

হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ HAKKANI PULP & PAPER MILLS LTD.

HAKKANI PULP & PAPER MILLS LIMITED

Statement of Financial Position
As at 30th September, 2014

Notes	Amount in Taka	
	30-Sep-2014	30-Jun-2014
A. SOURCES OF FUNDS:		
Share Holders Equity:		
Share Capital	190,000,000	190,000,000
Dividend Equalization Reserve	10,000,000	10,000,000
Revaluation Reserve	339,361,429	354,275,586
Retained Earnings	20,040,286	17,085,093
	559,401,715	571,360,679
Non Current Liabilities:		
Unsecured Loan	20,183,250	20,183,250
Deferred Tax Liability	111,369,552	112,761,104
	131,552,802	132,944,354
	690,954,517	704,305,033
B. APPLICATION OF FUNDS:		
Property, Plant and Equipment	635,521,883	649,116,084
Investment in Shares	16,223,261	16,759,635
Current Assets:		
Inventories	68,247,207	117,891,203
Sundry Debtors	48,464,117	27,178,435
Advances, Deposits & Prepayments	63,553,537	65,552,181
Interest Receivable on FDR	66,665	16,667
Cash & Bank Balances	5,851,833	4,467,287
	186,183,359	215,105,773
Current Liabilities:		
Bank Loan & Overdraft	74,854,409	113,864,712
Accrued Expenses	5,173,776	5,256,593
Trade Creditors	47,752,562	39,394,312
Advance Against Sales	1,220,000	1,200,000
Liabilities for Other Finance	6,922,054	7,109,656
Directors Current Account	1,745,000	1,745,000
Provision for Income Tax	9,306,186	8,106,186
	146,973,987	176,676,459
Net Current Assets	39,209,372	38,429,314
	690,954,517	704,305,034
Net Asset Value Per Share(with revaluation)	29.44	30.07
Net Asset Value Per Share(without revaluation)	11.59	11.43

MANAGING DIRECTOR

COMPANY SECRETARY



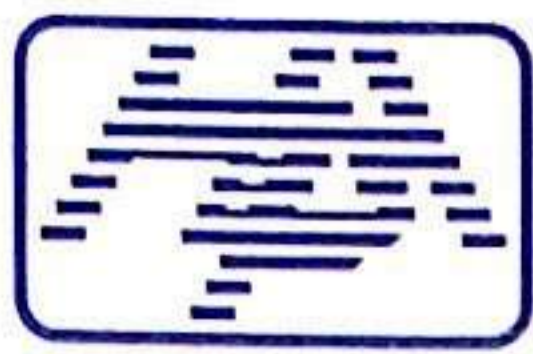
a member of
HAKKANI GROUP

Chittagong: October 25, 2014

Head Office : 2/10, Dhaka Trunk Road, North Pahartali, Chittagong, Bangladesh

Phone : 88-031-751463, 750864-5 (PABX) Fax : 88-031-752344 E-mail : info@hakkanigroup.com

Factory : Mouza Halim Kharchar, P/S : Patiya, Chittagong, Bangladesh. Web : www.hakkanigroup.com



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HAKKANI PULP & PAPER MILLS LIMITED

Statement of Comprehensive Income

For the period ended 30th September, 2014

Notes	Amount in Taka	
	30-Sep-2014	30-Sep-2013
Sales	119,020,556	112,605,498
Less: Cost of Goods Sold	108,090,839	106,636,695
Gross Profit	10,929,717	5,968,803
Less: Operating Expenses		
Administrative Expenses	3,230,766	2,043,595
Financial Expenses	2,048,415	1,708,958
Selling & Distribution Expenses	30,585	344,930
	5,309,766	4,097,483
Operating Profit	5,619,951	1,871,320
Add: Non-Operating Income	45,377	189,790
	5,665,328	2,061,110
Add: Provision for diminution of Investment in share	-	-
Net Profit Before WPPF	5,665,328	2,061,110
Less: Contribution to Workers Profit Participation and Welfare Fund	269,778	98,148
Net profit before Tax	5,395,550	1,962,962
Less: Income Tax Provision:		
Current Tax	1,200,000	736,111
Deferred Tax	1,240,358	(906,645)
	2,440,358	(170,534)
Net profit after Tax for the year	2,955,193	2,133,496
Other Comprehensive Income / Loss:		
Depreciation on Revalued amount of Fixed Assets	(17,546,067)	(4,689,837)
Deferred Tax on Revaluation surplus	2,631,910	3,008,745
Total Comprehensive Income	(11,958,964)	452,404
Earning Per Share - Basic	0.16	0.11

