

ANNUAL REPORT

2013-14



CONTENTS

Letter of Transmittal	02
Notice of the Thirty Forth Annual General Meeting	03
Corporate Profile	04
Operational Result for 5 years	05
Director's Report	06
Audit Commitee Report	13
Corporate Governance Auditor's Report	14
Compliance of Corporate Governance Status Report	15
Auditor's Report	21
Financial Statment	23
Proxy Form	47

To
All Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.

Sub: Annual Report for the year ended 30 June, 2014

Dear Sir (s)

We are pleased to enclose a copy of Annual Report together with the Audited Financial Statements comprising Statement of Financial Position as at 30 June, 2014 and Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June, 2014 along with notes thereon of Northern Jute Manufacturing Company Limited for your information and records.

Yours sincerely

S/d
Ananga Mohan Roy
Managing Director

Notice of the Thirty Forth Annual General Meeting

NOTICE is hereby given that the **Thirty Forth Annual General Meeting** of Messrs Northern Jute Manufacturing Company Limited will be held on **Sunday the 14th December 2014 at 12.30 P.M.** in the Conference Room of the Factory Premises, BSCIC Industrial Estate, Kumargara, Kushtia to transact the following business:

A G E N D A

01	To receive and adopt the Audited Accounts for the year ended 30 th June 2014 together with the Directors and Auditors Reports thereon.
02	To declare dividend for the year ended 30 th June 2014.
03	To elect Directors
04	To appoint Auditors for the year 2014-2015 and fix their remuneration.

By Order of the Board

S/d
(Ananga Mohan Roy)
Managing Director

Dated, Dhaka
The 30 November 2014

Note:

- (a) A member entitled to attend and vote at the above meeting may appoint a proxy to attend on his/her behalf, but such proxy must be a member of the company.
- (b) The instrument appointing a proxy shall be deposited at the registered office of the Company not less than 48 (forty eight) hours before the time of holding the meeting.
- (c) The Share Transfer Books of the Company will remain closed on 19 November 2014.
- (d) The Annual Report is available on the Company's website at www.northernjute.com

* as per directive of Bangladesh Securities and Exchange Commission (BSEC), no food or gift will be arranged at the AGM

Management Apparatus

Board of Directors

Mr. Agha Ahmed Yousuf	Chairman
Mr. Ratan Kumar Biswas	Director
Mr. Iqbal Syed	Independent Director
Mr. Uzzal Kumar Nandi, FCA	Independent Director
Mr. Md. Shah Alam Sheikh	Independent Director
Eng. Md. Rezaul Karim	Nominee Director of Islamic Development Bank

Audit Committee

Mr. Uzzal Kumar Nandi, FCA	Chairman
Mr. Iqbal Syed, Advocate	Member
Mr. Md. Shah Alam Sheikh	Member Secretary

Company Secretary

Shahadat Hossain

Management Team

Ananga Mohan Roy	Managing Director
Md. Younus Ali Khan	CEO

Auditors

Malek Siddiqui Wali
Chartered Accountants
9-G, Motijheel C/A,
Dhaka-1000
Phone: Off: 9560919
Fax: 880-2-9576236
wali@satcombd.com

Bankers

Janata Bank Limited
IFIC Bank Limited

Insurers

United Insurance Limited

Registered Office

DH Tower, Level-14, 6 Panthapath, Dhaka-1215,
Phone : 02-55013506, Fax : 02-55013507

Factory

BSCIC Industrial Estate, Kushtia, Bangladesh, Phone:
071-61884-85

Listing

Dhaka Stock Exchange Ltd

Northern Jute Manufacturing Company Limited

Five years statistics

Operating Result :

Figure In Lac Taka

Particulars	2014	2013	2012	2011	2010
Result of operation:					
Revenue	10,48,00,41	Nil	Nil	27,022,746	80,527,806
Gross Profit	153,73,111	Nil	(697,72,49.02)	11,31,380	74,68,387
Operating Profit/(loss)	212,652	(169,77,505)	(234,56,406.10)	(141,54,882)	(100,80,145)
Net Profit/(loss)after tax	286,69,37	(169,70,318)	(234,57,734.10)	(139,21,870)	
Basic Earning per share (In Taka)	1.69	(9.98)	(13.80)	(8.19)	(5.72)
Dividend Paid (recommended)	5%- Stock 5%-Cash	x	x	x	X
Income tax (provision)	14,62,898.00	x	x	x	X

Financial Position:

Particulars	2014	2013	2012	2011	2010
Total Assets	316,238,388	171,887,430	164,467,651.06	153,504,938	153,812,619
Fixed Assets-Net	249,731,643	84,416,034	89,659,076.00	915,31,148	945,60,159
Reserve & Surplus	114,911,742	(479,66,802)	(275,217,35.79)	(23,80,379)	108,74,491
Net Working capital	(116,219,279)	(109,282,852)	(922,54,877.79)	(664,24,114)	(528,77,151)
Authorized capital	10,00,00,000	10,00,00,000	10,00,00,000	10,00,00,000	10,00,00,000
Share holder's Equity	131,911,742	(309,66,802)	(105,21,735.79)	146,19,621	278,74,491
Paid up Capital	1,70,00,000	1,70,00,000	1,70,00,000	1,70,00,000	1,70,00,000
Total Long Term Loan	Nil	192,42,83	42,72,649	68,34,128	10,155,232
Deferred Tax Assets/ (liability)	16,00,622	20,93,646	20,93,646	20,93,646	20,93,646

Key Financial Ratio, Figures and Market Data:

Current Ratio	0.36	0.45	0.45	0.49	0.53
Debt Equity Ratio	1.40	(6.55)	(16.64)	9.50	4.52
Share Holder's Equity per share (in Taka)	77.60	(18.22)	(6.19)	8.60	16.40
Market value per share (in Taka)	130.00	18.00	21.30		
Price earning ratio (based on DSE price) times	76.92	(1.80)	(1.54)		

Other:

Number of shares	17,00,000	17,00,000	17,00,000	17,00,000	17,00,000
Number of shares holders	269	277	285	291	350
Production (Qty in MT)	1330.66 MT	78.325 MT	Nil	319.465 MT	1280.283 MT
Export (Qty in MT)	1490.07 MT	Nil	Nil	349.342 MT	1315.100 MT

Total Employees:

Officers	40	22	20	25	27
Staff	28	17	20	28	32
Workers	252	105	112	135	250

DIRECTORS REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

Dear Respected Shareholders,
Northern Jute Manufacturing Company Limited

Ladies and Gentlemen,

It is a pleasure for me to welcome you to the 34th Annual General Meeting. In terms of the provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule thereunder) of the Securities and Exchange Rules 1987 and IAS – 1 (International Accounting Standards – 1) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Report to the Shareholders for the year ended 30 June 2014 in the following paragraphs;

Introduction

M/s Northern Jute Manufacturing Company Limited was set up with 700 spindles on 3.12 acres of land at BSCIC Industrial Estate, Kumargara, Kushtia with the production capacity of 1928 M Tons based on three shifts per day of 8 hours each of 300 working days in a year in the year 1982.

Subsequently, the mill was expanded by installing an additional 560 spindles. Northern Jute Manufacturing Company Limited is a Public Limited Company. The Company is listed with Dhaka Stock Exchange Limited.

Industry outlook and possible future developments in the industry:

The earnings from jute and jute good exports registered an increase due to a rise in demand of natural fiber-made products across the world, as a result of the ban on plastic bags implemented in many countries, according to industry analysts. However Country's jute exports has faced new challenges due to depreciation of dollar against Indian rupee, war in Middle East and quality machine installed by Indian companies. Export order has fallen drastically both at the traditional markets (Iran, Syria, Jordan) and new markets (Ghana, Thailand) for different reasons.

In the upcoming season, Bangladesh is expecting bumper jute production owing to favorable climatic conditions and the adoption of latest farming technologies by jute growers supported agriculture credit campaign by Bangladesh bank.

Company's operations:

Capacity/ Production

After a long period of shutdown the company has resumed its commercial operation again since March, 2014. Now the mills are running on a 3 shift basis. Total production capacity of Northern Jute Manufacturing Co. Ltd. is 3,528 (M.T) where as during this year the production was 1330.66 (M.T)

Product wise performance:

Norther Jute manufacturing company limited manufacture Jute Yarn and Twine. Total sales during the periods was 1490.07 M. Ton of Jute Yarn/Twine.

Cost of production

The cost of production has varied during the past years, primarily due to wide fluctuations in the price of raw jute, packing materials, fuel & power, unit of production and spare parts which were beyond the control of the Management. Total cost of production during the year is Tk. 73,019,038 against Tk. 13,039,285 in 2012-13.

Marketing operations:

The Company's marketing operations continued its emphasis on export sales over the years. The company resumed export jute/twine from November 2013. Total sales during the period ended 30 June 2014 was Tk. 104,800,417. On the other hand, no sales were generated in the period ended 30 June 2013.

Capital expenditures:

In order to upgrade the production facilities, the company made an additional net capital expenditures of Tk. 8.57 million. This investments had enabled the company to sustain the rate of production efficiency at the reasonable level over the years.

Foreign Exchange Earned:

The Company contributed substantially to the Foreign Exchange Reserve of the Country during the reporting period through its export marketing operation. Total Export earning during 2013-2014 was \$430,058.50.

Highlights of Financial Performance in 2014

The Company's before and after tax profit/(loss) for the year 2014 were for Tk 4.02 million and Tk 2.86 million respectively compared to Tk (16.97) million and Tk (16.97) million respectively in the previous year.

