

**FIRST QUARTER FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2019**

OF

**SONALI PAPER & BOARD MILLS LTD.
51, CENTRAL ROAD, DHANMONDI, DHAKA-1205**



Sonali Paper & Board Mills Limited
Head Office: 51, Central Road, Dhanmondi, Dhaka-1205
Statement of Financial Position (Un-audited)
As at 30 September, 2019

Particulars	Note	July to 30 Sep, 2019 Amount in Tk.	30 June, 2019 Amount in Tk.
ASSETS			
Non-Current Assets:		5,787,396,394	5,791,474,979
Property, Plant and Equipment	3.00	5,787,396,394	5,791,474,979
Current Assets :		471,354,780	596,860,331
Inventories	4.00	268,871,673	319,782,979
Trade and Other Receivables	5.00	139,844,617	166,184,770
Advance, Deposit & Prepayments	6.00	23,148,625	74,175,197
Cash & Cash Equivalents	7.00	39,489,865	36,717,385
TOTAL ASSETS		6,258,751,174	6,388,335,310
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share Holders' Equity and Reserve		5,109,144,673	5,096,137,536
Share Capital		151,263,500	151,263,500
Revaluation Reserve on Non-Current Assets		4,927,446,858	4,927,446,858
Retained Earnings		30,434,315	17,427,178
Non-Current Liabilities:		354,526,688	369,142,506
Long Term Bank Loan (Secured)	8.00	54,341,536	68,162,379
Deferred Tax Liability	9.00	300,185,152	300,980,127
Current Liabilities:		795,079,814	923,055,269
Short Term Bank Loan (Secured)	10.00	644,799,384	785,323,792
Current Portion of Long Term Loan	8.00	73,210,788	73,210,788
Trade and Other Payables	11.00	77,069,642	64,520,689
TOTAL EQUITY AND LIABILITIES		6,258,751,174	6,388,335,310
Net Assets Value (NAV) Per Share		337.76	336.90

Dated: Dhaka, 13 November, 2019



Chief Financial Officer



Company Secretary



Director



Managing Director



Sonali Paper & Board Mills Limited
Statement of Profit or Loss and other Comprehensive Income (Un-audited)
For the 1st Quarter ended 30 September, 2019

Particulars	Note	July to 30 Sep, 2019 Amount in Tk.	July to 30 Sep, 2018 Amount in Tk.
Revenue	12.00	385,080,280	378,085,777
Less: Cost of Goods Sold	13.00	(315,434,735)	(308,785,409)
Gross Profit		69,645,545	69,300,368
Less: Operating Expenses:		(34,187,341)	(28,971,324)
Administrative Expenses	14.00	(30,697,574)	(25,759,755)
Selling and Distribution Expenses	15.00	(3,489,767)	(3,211,569)
Profit from Operation		35,458,204	40,329,044
Less: Finance Cost	16.00	(17,202,574)	(23,935,176)
Profit before W.P.P.F		18,255,630	16,393,868
Less: Workers Profit Participation Fund @ 5%		(912,781)	-
Net Profit before Tax		17,342,848	16,393,868
Less: Provision for Income Tax	17.00	(4,335,712)	(4,098,467)
Net Profit after Tax		13,007,137	12,295,401
Add: Other Comprehensive Income for the period		-	-
Total Comprehensive Income for the period		13,007,137	12,295,401

Earnings Per Share

0.86


0.81

Interim dividend: No Stock/Bonus entitlement as interim dividend.

