

**Dhaka Office :**Rupali Bima Bhaban (5th & 6th Floor)

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**Independent Auditors' Report
To the Shareholders of Hakkani Pulp & Paper Mills Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **"Hakkani Pulp & Paper Mills Limited"** which comprise the Statement of Financial Position as at 30 June 2019, and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory information's.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **"Hakkani Pulp and Paper Mills Limited"** as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Matter of Emphasis:

- An amount of loss of Tk 19,558,746 had been incurred in Tissue Unit and Tk.1,496,132 in Paper Unit. Total loss of Tk. 21,054,878 and the percentage of loss comparing with last year increased by 16% due to new Tissue Unit has been gone into commercial production from January 2019. The reason for decrease in EPS from (0.96) in the previous year to this year (1.11) is mainly due to increase in operating losses.

Our opinion is not modified in respect of this matters.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

We have determined the following key audit matters to communicate in our report.

Revenue Recognition:*The key Audit Matter*

The company recognizes revenue from the sales of paper and tissue products when control over goods is transferred to a customer/dealers. The actual point in time when revenue is recognized varies depending on the specific terms and conditions of the sales contracts entered into with customers/dealers. The company has a number of customers operating in various geographies and sales contracts with customers/dealers have a different terms relating to the recognition of revenue, the right of return and price adjustments. Sales arrangements in certain jurisdictions lead to material deductions to gross sales in arriving at revenue. We identified the recognition of revenue from sale of products as a key audit matter because;

- Revenue is a key performance indicator of the company and there is risk of revenue being overstated due to fraud resulting from pressure to achieve targets.

How the scope of our audit responded to the key audit matter

- Assessing the appropriateness of the policies in respect of revenue recognition by comparing with applicable accounting standards;
- Evaluating the design, testing the implementation and operating effectiveness of the company's internal controls over recognition of revenue and measurement of rebates, discounts, returns and chargebacks;
- Assessing manual journals posted to revenue to identify unusual items not already covered by our audit testing;
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

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Property, Plant & Machinery:*The key Audit Matter*

The company has Tk 882,494,770 as Written Down Value at Property Plant & Equipment which stands 66.94% of total assets with new acquisition of Tk 290,637,715 made during the year.

Please refer to Note 4.00 "Property, Plant & Machinery" of the notes to the Financial Statements for relevant details.

How the scope of our audit responded to the key audit matter:

Our procedures in relation to property, plant and equipment included:

- Obtained an understanding of the management process for acquisition of fixed assets.
- Evaluate the appropriateness of acquisition process of non-current assets.
- Testing the key controls over the management's judgment in relation to the accounting estimates of property, plant and equipment.

Taxation*The key Audit Matter*

Given the company's exposure to complex tax issues, the high level of management judgment in estimating the amounts of reserve and provision for tax and involvement with regulatory authorities, taxation was considered to be a key audit matter.

Please refer to **Note 17.00 "Deferred Tax Liability"** and **Note 22.00 "Current Tax Liability"** to the financial statements for relevant disclosures regarding calculation and disclosure of taxation.

How the scope of our audit responded to the key audit matter:

We particularly focused on the impact of whether the tax provision was appropriately recognized; we conducted interviews with the company's tax personnel in order to assess the taxable income of the company. We re-performed the calculations made by the management regarding tax liabilities to ensure compliance with the provisions of Income Tax Ordinance, 1984 and checked the arithmetical accuracy of the calculations. We also carefully reviewed for any contingent liabilities to be included in the financial statements in this regard.

We also obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used thereon. We assessed key assumptions, controls, recognition and measurement of deferred tax assets. We also assessed the appropriateness of presentation of disclosures against "**Income Tax**".

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Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the Company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

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as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing an opinion on the effectiveness of the company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, we also report the following:

- a) we have obtained all the information and explanations (except the matter discussed in qualified opinion para) which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts(except the matter discussed in qualified opinion para) as required by law have been kept by the company so far as it appeared from our examination of these books;
- c) the statements of Financial Position and Statements of Profit or Loss and Other Comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred and payments made were for the purposes of the company's business.



Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Date: November 06, 2019
Chattogram

HAKKANI PULP & PAPER MILLS LIMITED

Statement of Financial Position

As at 30th June, 2019

	Note(s)	2019 Taka	2018 Taka
ASSETS			
Non Current Assets :			
Property, Plant and Equipment	04	882,494,770	629,115,458
Capital Work-In-Progress	05	14,218,124	233,233,316
		896,712,894	862,348,774
Current Assets:			
Investment in Shares	06	23,449,916	24,971,261
Inventories	07	137,258,458	87,859,086
Trade Receivables	08	115,017,902	131,964,797
Advances, Deposits & Prepayments	09	140,828,005	154,301,561
Cash & Cash equivalents	10	4,981,294	9,691,875
		421,535,574	408,788,580
TOTAL ASSETS		1,318,248,468	1,271,137,354
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:			
Share Capital	11	190,000,000	190,000,000
Dividend Equalization Reserve	12	15,000,000	15,000,000
Revaluation Reserve	13	288,725,108	300,149,645
Fair Value Reserve	6.02	1,523,617	2,563,152
Retained Earnings	14	138,309	13,532,891
		495,387,034	521,245,689
Non Current Liabilities:			
Unsecured Loan	15	44,999,990	43,693,290
Long Term Loan	16.01	247,137,113	160,740,545
Deferred Tax Liability	17	100,554,663	89,861,013
		392,691,765	294,294,849
Current Liabilities:			
Short Term Loan & Overdraft	18	246,138,646	346,071,124
Accrued Expenses	19	19,854,915	14,555,777
Workers Profit Participation and Welfare Fund	20	589,829	589,829
Current Portion of Long Term Loan	16.01	95,428,584	10,632,000
Trade Payables	21	49,313,000	69,473,125
Current Tax Liabilities	22	9,912,932	6,995,420
Liabilities for Other Finance	23	3,431,762	2,679,540
Directors Current Account	24	5,500,000	4,600,000
		430,169,669	455,596,815
TOTAL EQUITY & LIABILITIES		1,318,248,468	1,271,137,354

Net Asset Value Per Share(with revaluation)	33	26.07	27.43
Net Asset Value Per Share(without revaluation)	34	10.88	11.64

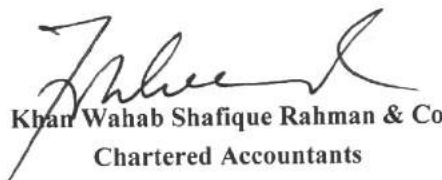
The annexed notes from 1 to 42 an integral part of these financial statements.


MANAGING DIRECTOR


DIRECTOR


COMPANY SECRETARY

Place: Chattogram
Date: 06 November 2019


Khan Wahab Shafique Rahman & Co.
Chartered Accountants



HAKKANI PULP & PAPER MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June, 2019

	Note(s)	2019 Taka	2018 Taka
Revenue	25	484,009,189	282,589,254
Less: Cost of Sales	26	417,746,415	249,378,303
Gross Profit / (Loss)		66,262,774	33,210,951
Less: Operating Expenses:			
Administrative Expenses	27	18,635,395	13,072,394
Financial Expenses	28	50,000,652	35,601,011
Selling & Distribution Expenses	29	5,377,488	456,718
		<u>74,013,535</u>	<u>49,130,123</u>
Operating Profit		(7,750,761)	(15,919,172)
Add: Non-Operating Income	30	2,242,804	1,095,173
Net Profit Before WPPF & WWF		(5,507,957)	(14,823,999)
Less: Contribution to Workers Profit Participation and Welfare Fund		-	-
Net profit before Tax		(5,507,957)	(14,823,999)
Less: Income Tax Provision:			
Current Tax		2,917,512	1,702,107
Deferred Tax	31	12,709,744	1,693,617
		<u>15,627,256</u>	<u>3,395,724</u>
Net profit after Tax for the period		(21,135,213)	(18,219,722)
Other Comprehensive Income:			
Deferred Tax on Revaluation Reserve		2,016,094	2,154,723
Unrealized Gain/ (Loss) on Investment in Shares	6.02	(1,039,535)	647,873
		<u>976,559</u>	<u>2,802,596</u>
Total Comprehensive Income		(20,158,654)	(15,417,126)
Earning Per Share - Basic	32	(1.11)	(0.96)

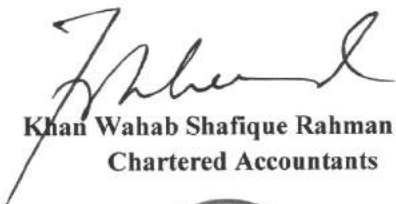
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MANAGING DIRECTOR


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COMPANY SECRETARY

Place: Chattogram
Date: 06 November 2019


Khan Wahab Shafique Rahman & Co.
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HAKKANI PULP & PAPER MILLS LIMITED

