



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

## HAKKANI PULP & PAPER MILLS LIMITED Statement of Financial Position (Un-Audited) As at 30 September 2018

	Note(s)	30 Sep 2018 Taka	30 June 2018 Taka
<b>ASSETS</b>			
<b>Non Current Assets :</b>			
Property, Plant and Equipment		871,838,034	862,348,774
Capital Work-In-Progress		621,938,585	629,115,458
		249,899,449	233,233,316
<b>Current Assets:</b>			
Investment in Shares		405,995,014	408,788,580
Inventories		24,610,625	24,971,261
Trade Receivables		76,958,374	87,859,086
Advances, Deposits & Prepayments		132,542,783	131,964,797
Interest Receivable on FDR		160,888,611	154,301,561
Cash & Cash equivalents		16,821	-
		10,977,800	9,691,875
<b>TOTAL ASSETS</b>		<b>1,277,833,048</b>	<b>1,271,137,354</b>
<b>SHARE HOLDERS EQUITY &amp; LIABILITIES</b>			
<b>Shareholders Equity:</b>			
Share Capital		516,729,167	521,245,689
Dividend Equalization Reserve		190,000,000	190,000,000
Revaluation Reserve	4.00	15,000,000	15,000,000
Fair Value Reserve		297,293,511	300,149,645
Retained Earnings	5.00	2,202,517	2,563,152
		12,233,140	13,532,891
<b>Non Current Liabilities:</b>			
Unsecured Loan		298,858,195	294,294,849
Long Term Loan		43,693,290	43,693,290
Deferred Tax Liability	6.00	165,763,647	160,740,545
		89,401,258	89,861,013
<b>Current Liabilities:</b>			
Short Term Loan & Overdraft		462,245,685	455,596,815
Accrued Expenses		337,482,571	346,071,124
Workers Profit Participation and Welfare Fund		12,172,856	14,555,777
Current Portion of Long Term Loan		589,829	589,829
Trade Payables		10,632,000	10,632,000
Current Tax Liabilities		86,331,143	69,473,125
Liabilities for Other Finance		7,760,585	6,995,420
Directors Current Account		2,676,701	2,679,540
		4,600,000	4,600,000
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,277,833,048</b>	<b>1,271,137,354</b>
Net Asset Value Per Share(with revaluation)		27.20	27.43
Net Asset Value Per Share(without revaluation)		11.55	11.64

CHAIRMAN

MANAGING DIRECTOR

DIRECTOR

CFO

COMPANY SECRETARY

Place: Chattogram

Date: November 01, 2018



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, hppml@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 Profit or Loss and Other Comprehensive Income (Un-Audited) For the 1st Quarter ended 30 September, 2018

	30 Sep 2018 Taka	30 Sep 2017 Taka
Revenue	127,223,666	45,242,144
Less: Cost of Sales	110,836,251	41,118,899
<b>Gross Profit</b>	<b>16,387,415</b>	<b>4,123,245</b>
<b>Less: Operating Expenses:</b>		
Administrative Expenses	4,588,415	3,826,327
Financial Expenses	15,948,285	8,048,096
Selling & Distribution Expenses	5,000	-
	20,541,699	11,874,423
<b>Operating Profit</b>	<b>(4,154,284)</b>	<b>(7,751,178)</b>
Add: Non-Operating Income	303,808	428,620
<b>Net Profit Before WPPF &amp; WWF</b>	<b>(3,850,476)</b>	<b>(7,322,558)</b>
Less: Contribution to Workers Profit Participation and Welfare Fund	-	-
<b>Net profit before Tax</b>	<b>(3,850,476)</b>	<b>(7,322,558)</b>
Less: Income Tax Provision:		
Current Tax	765,165	271,453
Deferred Tax	44,268	(100,033)
	809,433	171,420
<b>Net profit after Tax for the period</b>	<b>(4,659,909)</b>	<b>(7,493,977)</b>
<b>Other Comprehensive Income:</b>		
Deferred Tax on Revaluation Reserve	504,023	538,681
Unrealized Gain/ (Loss) on Investment in Shares	(360,635)	4,507,646
<b>Total Comprehensive Income</b>	<b>(4,516,521)</b>	<b>(2,447,651)</b>
<b>Earning Per Share - Basic</b>	<b>(0.25)</b>	<b>(0.39)</b>

