



# হাক্কানী পাল্প এন্ড পেপার মিলস্ লিঃ HAKKANI PULP & PAPER MILLS LTD.

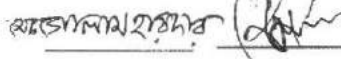
## HAKKANI PULP & PAPER MILLS LIMITED Statement of Financial Position As at 30 September, 2016

	Note(s)	30 Sep 2016 Taka	30 June 2016 Taka
<b>ASSETS</b>			
<b>Non Current Assets :</b>			
Property, Plant and Equipment		627,692,966	631,651,793
Capital Work In Progress		120,304,601	105,586,125
Investment in Shares		18,941,707	17,276,493
<b>Current Assets:</b>			
Inventories		193,936,960	142,167,234
Trade Receivables		25,451,369	34,865,465
Advances, Deposits & Prepayments		61,848,802	71,247,069
Interest Receivable on FDR		-	402,904
Cash & Cash equivalents		2,880,426	15,773,779
<b>TOTAL ASSETS</b>		<b>1,051,056,830</b>	<b>1,018,970,862</b>
<b>SHARE HOLDERS EQUITY &amp; LIABILITIES</b>			
<b>Shareholders Equity:</b>			
Share Capital		190,000,000	190,000,000
Dividend Equalization Reserve		15,000,000	15,000,000
Revaluation Reserve	04	322,147,897	325,410,615
Fair Value Reserve		(1,510,937)	(3,168,122)
Retained Earnings	05	21,213,853	24,192,442
<b>Non Current Liabilities:</b>			
Unsecured Loan		21,928,250	21,928,250
Long Term Loan	6.01	17,217,439	11,197,507
Deferred Tax Liability	07	91,845,093	92,466,295
<b>Current Liabilities:</b>			
Short Term Loan & Overdraft		330,266,898	291,282,585
Accrued Expenses		8,903,343	7,969,471
Workers Profit Participation and Welfare Fund		1,108,876	1,108,876
Current Portion of Long Term Loan	6.01	2,658,000	10,632,000
Trade Payables		18,996,133	20,447,020
Liabilities for Other Finance		3,135,499	2,657,438
Directors Current Account		4,600,000	4,600,000
Current Tax Liabilities		3,546,485	3,246,485
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,051,056,830</b>	<b>1,018,970,863</b>
<b>Net Asset Value Per Share(with revaluation)</b>		<b>28.86</b>	<b>29.08</b>
<b>Net Asset Value Per Share(without revaluation)</b>		<b>11.90</b>	<b>11.96</b>

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

  
CHAIRMAN

  
MANAGING DIRECTOR

  
DIRECTOR

  
DIRECTOR

  
COMPANY SECRETARY

Attested  
For Hakkani Pulp and Paper Mills Ltd.

Chittagong: October 29, 2016


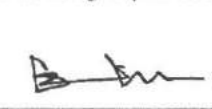
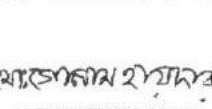


# হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ HAKKANI PULP & PAPER MILLS LTD.

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

	Note(s)	30 Sep 2016 Taka	* Restated 30 Sep 2015 Taka
Revenue		33,149,428	91,407,608
Less: Cost of Sales		30,274,752	86,180,542
<b>Gross Profit</b>		<b>2,874,676</b>	<b>5,227,067</b>
<b>Less: Operating Expenses:</b>			
Administrative Expenses		3,219,150	3,103,059
Financial Expenses		6,153,727	4,209,226
Selling & Distribution Expenses		85,608	465,949
		9,458,485	7,778,234
<b>Operating Profit</b>		<b>(6,583,809)</b>	<b>(2,551,168)</b>
Add: Non-Operating Income		21,300	1,251,330
<b>Net Profit Before WPPF &amp; WWF</b>		<b>(6,562,509)</b>	<b>(1,299,838)</b>
Less: Contribution to Workers Profit Participation and Welfare Fund		-	102,820
<b>Net profit before Tax</b>		<b>(6,562,509)</b>	<b>(1,402,658)</b>
Less: Income Tax Provision:			
Current Tax		300,000	300,000
Deferred Tax		(45,429)	64,831
		254,571	364,831
<b>Net profit after Tax for the year</b>		<b>(6,817,080)</b>	<b>(1,767,489)</b>
<b>Other Comprehensive Income / Loss:</b>			
Deferred Tax on Revaluation Reserve		575,774	615,477
Gain/ (Loss) on Investment in Shares		1,657,185	(644,113)
<b>Total Comprehensive Income</b>		<b>(4,584,121)</b>	<b>(1,796,125)</b>
<b>Earning Per Share - Basic</b>		(0.36)	(0.09)