Statement of Cash Flows

For the year ended 30 June, 2019

	Note(s)	2019 Taka	2018 Taka
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		503,198,889	250,351,702
Payment for Material and Expenses		(368,785,583)	(191,372,879)
Interest Paid		(50,000,652)	(35,601,011)
Income Tax Paid		(1,703,291)	(642,779)
Net Cash flows from Operating Activities	40	82,709,363	22,735,034
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(71,622,523)	(43,375,227)
Capital Work-In-Progress		-	(49,874,701)
Purchase of shares		(2,166,815)	(3,174,080)
Sale of shares		2,646,382	202,842
Net cash flows from Investing Activities		(71,142,956)	(96,521,166)
C. Cash flows from Financing Activities:			
Short Term Loan & Overdraft		(99,932,478)	47,968,298
Long Term Loan		86,396,568	27,986,376
Unsecured Loan Received		1,306,700	400,000
Liabilities for other finance		752,222	77,696
Dividend Paid		(5,700,000)	
Net Cash flows from Financing Activities		(16,276,988)	76,432,369
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		(4,710,580)	2,646,237
E. Opening Cash and Bank Balances		9,691,875	7,045,636
Closing Cash and Bank Balances (D+E)		4,981,294	9,691,875
F. Net Operating Cash Flows Per Share		4.35	1.20

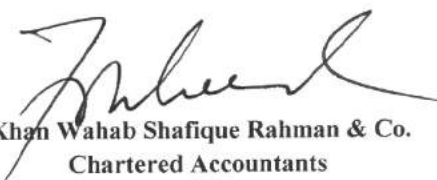
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MANAGING DIRECTOR


DIRECTOR


COMPANY SECRETARY

Place: Chattogram
Date: 06 November 2019


Khan Wahab Shafique Rahman & Co.
Chartered Accountants



HAKKANI PULP & PAPER MILLS LIMITED

Statement of Changes in Equity

For the year ended 30 June, 2019

Particulars	(Amount in Taka)					
	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2018	190,000,000	15,000,000	300,149,645	2,563,152	13,532,891	521,245,689
Adjustment of depreciation on carrying amount of revalued assets	-	-	(13,440,631)	-	13,440,631	-
Deferred Tax on Revaluation Surplus	-	-	2,016,094	-	-	2,016,094
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(1,039,535)	-	(1,039,535)
Dividend for the period 2017-2018	-	-	-	-	(5,700,000)	(5,700,000)
Net Profit after Tax for the year	-	-	-	-	(21,135,213)	(21,135,213)
Balance as on 30 June, 2019	190,000,000	15,000,000	288,725,108	1,523,617	138,309	495,387,034

For year ended 30 June, 2018

Balance as at 01 July, 2017	190,000,000	15,000,000	312,359,742	1,915,279	17,387,793	536,662,814
Adjustment of depreciation on carrying amount of revalued assets	-	-	(14,364,820)	-	14,364,820	-
Deferred Tax on Revaluation Surplus	-	-	2,154,723	-	-	2,154,723
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	647,873	-	647,873
Net Profit after Tax for the year	-	-	-	-	(18,219,722)	(18,219,722)
Balance as on 30 June, 2018	190,000,000	15,000,000	300,149,645	2,563,152	13,532,891	521,245,689



MANAGING DIRECTOR



DIRECTOR



COMPANY SECRETARY

The annexed notes from 1 to 42 an integral part of these financial statements.

Place: Chattogram
Date: 06 November 2019




Khan Wahab Shafique Rahman & Co.
Chartered Accountants

HAKKANI PULP & PAPER MILLS LIMITED

Notes to the Financial Statements

For the year ended 30 June, 2019

1 LEGAL STATUS AND NATURE OF THE BUSINESS:

1.01 Status and Legal Form of the Company

Hakkani Pulp & Paper Mills Ltd. (hereinafter referred to as the "Company") has been incorporated in Bangladesh as a public company limited by shares under the Companies Act, 1994 vide Registration No. CHC-2462/1996 with the Registrar of Joint Stock Companies and Firms on December 28, 1996. The Company issued shares to the general public in 2001 and got listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

The registered office of the Company is situated at 2/10, D.T. Road, North Pahartali, Chattogram. The factory is located at Mouza: Halimkhar Char, P.S: Potiya, Dist: Chattogram on Chattogram -Cox's Bazar Highway.

1.02 Nature of Business:

The principal objects of the company is to manufacture different kinds of Pulp, Papers & Tissue.

2 BASIS OF PREPARATION, PRESENTATION AND DISCLOSURES OF FINANCIAL STATEMENTS

2.01 Statement of compliance:

These Financial Statements have been prepared on a going concern basis following accrual basis of accounting except for cash flows statement, in accordance with the International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB).

2.02 Application of International Accounting Standard (IAS):

The following IAS are applicable for the Financial Statements for the year under review:

IAS - 01	Presentation of Financial Statements
IAS - 02	Inventories
IAS - 07	Statement of Cash Flows
IAS - 08	Accounting Policies, Changes In Accounting Estimates and Errors
IAS - 10	Events after the Reporting year
IAS - 12	Income Taxes, Deferred Taxes.
IAS - 16	Property, Plant and Equipment
IAS - 19	Employee Benefits
IAS - 23	Borrowing Costs
IAS - 24	Related Party Disclosures
IAS - 33	Earning per Share
IAS - 36	Impairment Test.
IFRS- 07	Financial Instruments: Disclosure
IFRS- 09	Financial Instruments
IFRS-15	Revenue from Contract With Customers

2.03 Basis of Reporting :

The Financial Statements have been prepared and presented for external users by the company in accordance with identified Financial reporting framework, presentation has been made in compliance with the requirements of IAS 1 - "Presentation of Financial Statements "

- A Statement of Financial Position as at 30 June, 2019.
- A Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June, 2019.
- A Statement of Changes in Equity for the year ended 30 June, 2019.
- A Statement of Cash Flows for the year ended 30 June, 2019.
- Notes , comprising a summary of significant accounting policies and explanatory information.
- Comparative information prescribed by the Standard.

2.04 Other Regulatory Compliances:

The entities are also required to comply with the following major laws and regulation along with the Companies Act, 1994.

- The Income Tax Ordinance, 1984
- The Income Tax Rules , 1984
- The Value Added Tax Act, 1991
- The Value Added Tax Rules, 1991
- The Customs Act, 1969
- Bangladesh Labour Act, 2006 as amended in 2013.
- The Securities and Exchange Rules, 1987
- The Corporate Governance Ordinance 2006, as amended in 2018.



2.05 Authorization for Issue :

These Financial Statement have been authorized for issue by the Board of Directors of the company on November 02, 2019.

2.06 Basis of Measurement :

The Financial Statement have been prepared on going concern basis under the historical cost convention except for revaluation of non-current assets.

2.07 Functional and presentation currency:

The Financial Statements are presented in Bangladesh Taka which is the company's functional currency. All financial information presented in BDT has been rounded off to the nearest Taka.

2.08 Use of Estimates and Judgments:

The preparation of the Financial Statements in conformity with IAS and IFRS requires management to make judgments , estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, actual results may differ from these estimates. Estimates and underlying assumption are reviewed on an on going basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised in any future years affected.

In particular, information about significant areas of estimation, uncertainty and critical Judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statement's included in the following notes:

- Note: 04 Property, Plant and Equipment
- Note: 07 Inventories
- Note: 08 Trade Receivables
- Note : 09 Advances, Deposits & Prepayments
- Note: 17 Deferred Tax Liability
- Note : 21 Trade Payables

2.09 Reporting Year :

The financial year of the company covers one year from 01 July 2018 to 30 June 2019 and it is followed consistently.

3.00 SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies set out below have been applied consistently to all years presented in the Financial Statements.

3.01 Property, plant and equipment:

3.01.1 Recognition and measurement:

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self constructed/ installed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

3.01.2 Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future benefit embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss and other comprehensive income as incurred.

3.01.3 Depreciation:

Depreciation is recognized in Statement of Profit or Loss and other Comprehensive Income on diminishing balance method over the estimated useful lives of Property , Plant and Equipment. Depreciation is charged on Property , Plant and Equipment from the usable date i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management and no depreciation is charged in the year of disposal.

No depreciation is charged on land and capital work-in-progress. Depreciation is charged on all other fixed assets on a diminishing balance method. Depreciation of an assets is charged by the rates depending on the nature and estimated useful life of assets are given below:

<u>Assets</u>	<u>Rate</u>
Building & Other Civil Construction	5%
Plant & Machinery	7%
Furniture & Fixtures	10%
Office Equipment	10%
Electric Installation	10%
Gas Line Installation	10%
Telephone Line Installation	10%
Water Line Installation	10%



Fire Extinguisher	20%
Office Decoration	10%
Vehicle	20%
Motor Vehicle	20%
Factory Equipment	20%

3.02 **Capital Work In Progress :**

The cost of capital work in progress comprises:

- 1) Purchase price includes import duties.
- 2) Any cost directly attributable to bringing the assets to be capable of operating in the manner intended by the Management.

The cost of capital working progress shall be recognized as property plant and equipment when it is probable that the economic benefits associated with its intended use will follow to the entity as per paragraph 7 of IAS 16 property plant and equipment.

3.03 **Impairment of Assets:**

An impairment test is carried out by the Management at the end of each reporting year to ascertain whether there is any indication that an assets is impaired if any such indication exists, the impairment losses for an individual assets is measured and recognized in the financial statements in accordance with IAS 36 Impairment of asset.

3.04 **Investment in Shares:**

This investment in shares is initially recognized and measured at transaction costs that are directly attributable to the acquisition of the said financial asset. The management considered investment in shares as available for sale financial assets to present its subsequent changes in fair value through other compressive income in accordance with paragraph 5.7.5 of IFRS 9.

The cumulative gain or loss that was recognized in fair value adjustment reserve will be recognized in profit or loss when this investment will be sold.

3.05 **Inventories:**

Inventories are measured at lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring these inventories and bringing them to their existing location and condition in accordance with IAS-2.

