987,201	16,654,993	34,201,060
Less: Operating Expenses:				
Administrative Expenses	27	11,848,565	12,604,730	12,604,730
Financial Expenses	28	18,674,433	10,257,036	10,257,036
Selling & Distribution Expenses	29	1,840,791	2,385,742	2,385,742
		32,363,789	25,247,508	25,247,508
Operating Profit		(14,376,588)	(8,592,515)	8,953,552
Add: Non-Operating Income	30	2,784,230	1,313,296	1,313,296
		(11,592,358)	(7,279,219)	10,266,848
Add: Provision for diminution in value of Investment in shares written back		-	-	1,798,165
Net Profit Before WPPF & WWF		(11,592,358)	(7,279,219)	12,065,013
Less: Contribution to Workers Profit Participation and Welfare Fund	31	-	574,525	574,525
Net profit before Tax		(11,592,358)	(7,853,744)	11,490,488
Less: Income Tax Provision:				
Current Tax		1,637,851	1,900,000	1,900,000
Deferred Tax	32	516,642	1,029,662	1,029,662
		2,154,493	2,929,662	2,929,662
Net profit after Tax for the year		(13,746,851)	(10,783,406)	8,560,826
Other Comprehensive Income / Loss:				
Depreciation on Revalued amount of Fixed Assets		-	-	(17,546,067)
Deferred Tax on Revaluation Reserve		2,461,908	2,631,910	2,631,910
Gain / (Loss) on Investment in Shares	6.02	(2,211,965)	1,798,165	-
Total Comprehensive Income		(13,496,908)	(6,353,331)	(6,353,331)

Earning Per Share - Basic 33 (0.72) (0.57) 0.45

The annexed notes from 1 to 43 form an integral part of these financial statements.



 MANAGING DIRECTOR



 DIRECTOR



 COMPANY SECRETARY

Signed in terms of our separate report of date.

Chittagong: October 29, 2016


 SHAFIQ BASAK & CO.
 CHARTERED ACCOUNTANTS



HAKKANI PULP & PAPER MILLS LIMITED

Statement of Cash Flows

For the year ended 30 June, 2016

	Note(s)	2016 Taka	2015 Taka
Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		288,632,948	280,975,965
Payment for Material and Expenses		(311,025,887)	(236,585,054)
Interest Paid		(18,674,433)	(10,257,035)
Income Tax Paid		(9,232,675)	(9,460,149)
Net Cash flow from Operating Activities	42	(50,300,047)	24,673,727
Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(10,274,845)	(36,339,235)
Capital Work In Progress		(87,462,742)	-
Purchase of shares during the year		(2,373,183)	(2,778,996)
Sales of shares during the year		2,176,730	2,044,723
Net cash flow from Investing Activities		(97,934,040)	(37,073,508)
Cash flows from Financing Activities			
Short Term Loan & Overdraft		180,089,555	(2,671,682)
Repayment of Long Term Loan		(16,302,493)	27,500,000
Unsecured Loan Received		5,477,000	(3,732,000)
Director Current Account		-	(1,745,000)
Liabilities for other finance		(913,252)	953,302
Dividend paid during the year		(9,727,093)	(6,987,976)
Net Cash flow from Financing Activities		158,623,717	13,316,644
Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		10,389,630	916,862
Opening Cash and Bank Balances		5,384,149	4,467,287
Closing Cash and Bank Balances (D+E)		15,773,779	5,384,149
Net Operating Cash Flow Per Share		(2.65)	1.30

The annexed notes form an integral part of these financial statements.


MANAGING DIRECTOR


DIRECTOR


COMPANY SECRETARY



Chittagong: October 29, 2016

HAKKANI PULP & PAPER MILLS LIMITED

Statement of Changes in Equity

For the year ended 30 June, 2016

Particulars	(Amount in Taka)					
	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2015	190,000,000	15,000,000	339,361,429	(956,157)	31,026,570	574,431,843
Adjustment of depreciation on carrying amount of revalued asset.	-	-	(16,412,722)	-	16,412,722	-
Deferred Tax on Revaluation Surplus	-	-	2,461,908	-	-	2,461,908
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(2,211,965)	-	(2,211,965)
Dividend for the Year 2014-2015	-	-	-	-	(9,500,000)	(9,500,000)
Net Profit after Tax for the year	-	-	-	-	(13,746,851)	(13,746,851)
Balance as on 30 June, 2016	190,000,000	15,000,000	325,410,615	(3,168,122)	24,192,442	551,434,935
Balance as at 01 July, 2014	190,000,000	10,000,000	354,275,586	(2,754,322)	19,839,415	571,360,679
Revaluation Surplus Realized	-	-	(17,546,067)	-	17,546,067	-
Transferred from Retained Earnings	-	5,000,000	-	-	-	5,000,000
Transferred to Dividend Equalization Reserve	-	-	-	-	(5,000,000)	(5,000,000)
Adjustment for Deferred Tax on Revaluation Surplus	-	-	2,631,910	-	-	2,631,910
Prior year Adjustment for Deferred Tax.	-	-	-	-	16,747,294	16,747,294
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	1,798,165	-	1,798,165
Dividend for the Year 2013-2014	-	-	-	-	(7,322,800)	(7,322,800)
Net Profit after Tax for the year.	-	-	-	(956,157)	(10,783,406)	(10,783,406)
* Restated Balance as on 30 June, 2015	190,000,000	15,000,000	339,361,429	(956,157)	31,026,570	574,431,842
Reported Balance as on 30 June, 2015	190,000,000	15,000,000	339,361,429	-	30,070,413	574,431,842



DIRECTOR

MANAGING DIRECTOR

COMPANY SECRETARY



Chittagong: October 29, 2016

HAKKANI PULP & PAPER MILLS LIMITED

Notes to the Financial Statements For the year ended 30 June, 2016

1.00 LEGAL STATUS AND NATURE OF THE BUSINESS:

1.01 Status and Legal Form of the Company

Hakkani Pulp & Paper Mills Ltd. (hereinafter referred to as the "Company) has been incorporated in Bangladesh as a public company limited by shares under the Companies Act, 1994 vide Registration No. CHC-2462/1996 with the Registrar of Joint Stock Companies and Firms on December 28, 1996 with an Authorized Capital of Tk. 500,000,000.00 comprising of 50,000,000 Ordinary Shares of Tk. 10 each. The Company issued shares to the general public in 2001 and got listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

The registered office of the Company is situated at 2/10, D.T. Road, North Pahartali, Chittagong. The factory is located at Mouza: Halimkhar Char, P.S.: Potiya, Dist: Chittagong on Chittagong -Cox's Bazar Highway.

1.02 Nature of Business:

The principal objects of the company is to manufacture different kinds of Pulp & Papers.

2.00 BASIS OF PREPARATION, PRESENTATION AND DISCLOSURES OF FINANCIAL STATEMENTS

2.01 Statement of compliance:

These Financial Statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement, in accordance with the International Accounting Standard (IAS) and international Financial Reporting Standard (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting standards (BAS) and Bangladesh Financial Reporting Standard (BFRS).

2.02 Application of Bangladesh Accounting Standards (BAS):

The following BAS are applicable for the Financial Statements for the year under review:

BAS - 01	Presentation of Financial Statements
BAS - 02	Inventories
BAS - 07	Statement of Cash Flows
BAS - 08	Accounting Policies, Changes In Accounting Estimates and Errors
BAS - 10	Events after the Reporting year
BAS - 12	Income Taxes, Deferred Taxes.
BAS - 16	Property, Plant and Equipment
BAS - 18	Revenue
BAS - 19	Employee Benefits
BAS - 23	Borrowing Costs
BAS - 24	Related Party Disclosures
BAS - 32	Financial Instruments: Presentation
BAS - 33	Earning per Share
BAS - 39	Financial Instruments: Recognition & Measurement
BFRS- 07	Financial Instruments: Disclosure



2.03 **Basis of Reporting :**

The Financial Statement have been prepared and presented for external users by the company in accordance with identified Financial reporting framework, presentation has been made in compliance with the requirements of BAS 1 - "Presentation of Financial Statements " and The Financial Statements Reporting Standards (BFRSs).