Chief Financial Officer

Company Secretary



Director



Managing Director





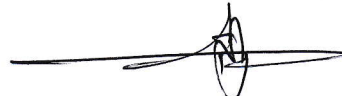
Sonali Paper & Board Mills Limited
Statement of Changes in Equity (Un-audited)
For the 1st Quarter ended 30 September, 2019

Particulars	Share Capital	Revaluation Reserve	Retained Earning	Total Taka
As at 30 June, 2019	151,263,500	4,927,446,858	17,427,178	5,096,137,536
Net Profit July to 30 Sep, 2019	-	-	13,007,137	13,007,137
As at 30 September, 2019	151,263,500	4,927,446,858	30,434,315	5,109,144,673

Statement of Changes in Equity (Un-audited)
For the 1st Quarter ended 30 September, 2018

Particulars	Share Capital	Revaluation Reserve	Retained Earning	Total Taka
As at 30 June, 2018	151,263,500	4,927,446,858	(46,002,269)	5,032,708,089
Net Profit July to 30 Sep, 2018	-	-	12,295,401	12,295,401
As at 30 September, 2018	151,263,500	4,927,446,858	(33,706,868)	5,045,003,490

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Chief Financial Officer Company Secretary


Director


Managing Director



Sonali Paper & Board Mills Limited
Statement of Cash Flows (Un-audited)
As at and for the 1st Quarter ended 30 September, 2019

Particulars	July to 30 Sep, 2019 Amount in Tk.	July to 30 Sep, 2018 Amount in Tk.
A. Cash Flow From Operating Activities:		
Cash Received from Customers	436,826,141	369,554,451
Paid to Suppliers and Other Expenses	(268,331,427)	(319,931,743)
Paid for Administrative Expenses	-	(15,711,485)
Paid for Selling Expenses	(3,489,767)	(3,211,569)
Advance, Deposit & Prepayments	51,512,298	18,021,420
VAT Paid	(18,744,140)	(30,708,400)
Income Tax Paid	(485,726)	(696,062)
Net Cash Flow From Operating Activities	<u>197,287,379</u>	<u>17,316,612</u>
B. Cash Flow From Investing Activities		
Purchase of Property, Plant and Equipment	(11,024,204)	(9,155,209)
Net Cash Used in Investing Activities	<u>(11,024,204)</u>	<u>(9,155,209)</u>
C. Cash Flow From Financing Activities		
Long Term Bank Loan Received/(Refund)	(13,820,843)	(15,188,294)
Short Term Bank Loan Received/(Refund)	(140,524,408)	80,254,589
Finance Cost	(17,202,574)	(23,935,176)
Net Cash Flow From Financing Activities	<u>(171,547,825)</u>	<u>41,131,119</u>
D. Net Cash Inflow/(Outflow) for the Period (A+B+C)	14,715,350	49,292,523
E. Opening Cash and Cash Equivalents	36,717,385	45,224,744
F. Closing Cash and Cash Equivalents (D+E)	<u>51,432,735</u>	<u>94,517,267</u>
Net Operating Cash Flow Per Share	13.04	1.14



Chief Financial Officer



Company Secretary



Director



Managing Director



SONALI PAPER & BOARD MILLS LIMITED

Notes to the Interim Financial Statements (Un-audited)

For the 1st Quarter ended 30 September, 2019

1.00 About the Entity

1.01 Incorporation and Background of the Company

Sonali Paper & Board Mills Ltd. was incorporated vide registration no C-5576/134 in Bangladesh in the year 1978 under Companies Act, 1913 as a Public Limited Company. The shares of the company are listed with Dhaka Stock Exchange Limited.

The registered office of the Company is Located at 51, Central Road, Dhanmondi, Dhaka-1205. The Industrial Unit is situated at Jatramura, Tarabo, Rupgonj, Narayangonj.

1.02 Nature of Business Activities

The principal activities of the company are Manufacturing & Marketing of Media, Liner, Simplex, Duplex Board and Quality Writing Papers.

2.00 Significant Accounting Policies

2.01 Basis of Preparation of Interim Financial Statements

These Financial Statements have been prepared in accordance with Bangladesh Accounting Standards (BAS-34) "Interim Financial Reporting" and the Securities and Exchanges Rules 1987. These Interim Financial Statements should be read in conjunction with the Financial Statements for the year ended 30 June, 2019 (hereafter referred to as the "Annual Financial Statements"), as they provide an update to previously reported information.

