

শফিক বসাক এন্ড কোং
SHAFIQ BASAK & CO.

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CHARTERED ACCOUNTANTS

Partners :

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Sampad Kumar Basak, FCA
Md. Enayet Ullah, FCA
Sarwar Mahmood FCA

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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 2017, 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.

Extended Office:

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Opinion:

In our opinion, the financial statements of the company give a true and fair view, in all material respect of the financial position of the company as of 30 June 2017 and of the results of its operations and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act, 1994 and other applicable laws & regulations.

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

Chittagong : October 28, 2017


SHAFIQ BASAK & CO.
CHARTERED ACCOUNTANTS



HAKKANI PULP & PAPER MILLS LIMITED
Statement of Financial Position
As at 30 June, 2017

	Note(s)	2017 Taka	2016 Taka
ASSETS			
Non Current Assets :			
Property, Plant and Equipment	04	614,265,985	631,651,793
Capital Work-In-Progress	05	183,358,615	105,586,125
		346,704,237	281,732,944
Current Assets:			
Investment in Shares	06	21,052,181	17,276,493
Inventories	07	69,843,495	142,167,234
Trade Receivables	08	98,632,005	34,865,465
Advances, Deposits & Prepayments	09	150,130,920	71,247,069
Interest Receivable on FDR		-	402,904
Cash & Cash equivalents	10	7,045,636	15,773,779
		1,144,328,836	1,018,970,862
TOTAL ASSETS			
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:			
Share Capital	11	190,000,000	190,000,000
Dividend Equalization Reserve	12	15,000,000	15,000,000
Revaluation Reserve	13	312,359,742	325,410,615
Fair Value Reserve	6.02	1,915,279	(3,168,122)
Retained Earnings	14	17,387,793	24,192,442
		266,369,579	125,592,052
Non Current Liabilities:			
Unsecured Loan	15	43,293,290	21,928,250
Long Term Loan	16.01	132,754,169	11,197,507
Deferred Tax Liability	17	90,322,120	92,466,295
		341,296,443	341,943,875
Current Liabilities:			
Short Term Loan & Overdraft	18	298,102,826	291,282,585
Accrued Expenses	19	5,277,091	7,969,471
Workers Profit Participation and Welfare Fund	20	589,829	1,108,876
Current Portion of Long Term Loan	16.01	10,632,000	10,632,000
Trade Payables	21	14,199,538	20,447,020
Current Tax Liabilities	22	5,293,314	3,246,485
Liabilities for Other Finance	23	2,601,845	2,657,438
Directors Current Account	24	4,600,000	4,600,000
		1,144,328,836	1,018,970,862
TOTAL EQUITY & LIABILITIES			
Net Asset Value Per Share(with revaluation)	34	28.25	29.02
Net Asset Value Per Share(without revaluation)	35	11.81	11.90

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



 MANAGING DIRECTOR

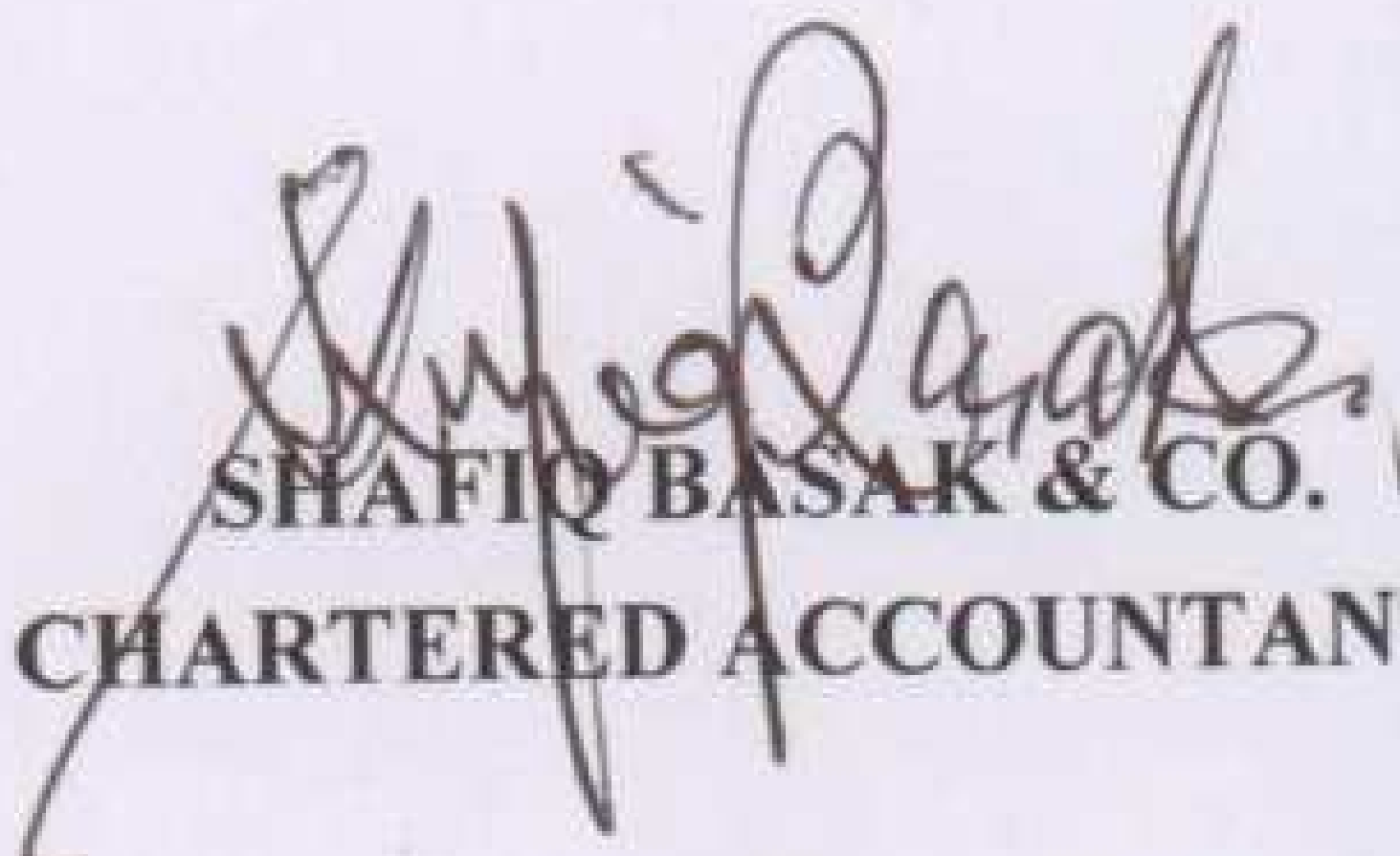


 DIRECTOR



 COMPANY SECRETARY

Chittagong: October 28, 2017


 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, 2017

	Note(s)	2017 Taka	2016 Taka
Revenue	25	341,138,173	272,975,199
Less: Cost of Sales	26	315,724,117	254,987,998
Gross Profit		25,414,055	17,987,201
Less: Operating Expenses:			
Administrative Expenses	27	12,213,473	11,848,565
Financial Expenses	28	31,507,222	18,674,433
Selling & Distribution Expenses	29	383,990	1,840,791
		44,104,685	32,363,789
Operating Profit		(18,690,630)	(14,376,588)
Add: Non-Operating Income	30	2,794,859	2,784,230
Net Profit Before WPPF & WWF		(15,895,771)	(11,592,358)
Less: Contribution to Workers Profit Participation and Welfare Fund	31	-	-
Net profit before Tax		(15,895,771)	(11,592,358)
Less: Income Tax Provision:			
Current Tax		2,046,829	1,637,851
Deferred Tax	32	158,919	516,642
		2,205,748	2,154,493
Net profit after Tax for the period		(18,101,520)	(13,746,851)
Other Comprehensive Income / Loss:			
Deferred Tax on Revaluation Reserve		2,303,095	2,461,908
Gain/ (Loss) on Investment in Shares	6.02	5,083,401	(2,211,965)
Total Comprehensive Income		(10,715,024)	(13,496,908)
Earning Per Share - Basic	33	(0.95)	(0.72)

