

HAKKANI PULP & PAPER MILLS LIMITED

FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SECOND QUARTER ENDED 31 DECEMBER' 2020



HAKKANI PULP & PAPER MILLS LIMITED
Statement of Financial Position (Un- Audited)
As at 31st December 2020

	Note(s)	31 Dec 2020 Taka	30 June 2020 Taka
ASSETS			
Non Current Assets :			
Property, Plant and Equipment	05	810,159,445	847,319,717
Capital Work-In-Progress	06	14,218,124	14,218,124
Current Assets:			
Investment in Shares	07	20,178,794	15,560,190
Inventories	08	189,885,819	192,320,943
Trade Receivables	09	177,855,226	148,744,551
Advances, Deposits & Prepayments	10	154,450,673	160,053,753
Cash & Cash equivalents	11	19,326,444	11,584,139
TOTAL ASSETS		1,386,074,525	1,389,801,417
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:			
Share Capital	12	190,000,000	190,000,000
Dividend Equalization Reserve	13	13,279,866	13,279,866
Revaluation Reserve	14	273,032,313	278,034,601
Fair Value Reserve	7.01	1,066,598	(4,803,835)
Retained Earnings	15	9,926,070	14,135,642
Non Current Liabilities:			
Unsecured Loan	16	44,999,990	44,999,990
Long Term Loan-Non Current Portion	17.01	498,140,764	329,851,787
Deferred Tax Liability	18	102,512,437	105,090,546
Current Liabilities:			
Short Term Loan & Overdraft	19	74,759,939	258,859,442
Accrued Expenses	20	15,723,222	26,063,472
Workers Profit Participation and Welfare Fund	21	1,126,585	1,126,585
Current Portion of Long Term Loan	17.01	83,856,156	54,975,298
Trade Payables	22	30,069,142	50,487,090
Current Tax Liabilities	23	14,252,650	12,805,342
Liabilities for Other Finance	24	5,028,794	3,395,592
Directors Current Account	25	28,300,000	11,500,000
TOTAL EQUITY & LIABILITIES		1,386,074,525	1,389,801,417
Net Asset Value Per Share(with revaluation)	34	25.65	25.82
Net Asset Value Per Share(without revaluation)	35	11.28	11.19

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

				
CHAIRMAN	MANAGING DIRECTOR (In-Charge)	DIRECTOR	CFO	COMPANY SECRETARY

Place: Chattogram

Date: January 30, 2021



HAKKANI PULP & PAPER MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income (Un- Audited)
For the Second Quarter ended 31st December 2020

	Half Yearly Ended		Second Quarter Ended	
	July' 20-Dec'20	July' 19-Dec'19	Oct' 20-Dec'20	Oct' 19-Dec'19
	Taka	Taka	Taka	Taka
Revenue	239,149,335	282,356,928	112,857,464	136,872,999
Less: Cost of Sales	203,813,237	239,371,777	94,382,322	117,104,623
Gross Profit / (Loss)	35,336,098	42,985,151	18,475,142	19,768,376
Less: Operating Expenses:				
Administrative Expenses	7,775,371	8,010,463	4,015,600	3,792,586
Financial Expenses	33,305,033	34,498,662	18,101,700	16,029,508
Selling & Distribution Expenses	4,826,717	5,021,114	2,441,563	2,378,849
	45,907,121	47,530,239	24,558,863	22,200,943
Operating Profit	(10,571,022)	(4,545,088)	(6,083,720)	(2,432,567)
Add: Non-Operating Income	2,068,532	715,897	1,214,882	278,370
Net Profit Before WPPF & WWF	(8,502,490)	(3,829,191)	(4,868,838)	(2,154,197)
Less: Contribution to Workers Profit Participation and Welfare	-	-	-	-
Net profit before Tax	(8,502,490)	(3,829,191)	(4,868,838)	(2,154,197)
Less: Income Tax Provision:				
Current Tax	1,447,307	1,698,437	684,434	822,908
Deferred Tax	(1,695,352)	3,527,842	3,144,445	1,829,446
	(248,045)	5,226,279	3,828,879	2,652,354
Net profit after Tax for the period	(8,254,445)	(9,055,470)	(8,697,717)	(4,806,551)
Other Comprehensive Income:				
Deferred Tax on Revaluation Reserve	882,757	943,280	441,379	471,640
Unrealized Gain/ (Loss) on Investment in Shares	5,870,433	(3,999,677)	2,248,261	(2,218,708)
Total Comprehensive Income	(1,501,255)	(12,111,867)	(9,398,782)	(6,553,620)
Earning Per Share - Basic	33	(0.43)	(0.48)	(0.46)
				(0.25)

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

CHAIRMAN

MANAGING DIRECTOR (In-Charge)

DIRECTOR

CFO

COMPANY SECRETARY





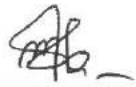


Place: Chattoogram
 Date: January 30, 2021

HAKKANI PULP & PAPER MILLS LIMITED
Statement of Cash Flows (Un- Audited)
For the Second Quarter ended 31st December 2020

	Note(s)	31 Dec 2020 Taka	31 Dec 2019 Taka
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		212,107,192	294,999,879
Payment for Material and Expenses		(172,348,451)	(248,910,113)
Interest Paid		(33,305,033)	(34,498,662)
Income Tax Paid		(99,997)	(56,249)
Net Cash flows from Operating Activities	42	6,358,637	11,534,855
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(645,739)	(11,137,874)
Sale of shares		1,246,902	805,038
Net cash flows from Investing Activities		601,163	(10,332,836)
C. Cash flows from Financing Activities			
Short Term Loan & Overdraft		(184,099,503)	5,251,345
Long Term Loan		168,288,978	-
Directors Current Account		16,800,000	-
Liabilities for other finance		(206,970)	422,774
Net Cash flows from Financing Activities		782,505	5,674,119
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		7,742,305	6,876,136
E. Opening Cash and Bank Balances		11,584,139	4,981,294
Closing Cash and Bank Balances (D+E)		19,326,444	11,857,431
F. Net Operating Cash Flows Per Share	36	0.33	0.61

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

 CHAIRMAN	 MANAGING DIRECTOR (In-Charge)	 DIRECTOR	 CFO	 COMPANY SECRETARY
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Place: Chattogram
Date: January 30, 2021



HAKKANI PULP & PAPER MILLS LIMITED
Statement of Changes in Equity (Un- Audited)
For the Second Quarter ended 31st December 2020

(Amount in Taka)

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July 2020	190,000,000	13,279,866	278,034,601	(4,803,835)	14,135,642	490,646,275
Adjustment of depreciation on carrying amount of revalued assets	-	-	(5,885,045)	-	5,885,045	-
Deferred Tax on Revaluation Surplus	-	-	882,757	-	-	882,757
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	5,870,433	-	5,870,433
Dividend for the period 2018-2019	-	-	-	-	(1,840,172)	(1,840,172)
Net Profit after Tax for the year	-	-	-	-	(8,254,445)	(8,254,445)
Balance as on 31 December 2020	190,000,000	13,279,866	273,032,313	1,066,598	9,926,070	487,304,847
For period ended 31 December 2019						
Balance as at 01 July 2019	190,000,000	15,000,000	288,725,108	1,523,617	138,309	495,387,034
Adjustment of depreciation on carrying amount of revalued assets	-	-	(6,288,534)	-	6,288,534	-
Deferred Tax on Revaluation Surplus	-	-	943,280	-	-	943,280
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(3,999,677)	-	(3,999,677)
Dividend for the period 2018-2019	-	-	(1,720,134)	-	-	(1,720,134)
Net Profit after Tax for the period	-	-	-	-	(9,055,470)	(9,055,470)
Balance as on 31 December 2019	190,000,000	13,279,866	283,379,855	(2,476,060)	(2,628,627)	481,555,034

CHAIRMAN

MANAGING DIRECTOR(In-Charge)

DIRECTOR

CFO

COMPANY SECRETARY

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

Place: Chattogram

Date: January 30, 2021



HAKKANI PULP & PAPER MILLS LIMITED
Notes to the Financial Statements
For the Second Quarter ended 31 December 2020

1.00 LEGAL STATUS AND NATURE OF THE BUSINESS:

1.01 Status and Legal Form of the Company:

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

2.00 BASIS OF PREPARATION, PRESENTATION AND DISCLOSURES OF FINANCIAL STATEMENTS:

2.01 Statement of compliance:

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under FRA has been formed in 2017. As per the provision of FRA (section-69), the Financial Statement have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies act the title and format of these financial statements follow the requirements of IFRSs which are to some different from requirement of the Companies Act 1994. However, such differences are not material and view of management, IFRS format gives a better presentation to the Shareholders.

