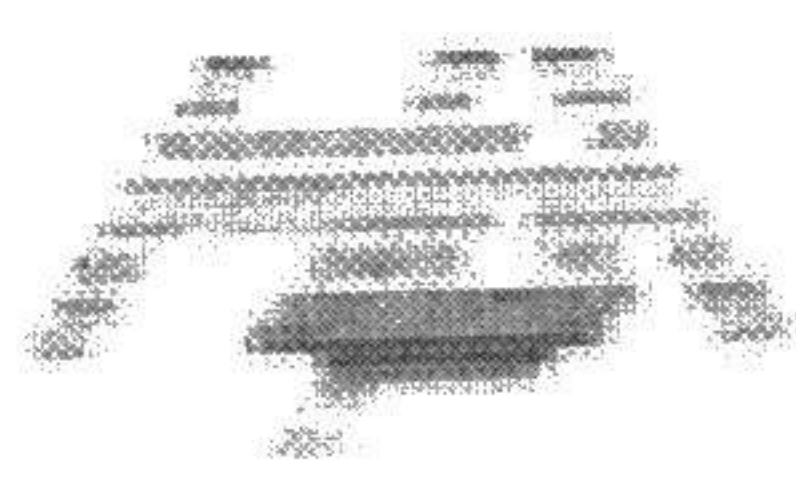


হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ
HAKKANI PULP & PAPER MILLS LTD.

HAKKANI PULP & PAPER MILLS LIMITED

FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD ENDED 30 SEPTEMBER' 2019



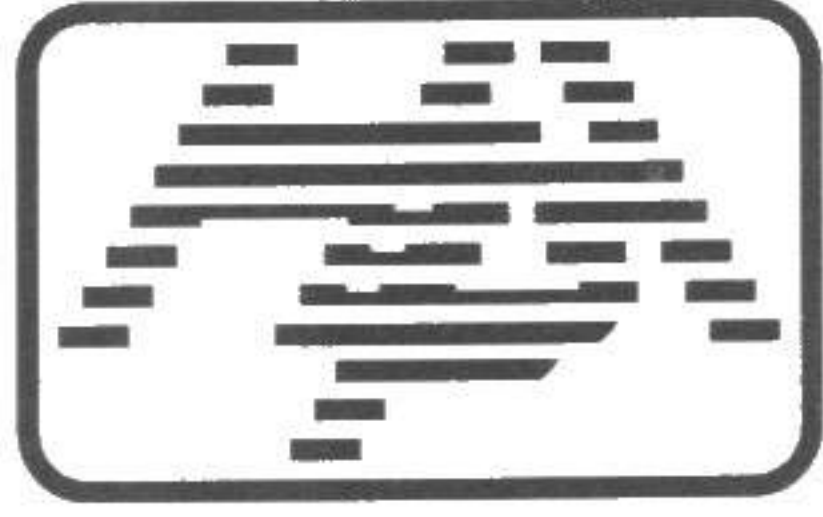
HAKKANI GROUP

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

Phone : +88-02-43151463, 02-43150864-5 (PABX) **Fax :** +88-02-43152344 **E-mail :** hppml@hakkanigroup.com, info@hakkanigroup.com

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

HAKKANI PULP & PAPER MILLS LTD.



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

HAKKANI PULP & PAPER MILLS LIMITED Statement of Financial Position (Un- Audited) As at 30th September, 2019

Note(s)	30 Sep 2019 Taka	30 June 2019 Taka
ASSETS		
Non Current Assets :		
	891,159,523	896,712,894
Property, Plant and Equipment	876,723,949	882,494,770
Capital Work-In-Progress	14,435,574	14,218,124
Current Assets:		
	465,117,985	421,535,574
Investment in Shares	20,863,909	23,449,916
Inventories	140,234,833	137,258,458
Trade Receivables	144,259,015	115,017,902
Advances, Deposits & Prepayments	147,258,815	140,828,005
Cash & Cash equivalents	12,501,412	4,981,294
TOTAL ASSETS	1,356,277,508	1,318,248,468
SHARE HOLDERS EQUITY & LIABILITIES		
Shareholders Equity:		
	489,828,788	495,387,034
Share Capital	190,000,000	190,000,000
Dividend Equalization Reserve	15,000,000	15,000,000
Revaluation Reserve	4.00 286,052,482	288,725,108
Fair Value Reserve	(257,352)	1,523,617
Retained Earnings	5.00 (966,343)	138,309
Non Current Liabilities:		
	408,540,026	392,691,765
Unsecured Loan	44,999,990	44,999,990
Long Term Loan	261,758,618	247,137,113
Deferred Tax Liability	6.00 101,781,419	100,554,663
Current Liabilities:		
	457,908,695	430,169,669
Short Term Loan & Overdraft	253,354,749	246,138,646
Accrued Expenses	23,958,347	21,105,606
Workers Profit Participation and Welfare Fund	589,829	589,829
Current Portion of Long Term Loan	95,428,584	95,428,584
Trade Payables	65,013,883	48,062,309
Current Tax Liabilities	10,788,461	9,912,932
Liabilities for Other Finance	3,274,841	3,431,762
Directors Current Account	5,500,000	5,500,000
TOTAL EQUITY & LIABILITIES	1,356,277,508	1,318,248,468