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



MANAGING DIRECTOR



DIRECTOR



COMPANY SECRETARY

Chittagong: October 28, 2017


SHAFIQ BASAK & CO.
CHARTERED ACCOUNTANTS



HAKKANI PULP & PAPER MILLS LIMITED

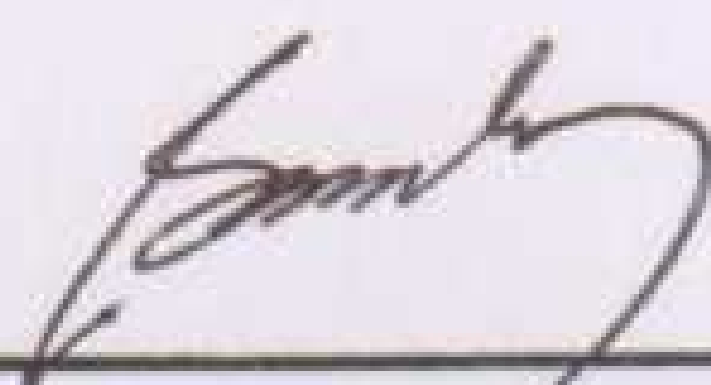
Statement of Cash Flows For the year ended 30 June, 2017

	Note(s)	2017 Taka	2016 Taka
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		280,166,559	288,632,948
Payment for Material and Expenses		(301,415,806)	(311,025,887)
Interest Paid		(31,507,222)	(18,674,433)
Income Tax Paid		(12,323,918)	(9,232,675)
Net Cash flows from Operating Activities	42	(65,080,388)	(50,300,047)
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(12,812,232)	(10,274,845)
Capital Work-In-Progress		(77,772,490)	(87,462,742)
Purchase of shares during the year		(8,029)	(2,373,183)
Sales of shares during the year		1,315,740	2,176,730
Net Cash flows from Investing Activities		(89,277,011)	(97,934,040)
C. Cash flows from Financing Activities			
Short Term Loan & Overdraft		6,820,241	180,089,555
Secured Long Term Loan		121,556,662	(16,302,493)
Unsecured Loan Received		21,365,040	5,477,000
Liabilities for other finance		(55,593)	(913,252)
Dividend Paid		(4,057,097)	(9,727,093)
Net Cash flows from Financing Activities		145,629,253	158,623,717
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		(8,728,145)	10,389,630
E. Opening Cash and Bank Balances		15,773,779	5,384,149
Closing Cash and Bank Balances (D+E)		7,045,636	15,773,779
F. Net Operating Cash Flows Per Share		(3.43)	(2.65)