Moreover, these Financial Statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows 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 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 and Supplementary Act., 2012 (effective from 01 July 2019)
The Value Added Tax Act and Supplementary Rules, 2016 (effective from 01 July 2019)
The Customs Act, 1969
Bangladesh Labour Act, 2006 as amended in 2013
The Securities and Exchange Ordinance, 1969
The Securities and Exchange Rules, 1987
The Corporate Governance code 2018

2.03 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 - 32	Financial Instruments: Presentation
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



2.04 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. A Statement of Financial Position as at 31 December 2020.
- b. A Statement of Profit or Loss and other Comprehensive Income for the Second Quarter ended 31 December 2020.
- c. A Statement of changes in equity for the Second Quarter ended 31 December 2020.
- d. A Statement of Cash flows for the Second Quarter ended 31 December 2020.
- e. Notes , comprising a summary of significant accounting policies and explanatory information.
- f. Comparative information prescribed by the Standard.

2.05 Authorization for Issue :

These financial statements have been authorized for issue by the Board of Directors on 30th January,2021

2.06 Reporting Period:

The financial statements of the Company cover six months from 1 July 2020 to 31 December 2020.

2.07 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.

2.08 Going Concern:

The Company have adequate resources to continue operation in foreseeable future (except otherwise stated).For this reason, Management continues to adopt going concern basis in preparing the financial statements.The current revenue generations and resources of the Company provide sufficient fund to meet the present requirements of existing business and operations.

2.09 Functional and presentation currency:

These financial statements are prepared in Bangladesh Taka, which is the functional currency of the Company. All financial information presented in Taka has been rounded off to the nearest integer except when otherwise indicated.

2.10 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- (I). Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- (II). Held primarily for the purpose of trading.
- (III) Expected to be realized within twelve months after the reporting period and
- (IV) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after

The Company classifies all other assets as non-current.

A liability is current when

- (I) It is expected to be settled in the normal operating cycle
- (II) It is held primarily for the purpose of trading.
- (III). It is due to be settled within twelve months after the reporting period and
- (IV)There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.11 Use of Estimates and Judgments:

In preparing financial statements, management has made judgements and estimates that affect the application of the company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

2.11.01 Judgements, assumptions and estimation uncertainties:

Information about judgements made in applying accounting policies and assumptions and estimation uncertainties that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note: 05 Property, Plant and Equipment
- Note: 08 Inventories
- Note: 09 Trade Receivables
- Note : 10 Advances, Deposits & Prepayments
- Note: 18 Deferred Tax Liability
- Note: 23 Current Tax Liability
- Note : 22 Trade Payables



3.00 SIGNIFICANT ACCOUNTING POLICIES:

The specific accounting policies selected and applied by the company management for significant transactions and events that have material effect within the framework of IAS 1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years, except otherwise stated.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS 1 "Presentation of Financial Statements". The recommendations of IAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

Set out below is an index of the significant accounting policies, the details of which are available on the following:

- (a) Property, plant and equipment
- (b) Capital work-in-progress
- (c) Impairment of assets
- (d) Investment in shares:
- (e) Inventories
- (f) Advances, deposits and prepayments:
- (g) Cash and cash equivalents:
- (h) Employee benefits
- (i) Provisions, contingent liabilities and contingent assets
- (j) Financial income and Financial expenses:
- (k) Borrowing costs
- (l) Taxation
- (m) Revenue recognition
- (n) Earning per share (EPS):
- (o) Foreign Currency Transaction Policy:
- (p) Comparative Information:
- (q) Consistency
- (r) Cash flow statement
- (s) Other Operating income
- (t) Events after the reporting period
- (u) Share Capital

3.01 **Property, plant and equipment:**

3.01.01 **Recognition and measurement:**

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self constructed/ installed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located, when parts of an item property plant and equipment have different useful lives, they are accounted separate items (major components) of property, plant and equipment.

3.01.02 **Subsequent costs:**

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



3.01.03 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%

Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss.

3.01.04 Non- Current asset held for Sales

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale the assets are remeasured in accordance with the companies accounting policies. There after, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are recognized to revaluation reserve to the extent of revaluation surplus, in excess of revaluation surplus and subsequent gains or losses on remeasurement are recognized in the Statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

If criteria for an asset to be classified as held for sale are no longer met, then the asset or disposal company ceases to be held for sale

In this case, the asset or disposal company should be valued at the lower of the carrying amount before the asset or disposal company was classified as held for sale (as adjusted for any subsequent depreciation, amortization, or revaluation) and its recoverable amount at the date of the decision not to sell.

3.02 Capital Work In Progress :

Property, plant and equipment under construction/acquisition is accounted for and measured at cost as capital work-in-progress until construction/acquisition is completed and it is ready for use.

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 internal or external indication as per 12 of IAS 36 that an assets is impaired if any such indication exists. Impairment loss / gain has not been recognised to the reporting date due to no such interna & externa indication arise 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 the investment will be sold.



3.05 **Inventories:**

3.05.01 **Nature of inventories**

Inventories comprise Raw Materials, Packing Materials, Consumable Stores, Work-in -Process and Finished Goods etc.

3.05.02 **Valuation of the 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

<u>Category</u>	<u>Basis of Valuation</u>
Finished Goods	Finished goods are valued at cost or NRV whichever is lower.
Raw materials	Raw materials are valued at weighted average method.
Work in Process	Work in process is valued at 100% cost of raw materials,75% cost of labour and 50% cost of
Consumable stores	Based on weighted average method.
Packing materials	Based on weighted average method.

3.06 **Trade and Other Receivables:**

Trade and other receivables are recognized at cost which is the fair value of the consideration given in return.

3.07 **Advances, deposits and prepayments:**

Advances are measured at cost. After 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.

3.08 **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.

3.09 **Trade and other payable**

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.

3.10 **Other liabilities:**

Other liabilities represents the amounts due to various parties for receiving services. These are initially recognize date cost which is the fair value.

3.11 **Cash flow statement :**

Statement of cash flows is prepared in accordance with IAS 7: Cash Flow Statement and the cash flow from operating activities have been presented under direct method.

3.12 **Employee benefit schemes:**

The company maintains Workers' Profit Participation Fund and Workers' Welfare Fund @ 5% profit before tax as per Labour Act, 2006 as amended in 2013 and accordingly provision is made in the financial statements.

3.13 **Provisions, contingent liabilities and contingent assets:**

A provision is recognized in the Statement of financial position when the company has a legal or contractual obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Contingent assets are not recognized in the financial statements.

3.14 **Financial income and Financial expenses:**

3.14.01 **Financial income**

Interest income from bank deposits companies is recognized in the statement of profit or loss on accrual basis following specific rate of interest in agreement with banks.

3.14.02 **Financial expenses**

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

3.15 **Non- Operating income:**

Non- operating income includes interest income on delayed receipts from customers, gain/(loss) on sale of fixed assets and miscellaneous receipts. Other operating income is recognized as revenue income as and when realized.



3.16 Borrowing Cost:

Interest and other costs incurred by the company in connection with the borrowing of funds are recognized as expense in the period in which they are incurred, unless such borrowing cost progress that are capitalized as per IAS 23:

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

3.17 Taxation:

3.17.01 Current Tax:

The Company are maintaining provision for taxation using rates enacted at the reporting date. The Company complies with the applicable tax laws in Bangladesh.

3.17.02 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.

