

**THIRD QUARTER FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THIRD QUARTER ENDED 31 MARCH, 2020**

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 March 31, 2020

Particulars	Note	March 31, 2020.	June 30, 2019.
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	3.00	5,800,522,781	5,791,474,979
		5,800,522,781	5,791,474,979
Current Assets :			
Inventories	4.00	650,933,019	596,860,331
Trade and Other Receivables	5.00	231,258,820	319,782,979
Advance, Deposit & Prepayments	6.00	239,913,346	166,184,770
Cash & Cash Equivalents	7.00	138,522,128	74,175,197
		41,238,726	36,717,385
TOTAL ASSETS		6,451,455,800	6,388,335,310
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share Holders' Equity and Reserve			
Share Capital		5,130,753,411	5,096,137,536
Revaluation Reserve on Non-Current Assets		166,389,850	151,263,500
Retained Earnings		4,927,446,858	4,927,446,858
		36,916,703	17,427,178
Non-Current Liabilities:			
Long Term Bank Loan (Secured)	8.00	325,953,986	369,142,506
Deferred Tax Liability	9.00	26,489,803	68,162,379
		299,464,183	300,980,127
Current Liabilities:			
Short Term Bank Loan (Secured)	10.00	994,748,403	923,055,269
Current Portion of Long Term Loan		857,583,065	785,323,792
Trade and Other Payables	11.00	73,919,100	73,210,788
		63,246,238	64,520,689
TOTAL EQUITY AND LIABILITIES		6,451,455,800	6,388,335,310
Net Asset Value (NAV) Per Share		308.36	336.90
Net Asset Value (NAV) Per Share (Restated)		308.36	306.28

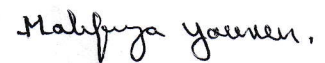
The annexed notes 1 to 18 form an integral part of these Financial Statements.

Dated: Dhaka, June 09, 2020


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 third quarter ended March 31, 2020

Particulars	Notes	July 1, 2019 to March 31, 2020.	July 1, 2018 to March 31, 2019.	January 1, 2020 to March 31, 2020.	January 1, 2019 to March 31, 2019
Gross Sales	12.00	1,387,453,913	1,486,101,665	467,528,707	554,670,113
Value Added Tax		(78,363,995)	(108,479,031)	(24,009,972)	(38,935,784)
Net Sales		1,309,089,918	1,377,622,634	443,518,735	515,734,329
Cost of Sales	13.00	(1,067,915,831)	(1,150,835,435)	(358,023,229)	(438,877,667)
Gross Profit		241,174,087	226,787,199	85,495,506	76,856,662
Operating Expenses:		(105,608,192)	(107,474,268)	(37,859,865)	(39,303,166)
Administrative Expenses	14.00	(96,032,311)	(97,545,872)	(34,345,244)	(36,526,663)
Selling and Distribution Expenses	15.00	(9,575,881)	(9,928,396)	(3,514,621)	(2,776,503)
Profit from operation		135,565,895	119,312,931	47,635,641	37,553,496
Finance Cost	16.00	(87,140,797)	(46,023,103)	(40,234,343)	(10,508,969)
Other Income	17.00	158,585	141,934	40,092	35,478
Profit before W.P.P.F		48,583,684	73,431,762	7,441,390	27,080,005
Workers Profit Participation Fund @ 5%		(2,429,184)	(3,671,588)	(372,070)	(1,354,000)
Profit before Tax		46,154,499	69,760,173	7,069,320	25,726,005
Provision for Income Tax	18.00	(11,538,625)	(17,440,044)	(1,767,330)	(5,852,104)
Current Tax		(13,054,568)	(19,503,013)	(2,132,936)	(6,252,781)
Deferred Tax		1,515,943	2,062,969	365,606	400,677
Total Income for the Period		34,615,875	52,320,129	5,301,990	19,873,901

Earnings Per Share	2.08	3.46	0.32	1.31
Earnings Per Share (Restated)	2.08	3.14	0.32	1.19

The annexed notes 1 to 18 form an integral part of these Financial Statements.