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



MANAGING DIRECTOR

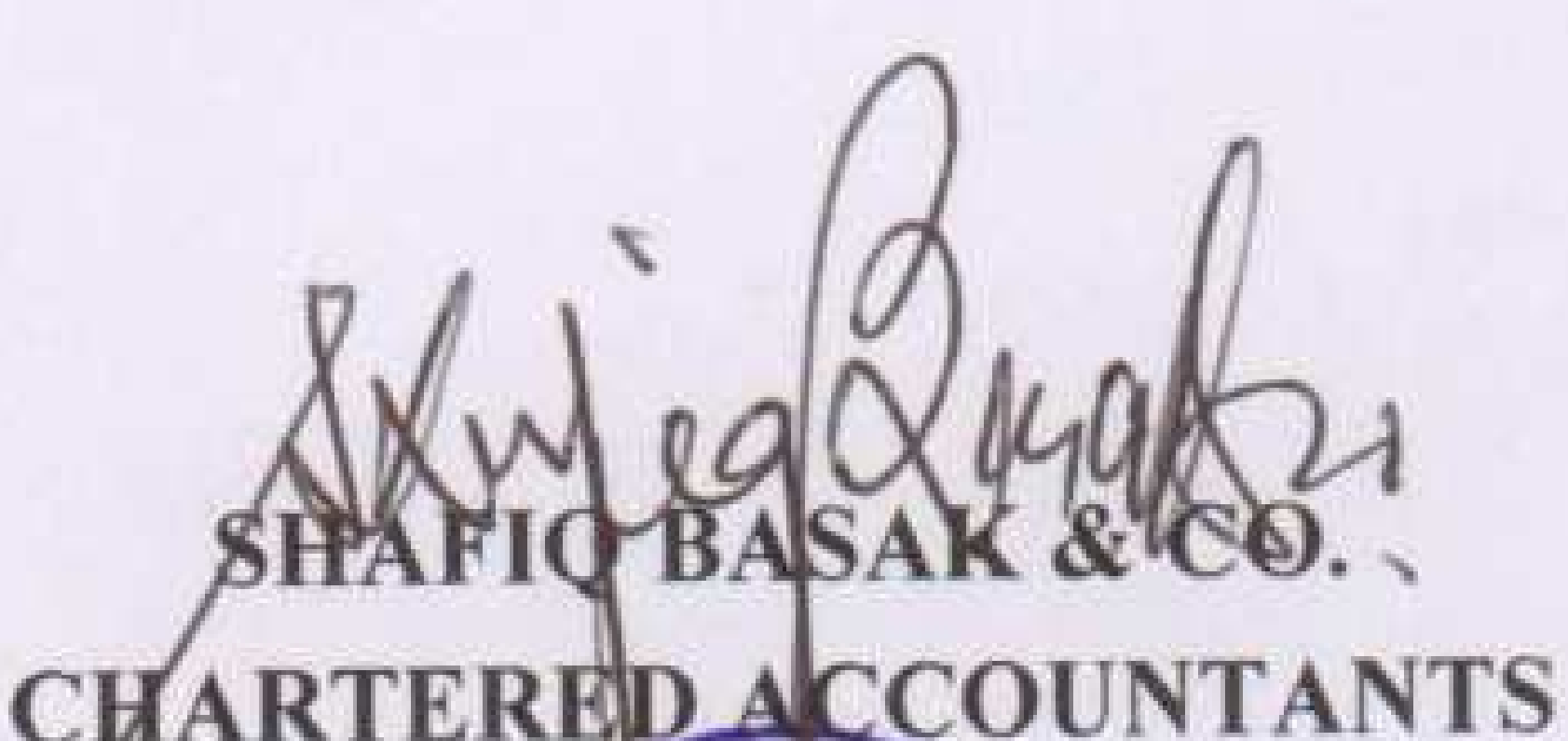


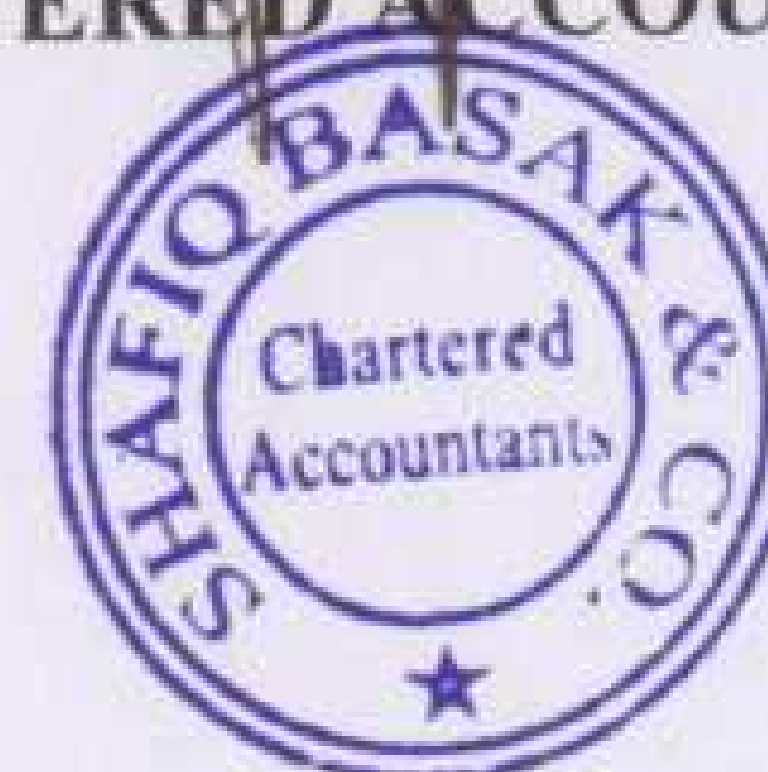
DIRECTOR



COMPANY SECRETARY

Chittagong: October 28, 2017


SHAFIQ BASAK & CO.
CHARTERED ACCOUNTANTS



HAKKANI PULP & PAPER MILLS LIMITED

Statement of Changes in Equity

For the year ended 30 June, 2017

Particulars	(Amount in Taka)					
	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2016	190,000,000	15,000,000	325,410,615	(3,168,122)	24,192,442	551,434,936
Adjustment of depreciation on carrying amount of revalued assets	-	-	(15,353,968)	-	15,353,968	-
Deferred Tax on Revaluation Surplus	-	-	2,303,095	-	-	2,303,095
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	5,083,401	-	5,083,401
Dividend for the year 2015-2016	-	-	-	-	(4,057,097)	(4,057,097)
Net Profit after Tax for the year	-	-	-	-	(18,101,520)	(18,101,520)
Balance as on 30 June, 2017	190,000,000	15,000,000	312,359,742	1,915,279	17,387,793	536,662,814
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 assets	-	-	(16,412,722)	-	16,412,722	-
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(2,211,965)	-	(2,211,965)
Deferred Tax on Revaluation Surplus	-	-	2,461,908	-	-	2,461,908
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



MANAGING DIRECTOR

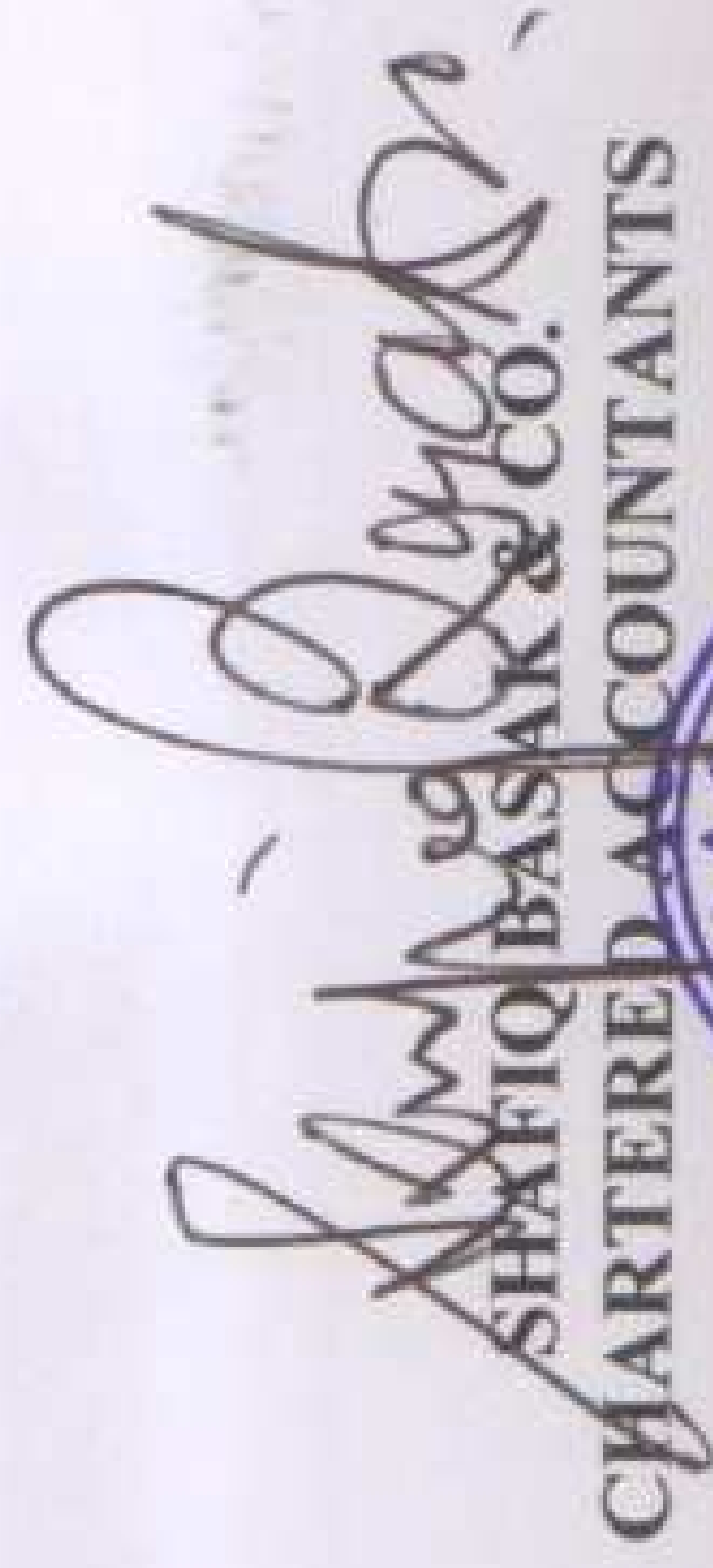


DIRECTOR



COMPANY SECRETARY

Chittagong: October 28, 2017


SHAFIQ BASAK & CO.
CHARTERED ACCOUNTANTS



HAKKANI PULP & PAPER MILLS LIMITED
Notes to the Financial Statements
For the year ended 30 June, 2017

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 flows 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 Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS).

2.02 Application of Bangladesh Accounting Standard (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
BFRS- 09	Financial Instruments



2.03 **Basis of Reporting :**

The Financial Statements 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' 2017
- b. A Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June' 2017
- c. A Statement of changes in equity for the year ended 30 June' 2017
- d. A Statement of Cash flows for the year ended 30 June' 2017
- 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 Statement have been authorized for issue by the Board of Directors of the company on October 28, 2017.

2.06 **Basis of Measurement :**

The Financial Statement 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 Judgements:**

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 Judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statement 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 2016 to 30 June 2017 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 **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 and no depreciation is charged in the year of disposal.

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

<u>Category</u>	<u>Basis of Valuation</u>
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:**

No provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund due to incurring loss during the year.

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 non controlling interest has been considered fully attributable to the ordinary shareholders.

Diluted Earnings 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 statement 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.

3.15 **Significant Deviation:**

a) **Significant deviation in EPS**

Net profit has been reduced due to fall in market price of the product though sales has been increased.

b) **Significant deviation in cash flows per share**

Net operating cash flow per share has been reduced significantly due to fall in collection from sales, increase payment for financial expenses and payment for raw materials & other expenses significantly.