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## HAKKANI PULP & PAPER MILLS LIMITED Statement of Cash Flows (Un-Audited) For the 1st Quarter ended 30 September, 2018

	30 Sep 2018 Taka	30 Sep 2017 Taka
<b>A. Cash flows from Operating Activities:</b>		
Cash Collection from Turnover & Others	126,949,555	32,402,841
Payment for Material and Expenses	(89,170,995)	(47,923,522)
Interest Paid	(15,948,285)	(8,048,096)
Income Tax Paid	(104,278)	(51,290)
<b>Net Cash flows from Operating Activities</b>	<b>21,725,997</b>	<b>(23,620,066)</b>
<b>B. Cash flows from Investing Activities:</b>		
Acquisition of Property, Plant & Equipment	(205,652)	(80,502)
Capital Work-In-Progress	(16,666,133)	(13,314,187)
Purchase of shares	-	(1,743,528)
Sale of shares	-	201,221
<b>Net cash flows from Investing Activities</b>	<b>(16,871,785)</b>	<b>(14,936,997)</b>
<b>C. Cash flows from Financing Activities</b>		
Short Term Loan & Overdraft	(8,588,553)	22,682,343
Secured Long Term Loan	5,023,102	20,881,901
Unsecured Loan Received	-	400,000
Liabilities for other finance	(2,839)	40,210
<b>Net Cash flows from Financing Activities</b>	<b>(3,568,290)</b>	<b>44,004,454</b>
<b>D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)</b>	<b>1,285,922</b>	<b>5,447,391</b>
<b>E. Opening Cash and Bank Balances</b>	<b>9,691,875</b>	<b>7,045,636</b>
<b>Closing Cash and Bank Balances (D+E)</b>	<b>10,977,800</b>	<b>12,493,028</b>
<b>F. Net Operating Cash Flows Per Share</b>	<b>1.14</b>	<b>(1.24)</b>

  
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## HAKKANI PULP & PAPER MILLS LIMITED Statement of Changes in Equity (Un-Audited) For the 1st Quarter ended 30 September, 2018

Particulars	(Amount in Taka)					Total
	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	
Balance as at 01 July, 2018	190,000,000	15,000,000	300,149,645	2,563,152	13,532,891	521,245,689
Adjustment of depreciation on carrying amount of revalued assets	-	-	(3,360,158)	-	3,360,158	-
Deferred Tax on Revaluation Surplus	-	-	504,023	-	-	504,023
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(360,635)	-	(360,635)
Net Profit after Tax for the period	-	-	-	-	(4,659,909)	(4,659,909)
<b>Balance as on 30 September, 2018</b>	<b>190,000,000</b>	<b>15,000,000</b>	<b>297,293,511</b>	<b>2,202,517</b>	<b>12,233,140</b>	<b>516,729,168</b>

## For 1st Quarter ended 30 September, 2017

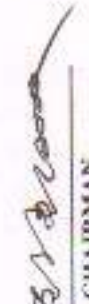
Balance as at 01 July, 2017	190,000,000	15,000,000	312,359,742	1,915,279	17,387,793	536,662,814
Adjustment of depreciation on carrying amount of revalued assets	-	-	(3,591,205)	-	3,591,205	-
Deferred Tax on Revaluation Surplus	-	-	538,681	-	-	538,681
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	4,507,646	-	4,507,646
Net Profit after Tax for the period	-	-	-	-	(7,493,977)	(7,493,977)
<b>Balance as on 30 September, 2017</b>	<b>190,000,000</b>	<b>15,000,000</b>	<b>309,307,218</b>	<b>6,422,924</b>	<b>13,485,021</b>	<b>534,215,163</b>