The accounting policies used are consistent with those used in Annual Financial Statements. The Company have been following principal accounting policies including Bangladesh Accounting Standards consistently. The Presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. Where necessary, the comparative figures have been re-classified, extended or consized from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

2.02 Inventories

Inventories comprise of Raw Materials, Work in Progress, Finished Goods, and Spare Parts. Inventories are valued at the lower of cost and net realizable value in accordance with BAS-2. Cost comprises invoice value plus applicable handling charges. Net realizable value is based on estimated selling price less estimated cost to completion and selling expenses.

2.03 Income Taxes

Current Tax:

Current income tax expense represents the sum of the tax currently payable.

Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values 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 subsequently enacted at the financial statement date.

2.04 Employees Benefit Scheme

- a) The Company has established an contributory provident fund scheme in accordance with BAS-19. A Board of trustees administers the fund. No part of the fund is included in the asset of the Company.
- b) The Company has two group insurance schemes for its permanent employees.
- c) The company has introduced workers profit participation fund in accordance with chapter 15 under Labour Act 2006 as amended in 2013.
- d) The company provides termination benefits in accordance with Labour Law 2006 as amended in 2013 to its employees on termination.

2.05 Related Party Transaction

There was no related party transaction during the period other than Director Remuneration and Meeting Fees.

2.06 Use of Estimates and Judgments:

The preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Due to inherent uncertainties involved in making estimates actual results may differ from those estimates and under lying assumptions are reviewed on a going concern basis.

2.07 Segment Reporting

Since there is no segmented operation, no segment reporting was considered necessary.

2.08 Contingent Liabilities

There are contingent Liabilities of Income Tax and with other departments of the Government estimated at Tk. 32,67,39,704 for cases pending in the courts and tribunals.

2.09 Reporting Period

The financial statements cover three months from 1st July 2019 to 30 September, 2019.

		30 Sep, 2019 Amount in Tk	30 June, 2019 Amount in Tk
3.00 Property, Plant and Equipment	Tk.	5,787,396,394	
Cost			
Opening Balance		6,288,491,997	6,223,376,033
Addition during the year		11,024,204	65,115,964
Adjustment during the year		-	-
Closing Balance		6,299,516,201	6,288,491,997
Depreciation			
Opening Balance		497,017,018	436,409,174
Charged during the year		15,102,788	60,607,844
Adjustment during the year		-	-
Closing Balance		512,119,807	497,017,018
Written Down Value		5,787,396,394	5,791,474,979



		30 Sep, 2019 Amount in Tk	30 June, 2019 Amount in Tk
4.00 Inventories	Tk.	268,871,673	
The Break-up is as below:			
Raw Materials		197,827,350	252,581,863
Materials-In- Process		9,647,218	9,750,360
Finished Goods		61,218,455	57,301,521
Spare Parts		178,650	149,235
		Total	319,782,979
		268,871,673	319,782,979
5.00 Trade and Other Receivables	Tk.	139,844,617	
Ageing of the above debtors is as follows:			
Below 30 days		76,528,670	88,847,950
Within 31-60 days		51,792,743	56,623,115
Within 61-90 days		2,694,226	11,525,480
Above 90 days		8,828,978	9,188,225
		Total	166,184,770
		139,844,617	166,184,770
6.00 Advance, Deposit & Prepayments	Tk.	23,148,625	
Fixed Security Deposits		2,492,411	2,492,411
Advance Income Tax		5,126,543	4,640,817
L/C Margin & Goods In Transit		11,368,176	62,254,470
Advance VAT Deposit		-	626,004
Salaries & Allowance (Ansar)		791,612	791,612
Security Deposits (CDBL)		200,000	200,000
Bank Guarantee Margin		1,005,919	1,005,919
MTDR		2,163,964	2,163,964
		Total	74,175,197
		23,148,625	74,175,197
7.00 Cash & Cash Equivalents	Tk.	39,489,865	
a) Cash at Bank:			
Islami Bank Bangladesh Ltd.		5,938,601	2,898,651
Shahjalal Islami Bank Ltd.		2,353,774	4,399,428
Al- Arafah Islami Bank Ltd.		5,469,455	741,324
National Bank Ltd.		1,359,505	5,207,852
Sonali Bank Ltd.		5,795,821	4,973
Shahjalal Islami Bank Ltd. (Dividend A/C)		5,456	5,456
Dutch Bangla Bank Ltd.		10,914,030	5,877,101
The Premier Bank Ltd.		1,024,378	1,024,378
Modhumoti Bank Ltd.		7,761	10,343,310
Marcantile Bank Ltd.		1,739,697	2,092,752
		34,608,478	32,595,225
		4,881,387	4,122,160
b) Cash in hand		Total	36,717,385
		39,489,865	36,717,385