4.00 **PROPERTY, PLANT & EQUIPMENT:**

Balance as on 1st July 2016 (including revaluation)

Add: Addition during the year

Less: Adjustment during the year

Balance as on 30 June 2017

Less: Accumulated depreciation

Written down value as on 30 June 2017

	2017 Taka	2016 Taka
	914,393,158	904,118,313
	12,812,232	10,274,845
	-	-
	927,205,390	914,393,158
	312,939,405	282,741,365
	614,265,985	631,651,793

(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			Rate of Dep.	D E P R E C I A T I O N			Written Down Value as on 30 June, 2017
	Balance as on 01 July, 2016	Addition during the period	Disposal/ Adjustment during the period		Balance as on 30 June, 2017	Charged during the period	Balance as on 30 June, 2017	
At original cost								
Land & Land Development	38,465,389	4,521,853	-	-	42,987,242	-	-	42,987,242
Building & Other Construction	73,977,511	3,544,048	-	5%	77,521,559	2,523,567	27,589,118	49,932,441
Plant & Machinery	288,833,859	2,690,089	-	7%	291,523,948	10,101,183	156,535,912	134,988,036
Furniture & Fixture	872,659	83,500	-	10%	956,159	53,904	441,202	514,957
Office Equipment	2,805,663	-	-	10%	2,805,663	167,761	1,295,814	1,509,849
Electric Installation	17,601,238	1,784,850	-	10%	19,386,088	1,028,989	9,323,161	10,062,927
Gas Line Installation	3,777,251	54,940	-	10%	3,832,191	143,476	2,513,214	1,318,977
Telephone Line Installation	128,263	4,000	-	10%	132,263	5,390	82,404	49,859
Water Line Installation	6,627,717	128,952	-	10%	6,756,669	402,474	3,060,746	3,695,923
Fire Extinguisher	111,870	-	-	20%	111,870	9,182	75,141	36,729
Office Decoration	295,300	-	-	10%	295,300	10,881	197,370	97,930
Vehicle Car	1,749,672	-	-	20%	1,749,672	47,489	1,559,715	189,957
Motor Vehicle	2,085,247	-	-	20%	2,085,247	349,777	686,139	1,399,108
"A"	437,331,639	12,812,232	-		450,143,871	14,844,073	203,359,936	246,783,935
At Revaluation								
Land & Land Development	139,028,020	-	-	-	139,028,020	-	-	139,028,020
Building & Other Construction	110,663,849	-	-	5%	110,663,849	4,281,479	29,315,751	81,348,098
Plant & Machinery	227,369,650	-	-	7%	227,369,650	11,072,489	80,263,718	147,105,932
"B"	477,061,519	-	-		477,061,519	15,353,968	109,579,469	367,482,050
Grand total (A+B) as on 30 June, 2017	914,393,158	12,812,232	-		927,205,390	30,198,041	312,939,405	614,265,985
As on 30 June 2016	904,118,313	10,274,845	-		914,393,158	251,135,921	282,741,365	631,651,793

2017

2016

Allocation of Depreciation :

Administrative Expenses 285,425
 Factory Expenses 29,912,616
TAKA = 30,198,041

307,452

31,297,991

31,605,444

5.00 **CAPITAL WORK-IN-PROGRESS:**

Balance as on 01 July 2016
Addition during the year

	2017 Taka	2016 Taka
	105,586,125	18,123,383
	77,772,490	87,462,742
	183,358,615	105,586,125
	-	-
	183,358,615	105,586,125

Capitalized during the year
Balance as on 30 June 2017

5.01 **Details of Capital Work-In-Progress:**

Particulars	Opening Balance	Addition during the year	Capitalized during the year	Closing Balance
For Tissue Unit:				
Tissue Project Purpose Expenses	50,079,470	35,248,644	-	85,328,114
Tissue Project Exp. Pulper Section	-	9,926,879	-	9,926,879
Tissue Project Exp. Electric Line	-	397,800	-	397,800
Tissue Project Exp. Converting Section	-	20,843,850	-	20,843,850
For Existing Unit				
Construction of ETP Extension	10,491,723	1,356,200	-	11,847,923
New High Speed Washer	62,820	-	-	62,820
Sheet Cutter Machine	16,035,530	4,290,691	-	20,326,221
Building & Other Construction	7,950,814	2,123,800	-	10,074,614
Hot Desperser Chest	72,826	38,100	-	110,926
High Speed Washer	226,700	-	-	226,700
Expansion of Existing Project	20,666,242	535,470	-	21,201,712
Construction of Godown-No-7A	-	1,799,616	-	1,799,616
Consistency Transmeter	-	304,250	-	304,250
Formation of New Trolley	-	104,723	-	104,723
Deep Pump	-	49,800	-	49,800
Construction Finishing Godown -7B	-	280,707	-	280,707
Calender for Machine	-	471,960	-	471,960
Total	105,586,125	77,772,490	-	183,358,615

These costs include costs incurred initially to construct /install Property, Plant and Equipment (PPE). Construction / Installation costs are transferred to PPE when the Installation / construction work is completed and ready for intended use.

No assets has been capitalized during the year as the installation / construction works of tissue project and the works in various point of existing project yet to be completed. the above assets will be capitalized after completion of Installation / construction work and ready for intended use.

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, 2017	Unrealized gain/ (loss)
Bank Asia Ltd.	6,839	81,587	117,507	35,919
Beximco Ltd.	39,842	1,550,974	1,342,675	(208,299)
Beximco Pharma Ltd.	7,999	356,040	903,887	547,847
Brac Bank Ltd.	7,464	158,404	602,345	443,941
DESCO Ltd.	12,964	528,536	646,904	118,368
Dhaka Ltd.	32,815	332,955	613,641	280,685
Exim Bank Ltd.	39,573	1,009,366	482,741	(526,626)
Fuwang Foods Ltd	9,108	164,067	144,817	(19,250)
Grameen Phone Ltd.	8,700	3,102,644	2,996,280	(106,364)
IBBL Mudaraba Bond	615	465,000	601,118	136,118
Islamic Finance and Invest. Ltd.	55,586	1,779,803	1,361,857	(417,946)
Jamuna Oil Ltd.	2,299	271,160	476,123	204,963
Lafarge Surma Cement Ltd.	2,000	275,096	125,800	(149,296)
Meghna Petroleum Ltd.	2,402	249,415	481,361	231,946
Merchante Bank Ltd.	25,212	305,303	471,464	166,161
MTBL	40,075	622,287	985,845	363,558
National Bank Ltd.	60,946	903,036	706,974	(196,063)
One Bank Ltd.	36,055	389,531	757,155	367,624
Premier Bank Ltd.	20,400	209,835	234,600	24,765
Prime Bank Ltd.	409	8,029	9,407	1,378
Rupali Bank Ltd.	26,053	1,761,404	724,273	(1,037,131)
Shahjalal Bank Ltd.	97,312	853,568	1,566,723	713,155
Southeast Bank Ltd.	86,303	1,040,447	1,596,663	556,216
Summit Power Ltd.	2,465	22,956	100,079	77,123
Squire Pharma Ltd.	4,330	954,754	1,256,133	301,379
Titas Gas Ltd.	9,250	560,934	468,050	(92,884)
Trust Bank Ltd.	48,400	1,179,770	1,277,760	97,990
Total	685,416	19,136,902	21,052,181	1,915,279

6.02 **Gain/ (Loss) on Investment in Shares:**

Unrealized Gain/ (Loss) Closing	1,915,279	(3,168,122)
Unrealized Gain/ (Loss) Opening	(3,168,122)	(956,157)
Gain/ (Loss) on Investment in Shares during the year	5,083,401	(2,211,965)