- a. A Statement of Financial Position as at 30 June' 2016
- b. A Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June' 2016
- c. A Statement of changes in equity for the year ended 30 June' 2016
- d. A Statement of Cash flows for the year ended 30 June' 2016
- e. Notes , comprising a summary of significant accounting policies and explanatory information.
- f. Comparative information prescribed by the Standard.

2.04 **Other Regulatory Compliances:**

The entities are also required to comply with the following major laws and regulation along with the Companies Act, 1994.

- The Income Tax Ordinance, 1984
- The Income Tax Rules , 1984
- The Value Added Tax Act, 1991
- The Value Added Tax Rules, 1991
- The Customs Act, 1969
- Bangladesh Labour Law, 2006 as amended in 2013.
- The Securities and Exchange Rules, 1987

2.05 **Authorization for Issue :**

These financial statements have been authorized for issue by the Board of Directors on 29th October, 2016

2.06 **Basis of Measurement :**

The Financial Statements have been prepared on going concern basis under the historical cost convention except for revaluation of non current assets.

2.07 **Functional and presentation currency:**

The Financial Statements are presented in Bangladesh Taka which is the company's functional currency. All financial information presented in BDT has been rounded off to the nearest Taka.

2.08 **Use of Estimates and Judgments:**

The preparation of the Financial Statements in conformity with BAS and BFRS requires management to make judgments , estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, Actual results may differ from these estimates.

Estimates and underlying assumption are reviewed on an on going basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised in any future years affected.

In particular, information about significant areas of estimation, uncertainty and critical Judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the following notes

- Note: 04 Property, Plant and Equipment
- Note: 07 Inventories
- Note: 08 Trade Receivables
- Note : 09 Advances, Deposits & Prepayments
- Note: 17 Deferred Tax Liability
- Note : 21 Trade Payables



2.09 **Reporting year:**

The financial year of the companies covers one year from 01 July 2015 to 30 June 2016 and it is followed consistently.

3.00 **SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies set out below have been applied consistently to all years presented in the Financial Statements. Certain comparative amounts have been reclassified to confirm with the current year's presentation.

3.01 **Property, plant and equipment:**

3.01.01 **Recognition and measurement:**

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self constructed/ installed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

3.01.02 **Subsequent costs:**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future benefit embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in profit and loss as incurred.

3.01.03 **Charging of Depreciation on Revalued Assets as per BAS 16 :**

The company revalued its property, plants and equipments in 2012 and since then depreciation was being charged on the cost rather than revalued amount as per BAS 16. During the period, the company followed the guidance of BAS 16 for charging depreciation and changed related prior year's balances as required. And accordingly depreciation during the period on revalued assets Tk. 16,412,722. has been charged in statement of profit or loss and other comprehensive income.

3.01.04 **Depreciation:**

Depreciation is recognized in Statement of Profit or Loss and other Comprehensive Income on diminishing balance method over the estimated useful lives of Property , Plant and Equipment. Depreciation is charged on Property , Plant and Equipment from the usable date i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

No depreciation is charged on land and capital work-in-progress. Depreciation is charged on all other fixed assets on a diminishing balance method. Depreciation of an assets is charged by the rates depending on the nature and estimated useful life of assets are given below:

<u>Assets</u>	<u>Rate</u>
Building & Other Civil Construction	5%
Plant & Machinery	7%
Furniture & Fixtures	10%
Office Equipment	10%
Electric Installation	10%
Gas Line Installation	10%
Telephone Line Installation	10%
Water Line Installation	10%
Fire Extinguisher	20%
Office Decoration	10%
Vehicle	20%
Motor Vehicle	20%



3.02 **Inventories:**

Inventories are measured at lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring these inventories and bringing them to their existing location and condition in accordance with BAS-2

Category

Basis of Valuation

Finished Goods

Finished goods are valued at cost or NRV whichever is lower.

Raw materials

Raw materials are valued at cost or NRV whichever is lower.

Work in Process

Work in process is valued at 75% of sales price

Consumable stores

Based on weighted average method.

Packing materials

Based on weighted average method.

3.03 **Advances, deposits and prepayments:**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges.

3.04 **Cash and cash equivalents:**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term fixed deposits with banks.

3.05 **Impairment:**

Property, Plant and Equipment:

The carrying amount of the company's assets are reviewed at end of each reporting date and adjustment for value from loss or missing item, if any, are made with approval of Board of Directors.

Receivables:

Company policy is to provide for impairment loss on debtors, if any receivable are not realized within three years from due date

3.06 **Employee benefit schemes:**

Appropriate provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund as per provisions of law.

3.07 **Provisions:**

Provisions are made against obligations arising from past events, for which company has obligations to pay in future and such probable expenditures of company are provided at Financial Position date.

3.08 **Interest income and expenses:**

Interest income has been recognized on accrual basis.

Interest expenses incurred during the year have been charged to statement of Profit or Loss and other comprehensive income.

3.09 **Contingencies:**

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be measured reliably.



3.10 **Income tax expenses :**

Current tax

Provision for income tax has been made as per provisions of income tax laws.

Deferred Tax

Deferred Tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying value of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted on the balance sheet date. The impact on the account of changes in the deferred tax assets or liabilities has been recognized in the Statement of Profit or Loss and Other Comprehensive Income as per BAS-12.

3.11 **Revenue:**

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any. Revenue is recognized when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

3.12 **Earning per share (EPS):**

Basic Earnings:

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

Diluted Earning per share:

No diluted earnings per share is required to be calculated for the year as there is no scope for dilution during the year.

3.13 **Foreign Currency Transaction Policy:**

The foreign currency transaction in respect of imported raw materials, machineries and other spares parts have been recognized by applying exchange rate prevailing on the date of transaction.

3.14 **Comparative Information:**

Comparative information has been disclosed in respect of all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Previous years figures have been rearranged, wherever considered necessary, to ensure comparability with current year

The company has labeled the restated comparative information with the heading "restated". This is to highlight for users the fact that the comparative financial statements information is not the same as the financial statements information previously presented in the prior year's financial statements.

The company has restated the comparative information due to charging of depreciation on revalued amount of non current assets to the Statement of Profit or Loss and Other Comprehensive Income which was not charged to the Statement of Profit or Loss and Other Comprehensive Income in the prior year's financial statements.