  
COMPANY SECRETARY

  
CFO

  
DIRECTOR

  
MANAGING DIRECTOR

  
CHAIRMAN



  
Place: Chattogram  
Date: November 01, 2018  
HAKKANI GROUP



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HAKKANI PULP & PAPER MILLS LIMITED

Selective Notes to the Financial Statements

For the 1st Quarter ended 30 September, 2018

**1.00 Nature of Business:**

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

**2.00 BASIS OF PREPARATION:**

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

**3.01 Basis of Reporting :**

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

- A Statement of Financial Position as at 30 September' 2018
- A Statement of Profit or Loss and other Comprehensive Income for the period ended 30 September' 2018
- A Statement of changes in equity for the period ended 30 September' 2018
- A Statement of Cash flows for the period ended 30 September' 2018
- Notes , comprising a summary of significant accounting policies and explanatory information.
- Comperative information prescribed by the Standard.

**3.02 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.

**3.03 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

<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 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.

**3.04 Employee benefit schemes:**

No provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund due to incurring loss during the period.

**3.05 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 IAS-12.



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	30 Sep 2018 Taka	30 June 2018 Taka
<b>4.00 REVALUATION RESERVE:</b>		
A revaluation of Land, Buildings and Plant and Machinery has been made during the financial period 2010-2011 by M/S. G. K. Adjusters, a professional valuer and the surplus amount of these assets were transferred to Revaluation Reserve Account. Breakup of such surplus is as follows:		
Land and land development	139,028,020	139,028,020
Factory Building & Other Civil Constructions	110,663,849	110,663,849
Plant & Machinery	227,369,650	227,369,650
	<u>477,061,519</u>	<u>477,061,519</u>
Less: Depreciation on Revalued Assets till 30.09.2018	127,304,448	123,944,290
	<u>349,757,071</u>	<u>353,117,229</u>
Less: Adjustments for Deferred Tax	52,463,561	52,967,584
Balance as on 30 September	<u>297,293,511</u>	<u>300,149,645</u>
Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.		
<b>5.00 RETAINED EARNINGS:</b>		
Balance as on 01 July	13,532,891	17,387,793
Less: Dividend for the period 2017-2018 as approved in the AGM	-	-
	<u>13,532,891</u>	<u>17,387,793</u>
Add: Net profit after tax for the period	(4,659,909)	(18,219,722)
	<u>8,872,982</u>	<u>(831,929)</u>
Add: Revaluation Surplus Realized	3,360,158	14,364,820
Balance as on 30 September	<u>12,233,140</u>	<u>13,532,891</u>
<b>6.00 DEFERRED TAX LIABILITY:</b>		
Balance as on 01 July	36,893,429	35,199,812
Deferred Tax (Income)/ Expenses for the period	44,268	1,693,617
	<u>36,937,697</u>	<u>36,893,429</u>
Add: Deferred Tax for Revaluation Surplus	52,463,561	52,967,584
	<u>89,401,258</u>	<u>89,861,013</u>
This represents provision made for deferred income tax to pay future income tax liability for temporary differences of Property, plant and equipment value. Calculation of Deferred Tax Liability as on 30.09.2018 has been shown at Note-6.01.		
<b>6.01 Calculation of Deferred Tax Liability:</b>		
(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value) as on 30 September	228,598,272	232,414,986
(b) Tax Based Property, Plant and Equipment	80,847,485	84,841,271
(c) Net Taxable Temporary Differences (a-b)	<u>147,750,787</u>	<u>147,573,715</u>
(d) Deferred Tax liability at effective Tax Rate	36,937,697	36,893,429
(e) Deferred Tax expenses on Net Taxable Temporary differences	<u>44,268</u>	<u>1,693,917</u>



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