Chief Financial Officer


Company Secretary


Director


Managing Director



Sonali Paper & Board Mills Limited


Statement of Changes in Equity (Un-audited)
For the third quarter ended March 31, 2020

Particulars	Share Capital	Revaluation Reserve	Retained Earning	Total Taka
As at June 30, 2019	151,263,500	4,927,446,858	17,427,178	5,096,137,536
Net Profit July 01, 2019 to March 31, 2020	-	-	34,615,875	34,615,875
Stock Dividend (F/Y 2018-2019)	15,126,350	-	(15,126,350)	-
As at March 31, 2020	166,389,850	4,927,446,858	36,916,703	5,130,753,411

Statement of Changes in Equity (Un-audited)
For the third quarter ended March 31, 2019

Particulars	Share Capital	Revaluation Reserve	Retained Earning	Total Taka
As at June 30, 2018	151,263,500	4,927,446,858	(46,002,269)	5,032,708,089
Net Profit July 01, 2018 to March 31, 2019	-	-	52,320,130	52,320,130
As at March 31, 2019	151,263,500	4,927,446,858	6,317,861	5,085,028,219

The annexed notes 1 to 18 form an integral part of these Financial Statements.


Chief Financial Officer


Company Secretary


Director


Managing Director



Sonali Paper & Board Mills Limited

Statement of Cash Flows (Un-audited)
For the third quarter ended March 31, 2020

	Amount	Amount
	July 01, 2019 to March 31, 2020	July 01, 2018 to March 31, 2019
A. Cash Flow From Operating Activities:		
Cash Received from Customer	1,313,725,337	1,261,006,068
Paid to Suppliers and Other Expenses	(975,086,806)	(1,207,127,811)
Paid for Administrative Expenses	(47,147,006)	(97,545,872)
Selling and Distribution Expenses	(9,575,881)	(9,928,396)
Advance, Deposit & Prepayments	(67,463,024)	(7,040,028)
VAT Paid	(78,283,915)	(108,028,800)
Income Tax Paid	(18,027,056)	(9,928,321)
Net Cash Flow From Operating Activities	118,141,649	(178,593,160)
B. Cash Flow From Investing Activities		
Purchase of Property, Plant and Equipment	(57,933,107)	(43,339,674)
Bank Interest Income	158,585	141,934
Net Cash Used in Investing Activities	(57,774,522)	(43,197,740)
C. Cash Flow From Financing Activities		
Long Term Bank Loan Received /(Refunded)	(40,964,264)	(39,644,132)
Short Term Bank Loan Received/(Refund)	72,259,273	309,688,206
Finance Cost	(87,140,797)	(46,023,103)
Net Cash Flow From Financing Activities	(55,845,788)	224,020,971
D. Net Cash Inflow/(Outflow) for the Period (A+B+C)	4,521,340	2,230,071
E. Opening Cash and Cash Equivalents	36,717,385	45,224,744
F. Closing Cash and Cash Equivalents (D+E)	41,238,725	47,454,815
Net Operating Cash Flow Per Share	7.10	(11.81)
Net Operating Cash Flow Per Share (Restated)	7.10	(10.73)

The annexed notes 1 to 18 form an integral part of these Financial Statements.



Chief Financial Officer

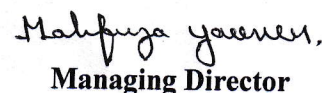


Company Secretary





Director


Managing Director

Sonali Paper & Board Mills Limited

Notes to the Interim Financial Statements (Un-audited)

For the 3rd Quarter ended March 31, 2020

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 House No # 51, Central Road, Dhanmondi, Dhaka-1205. The Industrial Unit is situated at Jatramura, Tarabo, Rupgonj, Narayanganj.

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 June 30, 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 followed 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

- (a) **Current Tax:** Income tax expense represents the sum of the tax currently payable.
- (b) **Deferred Tax:** Deferred tax has been recognised by the company during the period.



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 Law 2006 as amended in 2013.
- d) The company provides termination benefits in accordance with Labour Law 2006 to its employees on termination.

2.05 Related Party Transaction

There was no related party transaction during the period.

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 nine months from July 01, 2019 to March 31, 2020.