Net Asset Value Per Share(with revaluation)
Net Asset Value Per Share(without revaluation)

25.78 26.08
10.73 10.88

CHAIRMAN

MANAGING DIRECTOR

DIRECTOR

CFO

COMPANY SECRETARY



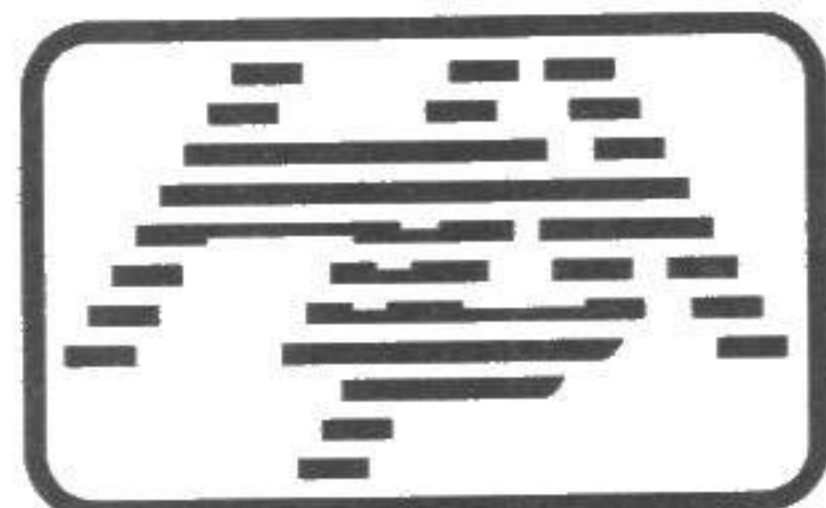
Place: Chattogram

Date: November 02, 2019

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

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HAKKANI PULP & PAPER MILLS LIMITED

Statement of Profit or Loss and Other Comprehensive Income (Un- Audited) For the period ended 30 September, 2019

	30 Sep 2019	30 Sep 2018
	Taka	Taka
Revenue	145,483,929	127,223,666
Less: Cost of Sales	122,267,154	110,836,251
Gross Profit / (Loss)	23,216,775	16,387,415
Less: Operating Expenses:		
Administrative Expenses	4,217,877	4,588,415
Financial Expenses	18,469,154	15,948,285
Selling & Distribution Expenses	2,642,265	5,000
	25,329,296	20,541,699
Operating Profit	(2,112,521)	(4,154,284)
Add: Non-Operating Income	437,527	303,808
Net Profit Before WPPF & WWF	(1,674,994)	(3,850,476)
Less: Contribution to Workers Profit Participation and	-	-
Net profit before Tax	(1,674,994)	(3,850,476)
Less: Income Tax Provision:		
Current Tax	875,529	765,165
Deferred Tax	1,698,396	44,268
	2,573,925	809,433
Net profit after Tax for the period	(4,248,918)	(4,659,909)
Other Comprehensive Income:		
Deferred Tax on Revaluation Reserve	471,640	504,023
Unrealized Gain/ (Loss) on Investment in Shares	(1,780,969)	(360,365)
Total Comprehensive Income	(5,558,247)	(4,516,251)
Earning Per Share - Basic	(0.22)	(0.25)