The financial result is summarized below:

Particulars	2013-14 (BD-Tk.)	2012-13 (BD-Tk.)
Revenue	104,800,417	-
Cost of Goods Sold	89,427,306	-
Gross Profit/(Loss)	15,373,111	-
Operating Expenses	15,160,459	16,977,506
Operating Profit/(Loss) (A-B)	212,652	(16,977,506)
Other Income	3,816,000	7,188
Net Profit/(Loss) before provision	4,028,652	(16,970,318)
Net Profit / (Loss) after provision	2,866,937	(16,970,318)
Earning Per Share (EPS)	1.69	(9.98)

Appropriation:

The company earned net profit of Tk. 2,866,937 during the period ended June 30, 2014. It has been recommended by the board of directors to be appropriated in the following manner:

a) Provision for proposed cash dividend for the year 2014 @5% (Tk. 0.50 Per share)	Tk. 850,000
b) Provision for Stock Dividend (Bonus Share) @5% (in the ratio of 5:100)	Tk. 850,000
c) Transfer to retained earnings	Tk. 1,166,937

Retirement and Election of directors:

Pursuant to Article 125 of the Articles of Association of the Company Mr. A. Ahmed Yusuf retire and being eligible for re-election under Article 127 of the Articles of Association. In the mean time Mr. Ratan Kumar Biswas elected as Director of the company from the public shareholders quota in the 124th meeting of the Board of Directors.. Brief resume and other information of the above mentioned Directors as per clause 1.5 (xxii) of BSEC notification dated 7th August, 2012 are depicted in Annexure-III.

Appointment of auditors:

The meeting was informed that the existing Auditors of the Company M/s. Malek Siddiqui Wali,Chartered Accountant retires at this Annual General Meeting and being eligible offered themselves for appointment as Auditors of the company for the year ended 30 June 2015.

Corporate governance:

Corporate governance is key to its sustenance. Good Corporate Governance is key to successful sustenance. Our Corporate Governance is as follows:

Board of Directors

In line with the concept of good corporate management practice and the provisions of the Articles of Association, The Board of Directors, The Top Management tier is responsible for overall control and supervision of the entire affairs of the Company primarily through strategic planning & budgetary control mechanisms. To this end, The Board of Directors holds periodic meetings to resolve issues of policies and strategies, recording the minutes/ decisions for implementation by the Executive Management. During the year under review the board held 5 (five) meetings to transact various agendas.

The Board of Directors is reconstituted every year by the shareholders through retirement /re-election/ election of its members.

Separate Role of the Chairman and Managing Director

The positions of Chairman and Managing Director are held separate persons. The Chairman is responsible for the functions of the Board while the Managing Director serves as the Chief Executive of the Company.

Audit Committee of Board

In line with BSEC guidelines for ensuring good governance practices, a three member audit committee was formed where an Independent Director acts as Chairman of the committee. All the members of the Audit Committee are Non-executive Directors. The audit committee of the Board held 4 (four) Meetings during the year.

Communication with the Shareholders

The Shareholders as owners are required to be provided with material information on the Company's operation quarterly, half-yearly and annually. They have also provided routine services by the Company Secretary in any company matters which is permissible. The Board is however responsible to the Shareholders as well as investors for publication of price sensitive information as per regulations of Bangladesh Securities and Exchange Commission. The Company has also a web site to provide permissible information/notices/price sensitive information/financial reports/disclosures and others for the Shareholders and interested investors.

Corporate Governance is the practice of good citizenship, through which the company is governed by the board, keeping in view its accountability to the shareholders and to the society. A statement in

pursuance to clause 1.5, audit committee report as per clause 3.5, certificate from professional accountants as per clause 7(i) and a status of compliance as per clause 7(ii) of the BSEC notification no. SEC/CMRRCD/2006-158/134/admin/44 dated 7th August, 2012 are depicted/disclosed in the Annexure-I, IV, V, and VI respectively.

Risk Perception

The term *risk* refers to the possibility of inadequate profits or even losses due to uncertainties, e.g., changes in tastes, preferences of consumers, strikes, insufficient supply of raw materials etc. The Major Risk associated with the Jute Industries are:

- Insufficient supply of good quality imported seed;
- Lack of awareness among jute farmer regarding best post harvest technology and how practice affected prices,
- Low mills productivity in terms of machinery
- Lack of skill labour
- Lack of market linkages
- Unfavourable Market Price
- Price Volatility
- Weak bargaining power
- Multiple intermediary levels
- Govt. Procurement Policy, etc

Northern Management continuously develop their management, marketing and operational strategies to overcome the above challenges.

Future Outlook:

Global market for jute products is overwhelmingly dependent upon developing countries. More than 90 percent of the demand for jute goods originates from a handful of Asian countries. Along with developed countries, the demand for jute goods in developing countries has gone up. Recent rise of global awareness on jute products may create new demand, particularly in developed countries such as USA, Canada, Australia and Japan, where consumer groups are becoming increasingly conscious of the carbon footprint of consumer goods. With a good marketing plan, we take the opportunity to get a hold on these markets.

Management appreciation:

The Board of Directors record with deep appreciation the performance of the management, the officers, staff and workers whose relentless effort helped increase the productivity as well as net profit despite the natural and unnatural adverse factors of production and marketing throughout the country and the world. It is expected the employees and the management will continue to improve the results for the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors. The director humbly expresses its gratitude and acknowledge with keen interest the cooperation and unflinching support it has received from various agencies, including Bangladesh Securities and Exchange Commission, Stock Exchanges, National Board of Revenue and other agencies of the public and the private sector.

We look forward to a brighter future for all of us.

S/d

Aga Ahmed Yusuf
Chairman

ANNEXURE-I

The Directors also report that:

1. Related Party Transactions are depicted in Note no. 29 in the Notes of Account.
2. Remuneration of Directors, including Independent Director have been shown in Note no. 28 in the Notes of Account.
3. The Financial Statement of the Company present true and fair view of the Company's state of affairs, result of its operation, cash flows and changes in equity.
4. Proper books of accounts as required by the prevailing law have been maintained.
5. Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
6. The financial statement was prepared in accordance with IAS/BAS/IFRS/BFRS.
7. The internal control system is sound in design and is effectively implemented and monitored.
8. There is no significant doubt about the company's ability to continue as a going concern.
9. There is significant deviation from the operating result of the last year due to resume of commercial operation of the industry.
10. Key operating and financial data of last five years have been presented in summarized form in page no. 5
11. The number of Board Meeting and the Attendance of Directors during 2013-14 were as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. Agha Ahmed Yousuf	Chairman	5	5
*Mr. Ratan Kumar Biswas	Director	5	-
Mr. Iqbal Syed	Independent Director	5	5
Mr. Uzzal Kumar Nandi, FCA	Independent Director	5	5
Mr. Md. Shah Alam Sheikh	Independent Director	5	2
Eng. Md. Rezaul Karim	Nominee Director of Islamic Development Bank	5	5

* Appointed on 23 June 2014.

12. The pattern of shareholding as required by clause 1.5(xxi) of the BSEC Notification dated 7th August, 2012, stated in Annexure II.

ANNEXURE-II

Pattern of Shareholding as on 30 June, 2014

Name of the Shareholders	Status	Shares held	%
i. Parent/Subsidiary/Associated Companies and other related parties			
ii. Directors:			
Mr. Agha Ahmed Yousuf	Chairman	5,91,968	34.82
Mr. Ratan Kumar Biswas	Director	36,000	2.12
Mr. Iqbal Syed	Independent Director	-	-
Mr. Uzzal Kumar Nandi, FCA	Independent Director	-	-
Mr. Md. Shah Alam Sheikh	Independent Director	-	-
Eng. Md. Rezaul Karim	Nominee Director of Islamic Development Bank	510,000	30.00
iii. Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Childrens:			
Mr. Anango Mohan Roy	Managing Director	-	-
Mr. Shahadat Hossain	Company Secretary	-	-
iv. Executives:			
Md. Younus Ali Khan	CEO	-	-
v. Shareholders Holding 10% or more voting interest in the company:		-	-

ANNEXURE-III

Brief Resume of the Directors

Directors who seek appointment and re-appointment:

Mr. Ratan Kumar Biswas

Mr. Ratan Kumar Biswas is a Director of the company since June 2014 . He obtain Bachelor degree from the University of Dhaka. Presently he is the Managing Director of Reptiles Farm Ltd. Previously he was the Finance Director of Eskander Welfare Foundation (EWF) from 1989 to 2006

Mr. Aga Ahmed Yusuf

Mr. Aga Ahmed Yusuf is the Director of the Company since 1983. He obtained Bachelor of Degree from Dhaka University & BBA from London. Presently he is the Chairman of Alpha Tobacco Mfg. Co. Ltd.,, Bangladesh Leaf Tobacco Company, Alpha Agro Limited, Sreepur Textile Mills Ltd., Himagar Limited, Timberex (Bangladesh), and ERBA Limited.

ANNEXURE-IV

AUDIT COMMITTEE REPORT

For the Year ended 30 June 2014

Northern Jute Manufacturing Company Limited has an Audit Committee as a sub-committee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities.

The Audit Committee consists of the following persons:

Name	Designation
Mr. Uzzal Kumar Nandi, FCA	Chairman
Mr. Iqbal Syed, Advocate	Member
Mr. Md. Shah Alam Sheikh	Member Secretary

The scope of the Audit Committee was defined as below:

- Review and recommend to the Board to approve the quarterly, half-yearly and annual financial statements prepared for statutory purposes;
- Monitor and oversee the choice of accounting policies and principles, internal control risk management process, auditing matters, hiring and performance of the external auditors;
- Review statement of significant related party transactions submitted by the management.
- Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors; and
- Review and consider the report of internal auditors and statutory auditors' observations on internal control.