3.18 Revenue recognition:

Revenue is measured based on the consideration specified in a contract with a customer. The companies recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Types of Sales	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Local Sales		
Export Sales	Customers obtain control of products when goods are shipped out at factory gate. Invoices raised as per management approves price list are generated at that point in time.	Revenue is recognized when the entity satisfies a performance obligation by transferring the promised good or service to a customer.

The Company is in the business of providing News print ,M.G news print, Midum Paper and Tissues. 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). The Company has generally concluded that it is the principal in it is revenue arrangements, because it typically controls the goods before transferring them to the customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT). Gross turnover comprises local sales of News print ,M.G news print, Midum Paper and various Tissues, and includes VAT paid to the Government of Bangladesh.

3.19 Earning per share (EPS):

The company calculates its earnings per share in accordance with IAS 33: Earnings per Share which has been reported on the face of statement of profit or loss and other comprehensive income.

3.19.01 Basic of earning:

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 year has been considered fully attributable to the ordinary share holders.

3.16 Foreign Currency Transaction Policy:

3.19.02 Basic earning Per share:

This represents profit for the year attributable to ordinary shareholder. As there were no preference shares requiring returns or dividends, the net fully attributable to the ordinary shareholders.

3.20 Foreign Currency Transaction Policy:

The foreign currency transaction in respect of imported raw materials, machineries and other spares parts have been recognized by applying exchange rate prevailing on the date of transaction.



3.21 Comparative Information:

Comparative information has been disclosed in respect of 2019 in accordance with IAS1: Presentation of Financial Statements, for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current periods financial statements. Prior year's figures have been rearranged wherever considered necessary to ensure comparability with the current year.

3.22 Consistency:

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the year are consistent with those policies and methods adopted in preparing the Financial Statements for the previous year.

3.23 Events after the reporting period:

Events after the reporting period that provide additional information about the company's position at the date of Statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3.24 Share Capital:

Paid-up capital represents total amount contributed by the shareholders. Holders of ordinary shares are entitled to receive dividends as declared to time and are entitled to vote at shareholders meetings.

4.00 Comparative Analysis on Financial performance and position of the Company and reason of significant deviation with previous period:

4.01 The operating and financial review is intended to provide the Management's perspective on the financial and operating performance of the Company. During the period of Six month under review, the Company recorded a profit/(loss) after tax of Tk. (8,254,445) against previous year profit/(loss) of Tk.(9,055,470). The decrease of loss is for less cost of Sales and less operating expenses. The basic Earnings Per Share for the second quarter ended 31 December 2020 is Tk (0.43) against Tk(0.48) for the same period of previous year. The analysis of major items of the financial statements are given below:

4.02 Revenue:

During the period under review, total sales revenue for the second period ended 31 December 2020 is Tk.239,149,335 against Tk. 282,356,928 for the same period of previous year. Sales revenue is decreased by the amount of Tk.(43,207,593) as compared to previous year due to decrease in Sales volume.

4.03 Cost of Sales:

The Cost of Sales is Tk.203,813,237 for the period ended 31 December 2020 which was Tk.239,371,777 for the same period of previous year. Comparing with previous year of the same period cost of sales is decreased by the amount of Tk.(35,558,540) due to decrease of raw materials consumption and factory overhead such as salaries Wages and Allowances, overtime and other facilities to the Employees and Workers.

4.04 Financial Expenses :

The Company's financial expenses is Tk.33,305,033 for the quarter ended 31 December,2020 against Tk.34,498,662 for the same period of previous year. Financial expenses is decreased by the amount of Tk (1,193,629) due to reduce of interest expenses on Bia Moazzel Loan, UPAS Laon, Biam Wess Bill, LATR from Social Islami Bank Limited and CC Hypo Loan of

4.05 Earning per Share (EPS)

For the period ended 31 December 2020, The Company's earning per share (EPS) is Tk.(0.43) which was Tk.(0.48) for the same period of previous year. Company's earning per share (EPS) is increased by Tk. 0.05 as compared to the same period of the previous year due to decrease of net loss of Tk.(801,025).

4.06 Net Operating Cash Flows Per Shares (NOCFPS)

The net operating cash flows per share (NOCFPS) of the company is Tk.0.33 contrary to Tk.0.61 same period of the previous year. Comparing with same period of the previous year, net operating cash flow (NOCFPS) is decreased by Tk.(0.28) due to increase of payment for materials and expenses and financial expenses.

5.00 PROPERTY, PLANT & EQUIPMENT:

	31 Dec 2020 Taka	30 June 2020 Taka
Balance as on 01 July (including revaluation)	1,265,568,456	1,261,218,332
Add: Addition during the year	645,739	14,350,123
Less: Adjustment during the year	-	(10,000,000)
Balance as on 30 June	1,266,214,194	1,265,568,456
Less: Accumulated depreciation	456,054,749	418,248,739
Written down value as on 30 June	810,159,445	847,319,717

(a) Details of Group Wise Property, Plant & Equipment with cost, addition and adjustment during the period, depreciation and written down value are shown at Note-5.01 & 5.02.



5.01 PROPERTY, PLANT & EQUIPMENT (PAPER UNIT):

(Amount in taka)

Particulars	C O S T				Rate of Dep.	D E P R E C I A T I O N					
	Balance as on 01 July 2020	Addition during the Quarter	Disposal/ Adjustment during the Quarter	Balance as on 31 Dec 2020		Balance as on 01 July 2020	Charged during the Quarter	Disposal/ Adjustment during the Quarter	Balance as on 31 Dec 2020	Written Down Value as on 31 Dec 2020	
At Cost											
Land & Land Development	43,583,242	-	-	43,583,242	-	-	-	-	-	43,583,242	
Building & Other Construction	89,821,567	490,899	-	90,312,466	5%	35,696,461	2,724,054	-	38,420,515	51,891,951	
Plant & Machinery	321,246,039	-	-	321,246,039	7%	180,462,034	9,854,880	-	190,316,914	130,929,125	
Furniture & Fixture	1,216,169	-	-	1,216,169	10%	624,866	59,130	-	683,996	532,173	
Office Equipment	3,611,543	-	-	3,611,543	10%	1,834,188	177,736	-	2,011,924	1,599,620	
Electric Installation	21,328,322	-	-	21,328,322	10%	12,204,681	912,364	-	13,117,045	8,211,277	
Gas Line Installation	3,932,191	-	-	3,932,191	10%	2,885,885	104,631	-	2,990,516	941,675	
Telephone Line Installation	132,263	-	-	132,263	10%	95,916	3,635	-	99,551	32,712	
Water Line Installation	7,021,214	18,000	-	7,039,214	10%	4,080,543	295,714	-	4,376,257	2,662,957	
Fire Extinguisher	111,870	-	-	111,870	20%	93,065	3,761	-	96,826	15,045	
Office Decoration	1,913,087	-	-	1,913,087	10%	423,065	149,002	-	572,067	1,341,020	
Vehicle Car	3,011,672	-	-	3,011,672	20%	2,200,558	162,223	-	2,362,781	648,891	
Motor Vehicle	2,923,247	-	-	2,923,247	20%	1,673,630	249,923	-	1,923,553	999,694	
Factory Equipment	790,370	-	-	790,370	20%	132,273	131,619	-	263,892	526,478	
"A"	500,642,797	508,899	-	501,151,695		242,407,164	14,828,673	-	257,235,836	243,915,859	
At Revaluation											
Land & Land Development	139,028,020	-	-	139,028,020	-	-	-	-	-	139,028,020	
Building & Other Construction	110,663,849	-	-	110,663,849	5%	40,918,024	1,743,646	-	42,661,670	68,002,179	
Plant & Machinery	227,369,650	-	-	227,369,650	7%	109,043,964	4,141,399	-	113,185,363	114,184,287	
"B"	477,061,519	-	-	477,061,519		149,961,988	5,885,045	-	155,847,033	321,214,486	



5.02 PROPERTY, PLANT & EQUIPMENT (TISSUE UNIT):

(Amount in taka)