6.03 The above investment in marketable securities designated as available for sale by the management are measured at fair value being non-current assets. 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:	2017		2016	
	Qty (in Kg)	Value (Taka)	Qty (in Kg)	Value (Taka)
a) Raw Materials				
Wastage Paper	3,059,305	17,401,914	5,397,107	26,082,606
Chemicals	51,911	775,403	180,906	2,406,047
		18,177,317		28,488,653
b) Finished Goods				
Bright Newsprint Paper	632,297	21,346,256	1,772,441	69,364,313
Medium Paper	167,971	2,959,420	-	-
Writing Printing Paper	10,697	634,850	417,398	27,130,870
		24,940,526		96,495,183
c) Work-In-Process	389,731	15,629,855	127,727	6,079,582
d) Consumable Store	-	10,995,797	-	11,003,816
e) Packing Material	-	100,000	-	100,000
Total (a+b+c+d+e)		69,843,495		142,167,234

(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:	2017 Taka	2016 Taka
Akhter Paper House	-	288,800
Atlantic Traders C & F	-	789,706
Ashraf Traders	55,000	493,125
Babul Store	64,088,681	13,968,324
Bangladesh Marine Hoist & House	56,000	46,000
Bismillah Enterprise	-	1,652,075
Dainik azadi (Shapon chy)	1,000,177	717,358
Dainik Purbokone (Swoapon Chy)	937,696	1,037,696
Ershad Electric Workshop	-	17,000
E Tec Ltd.	-	200,000
F & V Traders	-	567,424
Fahim Enterprise	-	688,666
Garibe Newaz Traders	-	279,593
Glory Tapes & Labels Ltd.	-	176,863
Hakkani Motors Ltd	-	287,000
Islam & Brothers	-	28,800
M Ahmed & Sons	-	131,816
M.B Paper Cutting House	29,366	366,392
Metaphor Syster International	-	33,000
MJL Bangladesh Limited	-	124,974
Modern Biponi	2,026,252	2,226,252
Moulana Hafez Sved Ahmed Shah	-	223,838
Musa Sowdagor	-	2,203,100
Nezam Paper House	553,791	563,791
P.H.P Float Glass Ind. Ltd.	656,266	684,161
Pintu Refrigerator & Technology	-	15,000
Rahib Trading	-	500
Samuda Chemical Complex Ltd	-	2,138,940
Say Automation & Engineering	-	100,000
Seamax Corporation	-	2,326,385
Shah Amanat Enterprise Chemical	-	39,375
Shah Amanat Paper Enterprise	474,164	399,164
Shohag Wastage paper	-	198,690
Syed Ahmed Shah Store	-	69,138
Water System & Solution Ltd	-	481,700
Well Paper Tube	15,080	-
Sagorika Printers	186,315	-
Shopon Chy Purbadesh	401,908	-
Mizan Paper House	62,500	-
M/S Soleman Store	1,523,250	-
Abdul Mojid & Sons	516,907	-
A. H Packaging & Accessories	3,034,112	-
A. N. J Paper Industries	393,600	-
Arif Enterprise	1,760,861	-
Mahbub & Brothers	648,542	-
Safe Goods Package	204,960	-
Shah Godi Board House	14,720	-
M/s Signet Box Ltd.	820,032	-
Interna Plastic (Pvt.) Ltd.	1,298,160	-
Progressive Enterprise	205,440	-
R R Package	546,720	-
Aroma Packaging	204,000	-
S. A Printing & Packaging	191,808	-
Sayon Packaging Industry	178,560	-
Sifa Package	776,160	-
Patenga Pack & Accessories Industry Ltd.	204,960	-
Brota Packages Ltd.	185,760	-
Other Receivables	15,380,257	1,300,820
	98,632,005	34,865,465

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	20,712,721	7,321,748
Within 31- 60 Days	30,575,922	10,808,294
Within 61 - 90 Days	25,644,321	9,065,021
Above 90 Days	21,699,041	7,670,402
	98,632,005	34,865,465



	2017 Taka	2016 Taka
9.00 <u>ADVANCES, DEPOSITS & PREPAYMENTS:</u>		
9.1 Advance Against Income Tax	25,861,295	13,537,378
9.2 Advance Against Salary & Wages	97,981	91,432
9.3 Advance Against Expenditure	23,496,117	17,953,915
9.4 Advance Against L/C	94,171,049	33,156,066
9.5 Deposits and Prepayments	6,504,479	6,508,279
	150,130,920	71,247,069
9.1 <u>Advance Against Income Tax</u>		
Advance Income Tax Paid	10,146,357	10,146,357
Advance Income Tax - Import	419,689	363,818
Advance Income Tax - Export	15,906	-
Advance Income Tax Deducted at Source	14,967,616	2,730,266
Advance Income Tax Deducted at Source (Dividend Income)	311,727	296,937
	25,861,295	13,537,378
	97,981	91,432
9.2 <u>Advance Against Salary & Wages</u>		
9.3 <u>Advance Against Expenditure</u>		
Advance Against Purchase	253,600	700,722
Advance to Jamal Uddin	163,500	208,500
Advance for Land Purchase	283,000	500,000
Advance for Dhaka Office expenses	259,700	259,700
Anima Development Limited	7,502,749	7,502,749
Advance to Ctg.Bricks & Clay Works Ltd.	-	66,500
Advance to B.L International	180,000	200,000
Advance to Dulal (KGDCL)	-	170,000
Shahjahan & Brothers	100,000	80,000
Advance to Total Trading	-	89,600
Advance to Khorshed Alam	-	190,000
Advance against Travelling expenses	2,605,985	2,235,835
Advance to BD Link	220,000	155,000
Advance against purchase print seller	2,597	1,637
VAT Current Account	14,318	220,310
Lanka Bangla Securities Ltd.	3,546,552	249,533
Advances for spares parts and other materials	8,364,116	5,123,829
	23,496,117	17,953,915
	94,171,049	33,156,066
9.4 <u>Advance Against L/C</u>		
9.5 <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	1,099,524
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
Security Deposit- Bank Gurantee Against Gas Generator	257,040	257,040
Security Deposit- Bank Gurantee Against Boiler	1,043,250	1,043,250
Security Deposit Container Purpose	990,464	1,114,264
Security Deposit to RanksTel	2,300	2,300
Security Deposit to Tender Submission Purpose	120,000	-
	6,504,479	6,508,279



10.00 CASH & CASH EQUIVALENTS:

Cash In Hand

At Head Office
At Dhaka Office
At Factory

2017 Taka	2016 Taka
752,208	208,481
5,000	5,000
35,000	35,000
792,208	248,481

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 - 010413100000463
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
Premier Bank Ltd, CEPZ Branch CD A/C No-016711100000103
NCC Bank Ltd. Panthapath Branch, CD A/C No- 0087-0210003867
Standard Bank Ltd, Sadarghat Branch CD A/C No-04933000571
Dhaka Bank Ltd, Jubilee Road Branch CD A/C No-181000000012482
Islami Bank (BD.) Ltd, Agrabad Branch CD A/C No-20501030100588315
Mercentile Bank Ltd, A.K Khan Branch CD A/C No-117511121143947
Union Bank Ltd, Laldighi Branch CD A/C No-0611010000054

35,193	36,493
216,346	5,886,069
55,588	54,879
415,298	1,052,729
461,926	46,688
10,299	11,708
4,599,551	508,149
21,607	223,607
7,930	8,275
61,531	5,196,701
269,697	-
1,505	-
9,225	-
9,425	-
9,856	-
8,620	-
59,832	-
6,253,427	13,025,298
-	2,500,000
7,045,636	15,773,779

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

- (a) Cash balance as on 30.06.2017 was certified by management.
(b) All bank balances were duly reconciled with bank statements of respective bank account.