Category

Finished Goods

Raw materials

Work in Process

Consumable stores

Packing materials

Basis of Valuation

Finished goods are valued at cost or NRV whichever is lower.

Raw materials are valued at weighted average method.

Work in process is valued at 100% cost of raw materials, 75% cost of labour and 50% cost of overhead.

Based on weighted average method.

Based on weighted average method.

3.06 **Advances, deposits and prepayments:**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges.

3.07 **Cash and cash equivalents:**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term fixed deposits with banks.

3.08 **Employee benefit schemes:**

The company maintains Workers' Profit Participation Fund and Workers' Welfare Fund as per Labour Act, 2006 as amended in 2012.

3.09 **Provisions:**

Provisions are made against obligations arising from past events, for which company has obligations to pay in future and such probable expenditures of company are provided at Financial Position date.

3.10 **Interest income and expenses:**

Interest income has been recognized on accrual basis.

Interest expenses incurred during the period have been charged to statement of Profit or Loss and other comprehensive income.

3.11 **Borrowing Cost:**

The borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as a part of cost of that assets.

Other borrowing costs are recognized as an expenses in the year in which its incurred as per paragraph 8 of IAS 23 Borrowing Cost.



3.12 **Contingencies:**

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be measured reliably.

3.13 **Income Tax Expenses :**

Current Tax

Provision for income tax has been made as per provisions of income tax laws.

Deferred Tax

Deferred Tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying value of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted on the balance sheet date. The impact on the account of changes in the deferred tax assets or liabilities has been recognized in the Statement of Profit or Loss and Other Comprehensive Income as per IAS-12.

3.14 **Revenue:**

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any. Revenue is recognized when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods-IFRS-15

3.15 **Earning per share (EPS):**

Basic Earnings:

This represents Profit/ (Loss) for the year attributable to ordinary shareholders. As there is no preference dividend or extra ordinary items, the net profit/ (Loss) after tax for the period.

Diluted Earnings per share:

3.16 **Comparative Information:**

Comparative information has been disclosed in respect of all numeric information in the financial statement and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Previous years figures have been rearranged, wherever considered necessary, to ensure comparability with current year.

3.17 **Significant Deviations:**

3.17. **Significant deviation in EPS:**

Due to following reasons, significant deviation in EPS has been arrived compared to previous year-

- a) Net Loss has increased due to fall in market price of the products.
- b) Cost of Sales has increased due to increase in cost of Raw Materials, Factory Overheads, Administrative Expenses, Financial Expenses and Selling Expenses.
- c) Starting the Commercial production of Tissue Unit.

3.17. **Significant deviation in Net operating cash flows per share (NOCFPS).**

Due to following reasons, significant deviation in Net Operating Cash Flows Per Shares (NOCFPS) has been incurred compared to previous year-

- a) Increase in cash collection from customers, Increase in advance, deposit & Prepayments and Increase in current portion of Long Term Loan significantly.

4.00 **PROPERTY, PLANT & EQUIPMENT:**

	2019 Taka	2018 Taka
Balance as on 01 July (including revaluation)	970,580,617	927,205,390
Add: Addition during the year	290,637,715	43,375,227
Less: Adjustment during the year	-	-
Balance as on 30 June	1,261,218,332	970,580,617
Less: Accumulated depreciation	378,723,562	341,465,159
Written down value as on 30 June	882,494,770	629,115,457

(a) Details of GroupWise Property, Plant & Equipment with cost, addition and adjustment during the period, depreciation and written down value are shown at Note-4.01 & 4.02.



(Amount in taka)

4.01 PROPERTY, PLANT & EQUIPMENT (PAPER UNIT):

Particulars	C			O		S		T			D E P R E C I A T I O N			Written Down Value as on 30 June, 2019
	Balance as on 01 July, 2018	Addition during the year	Disposal/ Adjustment during the year	Balance as on 30 June, 2019	Rate of Dep.	Balance as on 01 July, 2018	Charged during the year	Balance as on 30 June, 2019						
At Cost														
Land & Land Development	43,583,242	-	-	43,583,242	-	-	-	30,090,205	2,822,905	32,913,110	-	-	43,583,242	
Building & Other Construction	86,300,305	618,819	-	86,919,124	5%	30,090,205	2,822,905	165,985,264	10,998,242	176,983,506	-	-	54,906,014	
Plant & Machinery	322,899,539	565,000	-	323,464,539	7%	165,985,264	10,998,242	498,191	61,111	559,302	-	-	146,481,033	
Furniture & Fixture	1,028,319	173,400	-	1,201,719	10%	498,191	61,111	1,449,690	187,014	1,636,704	-	-	642,417	
Office Equipment	2,991,623	619,920	-	3,611,543	10%	1,449,690	187,014	10,329,453	911,502	11,240,955	-	-	1,974,839	
Electric Installation	19,386,088	156,484	-	19,542,572	10%	10,329,453	911,502	2,645,112	124,516	2,769,628	-	-	8,301,617	
Gas Line Installation	3,832,191	100,000	-	3,932,191	10%	2,645,112	124,516	87,390	4,487	91,878	-	-	1,162,563	
Telephone Line Installation	132,263	-	-	132,263	10%	87,390	4,487	3,430,887	338,825	3,769,712	-	-	40,385	
Water Line Installation	6,762,669	97,535	-	6,860,204	10%	3,430,887	338,825	82,487	5,877	88,363	-	-	3,090,492	
Fire Extinguisher	111,870	-	-	111,870	20%	82,487	5,877	207,163	50,343	257,507	-	-	23,507	
Office Decoration	295,300	1,617,787	-	1,913,087	10%	207,163	50,343	1,744,306	253,473	1,997,779	-	-	1,655,580	
Vehicle Car	3,011,672	-	-	3,011,672	20%	1,744,306	253,473	970,721	390,505	1,361,226	-	-	1,013,893	
Motor Vehicle	2,923,247	-	-	2,923,247	20%	970,721	390,505	-	57,888	57,888	-	-	1,562,021	
Factory Equipment	260,770	94,600	-	355,370	20%	-	57,888	-	-	-	-	-	297,482	
"A"	493,519,098	4,043,545	-	497,562,643	-	217,520,870	16,206,688	233,727,558	-	263,855,085	-	-	263,855,085	
At Revaluation														
Land & Land Development	139,028,020	-	-	139,028,020	-	-	-	-	-	-	-	-	139,028,020	
Building & Other Construction	110,663,849	-	-	110,663,849	5%	33,383,156	3,864,035	90,561,134	9,576,596	100,137,730	-	-	73,416,658	
Plant & Machinery	227,369,650	-	-	227,369,650	7%	90,561,134	9,576,596	123,944,290	13,440,631	137,384,921	-	-	127,231,920	
"B"	477,061,519	-	-	477,061,519	-	123,944,290	13,440,631	137,384,921	-	339,676,598	-	-	339,676,598	



(Amount in taka)

4.02 PROPERTY, PLANT & EQUIPMENT (TISSUE UNIT):

Particulars	C			O			S			T			D E P R E C I A T I O N			Written Down Value as on 30 June, 2019
	Balance as on 01 July, 2018	Addition during the period	Disposal/ Adjustment during the period	Balance as on 30 June, 2019	Rate of Dep.	Charged during the period	Balance as on 01 July, 2018	Charged during the period	Balance as on 30 June, 2019							
Building & Other Construction	-	67,775,536	-	67,775,536	5%	1,392,309	-	1,392,309	1,392,309	66,383,227						
Plant & Machinery	-	218,714,824	-	218,714,824	7%	6,210,241	-	6,210,241	6,210,241	212,504,582						
Motor Vehicle	-	103,810	-	103,810	20%	8,532	-	8,532	8,532	95,278						
"C"	-	286,594,170	-	286,594,170	-	7,611,083	-	7,611,083	7,611,083	278,983,087						
Grand total as on 30 June, 2019 (A+B+C)	970,580,617	290,637,715	-	1,261,218,332		37,258,402	341,465,160	37,258,402	378,723,562	882,494,770						
As on 30 June 2018	927,205,390	43,375,227	-	970,580,617		28,525,755	312,939,405	28,525,755	341,465,160	629,115,458						

Allocation of Depreciation :

Administrative Expenses
Factory Expenses

	2019 Taka	2018 Taka
	556,429	410,235
	36,701,973	28,115,519
TAKA =	37,258,402	28,525,754



	2019 Taka	2018 Taka
5.00 CAPITAL WORK-IN-PROGRESS:		
Capital Work-In-Progress Existing Unit (Note: 5.1)	14,218,124	14,091,269
Capital Work-In-Progress- Tissue Unit (Note: 5.2)	-	219,142,047
Balance as on 30 June	<u>14,218,124</u>	<u>233,233,316</u>

5.1 Capital Work-In-Progress- Existing Unit:

Particulars	Opening Balance	Addition during the year	Capitalized during the year	Closing Balance
Building & Other Construction	12,454,339	3,285	-	12,457,624
Plant & Machinery	670,250	123,570	-	793,820
Motor Vehicle	25,000	-	-	25,000
Electric Installation	941,680	-	-	941,680
Others	-	-	-	-
Net Cost of sample products produced	-	-	-	-
Total for Existing Unit	14,091,269	126,855	-	14,218,124

5.2 Capital Work-In-Progress- Tissue Unit:

Building & Other Construction	52,131,533	5,797,811	57,929,344	-
Plant & Machinery	145,070,085	10,016,115	155,086,200	-
Motor Vehicle	5,550	98,260	103,810	-
Net Cost of Sample Product (Note: 5.3)	21,934,879	14,117,034	36,051,913	-
Total for Tissue Unit	219,142,047	30,029,220	249,171,267	-

5.3 Net Cost of Sample Product:

Cost of goods sold (Trial Production)	-	25,627,805
Less: Revenue from sale of sample products	-	3,692,926
Net Cost of sample products produced	<u>-</u>	<u>(21,934,879)</u>

5.4 The Capital work in progress of tissue unit has been capitalized on 1st January, 2019 as per decision of the Board of Directors.

