



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

HAKKANI PULP & PAPER MILLS LIMITED

Statement of Financial Position

As at 30th September, 2015

	<u>Notes</u>	<u>30-Sep-2015</u> <u>Taka</u>	<u>30-Jun-2015</u> <u>Taka</u>
A. SOURCES OF FUNDS:			
Shareholders Equity:			
Share Capital		190,000,000	190,000,000
Dividend Equalization Reserve		15,000,000	15,000,000
Revaluation Reserve	4	335,873,726	339,361,429
Retained Earnings		31,761,991	35,070,412
		<u>572,635,717</u>	<u>574,431,841</u>
Non Current Liabilities:			
Unsecured Loan		21,928,250	16,451,250
Secured Long Term Loan		25,000,000	27,500,000
Deferred Tax Liability	5	93,860,916	94,411,563
		<u>140,789,166</u>	<u>138,362,813</u>
		<u>713,424,882</u>	<u>712,794,654</u>
B. APPLICATION OF FUNDS:			
Property, Plant and Equipment		648,726,671	652,982,392
Capital Work In Progress		19,543,680	18,123,383
Investment in Shares		19,098,912	19,292,072
Current Assets:			
Inventories		85,628,374	103,740,121
Trade Receivables		63,255,931	47,738,984
Advances, Deposits & Prepayments		39,368,865	44,092,399
Interest Receivable on FDR		285,001	235,001
Cash & Cash equivalents		11,593,080	5,384,149
		<u>200,131,251</u>	<u>201,190,654</u>
Current Liabilities:			
Short Term Loan & Overdraft		112,938,861	111,193,030
Accrued Expenses		7,168,613	5,810,312
Workers Profit Participation and Welfare Fund		1,788,640	1,685,819
Trade Payables		34,729,177	41,700,717
Liabilities for Other Finance		2,544,154	3,797,782
Directors Current Account		4,600,000	4,600,000
Provision for Income Tax		10,306,186	10,006,186
		<u>174,075,632</u>	<u>178,793,847</u>
Net Current Assets		<u>26,055,619</u>	<u>22,396,807</u>
		<u>713,424,882</u>	<u>712,794,654</u>
Net Asset Value Per Share(with revaluation)		30.14	30.23
Net Asset Value Per Share(without revaluation)		12.46	12.37

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

MANAGING DIRECTOR

Chittagong: October 31, 2015

DIRECTOR

COMPANY SECRETARY

a member of
HAKKANI GROUP

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

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HAKKANI PULP & PAPER MILLS LIMITED Statement of Profit or Loss and Other Comprehensive Income For the period ended 30th September, 2015

	Notes	30-Sep-2015 Taka	30-Sep-2014 Taka
Sales		91,407,608	119,020,556
Less: Cost of Goods Sold		82,077,361	108,090,839
Gross Profit		9,330,248	10,929,717
Less: Operating Expenses:			
Administrative Expenses		3,103,059	3,230,766
Financial Expenses		4,209,226	2,048,415
Selling & Distribution Expenses		465,949	30,585
		7,778,234	5,309,766
Operating Profit		1,552,013	5,619,951
Add: Non-Operating Income		1,251,330	45,377
		2,803,343	5,665,328
Add: Provision for diminution in value of Investment in shares		644,113	-
Net Profit Before WPPF & WWF		2,159,230	5,665,328
Less: Contribution to Workers Profit Participation and Welfare Fund		102,820	269,778
Net profit before Tax		2,056,410	5,395,550
Less: Income Tax Provision:			
Current Tax		300,000	1,200,000
Deferred Tax		64,831	1,240,359
		364,831	2,440,359
Net profit after Tax for the year		1,691,579	2,955,192
Other Comprehensive Income / Loss:			
Depreciation on Revalued amount of Fixed Assets		(4,103,181)	(17,546,067)
Deferred Tax on Revaluation Reserve		615,477	2,631,910
Total Comprehensive Income		(1,796,125)	(11,958,965)
Earning Per Share - Basic		0.09	0.16

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

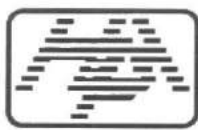
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HAKKANI PULP & PAPER MILLS LIMITED

Statement of Cash Flows

For the period ended 30th September, 2015

	<u>Notes</u>	<u>30-Sep-2015</u> <u>Taka</u>	<u>30-Sep-2014</u> <u>Taka</u>
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		77,141,991	94,319,962
Payment for Material and Expenses		(56,762,484)	(39,266,893)
Interest Paid		(4,209,226)	(2,048,415)
Income Tax Paid		(9,460,149)	(8,259,929)
Net Cash flow from Operating Activities		6,710,132	44,744,724
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(3,519,449)	(4,886,250)
Investment in Shares		-	536,375
Purchase of shares during the period		(2,373,183)	
Sales of shares during the period		1,922,230	
Net cash flow from Investing Activities		(3,970,402)	(4,349,875)
C. Cash flows from Financing Activities			
Short Term Loan & Overdraft		1,745,831	(39,010,303)
Secured Long Term Loan Repaid		(2,500,000)	-
Unsecured Loan received		5,477,000	-
Liabilities for other finance		(961,198)	-
Dividend Paid		(292,430)	-
Net Cash flow from Financing Activities		3,469,203	(39,010,303)
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		6,208,932	1,384,547
E. Opening Cash and Bank Balances		5,384,149	4,467,287
Closing Cash and Bank Balances (D+E)		11,593,080	5,851,834
F. Net Operating Cash Flow Per Share		0.35	2.35

