

**HAKKANI PULP & PAPER MILLS LIMITED**  
**Balance Sheet as at 30th June'2009**

<b>A. SOURCES OF FUNDS</b>	<b>Notes</b>	<b>2009 Taka</b>	<b>2008 Taka</b>
<b>SHARE HOLDERS FUND:</b>			
Share Capital	4.00	190,000,000.00	190,000,000.00
Tax Holiday Reserve	5.00	44,629,193.00	39,425,964.00
Dividend Equalization fund	6.00	9,000,000.00	7,600,000.00
Retained Earnings		751,687.00	703,212.00
		<b>244,380,880.00</b>	<b>237,729,176.00</b>
<b>LOAN FUND:</b>			
Unsecured Loan	7.00	20,408,000.00	30,608,000.00
		20,408,000.00	30,608,000.00
		<b>264,788,880.00</b>	<b>268,337,176.00</b>
<b>B. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS (At cost less Depreciation)</b>	8.00	208,489,294.00	218,644,977.00
<b>DEFERRED REVENUE EXPENDITURE</b>	9.00	-	2,474,811.00
<b>CAPITAL WORK IN PROGRESS</b>		590,509.00	394,409.00
<b>INVESTMENT IN SHARES</b>	10.00	10,656,473.00	7,659,561.00
<b>CURRENT ASSETS</b>			
Inventories	11.00	80,396,805.00	41,330,371.00
Sundry Debtors	12.00	2,197,826.00	6,058,210.00
Advances, Deposits & Prepayments	13.00	12,103,980.00	8,451,884.00
Receivable from MTRD		5,960,535.00	3,756,007.00
Cash & Bank Balances	14.00	31,888,830.00	31,119,104.00
		132,547,976.00	90,715,576.00
<b>Less: CURRENT LIABILITIES:</b>			
Bank Loan & Overdraft	15.00	42,888,116.00	16,380,563.00
Provision for Income Tax		6,139,375.00	1,594,755.00
Accrued Expenses	16.00	8,310,515.00	9,506,981.00
Trade Creditors	17.00	4,381,096.00	534,550.00
Liabilities for Other Finance	18.00	5,051,137.00	6,630,043.00
Directors Current Account	19.00	1,745,000.00	1,745,000.00
Proposed Dividend		19,000,000.00	15,200,000.00
		87,515,239.00	51,591,892.00
<b>NET CURRENT ASSETS</b>		<b>45,032,737.00</b>	<b>39,123,684.00</b>
<b>MISCELLANEOUS:</b>			
Preliminary Expenses	20.00	19,867.00	39,734.00
		<b>264,788,880.00</b>	<b>268,337,176.00</b>

The annexed notes form an integral part of these financial statements.

MANAGING DIRECTOR..... DIRECTOR..... COMPANY SECRETARY .....

Chittagong: October 31, 2009

Subject to our Separate report of even date.

**HAKKANI PULP & PAPER MILLS LIMITED**

**Profit & Loss Account  
for the Year ended 30 th June'2009**

Notes	Tax Holiday Period 1st July 2008 to 30th Oct 2009 Taka	Taxable Period 1st Nov 2008 to 30th June 2009 Taka	Year ended 30th June 2009 Taka	Year ended 30 th June'2008 Taka
<b>Particulars</b>				
Sales	21.00 79,234,727.00	159,863,770.00	239,098,497.00	196,956,321.00
Less: Cost of Goods Sold	22.00 64,404,533.00	138,171,776.00	202,576,309.00	167,405,256.00
Gross Profit	14,830,194.00	21,691,994.00	36,522,188.00	29,551,065.00
<b>Less: Operating Expenses</b>				
Administrative Expenses	23.00 1,088,986.00	2,475,688.00	3,564,674.00	2,958,982.00
Financial Expenses	24.00 700,453.00	1,273,736.00	1,974,189.00	2,512,580.00
Selling & Distribution Expenses	25.00 338,827.00	677,654.00	1,016,481.00	1,080,479.00
	2,128,266.00	4,427,078.00	6,555,344.00	6,552,041.00
<b>Operating Profit</b>	<b>12,701,928.00</b>	<b>17,264,916.00</b>	<b>29,966,844.00</b>	<b>22,999,024.00</b>
Add: Non-Operating Income	26.00 956,548.00	2,589,034.00	3,545,582.00	7,390,790.00
	13,658,476.00	19,853,950.00	33,512,426.00	30,389,814.00
Less: Provision for Diminution of Investment in Shares	-	648,015.00	648,015.00	-
<b>Net Profit Before WPPF</b>	<b>13,658,476.00</b>	<b>19,205,935.00</b>	<b>32,864,411.00</b>	<b>30,389,814.00</b>
Less: Contribution to Workers Profit Participation Fund	650,404.00	914,568.00	1,564,972.00	1,447,133.00
<b>Net profit before Tax Holiday reserve</b>	<b>13,008,072.00</b>	<b>18,291,367.00</b>	<b>31,299,439.00</b>	<b>28,942,681.00</b>
Less: Tax Holiday Reserve	5,203,229.00	-	5,203,229.00	11,577,072.00
<b>Net Profit Before Provision for Income Tax</b>	<b>7,804,843.00</b>	<b>18,291,367.00</b>	<b>26,096,210.00</b>	<b>17,365,609.00</b>
Less: Provision for Income tax	358,706.00	5,289,029.00	5,647,735.00	1,594,755.00
<b>Surplus for the year</b>	<b>7,446,137.00</b>	<b>13,002,338.00</b>	<b>20,448,475.00</b>	<b>15,770,854.00</b>
Balance Brought forward from Tax Holiday Period	703,212.00	8,149,349.00	703,212.00	2,432,358.00
<b>Surplus Available for Appropriation</b>	<b>8,149,349.00</b>	<b>21,151,687.00</b>	<b>21,151,687.00</b>	<b>18,203,212.00</b>
Less: Dividend Equalization Fund	-	-	1,400,000.00	2,300,000.00
	8,149,349.00	21,151,687.00	19,751,687.00	15,903,212.00
Less: Proposed Dividend	-	-	19,000,000.00	15,200,000.00
<b>Balance carried forward to Balance Sheet</b>	<b>8,149,349.00</b>	<b>21,151,687.00</b>	<b>751,687.00</b>	<b>703,212.00</b>
<b>Earning Per Share - Basic</b>	<b>0.68</b>	<b>0.96</b>	<b>1.65</b>	<b>1.44</b>