4.00 **PROPERTY, PLANT & EQUIPMENT:**

This is arrived at as under:

Balance as on 1st July 2015 (including revaluation)

Add: Addition during the year

Less: Adjustment during the year

Balance as on 30 June 2016

Less: Accumulated depreciation

Written down value as on 30 June 2016

	2016	2015
	Taka	Taka
	904,118,313	867,779,078
	10,274,845	36,339,235
	-	-
	914,393,158	904,118,313
	282,741,365	251,135,921
	631,651,793	652,982,392

(a) Details of Groupwise fixed assets with cost, addition and adjustment during the year, depreciation and written down value are shown at **Note-4.01.**



(Amount in taka)

4.01 PROPERTY, PLANT & EQUIPMENT:

Particulars	C			O		S		T		D E P R E C I A T I O N			Written Down Value as on 30 June, 2016
	Balance as on 01 July 2015	Addition during the year	Deletion during the year	Balance as on 30 June, 2016	Rate of Dep.	Balance as on 01 July 2015	Charged during the year	Balance as on 30 June, 2016					
At original cost													
Land & Land Development	38,296,802	168,587	-	38,465,389	-	-	-	-	-	-	-	-	38,465,389
Building & Other Construction.	70,019,293	3,958,218	-	73,977,511	5%	22,690,875	2,374,676	25,065,551	5%	22,690,875	2,374,676	25,065,551	48,911,960
Plant & Machinery	286,695,432	2,138,427	-	288,833,859	7%	135,760,349	10,674,380	146,434,728	7%	135,760,349	10,674,380	146,434,728	142,399,131
Furniture & Fixture	796,659	76,000	-	872,659	10%	337,186	50,112	387,298	10%	337,186	50,112	387,298	485,361
Office Equipment	2,666,363	139,300	-	2,805,663	10%	947,858	180,194	1,128,053	10%	947,858	180,194	1,128,053	1,677,610
Electric Installation	16,786,966	814,272	-	17,601,238	10%	7,345,358	948,815	8,294,172	10%	7,345,358	948,815	8,294,172	9,307,066
Gas Line Installation	3,777,251	-	-	3,777,251	10%	2,213,348	156,390	2,369,739	10%	2,213,348	156,390	2,369,739	1,407,512
Telephone Line Installation	128,263	-	-	128,263	10%	71,320	5,694	77,014	10%	71,320	5,694	77,014	51,249
Water Line Installation	5,732,923	894,794	-	6,627,717	10%	2,275,103	383,168	2,658,271	10%	2,275,103	383,168	2,658,271	3,969,446
Fire Extinguisher	111,870	-	-	111,870	20%	54,482	11,478	65,959	20%	54,482	11,478	65,959	45,911
Office Decoration	295,300	-	-	295,300	10%	174,399	12,090	186,489	10%	174,399	12,090	186,489	108,811
Vehicle Car	1,749,672	-	-	1,749,672	20%	1,452,864	59,362	1,512,226	20%	1,452,864	59,362	1,512,226	237,446
Motor Vehicle	-	2,085,247	-	2,085,247	20%	-	336,362	336,362	20%	-	336,362	336,362	1,748,885
"A"	427,056,794	10,274,845	-	437,331,639		173,323,143	15,192,721	188,515,864		173,323,143	15,192,721	188,515,864	248,815,775
At Revaluation													
Land & Land Development	139,028,020	-	-	139,028,020	-	-	-	-	-	-	-	-	139,028,020
Building & Other Construction.	110,663,849	-	-	110,663,849	5%	20,527,452	4,506,820	25,034,272	5%	20,527,452	4,506,820	25,034,272	85,629,577
Plant & Machinery	227,369,650	-	-	227,369,650	7%	57,285,326	11,905,903	69,191,229	7%	57,285,326	11,905,903	69,191,229	158,178,421
"B"	477,061,519	-	-	477,061,519		77,812,779	16,412,722	94,225,501		77,812,779	16,412,722	94,225,501	382,836,018
Grand total (A+B) as on 30 June, 2016	904,118,313	10,274,845	-	914,393,158		251,135,921	31,605,444	282,741,365		251,135,921	31,605,444	282,741,365	631,651,793
As on 30 June 2015	867,779,078	36,339,235	-	904,118,313		218,662,994	32,472,927	251,135,921		218,662,994	32,472,927	251,135,921	652,982,392

2015

2016

Allocation of Depreciation :

Administrative Expenses 307,452
 Factory Expenses 31,297,991

TAKA =

31,605,444

32,472,927



	2016 Taka	2015 Taka
5.00 CAPITAL WORK IN PROGRESS:		
Balance as on 01 July 2015	18,123,383	-
Addition during the year	87,462,742	18,123,383
	105,586,125	18,123,383
Capitalized during the year	-	-
Balance as on 30 June 2016	105,586,125	18,123,383

5.01 Details of Capital Work-In-Progress:

Particulars	Opening Balance	Additions	Capitalized during the year	Closing Balance
ETP Extension	1,919,144	8,572,579	-	10,491,723
New High Speed Washer	62,820	-	-	62,820
Sheet Cutter Machine	15,334,659	700,871	-	16,035,530
Tissue Project Purpose Expenses	806,760	49,272,710	-	50,079,470
Building & Other Construction	-	7,950,814	-	7,950,814
Hot Desperser Chest.	-	72,826	-	72,826
High Speed Washer	-	226,700	-	226,700
BMRE Project	-	20,666,242	-	20,666,242
Total	18,123,383	87,462,742	-	105,586,125

These costs include costs incurred initially to construct Property, Plant and Equipment (PPE). Construction costs are transferred to PPE when the construction is completed.

6.00 INVESTMENT IN SHARES:

6.01 Company wise investment position at market value are shown below:

Name of company	No. of Shares	Cost	Market Value as on 30 June , 2016	Unrealized gain/(loss)
Agni Systems Ltd.	36	1,234	680	(554)
Bank Asia Ltd	32,683	427,051	529,217	102,166
Beximco Ltd.	39,842	1,550,974	956,208	(594,766)
Beximco Pharma Ltd.	7,999	356,040	660,717	304,677
Brac Bank Ltd	32,220	820,104	1,707,660	887,556
DESCO Ltd.	12,964	528,536	652,089	123,553
Dhaka Bank Ltd.	36,253	386,205	551,046	164,840
Exim Bank Ltd.	39,573	1,009,366	312,627	(696,740)
Fuwang Foods Ltd	8,280	164,067	115,092	(48,975)
Grameen Phone Ltd.	8,700	3,102,644	2,194,140	(908,504)
IBBL Mudaraba Bond	615	465,000	585,863	120,863
Islamic Finance and Invest Ltd.	50,078	1,779,803	635,991	(1,143,812)
Jamuna Oil Ltd	2,299	271,160	412,671	141,511
Lafarge Surma Cement Ltd.	2,000	275,096	153,000	(122,096)
Meghna Petroleum Ltd.	2,402	249,415	409,541	160,126
Merchantile Bank Ltd.	24,012	305,303	242,521	(62,782)
MTBL	34,848	622,287	588,931	(33,356)
National Bank Ltd.	50,789	903,036	406,312	(496,724)
One Bank Ltd	42,778	508,332	551,801	43,469
Premier Bank Ltd.	31,944	335,128	223,608	(111,520)
Rupali Bank Ltd.	23,685	1,761,404	593,711	(1,167,693)
Shahjalal Bank Ltd	92,679	853,568	1,047,273	193,705
Southeast Bank Ltd	86,303	1,040,447	1,363,587	323,140
Summit Power Ltd.	2,465	22,956	81,345	58,389
Squire Pharmaceuticals Ltd.	3,937	954,754	1,035,037	80,284
Titas Gas Ltd.	9,250	560,934	444,925	(116,009)
Trust Bank Ltd	44,373	1,189,771	820,901	(368,870)
Total:	723,007	20,444,615	17,276,493	(3,168,122)

	2016 Taka	2015 Taka
6.02 Gain/ (Loss) on Investment in Shares:		
Unrealized Gain/ (Loss) (Closing)	(3,168,122)	(956,157)
Unrealized Gain/ (Loss) (Opening)	(956,157)	(2,754,322)
Gain/ (Loss) on Investment in Shares during the year	(2,211,965)	1,798,165

6.03 The above investment in markeable securites designated as available for sale by the management are measured at fair value being non-current asstes. Unrealized gain /(loss) has been recognized as other comprehensive income and shown in statement of profit or loss and other comprehensive income as per BAS-39.



7.00 INVENTORIES:

	2016		2015	
	Qty (in Kg)	Value (Taka)	Qty (in Kg)	Value (Taka)
a) Raw Materials				
Wastage Paper	5,397,101	26,082,606	6,392,384	38,946,481
Chemicals	180,906	2,406,047	251,693	3,726,086
		28,488,653		42,672,567
b) Finished Goods				
Bright Newsprint Paper	1,772,441	69,364,313	742,580	41,450,147
Medium Paper	-	-	-	-
Writing Printing Paper	417,398	27,130,870	18,906	1,277,642
Work In Process	127,727	6,079,582	158,357	7,216,731
c) Consumable Store	-	11,003,816	-	11,023,034
d) Packing Material	-	100,000	-	100,000
		142,167,234		103,740,121

(a) Value of raw materials, consumables and packing materials was made at weighted average method.