	<u>2017</u> Taka	<u>2016</u> Taka
11.00 <u>SHARE CAPITAL:</u>		
11.01 <u>Authorized:</u>		
50,000,000 Ordinary shares of Tk. 10.00 each.	<u>500,000,000</u>	<u>500,000,000</u>
11.02 <u>Issued, Subscribed and Paid-up:</u>		
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
	<u>190,000,000</u>	<u>190,000,000</u>

11.03 The break up of share holdings as on 30 June' 2017 is as follows:-

Description	No of shares 30 June 2017	% of share holding 30 June 2017	No of shares 30 June 2016	% of share holding 30 June 2016
Sponsors	10,549,330	55.52	10,886,000	57.29
Investment Corporation of Bangladesh.	33,500	0.18	35,500	0.19
Bangladesh Development Bank Ltd.	1,580,800	8.32	1,580,800	8.32
Other Institution and General Public	6,836,370	35.98	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 %	
	2017	2016	2017	2016	2017	2016
Less than 500 shares	755	415	110,954	132,973	0.58	0.70
500 to 5000 Shares	954	328	1,464,872	578,197	7.71	3.04
5001 to 10000 Shares	119	51	908,924	357,504	4.78	1.88
10001 to 20000 Shares	42	22	598,618	309,993	3.15	1.63
20001 to 30000 Shares	11	9	283,377	215,590	1.49	1.13
30001 to 40000 Shares	6	9	209,625	304,985	1.10	1.61
40001 to 50000 Shares	3	2	144,610	97,582	0.76	0.51
50001 to 100,000 Shares	4	7	264,170	432,796	1.39	2.28
100001 to 1,000,000 Shares	18	18	7,430,384	7,635,080	39.11	40.18
Over 1,000,000 Shares	6	7	7,584,466	8,935,300	39.92	47.03
Total	1,918	868	19,000,000	19,000,000	100.00	100.00



	2017 Taka	2016 Taka
12.00 <u>DIVIDEND EQUALIZATION RESERVE:</u>		
Dividend Equalization Reserve is made-up as follows:		
Balance as on 01 July 2016	15,000,000	15,000,000
Add: Transferred from Retained Earnings	-	-
Balance as on 30 June 2017	<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
	<u>477,061,519</u>	<u>477,061,519</u>
Less: Depreciation on Revalued Assets till 30.06.2017 (Note-4.01)	109,579,469	94,225,501
	<u>367,482,050</u>	<u>382,836,018</u>
Less: Adjustments for Deferred Tax	55,122,307	57,425,403
Balance as on 30 June 2017	<u>312,359,742</u>	<u>325,410,615</u>

Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.

14.00 <u>RETAINED EARNINGS:</u>		
Balance as on 01 July 2016	24,192,442	31,026,570
Less: Dividend for the year 2015-2016 as approved in the AGM	4,057,097	9,500,000
	<u>20,135,345</u>	<u>21,526,570</u>
Add: Net profit after tax for the year	(18,101,520)	(13,746,851)
	<u>2,033,825</u>	<u>7,779,719</u>
Add: Revaluation Surplus Realized	15,353,968	16,412,722
Balance as on 30 June 2017	<u>17,387,793</u>	<u>24,192,442</u>

15.00 <u>UNSECURED LOAN:</u>		
Mr. Mohammad Abdullah, Chairman	18,048,060	11,174,250
Mr. Md. Golam Mostafa, Managing Director	4,014,830	2,354,000
Mr. Md. Golam Kibria, Director	5,507,475	2,300,000
Mrs. Hosne Ara Begum, Director	3,800,000	3,800,000
Mr. Md. Golam Haider, Director	5,507,975	2,300,000
Mr. Md. Golam Morshed, Director	3,207,475	-
Mr. Md. Golam Rasul Muktedir, Director	3,207,475	-
	<u>43,293,290</u>	<u>21,928,250</u>

The above loans from Directors are interest free.



	2017 Taka	2016 Taka
16.00 LONG TERM LOAN:		
HPSM Commercial Loan	12,483,717	21,829,507
Loan Under BMRE of Existing Projects	39,862,469	-
Loan Under Tissue Projects	91,039,983	-
Balance as on 30 June 2017	<u>143,386,169</u>	<u>21,829,507</u>

16.01 LONG TERM LOAN- MATURITY ANALYSIS:		
Due within the year- Current Portion	10,632,000	10,632,000
Due after more than the year- Non-Current Portion	132,754,169	11,197,507
	<u>143,386,169</u>	<u>21,829,507</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, Chittagong.

Total Loan Facilities: Tk. 143,386,169

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 @ 11.5%.

Disbursement:

The disbursement of HPSM Commercial was made on November 24, 2015; BMRE on January 01, 2017 & Tissue Unit on November 10, 2016.

Repayments:

This secured long term loan is repayable in 84 (eighty four) months.

Securities:

- i. Hypothecation of machineries and stock.
- ii. Total 642.31 decimal land has been placed as prime securities against the loan.
- iii. Creation of charge with RJSC.

Purpose:

The loan has been taken for business expansion of existing project and establishment of new project (Tissue Project).

17.00 DEFERRED TAX LIABILITY:

Balance as on 01 July 2016	35,040,893	34,524,251
Deferred Tax (Income)/ Expenses for the year -(Note-32)	158,919	516,642
Balance as on 30 June 2017	35,199,812	35,040,893
Add: Deferred Tax for Revaluation Surplus	55,122,307	57,425,403
	<u>90,322,120</u>	<u>92,466,295</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 30.06.2017 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 30.06.2017	203,796,693	210,350,386
(b) Tax Based Property, Plant and Equipment	62,997,446	70,186,816
(c) Net Taxable Temporary Differences (a-b)	140,799,247	140,163,570
(d) Deferred Tax liability at effective Tax Rate	35,199,812	35,040,893
(e) Deferred Tax expenses on Net Taxable Temporary differences	<u>158,919</u>	<u>516,642</u>



	2017 Taka	2016 Taka
18.00 SHORT TERM LOAN AND OVERDRAFT:		
Social Islami Bank Ltd, Agrabad Branch-CC A/C: 0041330027978	137,650,210	124,907,604
UPAS Loan from Social Islami Bank Ltd.	55,381,722	129,892,457
MBE & LATR Loan from Social Islami Bank Ltd.	55,043,669	36,482,524
Short Term Loan (Demand Loan-General) from Premier Bank Ltd.	49,972,884	-
Mercantile Bank Ltd. A.K Khan Branch-CC A/C:117577521729167	54,341	-
	298,102,826	291,282,585

- (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) Short Term Loan (Demand Loan-General) was sanctioned by the Premier Bank Limited, EPZ Branch on the date of 1st February 2017.
- (c) Limit of Cash Credit Loan was Tk. 13 (Thirteen) crore.
- (d) Limit of Short Term Loan (Demand Loan-General) was Tk. 05 (Five) crore.
- (e) SIBL Loan bears interest @ 11.5% & Premier Bank Ltd. Loan bears interest @ 11.00% p.a.
- (f) Land, Building and Machinery has been placed as prime securites against the Loan.