		Amount in Tk March 31, 2020.	Amount in Tk June 30, 2019.
3.00 Property, Plant and Equipment	Tk.	5,800,522,781	
Cost			
Opening Balance		6,288,491,997	6,223,376,033
Addition during the year		57,933,107	65,115,964
Adjustment during the year		-	-
Closing Balance		6,346,425,104	6,288,491,997
Depreciation			
Opening Balance		497,017,018	436,409,174
Charged during the year		48,885,305	60,607,844
Adjustment during the year		-	-
Closing Balance		545,902,323	497,017,018
Written Down Value		5,800,522,781	5,791,474,979



		Amount in Tk March 31, 2020.	Amount in Tk June 30, 2019.
4.00 Inventories	Tk.	231,258,820	
The Break-up is as below:			
Raw Materials		154,550,350	252,581,863
Materials-In- Process		12,012,680	9,750,360
Finished Goods		64,520,650	57,301,521
Spare Parts		175,140	149,235
		Total	319,782,979
		231,258,820	319,782,979
5.00 Trade and Other Receivables	Tk.	239,913,346	
Ageing of the above debtors is as follows;			
Below 30 days		116,909,472	88,847,950
Within 31-60 days		97,541,220	56,623,115
Within 61-90 days		17,096,869	11,525,480
Above 90 days		8,365,785	9,188,225
		Total	166,184,770
		239,913,346	166,184,770
6.00 Advance, Deposit & Prepayments	Tk.	138,522,128	
Fixed Security Deposits		2,492,411	2,492,411
Advance Income Tax		1,524,724	4,640,817
L/C Margin & Goods In Transit		129,786,908	62,254,470
Advance VAT Deposit		626,004	626,004
Salaries & Allowance (Ansar)		590,400	791,612
Security Deposits (CDBL)		200,000	200,000
Bank Guarantee Margin		1,005,919	1,005,919
MTDR		2,295,762	2,163,964
		Total	74,175,197
		138,522,128	74,175,197
7.00 Cash & Cash Equivalents	Tk.	41,238,726	
a) Cash at Bank:			
Islami Bank Bangladesh Ltd.		3,909,317	2,898,651
Shahjalal Islami Bank Ltd.		1,704,150	4,399,428
Al- Arafah Islami Bank Ltd.		12,511,504	741,324
National Bank Ltd.		1,922,863	5,207,852
Sonali Bank Ltd.		543,043	4,973
Shahjalal Islami Bank Ltd. (Dividend A/C)		5,456	5,456
Dutch Bangla Bank Ltd.		5,831,014	5,877,101
The Premier Bank Ltd.		1,024,379	1,024,378
Modhumoti Bank Ltd.		4,293,448	10,343,310
Marcantile Bank limited		479,316	2,092,752
Pubali Bank Ltd.		388,772	-
		32,613,261	32,595,225
b) Cash in Hand		8,625,465	4,122,160
		Total	36,717,385
		41,238,726	36,717,385



		Amount in Tk March 31, 2020.	Amount in Tk June 30, 2019.
8.00 Long Term Bank Loan (Secured)	Tk.	26,489,803	
Modhumoti Bank Limited.			
(Aganagar Branch, Keranigoni)			
Loan A/c No # 00003		55,543,305	85,434,320
Loan A/c No # 00006		42,880,614	55,938,847
Loan A/c No # 00004		1,984,985	-
		100,408,903	141,373,167
Less: Current portion of long term loan		73,919,100	73,210,788
		Total	68,162,379
		26,489,803	68,162,379
9.00 Deferred Tax Liability	Tk.	299,464,183	
Calculation of Deferred Tax :			
A. Temporary difference:			
Written down value as per accounting base		5,800,522,781	5,791,474,979
Written down value as per tax base		5,430,666,048	5,415,554,472
Taxable temporary difference		369,856,733	375,920,507
Income Tax rate		25%	25%
Deffered Tax Liabilities at the end of the year		92,464,183	93,980,127
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 year		207,000,000	207,000,000
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 year (A+B)		299,464,183	300,980,127



		Amount in Tk March 31, 2020.	Amount in Tk June 30, 2019.
10.00 Short Term Bank Loan (Secured)	Tk.	857,583,065	
This is made up as follows:			
Islami Bank Bangladesh Limited			
<u>(Chawk Moghultoly Branch, Dhaka.)</u>			
Foreign Cash Bills (UPAS LC)		291,940,727	162,169,213
Murabaha TR		513,236,386	94,359,137
Modhumoti Bank Limited.			
<u>(Aganagar Branch, Keranigoni)</u>			
(CC Hypo)		492,641	18,679,925
Foreign Cash Bills (UPAS LC)		51,913,311	510,115,517
	Total	857,583,065	785,323,792
11.00 Trade and other Payables	Tk.	63,246,238	
<u>Trade Payables:</u>			
Suppliers		2,608,194	4,339,456
<u>Other Payables:</u>			
Provision for Income Tax		12,556,221	26,402,359
Audit Fees with Vat		132,250	86,250
Gas Bill		29,439,280	16,592,531
Electricity Bill		1,336,315	965,279
Internet Bill		19,550	79,252
Wages		4,526,503	3,957,502
Salary & Allowances		3,358,968	3,734,922
Overtime Bill		1,896,583	3,871,432
Telephone & Fax Charges		36,921	40,517
Directors Remuneration		375,000	-
Provision for W.P.P.F		6,880,373	4,451,189
VAT Payable		80,080	-
	Total	63,246,238	64,520,689