Particulars	C O S T				D E P R E C I A T I O N						Written Down Value as on 31 Dec 2020
	Balance as on 01 July 2020	Addition during the Quarter	Disposal/ Adjustment during the Quarter	Balance as on 31 Dec 2020	Rate of Dep.	Balance as on 01 July 2020	Charged during the Quarter	Disposal/ Adjustment during the Quarter	Balance as on 31 Dec 2020		
Building & Other Construction	67,775,536	1,640	-	67,777,176	5%	4,711,470	3,153,258	-	7,864,728	59,912,448	
Plant & Machinery	219,984,794	135,200	-	220,119,994	7%	21,140,529	13,923,792	-	35,064,321	185,055,673	
Motor Vehicle	103,810	-	-	103,810	20%	27,588	15,244	-	42,832	60,978	
"C"	287,864,140	136,840	-	288,000,980		25,879,587	17,092,294	-	42,971,881	245,029,099	
Grand total as on 31 December 2019 (A+B+C)	1,265,568,456	645,739	-	1,266,214,194		418,248,739	37,806,011	-	456,054,749	810,159,445	
As on 30 June 2020	1,261,218,332	14,350,123	10,000,000	1,265,568,456		378,723,561	46,613,051	7,087,874	418,248,739	847,319,717	

Allocation of Depreciation :

Administrative Expenses
Factory Expenses

	2020	2019
TAKA =	551,726	251,548
	37,254,285	14,527,084
	37,806,011	14,778,632



	31 Dec 2020 Taka	30 June 2020 Taka
6.00 CAPITAL WORK-IN-PROGRESS:		
Capital Work-In-Progress Existing Unit (Note: 5.1)	14,218,124	14,218,124
Balance as on 31 December 2020	<u>14,218,124</u>	<u>14,218,124</u>

6.1 Capital Work-In-Progress- Existing Unit:

Particulars	Opening Balance	Addition during the Period	Capitalized during the Period	Closing Balance
Building & Other Construction	12,457,624	-	-	12,457,624
Plant & Machinery	793,820	-	-	793,820
Motor Vehicle	25,000	-	-	25,000
Electric Installation	941,680	-	-	941,680
Total for Existing Unit	14,218,124	-	-	14,218,124

7.00 INVESTMENT IN SHARES:

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

Name of company	No. of Shares	Cost	Market Value as on 31 December 2020	Unrealized gain/ (loss)
Beximco Ltd.	43,925	1,550,887	2,503,725	952,838
Beximco Pharma Ltd.	5,500	218,200	1,047,750	829,550
Brac Bank Ltd.	11,533	158,299	510,912	352,613
DESCO Ltd.	5,000	238,287	174,000	(64,287)
Dhaka Bank Ltd.	25,699	210,234	305,818	95,584
Exim Bank Ltd.	52,099	1,080,863	614,768	(466,095)
Grameen Phone Ltd.	10,700	3,995,855	3,713,970	(281,885)
Islamic Finance and Invest. Ltd.	58,087	1,779,803	1,103,653	(676,150)
Islami Bank Bangladesh Ltd.	10,570	376,381	283,276	(93,105)
Jamuna Oil Ltd.	2,299	271,136	380,485	109,349
Lafarge Holcim Bangladesh Ltd.	10,000	805,409	478,000	(327,409)
Meghna Petroleum Ltd.	2,402	249,369	475,596	226,227
Mercantile Bank Ltd.	21,964	209,712	278,942	69,230
Mutual Trust Bank Ltd.	17,545	207,749	422,835	215,085
National Bank Ltd.	78,838	902,973	551,866	(351,107)
One Bank Ltd.	33,255	296,251	352,503	56,252
Premier Bank Ltd.	9,000	66,353	99,000	32,647
Rupali Bank Ltd.	34,785	1,724,218	1,048,238	(675,980)
Shahjalal Islami Bank Ltd.	36,225	249,341	829,553	580,212
Southeast Bank Ltd.	79,950	819,716	999,375	179,659
Square Pharma Ltd.	9,200	1,826,477	2,019,400	192,923
Standard Bank Ltd.	25,410	249,996	210,903	(39,093)
Titas Gas Ltd.	13,250	761,559	408,100	(353,459)
Trust Bank Ltd.	40,902	863,126	1,366,127	503,000
Total	638,138	19,112,195	20,178,794	1,066,598

	31 Dec 2020 Taka	30 June 2020 Taka
7.02 Gain/ (Loss) on Investment in Shares:		
Unrealized Gain/ (Loss) Closing	1,066,598	(4,803,835)
Unrealized Gain/ (Loss) Opening	(4,803,835)	1,523,617
Gain/ (Loss) on Investment in Shares during the year	<u>5,870,433</u>	<u>(6,327,452)</u>



8.00 INVENTORIES:**a) Raw Materials**Wastage Paper
Chemicals

46,630,431	47,175,327
6,011,810	6,483,751
52,642,241	53,659,078

b) Finished GoodsNewsprint Paper
Medium Paper
Khata
Various Tissue Paper

52,956,341	51,186,104
8,499,470	8,729,159
4,317,898	4,538,038
24,905,064	27,196,813
90,678,773	91,650,113

c) Work-In-Process

27,466,788 29,225,078

d) Consumable Store

14,596,471 14,824,005

e) Packing Material

4,501,546 2,962,669

Total (a+b+c+d+e)**189,885,819 192,320,943**

(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.

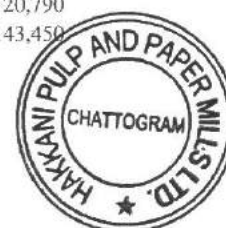
(d) Consumable store based on weighted average method.

(e) Packing materials based on weighted average method.

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

9.00 TRADE RECEIVABLES:A. H Packaging & Accessories
Al-Amin Book Depo
Babul Store
Bangladesh Marine Hoist & House
Bismillah Enterprise-Lalkhan Bazar
Dainik Azadi (Shapon chy)
Elite Paper House
Eastern Plastic (Pvt.) Ltd.- Sales(SK)
Modern Biponi
Siam Paper House
Sonargaon Paper House
Munna Enterprise
Resimax Industries Ltd.
S.K Traders
A B Trading
ACI Logistics Ltd. (Showpno)
Akter Store (Depo) Rajbari
Alviraj-Tissue
Amina Enterprise
Amir & Brothers
Arafat Vhat Ghor
Arif Enterprise
Ariosto Restaurant
Barcode Restaurant Group
Bismillah Departmental Store
Bismillah Enterprise- Chowdhamgram
CFC Restaurant
Chandpur Paper House
Conpac Trading Ltd.
Eanan Enterprise
Ekota Enterprise-Teknaf
Flat Steel Operating Unit
Flavors Premium Sweets, Ctg
FM Trading**31 Dec 2020****Taka****30 June 2020****Taka**

2,090,472	2,090,472
10,592	10,592
12,824,948	64,395,867
13,000	13,000
98,932	45,251
846,202	611,601
283,309	283,309
800,000	800,000
418,493	1,418,493
65,920	65,920
434,031	434,031
5,693,289	-
181,230	167,730
564,947	-
468,929	976,245
71,206	1,120,216
31,614	31,614
92,795	132,795
120,212	120,211
575,219	1,214,513
88,703	80,512
627,254	617,254
37,083	37,082
290,555	327,070
23,189	23,189
38,756	38,756
23,994	23,994
-	5,580,059
884,242	-
64,012	177,181
45,514	198,716
8,505	8,505
20,790	20,790
143,450	668,277