5.5 Commercial operation of Tissue Unit has been started from 1st January 2019.

6.00 INVESTMENT IN SHARES:

6.01 Company wise investment position at market value are shown below:

Name of company	No. of Shares	Cost	Market Value as on 30 June, 2019	Unrealized gain/ (loss)
Bank Asia Ltd.	8,253	81,593	147,729	66,136
Beximco Ltd.	43,925	1,550,974	992,705	(558,269)
Beximco Pharma Ltd.	7,999	356,040	667,917	311,877
Brac Bank Ltd.	10,729	158,404	714,551	556,147
DESCO Ltd.	15,308	647,711	698,045	50,334
Dhaka Bank Ltd.	38,761	332,955	519,397	186,442
Exim Bank Ltd.	59,497	1,269,789	675,291	(594,498)
Grameen Phone Ltd.	10,700	3,961,466	3,906,570	(54,896)
IBBL Mudaraba Bond	615	465,000	578,100	113,100
Islamic Finance and Invest. Ltd.	58,087	1,779,803	981,670	(798,133)
Islami Bank Bangladesh Ltd.	10,570	376,381	253,680	(122,701)
Jamuna Oil Ltd.	2,299	271,160	401,176	130,016
Lafarge Holcim Bangladesh Ltd.	13,000	805,409	517,400	(288,009)
Meghna Petroleum Ltd.	2,402	249,415	473,915	224,500
Mercantile Bank Ltd.	30,442	305,303	429,232	123,929



Name of company	No. of Shares	Cost	Market Value as on 30 June, 2019	Unrealized gain/ (loss)
Mutual Trust Bank Ltd.	45,084	622,287	1,528,348	906,061
National Bank Ltd.	68,259	903,036	600,679	(302,357)
One Bank Ltd.	37,857	389,531	507,284	117,753
Premier Bank Ltd.	27,096	209,835	317,023	107,188
Prime Bank Ltd.	449	8,030	8,486	456
Rupali Bank Ltd.	34,785	1,724,218	1,314,873	(409,345)
Shahjalal Islami Bank Ltd.	49,500	394,716	1,267,200	872,484
Southeast Bank Ltd.	109,170	1,040,447	1,473,795	433,348
Square Pharma Ltd.	8,189	1,826,477	2,157,802	331,325
Standard Bank Ltd.	22,000	249,996	222,200	(27,796)
Titas Gas Ltd.	13,250	766,553	526,688	(239,865)
Trust Bank Ltd.	48,400	1,179,770	1,568,160	388,390
Total	776,626	21,926,299	23,449,916	1,523,617

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

Unrealized Gain/ (Loss) Closing	1,523,617	2,563,152
Unrealized Gain/ (Loss) Opening	2,563,152	1,915,279
Gain/ (Loss) on Investment in Shares during the year	(1,039,535)	647,873

7.00 **INVENTORIES:**

a) **Raw Materials**

Wastage Paper	36,569,608	25,603,758
Chemicals	4,214,444	1,982,929
Total	40,784,052	27,586,687

b) **Finished Goods**

Bright Newsprint Paper	38,908,676	18,061,559
Medium Paper	5,213,015	2,619,501
Writing Printing Paper	4,786,985	634,850
Khata	1,191,947	-
Various Tissue Paper	13,444,710	11,648,780
Total	63,545,333	32,964,689

c) **Work-In-Process**

12,964,838

16,211,881

d) **Consumable Store**

18,286,250

10,995,829

e) **Packing Material**

1,677,985

100,000

Total (a+b+c+d+e)

137,258,458

87,859,086

(a) Value of raw materials, consumables spares parts and packing materials was made at weighted average method.

(b) Work in process is valued at 100% cost of raw materials, 75% cost of labour and 50% cost of overhead.

(c) Finished goods are valued at cost or NRV whichever is lower.

(d) Physical inventory was taken at the year end.

(e) Inventory consists of a huge number of items for which the quantity could not be disclosed.

8.00 **TRADE RECEIVABLES:**

A. H Packaging & Accessories	3,090,472	4,090,472
Al-Amin Book Depo	10,592	100,592
Babul Store	30,248,596	47,084,238
Bangladesh Marine Hoist & House	13,000	73,000
Bismillah Enterprise	2,010,987	23,406,897
Bismillah Enterprise-Lalkhan Bazar	50,726	-
Dainik Azadi (Shapon chy)	611,601	1,774,891
Elite Paper House	283,309	1,728,309
Interna Plastic (Pvt.) Ltd.	800,000	2,413,260



	2019	2018
	Taka	Taka
Modern Biponi	1,418,493	1,997,252
Siam Paper House	65,920	140,920
Sonargaon Paper House	434,031	634,031
Munna Enterprise	2,159,481	6,947,925
Resimax Industries Ltd.	1,574,230	1,916,730
S.K Traders	11,133,352	20,416,627
A B Trading	4,639,252	-
ACI Logistics Ltd. (Showpno)	160,836	-
Akter Store (Depo) Rajbari	31,614	-
Alviraj-Tissue	89,925	-
Amina Enterprise	43,735	-
Amir & Brothers	899,767	-
Arafat Vhat Ghor	22,928	-
Arif Enterprise	337,254	-
Ariosto Restaurant	29,632	-
Barcode Restaurant Group	200,930	-
Bismillah Departmental Store	23,189	-
Bismillah Enterprise- Chowdhagram	55,906	-
CFC Restaurant	23,994	-
Chandpur Paper House	10,131,561	-
Conpac Trading Ltd.	166,422	-
Eanan Enterprise	55,371	-
Ekota Enterprise-Teknaf	182,870	-
Flat Steel Operating Unit	45,902	-
Flavors Premium Sweets, Ctg	20,790	-
FM Trading	670,329	-
Foisal & Brothers	636,200	-
G. N. Enterprise	51,008	-
Garibe Newaj Traders (Sales)	118,289	-
Glory Tapes & Labels Ltd.	879,245	-
Habib Enterprise (Chokaria)	103,125	-
Halishahar Mart	39,607	-
Hamim Group-Dhaka Corporate	38,621	-
JBS Traders	495,455	-
Korotoa Paper Depot.	1,456,131	-
MI Trading	154,118	-
M/S Nur Enterprise	27,396	-
M/s Oishi Enterprise	343,850	-
M/S. Safiq & Brothers-Whay Kong	39,633	-
Mahbub & Brothers	1,638,576	-
Mahmud Enterprise-Noakali	28,791	-
Mamun Enterprise-Companiganj	26,653	-
Mizan Store (Tissue)	574,201	-
Modhumoti Traders	242,149	-
Mojim Traders	59,985	-
MR Traders (Khulna Depo)	112,919	-
Mustafa Paper House	2,225,846	-
Nuha Enterprise / Three Star	190,229	-
Orcid Enterprise	54,169	-
Padma Accessories Ltd.	87,847	-
Padma Media Center	743,727	-



	<u>2019</u> <u>Taka</u>	<u>2018</u> <u>Taka</u>
Paperaj Traders	286,596	-
Parvin & Zalal Enterprise	55,930	-
Personal	537,595	-
Pran RFL	602,201	-
RFM Paper Mills Ltd.	499,691	-
RM Trade International	6,838,145	-
Roshidul Enterprise	77,193	-
S Rahaman Trading/Enterprise	120,695	-
S.K Enterprise	320,000	-
S.R.Paper House	128,155	-
S.S.G Paper Ltd.	185,169	-
Sadia Enterprise	140,876	-
Safe Corporation	80,000	-
Sagorika Printers	275,407	-
Saif Trade & Supplies	162,258	-
Sajib Enterprise	490,567	-
Sha Jobbariya Enterprise	46,081	-
Shahid Enterprise	96,911	-
Shanto Enterprise	195,903	-
Siddique Enterprise-Cox's	232,415	-
Sifa/ Shefa Packages	900,000	-
Soinik Traders	40,221	-
Sojib Enterprise	191,823	-
Tanha Enterprise	53,167	-
Tasbhi & Brothers	97,798	-
Unique Accessories	36,944	-
Walton Hi-Tech Industry Ltd.	129,369	-
Watson Paper Mills Ltd.	134,010	-
Zidan Enterprise	90,627	-
A. N. J Paper Industries	-	384,600
Abdul Mojid & Sons	-	548,865
Aroma Packaging	-	195,000
Ashraf Traders	-	40,000
Astral Associates	-	800,000
Bokul Enterprise	-	614,976
Brota Packages Ltd.	-	178,760
Dainik Purbokone (Swopon Chy)	-	923,696
Fahim Enterprise	-	688,666
Mizan Paper House	-	53,500
Nezam Paper House	-	536,791
P.H.P Float Glass Ind. Ltd.	-	648,266
Padma Accessories Ltd.	-	287,847
Paperaj Traders	-	64,075
Patenga Pack & Accessories Industry Ltd.	-	196,460
Progressive Enterprise	-	199,440



	2019 Taka	2018 Taka
R R Package	-	677,620
Rahman Enterprise	-	46,295
Rana Enterprise	-	341,215
S. A Printing & Packaging	-	184,808
Safe Goods Package	-	199,960
Sayon Packaging Industry	-	169,560
Shah Amanat Paper Enterprise	-	474,164
Shefa Package	-	1,577,280
Sheto Enterprise	-	795,040
Shopon Chy Purbadesh	-	393,908
Signet Box Ltd.	-	812,232
Other Receivables	19,867,389	7,206,630
	115,017,902	131,964,797

(a) Trade Receivables are occurred in the ordinary course of business.