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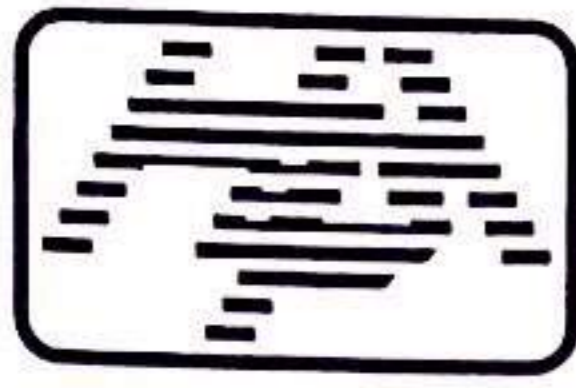


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HAKKANI PULP & PAPER MILLS LIMITED

Statement of Changes in Equity

For the period ended 30th September, 2014

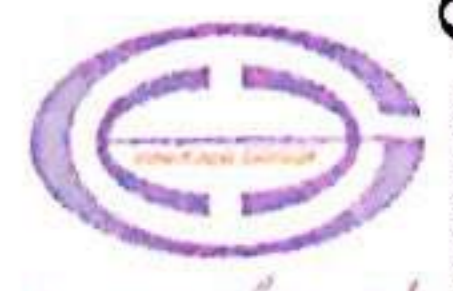
Particulars	(Amount in Taka)				
	Share Capital	Dividend Equalization Reserve	Revaluation reserve	Retained Earnings	Total
Balance as at 1st July, 2013	190,000,000	10,000,000	370,221,031	18,954,975	589,176,006
Adjustment for Depreciation on Revalued amount of Fixed Assets	-	-	(18,759,347)	-	(18,759,347)
Adjustment for Deferred Tax on Revaluation surplus	-	-	2,813,902	-	2,813,902
Dividend for the Year 2012-2013	-	-	-	(9,500,000)	(9,500,000)
Net Profit after Tax for the year	-	-	-	7,630,118	7,630,118
Balance as on 30th June, 2014	190,000,000	10,000,000	354,275,586	17,085,093	571,360,679
Balance as at 1st July, 2014	190,000,000	10,000,000	354,275,586	17,085,093	571,389,014
Adjustment for Depreciation on Revalued amount of Fixed Assets	-	-	(17,546,067)	-	(17,546,067)
Adjustment for Deferred Tax on Revaluation Surplus	-	-	2,631,910	-	2,631,910
Dividend for the Year 2013-2014	-	-	-	-	-
Net Profit after Tax for the year	-	-	-	2,955,193	2,955,193
Balance as on 30th September, 2014	190,000,000	10,000,000	339,361,429	20,040,286	559,430,049

MS.

COMPANY SECRETARY

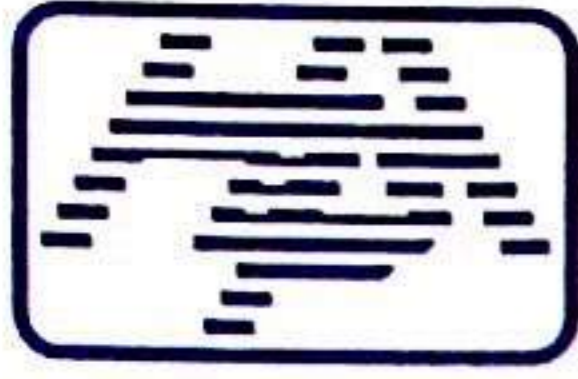
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MANAGING DIRECTOR



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Chittagong: October 25, 2014



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HAKKANI PULP & PAPER MILLS LIMITED

Statement of Cash Flows

For the period ended 30th September, 2014

Notes	Amount in Taka	
	30-Sep-2014	30-Sep-2013
A. Cash flows from Operating Activities:		
Cash Collection from Turnover & Others	97,780,251	83,520,566
Payment for Materials Expenses	(42,351,978)	(53,062,116)
Interest Paid	(2,048,415)	(1,708,958)
Income Tax Paid	(8,259,929)	(5,503,000)
Net Cash flow from Operating Activities	44,932,326	17,541,049
B. Cash flows from Investing Activities:		
Acquisition of Property, Plant & Equipment	(4,886,250)	(5,565,834)
Investment in Shares	536,375	115,340
Net cash flow from Investing Activities	(4,349,875)	(5,450,494)
C. Cash flows from Financing Activities		
Bank Loan & Overdraft	(39,010,303)	(4,543,782)
Dividend Paid	-	-
Net Cash flow from Financing Activities	(39,197,905)	(10,249,225)
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	1,384,547	1,841,330
E. Opening Cash and Bank Balances	4,467,287	1,790,059
Closing Cash and Bank Balances (D+E)	5,851,833	3,631,389
Net Operating Cash Flow Per Share	2.36	0.92