	31 Dec 2020 Taka	30 June 2020 Taka
Foisal & Brothers	636,200	636,200
G. N. Enterprise	970,032	-
Garibe Newaj Traders (Sales)	666,495	666,495
Glory Tapes & Labels Ltd.	879,245	879,245
Habib Enterprise (Chokaria)	366,611	425,907
Haljshahar Mart	16,869	24,869
Hamim Group-Dhaka Corporate	1,581	1,581
JBS Traders	171,491	403,025
Korotoa Paper Depot.	456,131	1,456,131
M I Trading	105,007	557,822
M/S Nur Enterprise	27,396	27,396
M/s Oishi Enterprise	343,850	343,850
M/S. Safiq & Brothers-Whay Kong	39,633	39,633
Mahbub & Brothers	923,564	1,250,689
Mahmud Enterprise-Noakali	8,791	8,791
Mamun Enterprise-Companiganj	26,653	26,653
Mizan Store (Tissue)	2,137,368	2,137,368
Modhumoti Traders	242,149	242,149
Mojim Traders	59,985	59,985
MR Traders (Khulna Depo)	198,935	159,366
Mustafa Paper House	3,898,260	6,388,393
Nu-a Enterprise / Three Star	220,229	220,229
Orcid Enterprise	45,469	45,469
Padma Accessories Ltd.	87,671	66,671
Padma Media Center	-	1,305,171
Paperaj Traders	286,596	286,596
Parvin & Zalal Enterprise	55,930	55,930
Personal	633,635	633,635
Pran RFL	250,021	250,021
RFM Paper Mills Ltd.	482,373	482,373
RM Trade International	2,305,106	8,902,186
Roshidul Enterprise	12,193	12,193
S Rahaman Trading/Enterprise	1,419,887	2,489,621
S.K Enterprise	360,633	320,000
S.R.Paper House	128,155	128,155
S.S.G Paper Ltd.	185,169	185,169
Sadia Enterprise	15,339	15,339
Safe Corporation	80,000	80,000
Sagorika Printers	905,074	1,705,074
Saif Trade & Supplies	-	71,003
Sajib Enterprise	1,781,820	2,314,554
Sha Jobbariya Enterprise	88,810	140,165
Shahid Enterprise	46,911	96,911
Shanto Enterprise	195,903	195,903
Siddique Enterprise-Cox's	123,940	957,479
Sifa/ Shefa Packages	900,000	900,000
Soinik Traders	40,221	40,221
Tasbhi & Brothers	209,062	271,597
Unique Accessories	826,936	826,936
Walton Hi-Tech Industry Ltd.	129,369	129,369
Watson Paper Mills Ltd.	134,010	134,010
Zidan Enterprise	90,627	90,627
Other Receivables	125,656,504	27,923,151
	177,855,226	148,744,551

(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	37,349,597	31,236,356
Within 31- 60 Days	55,135,120	46,110,811
Within 61 - 90 Days	35,571,045	29,748,910
Within 90 - 180 Days	32,013,941	26,774,019
Above 180 Days	17,785,523	14,874,455
	177,855,226	148,744,551



	31 Dec 2020 Taka	30 June 2020 Taka
10.00 <u>ADVANCES, DEPOSITS & PREPAYMENTS:</u>		
Advance Against Income Tax (Note: 10.1)	30,719,455	30,619,458
Advance Against Salary & Wages (Note: 10.2)	521,248	138,098
Advance Against Expenditure (Note: 10.3)	63,377,981	110,709,738
Advance Against L/C (Note: 10.4)	49,697,824	8,452,294
Deposits and Prepayments (Note: 10.5)	10,134,165	10,134,165
	154,450,673	160,053,753
10.1 <u>Advance Against Income Tax</u>		
Advance Income Tax Paid	26,377,664	5,469,990
Advance Income Tax - Import	1,278,478	1,278,478
Advance Income Tax - Export	288,536	288,537
Advance Income Tax Deducted at Source	1,750,975	22,558,651
Advance Income Tax Deducted at Source (Dividend Income)	1,018,988	1,018,989
Advance Income Tax Deducted at Source (Bank Deposits)	4,815	4,815
	30,719,455	30,619,458
10.2 <u>Advance Against Salary & Wages</u>	521,248	138,098
10.3 <u>Advance Against Expenditure</u>		
Advance Against Purchase	86,552	172,439
Advance for Dhaka Office	259,700	259,700
Anima Development Limited	7,525,849	7,525,849
Advance for Machinery Purchase	49,975,460	100,311,494
VAT Current Account	2,558,525	6,193
Lanka Bangla Securities Ltd.	967	8,553
City Brokerage Ltd.	4,067	4,517
Advances for spares parts and other materials	2,966,861	2,420,994
	63,377,981	110,709,738
10.4 <u>Advance Against L/C</u>	49,697,824	8,452,294
10.5 <u>Deposits</u>		
Security Deposit (PBS-1)	3,321,100	3,321,100
Security Deposit (BGSL) Boiler	2,601,439	2,601,439
Security Deposit (BGSL) 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	10,134,165

The directors consider that all the above advances, deposits and prepayments are either adjustable or recoverable in cash or in kind and that no provision against these are required at this stage.



11.00 CASH & CASH EQUIVALENTS:

Cash In Hand

At Head Office
At Dhaka Office
At Factory

31 Dec 2020

Taka

30 June 2020

Taka

11,360,176	1,184,287
5,000	5,000
35,000	3,000
11,400,176	1,192,287

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 0571
Dhaka Bank Ltd, Jubilee Road Branch CD A/C No-2482
Islami Bank (BD.) Ltd, Agrabad Branch CD A/C No-20501030100588315
Mercantile Bank Ltd, A.K Khan Branch CD A/C No-117511021143947
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-0971101000000078
Modhumoti Bank Ltd, Agrabad Branch CD A/C No-1109 11100000164
Eastern Bank Ltd, Agrabad Branch CD A/C No-11071082755
Pubali Bank Ltd, Pahartali Branch CD A/C No-825901027548
Dutch Bangla Bank CD A/C No- 1021100040340

30,133	30,478
3,491,278	6,211,657
57,548	57,669
640,764	194,131
-	-
7,309	7,308
348,692	90,896
18,079	18,079
5,035	5,415
106,095	61,633
140,000	144,629
48,141	48,141
-	-
-	-
431,825	-
10,544	275,900
-	-
6,425	7,115
31,473	55,639
323,171	1,178,360
2,030	2,030
140,865	23,907
430,386	300,010
130,522	256,292
6,400,316	8,968,388
356,704	332,746
449,176	419,007
720,073	671,710
19,326,444	11,584,139

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

(a) Cash balance as on 31.12.2020 was certified by the management.

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

11.01 INVESMENT IN FIXED DEPOSIT:

Particulars	Tenure	Purpose	Rate of Interest	As on 31 Dec 2020	As on 30 June 2020
				Tk	Tk
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322176882	One Year	Guaranty	8%	356,704	332,746
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322894432	One Year	Guaranty	8%	449,176	419,007
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541325279666	One Year	Guaranty	8%	720,073	671,710
Total				1,525,953	1,423,463



	31 Dec 2020 Taka	30 June 2020 Taka
12.00 SHARE CAPITAL:		
12.01 Authorized:		
50,000,000 Ordinary shares of Tk. 10.00 each.	500,000,000	500,000,000
12.02 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
	190,000,000	190,000,000

12.03 The break up of share holdings as on 31 December, 2020 is as follows:-

Description	No of shares 31 Dec 2020	% of shares holding 31 Dec 2020	No of shares 30 June 2020	% of shares holding 30 June 2020
Sponsors	9,799,330	51.56	9,799,330	51.56
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	7,586,370	39.93	7,586,370	39.93
Total	19,000,000	100	19,000,000	100

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

Range of Holdings	No. of Shareholders		No. of Shares		Holding %	
	31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2020
Less than 500 shares	1,267	1,267	164,510	164,510	0.87	0.87
501 to 5000 Shares	639	639	1,173,826	1,173,826	6.18	6.18
5001 to 10000 Shares	77	77	610,787	610,787	3.21	3.21
10001 to 20000 Shares	58	58	872,092	872,092	4.59	4.59
20001 to 30000 Shares	15	15	369,329	369,329	1.94	1.94
30001 to 40000 Shares	10	10	349,068	349,068	1.84	1.84
40001 to 50000 Shares	5	5	235,450	235,450	1.24	1.24
50001 to 100,000 Shares	6	6	378,545	378,545	1.99	1.99
100001 to 1,000,000 Shares	18	18	7,039,261	7,039,261	37.05	37.05
Over 1,000,000 Shares	6	6	7,807,132	7,807,132	41.09	41.09
Total	2,101	2,101	19,000,000	19,000,000	100.00	100.00



	31 Dec 2020	30 June 2020
	Taka	Taka
13.00		
<u>DIVIDEND EQUALIZATION RESERVE:</u>		
Dividend Equalization Reserve is made-up as follows:		
Balance as on 01 July	13,279,866	15,000,000
Add: Transferred from Retained Earnings		
Less: Dividend for the year 2018-2019 approved in the AGM		(1,720,134)
	<u>13,279,866</u>	<u>13,279,866</u>

Dividend equalization reserve was created in the earlier period(s) with the concurrence of Board of Directors. The objective of this reserve is to pay dividend to shareholders during bad time of company.