CHAIRMAN


MANAGING DIRECTOR


DIRECTOR

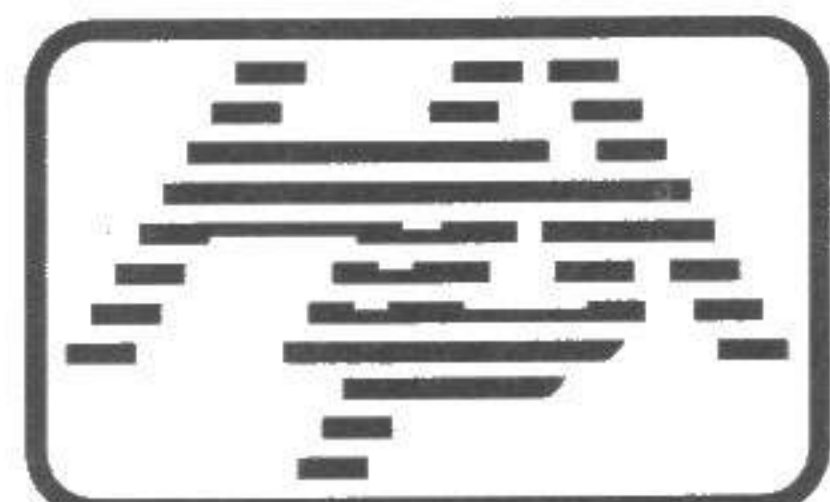

CFO


COMPANY SECRETARY

Place: Chattogram
Date: November 02, 2019



HAKKANI GROUP



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HAKKANI PULP & PAPER MILLS LIMITED

Statement of Cash Flows (Un- Audited)

For the period ended 30 September, 2019

	30 Sep 2019 Taka	30 Sep 2018 Taka
A. Cash flows from Operating Activities:		
Cash Collection from Turnover & Others	116,680,343	124,872,299
Payment for Material and Expenses	(107,116,361)	(87,093,739)
Interest Paid	(18,469,154)	(15,948,285)
Income Tax Paid	(30,536)	(104,278)
Net Cash flows from Operating Activities	(8,935,707)	21,725,998
B. Cash flows from Investing Activities:		
Acquisition of Property, Plant & Equipment	(5,812,449)	(205,652)
Capital Work-In-Progress	(217,450)	(16,666,133)
Sale of shares	805,038	-
Net cash flows from Investing Activities	(5,224,861)	(16,871,785)
C. Cash flows from Financing Activities		
Short Term Loan & Overdraft	7,216,103	(8,588,553)
Long Term Loan	14,621,505	5,023,102
Liabilities for other finance	(156,921)	(2,839)
Net Cash flows from Financing Activities	21,680,687	(3,568,290)
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	7,520,119	1,285,922
E. Opening Cash and Bank Balances	4,981,294	9,691,875
Closing Cash and Bank Balances (D+E)	12,501,412	10,977,800
F. Net Operating Cash Flows Per Share	(0.47)	1.14


CHAIRMAN


MANAGING DIRECTOR


DIRECTOR


CFO


COMPANY SECRETARY



Place: Chattogram

Date: November 02, 2019

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HAKKANI PULP & PAPER MILLS LIMITED
Statement of Changes in Equity (Un- Audited)
For the period ended 30 September, 2019

Particulars	(Amount in Taka)					Total
	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	
Balance as at 01 July, 2019	190,000,000	15,000,000	288,725,108	1,523,617	138,309	495,387,035
Adjustment of depreciation on carrying amount of revalued assets	-	-	(3,144,267)	-	3,144,267	-
Deferred Tax on Revaluation Surplus	-	-	471,640	-	-	471,640
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(1,780,969)	-	(1,780,969)
Net Profit after Tax for the year	-	-	-	-	(4,248,918)	(4,248,918)
Balance as on 30 September, 2019	190,000,000	15,000,000	286,052,482	(257,352)	(966,343)	489,828,788


For period ended 30 September, 2018


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)
Balance as on 30 September, 2018	190,000,000	15,000,000	297,293,511	2,202,517	12,233,140	516,729,168