		30 Sep, 2019 Amount in Tk	30 June, 2019 Amount in Tk
8.00 Long Term Bank Loan (Secured	Tk.	54,341,536	
Modhumoti Bank Limited.	Loan A/c No # 00003	75,813,810	85,434,320
Modhumoti Bank Limited.	Loan A/c No # 00006	51,738,514	55,938,847
		<u>127,552,324</u>	<u>141,373,167</u>
Less: Current Portion of Long Term Loan		(73,210,788)	(73,210,788)
	Total	<u>54,341,536</u>	<u>68,162,379</u>
9.00 Deferred Tax Liability	Tk.	300,185,152	
Calculation of Deferred Tax :			
A. Temporary difference:			
Written down value as per accounting base		5,787,396,394	5,791,474,979
Written down value as per tax base		5,414,655,787	5,415,554,472
Taxable temporary difference		<u>372,740,608</u>	<u>375,920,507</u>
Income Tax Rate		25%	25%
Deffered Tax Liabilities at the end of the period		<u>93,185,152</u>	<u>93,980,127</u>
B. Revaluation:			
Carrying Value			
Land		5,175,000,000	5,175,000,000
Tax rate:			
Land		4%	4%
Deffered Tax Liabilities at the end of the period		<u>207,000,000</u>	<u>207,000,000</u>
Closing Deferred Tax Liabilities		207,000,000	207,000,000
Opening Deferred Tax Liabilities		207,000,000	207,000,000
D.Tax Asset / Liability:		-	-
Deffered Tax Liabilities at the end of the period (A+B)		<u>300,185,152</u>	<u>300,980,127</u>



		30 Sep, 2019 Amount in Tk	30 June, 2019 Amount in Tk
10.00 Short Term Bank Loan (Secured)	Tk.	644,799,384	
This is made up as follows:			
Islami Bank Bangladesh Limited (Chawk Moghultoly Branch, Dhaka.)			
Foreign Cash Bills (IBBL UPAS LC)		128,520,749	162,169,213
MTR IBBL		94,321,994	94,359,137
Modhumoti Bank Limited. (Aganagar Branch, Keranigonj, Dhaka)			
CC Hypo		130,908,661	18,679,925
Foreign Cash Bills (MMBL UPAS LC)		291,047,980	510,115,517
	Total	644,799,384	785,323,792
11.00 Trade and Other Payables	Tk.	77,069,642	
<u>Trade Payables:</u>			
Suppliers		2,490,386	4,339,456
<u>Other Payables:</u>			
Provision for Income Tax		30,726,036	26,402,359
Audit Fees		86,250	86,250
Gas Bill		21,103,975	16,592,531
Electricity Bill		1,572,785	965,279
Internet Bill		37,645	79,252
Wages & Salaries		4,199,539	3,957,502
Salary & Allowances		3,198,080	3,734,922
Overtime Bill		1,839,254	3,871,432
Telephone & Fax Charges		41,191	40,517
Provision for W.P.P.F		5,363,937	4,451,189
Provision for VAT		6,035,564	-
Director Remuneration		375,000	-
	Total	77,069,642	64,520,689