19.00 ACCRUED EXPENSES:		
Agency commission on Sale	1,250,691	3,310,113
Audit Fee	100,000	100,000
Directors Remuneration	50,000	50,000
Electricity Bill-(Factory)	631,225	1,511,456
Electricity Bill-(H/O)	6,472	16,000
Electricity Bill-(Dhaka Office)	12,593	-
Gas Bill Factory	1,672,911	1,817,980
Gas Bill Factory canteen	7,641	3,926
Gas Bill (H/O)	1,294	595
Incentive Bonus	13,480	13,000
Mobile Bill	14,172	14,592
Office Rent	15,000	15,000
Overtime	363,650	216,342
Salary & Allowances	31,500	15,500
Salaries, Wages and Allowances	163,400	223,750
Staff Salary & Allowances	281,647	248,550
Telephone Bill	2,617	2,617
Wages & Allowances	658,798	410,050
	5,277,091	7,969,471

20.00 WORKERS PROFIT PARTICIPATION & WELFARE FUND:		
Balance as on 01 July 2016	1,108,876	1,685,819
Add: Provision made during the year (Note-31.00)	-	-
	1,108,876	1,685,819
Less: Payment made during the year	519,047	576,943
Balance as on 30 June 2017	589,829	1,108,876



	2017 Taka	2016 Taka
21.00 TRADE PAYABLES:		
A.K. Corporation	-	23,200
A.M Poly Packaging	317,736	732,652
Abdur Rouf (C&F) Banapole	16,362	16,362
Azad Engineering Workshop	237,800	98,800
Arab Electric Printing Press	-	5,900
Aramit Cement Ltd.	1,015,200	109,500
Bismillah Electric and Cables	180,965	11,085
City Lub oil Industries Ltd.	153,100	137,800
Financial Express	36,000	36,000
Golden Robber Industries	15,000	15,000
Hakkani Refueling Station	-	139,167
International Bearing	135,085	186,735
Mamun Hardware Store	222,411	84,618
Munna Enterprise	-	3,950,000
Modern Manufacturing Complex	-	150,102
Mr. Nabi Feroj Shah	132,928	200,000
M/S Soleman Store	-	1,600,000
M.T Engineering Works	643,320	253,950
Nasim Paper House	-	246,180
Nano Computer	64,500	64,500
North West Securities Ltd.	-	1,577
Ocean Oil Company	1,908	1,908
Prime Rubber Industries Ltd .	139,000	71,000
Raj Bearing	234,260	145,195
Resimax Industries Ltd.	-	956,150
R.S Marker Paper House	-	853,080
RMF Corporation	106,792	1,566,000
Sakib Enterprise	258,553	3,903,812
Shadat Engineering (S.Khan)	-	168,769
Team Star Asia	381	341,780
Al Raji Chemical	34,925	923,750
Bhuiyan Chemical	196,000	196,000
Gentech Energy	48,000	108,000
Global Trade Corporation	480,000	450,000
Tanvir Paper Mills Ltd.	822,054	852,054
Shadman Enterprise	390,354	-
Abul Khair Steel Melting Ltd.	1,519,802	-
Khaja Garibe Newaj Five Star Enterprise	81,514	-
Yasin Awlia Enterprise	98,811	-
Jishan Enterprise	341,463	-
Atlantic Traders C & F	421,217	-
Broad Band Telecom Services Ltd.	12,500	-
Grihayan Ltd	7,000	-
K B Traders	540	-
Shaibal Enterprise	150	-
Shah Amanat Enterprise Chemical	35,175	-
Arafat Enterprise	940	-
Bismilla Traders Ashique	221,227	-
Salim Enterprise	117,500	-
Say Automation & Engineering	30,000	-
Shakin Paper Mart	337,596	-
Tech Art Automation & Engineering	160,000	-
Musa Sowdagor	1,842,500	-
Samuda Chemical Complex Ltd	955,937	-
Seamax Corporation	222,832	-
Other Payables	1,910,200	1,846,395
	14,199,538	20,447,020



	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
22.00 CURRENT TAX LIABILITIES:		
Balance as on 01 July 2016	3,246,485	10,006,186
Provided during the year:		
Against current year	2,046,829	1,637,851
	2,046,829	1,637,851
	5,293,314	11,644,037
Adjusted with advance income tax paid	-	(8,397,552)
Balance as on 30 June 2017	<u>5,293,314</u>	<u>3,246,485</u>
23.00 LIABILITIES FOR OTHER FINANCE:		
I.T. Deducted at Source	2,450	68,852
VAT Deducted at Source	12,900	12,000
E Securities Limited	731	231
North West Securities Ltd.	2,078	-
Unclaimed Dividend	2,583,685	2,576,354
	<u>2,601,845</u>	<u>2,657,438</u>
24.00 DIRECTORS CURRENT ACCOUNT:		
Mr. Md. Golam Morshed	2,300,000	2,300,000
Mr. Md. Golam Rasul Muktadir	2,300,000	2,300,000
	<u>4,600,000</u>	<u>4,600,000</u>



25.00 **REVENUE:**

Bright News Print Paper
Writing Printing Paper
Medium Paper
News Print Paper - Export

Gross Sales Amount	VAT Amount	Net Sales Amount	
		2017	2016
		Taka	Taka
100,865,658	2,359,371	98,506,287	181,163,157
242,552,911	13,558,473	228,994,438	91,812,042
12,124,182	763,137	11,361,045	-
2,276,403	-	2,276,403	-
357,819,154	16,680,981	341,138,173	272,975,199

26.00 **COST OF SALES:**

Opening Stock of Raw Materials
Add: Purchase during the year

Less: Closing Stock of Raw Materials

Raw Materials Consumed

Add: Factory overhead:

Salaries, Wages and Allowances

Overtime -Factory Worker

Labour Charge

Carriage Inward

Gas Bill (Boiler & Gas Generator)

Electric Bill

Consumable Spare & Store

Factory Maintenance

Loading Unloading Charge

Paper Cutting Expenses

Fuel (Generator)

Fuel (Machine)

Fuel (vehicle)

Medical & Medicine

Gas Generator Upkeep

Annual Maintenance (Gas Generator)

Boiler Upkeep

Insurance Premium (Factory)

Labrotary Expenses

Gas Generator Overhauling Exp

Canteen Expenses-Factory

Carrying outward

Gas Bill (Factory Canteen)

Water Treatment Expenses

Export Related Expenses

Depreciation

Add: Opening Work-in-Process

Less: Closing Work-in-Process

Cost of Production

Add: Opening Stock of Finished Goods

Less: Closing Stock of Finished Goods

Cost of Sales

2017	2016
Taka	Taka
28,488,653	42,672,567
117,766,878	174,216,954
146,255,531	216,889,521
18,177,317	28,488,653
128,078,214	188,400,868
18,721,786	15,119,556
3,374,138	2,531,415
3,530,512	2,573,884
222,850	209,845
23,810,669	24,826,974
14,914,046	16,634,390
8,000,078	4,354,535
10,811,336	8,119,193
348,028	637,152
1,373,291	1,595,744
969,579	692,980
712,848	741,626
244,560	273,170
38,169	42,227
964,654	1,062,363
138,002	66,126
106,324	225,900
1,290,651	1,342,815
67,000	-
1,587	1,462,817
101,123	113,824
5,822,150	5,234,500
59,947	42,823
-	15,525
105,575	-
29,912,616	31,297,991
253,719,733	307,618,243
6,079,582	7,216,731
259,799,315	314,834,974
15,629,855	6,079,582
244,169,460	308,755,392
96,495,183	42,727,789
340,664,643	351,483,181
24,940,526	96,495,183
315,724,117	254,987,998