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

				
CHAIRMAN	MANAGING DIRECTOR	DIRECTOR	DIRECTOR	COMPANY SECRETARY

Chittagong: October 29, 2016



# হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ HAKKANI PULP & PAPER MILLS LTD.

## HAKKANI PULP & PAPER MILLS LIMITED

### Statement of Cash Flows

For the period ended 30 September, 2016

	Note(s)	30 Sep 2016 Taka	30 Sep 2015 Taka
<b>A. Cash flows from Operating Activities:</b>			
Cash Collection from Turnover & Others		42,584,891	77,141,991
Payment for Material and Expenses		(76,376,518)	(56,762,484)
Interest Paid		(6,153,727)	(4,209,226)
Income Tax Paid		-	(9,460,149)
<b>Net Cash flow from Operating Activities</b>		<b>(39,945,354)</b>	<b>6,710,132</b>
<b>B. Cash flows from Investing Activities:</b>			
Acquisition of Property, Plant & Equipment		(3,703,800)	(3,519,449)
Capital Work In Progress		(14,718,476)	-
Purchase of shares during the period		(8,029)	(2,373,183)
Sales of shares during the period		-	1,922,230
<b>Net cash flow from Investing Activities</b>		<b>(18,430,305)</b>	<b>(3,970,402)</b>
<b>C. Cash flows from Financing Activities</b>			
Short Term Loan & Overdraft		38,984,313	1,745,831
Repayment of Secured Long Term Loan		6,019,932	(2,500,000)
Unsecured Loan Received		-	5,477,000
Director Current Account		-	-
Liabilities for other finance		478,061	(961,198)
Dividend Paid during the year		-	(292,430)
<b>Net Cash flow from Financing Activities</b>		<b>45,482,306</b>	<b>3,469,203</b>
<b>D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)</b>		<b>(12,893,353)</b>	<b>6,208,932</b>
<b>E. Opening Cash and Bank Balances</b>		<b>15,773,779</b>	<b>5,384,149</b>
<b>Closing Cash and Bank Balances (D+E)</b>		<b>2,880,426</b>	<b>11,593,080</b>
<b>F. Net Operating Cash Flow Per Share</b>		<b>(2.10)</b>	<b>0.35</b>

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

  
CHAIRMAN

  
MANAGING DIRECTOR

  
DIRECTOR

  
DIRECTOR

  
COMPANY SECRETARY

Chittagong: October 29, 2016

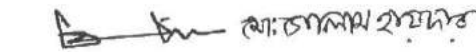
# HAKKANI PULP & PAPER MILLS LTD.

## HAKKANI PULP & PAPER MILLS LIMITED Statement of Changes in Equity For the period ended 30 September, 2016

(Amount in Taka)

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2016 as reported	190,000,000	15,000,000	325,410,615	(3,168,122)	24,192,442	551,434,936
Restated Revaluation Surplus Realized	-	-	(3,838,492)	-	3,838,492	-
Deferred Tax on Revaluation Surplus	-	-	575,774	-	-	575,774
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	1,657,185	-	1,657,185
Dividend for the Year 2015-2016	-	-	-	-	-	-
Net Profit after Tax for the period	-	-	-	-	(6,817,080)	(6,817,080)
<b>Balance as on 30 September, 2016</b>	<b>190,000,000</b>	<b>15,000,000</b>	<b>322,147,897</b>	<b>(1,510,937)</b>	<b>21,213,854</b>	<b>546,850,814</b>
Balance as at 01 July, 2015	190,000,000	15,000,000	339,361,429	(956,157)	31,026,570	574,431,842
Restated Revaluation Surplus Realized	-	-	(4,103,181)	-	4,103,181	-
Transferred from Retained Earnings	-	-	-	-	-	-
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(644,113)	-	(644,113)
Deferred Tax on Revaluation Surplus	-	-	615,477	-	-	615,477
Net Profit after Tax for the period	-	-	-	-	(1,767,489)	(1,767,489)
<b>* Restated Balance as on 30 September, 2015</b>	<b>190,000,000</b>	<b>15,000,000</b>	<b>335,873,725</b>	<b>(1,600,270)</b>	<b>33,362,262</b>	<b>572,635,717</b>

  
CHAIRMAN

  
MANAGING DIRECTOR

DIRECTOR

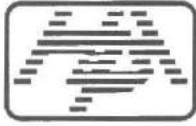
  
DIRECTOR

  
COMPANY SECRETARY

Chittagong: October 29, 2016



হাক্কানী পাল্প এন্ড পেপার মিলস লিমিটেড  
HAKKANI PULP & PAPER MILLS LTD.



# হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ HAKKANI PULP & PAPER MILLS LTD.

## HAKKANI PULP & PAPER MILLS LIMITED

### Notes to the Financial Statements

For the period ended 30 September, 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

**Head Office :** 2/10, Dhaka Trunk Road, North Pahartali, Chittagong, Bangladesh

**Phone :** 88-031-751463, 750864-5 (PABX) **Fax :** 88-031-752344 **E-mail :** hppml@hakkanigroup.com, info@hakkanigroup.com

**Factory :** Mouza Halim Kharchar, P/S : Patiya, Chittagong, Bangladesh. **Web :** www.hakkanigroup.com

HAKKANI PULP & PAPER MILLS LTD.



# হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ HAKKANI PULP & PAPER MILLS LTD.

## 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 September' 2016
- b. A Statement of Profit or Loss and other Comprehensive Income for the period ended 30 September' 2016
- c. A Statement of changes in equity for the period ended 30 September' 2016
- d. A Statement of Cash flows for the period ended 30 September' 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 29 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 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 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



# হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ HAKKANI PULP & PAPER MILLS LTD.

2.09 **Reporting period:**

The financial period of the companies covers 1st quarter from 01 July 2016 to 30 September 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 **Revaluation of Property, Plant and Equipment:**

A revaluation of Land, Buildings and Plant and Machinery had been carried out during the financial year 2010-2011 by M/S. G. K. Adjusters, a professional valuer and the surplus amount on revaluation of these assets were transferred to Revaluation Reserve Account as per paragraph 41 of BAS 16 Property, Plant and Equipment.

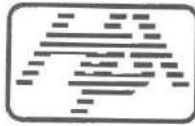
The revalued amount has been shown in schedule of Property, Plant and Equipment separately and the depreciation on revalued amount has been charged to the Statement of Profit or Loss and Other Comprehensive Income and the depreciation amount has been transferred from the revaluation surplus to retained earnings as the revaluation surplus is realized through depreciation on revalued amount.

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 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:

<b><u>Assets</u></b>	<b><u>Rate</u></b>
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%



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## 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 noncontrolling 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 informaton 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.





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## 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

<b><u>Category</u></b>	<b><u>Basis of Valuation</u></b>
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.

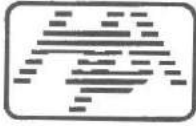
## 3.08 **Interest income and expenses:**

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.



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	30-Sep-2016 Taka	30-Jun-2016 Taka
<b>04 REVALUATION RESERVE:</b>		
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 30.06.2016	98,063,993	94,225,501
	<u>378,997,526</u>	<u>382,836,018</u>
Less : Adjustments for Deferred Tax	56,849,629	57,425,403
Balance as on 30 September, 2016	<u><u>322,147,897</u></u>	<u><u>325,410,615</u></u>
<b>05 RETAINED EARNINGS:</b>		
Retained earning is made-up as follows:		
Balance as on 01 July 2016	24,192,442	31,026,570
Less: Dividend for the year 2015-2016 as approved in the AGM	-	9,500,000
	<u>24,192,442</u>	<u>21,526,570</u>
Add: Net profit after tax for the period	(6,817,080)	(13,746,851)
	<u>17,375,362</u>	<u>7,779,719</u>
Add: Revaluation Surplus Realized	3,838,492	16,412,722
	<u>21,213,854</u>	<u>24,192,441</u>
Add: Adjustmnet for deferred tax relating to prior period	-	-
Balance as on 30 September 2016	<u><u>21,213,853</u></u>	<u><u>24,192,442</u></u>

HAKKANI PULP & PAPER MILLS LTD.



# হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ HAKKANI PULP & PAPER MILLS LTD.

	30-Sep-2016 Taka	30-Jun-2016 Taka
<b>06 LONG TERM LOAN:</b>		
Social Islami Bank Limited ,Agrabad Branch, A/C No - 0043220004376	19,875,439	21,829,507
Balance as on 30 September 2016	<u>19,875,439</u>	<u>21,829,507</u>
<b>6.01 LONG TERM LOAN- MATURITY ANALYSIS:</b>		
Due within the period- Current portion	2,658,000	10,632,000
Due after more than the period- Non-current portion	17,217,439	11,197,507
	<u>19,875,439</u>	<u>21,829,507</u>

**06.02 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 enjoining 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:**

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

**Purpose:**

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

**07 DEFERRED TAX LIABILITY:**

Balance as on 01 July 2016	35,040,893	34,524,251
Deferred tax (Income)/ Expenses for the period	(45,429)	516,642
	<u>34,995,464</u>	<u>35,040,893</u>
Less: Prior year Adjustment for Deferred Tax	-	-
Balance as on 30 September 2016	<u>34,995,464</u>	<u>35,040,893</u>
Add: Deferred Tax for Revaluation Surplus	56,849,629	57,425,403
	<u>91,845,093</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 30.09.2016 has been shown at **Note-7.01**.

**07.01 Calculation of Deferred Tax Liability:**

(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value) as on 30.09.2016	210,230,051	210,350,386
(b) Tax Based Property, Plant and Equipment	70,248,195	70,186,816
(c) Net Taxable Temporary Differences (a-b)	139,981,856	140,163,570
(d) Deferred tax liability at effective Tax Rate	34,995,464	35,040,893
(e) Deferred tax expenses on Net Taxable Temporary differences	(45,429)	516,642

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