(b) Work-in-Process was valued taking 100% materials cost and 50% labour and overheads.

(c) Finished goods was valued at lower of cost or market price.

(d) Quantities are taken into accounts from stock register.

8.00 TRADE RECEIVABLES:

	2016 Taka	2015 Taka
Akhter Paper House	288,800	-
Advance to Jamal Uddin	-	45,000
Atlantic Traders C & F	789,706	232,919
Ashraf Traders	493,125	-
Babul Store	13,968,324	18,895,274
Bangladesh Marine Hoist & House	46,000	-
Bismillah Enterprise	1,652,075	5,552,188
Bismillah Traders-Ashiq	-	804,333
Dainik azadi (Shapon chy)	717,358	5,666,625
Dainik Purbokone (Swopon Chy)	1,037,696	3,537,696
Ershad Electric Workshop	17,000	-
E Tec Ltd.	200,000	-
F & V Traders	567,424	567,424
Fahim Enterprise	688,666	688,666
Garibe Newaz Traders	279,593	1,932,768
Glory Tapes & Labels Ltd.	176,863	-
Hakkani Motors Ltd	287,000	-
Islam & Brothers	28,800	-
M Ahmed & Sons	131,816	131,816
M.B Paper Cutting House	366,392	-
M. T. Engineering Works	-	610,216
Metaphor Svster International	33,000	33,000
MJL Bangladesh Limited	124,974	62,344
Modern Biponi	2,226,252	2,469,082
Moulana Hafez Syed Ahmed Shah	223,838	136,550
Musa Sowdapor	2,203,100	703,100
Nezam Paper House	563,791	463,791
P.H.P Float Glass Ind. Ltd.	684,161	2,963,493
Pintu Refrigerator & Technology	15,000	-
Rahib Trading	500	-
Samuda Chemical Complex Ltd	2,138,940	495,660
Say Automation & Engineering	100,000	100,000
Seamax Corporation	2,326,385	426,249
Shah Amanat Enterprise Chemical	39,375	-
Shah Amanat Paper Enterprise	399,164	478,064
Shohag Wastage paper	198,690	198,690
Syed Ahmed Shah Store	69,138	69,138
Water System & Solution Ltd	481,700	474,900
Other Receivables	1,300,820	-
	34,865,465	47,738,984

Trade Receivables are occurred in the ordinary course of business are unsecured but considered good. Ageing of the above

Trade Receivables is as follows:

Below-30 Days	7,321,748	10,025,187
Within 31- 60 Days	10,808,294	14,799,085
Within 61 - 90 Days	9,065,021	12,412,136
Above 90 Days	7,670,402	10,502,576
	34,865,465	47,738,984



	2016 Taka	2015 Taka
9.00 <u>ADVANCES, DEPOSITS & PREPAYMENTS:</u>		
A) Advance Income Tax Paid	10,146,357	9,460,149
Advance Income Tax - Import	363,818	215,125
Advance Income Tax Deducted at Source	2,730,266	2,730,045
Advance Income Tax Deducted at Source (Dividend Income)	296,937	266,154
Advance Against Salary & Wages	91,432	53,932
Advance Against Purchase Abu saleh	475,422	350,600
Advance Against Purchase Mohiuddin	225,300	-
Advance to Jamal Uddin	208,500	-
Advance for Pick-up Purchase	-	676,707
Advance for Land Purchase	500,000	500,000
Advance office rent	-	18,000
Advance for Dhaka Office expenses	259,700	237,060
Advance against company Business	-	654,238
Anima Development Limited	7,502,749	6,901,000
Advance to Ctg. Bricks & Clay Works Ltd.	66,500	630,300
Advance to Elias-Document	-	145,000
Advance to B.L. International	200,000	200,000
Advance to Debashish Banarjee	1,439,755	487,772
Advance to Dulal (KGDCL)	170,000	170,000
Shahjahan & Brothers	80,000	80,000
Advance to Total Trading	89,600	208,600
Advance to Photocopier Purchase	-	64,500
Advance to Khorshed Alam	190,000	-
Advance against Travelling expenses	2,235,835	-
Advance to BD Link	155,000	-
Advance against purchase print seller	1,637	-
VAT Current Account	220,310	63,210
Lanka Bangla Securities Ltd.	249,533	-
Other Advance	3,684,074	7,184,727
	31,582,724	31,297,118
B) <u>ADVANCED AGAINST L/C</u>		
C) <u>DEPOSITS AND PREPAYMENTS:</u>		
Security Deposit (PBS-1)	821,100	821,100
Security Deposit (BGSL) Boiler	1,811,601	1,811,601
Security Deposit (BGSL) Generator	1,099,524	592,239
Security Deposit (PDB)	25,200	25,200
Security Deposit (GEP Holdings Ltd)	8,000	8,000
Security Deposit (Grameen Phone)	20,000	20,000
Security Deposit (BTCL)	6,000	6,000
Security Deposit (CDBL)	300,000	300,000
L.C Margin (Gas Gen) BKB	257,040	257,040
L.C Margin (Boiler) BKB	1,043,250	1,043,250
Security Deposit Container Purpose	1,114,264	-
Security Deposit to RanksTel	2,300	-
	6,508,279	4,884,430
Total (A+B+C)	71,247,069	44,092,399



10.00 CASH & CASH EQUIVALENTS:

Cash In Hand

At Head Office
At Dhaka Office
At Factory

2016 Taka	2015 Taka
208,481	217,663
5,000	5,000
35,000	35,000
248,481	257,663

Cash at Banks

Bangladesh Krishi Bank, Agrabad Branch, CD A/C-2903-0210014807
Social Islami Bank Ltd, Agrabad Branch-CC A/C - 0041330027978
First Security Islami Bank Ltd, Agrabad Branch. STD A/C -
Social Islami Bank Ltd, Agrabad Branch, STD Account-41300458
National Bank Ltd, Pahartali Branch- CD A/C-005533008427
AB Bank Ltd. PCR Branch, CD A/C-4127773938000
Prime Bank Ltd, Laldighi East Branch, CD A/C -14511090025949
Southeast Bank Ltd, Pahartali Branch, CD A/C-004111100004378
City Bank Ltd, Agrabad Branch CD A/C No 1101497955001
Premier Bank Ltd, Agrabad Branch CD A/C No-010311100015243

36,493	37,793
5,886,069	-
54,879	54,188
1,052,729	283,572
46,688	88,129
11,708	48,080
508,149	11,261
223,607	53,145
8,275	8,965
5,196,701	2,041,352
13,025,298	2,626,486
2,500,000	2,500,000
15,773,779	5,384,149

Fixed Deposit with Union Capital Ltd. # LF/CTG-140240-16/SME-214

(a) Cash balance as on 30.06.2016 was certified by management.

(b) All bank balances were duly reconciled with bank statements of respective bank account.



11.00 **SHARE CAPITAL:**

2016
Taka

2015
Taka

11.01 **Authorized:**

50,000,000 Ordinary shares of Tk. 10.00 each.

500,000,000 500,000,000

11.02 **Issued, Subscribed and Paid-up:**

85,00,000 Ordinary shares of Tk. 10.00 each fully paid up in cash.

85,000,000 85,000,000

1,05,00,000 Ordinary shares of Tk. 10.00 each fully paid up other than cash.