MANAGING DIRECTOR

COMPANY SECRETARY

Chittagong: October 25, 2014

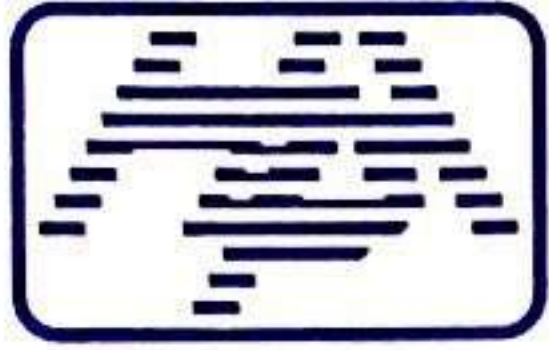


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HAKKANI PULP & PAPER MILLS LIMITED SELECTED NOTES TO THE ACCOUNTS For the 1st quarter ended 30th September 2014

1.00 Nature of Business:

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

2.00 Basis of measurement

The financial statements have been prepared on the historical cost basis except revaluation of fixed assets.

3.01 Depreciation

Depreciation is recognized in profit and loss account on diminishing balance method over the estimated useful lives of fixed assets. Full year's depreciation is charged on addition irrespective of the date of acquisition and no depreciation is charged in the year of disposal.

3.02 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 and condition in accordance with BAS-2

Category

Valuation

Finished Goods

Finished goods are valued at cost or Net realizable Value whichever is lower.

Raw materials

Raw materials are valued at cost or Net Realisable Value whichever is lower.

Work in Process

Work in process is valued at 75% of sales price

Consumable stores

Based on weighted average method.

Packing materials

Based on weighted average method.

3.03 Employee benefit schemes

Appropriate provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund as per provisions of law.

3.04 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 periods 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 profit and loss account as per BAS-12.

3.05 Revenue Recognition

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.

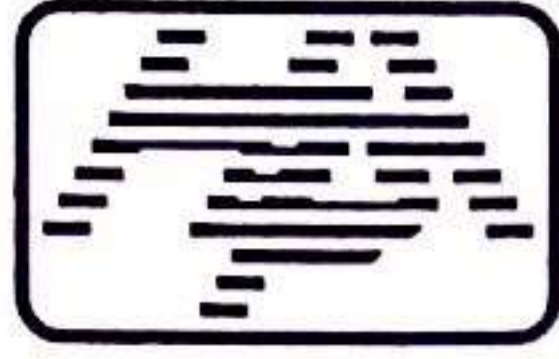


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4.00 REVALUATION RESERVE:

A revaluation of Fixed assets of the company (Land , Buildings and Plant and Machinery) has been made during the financial year 2010-2011 by M/S. G. K. Adjusters, a professional valuer and the surplus amount of these assets were transferred to Capital Reserve Account . Breakup of such surplus is as follows:

	30-Sep-2014	30-Jun-2014
	<u>Taka</u>	<u>Taka</u>
Land and land development	139,028,020	139,028,020
Factory Building & Other Civil Cons.	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	77,812,779	60,266,712
	<u>399,248,740</u>	<u>416,794,807</u>
Less : Adjustments for Deferred Tax @ 15%	59,887,311	62,519,221
Balance as on 30th June	<u>339,361,429</u>	<u>354,275,586</u>

5.00 DEFERRED TAX LIABILITY:

Opening Balance as on 1st July	50,241,883	47,801,042
Deferred tax (Income)/ Expenses for the year	1,240,358	2,440,841
Balance as on 30th June	<u>51,482,241</u>	<u>50,241,883</u>
Add: Deferred Tax for Revaluation surplus	59,887,311	62,519,221
	<u>111,369,552</u>	<u>112,761,104</u>

This represents provision made for deferred income tax to pay future income tax liability for temporary differences

<u>Carrying Amount of Fixed Assets (less revaluation)</u>	217,562,358	213,877,178
Tax Based Fixed Assets	80,276,385	79,898,822
Net Taxable Temporary Differences	137,285,974	133,978,356
Deferred tax liability at effective tax rate	<u>51,482,240</u>	<u>50,241,883</u>



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