			30 Sep, 2019 Amount in Tk	30 Sep, 2018 Amount in Tk
12.00 Revenue (Including VAT):	Tk.	385,080,280	410,485,988	409,382,852
Less: VAT			(25,405,708)	(31,297,075)
Net Sales		Total	385,080,280	378,085,777
13.00 Cost of Goods Sold	Tk.	315,434,735		
Opening Stock of Raw Materials & Chemicals			252,581,863	157,548,066
Add: Local Purchase of Raw Materials & Chemicals			51,575,732	39,150,716
Add: Import of Raw Materials & Chemicals			152,154,818	228,798,869
Goods Available for Use			456,312,413	425,497,651
Less : Closing Stock of Raw Materials & Chemicals			(197,827,350)	(159,887,259)
Raw Materials Used			258,485,063	265,610,392
Add: Factory Overhead				
Salaries & Wages			12,895,566	11,739,072
Overtime Bill			5,047,757	5,551,115
Festival Bonus			2,120,412	2,168,104
Oil & Lubricant			1,139,324	1,145,069
Gas Bill			34,388,359	30,665,776
Electricity Bill			5,004,396	6,502,126
Workers Tiffin			31,650	7,284
Machine Repairs & Maintenance			136,000	50,720
			319,248,527	323,439,658
Add: Opening Stock of Material-In-Process			9,750,360	9,583,686
			328,998,887	333,023,344
Less: Closing Stock of Material -In- Process			(9,647,218)	(9,846,302)
Cost of production			319,351,669	323,177,042
Add : Opening Stock of Finished Goods			57,301,521	45,268,612
			376,653,190	368,445,654
Less: Closing Stock of Finished Goods			(61,218,455)	(59,660,245)
Cost of Goods Sold		Total	315,434,735	308,785,409



		30 Sep, 2019 Amount in Tk	30 Sep, 2018 Amount in Tk
14.00 Administrative Expenses:	Tk.	30,697,574	
Salaries & Allowances		9,019,266	10,017,158
Festival Bonus		1,489,683	1,474,170
Telephone & Fax Charges		122,196	96,511
Office Rent		69,000	60,000
Directors Meeting Attendance Fees		40,000	-
Directors Remuneration		1,070,000	960,000
Travelling & Conveyance		97,180	31,040
AGM Expenses		-	-
Annual Listing fees (DSE)		56,000	-
Entertainment		122,159	167,599
Spare parts for Motor Car		886,774	766,368
Oil & Fuel		594,612	661,243
Insurance Premium (Fire)		-	-
Staff Uniform		-	29,850
Office Maintenance		16,500	75,331
Internet Bill		114,916	199,649
Electrical Expenses		7,350	10,680
Stationeries		272,380	105,669
News Paper & Periodicals		-	1,840
Postage & Stamps		8,300	2,720
Medical Aid Expenses		30,000	19,957
Cafeteria Expenses		554,155	324,570
Rent, Rate & Renewal Fees		731,528	380,166
Miscellaneous Expenses		242,381	225,601
Audit Fees		-	-
Legal Fees & Expenses		-	-
Bank Charges		50,406	101,363
Depreciation Charges		15,102,788	10,048,270
Total		30,697,574	25,759,755

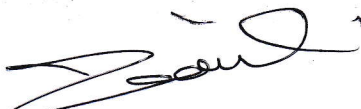
15.00 Selling and Distribution Expenses **Tk.** **3,489,767**

This is made up of the followings:

Salaries & Allowances		1,216,529	1,065,993
Packing & Binding Charges		405,700	460,600
Repairs & Maintenance		220,212	202,574
Business Promotion Expenses		307,000	297,000
Advertisement		21,761	35,218
Delivery, Load & Unload Expenses		491,325	471,950
Sales Promotion Expenses		372,650	215,360
Sample Expenses		454,590	462,874
Total		3,489,767	3,211,569