105,000,000 105,000,000

190,000,000 190,000,000

11.03 **The break up of share holdings as on 30 June' 2016 is as follows:-**

Description	No of shares June 2016	% of share holding 30 June 2016	No of shares June 2015	% of share holding June 2015
Sponsors	10,886,000	57.29	10,886,000	57.29
Investment Corporation of Bangladesh.	35,500	0.19	35,500	0.19
Bangladesh Development Bank Ltd.	1,580,800	8.32	1,580,800	8.32
Other Institution and General Public	6,497,700	34.20	6,497,700	34.20
Total	19,000,000	100.00	19,000,000	100.00

11.04 **Number of shareholders & their share holdings in percentage are as follows:**

Range of Holdings	No. of Shareholders		No. of Shares		Holding %	
	2016	2015	2016	2015	2016	2015
Less than 500 shares	415	415	132,973	132,973	0.70	0.70
500 to 5000 Shares	328	328	578,197	578,197	3.04	3.04
5001 to 10000 Shares	51	51	357,504	357,504	1.88	1.88
10001 to 20000 Shares	22	22	309,993	309,993	1.63	1.63
20001 to 30000 Shares	9	9	215,590	215,590	1.13	1.13
30001 to 40000 Shares	9	9	304,985	304,985	1.61	1.61
40001 to 50000 Shares	2	2	97,582	97,582	0.51	0.51
50001 to 100,000 Shares	7	7	432,796	432,796	2.28	2.28
100001 to 1,000,000 Shares	18	18	7,635,080	7,635,080	40.18	40.18
Over 1,000,000 Shares	7	7	8,935,300	8,935,300	47.03	47.03
Total	868	868	19,000,000	19,000,000	100.00	100.00



	2016 Taka	2015 Taka
12.00 <u>DIVIDEND EQUALIZATION RESERVE:</u>		
Dividend Equalization Reserve is made-up as follows		
Balance as on 01 July 2015	15,000,000	10,000,000
Add: Transferred from Retained Earnings	-	5,000,000
Balance as on 30 June 2016	<u>15,000,000</u>	<u>15,000,000</u>

Dividend equalization reserve was created in the earlier year(s) with the concurrence of Board of Directors. The objective of this reserve is to pay dividend to shareholders during bad time of company.

13.00 REVALUATION RESERVE:

A revaluation of Land , Buildings and Plant and Machinery has been made during the financial year 2010-2011 by M/S. G. K. Adjusters, a professional valuer and the surplus amount of these assets were transferred to Revaluation Reserve Account . Breakup of such surplus is as follows:

Land and land development	139,028,020	139,028,020
Factory Building & Other Civil Constructions	110,663,849	110,663,849
Plant & Machinery	227,369,650	227,369,650
	477,061,519	477,061,519
Less: Depreciation on Revalued Assets till 30.06.2016 (Note-4.01)	94,225,501	77,812,779
	382,836,018	399,248,740
Less : Adjustments for Deferred Tax	57,425,403	59,887,311
Balance as on 30 June, 2016	<u>325,410,615</u>	<u>339,361,429</u>

Revaluation reserve relates to the revaluation of Property Plant and Equipment.

14.00 RETAINED EARNINGS:

Retained earning is made-up as follows:

Balance as on 01 July 2015	31,026,570	19,839,415
Less: Dividend for the year 2014-2015 as approved in the AGM	9,500,000	7,322,800
	21,526,570	12,516,615
Add: Net profit after tax for the year	(13,746,851)	(10,783,406)
	7,779,719	1,733,208
Less: Transferred to Dividend Equalization Reserve	-	5,000,000
	7,779,719	(3,266,791)
Add: Revaluation Surplus Realized	16,412,722	17,546,067
	24,192,442	14,279,276
Add: Adjustmnet for deferred tax relating to prior year	-	16,747,294
Balance as on 30 June 2016	<u>24,192,442</u>	<u>31,026,570</u>

15.00 UNSECURED LOAN:

Mr. Mohammad Abdullah, Chairman	11,174,250	5,697,250
Mr. M. Golam Mostafa, Managing Director	2,354,000	2,354,000
Mr. M. Golam Kibria, Director	2,300,000	2,300,000
Mrs. Hosne Ara Begum, Director	3,800,000	3,800,000
Mr. M. Golam Hayder, Director	2,300,000	2,300,000
	<u>21,928,250</u>	<u>16,451,250</u>

The above loans from Directors and others are interest free.

16.00 LONG TERM LOAN:

Premier Leasing & Finance Ltd, Agrabad Branch.	-	27,500,000
Social Islami Bank Limited ,Agrabad Branch, A/C No - 0043220004376	21,829,507	-
Balance as on 30 June 2016	<u>21,829,507</u>	<u>27,500,000</u>



	<u>2016</u> <u>Taka</u>	<u>2015</u> <u>Taka</u>
16.01 <u>LONG TERM LOAN- MATURITY ANALYSIS:</u>		
Due within one year- Current portion	10,632,000	-
Due after more than one year- Non-current portion	11,197,507	-
	<u>21,829,507</u>	<u>-</u>

16.02 **TERMS OF LONG TERM LOAN:**

Lenders:

The company entered into a secured long term loan agreement with Social Islami Bank Limited, Agrabad Branch, for take over the loan from Premier Leasing and Finance Limited on 27 October 2015

Total loan facilities: Tk. 3.00 crore.

Interest rate:

Interest rate is 14% per annum subject to change as per decision of the management of the Bank and variable depending on the situation of money market. The company currently enjoying the loan @ 11%.

Disbursement:

The first disbursement was made on November 24, 2015.

Repayments:

This secured long term loan is repayable in 36 (thirty six) month.

Securities:

- i. Hypothecation of machineries and stock.
- ii. Total 75.30 decimal land has been placed as prime securities against the loan.
- iii. Creation of charge with RJSC.

Purpose:

To takeover existing term liability from Premier Leasing and Finance Limited availed for business expansion.

17.00 **DEFERRED TAX LIABILITY:**

Balance as on 01 July 2015	34,524,251	50,241,883
Deferred tax (Income)/ Expenses for the year -- (Note-32)	516,642	1,029,662
	<u>35,040,893</u>	<u>51,271,545</u>
Less: Prior year Adjustment for Deferred Tax- (Note-17.02)	-	16,747,294
	<u>35,040,893</u>	<u>34,524,251</u>
Balance as on 30 June 2016	57,425,403	59,887,311
Add: Deferred Tax for Revaluation Surplus	92,466,295	94,411,562
	<u>92,466,295</u>	<u>94,411,562</u>

This represents provision made for deferred income tax to pay future income tax liability for temporary differences of Property, plant and equipment value. Calculation of Deferred Tax Liability as on 30.06.2016 has been shown at **Note-17.01**.

17.01 **Calculation of Deferred Tax Liability:**

(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value) as on 30.06.2016	210,350,386	215,436,849
(b) Tax Based Property, Plant and Equipment	70,186,816	77,339,843
(c) Net Taxable Temporary Differences (a-b)	140,163,570	138,097,006
(d) Deferred tax liability at effective Tax Rate	35,040,893	34,524,251
(e) Increase of net taxable temporary differences	-	4,118,650
(f) Deferred tax expenses on Net Taxable Temporary differences	516,642	1,029,662



	2016 Taka	2015 Taka
17.02 Prior year Adjustment for Deferred Tax:		
Provision required for deferred tax liability as on 30 June 2016 @ 25%	-	33,494,589
Provision for deferred tax liability held as on 30 June 2015	-	50,241,883
Excess Provision to be adjusted	-	(16,747,294)
Carrying amount of Property, Plant and Equipment represents net written down value of assets as on 30.06.2016		