14.00		
<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 31.12.2020	Note:5.01	149,961,988
		<u>327,099,531</u>
Less : Adjustments for Deferred Tax		49,064,930
		<u>273,032,313</u>
		<u>278,034,601</u>

Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.

- i) Effective date of valuation, 18th April, 2011
- ii) Initial reserv of revaluation, amount of Tk. 477,061,519

15.00		
<u>RETAINED EARNINGS:</u>		
Balance as on 01 July	14,135,642	138,309
Less: Dividend for the period 2019-2020 approved in the AGM	(1,840,172)	-
	<u>12,295,470</u>	<u>138,309</u>
Add: Net profit/(loss) after tax for the year	(8,254,445)	1,420,266
	4,041,025	1,558,575
Add: Revaluation Surplus Realized	5,885,045	12,577,067
	<u>9,926,070</u>	<u>14,135,642</u>

16.00		
<u>UNSECURED LOAN:</u>		
Mr. Mohammad Abdullah, Chairman	18,448,060	18,448,060
Mr. Md. Golam Mostafa, Managing Director	4,464,830	4,464,830
Mr. Md. Golam Kibria, Director	5,914,175	5,914,175
Mrs. Hosne Ara Begum, Director	3,800,000	3,800,000
Mr. Md. Golam Haider, Director	5,957,975	5,957,975
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>44,999,990</u>

The above loans from Directors are interest free.



	31 Dec 2020 Taka	30 June 2020 Taka
17.00 LONG TERM LOAN:		
HPSM Commercial Loan	174,250,596	3,941,714
Loan Under BMRE of Existing Projects	-	65,157,141
Loan Under HPSM -Tissues Project	395,255,902	315,728,230
Mecantile Five Year Fixed Term Loan	12,490,422	-
	581,996,920	384,827,085

17.01 LONG TERM LOAN- MATURITY ANALYSIS:		
Due within the period- Current Portion	83,856,156	54,975,298
Due after more than the period- Non-Current Portion	498,140,764	329,851,787
	581,996,920	384,827,085

17.02 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. 451,025,556 against sanction amount of total long term loan Tk 831,000,000

Rate of Interest:

Interest rate is 9% 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 @ 9% 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).

18.00 DEFERRED TAX LIABILITY:

Balance as on 01 July	56,025,616	49,603,173
Deferred Tax (Income)/ Expenses for the period -(Note-31)	(1,695,352)	6,422,443
	54,330,264	56,025,616
Add: Deferred Tax for Revaluation Surplus	48,182,173	49,064,930
	102,512,437	105,090,546

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 31.12.2020 has been shown at Note-18.01.

18.01 Calculation of Deferred Tax Liability:

(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value) as on 31 December	445,361,716	476,636,944
(b) Tax Based Property, Plant and Equipment	228,040,662	252,534,481
(c) Net Taxable Temporary Differences (a-b)	217,321,054	224,102,463
(d) Deferred Tax liability at effective Tax Rate	54,330,264	56,025,616
(e) Deferred Tax expenses on Net Taxable Temporary differences	(1,695,352)	6,422,443



	31 Dec 2020 Taka	30 June 2020 Taka
19.00 SHORT TERM LOAN AND OVERDRAFT:		
Social Islami Bank Ltd, Agrabad Branch-CC A/C: 0041330027978	-	163,413,698
UPAS Loan from Social Islami Bank Ltd.	7,711,090	7,711,090
Mercantile Bank Ltd. A.K Khan Branch-Cash Credit (CC) Hypo	40,936,635	43,982,530
Biam Wes Bills, MBE & LTR Loan from Social Islami Bank Ltd.	5,220,495	4,878,453
National Bank Ltd, Pahartali Branch- CD A/C-005533008427	1,373,653	2,106,487
Islami Bank (BD.) Ltd, Agrabad Branch CD A/C No-20501030100588315	-	34,239
UPAS Loan from Mercantile Bank Ltd.	-	8,943,502
LTR, Sight LC Loan From Mercantile Bank Ltd.	5,401,186	11,101,808
Other Short Term Loan	14,116,880	16,687,635
	74,759,939	258,859,442

19.01 Sort Term Browing:

Particulars	Note	2020	2020
		Tk.	Tk.
Short term loan and overdraft	19.00	74,759,939	258,859,442
Long term loan-current portion	17.01	83,856,156	54,975,298
Total		158,616,094	313,834,739

(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 @ 9% and Mercantile Bank Ltd. Loan bears interest @ 9% p.a. respectively

(f) Land, Building and Machinery has been placed as prime securities against the Loan.

(g) Personal Guarantee of Directors

20.00 ACCRUED EXPENSES:

Audit Fee	64,250	224,250
Directors Remuneration	-	200,000
Electricity Bill-(Factory)	1,829,795	1,989,311
Electricity Bill-(H/O)	2,819	2,819
Electricity Bill-(Dhaka Office)	12,593	12,593
Electricity Bill-(Tissue Unit)	552,537	569,778
Gas Bill Factory	7,592,230	15,677,957
Gas Bill Factory Canteen	19,217	11,409
Gas Bill (H/O)	833	31
Food Allowance	84,837	96,128
Mobile Bill	31,420	31,420
Office Rent	275,000	125,000
Overtime	1,589,682	2,557,891
Salary & Allowances (D/O)	41,500	61,800
Salaries, Wages and Allowances (H/O)	340,462	601,951
Staff Salary & Allowances Factory	260,569	281,119
Telephone Bill	2,617	2,617
Wages & Allowances	1,958,231	2,162,639
Staff Salary (Sales & Marketing)	1,064,630	1,454,759
	15,723,222	26,063,472

21.00 WORKERS PROFIT PARTICIPATION & WELFARE FUND:

Balance as on 01 July	1,126,585	589,829
Add: Provision made during the period	-	536,756
	1,126,585	1,126,585
Less: Payment made during the period	-	-
Balance as in 31 December	1,126,585	1,126,585

21.01 Provision made during the year for WPPF and Welfare Fund:

Profit before tax and WPPF and Welfare Fund	-	11,271,875
Cash dividend received from investment	-	-
Profit applicable for WPPF and Welfare Fund	-	11,271,875
Contribution to WPPF and Welfare fund at 5%	-	536,756

The above amount lies as the 10% payable to Bangladesh Workers' Welfare Foundation Fund. As specific directive on which account it should be deposited is not available. This amount has been kept as provision. Upon clear guidance from Labor Welfare Foundation, the amount shall be transferred.