(b) Trade Receivables are unsecured but considered good by the management.

Ageing of Trade Receivables:

Below-30 Days	24,153,759	27,712,607
Within 31- 60 Days	35,655,550	40,909,087
Within 61 - 90 Days	23,003,580	26,392,959
Within 90 - 180 Days	20,703,222	23,753,664
Above 180 Days	11,501,790	13,196,480
	115,017,902	131,964,797

9.00 ADVANCES, DEPOSITS & PREPAYMENTS:

Advance Against Income Tax (Note: 9.1)	28,207,365	26,504,074
Advance Against Salary & Wages (Note: 9.2)	100,538	123,438
Advance Against Expenditure (Note: 9.3)	59,753,126	64,141,244
Advance Against L/C (Note: 9.4)	42,632,811	54,188,479
Deposits and Prepayments (Note: 9.5)	10,134,165	9,344,327
	140,828,005	154,301,561

9.1 Advance Against Income Tax

Advance Income Tax Paid	23,915,173	22,419,707
Advance Income Tax - Import	630,532	593,623
Advance Income Tax - Export	288,536	253,247
Advance Income Tax Deducted at Source	2,730,266	2,730,266
Advance Income Tax Deducted at Source (Dividend Income)	638,544	507,231
Advance Income Tax Deducted at Source (Bank Deposits)	4,315	-
	28,207,365	26,504,074

9.2 Advance Against Salary & Wages

100,538	123,438
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9.3 Advance Against Expenditure

Advance Against Purchase	116,370	254,100
Advance for Dhaka Office	259,700	259,700
Anima Development Limited	7,525,849	7,502,749
Advance for Machinery	49,975,460	44,842,480
Advance to B.L International	-	144,500
Shahjahan & Brothers	-	75,000
Advance against Travelling expenses	-	2,682,897
VAT Current Account	103,951	107,141



	2019 Taka	2018 Taka
Lanka Bangla Securities Ltd.	9,003	289,503
E Securities Limited	-	211
North West Securities Ltd.	853	-
City Brokerage Ltd.	18,341	-
Advances for spares parts and other materials	1,743,600	7,982,963
	59,753,126	64,141,244
9.4 <u>Advance Against L/C</u>	42,632,811	54,188,479
9.5 <u>Deposits</u>		
Security Deposit (PBS-1)	3,321,100	3,321,100
Security Deposit (BGS) Boiler	2,601,439	1,811,601
Security Deposit (BGS) Generator	1,441,672	1,441,672
Security Deposit (PDB)	25,200	25,200
Security Deposit (GEP Holdings Ltd)	8,000	8,000
Security Deposit (Grameen Phone)	20,000	20,000
Security Deposit (BTCL)	6,000	6,000
Security Deposit (CDBL)	300,000	300,000
Security Deposit- Bank Guarantee Against Gas Generator	257,040	257,040
Security Deposit- Bank Guarantee Against Boiler	1,043,250	1,043,250
Security Deposit Container Purpose	1,110,464	1,110,464
	10,134,165	9,344,327

10.00 CASH & CASH EQUIVALENTS:

Cash In Hand

At Head Office
At Dhaka Office
At Factory

854,029	641,351
5,000	5,000
35,000	35,000
894,029	681,351

Cash at Banks

Bangladesh Krishi Bank, Agrabad Branch, CD A/C-2903-0210014807
Social Islami Bank Ltd, Agrabad Branch-CC A/C - 0041330027978
First Security Islami Bank Ltd, Agrabad Branch. STD A/C - 010413100000463
Social Islami Bank Ltd, Agrabad Branch, STD Account-41300458
National Bank Ltd, Pahartali Branch- CD A/C-005533008427
AB Bank Ltd. PCR Branch, CD A/C-4127773938000
Prime Bank Ltd, Laldighi East Branch, CD A/C -14511090025949
Southeast Bank Ltd, Pahartali Branch, CD A/C-New # 005111100000671
City Bank Ltd, Agrabad Branch CD A/C No 1101497955001
Premier Bank Ltd, Agrabad Branch CD A/C No-010311100015243
Premier Bank Ltd, CEPZ Branch CD A/C No-016711100000103
NCC Bank Ltd. Panthapath Branch, CD A/C No- 0087-0210003867
Standard Bank Ltd, Sadarghat Branch CD A/C No-04933000571
Dhaka Bank Ltd, Jubilee Road Branch CD A/C No-181000000012482
Islami Bank (BD.) Ltd, Agrabad Branch CD A/C No-20501030100588315
Mercantile Bank Ltd, A.K Khan Branch CD A/C No-117511121143947
Union Bank Ltd, Laldighi Branch CD A/C No-0611010000054
Dhaka Bank Ltd, G.E.C (C.D.A) Branch CD A/C No-201009777
Standard Bank Ltd, Jubilee Road Branch CD A/C No-01233005212
United Commercial Bank Ltd, Pahartali Branch CD A/C No-
Modhumoti Bank Ltd, Agrabad Branch CD A/C No-1109 11100000164

32,893	34,043
113,339	455,281
56,794	56,389
125,158	1,160,663
90,559	-
7,999	9,149
262,172	60,268
18,769	19,689
207,980	59,395
16,610	56,706
148,648	83,701
48,400	50,125
6,235	7,845
6,320	8,045
579,591	275,716
69	5,595,090
83,349	4,822
7,460	9,185
92,460	379,581
207,940	535
2,720	-



Eastern Bank Ltd, Agrabad Branch CD A/C No-11071082755
 Pubali Bank Ltd, Pahartali Branch CD A/C No-825901027548

2019 Taka	2018 Taka
170,208	-
448,117	-
2,733,790	8,326,228
320,966	305,828
400,608	378,468
631,900	-
4,981,294	9,691,875

Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322176882
 Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322894432
 Fixed Deposit with Mercantile Bank Ltd. FDR # 117541325279666

All bank balances were duly reconciled with bank statements of respective bank account.



	2019 Taka	2018 Taka
11.00 SHARE CAPITAL:		
11.01 Authorized:		
50,000,000 Ordinary shares of Tk. 10.00 each.	<u>500,000,000</u>	<u>500,000,000</u>
11.02 Issued, Subscribed and Paid-up:		
85,00,000 Ordinary shares of Tk. 10.00 each fully paid up in cash.	85,000,000	85,000,000
1,05,00,000 Ordinary shares of Tk. 10.00 each fully paid up other than cash.	105,000,000	105,000,000
	<u>190,000,000</u>	<u>190,000,000</u>

11.03 The break up of share holdings as on 30 June, 2019 is as follows:-

Description	No of shares 30 June 2019	% of shares holding 30 June 2019	No of shares 30 June 2018	% of shares holding 30 June 2018
Sponsors	10,399,330	54.73	10,549,330	55.52
Investment Corporation of Bangladesh.	33,500	0.18	33,500	0.18
Bangladesh Development Bank Ltd.	1,580,800	8.32	1,580,800	8.32
Other Institution and General Public	6,986,370	36.77	6,836,370	35.98
Total	19,000,000	100.00	19,000,000	100.00

11.04 Number of shareholders & their share holdings in percentage are as follows:

Range of Holdings	No. of Shareholders		No. of Shares		Holding %	
	2019	2018	2019	2018	2019	2018
Less than 500 shares	1,391	835	231,795	105,053	1.22	0.55
501 to 5000 Shares	916	1,043	1,632,659	1,595,353	8.59	8.40
5001 to 10000 Shares	131	112	988,210	848,679	5.20	4.47
10001 to 20000 Shares	56	57	765,648	752,101	4.03	3.96
20001 to 30000 Shares	20	18	509,429	438,776	2.68	2.31
30001 to 40000 Shares	5	3	179,381	98,700	0.94	0.52
40001 to 50000 Shares	1	2	45,260	95,580	0.24	0.50
50001 to 100,000 Shares	6	9	395,052	585,110	2.08	3.08
100001 to 1,000,000 Shares	15	15	6,605,600	6,846,182	34.77	36.03
Over 1,000,000 Shares	6	7	7,646,966	7,634,466	40.25	40.18
Total	2,547	2,101	19,000,000	19,000,000	100.00	100.00