18.00 SHORT TERM LOAN AND OVERDRAFTS:

Social Islami Bank Ltd, Agrabad Branch-CC A/C - 0041330027978	124,907,604	84,805,015
UPAS loan from Social Islami Bank Ltd.	129,892,457	-
Term Loan-UNICAP	-	4,765,554
Lanka Bangla Securities Ltd	-	869,009
Short Term Loan LATR Loan & others	36,482,524	-
Loan Against Trust Receipt (LATR) # 18499	-	59,716
Loan Against Trust Receipt (LATR) # 18514	-	42,724
Loan Against Trust Receipt (LATR) # 18515	-	118,471
Loan Against Trust Receipt (LATR) # 9667	-	14,034
UPAS -010 - 305 - 215 -0007	-	2,052,082
UPAS -010 - 305 - 215 -0010	-	1,056,502
UPAS -010 - 305 - 215 -0012	-	1,363,454
UPAS -010 - 305 - 215 -0016	-	735,632
UPAS -010 - 305 - 215 -0018	-	1,126,948
UPAS -010 - 305 - 215 -0019	-	2,603,444
UPAS -010 - 305 - 215 -0027	-	1,337,502
UPAS -010 - 305 - 215 -0028	-	1,252,107
UPAS -010 - 305 - 215 -0029	-	878,178
UPAS -010 - 305 - 215 -0030	-	1,108,501
UPAS -010 - 305 - 215 -0031	-	1,500,854
UPAS -010 - 305 - 215 -0034	-	2,890,680
UPAS -010 - 305 - 215 -0036	-	1,128,286
UPAS -010 - 305 - 215 -0047	-	1,484,340
	291,282,585	111,193,030

(a) Bai-Muazzal (Commercial Trading)-CC loan was sanctioned by the Social Islami Bank Limited, Agrabad Branch on the date of 5th May,2015. It is renewable.

(b) Limit of Cash Credit loan was Tk. 13 (Thirteen) crore.

(c) Loan bears interest @ 11% p.a.

(d) Land, Building and Machinery has been placed as prime securities against the Loan.



	<u>2016</u> Taka	<u>2015</u> Taka
19.00 ACCRUED EXPENSES:		
Agency commission on Sale	3,310,113	2,059,422
Audit Fee	100,000	40,000
Directors Remuneration	50,000	50,000
Electricity Bill-(Factory)	1,511,456	660,492
Electricity Bill-(H/O)	16,000	15,059
Gas Bill Factory	1,817,980	1,644,826
Gas Bill Factory canteen	3,926	2,656
Gas Bill (H/O)	595	-
Incentive Bonus	13,000	-
Mobile Bill	14,592	-
Office rent	15,000	15,000
Overtime	216,342	194,429
Salary & Allowances	15,500	26,500
Salaries, Wages and Allowances	223,750	460,950
Staff Salary & Allowances	248,550	333,311
Telephone Bill	2,617	2,617
Wages & Allowances	410,050	305,050
	<u>7,969,471</u>	<u>5,810,312</u>
20.00 WORKERS PROFIT PARTICIPATION & WELFARE FUND:		
Balance as on 01 July 2015	1,685,819	1,797,621
Add: Provision made during the year (Note-31.00)	-	574,525
	<u>1,685,819</u>	<u>2,372,146</u>
Less: Payment made during the year	576,943	686,327
Balance as on 30 June 2016	<u>1,108,876</u>	<u>1,685,819</u>
21.00 TRADE PAYABLES:		
A.K. Corporation	23,200	23,200
A.M Poly Packaging	732,652	999,989
Abdur Rouf (C&F) Banapole	16,362	16,362
Azad Engineering Workshop	98,800	34,500
Arab Electric Printing Press	5,900	-
Aramit Cement Ltd.	109,500	-
Bismillah Electric and Cables	11,085	38,800
Broad Band Telecom Services Ltd.	-	12,500
City Lub oil Industries Ltd.	137,800	56,120
Confidence Cement Ltd.	-	228,250
Desire Media Plus	-	14,080
Financial Express	36,000	-
GEP Holdings Ltd.	-	5,804
Golden Robber Industries	15,000	55,000
Hakkani Refueling Station	139,167	66,723
International Bearing	186,735	100,345
I.H Trading	-	109,715
Islam & Brothers	-	163,200
Jahangir and Brothers	-	82,760
Jishan Enterprise	-	91,167
Kaltimax Energy Bangladesh (Pvt) Ltd.	-	90,421



	2016 Taka	2015 Taka
Mamun Hardware Store	84,618	118,431
Mohsin Enterprise	-	396,230
Mojammel Hossen	-	140,585
Molla Traders	-	535,671
Mozumder Enterprise	-	46,600
Munna Enterprise	3,950,000	180,486
Modern Manufacturing Complex	150,102	-
Mr. Nabi Feroj Shah	200,000	-
M/S Soleman Store	1,600,000	-
M.T Engineering Works	253,950	-
Nasim Paper House	246,180	241,180
Nano Computer	64,500	64,500
National Cement Mills Ltd	-	103,750
North West Securities Ltd.	1,577	1,004
Ocean Oil Company	1,908	45,658
Prime Rubber Industries Ltd	71,000	-
Raj Bearing	145,195	111,155
Resimax Industries Ltd.	956,150	118,650
R.S Marker Paper House	853,080	-
RMF Corporation	1,566,000	-
Sakib Enterprise	3,903,812	36,438,664
Sagorika Printers	-	-
Shadman Enterprise	-	393,800
Shadat Engineering (S.Khan)	168,769	168,769
Shah Amanat Paper Enterprise (Chemical)	-	151,776
Sonia Paper Cutting	-	74,012
Sonali Trading Corporation	-	180,861
Team Star Asia	341,780	-
Al Raji Chemical	923,750	-
Bhuiyan Chemical	196,000	-
Gentech Energy	108,000	-
Global Trade Corporation	450,000	-
Tanvir Paper Mills Ltd.	852,054	-
Other Payable	1846395	-
	20,447,020	41,700,718
22.00 LIABILITY FOR OTHER FINANCE:		
I.T. Deducted at Source	68,852	68,959
VAT Deducted at Source	12,000	9,645
E Securities Limited	231	(269)
Loan from Mr. Md. Abdullah	-	900,000
Security Deposit From Bluechip Computer & Technology	-	16,000
Unclaimed Dividend	2,576,354	2,803,447
	2,657,438	3,797,782
23.00 DIRECTORS CURRENT ACCOUNT:		
Mr. Md. Golam Murshed	2,300,000	2,300,000
Mr. Md. Golam R. Muktadir	2,300,000	2,300,000
	4,600,000	4,600,000



	<u>2016</u> Taka	<u>2015</u> Taka
24.00 CURRENT TAX LIABILITIES:		
This is made up as follows:		
Balance as on 01 July 2015	10,006,186	8,106,186
Provided during the year:		
Against current year	1,637,851	1,900,000
Against previous years	-	
	<u>1,637,851</u>	<u>1,900,000</u>
	11,644,037	10,006,186
Adjusted with advance income tax paid	(8,397,552)	
Balance as on 30 June 2016	<u><u>3,246,485</u></u>	<u><u>10,006,186</u></u>



25.00 **REVENUE:**

Gross Sales Amount	VAT Amount	Net Sales Amount		
		2016	2015	
Bright News print Paper	184,486,362	3,323,205	181,163,157	215,501,981
Writing printing paper	96,155,496	4,343,454	91,812,042	83,379,785
Medium Paper	-	-	-	1,341,452
280,641,858	7,666,659	272,975,199	300,223,218	