Activities carried out during the year

The Committee reviewed the integrity of the quarterly and annual financial statement and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

S/d

Uzzal Kumar Nandi

Chairman

Audit Committee

Date: 28th October, 2014

ANNEXURE-V

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE GUIDELINES TO THE SHAREHOLDERS OF NORTHERN JUTE MANUFACTURING COMPANY LIMITED.



House # 18 (4th Floor), Road # 16 (Old-27), Dhanmondi, Dhaka-1209
Tel: 9104703-4, Cell: 0153-001109 & 01819-936291
E-mail: arun.anjan2013@gmail.com, Web: arunanjan.com.bd

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE GUIDELINES TO THE SHAREHOLDERS OF *NORTHERN JUTE MANUFACTURING CO. LIMITED*

We have examined the compliances of Corporate Governance Guidelines by Northern Jute Manufacturing Co. Limited as required under clause 7(i) of the Bangladesh Securities & Exchange Commission (BSEC) notification SEC/CMRRCD/2006-158/134/ADMIN/44 dated on 7th August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

The compliance of conditions with the aforesaid notification and reporting the status of compliance is the responsibility of the Management of the Company. Our responsibility is to certify whether the company is in compliance with the said conditions of corporate governance based on our examination for the purpose of issuing this certificate was limited to the procedures as adopted by the Management of the Company for ensuring compliance to the conditions of Corporate Governance Guidelines and implementations status thereof.

To the best of our information and according to the explanations given to us, we certify that, except as reported on the attached *Statement of Compliance*, the company has complied with conditions of corporate governance guidelines as stipulated in the above mentioned notification issued by BSEC.

Dated, Dhaka;		Anjan Kumer Roy, ACA
2014, November 24		Partner, ARUN & ANJAN, Chartered Accountants

Our Services
Audit & Assurance - Accounting - Income Tax & VAT - Company Affairs - Business Valuation - Management Advisory

ANNEXURE-VI

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012

Condition No.	Title	Compliance status		Explanation for noncompliance with the condition
		Complied	Not Complied	
1	Board of Directors	√		
1.1	Board's Size	√		
1.2(i)	Independent Directors	√		
1.2(ii)	Appointment of Independent Directors	√		
1.2(ii)a)	Independent director does not hold any share or holds less than one percent(1%) shares of total paid up capital	√		
1.2(ii)b)	Independent Director is not a sponsor of the company and is not connected with the company's sponsor or director or shareholder who holds 1% or more shares of the company(dertain family members are also required to comply with this requirement)	√		
1.2 (ii)c)	Independent directors does not have any other relationship whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1.2(ii)d)	Independent directors are not the members,directors or officers of any stock exchange	√		
1.2(ii)e)	Independent director is not he shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1.2 (ii)f)	Independent director is/was not the partners or executives during 3(three) years of concerned company's statutory audit firm	√		
1.2(ii) g)	Independent directors is not the independent director in more than 3 (three) listed companies	√		
1.2(ii) h)	Independent director is not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non-bank financial institution (NBF)	√		
1.2 (ii)i)	Independent director has not been convicted for a criminal offence involving moral turpitude	√		
1.2 (iii)	The independent director shall be appointed by the Board of Director and approved by the	√		

	shareholders in the AGM			
1.2 (iv)	The post of independent directors cannot remain vacant for more than 90 days	√		No such case
1.2 (v)	The Board shall lay down a Code of Conduct of all Board Members and Annual Compliance of the Code to be recorded	√		
1.3	Qualification of Independent Director (ID)			
1.3(i)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	√		
1.3 (ii)	The person should be a business leader/corporate leader/bureaucrat/university teacher with economics or business studies or law background/professionals. The independent director must have at least 12 (twelve) years of corporate management/professional experiences along with other requisites	√		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission	√		
1.4	Chairman of the Board and Chief Executive Officer	√		
1.5	The Directors' Report to the Shareholders on			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5(ii)	Segment-wise or product-wise performance	√		
1.5(iii)	Risks and concerns	√		
1.5 (iv)	Discussion on cost of goods sold, gross profit margin and net profit margin	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss			No such case
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions shall be disclosed in the annual report	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments			No such case
1.5(viii)	An explanation if the financial results deteriorate after the company goes for initial public offering (IPO),repeat public offering (RPO),Rights offer, direct listing etc.			No such case
1.5 (ix)	If significant variance occurs between quarterly financial performance and Annual Financial Statements the management shall			No such case

	explain about the variance on their Annual Report			
1.5(x)	Remuneration to directors including independent directors	√		
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√		
1.5 (xii)	Keeping proper books of accounts	√		
1.5 (xiii)	Application of appropriate accounting policies consistently in preparation of Financial statements.	√		
1.5(xiv)	International accounting standards (IAS)/ Bangladesh accounting standards (BAS)/ International financial reporting standards (IFRS)/Bangladesh financial reporting standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed	√		
1.5(xv)	Soundness of Internal Control system	√		
1.5 (xvi)	Ability of the Bank to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year in operating results	√		
1.5 (xviii)	Summary of key operating and financial data for the last (05) five years	√		
1.5 (xix)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below hereby:	√		
1.5 (xx)	Disclosure about number of Board meeting held during the year and attendance by each Director	√		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) hereby:	√		
1.5(xxi)a)	Shareholding pattern of Partner/subsidiary/ associated companies and other related parties	√		
1.5(xxi) b)	Shareholding pattern of directors, chief executive officer, company secretary, chief financial officer, head of internal audit and their spouses and minor children	√		
1.5(xxi)c)	Share holding position of executives	√		
1.5(xxi)d)	Shareholding pattern of shareholders holding ten percent (10%) or more voting interest in the company	√		

1.5(xxii)	In case of appointment/re-appointment of a Director of the company shall disclose the following information to the shareholders:			
1.5(xxii)a)	A brief resume of the director	√		
1.5(xxii)b)	Nature of his/her expertise in specific functional areas	√		
1.5(xxii)c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	√		
2	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary			
2.1	Appionment of			
	Chief Financial Officer (CFO)		√	Under process
	Head of Internal Audit		√	Under process
	Company Secretary	√		
2.2	Requirements to Attend Board Meetings			
	Chief Financial Officer (CFO)		√	Appointment of CFO is under process
	Company Secretary	√		
3	Audit Committee			
3(i)	Constitution of Audit Committee	√		
3(ii)	Assistance of the Audit Committee to Board of Directors	√		
3(iii)	Responsibility of the Audit Committee	√		
3.1	Constitution of the Audit Committee:			
3.1(i)	At least 3 (three) members	√		
3.1(ii)	Appointment of members of the Audit Committee			
3.1(iii)	Qualification of Audit Committee members	√		
3.1(iv)	Term of Service of Audit Committee members	√		
3.1(v)	Secretary of the Audit Committee	√		
3.1(vi)	Quorum of the Audit Committee	√		
3.2	Chairman of the Audit Committee			
3.2(i)	Selection of Chairman of the Audit Committee	√		
3.2(ii)	Qualification of Chairman of the Audit Committee	√		
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3(iii)	Monitor internal control risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review along with the management, the annual financial statements before submission	√		

	to the board for approval			
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	√		
3.3(vii)	Review the adequacy of internal audit function	√		
3.3(viii)	Review statement of significant related party transactions submitted by the management	√		
3.3(ix)	Review management letters/letter of internal control weakness issued by statutory auditors	√		
3.3 (x)	Utilization /applications of funds by major category when raising through IPO/Repeat IPO/Right Issue is required to disclose the Audit Committee			No such case
3.4	Reporting of the Audit Committee			
3.4.1	Reporting its activities to the Board of Directors	√		
3.4.1(i)	Activities of Audit Committee			
3.4.1(ii) a)	Conflicts of interests			
3.4.1(ii) b)	Material defect in the internal control system	√		
3.4.1(ii) c)	Infringement of laws, rules and regulations	√		
3.4.1 (ii) d)	Any other matter	√		
3.4.2	Reporting to the Authorities			No such case
3.5	Reporting to the Shareholders and General Investors	√		
4	External /Statutory Auditors			
4(i)	Appraisal or valuation services or fairness opinion	√		
4(ii)	Financial information system design and implementation	√		
4(iii)	Book-keeping other services related to accounting records or Financial Statements	√		
4(iv)	Broker-dealer services			Not Applicable
4(v)	Actuarial services			Not Applicable
4(vi)	Internal audit services	√		
4(vii)	Services that the Audit Committee determines	√		
4(viii)	Possession of share by partner or employees of the external audit firms	√		
4(ix)	Audit/certification services on compliance of corporate governance	√		
5	SUBSIDIARY COMPANY			
5(i)	Provisions relating to the composition of the Board of Directors			Not applicable
5(ii)	At least 1 (one) independent director shall be common director			Not applicable
5(iii)	The minutes of the Board meeting of the subsidiary company			Not applicable
5(iv)	The minutes of the respective Board meeting			Not applicable

	of the holding company			
5(v)	The Audit Committee of the holding company			Not applicable
6	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):			
6(i) a)	Reviewed the materiality of the financial statement	√		MD do this
6(i) b)	Reviewed about compliance of the accounting standard	√		MD do this
6 (ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct	√		MD do this
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			
7(i)	A certificate regarding compliance of conditions of Corporate Governance Guidelines	√		
7(ii)	An annexure whether the company has complied with these conditions	√		



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস

৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

Malek Siddiqui Wali

CHARTERED ACCOUNTANTS

Partners: Md. Waliullah, FCA

Swadesh Ranjan Saha, FCA

Md. Habibur Rahman Sarker, FCA

Anjan Mallik, FCA

PHONE: OFF: 9560919

PABX: 9576118; 9576119

FAX: 880-2-9576236

wali@satcombd.com

9-G, MOTIJHEEL C/A,

Dhaka-1000, Bangladesh

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the accompanying Statement of Financial Position of “**Northern Jute Manufacturing Company Limited**” as at June 30, 2014 and related Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement along with Notes to the accounts for the year then ended June 30, 2014.