	2017 Taka	2016 Taka
27.00 ADMINISTRATIVE EXPENSES:		
Managing Director Remuneration	620,400	627,400
Staff Salary & Allowances (Note-27.01)	4,777,343	4,410,142
Office Rent	232,350	377,338
Telephone Bill	215,701	251,325
Entertainment	419,965	151,882
Staff Tea, Tiffin	82,536	335,753
Travelling Expenses	640,756	1,258,638
Dhaka Office Expenses	21,714	54,154
Canteen Expenses	23,171	7,100
Postage & Courier	42,116	16,651
Forms, Stamp & Legal Documents	2,450	16,795
Fees, Renewal & Subscription	1,768,245	228,140
Printing & Stationary	97,462	178,130
Gas Bill H/O	6,894	5,914
Board Meeting Attendance Fees	452,500	349,000
Audit Committee Meeting Attendance Fees	157,500	85,000
Board Meeting Expenses	54,115	57,995
B.O Maintenance Fees	1,150	1,601
Office Maintenance	387,765	588,406
Telephone, Fax, E-mail	1,685	4,520
Annual Subscription-CDBL	56,000	92,697
Intranet Bill (BBTSL)	84,000	84,000
Internet Bill (BBTSL)	66,000	66,000
Conveyance	383,201	449,723
Audit Fee	115,000	100,000
Miscellaneous Expenses	22,175	422,014
Legal & Professional Fee	95,250	438,763
A.G.M Expenses	206,564	45,617
Annual Fee of Stock Exchange	190,000	190,000
Electric Bill Head Office	175,308	227,622
Electric Bill Dhaka Office	18,231	-
Fuel (vehicle)	172,894	309,427
Vehicle Upkeep	299,587	67,359
Insurance Premium	23,940	27,927
Website Expenses	14,080	14,080
Depreciation	285,425	307,452
	12,213,473	11,848,565

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

(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 2016-2017.

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:

Manging Director Remuneration- Mr. Golam Mostofa	620,400
Managerial Remuneration	2,817,523
Managerial Benefits:	
Bonus	325,140
House Rent	-
Conveyance	155,745
Total	3,918,808



	<u>2017</u> <u>Taka</u>	<u>2016</u> <u>Taka</u>
28.00 FINANCIAL EXPENSES:		
Bank Charges	874,148	157,585
Interest Expenses on Cash Credit	13,853,755	8,447,428
Interest on Short Term Loan	8,991,040	5,302,292
Interest on Long Term Loan	7,540,030	4,701,791
Loan Processing Fee	248,250	65,337
	<u>31,507,222</u>	<u>18,674,433</u>
29.00 SELLING & DISTRIBUTION EXPENSES:		
Commission on Sales	-	1,250,691
Advertisement	318,590	245,910
Sale Promotion Expenses	65,400	344,190
	<u>383,990</u>	<u>1,840,791</u>
30.00 NON-OPERATING INCOME:		
Dividend Income	478,366	850,780
Interest Income on FDR	-	214,892
Profit on Sale of Shares	1,981,427	1,329,474
Interest Income	15,540	-
Miscellaneous Income	319,525	389,085
	<u>2,794,859</u>	<u>2,784,230</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	-	-
Contribution for WPPF at 5% (before charging) on net operating profit	-	-
32.00 DEFERRED TAX EXPENSES:		
(a) Deferred Tax Liability on 30 June, 2017	35,199,812	35,040,893
(b) Deferred Tax Liability on 01 July 2016	35,040,893	34,524,251
Deferred Tax Expenses for the year (a-b)	<u>158,919</u>	<u>516,642</u>
33.00 EARNING PER SHARE:		
Calculation is shown below:		
EPS	(0.95)	(0.72)
Formula:		
<u>Net Profit after tax</u>	(18,101,520)	(13,746,851)
Number of shares	19,000,000	19,000,000
34.00 NET ASSET VALUE PER SHARE WITH REVALUATION:		
Calculation is shown below:		
Net asset value per share	28.25	29.02
Formula:		
<u>Net Asset with Revaluation</u>	536,662,814	551,434,935
Number of shares	19,000,000	19,000,000
35.00 NET ASSET VALUE PER SHARE WITHOUT REVALUATION:		
Calculation is shown below:		
Net asset value per share	11.81	11.90
Formula:		
<u>Net Asset without revaluation</u>	224,303,072	226,024,320
Number of shares	19,000,000	19,000,000
36.00 Number of Employees:		
The total employees of the company as on June 30, 2017 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 employees whose monthly salary was below Tk. 3,000	Nil	Nil
Number of employees whose monthly salary was above Tk. 3,000	187	174



37.00 FINANCIAL RISK MANagements

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:

Trade receivables
Advance, Deposit and Prepayments excluding Deposit & Prepayments.
Bank Balances

	2017 Taka	2016 Taka
	98,632,005	34,865,465
	23,496,117	17,953,915
	6,253,427	15,525,298
	128,381,549	68,344,678

b) Ageing of Trade Receivables are as follows:

Below-30 Days
Within 31-60 Days
Within 61-90 Days
Above 90 Days

	2017	2016
	20,712,721	7,321,748
	30,575,922	10,808,294
	25,644,321	9,065,021
	21,699,041	7,670,402
	98,632,005	34,865,465

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	2017	2016
Installed Capacity (in M.T)	6,000	6,000
Actual Production (in M.T)	3,586	5,172
% of Capacity Utilization	59.77%	86.20%

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 4th December 2016.
- 39.04 There was no sum for contingent liabilities on 30th June, 2017.
- 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 30.06.2017
UNSECURED LOAN:						
	Mr. Mohammad Abdullah	Chairman	Loan Received	11,174,250	(6,873,810)	18,048,060
	Mr. Md. Golam Mostofa	Managing Director	Loan Repayment	2,354,000	(1,660,830)	4,014,830
	Mr. Md. Golam Kibria	Deputy Managing Director	Loan Repayment	2,300,000	(3,207,475)	5,507,475
	Mrs. Hosne Ara Begum	Director	Loan Repayment	3,800,000	-	3,800,000
	Mr. Md. Golam Haider	Director	Loan Repayment	2,300,000	(3,207,975)	5,507,975
	Mr. Md. Golam Morshed	Director	Loan Repayment	-	(3,207,475)	3,207,475
	Mr. Md. Golam Rasul Muktadir	Director	Loan Repayment	-	(3,207,475)	3,207,475
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. Workers profit participation fund has been calculated before charging of depreciation on revalued amount of non current assets.

42.00 CASH FLOWS FROM OPERATING ACTIVITIES UNDER INDIRECT METHOD:

	2017 Taka	2016 Taka
Profit after Provision for Income Tax	(18,101,520)	(13,746,851)
Add: Non Cash Changes		
Depreciation	30,198,041	31,605,444
Provision for Deferred Tax Expenses	158,919	516,642
	A 12,255,441	18,375,235
Changes in Working Capital		
Increase/(Decrease) in Stock	72,323,739	(38,427,113)
Increase/(Decrease) in Trade Receivables	(63,766,539)	12,873,519
Increase/(Decrease) in Workers Profit Participation and Welfare Fund	(519,047)	(576,943)
Increase/(Decrease) in Advance, Deposits & Prepayments	(78,883,852)	(27,154,670)
Increase/(Decrease) in Capital Work-In-Progress	-	-
Increase/(Decrease) in Interest Receivable	402,904	(167,903)
Increase/(Decrease) in Accrued Expenses	(2,692,380)	2,159,159
Increase/(Decrease) in Current portion of Long Term Loan	-	10,632,000
Increase/(Decrease) in Trade Payables	(6,247,482)	(21,253,697)
Increase/(Decrease) in Advance Against Sales	-	-
Increase/(Decrease) in Current Tax Liabilities	2,046,829	(6,759,701)
	B (77,335,829)	(68,675,282)
Net cash inflows/(out flows) from operating activities	(65,080,388)	(50,300,047)

43.00 EVENTS AFTER REPORTING YEAR:

43.01 The Board of Directors in its meeting held on October 28, 2017 approved the Audited Financial Statements and recommended no dividend on shareholders for the year 2016-2017 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.