	<u>2019</u> <u>Taka</u>	<u>2018</u> <u>Taka</u>
12.00 <u>DIVIDEND EQUALIZATION RESERVE:</u>		
Dividend Equalization Reserve is made-up as follows:		
Balance as on 01 July	15,000,000	15,000,000
Add: Transferred from Retained Earnings	-	-
Balance as on 30 June	<u>15,000,000</u>	<u>15,000,000</u>
Dividend equalization reserve was created in the earlier year(s) with the concurrence of Board of Directors. The objective of this reserve is to pay dividend to shareholders during bad time of company.		
13.00 <u>REVALUATION RESERVE:</u>		
A revaluation of Land , Buildings and Plant and Machinery has been made during the financial year 2010-2011 by M/S. G. K. Adjusters, a professional value and the surplus amount of these assets were transferred to Revaluation Reserve Account. Breakup of such surplus is as follows:		
Land and land development	139,028,020	139,028,020
Factory Building & Other Civil Constructions	110,663,849	110,663,849
Plant & Machinery	227,369,650	227,369,650
	<u>477,061,519</u>	<u>477,061,519</u>
Less: Depreciation on Revalued Assets till 30.06.2019 (Note-4.01)	137,384,921	123,944,290
	<u>339,676,598</u>	<u>353,117,229</u>
Less : Adjustments for Deferred Tax	50,951,490	52,967,584
Balance as on 30 June	<u>288,725,108</u>	<u>300,149,645</u>
Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.		
14.00 <u>RETAINED EARNINGS:</u>		
Balance as on 01 July	13,532,891	17,387,793
Less: Dividend for the period 2017-2018 as approved in the AGM	5,700,000	-
	<u>7,832,891</u>	<u>17,387,793</u>
Add: Net profit/(loss) after tax for the year	(21,135,213)	(18,219,722)
	<u>(13,302,322)</u>	<u>(831,929)</u>
Add: Revaluation Surplus Realized	13,440,631	14,364,820
Balance as on 30 June	<u>138,309</u>	<u>13,532,891</u>
15.00 <u>UNSECURED LOAN:</u>		
Mr. Mohammad Abdullah, Chairman	18,448,060	18,448,060
Mr. Md. Golam Mostafa, Managing Director	4,464,830	4,014,830
Mr. Md. Golam Kibria, Director	5,914,175	5,507,475
Mrs. Hosne Ara Begum, Director	3,800,000	3,800,000
Mr. Md. Golam Haider, Director	5,957,975	5,507,975
Mr. Md. Golam Morshed, Director	3,207,475	3,207,475
Mr. Md. Golam Rasul Muktadir, Director	3,207,475	3,207,475
	<u>44,999,990</u>	<u>43,693,290</u>
The above loans from Directors are interest free.		
16.00 <u>LONG TERM LOAN:</u>		
HPSM Commercial Loan	3,672,639	10,279,211
Loan Under BMRE of Existing Projects	59,792,660	55,252,634
Loan Under Tissue Projects	279,100,398	105,840,700
	<u>342,565,697</u>	<u>171,372,545</u>
16.01 <u>LONG TERM LOAN- MATURITY ANALYSIS:</u>		
Due within the period- Current Portion	95,428,584	10,632,000
Due after more than the period- Non-Current Portion	247,137,113	160,740,545
	<u>342,565,697</u>	<u>171,372,545</u>



	<u>2019</u> <u>Taka</u>	<u>2018</u> <u>Taka</u>
16.02 TERMS OF LONG TERM LOAN:		
Lenders:		
The company entered into a secured long term loan agreement with Social Islami Bank Limited, Agrabad Branch, Chattogram.		
Total Long Term Loan Facilities:		
Total disbursement amount is Tk. 32,94,97,278 against sanction amount of total long term loan Tk.63,95,92,000		
Rate of Interest:		
Interest rate is 13% per annum subject to change as per decision of the management of the Bank and variable depending on the situation of money market. The company currently enjoying the loan @ 13% interest.		
Disbursement:		
The disbursement of Hire Purchase under Shirkatul Melk (HPSM) Commercial Loan was made on November 24, 2015 for Balancing, Modernization, Replacement and Expansion (BMRE) of existing unit and Tissue Unit on January 01, 2017 and May 17, 2017 respectively.		
Repayments:		
This secured long term loan is repayable in 84 (eighty four) months.		
Securities:		
i. Hypothecation of machineries and stock.		
ii. Total 642.30 decimal land has been placed as prime securities against the loan.		
iii. Creation of charge with RJSC.		
iv. Personal Guarantee of Directors		
Purpose:		
The loan has been taken for business expansion of existing project and establishment of new project (Tissue Project).		

17.00 DEFERRED TAX LIABILITY:

Balance as on 01 July	36,893,429	35,199,812
Deferred Tax (Income)/ Expenses for the period -(Note-31)	12,709,744	1,693,617
	49,603,173	36,893,429
Add: Deferred Tax for Revaluation Surplus	50,951,490	52,967,584
	<u>100,554,663</u>	<u>89,861,013</u>

This represents provision made for deferred income tax to pay future income tax liability for temporary differences of Property, plant and equipment value. Calculation of Deferred Tax Liability as on 30.06.2019 has been shown at **Note-17.01**.

17.01 Calculation of Deferred Tax Liability:

(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value) as on 30 June	499,234,930	232,414,986
(b) Tax Based Property, Plant and Equipment	300,822,240	84,841,271
(c) Net Taxable Temporary Differences (a-b)	198,412,690	147,573,715
(d) Deferred Tax liability at effective Tax Rate	49,603,173	36,893,429
(e) Deferred Tax expenses on Net Taxable Temporary differences	<u>12,709,744</u>	<u>1,693,917</u>

18.00 SHORT TERM LOAN AND OVERDRAFT:

Social Islami Bank Ltd, Agrabad Branch-CC A/C: 0041330027978	148,775,920	139,321,883
UPAS Loan from Social Islami Bank Ltd.	7,711,090	7,711,090
Mercantile Bank Ltd. A.K Khan Branch-Cash Credit (CC) Hypo	40,940,480	38,920,038
Biam Wes Bills, MBE & LATR Loan from Social Islami Bank Ltd.	-	125,954,646
National Bank Ltd, Pahartali Branch- CD A/C-005533008427	-	14,488
UPAS Loan from Mercantile Bank Ltd.	14,957,800	-
LTR , Sight LC Loan From Mercantile Bank Ltd.	10,299,682	-
Other Short Term Loan	23,453,675	34,148,980
	<u>246,138,646</u>	<u>346,071,124</u>



- (a) Bai-Muazzal (Commercial Trading)-CC Loan was sanctioned by the Social Islami Bank Limited, Agrabad Branch on the date of 5th May,2015. It is renewable.
- (b) Cash Credit (Hypo) was sanctioned by the Mercantile Bank Limited, A.K Khan Moor Branch on the date of 28th May 2017.
- (c) Limit of Bai-Muazzal (Commercial Trading)-CC A/C: 0041330027978 Loan was Tk. 13 (Thirteen) crore.
- (d) Limit of Cash Credit (CC) Hypo A/C: 117577521729167 was Tk. 04 (Four) crore.
- (e) SIBL Loan bears interest @ 13% and Mercantile Bank Ltd. Loan bears interest @ 12.5% p.a. respectively
- (f) Land, Building and Machinery has been placed as prime securities against the Loan.
- (g) Personal Guarantee of Directors

	<u>2019</u> <u>Taka</u>	<u>2018</u> <u>Taka</u>
19.00 ACCRUED EXPENSES:		
Agency commission on Sale	-	1,250,691
Audit Fee	172,500	115,000
Directors Remuneration	50,000	50,000
Electricity Bill-(Factory)	1,669,726	1,439,503
Electricity Bill-(H/O)	2,819	2,819
Electricity Bill-(Dhaka Office)	16,301	12,593
Electricity Bill-(Tissue Unit)	1,322,751	644,632
Gas Bill Factory	9,619,278	7,935,673
Gas Bill Factory Canteen	10,474	4,698
Gas Bill (H/O)	588	588
Food Allowance	102,808	21,480
Mobile Bill	31,420	21,382
Office Rent	25,000	15,000
Overtime	1,715,537	952,350
Salary & Allowances (D/O)	62,500	16,500
Salaries, Wages and Allowances (Food)	370,105	202,784
Staff Salary & Allowances	737,278	487,330
Telephone Bill	2,617	2,617
Wages & Allowances	2,571,322	1,380,137
Staff Salary (Sales & Marketing)	1,371,891	-
	<u>19,854,915</u>	<u>14,555,777</u>
20.00 WORKERS PROFIT PARTICIPATION & WELFARE FUND:		
Balance as on 01 July 2018	589,829	589,829
Add: Provision made during the period	-	-
	<u>589,829</u>	<u>589,829</u>
Less: Payment made during the period	-	-
	<u>589,829</u>	<u>589,829</u>
Balance as in 30 June 2019	<u>589,829</u>	<u>589,829</u>
* The balance is carried forward of the Welfare Fund.		
21.00 TRADE PAYABLES:		
Abul Khair Steel Melting Ltd.	-	1,519,802
Aramit Cement Ltd.	176,660	254,475
Azad Engineering Workshop	67,800	304,800
Bismillah Electric and Cables	547,068	2,988,588
Bismillah Traders Ashique	137,347	145,347
Cartoon Nirman Ltd.	547,954	52,250
City Lub Oil Industries Ltd.	-	131,757