Respective Responsibilities of Director's and Auditors:

The Company's management is responsible for preparing the financial statements, which gave a true and fair view, in accordance with Generally Accepted Accounting Principles (GAAP) and the Bangladesh Accounting Standards (BAS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Our responsibility is to express an independent opinion on these financial statements, presented to us, based on Bangladesh Standards on Auditing (BAS) adopted by ICAB.

Basis of Audit Opinion:

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

Opinion:

In our opinion, the financial statement prepared in accordance with Bangladesh Accounting Standards (BAS) represent a true and fair view of the state of the company's affairs as of June 30, 2014 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, Securities and Exchange Rules, 1987 and other applicable laws and regulations.



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস

৯-জি, মতিঝিল বানিজ্যিক এলাকা, ঢাকা-১০০০

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Emphasis of Matter:

Without qualifying our opinion, we draw attention to Note No. **20 (Revenue)** to the financial statements. Company resumed export jute/twine from November 2013. In order to meet the immediate cash requires to pay-off the loan liability, the company had to generate immediate cash by selling the product locally amounting BDT. 72,600,216 out of which BDT. 50,020,166 was received through banking channel and rest was received cash. However company preserve money receipt for cash sales.

We also Report That:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- In our opinion, the Company has kept proper books of accounts as required by law so far as it appeared from our examination of those books;
- The Company's Statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of account and returns;
- The expenditure incurred was for the purpose of the company's business.

Dhaka
October 28, 2014

MALEK SIDDIQUI WALI.
Chartered Accountants

Northern Jute Manufacturing Company Limited
Statement of Financial Position
As at 30 June 2014

		Figure in Taka	
Particulars	Notes	2013-14	2012-13
A. Non Current Assets			
Net Tangible Fixed Assets (At cost less Accumulated Depreciation)	4	249,731,643	84,416,034
Total Non-Current Assets (A)		249,731,643	84,416,034
B. Current Assets			
Inventories	5	42,771,509	82,729,896
Account Receivables	6	9,198,465	-
Advance Deposit & Prepayment	7	3,836,923	3,469,634
Cash subsidy Receivable	8	3,595,117	1,184,650
Cash & Cash Equivalents	9	7,104,731	87,216
Total Current Assets (B)		66,506,745	87,471,396
C. Current Liabilities and Provision:			
Loan (Secured)	10	-	75,632,213
Trade Payable	11	2,102,695	23,312,244
Liabilities for Other Expenses	12	1,610,101	15,126,699
Other Liabilities	13	1,654,739	795,294
Short Term Loan	14	177,358,489	81,887,798
Total Current Liabilities		182,726,024	196,754,248
D. Net Current Assets (D=B-C)		(116,219,279)	(109,282,852)
E. Net Assets: (E=A-D)		133,512,364	(24,866,818)
F. Financed By			
Shareholders' Equity			
Share Capital	15	17,000,000	17,000,000
Tax Holiday Reserve		638,498	638,498
Revaluation Reserve	16	218,002,127	58,984,386
Retained Earning		(103,728,883)	(107,589,686)
Total Shareholders' Equity		131,911,742	(30,966,802)
G. Non-current Liabilities			
Long Term Loan	17	-	1,924,283
Deferred Liabilities	18	-	2,082,055
Deferred Tax Liabilities	19	1,600,622	2,093,646
Total Non-Current Liabilities		1,600,622	6,099,984
Total Capital and Liabilities		133,512,364	(24,866,818)
Net Assets Value (NAV)		77.60	(18.22)

Accompanying notes form an integral part of these financial statements

S/d
Chairman
NJMCL

S/d
Managing Director
NJMCL

Signed as per our annexed report of even date

Dhaka, Dated: 28 October 2014

S/d
MALEK SIDDIQUI WALI
Chartered Accountants

Northern Jute Manufacturing Company Limited
Statement of Comprehensive Income
For the year ended 30 June 2014

		Figure in Taka	
Particulars	Notes	2013-14	2012-13
Revenue	20	104,800,417	-
Cost of Goods Sold	21	89,427,306	-
A. Gross Profit/(Loss)		15,373,111	-
B. Operating Expenses			
Administrative Expenses	22	5,368,547	4,759,697
Selling Overhead	23	720,174	317,875
Finance Overhead	24	9,071,738	11,899,934
Total		15,160,459	16,977,506
C. Operating Profit/(Loss) (A-B)		212,652	(16,977,506)
Other Income	26	3,816,000	7,188
Net Profit/(Loss) before provision		4,028,652	(16,970,318)
D. Less Provision			
Contribution to WPPF		191,841	-
Income Tax		1,462,898	-
Deferred tax		(493,024)	-
Total		1,161,715	-
E. Net Profit / (Loss) after provision		2,866,937	(16,970,318)
Other Comprehensive Income		-	-
Total Comprehensive Income		2,866,937	(16,970,318)
Profit/(Loss) Brought forward		(107,589,686)	(88,378,572)
Previous year adjustment		(165,653)	(3,474,748)
Adjustment of revaluation Reserve against depreciation		1,159,519	1,233,952
Long term liabilities settlement benefits		-	-
Profit/(Loss) Brought forward		(103,728,883)	(107,589,686)
Earning Per Share (EPS)		1.69	(9.98)

Accompanying notes form an integral part of these financial statements

S/d
Chairman
NJMCL

S/d
Managing Director
NJMCL

Signed as per our annexed report of even date

Dhaka, Dated: 28 October 2014

S/d
MALEK SIDDIQUI WALI
Chartered Accountants

Northern Jute Manufacturing Company Limited
Cash Flow Statement
For the year ended 30 June 2014

Particulars	Notes	Figure in Taka	
		2013-14	2012-13
A. Cash Flow from Operating Activities			
Collection from Turnover & Others		97,007,485	102,216
Payment to suppliers & Employees		(97,123,867)	(38,885,000)
Cash Payment for Income Tax		(128,710)	-
Total Cash Flow from Operating activities:		(245,091)	(38,782,784)
B. Cash Flow from Investment Activities			
Disposal of Fixed Assets		-	-
Acquisition of Fixed Assets		(8,569,534)	-
Total cash flow from Investment activities		(8,569,534)	-
C. Cash Flow from Financing Activities:			
Long Term Loan Received / (Repaid)		(1,924,283)	(2,348,000)
Secured Loan Received/ (Repaid)		(75,632,213)	(2,022,000)
Short Term Loan Received		158,223,315	42,952,000
Short Term Loan Repaid		(62,752,624)	-
Deferred Liabilities (gratuity-Repaid)		(2,082,055)	-
Total Cashflow from Financing Activities		15,832,140	38,582,000
D. Net Cash Flow (A+B+C)		7,017,515	(200,784)
E. Opening cash and Cash Equivalents		87,216	288,000
F. Closing Cash and Cash Equivalents (D+E)		7,104,731	87,216
Net Operating Cash Flow Per Share		(0.14)	(22.81)

Accompanying notes form an integral part of these financial statements

S/d
Chairman
NJMCL

S/d
Managing Director
NJMCL

Northern Jute Manufacturing Company Limited
Statement of Changes in Equity
For the year ended 30 June 2014

Particulars	Share Capital	Revaluation Reserve	Tax Holiday Reserve	Retained Earning	Total
Balance as on 01-07-13	17,000,000	58,984,386	638,498	(107,589,686)	(30,966,802)
Net profit after provision				2,866,937	2,866,937
Previous year adjustment				(165,653)	(165,653)
Revaluation Reserve					
Addition during the years		160,177,260			160,177,260
Adjustment against Depreciation		(1,159,519)		1,159,519	-
Balance as on 30-06-2014	17,000,000	218,002,127	638,498	(103,728,883)	131,911,742

Northern Jute Manufacturing Company Limited
Statement of Changes in Equity
For the year ended 30 June 2013

Particulars	Share Capital	Revaluation Reserve	Tax Holiday Reserve	Retained Earning	Total
Balance as on 01-07-12	17,000,000	-	638,498	(88,378,572)	(70,740,074)
Net profit after provision	-	-		(16,970,318)	(16,970,318)
Previous year adjustment	-	-		(2,240,796)	(2,240,796)
Revaluation Reserve		58,984,386			58,984,386
Balance as on 30-06-2013	17,000,000	58,984,386	638,498	(107,589,686)	(30,966,802)

Accompanying notes form an integral part of these financial statements

S/d
Chairman
NJMCL

S/d
Managing Director
NJMCL

Dhaka, Dated: 28 October 2014

S/d
MALEK SIDDIQUI WALI
Chartered Accountants

NORTHERN JUTE MANUFACTURING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
FORMING INTEGRAL PART OF THE ACCOUNT

1. Status of the company

1.1 Legal form of the company:

Northern jute mfg. Co. Ltd. was incorporated under the company Act. 1913 (now Companies Act, 1994) as a Public Company Limited by share on September 17, 1980 and the shares of the company are listed in the Dhaka Stock Exchange Limited of Bangladesh.