		30 Sep, 2019 Amount in Tk	30 Sep, 2018 Amount in Tk
16.00 Finance Cost	Tk.	17,202,574	
MTR IBBL		-	9,750,000
UPAS LC IBBL		3,224,375	4,560,948
UPAS LC MMBL		7,677,609	76,212
CC Hypo MMBL		1,603,705	3,942,018
Term Loan MMBL		4,696,885	5,565,240
HPSM IBBL		-	40,758
		Total	
		17,202,574	23,935,176
17.00 Income Tax Expense	Tk.	4,335,712	
<u>Current Tax</u>			
Net Profit before Tax		17,342,848	16,393,868
Add: Accounting Depreciation		15,102,788	10,048,270
		32,445,636	26,442,138
Less: Tax base Depreciation		11,922,890	11,357,361
Taxable Income		20,522,746	15,084,777
Tax Rate		25%	25%
		5,130,686	3,771,194
<u>Deferred Tax</u>			
Closing Deferred Tax Liabilities		93,185,152	95,324,996
Opening Deferred Tax Liabilities		93,980,127	94,997,723
D. Tax (Income)/Expenses		(794,975)	327,273
		Total	4,098,467


Chief Financial Officer


Company Secretary


Director


Managing Director



SONALI PAPER & BOARD MILLS LTD.
Schedule of Property, Plant & Equipment (Un-audited)
For the 1st Quarter ended 30 September, 2019

SL. No.	Name of Assets	COST			Rate	DEPRECIATION			Written Down Value as on 30 September, 2019
		Balance as on 01 July, 2019	Addition During the Period	Balance as on 30 September, 2019		Balance as on 01 July, 2019	Depreciation Charged During the Period	Balance as on 30 September, 2019	
1	Land & Land Development	5,175,047,500	-	5,175,047,500		-	-	5,175,047,500	
2	Building & Godown	90,545,440	90,500	90,635,940	5%	36,790,813	673,064	37,463,877	
3	Labour Shed	2,323,952	-	2,323,952	5%	985,486	16,731	1,002,217	
4	Plant, Machinery & Boiler	673,904,407	8,838,789	682,743,196	10%	292,192,561	9,763,766	301,956,327	
5	Electric Equipments & Others	61,894,530	416,000	62,310,530	10%	31,365,289	773,631	32,138,920	
6	Generator & 5 M W Power Station	208,906,239	1,256,584	210,162,823	10%	94,992,711	2,879,253	97,871,964	
7	Weighing & Road Scale	6,253,610	6,000	6,259,610	10%	3,623,232	65,909	3,689,142	
8	Electric & Gass Installation	12,777,243	-	12,777,243	10%	8,316,613	111,516	8,428,129	
9	Motor Vehicles	35,248,739	-	35,248,739	15%	19,303,416	597,950	19,901,366	
10	Fax Machine	30,000	-	30,000	10%	21,527	212	21,739	
11	PABX & Telephone Set	992,572	-	992,572	10%	608,767	9,595	618,362	
12	Computer	6,116,516	308,850	6,425,366	10%	2,880,963	88,610	2,969,574	
13	ETP	1,569,181	-	1,569,181	5%	721,257	10,599	731,857	
14	Fire Fitting Equipments	1,549,953	-	1,549,953	5%	574,217	12,197	586,414	
15	Crane, Trolley & Fork Lift	7,533,163	107,481	7,640,644	5%	2,283,702	66,962	2,350,664	
16	Workshop & Loose Tools	483,799	-	483,799	5%	222,373	3,268	225,641	
17	Furniture & Fixture	3,315,153	-	3,315,153	10%	2,134,089	29,527	2,163,616	
	Total	6,288,491,997	11,024,204	6,299,516,201		497,017,018	15,102,788	512,119,807	
				6,299,516,201				5,787,396,394	