MANAGING DIRECTOR..... DIRECTOR..... COMPANY SECRETARY .....

Chittagong: October 31, 2009

Subject to our Separate report of even date.

**HAKKANI PULP & PAPER MILLS LIMITED**

**Cash Flow Statement**

**for the year ended 30th June'2009**

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		<u>Taka</u>	<u>Taka</u>
<b>A. Cash flows from Operating Activities:</b>			
Cash Collection from Turnover & Others		244,055,431.00	198,129,331.00
Payment for Cost and Expenses		(231,045,592.00)	(174,827,736.00)
Interest Paid		(1,974,189.00)	(2,512,580.00)
Incom Tax Paid		(1,103,115.00)	-
<b>Net cash from operating Activities</b>	28.00	<u>9,932,535.00</u>	<u>20,789,015.00</u>
<b>B. Cash flows from investing activities:</b>			
Acquisition of Fixed Assets		(4,850,429.00)	(6,594,292.00)
Capital Work in Progress		(196,100.00)	(394,409.00)
Investment in Shares		(3,644,927.00)	(1,734,120.00)
<b>Net cash from investing activities</b>		<u>(8,691,456.00)</u>	<u>(8,722,821.00)</u>
<b>C. Cash flows from financing activities</b>			
Bank Loan & Overdraft		26,507,553.00	13,361,671.00
Liabilities for other finance		(1,578,906.00)	(1,859,107.00)
Unsecured loan paid		(10,200,000.00)	(9,000,000.00)
Directors Current Account		-	(4,230,000.00)
Dividend Paid		(15,200,000.00)	(13,000,000.00)
Net Cash from financing Activities		<u>(471,353.00)</u>	<u>(14,727,436.00)</u>
<b>Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)</b>		769,726.00	(2,661,242.00)
<u>Add:</u> Opening Cash and Bank Balances		31,119,104.00	33,780,346.00
<b>Closing Cash and Bank Balances</b>		<u><u>31,888,830.00</u></u>	<u><u>31,119,104.00</u></u>

**Note:** This Cash Flow statement has been prepared under Direct Method.

MANAGING DIRECTOR..... DIRECTOR..... COMPANY SECRETARY

Chittagong: October 31, 2009

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**HAKKANI PULP & PAPER MILLS LIMITED**  
**Statement of Changes in Equity**  
**for the year ended 30th June'2009**

(Amount in Taka)

Particulars	Share Capital	Tax Holiday Reserve	Dividend Equalization Fund	Retained Earnings	Total
Balance as at 1st July,2008	190,000,000.00	39,425,964.00	7,600,000.00	703,212.00	237,729,176.00
Tax Holiday Reserve	-	5,203,229.00	-	-	5,203,229.00
Dividend Equalization Fund	-	-	1,400,000.00	(1,400,000.00)	-
Proposed Dividend	-	-	-	(19,000,000.00)	(19,000,000.00)
Net Profit after Tax	-	-	-	20,448,475.00	20,448,475.00
<b>Balance as at 30th June, 2009</b>	<b>190,000,000.00</b>	<b>44,629,193.00</b>	<b>9,000,000.00</b>	<b>751,687.00</b>	<b>244,380,880.00</b>

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