1.2 Address of registered office and principal place of business:

The Company, in its 123rd meeting of the Board of the Directors held on 23rd June 2014 decided to shift the registered office of the company from Jatiya Scout Bhaban (9th Floor), 70/1 Purana Paltan Line, Kakrail, Dhaka. The present address of the registered office and principal place of the business is Navana DH Tower, 6, panthpoth (14th Floor), Dhaka and the manufacturing place is located at BSCIC Industrial Estate, Kumargara, Kushtia.

1.3 Nature of business activities:

The Company operates in a Single industry segment. It owns and operates a jute spinning mill and producing and selling Jute Yarn and Twine.

2. Bases of Financial Statement-its preparation and presentation:

2.1 Basis of accounting:

The accounts have been prepared on a going concept convention under Generally Accepted Accounting Principles (GAAP) and on accrual basis.

2.2 Reporting Framework and Compliance thereof:

The Financial Statements have been prepared in compliance with the requirements of the companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka Stock Exchange and other relevant local laws and regulations as applicable and in accordance with the applicable Bangladesh Financial Reporting Standards (BFRSS) including Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

2.3 Component of Financial Statements:

According to Bangladesh Accounting Standard (BAS-1) "Presentation of Financial Statements" the complete set of Financial Statements includes the following component:

- ✓ A statement of financial position as at June 30, 2014.
- ✓ A statement of comprehensive income for the year ended June 30, 2014.
- ✓ A Statement of Cash Flow Statement for the year ended June 30, 2014.

- ✓ A Statement of Changes in Equity.
- ✓ Notes, comprising a summary of significant accounting policies and other explanatory information.

2.4 Reporting Period:

Financial Statements of the company cover one calendar year from 1st July, 2013 to 30th June, 2014.

2.5 Responsibility for Preparation and Presentation of Financial Statements:

The Management is responsible for preparation and presentation of Financial Statements under section 183 of the Company Act, 1994 and as per the provision of “The Framework for The Preparation and Presentation of Financial Statements” issued by the International Accounting Standards Committee (IASC).

2.6 Reporting Currency and Level of Precision:

The Financial Statements are prepared and presented in Bangladesh Currency (Taka), which is the company’s functional currency. All financial information has been presented rounded off to the nearest Taka except where indicated otherwise.

2.7 Comparative Information:

Comparative Information has been disclosed in respect of the year 2013 for all numerical information in the Financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current period Financial Statements.

The figure of the year 2014 has been re-arranged whenever considered necessary to ensure comparatively with the current period.

3. Significant Accounting Policies:

3.1 Recognition of Fixed Assets & Depreciation:

Fixed Assets are stated at their cost less accumulated depreciation in accordance with BAS 16 “property plant and equipment”. The cost represents cost of acquisition of construction and revaluation. After recognition as an asset, an item of property, plant and equipment carried at its cost less any accumulated depreciation and any accumulated impairment losses. Depreciation on all other property, plant, and equipments are computed using the reducing balance method in amounts sufficient to write off depreciable assets over their estimated useful economic lives. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such is reflected in operations for the year. Depreciation is charged from the month of acquisition and no depreciation has been provided on its disposal.

The annual depreciation rates applicable to the principal categories are:

Building	5%
Plant & Machinery	10%
Office equipment	15%
Vehicles	20%
Electric Installation	15%
Furniture & Fixture	15%
Sundry assets	15%

Maintenance activities:

The Company incurs maintenance costs for all major items of Fixed Assets. Repair and Maintenance costs are charged as expenses when incurred.

Subsequent Expenditure:

The company recognizes in the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized in the statement of comprehensive income as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

Disposal of Fixed Assets:

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

3.2 Inventories:

Inventories comprise Raw Materials, Packing Materials, Work in Process, Finished Goods and Stock of Stationery and Spares and Accessories. They are stated at the lower of cost and net realizable value in accordance with BAS -2 "Inventories". The cost of inventories is assigned by using Weighted Average Cost formula. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale. The physical stocks counting for verify the closing socks of inventories were carried out by internal audit team of the company.

3.3 Financial Instruments:

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets:

Financial Assets of the company include cash and cash equivalents, accounts receivable and other receivables. The company initially recognizes receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual rights or probabilities of receiving the cash flows from the assets expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

Accounts Receivable:

Accounts receivable are created at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, provision experience and general economic conditions. When an account receivable is determined to be uncollectible, it is written off, firstly against any provision available and then to the statement of

comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of comprehensive income.

Advances and Deposits:

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads. Deposits are measured at payment value.

Cash and cash Equivalent:

According to BAS 7 “cash flow Statement” and BAS 1 “presentation of financial Statement” Cash and Cash equivalents are carried in the financial position at cost and included cash in hand and with banks on current and deposit accounts, which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.4 Impairment:

Financial Assets:

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy etc.

Non-financial assets:

As asset is impaired when an asset's carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.5 Financial Liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.6 Creditors and Accruals:

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

3.7 Provision:

A provision is recognized in the statement of financial position when the company has legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present

obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation.

3.8 Revenue Recognition:

The company recognized revenue when risk of ownership has been transferred to the buyer, which satisfied all the condition for the revenue recognition as provided in BAS 18 “Revenue Recognition”.

Accounting for Government Grants (cash subsidy) and disclosure of Government Assistance:

A government grant (cash subsidy) that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related cost, is recognized in profit and loss on accrual basis.

3.9 Income Tax Expense:

Current Tax:

Provision for current year income tax has been made @ 15% as prescribed in the Finance Act, 2014 on the accounting profit made by the Company after considering some of the add backs to income and disallowances of expenditure & provisions as per Income Tax Ordinance 1984 in compliance with BAS-12 “Income Taxes”.

Deferred Tax:

The Company has adopted deferred tax accounting policy as per Bangladesh Accounting Standard (BAS) 12. Accordingly deferred tax liability/asset is accounted for all temporary timing differences arising between the tax base of the assets and liabilities and their carrying value for financial reporting purpose. Deferred tax is computed at the prevailing tax rate as per Finance Act 2014.

3.10 Borrowing Costs:

This has been dealt with the requirements of BAS 23: Borrowing Costs. Borrowing costs relating to projects in commercial operation are recognized as expenses in the year in which they are incurred. In respect of projects that have not yet commenced commercial production, borrowing costs are debited to capital work in progress.

3.11 Employee Benefits:

The company’s employee benefits include the following:

Short-term employee benefits:

Short-term employee benefits include salary, bonuses etc.. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

Contribution to Workers’ Participation/Welfare funds:

This represents 5% of net profit before tax to be contributed by the Company as per provisions of Bangladesh Labour Law, 2006 and is payable to workers as defined in the said law.

3.12 Proposed Dividend:

The amount of proposed dividend is not accounted for but disclosed in the notes to the account along with dividend per share in accordance with the requirements of the Para 125 of Bangladesh Accounting Standards (BAS) 1: Presentation of Financial Statements. Also, the proposed dividend has not been considered as “Liability” in accordance with the requirements of the Para 12 & 13 of Bangladesh

Accounting Standards (BAS) 10: Events after the Reporting Period, because no obligation existed at the time of approval of the accounts and recommendation of dividend by the Board of Directors.

The Board Proposed dividend @5% cash dividend and 5% Stock dividend for the year ended 30 June 2014.

3.13 Earning Per Share (EPS):

This has been calculated in compliance with the requirements of BAS-33 : “Earnings Per Share” by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Basic Earnings:

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

Basic Earnings Per Share:

This has been calculated by dividing the basic earnings by the number of ordinary shares issued by the company.

Diluted Earnings Per Share:

No diluted Earnings per Share (EPS) is required to be calculated for the year as there was no scope for dilution during the year under review.

3.14 Cash flow Statement:

Cash flow statement is prepared principally in accordance with BAS 7 “Cash Flow Statement”. The cash generated from operating activities have been reported using the direct method as prescribed by the Security and Exchange Rule 1987 and as encouraged by BAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.15 Foreign Currency Translation:

Translations in foreign currencies are converted into Bangladesh Taka at the exchange rate prevailing on the date of transaction in accordance with provision of BAS 21 “the effect of changes in foreign currency rate”

3.16 Use of Estimates and:

The preparation of financial statements in conformity with BFRSs/BASs 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, and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by BAS 8: Accounting Policies, Changes in Accounting estimates and Errors.

3.17 BAS 10 “Event After Balance Sheet Date”:

There is no information/transaction of such importance, non-disclosure of which would affect the availability to the user of the Financial Statements to make a proper evaluation and decision.

3.18 Transaction with Related Parties:

The company has carried on transaction with related parties in the normal course of Business.

3.19 Financial risk management:

The company management has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market condition and the company's activities. The company has exposure to the following risks from its use of financial instruments.

- ❖ Credit risk
- ❖ Liquidity risk
- ❖ Market risk

Credit risk:

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the company may get support from the related company in the form of short terms financing.

Market risk:

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Currency risk:

The company is exposed to currency risk on revenues such as revenue from foreign customers. Majority of the company's foreign currency transactions are denominated in USD and relate to export.