	<u>2019</u> <u>Taka</u>	<u>2018</u> <u>Taka</u>
Garibe Newaz Traders	1,115,000	650,000
Gentech Energy	494,986	1,078,086
Instrumentation Co-operative	40,000	40,000
M/S. Floor Tech	-	2,240
International Bearing	247,595	523,385
Islam & Brothers	94,034	81,915
Khaja Garibe Newaj Five Star Enterprise	25,441	1,514
M/s. Dohar Chemicals	1,619,980	768,205
Mamun Hardware Store	115,643	122,004
Mohsin Enterprise	1,730,420	5,405,420
Noor Hardware Mart	72,985	59,000
Organic Bangladesh Corporation	153,000	40,000
Raj Bearing	143,310	188,340
S.R Packaging	912,205	231,320
Sahaba Corporation	693,730	113,036
Sakib Enterprise	238,471	239,798
Say Automation & Engineering	90,000	240,000
Hakkani Paper & Board Mills (Pvt) Ltd.	78,430	-
Hossain Box Industries	156,720	-
Indowater Solution	54,810	-
Ali Rubber Industries	57,500	-
Arif Traders	3,969,386	-
Arman & Brothers	80,000	-
Baizid Newsprint Mills Ltd/ Chittagong Packages Ltd	451,135	-
Boiler Techno Crafts Engineering	87,000	-
Khaja Polythene Mart	24,952	-
Emo Enterprise	33,280	-
Ispahani Marshall Ltd.	113,770	-
RFL Plastic Ltd.	193,100	-
Shah Amanat Enterprise (Chemical)	184,815	-
Shah Godi Enterprise	47,896	-
Sheikh Ahmed & Mijan	107,600	-
Sheto Enterprise	11,394,370	-
Sion Enterprise (Chemical)	31,150	-
Sohel Engineering Workshop	50,000	-
Taslima Enterprise	237,820	-
Unimax Chemicals	505,000	-
United Trading Agency	143,591	-
A B Trading	-	2,236,905
A.M Poly Packaging	-	6,462
Al Raji Chemical	-	205,245
Al-Madina Paper House	-	4,860,140
Arif Enterprise	-	109,381
ASM Logistics	-	25,000
Atlantic Traders C & F	-	395,745
Avoy Enterprise	-	2,772,855
Bango Paper House	-	1,044,890
Chandpur Paper House	-	2,063,112
Broad Band Telecom Services Ltd.	-	12,500
BSM Led	-	4,700
Digital Touch	-	13,600
FM Trading	-	387,199
GEP Holdings Ltd.	-	9,435
Glory Tapes & Labels Ltd.	-	728,453



	2019	2018
	Taka	Taka
I.H Trading	-	30,670
JBS Traders	-	205,295
K F International	-	73,373
M.T Engineering Works	-	84,142
M/S Soleman Store	-	537,750
Mahub & Brothers	-	1,337,388
Modern Manufacturing Complex	-	46,475
Monorom Trading	-	10,099,294
Mozumder Enterprise	-	13,900
Mr. Nabi Feroj Shah	-	4,165
Musa Sowdagor	-	694,500
Nano Computer	-	3,600
Paper Processing & Packaging Ltd.	-	1,361,152
Power Automation & Engineering	-	139,100
Rainbow Tissue	-	752,140
Repac Power Generation	-	250,000
RFM Paper Mills Ltd.	-	837,791
RMS Store	-	164,304
S Rahaman Trading	-	575,785
S S G Paper Ltd.	-	539,509
S.R Paper House	-	1,102,422
Sagorika Printers	-	15,568,658
Shah Alam Engineering Works	-	216,807
Sojib Enterprise	-	854,165
Other Payables	22,047,047	3,923,836
	49,313,000	69,473,125
22.00 CURRENT TAX LIABILITIES:		
Balance as on 01 July 2018	6,995,420	5,293,314
Provided during the period:		
Against current year	2,917,512	1,702,107
Against previous years	-	-
	2,917,512	1,702,107
	9,912,932	6,995,420
Adjusted with advance income tax paid	-	-
Balance as on 30 June 2019	9,912,932	6,995,420
23.00 LIABILITIES FOR OTHER FINANCE:		
I.T. Deducted at Source	430,745	93,679
VAT Deducted at Source	101,286	44,400
North West Securities Ltd.	-	2,536
Unclaimed Dividend	2,899,731	2,538,926
	3,431,762	2,679,540
24.00 DIRECTORS CURRENT ACCOUNT:		
Mr. Md. Golam Morshed	2,750,000	2,300,000
Mr. Md. Golam Rasul Muktadir	2,750,000	2,300,000
	5,500,000	4,600,000



	2019	2018
	<u>Taka</u>	<u>Taka</u>
25.00 REVENUE:		
a) Foreign Sales:		
News Print Paper - Export	12,506,217	32,956,361
b) Local Sales:		
Bright News Print Paper	277,984,362	248,346,522
Medium Paper	3,246,821	7,045,464
Writing Printing Paper	112,104,355	-
M.G.Newsprint	40,232,476	-
Clinical Bed Sheet Tissue	29,492	-
Facial Tissue	3,020,378	-
Kitchen Towel Tissue	540,246	-
Napkin Tissue	31,735,720	-
Pocket Tissue	3,046,474	-
Toilet Tissue	10,395,839	-
Gross Revenue	494,842,380	288,348,347
Less: Value Added Tax (VAT)	10,833,190	5,759,093
Net Revenue	484,009,189	282,589,254
*Net Revenue includes the Revenue of 6 months of Tissue Units.		
26.00 COST OF SALES:		
Opening Stock of Raw Materials	27,586,687	18,177,317
Add: Purchase during the year	287,195,977	122,349,558
	314,782,664	140,526,875
Less: Closing Stock of Raw Materials	40,784,052	25,043,826
Raw Materials Consumed	273,998,612	115,483,049
Add: Factory overhead:		
Salaries, Wages and Allowances	30,333,773	18,813,553
Overtime -Factory Worker	3,635,195	3,661,658
Food Allowance- Factory Staff	380,786	-
Labour Charge	1,830,138	2,622,826
Carriage Inward	711,056	724,830
Gas Bill (Boiler & Gas Generator)	30,744,803	29,834,839
Electric Bill	29,215,214	15,560,626
Consumable Spare & Store	5,505,751	3,332,819
Factory Maintenance	8,555,820	10,434,583
Loading Unloading Charge	11,889,113	5,071,726
Paper/Tissue/Khata Cutting Exp.	3,617,369	783,451
Fuel (Generator)	839,530	1,064,960
Fuel (Machine)	347,380	800,958
Fuel (Vehicle)	474,227	260,952
Medical & Medicine	65,007	31,476
Gas Generator Upkeep	1,056,570	3,164,309
Annual Maintenance (Gas Generator)	-	71,876
Boiler Upkeep	517,200	302,200
Insurance Premium (Factory)	1,790,001	1,299,719
Laboratory Expenses	36,260	48,518
Canteen Expenses-Factory	283,021	58,342
Gas Generator Overhauling Exp	-	1,373,004
Gas Bill (Factory Canteen)	55,521	62,612
Export Related Expenses	2,495,697	601,288
Depreciation	36,701,973	28,115,519
	445,080,016	243,579,693
Add: Opening Work-in-Process	16,211,881	15,629,855
	461,291,897	259,209,548
Less: Closing Work-in-Process	12,964,838	13,455,861
Cost of Production	448,327,059	245,753,687
Add: Opening Stock of Finished Goods	32,964,689	24,940,526
	481,291,748	270,694,213
Less: Closing Stock of Finished Goods	63,545,333	21,315,909
Cost of Sales	417,746,415	249,378,303



	<u>2019</u> <u>Taka</u>	<u>2018</u> <u>Taka</u>
27.00 ADMINISTRATIVE EXPENSES:		
Staff Salary & Allowances & Bonus	7,490,253	5,960,634
Office Rent	264,000	216,000
Telephone Bill	346,743	268,686
Entertainment	1,028,622	433,939
Staff Tea, Tiffin	33,528	93,999
Travelling Expenses	1,175,167	625,469
Dhaka Office Expenses	950	29,266
Canteen Expenses	71,060	33,366
Postage & Courier	136,073	150,028
Forms, Stamp & Legal Documents	5,540	3,660
Fees, Renewal & Subscription	761,514	199,042
Printing & Stationery	147,571	98,065
Gas Bill H/O	11,670	7,038
Managing Director Remuneration	620,400	620,400
Board Meeting Attendance Fees	742,000	547,500
Audit Committee Meeting Attendance Fees	180,000	155,000
NRC Meeting Attendance Fees	55,000	-
Board Meeting Expenses	61,920	43,411
B.O Maintenance Fees	2,228	1,300
Office Maintenance	570,671	545,969
Telephone, Fax, E-mail	30,143	11,602
Annual Subscription- CDBL	-	56,000
Intranet Bill (BBTSL)	56,300	84,000
Internet Bill (BBTSL)	70,000	66,000
Audit Fee	172,500	115,000
Conveyance	1,159,340	500,917
Miscellaneous Expenses	17,680	2,000
Legal & Professional Fee	208,250	315,027
AGM Expenses	200,140	234,001
Annual Fee of Stock Exchange	190,000	190,000
Electric Bill- Head Office	250,125	229,492
Electric Bill- Dhaka Office	16,207	36,949
Fuel (Vehicle)	810,202	398,456
Vehicle Upkeep	531,721	304,956
Insurance Premium	49,167	59,323
Water Bill- Dhaka Office	10,137	11,584
Website Expenses	12,400	14,080
Share Purpose Expenses	25,500	-
Rent, Rates , Taxes	80,820	-
Commission on Export Sales	421,724	-
Computer Accessories	61,700	-
Depreciation	556,429	410,235
	<u>18,635,395</u>	<u>13,072,394</u>

(a) No remuneration was paid to any director except Managing Director.

(b) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.

(c) Audit fees include VAT for the audit of the financial statements of the company for the year 2018-2019.