		Amount in Tk March 31, 2020.	Amount in Tk March 31, 2019.
12.00 Sales (Including VAT) :	Tk.	Total	
		1,387,453,913	1,486,101,665
13.00 Cost of Sales	Tk.	1,067,915,831	
Opening Stock of Raw Materials & Chemicals		252,581,863	157,548,066
Add: Local Purchase of Raw Materials & Chemicals		239,523,716	55,725,047
Add: Import of Raw Materials & Chemicals		540,314,967	1,017,065,374
Goods Available for Use		1,032,420,546	1,230,338,487
Less : Closing Stock of Raw Materials & Chemicals		(154,550,350)	(221,325,897)
Raw Materials Used		877,870,196	1,009,012,590
Add: Factory Overhead			
Salaries & Wages		39,619,438	34,321,148
Overtime Bill		16,848,256	16,690,952
Festival Bonus		2,120,412	2,301,438
Oil & Lubricant		3,932,554	4,010,993
Gas Bill		120,037,734	93,623,796
Electricity Bill		16,517,109	18,703,756
Workers Tiffin		54,038	134,291
Machine Repairs & Maintenance		397,543	240,020
		1,077,397,280	1,179,038,984
Add: Opening Stock of Material-In-Process		9,750,360	9,583,686
		1,087,147,640	1,188,622,670
Less: Closing stock of Material -In- Process		(12,012,680)	(10,530,360)
Cost of production		1,075,134,960	1,178,092,310
Add : Opening Stock of Finished Goods		57,301,521	45,268,612
		1,132,436,481	1,223,360,922
Less: Closing Stock of Finished Goods		(64,520,650)	(72,525,487)
Cost of Sales		1,067,915,831	1,150,835,435



		Amount in Tk March 31, 2020.	Amount in Tk March 31, 2019.
14.00 Administrative Expenses:	Tk. 96,032,311		
Salaries & Allowances		28,321,265	31,676,920
Festival Bonus		1,489,683	1,474,170
Telephone & Fax Charges		353,383	430,829
Office Rent		207,000	180,000
Board fees		200,000	96,000
Directors Remuneration		3,320,000	2,880,000
Traveling & Conveyance		256,846	929,595
AGM Expenses		431,700	474,750
Annual Listing fees (DSE)		365,115	75,632
Annual Listing fees (CSE)		50,000	-
Entertainment		375,950	157,982
Spare Parts (Motor vehicles)		2,830,739	2,816,002
Oil & Fuel		902,423	1,838,746
Insurance Premium (Fire)		2,852,230	2,392,000
Staff Uniform		125,652	151,585
Office Maintenance		549,466	184,022
Internet Bill		255,945	498,791
Electrical Expenses		84,660	155,925
Stationeries		509,001	510,368
News Paper & Periodicals		4,300	5,340
Postage & Stamps		9,650	5,280
Medical Aid Expenses		76,826	37,228
Cafeteria Expenses		1,244,381	1,288,315
Rent, Rate & Renewal Fees		1,262,479	466,537
Audit Fees		132,250	120,750
Legal Fees & Expenses		10,510	15,250
Bank Charges		424,651	672,225
Miscellaneous Expenses		500,901	567,675
Depreciation Charges		48,885,305	47,443,955
Total		96,032,311	97,545,872

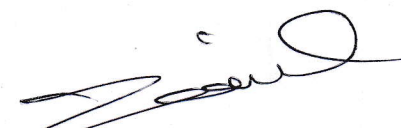
15.00 Selling and Distribution Expenses Tk. 9,575,881

This is made up of the followings:


Salaries & Allowances		2,957,945	3,177,943
Packing & Binding Charges		1,832,500	1,543,200
Repairs & Maintenance		418,679	649,954
Business Promotion Expenses		1,403,126	966,000
Advertisement		363,411	125,689
Delivery, Load & Unload Expenses		742,995	1,555,900
Sales Promotion Expenses		675,340	635,160
Sample Expenses		1,181,885	1,274,550
Total		9,575,881	9,928,396

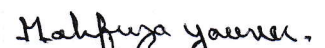


		Amount in Tk March 31, 2020.	Amount in Tk March 31, 2019.
16.00 Finance Cost	Tk.	87,140,797	
MTR IBBL		42,033,120	9,750,000
HPSM IBBL		-	40,758
UPAS IBBL		6,988,385	7,807,200
CC Hypo MMBL		9,059,922	6,239,959
Term Loan MMBL		12,293,988	16,101,223
UPAS MMBL		16,765,382	6,083,963
		Total	46,023,103
		87,140,797	46,023,103
17.00 Other Income	TK.	158,585	
Bank Interest Income:			
IBBL MTDR A/C No: 838089/2839		118,493	106,455
IBBL MTDR A/C No: 838341/3089		40,092	35,479
		Total	141,934
		158,585	141,934
18.00 Income Tax Expense	TK.	11,538,625	
<u>Current Tax</u>			
Profit before Tax		46,154,499	69,760,173
Add: Accounting Depreciaton		48,885,305	47,443,955
		95,039,804	117,204,128
Less: Tax Base Depreciation		42,821,531	39,192,078
Taxable Income		52,218,273	78,012,050
Tax Rate		25%	25%
		13,054,568	19,503,013
<u>Deferred Tax</u>			
Closing Deferred Tax Liabilities		299,464,183	299,934,754
Opening Deferred Tax Liabilities		300,980,127	301,997,723
Deferred Tax (Income) / Expenses:		(1,515,943)	(2,062,969)
		Total	17,440,044
		11,538,625	17,440,044


Chief Financial Officer


Company Secretary


Director


Managing Director



Sonali Paper & Board Mills Limited

Schedule of Property, Plant and Equipment (Un-audited)

For the third quarter ended March 31, 2020

SL No.	Name of Assets	COST		Rate	DEPRECIATION			Written Down Value as on March 31, 2020
		Balance as on July 01, 2019	Addition During the Period		Balance as on March 31, 2020	Charged During the Period	Balance as on March 31, 2020	
1	Land & Land Development	5,175,047,500	-		-	-	5,175,047,500	
2	Building & Godown	90,545,440	530,000	5%	2,035,674	38,826,487	52,248,953	
3	Labour Shed	2,323,952	-	5%	50,192	1,035,678	1,288,274	
4	Plant, Machinery & Boiler	673,904,407	46,436,871	10%	32,111,154	324,303,715	396,037,563	
5	Electric Equipments & Others	61,894,530	1,232,600	10%	2,382,138	33,747,427	29,379,703	
6	Generator & 5MW Power Station	208,906,239	5,781,105	10%	8,977,097	103,969,809	110,717,534	
7	Weighing & Road Scale	6,253,610	141,000	10%	207,853	3,831,086	2,563,524	
8	Electric & Gass Installation	12,777,243	-	10%	334,547	8,651,160	4,126,083	
9	Motor Vehicles	35,248,739	2,160,000	15%	2,036,849	21,340,265	16,068,474	
10	Fax Machine	30,000	-	10%	635	22,162	7,838	
11	PABX & Telephone Set	992,572	-	10%	28,785	637,552	355,020	
12	Computer	6,116,516	1,390,800	10%	346,976	3,227,939	4,279,377	
13	ETP	1,569,181	-	5%	31,797	753,054	816,127	
14	Fire Fitting Equipments	1,549,953	45,000	5%	38,278	612,495	982,458	
15	Crane, Trolley & Fork Lift	7,533,163	215,731	5%	204,945	2,488,647	5,260,247	
16	Workshop & Loose Tools	483,799	-	5%	9,803	232,177	251,622	
17	Furniture & Fixture	3,315,153	-	10%	88,580	2,222,668	1,092,485	
	Balance as on March 31, 2020	6,288,491,997	57,933,107		48,885,305	545,902,323	5,800,522,781	
	Balance as on March 31, 2019	6,223,376,033	43,339,674		47,443,955	483,853,129	5,782,862,578	