(b) Interest rate risk:

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

Northern Jute Manufacturing Company Limited
Fixed Assets Schedule
For the year ended 30 June 2014

4.00

Figure in Taka

Assets Category	Cost			Rate (%)	Depreciation			Written down value		
	As on 1/7/13	Addition this period	Disosal this period		As on 1/7/13	Adjustm ent	Charge this year	Total 30/06/2014	30/06/14	30/06/13
Unit-1										
Land and Land Development	1,000,468	-	-	0%	-	-	-	-	1,000,468	1,000,468
Building	13,038,730	4126138	-	5%	9,223,505	-	242,338	9,465,843	7,699,025	3,815,225
Electric Installation	1,534,294	526697	-	15%	1,502,482	-	24,523	1,527,005	533,986	31,812
Plant and Machinery	57,391,138	3072630	-	10%	53,258,011	-	490,128	53,748,139	6,715,629	4,133,127
Furniture & Fixtures	244,331	724229	-	15%	233,749	-	28,746	262,495	706,065	10,582
Office Equipment	209,669	119840	-	15%	135,598	-	15,605	151,203	178,306	74,071
Vehicle	2,378,135	-	-	20%	1,812,380	-	113,151	1,925,531	452,604	565,755
Sundry Assets	345,329	-	-	15%	325,078	-	3,038	328,116	17,213	20,251
Total Unit-1 Taka	76,142,094	8,569,534	-		66,490,803	-	917,529	67,408,332	17,303,296	9,651,291
Unit-2										
Building	5,896,369	-	-	5%	1,309,221	-	229,357	1,538,578	4,357,791	4,587,148
Electric Installation	484,103	-	-	15%	374,918	-	16,378	391,296	92,807	109,185
Plant and Machinery	29,038,129	-	-	10%	17,954,105	-	1,108,402	19,062,507	9,975,622	11,084,024
Total Unit-2 Taka	35,418,601	-	-		19,638,244	-	1,354,137	20,992,381	14,426,220	15,780,357
Sub Total	111,560,695	8,569,534	-		86,129,047	-	2,271,666	88,400,713	31,729,516	25,431,648
Revaluation Surplus										
Assets Category	As on 1/7/13	Addition this period	Disosal this period	Rate (%)	As on 1/7/13	Adjustm ent	Charge this year	Total 30/06/2014	30/06/14	30/06/13
Unit-1										
Land and Land Development	41,875,772	160177260	-	0%	-	-	-	-	202,053,032	41,875,772
Building	11,849,842	-	-	5%	5,156,703	-	334,657	5,491,360	6,358,482	6,693,139
Electric Installation	100,367	-	-	15%	85,752	-	2,192	87,944	12,423	14,615
Plant and Machinery	20,085,072	-	-	10%	14,032,542	-	605,253	14,637,795	5,447,277	6,052,530
Total Unit-1 Taka	73,911,053	160,177,260	-		19,274,997	-	942,102	20,217,099	213,871,214	54,636,056
Unit-2										
Building	7,743,313	-	-	5%	3,394,983	-	217,417	3,612,400	4,130,913	4,348,330
Total Unit-2 Taka	7,743,313	-	-		3,394,983	-	217,417	3,612,400	4,130,913	4,348,330
Sub Total	81,654,366	160,177,260	-		22,669,980	-	1,159,519	23,829,499	218,002,127	58,984,386
Grand Total	193,215,061	168,746,794	-	-	108,799,027	-	3,431,185	112,230,212	249,731,643	84,416,034

Depreciation Charged on unit 1 & 2

Depreciation charged to Factory Overhead	=	3,325,965
Depreciation charged to Administrative Expenses	=	105,220
		3,431,185

5.00 Inventories :
Inventories (Stock & Stores) Comprises the following balances:

		Amount in Taka	
		30/06/14	30/06/13
A. Direct Materials:			
Raw Jute (5.01)		11,322,852	27,349,758
Jute Batching Oil		204,000	222,665
Lissapol		5,051	308
Sub - Total		11,531,903	27,572,731
B. Consumable stores :			
Machinery Spares		3,366,201	3,684,893
Electric Goods		223,782	225,019
Loose tools		9,866	10,527
Oil & Lubricant		52,853	13,668
Printing		34,604	36,345
Construction Materials		9,467	9,573
Sundry stores		47,961	34,733
Stationery		664	1,643
Sub - Total		3,745,398	4,016,400
C. Packing Materials:			
Hessian Cloth		121,700	-
Polythene		35,462	45,577
Conical Spool		55,036	44,130
Dyes & Chemical		217	434
P.P Tape		1,902	1,902
Corrugated paper		11,800	11,800
Binding clip		325	325
Sub - Total		226,442	104,168
D. Work in Process			
		7,973,779	12,923,874
E. Finished Goods (5.2)			
		19,293,987	38,112,722
Sub - Total		27,267,766	29,381,354
GRAND TOTAL		42,771,509	61,074,654

5.01 Raw Jute Inventory

		Average	
Jute Grading	Quantity (Mon)	Price/mon (Tk.)	Total (Taka)
BTC	424	1950	826,800
BDT-1	1192	1850	2,205,200
BDT-2	2429	1800	4,372,200
BTE	903	1700	1,535,100
SMR	1325	1600	2,120,000
Cutting	201	1311	263,552
Total	6474		11,322,852

5.02 Finished Goods Inventory

Count	Quantity (MT)	Average Price/MT (\$)	Total (Taka)
8/1lbs-CB	49.5	1,159.01	4,417,557
28/1lbs Saking	79.78	564.94	3,470,430
9/1lbs-CB	67	922.08	4,757,000
6/1lbs-CRT	61	1,415.58	6,649,000
Total	257.28		19,293,987

MALEK SIDDIQUI WALI
CHARTERED ACCOUNTANTS

6.00 Account Receivable

Tec-Rich Spining and Twisting Mills (China)
Kalkata Trade Centre (India)

Aging of Account Receivable

Not more than 30 Days
30 Days to 60 Days
60 Days to 90 Days
Over 90 Days

Total

The Account Receivable were realized in full during July 2014 .

30/06/14	30/06/13
7,737,216	-
1,461,249	-
9,198,465	-
9,198,465	-
-	-
-	-
-	-
9,198,465	-

7.00 Advance, Deposit And Prepayment :

ADVANCE:

Advance to Employees
Advance Income Tax

Sub- Total

SECURITY DEPOSIT:

Power development Board
Custom
Telephone
Central Depository Bangladesh Ltd.

Sub-Total

PRE-PAYMENTS:

Insurance
VAT
License Fees

Sub- Total

GRAND TOTAL

Amount in Taka	
30/06/14	30/06/13
71,000	-
3,139,009	3,010,298
3,210,009	3,010,298
143,250	143,250
1,000	1,000
3,000	3,000
100,000	100,000
247,250	247,250
316,414	194,086
8,250	-
55,000	18,000
379,664	212,086
3,836,923	3,469,634

8.00 Cash subsidy Receivable:

Opening Balance
Receivable during the year

Less received during the year

Total Taka

Cash subsidy claimed during the period has not been collected till the approval of Financial Statements.

Amount in Taka	
30/06/14	30/06/13
1,184,650	1,279,683
2,410,467	345,443
3,595,117	1,625,126
-	440,476
3,595,117	1,184,650

9.00 Cash And Cash Equivalents :

CASH IN HAND:

i) Head Office
ii) Factory office

Sub- Total

CASH AT BANK:

i) current Account # 33011458, Janata Bank, L/O, Dhaka.
ii) Current Account # 210035436, Janata Bank, Corporate Br., Kushtia.
iii) Current account # 694, Janata Bank, Chourhas Br., Kushtia.
iv) FC. Account # 10, Janata Bank L/O, Dhaka.
vi) Current Account # 13616-6, Agrani Bank, Principal Br., Dhaka
vii) Current Account # 100-112376-001, IFIC Bank Ltd. Motijheel C/A.

Sub- Total

Closing Balance of Cash & Cash Equivalent

Amount in Taka	
30/06/14	30/06/13
17,719	1,976
79,175	7,696
96,894	9,672
5,894,458	-
-	21,747
1,853	16,519
32,408	32,408
	5,960
1,079,118	910
7,007,837	77,544
7,104,731	87,216

MALEK SIDDIQUI WALI
CHARTERED ACCOUNTANTS

10.00 Loan (Secured) :

Cash Credit Hypothecation Account

Fully Settled as on 17 April 2014

Amount in Taka	
30/06/14	30/06/13
-	75,632,213
-	75,632,213

11.00 Trade Payable

Liabilities for goods consist of following balance:

Amount in Taka	
30/06/14	30/06/13
M/S. Kushtia Store	413,898
MR. Rathindra Kumar Sikdar	5,334,268
Mr. Raghunath Sikder	3,837,619
Mr. Ratan Kumar Sikder	-
M/s. Jui Enterprise	32,340
M/s. Abdul Baser & Sons	38,500
M/s. ZIM Traders	27,858
M/s. Khaleque Polythine Stores	8,200
Mr. Bimal Kumar Kunda	6,902,239
M/s. Sea Tax	88,500
M/s. Kanipur Bobbin Factory	32,000
Sree Sanjit Kumar Mitra	336,698
Mr. Sanjay Kumar Sikdar	566,017
Mr. Premendra Nath Saha*	5,640,702
M/S. Adarsha Traders	53,406
TOTAL TAKA	23,312,244

***Fully Settled during July-August 2014**

12.00 Liabilities For Expense :

Liabilities for expenses consists of following balances:

Amount in Taka	
30/06/14	30/06/13
M/s Erba Ltd.	6,961,583
Outstanding Salary	4,507,545
Outstanding Wages (Direct)	70,328
Outstanding Wages (Indirect)	27,484
PDB, Kushtia	512,173
Telephone (Head office)	3,247
Telephone (Factory office)	1,470
Audit Fee	25,000
M/s. Prince Shipping Lines Ltd.	58,295
Office Rent	1,728,543
M/s. Erba China Engineering Workshop	426,920
CBA (Subscription)	610
House rent	800,000
Attended Bonus	3,500
TOTAL TAKA	15,126,699

MALEK SIDDIQUI WALI
CHARTERED ACCOUNTANTS

13.00 Other Liabilities:

	Amount in Taka	
	30/06/14	30/06/13
Advance against sale	-	400,000
Provision for Income Tax	1,462,898	-
Worker profit participation fund	191,841	-
Leave Pay	-	395,295
TOTAL TAKA	1,654,739	795,295

14.00 Short Term Loan:

	Amount in Taka	
	30/06/14	30/06/13
Mr.A. Ahmed Yusuf	1,104,637	39,057,000
M/s Erba Ltd.	13,530,537	30,883,000
M/S. Timberex (Bangladesh) Ltd.	4,500,000	4,500,000
Orial Limited	158,223,315	-
Mr. M. Mahmood	-	7,447,798
TOTAL TAKA	177,358,489	81,887,798

15.00 Share Capital :

This represents:

a) Authorized: 10,000,000 Ordinary Shares of taka 10.00 each composition of share holding:	100,000,000	100,000,000
Issued, Subscribed and Paid - up: (%)		
i) Sponsors: 850,000 Ordinary Shares of taka 10.00 each (50%)	8,500,000	8,500,000
ii) Public Quota : 510,000 Ordinary Shares taka 10.00 each Issued to Islamic Development Bank, Jeddah (30%)	5,100,000	5,100,000
iii) General public: 340,000 Ordinary shares of taka 10.00 each (20%)	3,400,000	3,400,000
TOTAL TAKA	17,000,000	17,000,000

b) Distribution Schedule : Disclosure under the Listing regulation of Dhaka Stock Exchange.