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


MANAGING DIRECTOR


DIRECTOR


COMPANY SECRETARY

Chittagong: October 31, 2015



HAKKANI PULP & PAPER MILLS LIMITED

Statement of Changes in Equity For the period ended 30th September, 2015

(Amount in Taka)

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 1st July, 2015	190,000,000	10,000,000	339,361,429	35,070,412	574,431,841
Adjustment for Depreciation on Revalued amount of Fixed Assets	-	-	(4,103,181)	-	(4,103,181)
Transferred from Retained Earnings	-	5,000,000	-	(5,000,000)	-
Transferred to Dividend Equalization Reserve	-	-	-	-	-
Adjustment for Deferred Tax on Revaluation Surplus	-	-	615,477	-	615,477
Dividend for the Year 2013-2014	-	-	-	-	-
Net Profit after Tax for the period	-	-	-	1,691,579	1,691,579
Balance as on 30th Sep, 2015	190,000,000	15,000,000	335,873,726	31,761,991	572,635,716
Balance as at 1st July, 2014	190,000,000	10,000,000	354,275,586	17,085,093	571,360,679
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
Net Profit after Tax for the period	-	-	-	2,955,192	2,955,192
Balance as on 30th Sep, 2014	190,000,000	10,000,000	339,361,429	20,040,285	559,401,714



MANAGING DIRECTOR



DIRECTOR



COMPANY SECRETARY

Chittagong: October 31, 2015



HAKKANI GROUP



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HAKKANI PULP & PAPER MILLS LIMITED

Selected Notes to the Financial Statements

For the 1st quarter ended 30th September 2015

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 going concern basis under the historical cost convention except for revaluation of non current assets.

3.01 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 period 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:

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 in accordance with BAS-2

Category

Basis of Valuation

Finished Goods

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

Raw materials

Raw materials are valued at cost or NRV 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

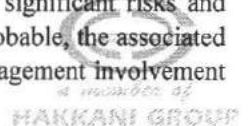
Provision for income tax has been made as per provisions of income tax laws.

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 Statement of Profit or Loss and Other Comprehensive Income 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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	<u>30-Sep-2015</u> Taka	<u>30-Jun-2015</u> Taka
4.00 REVALUATION RESERVE:		
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 valuer and the surplus amount of these assets were transferred to Capital Reserve Account . Breakup of such surplus is as follows:		
Land and land development	139,028,020	139,028,020
Factory Building & Other Civil Constructions	110,663,849	110,663,849
Plant & Machinery	227,369,650	227,369,650
	<u>477,061,519</u>	<u>477,061,519</u>
Less: Depreciation on Revalued Assets till 30.09.2015	81,915,959	77,812,779
	<u>395,145,560</u>	<u>399,248,740</u>
Less : Adjustments for Deferred Tax	59,271,834	59,887,311
Balance as on 30th Sep ,2015	<u>335,873,726</u>	<u>339,361,429</u>

5.00 DEFERRED TAX LIABILITY:		
Balance as on 1st July	34,524,251	50,241,883
Deferred tax (Income)/ Expenses for the period	64,831	1,029,662
	<u>34,589,082</u>	<u>51,271,545</u>
Less: Prior year Adjustment for Deferred Tax	-	16,747,294
Balance as on 30th September 2015	<u>34,589,082</u>	<u>34,524,251</u>
Add: Deferred Tax for Revaluation Surplus	59,271,834	59,887,311
	<u>93,860,916</u>	<u>94,411,563</u>

This represents provision made for deferred income tax to pay future income tax liability for temporary differences of Property, plant and equipment value. Calculation of Deferred Tax Liability as on 30.09.2015

5.01 Calculation of Deferred Tax Liability:		
(a) Carrying Amount of Property, Plant and Equipment (less revaluation) and land value as on 30.09.2015	215,284,309	215,436,849
(b) Tax Based Property, Plant and Equipment	76,927,979	77,339,843
(c) Net Taxable Temporary Differences (a-b)	<u>138,356,330</u>	<u>138,097,006</u>
(d) Deferred Tax Liability at effective Tax Rate	34,589,082	34,524,251
(e) Increase of Net Taxable Temporary differences	<u>259,323</u>	<u>4,118,649</u>
(f) Deferred Tax Expenses on Net Taxable Temporary differences	<u>64,831</u>	<u>1,029,662</u>
5.02 Prior year Adjustment for Deferred Tax:		
Provision required for deferred tax liability as on 30th June	-	33,494,589
Provision for deferred tax liability held as on 30th June 2014	-	50,241,883
Excess Provision to be adjusted	<u>-</u>	<u>(16,747,294)</u>
Carrying amount of Property, Plant and Equipment represents net written down value of assets as on 30th September,2015		