	31 Dec 2020	30 June 2020
	Taka	Taka
22.00 TRADE PAYABLES:		
Abul Khair Steel Melting Ltd.	1,519,802	1,519,802
Aramit Cement Ltd.	11,660	176,660
Azad Engineering Workshop	659,400	782,300
Bismillah Electric and Cables	-	117,008
Bismillah Traders Ashique	137,347	137,347
Cartoon Nirman Ltd.	3,753,537	1,813,393
City Lub Oil Industries Ltd.	131,757	131,757
Garibe Newaz Traders	-	15,000
Gentech Energy	72,086	209,986
Instrumentation Co-operative	40,000	40,000
Munna Enterprize	-	4,377,070
International Bearing	68,351	81,905
Islam & Brothers	246,657	136,428
Khaja Garibe Newaj Five Star Enterprize	2,109	2,109
M/s. Dohar Chemicals	4,012,965	3,832,665
Mamun Hardware Store	129,220	59,713
Mohsin Enterprize	-	354,470
Noor Hardware Mart	59,000	59,000
Organic Bangladesh Corporation	153,000	153,000
Raj Bearing	54,130	104,130
S.R Packaging	7,936,257	5,636,589
Sahaba Corporation	59,906	-
Sakib Enterprize	-	15,000,000
Say Automation & Engineering	130,000	162,000
Hossain Box Industries	1,205,816	407,563
Indowater Solution	10	10
Arif Traders	-	1,272,225
Arman & Brothers	80,000	80,000
Baizid Newsprint Mills Ltd/ Chittagong Packages Ltd	545,253	912,305
Boiler Techno Crafts Engineering	20,000	80,000
Khaja Polythene Mart	25,484	1,200
Emo Enterprize	191,798	176,828
Ispahani Marshall Ltd.	91,380	91,380
RFL Plastic Ltd.	193,100	193,100
Shah Amanat Enterprize (Chemical)	641,435	532,685
Sheto Enterprize	3,026,963	3,236,860
Sion Enterprize (Chemical)	31,150	31,150
Taslima Enterprize	172,135	229,086
Unimax Chemicals	585,500	1,315,500
United Trading Agency	593,054	621,194
S K Trders	-	418,740
Other Payables	3,488,880	5,984,932
	30,069,142	50,487,090



	31 Dec 2020	30 June 2020
	Taka	Taka
23.00 <u>CURRENT TAX LIABILITIES:</u>		
Balance as on 01 July	12,805,342	9,912,932
Provided during the period:		
Against current year	1,447,307	2,892,410
Against previous years	-	-
	1,447,307	2,892,410
	14,252,650	12,805,342
Adjusted with advance income tax paid	-	-
Balance as on 31 December	14,252,650	12,805,342

23.01 **Computation of Provision for Income Tax:**

Minimum Tax:

Total receipt against sales	239,149,335	473,084,915
Total receipt against other income	2,068,532	8,983,469
Total	241,217,867	482,068,384
Minimum Tax @ 0.60% on gross receipt of Tk.241,217,867	1,447,307	2,892,410

Compared with tax on business income and minimum tax higher one has been made provision.

24.00 **LIABILITIES FOR OTHER FINANCE:**

I.T. Deducted at Source	509,002	438,077
VAT Deducted at Source	34,886	39,986
Unclaimed Dividend	4,484,906	2,917,528
	5,028,794	3,395,592

25.00 **DIRECTORS CURRENT ACCOUNT:**

Mr. Mohammad Abdullah, Chairman	19,800,000	6,000,000
Mr. Md. Golam Mostafa	3,000,000	-
Mr. Md. Golam Morshed	2,750,000	2,750,000
Mr. Md. Golam Rasul Muktedir	2,750,000	2,750,000
	28,300,000	11,500,000

These balances represent short term financial arrangement availed from directors as and when required to meet working capital. All transactions were made through account payee cheques.



26.00

REVENUE:

	July' 20-Dec'20	July'19-Dec'19
	Taka	Taka
News Print Paper	141,326,575	-
M.G.Newsprint	28,781,729	31,022,048
Medium Paper	9,817,370	-
Tissues	63,877,206	193,907,687
Clinical Bed Sheet Tissue		153,432
Facial Tissue		4,250,552
Hand Towel Tissue		7,598,207
Kitchen Towel Tissue		709,945
Napkin Tissue		45,473,823
Pocket Tissue		200,971
Toilet Tissue		4,963,516
	243,802,880	288,280,181
Less: Value Added Tax (VAT)	4,653,545	5,923,253
Net Revenue	239,149,335	282,356,928

27.00

COST OF SALES:

Opening Stock of Raw Materials	53,659,078	40,784,052
Add: Purchase during the period	87,370,922	143,674,925
	141,030,000	184,458,977
Less: Closing Stock of Raw Materials	52,642,241	45,542,584
Raw Materials Consumed	88,387,759	138,916,393
Add: Factory overhead:		
Salaries, Wages and Allowances	15,561,810	18,750,346
Overtime -Factory Worker	1,438,361	2,263,256
Food Allowance- Factory Staff	196,253	173,600
Labour Charge	14,500	34,472
Carriage Inward	306,635	623,910
Gas Bill (Boiler & Gas Generator)	21,420,748	15,308,305
Electric Bill	21,692,612	38,269,750
Consumable Spare & Store	-	2,744,262
Factory Maintenance	5,995,669	2,375,520
Loading Unloading Charge	28,685	24,385
Paper/Tissue/Khata Cutting Exp.	1,763,490	2,605,243
Fuel (Generator)	-	299,520
Fuel (Machine)	-	406,465
Fuel (Vehicle)	282,723	299,898
Medical & Medicine	24,814	64,692
Gas Generator Upkeep	59,655	89,000
Insurance Premium (Factory)	-	317,449
Laboratory Expenses	9,000	-
Canteen Expenses-Factory	79,130	101,263
Gas Generator Overhauling Exp	-	-
Carrying Outward	6,522,098	9,026,290
Gas Bill (Factory Canteen)	45,379	44,458
Depreciation	37,254,285	22,851,143
	201,083,607	255,589,620
Add: Opening Work-in-Process	29,225,078	12,964,838
	230,308,685	268,554,458
Less: Closing Work-in-Process	27,466,788	17,834,650
Cost of Production	202,841,897	250,719,808
Add: Opening Stock of Finished Goods	91,650,113	63,545,333
	294,492,010	314,265,141
Less: Closing Stock of Finished Goods	90,678,773	74,893,364
Cost of Sales	203,813,237	239,371,777



28.00 ADMINISTRATIVE EXPENSES:	July' 20-Dec'20 Taka	July' 19-Dec' 19 Taka
Managing Director Remuneration	-	310,200
Staff Salary & Allowances & Bonus	3,196,734	4,031,102
Office Rent	180,000	175,000
Telephone Bill	322,991	265,720
Entertainment	246,886	279,759
Staff Tea, Tiffin	10,967	3,785
Travelling Expenses	175,125	138,064
Dhaka Office Expenses	48,613	15,700
Canteen Expenses	6,690	3,270
Postage & Courier	16,445	120,329
Forms, Stamp & Legal Documents	1,760	8,240
Fees, Renewal & Subscription	235,106	186,913
Fine, Penalty & Damage	211,267	-
Printing & Stationery	52,269	66,927
Gas Bill H/O	81,145	3,949
Board Meeting Attendance Fees	248,000	261,100
Audit Committee Meeting Attendance Fees	91,000	65,000
NRC Meeting Attendance Fees	12,500	-
Board Meeting Expenses	1,540	16,908
B.O Maintenance Fees	900	1,489
Office Maintenance	189,060	285,937
Telephone, Fax, E-mail	-	500
Annual Subscription- CDBL	112,000	-
Annual Subscription - CSE-DSE	190,000	-
Intranet Bill (BBTSL)	41,250	34,450
Internet Bill (BBTSL)	27,000	42,000
Brac Net	2,100	-
Conveyance	209,166	166,253
Miscellaneous Expenses	16,000	-
Legal & Professional Fee	66,000	45,000
AGM Expenses	155,990	102,825
Audit Fee	36,800	15,000
Electric Bill- Head Office	130,000	170,000
Electric Bill- Dhaka Office	16,034	-
Fuel (Vehicle)	419,863	503,923
Vehicle Upkeep	383,401	335,859
Website Expenses	4,174	-
Rent, Rates , Taxes	84,869	37,650
Depreciation	551,726	317,712
	7,775,371	8,010,463

(a) No remuneration was paid to any director.

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

(c) In addition to remuneration, Managing Directors avail company vehicles for transportation purposes. These key management personnel are not entitled to any other benefits. No amount is lying as receivable from the directors.