Range of holding in number of Shares	No. of share holders	% of share holder	No. of share	% of share capital
1 to 500	221	73.91%	52,200	3.07%
501 to 5000	58	19.40%	74,900	4.41%
5001 to 10000	4	1.34%	33,400	1.96%
10001 to 20000	6	2.01%	87,741	5.16%
20001 to 30000	1	0.33%	28,685	1.69%
30001 to 40000	5	1.67%	170,288	10.02%
40001 to 50000	-	0.00%	-	0.00%
50001 to 100000	2	0.67%	150,800	8.87%
Over 100000	2	0.67%	1,101,986	64.82%
TOTAL	299	100.00%	1,700,000	100%

16.00 Revaluation Reserve :

Particulars		Amount
Revaluation Reserve Balance (As on 01-07-2013)	58,984,386	60,218,338
Addition of Revaluation Reserve-Land (Current Year)	160,177,260	
	219,161,646	60,218,338
Less: Transfer of depreciation on revaluation on tagible assets to the Retained Earnings	1,159,519	1,233,952
Revaluation Reserve Balance (As on 30-06-2014)	218,002,127	58,984,386

First revaluation of the property at factory office of the company carried out in 2003 by Independent valuer named "Asian Surveyors Ltd." 128, dilkusha C/A. Further in 2014 The Company in its 123rd Board meeting dated 23rd June 2014 decided to revaluation of its project land to reflect true picture in the Financial Statements of the company as on 30 June 2014. The Company engaged an Independent valuer named "Ahmed & Akhtar" Chartered Accountants to carry out the inspection and examination of the project land located at the Factory premises. Subsequently the company appointed "Ahmed & Akhtar" Chartered Accountants for the purpose of Valuation of the Company's Land situated at the Factory premises-BSCIC industrial Estate, Kushtia, Bangladesh as on 30 June 2014. The management of the company in its 124th Board meeting held on 22nd July 2014 approve the valuation report.

Methodology Adopted for Revaluation of Factory Land in 2014: The Methodology adopted for revaluation of the land has involved two steps. The first step was adopted for physical verification of the land and the second step was for ascertainment of current realizable values, at which the assets should appear in the Balance Sheet as at 30 June, 2014. For the purpose of revaluation of land, the valuer consulted with the district Sub-Registrar Office, BSCIC and the different level of beneficiary in the above area where the land located.

The revalued amount of the land stands at Tk. 203,053,500 as on 30 June 2014 is as follows:

Location of the Land	Land Area	Book Value as on 30 June 2014 (Tk.)	Market Value as on 30 June 2014 as per revaluation (Tk.)	Revaluation Surplus (Tk.)
BSCIC Industrial Estate Kumargara, Kustia	312.39	42,876,240	203,053,500	160,177,260

17.00 Long Term Loan:

Bangladesh Small & Cottage Industries Corporation (BSCIC)
Cash Credit (Segregation) account
TOTAL TAKA

Amount in Taka	
30/06/14	30/06/13
-	1,099,172
-	825,111
-	1,924,283

18.00 Deferred Liability (Provision For Gratuity):

Opening Balance
Add Provision during the year
Less : Paid during the year
TOTAL TAKA

Amount in Taka	
30/06/14	30/06/13
2,082,055	1,559,639
99,012	522,416
2,181,067	-
-	2,082,055

Since all the employees currently work under new contract commenced from January 2014 none of them has been entitled for the gratuity during the financial year.

19.00 Deferred Tax 2014

Particulars	Carrying Value (Cost -Acc. Depreciation)	Tax base (Cost-Acc. Capital Allowance)	Temporary Difference	Deferred Tax
Opening balance (excluding land and land development)	24,431,180	12,844,991	11,586,189	1,593,101.00
Addition during the year	8,569,534	8,569,534	-	-
Depreciation charge/capital allowance	(2,271,666)	(2,326,365)	54,700	7,521.20
Closing Balance	30,729,048	19,088,160	11,640,889	1,600,622

MALEK SIDDIQUI WALI
CHARTERED ACCOUNTANTS

20.00 Revenue (Turnover From Sales) :

	Amount in Taka	
	30/06/14	30/06/13
Export Sales	32,200,201	-
Local Sales	72,600,216	-
TOTAL TAKA	104,800,417	-

Company resumed export jute/twine from November 2013. In order to meet the immediate cash requires to pay-off the loan liability, the company had to generate immediate cash by selling the product locally amounting BDT. 72,600,216 out of which BDT. 50,020,166 was received through banking channel and rest was received cash. However company preserve money receipt for cash sales.

Sales Quantity :

Particulars	30/06/2014 Qty. in M. ton	30/06/2013 Qty. in M. ton
Work in Process (Opening)	131.20	61.748
Add :Raw Jute input	1,302.316	181.439
Cutting	77.240	23.794
Jute Batching Oil	10.77	5.359
Lissapole	0.092	0.092
Total	1521.62	272.432
Less: Process loss	62.04	58.98
Sewing yarn	2.6	2.6
Colour yarn	1.265	1.265
Work in Process (Closing)	125.06	131.202
Total	190.97	194.047
Production during the year	1330.66	78.385
Add Finished goods (Opening)	416.69	338.306
Goods available for sales	1747.35	416.691
Less Finished goods (Closing)	257.28	416.691
Sales during the year	1,490.07	-

21.00 Cost Of Good Sold :

	Amount in Taka	
	30/06/14	30/06/13
Work - in - Process (opening)	12,923,874	4,307,918
Raw jute consumed (21.01)	51,638,825	10,444,228
Other direct materials (21.02)	971,903	574,859
Work - in - Process (closing)	(7,973,779)	(12,923,874)
Total Consumption	57,560,823	2,403,130
Factory Overhead (21.03)	15,458,215	10,636,155
Cost of Production	73,019,039	13,039,285
Finished Goods (Opening)	38,112,722	25,073,437
Goods available for sale	111,131,761	38,112,722
Finished Goods (Closing)	19,293,987	38,112,722
Total Cost of Goods Sold	91,837,773	-
Less: Cash Subsidy	2,410,467	-
Net Cost of Goods Sold	89,427,306	-

Addition disclosures under the companies Act, 1994 :
Item wise quantity and value of Raw jute stock are as follows :

Particulars	Unit	Quantity	Value in Taka
Stock as on 30-06-2013	M. Ton	577.23	27,349,758
Stock as on 30-06-2014	M. Ton	258.96	11,322,852

**MALEK SIDDIQUI WALI
CHARTERED ACCOUNTANTS**

21.01 Raw Jute Consumed :

Particulars	Quantity in M. Ton	30/06/14 Amount in Taka	30/06/13 Amount in Taka
Cut jute Consumption	1,302.316	50,926,263	9,831,875
Cutting Consumption	77.240	712,562	612,353
TOTAL	1,379.556	51,638,825	10,444,228

Details of Cut Jute & Cutting consumption are shown in below :

Particulars	Quantity in M. Ton	30/06/14 Amount in Taka	30/06/13 Amount in Taka
Opening stock	577.23	27,349,758	33,827,224
Add: purchase During the year	1,065.00	35,307,939	3,763,051
Add: assortment charges	-	303,980	203,711
Total	1,642.23	62,961,677	37,793,985
Less: Cutting consumption	77.24	712,562	612,353
Stock of Cutting	8.04	311,550	1,079,454
Handling loss	3.72	-	-
Stock of Long jute	110.88	4,709,502	14,485,915
Stock of cut jute	140.04	6,301,800	11,784,389
Total	339.92	12,035,414	27,962,110
Cut Jute consumption	1,302.32	50,926,263	9,831,875

21.02 Other Direct Materials :

The above amount details as follows :

	Amount in Taka	
	30/06/14	30/06/13
Jute batching Oil	630,665	350,490
Lissapole	12,258	7,258
Hessian Cloth	175,000	103,639
Polythene	34,415	19,225
Conical spool	116,883	93,600
Dyes & Chemicals	2,682	647
TOTAL TAKA	971,903	574,859

21.03 Factory Overhead :

Break up of the above amount is given below :