26.00 **COST OF SALES:**

	2016 Taka	2015 *Restated Taka	2015 Reported Taka
Opening Stock of Raw Material	42,672,567	44,748,335	44,748,335
Add: Purchase during the year	174,216,954	160,460,637	160,460,637
	216,889,521	205,208,972	205,208,972
Less: Closing Stock of Raw Materials	28,488,653	42,672,567	42,672,567
Raw Materials Consumed	188,400,868	162,536,405	162,536,405
Add: Factory overhead:			
Salaries, Wages and Allowances	14,951,669	14,324,281	14,324,281
Overtime -Factory Worker	2,531,415	2,378,388	2,378,388
Incentive Bonus Factory Staff	167,887	149,075	149,075
Labour Charge	2,573,884	1,979,746	1,979,746
Carriage Inward	209,845	347,915	347,915
Gas Bill (Boiler & Gas Generator)	24,826,974	21,398,196	21,398,196
Electric Bill	16,634,390	11,376,411	11,376,411
Consumable Spare & Store	4,354,535	3,015,941	3,015,941
Factory Maintenance	8,119,193	7,007,683	7,007,683
Loading Unloading Charge	637,152	1,196,976	1,196,976
Paper Cutting Expenses	1,595,744	1,558,190	1,558,190
Fuel (Generator)	692,980	456,128	456,128
Fuel (Machine)	741,626	641,860	641,860
Fuel (vehicle)	273,170	190,031	190,031
Medical & Medicine	42,227	21,315	21,315
Gas Generator Upkeep	1,062,363	641,330	641,330
Insurance Premium (Factory)	1,342,815	877,220	877,220
Annual Maintenance	66,126	33,063	33,063
Boiler Upkeep	225,900	181,170	181,170
Packing Material	-	48,200	48,200
Gas Generator Overhauling Exp	1,462,817	620,000	620,000
Canteen Expenses-Factory	113,824	50,450	50,450
Carrying outward	5,234,500	4,939,500	4,939,500
Gas Bill (Factory Canteen)	42,823	26,737	26,737
Water Treatment Expenses	15,525	-	-
Depreciation	31,297,991	32,178,705	14,632,638
	307,618,243	268,174,916	250,628,849
Add: Opening Work-in Process	7,216,731	1,212,916	1,212,916
	314,834,974	269,387,832	251,841,765
Less: Closing Work-in Process	6,079,582	7,216,731	7,216,731
Cost of Production	308,755,392	262,171,101	244,625,034
Add: Opening Stock of Finished Goods	42,727,789	64,124,913	64,124,913
	351,483,181	326,296,014	308,749,947
Less: Closing Stock of Finished Goods	96,495,183	42,727,789	42,727,789
Cost of Sales	254,987,998	283,568,225	266,022,158

During the year, depreciation on revalued amount of non current assets have been charged to Profit or Loss & Other Comprehensive Income and accordingly previous year's Financial Statements information has been restated as under:

	2015	2014	2013	2012	2011
Cost of Sales originally reported	266,022,158	250,032,936	170,867,847	174,721,534	230,311,400
Depreciation originally reported	14,632,638	13,105,444	13,628,726	13,543,468	12,463,401
Add: Adjustment for depreciation on	17,546,067	18,759,347	20,058,297	21,449,068	-
Restated Depreciation	32,178,705	31,864,791	33,687,023	34,992,536	12,463,401
Restated Cost of Sales	283,568,225	268,792,283	190,926,144	196,170,602	230,311,400



	2016 Taka	2015 Taka
27.00 ADMINISTRATIVE EXPENSES:		
Director Remuneration	627,400	489,200
Staff Salary & Allowances (Note-27.01)	4,410,142	4,966,692
Office Rent	377,338	330,726
Telephone Bill	251,325	344,423
Entertainment	151,882	142,000
Staff Tea, Tiffin	335,753	376,248
Travelling Expenses	1,258,638	814,920
Dhaka Office Expenses	54,154	40,000
Canteen Expenses	7,100	25,246
Postage & Courier	16,651	24,928
Forms, Stamp & Legal Documents	16,795	329,290
Fees, Renewal & Subscription	228,140	1,102,852
Printing & Stationary	178,130	133,491
Gas Bill H/O	5,914	-
Board Meeting Attendance Fees	349,000	298,250
Audit Committee Meeting Attendance Fees	85,000	70,250
Board Meeting Expenses	57,995	93,265
B O Maintenance Fees	1,601	2,500
Office Maintenance	588,406	470,900
Telephone, Fax, E-mail	4,520	5,050
Annual Subscription-CDBL	92,697	56,000
Intranet Bill (BBTSL)	84,000	76,600
Internet Bill (BBTSL)	66,000	49,000
Conveyance	449,723	383,134
Audit Fee	100,000	40,000
Miscellaneous Expenses	422,014	522,215
Legal & Professional Fee	438,763	282,774
A.G.M Expenses	45,617	95,910
Annual Fee of Stock Exchange	190,000	110,000
Electric Bill Head Office	227,622	157,454
Website Expenses	14,080	14,080
Fuel (vehicle)	309,427	283,828
Insurance Premium	27,927	32,432
Vehicle Upkeep	67,359	146,850
Depreciation	307,452	294,222
	11,848,565	12,604,730

(a) Directors remuneration has been paid to Mr. Md. Golam Mostofa (Managing Director)

(b) No remuneration was made to other directors.

(c) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.

(d) Audit fees of Tk. 100,000 represents fees including VAT for the audit of the financial statements of the company for the year 2015-2016

27.01 PAYMENTS / PERQUISITES TO DIRECTORS AND OFFICERS:

The aggregate amount paid /provided during the year in respect of "Directors" and "officers" of the company as defined in the Bangladesh Securities and Exchange Rules 1987 are disclosed below:

Directors Remuneration- Mr. Golam Mostofa (Managing Director)	627,400
Managerial Remuneration	2,762,278
Managerial Benefits:	
Bonus	296,250
House Rent	-
Conveyance	140,500
Total	3,826,428

28.00 FINANCIAL EXPENSES:

Bank Charges	157,585	270,800
Interest Expenses on Cash Credit	8,447,428	7,105,830
Interest on Short Term Loan	5,302,292	103,505
Interest on Long Term Loan	4,701,791	2,674,082
Loan Processing Fee	65,337	-
Interest on Loan From Sistrern Concern	-	102,819
	18,674,433	10,257,036

29.00 SELLING & DISTRIBUTION EXPENSES:

Commission on Sales	1,250,691	1,886,370
Advertisement	245,910	225,217
Sale Promotion Expenses	344,190	274,155
	1,840,791	2,385,742



	2016 Taka	2015 Taka
30.00 NON-OPERATING INCOME:		
Dividend Income	850,780	823,584
Interest Income on FDR	214,892	221,637
Miscellaneous Income	389,085	161,251
Profit on Sale of Shares	1,329,474	106,824
	<u>2,784,230</u>	<u>1,313,296</u>

31.00 CONTRIBUTION TO WORKERS PROFIT PARTICIPATION AND WELFARE FUND:

The computation of workers profit participation fund for the year has been made as per workers profit participation Act, 2006 as amended in 2013 as shown below:

Net Profit	-	12,065,013
Contribution for WPPF at 5% on net operating profit	-	12,065,013 X 5
	105	105
	-	574,525

32.00 DEFERRED TAX EXPENSES:

This is arrived as under:

(a) Deferred tax liability on 30 June, 2016	35,040,893	51,271,545
(b) Deferred Tax Liability on 01 July 2015	34,524,251	50,241,883
Deferred Tax Expenses for the year (a-b)	<u>516,642</u>	<u>1,029,662</u>

33.00 EARNING PER SHARE:

Calculation is shown below:

	2016 Taka	2015 *Restated Taka	2015 Reported Taka
EPS	(0.72)	(0.57)	0.45
Formula:			
<u>Net Profit after tax</u>	<u>(13,746,851)</u>	<u>(10,783,406)</u>	<u>8,560,826</u>
Number of shares	19,000,000	19,000,000	19,000,000

During the financial year 2010-2011 the assets were revalued and the depreciation on revalued amount has not been charged to Profit or Loss Account. Had the depreciation been accounted for to the Statement of Profit or Loss, Profit and EPS during the years 2011-2012, 2012-2013, 2013-2014 and 2014-2015 would have as follows:

Particulars	2015	2014	2013	2012	2011
EPS Originally Reported	0.45	0.40	0.51	0.64	0.96
Profit after Tax as reported	8,560,826	7,630,118	9,590,594	12,155,770	18,310,780
Adjustment for depreciation	17,546,067	18,759,347	20,058,297	21,449,068	-
Adjustment for Gain/ (Loss) on Investment in Shares	1,798,165	(694,245)	(1,412,062)	-	-
Adjusted Profit	(10,783,406)	(10,434,984)	(9,055,641)	(9,293,298)	18,310,780
Weighted Average No. of Shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Adjusted/Restated EPS	(0.57)	(0.55)	(0.48)	(0.49)	0.96

34.00 NET ASSETS VALUE PER SHARE WITH REVALUATION:

Calculation is shown below:

Net assets value per share	29.02	30.23
Formula:		
<u>Net Assets with Revaluation</u>	<u>551,434,935</u>	<u>574,431,842</u>
Number of shares	19,000,000	19,000,000

35.00 NET ASSETS VALUE PER SHARE WITHOUT REVALUATION:

Calculation is shown below:

Net assets value per share	11.90	12.37
Formula:		
<u>Net Assets without revaluation</u>	<u>226,024,320</u>	<u>235,070,413</u>
Number of shares	19,000,000	19,000,000

36.00 Number of Employees:

The total employees of the company as on June 30, 2016 stood at 187 nos comprising Head office staff 21 nos, Factory office staff 07 nos, Security 03 nos, Driver 2 nos, permanent worker 35 nos and temporary worker 119 nos.

Salary Range :

Number of employee whose monthly salary was below Tk. 3,000	Nil	Nil
Number of employee whose monthly salary was above Tk. 3,000	187	174



37.00 FINANCIAL RISK MANAGERMENTS

International Financial Reporting Standard IFRS 7- Financial Instruments: Disclosures - requires of disclosure of Information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information - the Company's policies for controlling risk and exposures.

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze the risk faced by the company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

37.01 a) Credit Risk:

Credit risk is the risk of a financial loss to the company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from Trade Receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, Trade Receivables are grouped according to their risk profiles, i.e. their legal status, financial condition ageing etc. Trade receivable are related to sale of Writing Printing and News Print Paper.

Maximum exposure to credit risk of the company at reporting date are as follows:

a. Exposure of Credit risk

	2016 Taka	2015 Taka
Trade receivable	34,865,465	47,738,984
Advance, deposit and prepayments excluding deposit & prepayments.	31,582,724	31,297,118
Bank balances	15,525,298	5,126,486
	81,973,488	84,162,588

b) Ageing of Trade Receivables are as follows:

	2016	2015
Below-30 Days	7,321,748	10,025,187
Within 31- 60 Days	10,808,294	14,799,085
Within 61 - 90 Days	9,065,021	12,412,136
Above 90 Days	7,670,402	10,502,576
	34,865,465	47,738,984

37.02 b) Liquidity Risk

Liquidity risk is the risk that company will not be able to meet its financial obligations as they fall due. The company has sufficient liquidity (cash and cash equivalents) to cover the liquidity risk. Also the company maintains sufficient resources and arrangement of credit lines with the various banks for managing its liquidity risk.

37.03 c) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and other price risks. The objective of the market risk management is to manage and control market risk exposure within acceptable parameter.

i) Currency Risk

The company is not exposed to foreign currency risk.

ii) Interest Rate Risk:

Interest Rate Risk is the risk that arises from the changes in interest rates on borrowings. The company's Local Loans are not significantly affected by fluctuations in interest rates. The company has not entered in to any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

38.00 CAPACITY UTILIZATION:

Particulars	2016	2015
Installed Capacity (in M.T)	6,000	6,000
Actual Production (in M.T)	5,172	4,360
% of Capacity Utilization	86.20%	72.67%

39.00 OTHER RELEVANT INFORMATION:

- 39.01 During the year 5 (Five) Board Meetings were held.
- 39.02 During the year 4 (Four) Audit Committee Meetings were held.
- 39.03 The audit fee of Tk. 100,000 along with imposed VAT has been provided in the accounts as per decision taken in the 19th Annual General Meeting of the Company held on 6th December 2015.
- 39.04 There was no sum for contingent liabilities on 30th June, 2016.
- 39.05 There was no claim against the company not acknowledged as debt at the reporting date.
- 39.06 No amount of money was spent by the company for compensation to member of the board for special service rendered.



40.00 **RELATED PARTY TRANSACTION:**

During the year, the company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of BAS-24.

40.01		Name of the Parties	Relationship	Nature of Transactions	Opening Balances	Transaction value during the year	Outstanding as on 30.06.2016
UNSECURED LOAN:							
		Mr. Mohammad Abdullah	Chairman	Loan Received	5,697,250	(5,477,000)	11,174,250
		Mr. Md. Golam Mostofa	Managing Director	Loan Repayment	2,354,000	-	2,354,000
		Mr. Md. Golam Kibria	Deputy Managing Director	Loan Repayment	2,300,000	-	2,300,000
		Mrs. Hosne Ara Begum	Director	Loan Repayment	3,800,000	-	3,800,000
		Mr. M. Golam Hayder	Director	Loan Repayment	2,300,000	-	2,300,000
DIRECTORS CURRENT ACCOUNT:							
		Mr. Md. Golam Morshed	Director	Short term Loan repayment	2,300,000	-	2,300,000
		Mr. Md. Golam Rasul. Muktadir	Director	Short term Loan repayment	2,300,000	-	2,300,000

41.00 **CONTRIBUTION TO WORKERS PROFIT PARTICIPATION FUND:**

This represents 5% (five percent) of net profit before tax after charging the contribution as per provision of the Labour Act, 2006 as amended in 2013 and is payable to workers as defined in the said Act.

42.00 **CASH FLOWS FROM OPERATING ACTIVITIES UNDER INDIRECT METHOD:**

	2016 Taka	2015 *Restated Taka
Profit after Provision for Income Tax	(13,746,851)	(10,783,406)
Add: Non Cash Changes		
Depreciation	31,605,444	32,472,927
Provision for diminution in value of Investment in shares written back	-	-
Provision for Deferred Tax Expenses	516,642	1,029,662
A	18,375,234	22,719,183
Changes in Working Capital		
(Increase)/Decrease in Stock	(38,427,113)	14,151,082
(Increase)/Decrease in Trade Receivables	12,873,519	(20,560,549)
(Increase)/Decrease in Workers Profit Participation and Welfare Fund	(576,943)	(111,802)
(Increase)/Decrease in Advance, Deposits & Prepayments	(27,154,670)	21,459,782
(Increase) Decrease in Capital Work In Progress	-	(18,123,383)
(Increase)/Decrease in Interest Receivable	(167,903)	(218,334)
Increase/(Decrease) in Accrued Expenses	2,159,159	2,351,340
Increase/(Decrease) in Current portion of Long Term Loan	10,632,000	-
Increase/(Decrease) in Trade Payables	(21,253,697)	2,306,405
Increase/(Decrease) in Advance Against Sales	-	(1,200,000)
Increase/(Decrease) in Current Tax Liabilities	(6,759,701)	1,900,000
B	(68,675,282)	1,954,543
*Restated Net cash inflow/(out flows) from operating activities	(50,300,047)	24,673,727

43.00 **EVENTS AFTER REPORTING YEAR:**

43.01 The Board of Directors in its meeting held on 29th October 2016 approved the Audited Financial Statements and recommended cash dividend @5% (Five percent) on public shareholders for the year 2015-2016 which is subject to approval of the shareholders in the next AGM.

43.02 Except above, no other significant event had occurred till date of signing The Financial Statements.