27.01 **PAYMENTS / PERQUISITES TO DIRECTORS AND OFFICERS:**

The aggregate amount paid /provided during the year in respect of "Directors" and "Officers" of the company as defined in the Bangladesh Securities and Exchange Rules 1987 are disclosed below:

	2019 Taka	2018 Taka
Managing Director Remuneration		620,400
Managerial Remuneration		9,063,800
Managerial Benefits:		
Bonus		2,265,950
House Rent		4,531,900
Medical Allowance		2,719,140
Conveyance		1,812,760
	Taka	21,013,950

28.00 **FINANCIAL EXPENSES:**

Bank Charges	456,714	549,393
Interest Expenses on Cash Credit	3,660,990	13,391,900
Interest on Short Term Loan	20,536,167	15,620,740
Interest on Long Term Loan	24,986,944	5,873,803
Loan Processing Fee	359,836	165,175
	50,000,652	35,601,011

29.00 **SELLING & DISTRIBUTION EXPENSES:**

Sales Promotion Expenses	51,570	-
Staff Salary (Sales & Marketing)	4,902,755	-
Cash Incentive-Tissue	18,971	-
Advertisement	404,192	456,718
	5,377,488	456,718

30.00 **NON-OPERATING INCOME:**

Dividend Income	656,561	977,758
Profit on Sale of Shares	1,346,844	15,974
Interest Income	43,149	22,769
Miscellaneous Income	196,250	78,673
	2,242,804	1,095,173

31.00 **DEFERRED TAX EXPENSES:**

(a) Deferred Tax Liability on 30 June (Closing)	49,603,173	36,893,429
(b) Deferred Tax Liability on 01 July (Opening)	36,893,429	35,199,812
Deferred Tax Expenses for the year (a-b)	12,709,744	1,693,617

32.00 **EARNING PER SHARE:**

Calculation is shown below:

<u>Net Profit after tax</u>	(21,135,213)	(18,219,722)
Number of shares outstanding	19,000,000	19,000,000
EPS	(1.11)	(0.96)

33.00 **NET ASSET VALUE PER SHARE WITH REVALUATION:**

Calculation is shown below:

<u>Net Asset with Revaluation</u>	495,387,034	521,245,690
Number of shares outstanding	19,000,000	19,000,000
Net asset value per share	26.07	27.43



	2019 Taka	2018 Taka
34.00 NET ASSET VALUE PER SHARE WITHOUT REVALUATION:		
Calculation is shown below:		
<u>Net Asset without revaluation</u>	206,661,926	221,096,045
Number of shares outstanding	19,000,000	19,000,000
Net asset value per share	10.88	11.64

35.00 Number of Employees:

The total employees of the company as on June 30, 2019 stood at 348 nos comprising Head office staff 56 nos, Factory office staff 14 nos, Security 03 nos, Driver 2 nos, Permanent worker 67 nos and Temporary worker 206 nos.

Salary Range :

Number of employees whose monthly salary was below Tk. 3,000	Nil	Nil
Number of employees whose monthly salary was above Tk. 3,000	348	259

36.00 RISK MANAGERMENTS

International Financial Reporting Standard IFRS-7 Financial Instruments: Disclosures - requires of disclosure of Information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information - the Company's policies for controlling risk and exposures.

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze the risk faced by the company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

36.01 a) Credit Risk:

Credit risk is the risk of a financial loss to the company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from Trade Receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, Trade Receivables are grouped according to their risk profiles, i.e. their legal status, financial condition ageing etc. Trade receivable are related to sale of Writing Printing, News Print Paper and Tissue.

Maximum exposure to credit risk of the company at reporting date are as follows:

a. Exposure of Credit risk:

Trade receivables	115,017,902	131,964,797
Advance, Deposit and Prepayments excluding Deposit & Prepayments.	59,753,126	64,141,244
Bank Balances	3,054,756	8,632,056
	177,825,784	204,738,097

b) Ageing of Trade Receivables are as follows:

Below-30 Days	24,153,759	27,712,607
Within 31-60 Days	35,655,550	40,909,087
Within 61-90 Days	23,003,580	26,392,959
Within 90 - 180 Days	20,703,222	23,753,664
Above 180 Days	11,501,790	13,196,480
	115,017,902	131,964,797

36.02 b) Liquidity Risk

Liquidity risk is the risk that company will not be able to meet its financial obligations as they fall due. The company has sufficient liquidity (cash and cash equivalents) to cover the liquidity risk also the company maintains sufficient resources and arrangement of credit lines with the various banks for managing its liquidity risk.



36.03 c) **Market Risk:**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and other price risks. The objective of the market risk management is to manage and control market risk exposure within acceptable parameter.

i) **Currency Risk**

The company is not exposed to foreign currency risk.

ii) **Interest Rate Risk:**

Interest Rate Risk is the risk that arises from the changes in interest rates on borrowings. The company's Local Loans are not significantly affected by fluctuations in interest rates. The company has not entered in to any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

37.00 **CAPACITY UTILIZATION:**

Particulars	2019	2018
Installed Capacity (in M.T) p.a	11,250	7,500
Actual Production (in M.T) p.a	4,872	4,419
% of Capacity Utilization p.a	43.31%	58.92%

Installed capacity could not be utilized due to following reason(s):

- (i) Commercial Production of Tissue unit has been started from 1st January 2019.
- (ii) Shut down of boiler as well as generator for annual maintenance
- (iii) Shut down of generator for maintenance of turbo charger
- (iv) Schedule maintenance of running plant etc.

38.00 **RELATED PARTY TRANSACTION:**

Name of the Parties	Relationship	Nature of Transactions	Balance as on July 1, 2018	Transaction during the year	Balance as on July 30, 2019
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UNSECURED LOAN:

Mr. Mohammad Abdullah	Chairman	Loan Received	18,448,060	-	18,448,060
Mr. Md. Golam Mostofa	Managing Director	Loan Received	4,014,830	(450,000)	4,464,830
Mr. Md. Golam Kibria	Deputy Managing Director	Loan Received	5,507,475	(406,700)	5,914,175
Mrs. Hosne Ara Begum	Director	Loan Received	3,800,000	-	3,800,000
Mr. Md. Golam Haider	Director	Loan Received	5,507,975	(450,000)	5,957,975
Mr. Md. Golam Morshed	Director	Loan Received	3,207,475	(450,000)	3,657,475
Mr. Md. Golam Rasul Muktadir	Director	Loan Received	3,207,475	(450,000)	3,657,475

DIRECTORS CURRENT ACCOUNT:

Mr. Md. Golam Morshed	Director	Short Term Loan	2,300,000	(450,000)	2,750,000
Mr. Md. Golam Rasul. Muktadir	Director	Short Term Loan	2,300,000	(450,000)	2,750,000

39.00 **CONTRIBUTION TO WORKERS PROFIT PARTICIPATION FUND:**

This represents 5% (five percent) of net profit before tax after charging the contribution as per provision of the Labour Act, 2006 as amended in 2013 and is payable to workers as defined in the said Act. Workers profit participation fund has been calculated before charging of depreciation on revalued amount of non current assets.

No provision for workers profit participation fund has been made in the Financial Statements, since the Company made loss during the year.



40.00 CASH FLOWS FROM OPERATING ACTIVITIES UNDER INDIRECT METHOD:

	2019	2018
	<u>Taka</u>	<u>Taka</u>
Profit after Provision for Income Tax	(21,135,213)	(18,219,722)
Add: Non Cash Charges		
Depreciation	37,258,402	28,525,755
Provision for Deferred Tax Expenses	12,709,744	1,693,617
A	<u>28,832,933</u>	<u>11,999,649</u>
Changes in Working Capital		
Increase/(Decrease) in Stock	(49,399,372)	(18,015,591)
Increase/(Decrease) in Trade Receivables	16,946,895	(33,332,793)
Increase/(Decrease) in Advance, Deposits & Prepayments	13,473,557	(4,170,641)
Increase/(Decrease) in Accrued Expenses	5,299,138	9,278,686
Increase/(Decrease) in Current portion of Long Term Loan	84,796,584	-
Increase/(Decrease) in Trade Payables	(20,157,884)	55,273,587
Increase/(Decrease) in Current Tax Liabilities	2,917,512	1,702,107
B	<u>53,876,431</u>	<u>10,735,385</u>
Net cash inflows/(out flows) from operating activities (A+B)	<u><u>82,709,363</u></u>	<u><u>22,735,034</u></u>

41.00 OTHER RELEVANT INFORMATION:

- 38.01 During the year 8 (Eight) Board Meetings were held.
- 38.02 During the year 4 (Four) Audit Committee Meetings were held.
- 38.03 During the year 1 (One) Nomination and Remuneration Committee (NRC) Meetings was held.
- 38.04 The audit fee of Tk. 172,500 along with imposed VAT has been provided in the accounts as per decision taken in the 22nd Annual General Meeting of the Company held on 27 December 2018
- 38.05 There was no sum for contingent liabilities on 30 June 2019.
- 38.06 There was no claim against the company not acknowledged as debt at the reporting date.
- 38.07 No amount of money was spent by the company for compensation to member of the board for special service rendered.

42.00 EVENTS AFTER REPORTING PERIOD:

- 42.01 The Board of Directors in its meeting held on November 02, 2019 approved the Audited Financial Statements and recommended cash dividend @ 2% (Two Percent) only on general shareholders for the year 2018-2019 which is subject to approval of the shareholders in the next AGM. Thus total involvement comes to taka 17,20,134 (Seventeen lac twenty thousand one hundred thirty four only) which is subject to approval of the shareholders in the next AGM
- 42.02 Except above, no other significant event had occurred till date of signing the Financial Statements.