Salary & Allowances	2,398,167	658,291
Direct Wages (Production)	3,918,336	2,042,019
Indirect Wages /Indirect Labour	1,549,289	850,922
Power & Fuel	2,249,747	1,091,011
Bonus	114,120	134,460
Repairs and Maintenance	728,605	569,217
Rent, Rates & Taxes	57,750	46,305
Ferry & tolls	-	1,620
Carriage & Cartage	92,541	17,590
Traveling Expenses	49,000	4,669
Conveyance	905	1,060
Postage & Telegram	2,860	2,980
Telephone	27,160	20,136
Entertainment	224,619	48,548
Medical Expenses	18,238	3,500
Water charges	-	100
Sanitary Expenses	4,500	4,655
Vehicle Repairs	1,210	9,415
Fees & Renewals	63,444	43,125
Vehicle running expenses	174,371	152,332
Overtime	37,510	115,935
Printing & Stationery	38,302	10,162
Miscellaneous Expenses	27,970	255
Insurance premium	292,881	277,095
Depreciation	3,325,965	3,474,068
Service Charges(BSCIC)	-	663,320
Gratuity	60,725	393,365
TOTAL TAKA	15,458,215	10,636,155

MALEK SIDDIQUI WALI
CHARTERED ACCOUNTANTS

22.00 Adminstrative Expenses :

Break up of the above amount is given below :

	Amount in Taka	
	30/06/14	30/06/13
Managing Director remuneration	863,387	780,000
Salary & Allowance	2,065,518	1,982,044
Bonus	142,710	134,570
House rent	220,000	240,000
Office Rent	353,970	162,624
Audit fee	30,000	25,000
Traveling Expenses	109,707	31,280
Conveyance	34,148	12,629
Postage & Telegram	2,977	2,593
Telephone	95,876	28,736
Entertainment	65,755	34,812
Vehicle repairs	159,200	20,252
Fees & Renewals	100,862	81,655
Vehicle running expenses	98,868	62,815
Overtime	-	3,093
Ferry & Tolls	6,130	4,314
Printing	3,000	1,884
Bank charges & Commission	251,901	256,672
Directors attendance fee	46,500	1,500
Board Meeting expenses	10,062	1,429
AGM expenses	138,476	97,885
News paper & periodicals	4,326	5,352
Advertisement & Publicity	25,000	29,300
Books & Periodicals	340	-
Subscription	57,100	72,100
Computer Servicing Expenses	15,100	5,300
CDBL Expenses	47,000	31,000
V A T	10,167	3,598
Revenue Expenses	-	340
Legal Expenses	-	5,000
Office Maintenance	265,195	5,088
Internet Expenses	23,800	8,800
Stationery	5,868	1,165
Leave pay	-	395,295
Gratuity	-	129,051
Photo copy expenses	10,384	2,521
Depreciation	105,220	100,000
TOTAL TAKA	5,368,547	4,759,697

MALEK SIDDIQUI WALI
CHARTERED ACCOUNTANTS

23.00 Selling & Distribution Expenses :

The above amount details as follows:

	Amount in Taka	
	30/06/14	30/06/13
Salary & Allowances	189,390	184,440
Fees & Renewals	22,971	34,000
Printing & Stationery	795	30
Bonus	-	15,400
C&F Bills	479,837	-
Fork Lift Rent	-	84,000
Miscellaneous Expenses	27,181	5
TOTAL TAKA	720,174	317,875

24.00 Financial Overhead:

Interest on C.C. Hypo. Account	9,035,588	11,571,336
Interest on C.C.Seg.Account	36,150	79,547
Other Interest (BSCIC)	-	249,051
TOTAL TAKA	9,071,738	11,899,934

25.00 Auditors Remuneration :

	30000	25000
The above amount is fixed for statutory audit fees approved in the last annual general meeting and includes no other remuneration.		

26.00 Other Income :

This is arrived at as follows :

	Amount in Taka	
	30/06/14	30/06/13
Sale of caddies	34,000	2,109
Sale of Scrap Material	3,782,000	5,079
TOTAL TAKA	3,816,000	7,188

27.00 Retained Earnings:

Net Profit/(Loss) During The Year	2,866,937	(16,970,318)
Profit/(Loss) Brought Forward	(107,589,686)	(88,378,572)
Previous Year Adjustment	(165,653)	(3,474,748)
Adjustment of Revaluation Reserve	1,159,519	1,233,952
Retained Earning Carried Forward	(103,728,883)	(107,589,686)

28.00 Earning Per Share (EPS) Disclosure under IAS 33" Earning Per Share"

The computation of EPS is furnished below:

Particulars	Amount in taka	
	30/06/14	30/06/13
a) Earning attributable to the ordinary shareholders net profit/loss	2,866,937	(16,970,318)
b) weighted average number of ordinary shares outstanding	1,700,000	1,700,000
c) Basic EPS	1.69	(9.98)

General for compliance with Securities Exchange Rule, 1987

- a) All shares have been fully called & paid up in cash.
- b) There was no preference shares issued by the company.
- c) During the year under review there was five no. of board meeting. The rate of the board meeting attendance fee per meeting per member was Taka 1,500 and these were drawn by the respective directors.
- d) There was no imported raw materials or spares etc. used during the year under audit.
- e) The company is subject to foreign currency fluctuation as the local currency (Taka) varies with Us Dollars
- f) Payment/ perquisites to directors and officers :
- g) Former Managing Director Mr. M. Mahmood was resigned and Mr. Ananga Mohan Roy was appointed as new Managing Director of the Company as on 15 May 2014.
- h) Total Export earning during 2013-2014 was \$430,058.50
- i) Miscellaneous Expenses in 2013-2014 was Tk. 27,970.

j) i) Directors:

Remuneration and house rent was paid by the company to the Managing director of the company.

No amount of money was expended by the company for compensating any member of the board or special services rendered.

ii) Officers:

	Amount in Taka	
	30/06/14	30/06/13
Managerial remuneration	881,220	881,220
Bonus	143,870	143,870
Perquisites:		
Medical	21,600	21,600
Others	731,724	731,724
	1,778,414	1,778,414

Plant Capacity & Capacity Utilization:

Particulars	Utilization capacity of		Utilization	
	2013-2014	2012-2013	2013-2014	2012-2013
Capacity of Production (M.T)	1,330.66	78.385	37.72%	2.22%
Total Capacity = 3,528 (M.T)				
During This Year Production = 1,330.66 (M.T)				
Percentage Of Production = 37.72%				

Total production capacity of Northern Jute Manufacturing Co. Ltd. is 3,528 (M.T) but during this year they produced only 1330.66 (M.T). It is 37.72% of total production capacity.

29.00 THE RELATED PARTY DISCLOSURES UNDER BAS - 24

Name of the related party	Relationship	Nature of transaction	Opening Balance (Amount in taka)	Received during the year(Amount in taka)	Payment during the year(Amount in taka)	Balance Debit/(Credit) Amount in Taka
M/S. Erba Limited	Associate	Short term loan	30,883,000		17,352,463	13,530,537
M/S. Erba Limited	Associate	Sales Commission	6,961,583		6,961,583	-
M/S. Erba China Engi: Work Shop	Associate	Rent of Fork lift	426,920		426,920	-
M/S. Timberex (BD) Ltd.	Associate	Short term loan	4,500,000		4,500,000	4,500,000
Mr.A. Ahmed Yusuf	Chairman	Short term loan	39,057,000	3,215,000	41,167,363	1,104,637
Mr. M. Mahmood	M.D.	Short term loan	7,447,798		7,447,798	-
Orial Limited	Commom MD	Short term loan	-	158,223,315	-	158,223,315

NB a) Loan taken from Mr. A. Ahmed Yusuf taka 3,215,000 as short term loan.

b) Loan taken from Oriol Limited as Short term loan

c) We already received waiver certificate from M/s Erba Limited, M/s Timberex (BD) Ltd. And Mr. A. Ahmed Yusuf for rest of the balance due.

30.00 Number of Employees

The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk.36,000 or above were 320.

31.00 Proposal of dividend

The Board of Directors in its 125th Board Meeting recommended a cash dividend @ 5% and stock dividend of 5% to the shareholders of the company.

Northern Jute Manufacturing Company Limited

DH Tower, Level-14, 6 Panthapath, Dhaka-1215, Bangladesh

Proxy Form

I/We.....of (address).....
..... being a member of Northern Jute Manufacturing Company Limited hereby appoint Mr/Mrs/Miss
..... as my proxy to attend and vote for me and my behalf at the 34th Annual General Meeting (AGM) of the Company to be held on Sunday the 14th December 2014 at 12.30 P.M.

As witness my hand thisday of2014

(Signature of the Proxy)

Date:.....

Revenue

Stamp

Tk:20.00

Signature of the Shareholder(s)

Register Folio /BO No.....

No of Share held

Date:

Signature verified

Authorized Signature

Notes:

- (a) A member entitled to attend and vote at the above meeting may appoint a proxy to attend on his/her behalf but such proxy must be a member of the company.
- (b) The instrument appointing a proxy shall be deposited at the registered office of the Company not less than 48 (forty eight) hours before the time of holding the meeting.
- (c) The Share Transfer Books of the Company will remain closed on 19 November 2014.

Northern Jute Manufacturing Company Limited

DH Tower, Level-14, 6 Panthapath, Dhaka-1215, Bangladesh

SHAREHOLDER'S ATTENDANCE SLIP

I/We hereby record my attendance at the Annual/Extra Ordinary General Meeting of the 2014

Name of Shareholders:.....

Shareholder's Folio/BO No:..... Signature:.....

Name of Proxy (in Block): Folio / BO No:.....

Signature of Proxy

N.B: Shareholder attending the meeting in person or by proxy is requested to complete the attendance slip and hand it over at the entrance of the meeting.