	July' 20-Dec'20 Taka	July'19-Dec'19 Taka
29.00	<u>FINANCIAL EXPENSES:</u>	
	451032.26	176,184
	-	9,153,055
	3,405,578	2,586,765
	29,440,023	22,582,658
	8400.00	-
	33,305,033	34,498,662
30.00	<u>SELLING & DISTRIBUTION EXPENSES:</u>	
	-	61,068
	4,074,103	4,343,511
	646,138	515,431
	106,476	101,104
	4,826,717	5,021,114
31.00	<u>NON-OPERATING INCOME:</u>	
	473,115	128,566
	787,962	367,259
	121,035	1,342
	686,420	218,730
	2,068,532	715,897
32.00	<u>DEFERRED TAX EXPENSES:</u>	
	54,330,264	53,131,015
	56,025,616	49,603,173
	(1,695,352)	3,527,842
33.00	<u>EARNING PER SHARE:</u>	
	Calculation is shown below:	
	(8,254,445)	(9,055,470)
	19,000,000	19,000,000
	EPS	(0.48)
34.00	<u>NET ASSET VALUE PER SHARE WITH REVALUATION:</u>	
	Calculation is shown below:	
	487,304,847	490,646,274
	19,000,000	19,000,000
	Net asset value per share	25.65
		25.82



	July' 20-Dec'20 Taka	July '19-Dec'19 Taka
35.00	<u>NET ASSET VALUE PER SHARE WITHOUT REVALUATION:</u>	
Calculation is shown below:		
<u>Net Asset without revaluation</u>	214,272,534	212,611,673
Number of shares outstanding	19,000,000	19,000,000
Net asset value per share	11.28	11.19

36.00	<u>NET OPERATING CASH FLOW:</u>	
Calculation is shown below:		
<u>Net cash flow from operation</u>	6,358,637	11,534,855
Number of shares outstanding	19,000,000	19,000,000
Net operating cash generated by per share	0.33	0.61

37.00 **Number of Employees:**
The total employees of the company as on December 31, 2020 stood at 281 nos comprising Head office staff 49 nos, Factory office staff 12 nos, Security 02 nos, Driver and helper 3 nos, Permanent worker 59 nos and Temporary worker 156 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	281	383

38.00 **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. The company has exposure to the following risks from its use of financial instruments.

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

38.01 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 News Print Paper, M.G News print, Medium Paper and Tissues paper.

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

a. Exposure of Credit risk:

Trade receivables
Advance, Deposit and Prepayments excluding Deposit & Prepayments.
Bank Balances

31 Dec 2020 Taka	30 June 2020 Taka
177,855,226	148,744,551
144,316,508	110,709,738
7,926,268	10,391,852
330,098,003	269,846,141

b) Ageing of Trade Receivables are as follows:

Below-30 Days
Within 31-60 Days
Within 61-90 Days
Within 90 - 180 Days
Above 180 Days

37,349,597	31,236,356
55,135,120	46,110,811
35,571,045	29,748,910
32,013,941	26,774,019
17,785,523	14,874,455
177,855,226	178,744,551



38.02 **b) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

38.02.01 **Exposure to Liquidity risk**

The followings are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Within 12 month	More than 12 month	Total
Unsecured Loan	44,999,990	-	44,999,990	44,999,990
Long Term Loan-Non Current Portion	498,140,764	-	498,140,764	498,140,764
Long Term Loan-non-current portions	83,856,156	83,856,156	-	83,856,156
Short Term Loan & Overdraft	74,759,939	74,759,939	-	74,759,939
Accrued Expenses	15,723,222	15,723,222	-	15,723,222
Workers Profit Participation and Welfare Fund	1,126,585	1,126,585	-	1,126,585
Trade Payables	30,069,142	30,069,142	-	30,069,142
Current Tax Liabilities	14,252,650	14,252,650	-	14,252,650
Liabilities for Other Finance	5,028,794	5,028,794	-	5,028,794
Directors Current Account	28,300,000	28,300,000	-	28,300,000
Total	796,257,241	253,116,487	543,140,754	796,257,241

38.03 **c) Market Risk:**

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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.

39.00 **CAPACITY UTILIZATION:**

Particulars	31 Dec 2020	30 June 2020
Installed Capacity (in M.T)	5,625	11,250
Actual Production (in M.T)	2,292	4,872
% of Capacity Utilization	40.74%	43.31%

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

- (i) Shut down of boiler as well as generator for annual maintenance.
- (ii) Shut down of generator for maintenance of turbo charger.
- (iii) Schedule maintenance of running plant etc.



38.02 **b) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

38.02.01 **Exposure to Liquidity risk**

The followings are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Within 12 month	More than 12 month	Total
Unsecured Loan	44,999,990	-	44,999,990	44,999,990
Long Term Loan-Non Current Portion	498,140,764	-	498,140,764	498,140,764
Long Term Loan-non-current portions	83,856,156	83,856,156	-	83,856,156
Short Term Loan & Overdraft	74,759,939	74,759,939	-	74,759,939
Accrued Expenses	15,723,222	15,723,222	-	15,723,222
Workers Profit Participation and Welfare Fund	1,126,585	1,126,585	-	1,126,585
Trade Payables	30,069,142	30,069,142	-	30,069,142
Current Tax Liabilities	14,252,650	14,252,650	-	14,252,650
Liabilities for Other Finance	5,028,794	5,028,794	-	5,028,794
Directors Current Account	28,300,000	28,300,000	-	28,300,000
Total	796,257,241	253,116,487	543,140,754	796,257,241

38.03 **c) Market Risk:**

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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.

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- (i) Shut down of boiler as well as generator for annual maintenance.
- (ii) Shut down of generator for maintenance of turbo charger.
- (iii) Schedule maintenance of running plant etc.



40.00 **RELATED PARTY TRANSACTION:**

40.01

Name of the Parties	Relationship	Nature of Transactions	Balance as on July 1 2020	Transaction value during the period	Balance as on Dec 31 2020
UNSECURED LOAN:					
Mr. Mohammad Abdullah	Chairman	Loan Received	18,448,060	-	18,448,060
Mr. Md. Golam Mostofa	Managing Director	Loan Received	4,464,830	-	4,464,830
Mr. Md. Golam Kibria	Deputy Managing Director	Loan Received	5,914,175	-	5,914,175
Mrs. Hosne Ara Begum	Director	Loan Received	3,800,000	-	3,800,000
Mr. Md. Golam Haider	Director	Loan Received	5,957,975	-	5,957,975
Mr. Md. Golam Morshed	Director	Loan Received	3,207,475	-	3,207,475
Mr. Md. Golam Rasul Muktadir	Director	Loan Received	3,207,475	-	3,207,475
DIRECTORS CURRENT ACCOUNT:					
Mr. Mohammad Abdullah	Chairman	Loan Received	-	19,800,000	19,800,000
Mr. Md. Golam Mostafa	Managing Director	Loan Received	-	3,000,000	3,000,000
Mr. Md. Golam Morshed	Director	Loan Received	2,750,000	-	2,750,000
Mr. Md. Golam Rasul. Muktadir	Director	Loan Received	2,750,000	-	2,750,000

41.00 **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 increased loss during the period.



CASH FLOWS FROM OPERATING ACTIVITIES UNDER INDIRECT METHOD:

	July' 20-Dec'20 Taka	July'19-Dec'19 Taka
Profit after Provision for Income Tax	(8,254,445)	(9,055,470)
Add: Non Cash Charges		
Depreciation	37,806,011	23,168,854
Provision for Deferred Tax Expenses	(1,695,352)	3,527,842
	A	17,641,226
Changes in Working Capital		
(Increase)/Decrease in Stock	2,435,124	(20,976,375)
(Increase)/Decrease in Trade Receivables	(29,110,675)	11,927,054
(Increase)/Decrease in Advance, Deposits & Prepayments	5,603,081	(7,868,162)
(Increase)/Decrease in Accrued Expenses	(10,340,250)	3,817,039
Increase/(Decrease) in Workers Profit Participation and Welfare Fund	-	-
Increase/(Decrease) in Current portion of Long Term Loan	28,880,858	24,908,928
Increase/(Decrease) in Trade Payables	(20,417,948)	(19,660,031)
Increase/(Decrease) in Current Tax Liabilities	1,447,307	1,698,437
	B	(6,153,110)
Net cash inflows/(out flows) from operating activities (A+B)	6,358,637	11,534,855