CHAIRMAN

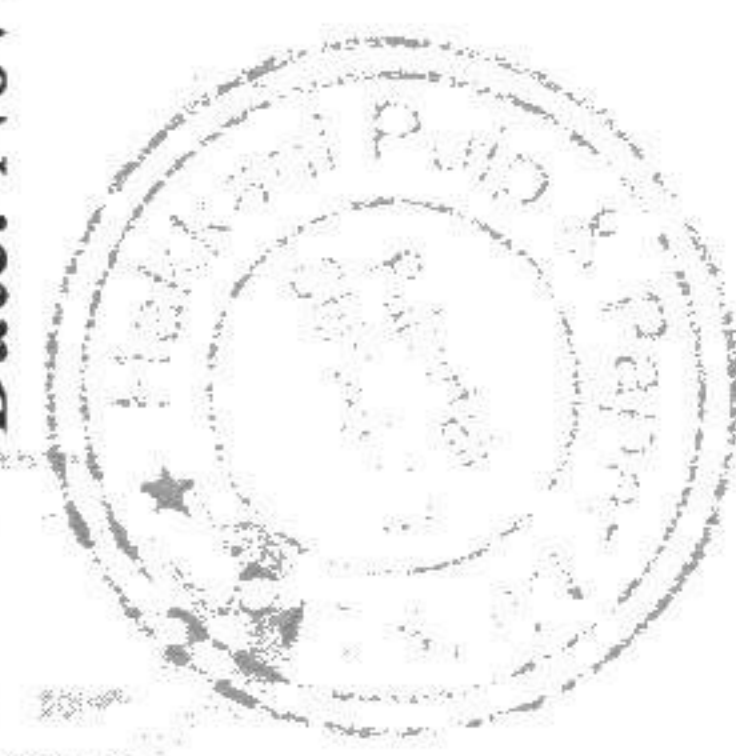

MANAGING DIRECTOR

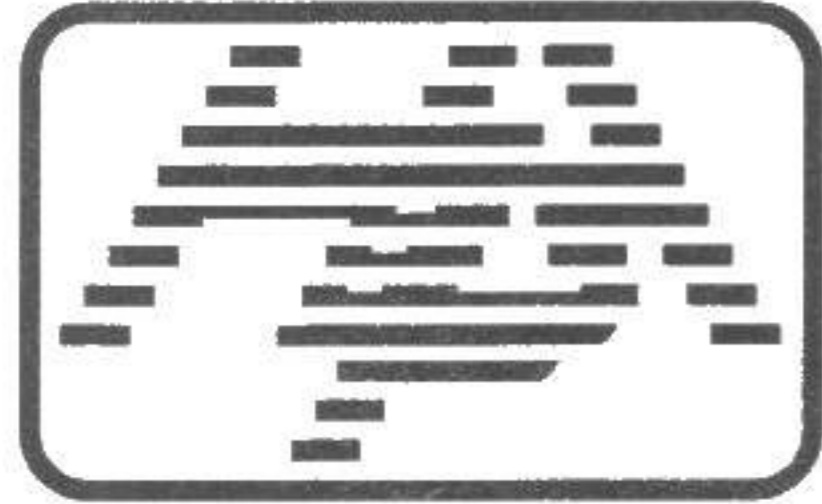

DIRECTOR


CFO


COMPANY SECRETARY

Place: Chattogram
Date: November 02, 2019





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HAKKANI PULP & PAPER MILLS LIMITED

Notes to the Financial Statements

For the period ended 30 September, 2019

1.00 Nature of Business:

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

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, 2019.
- A Statement of Profit or Loss and other Comprehensive Income for the period ended 30 September, 2019.
- A Statement of changes in equity for the period ended 30 September, 2019.
- A Statement of Cash flows for the period ended 30 September, 2019.
- Notes , comprising a summary of significant accounting policies and explanatory information.
- Comparative 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.

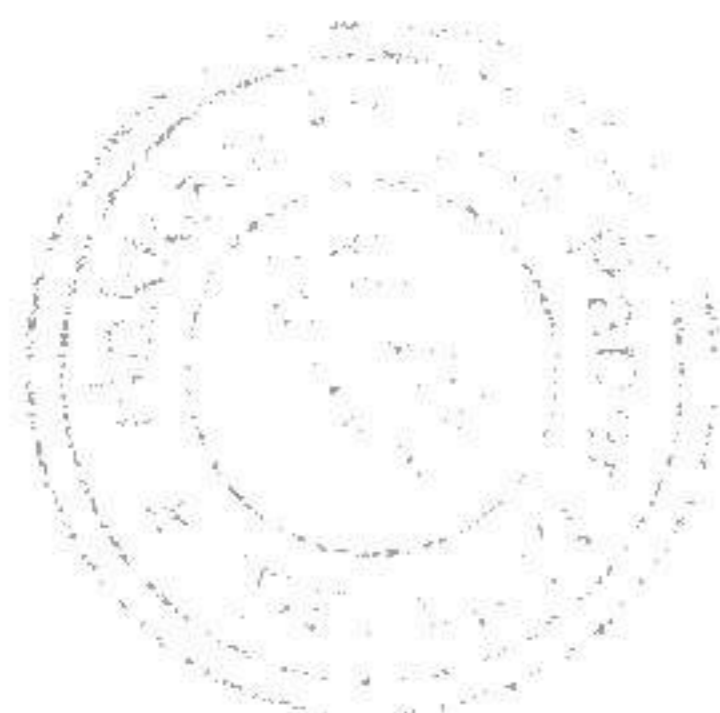
3.03 Inventories:

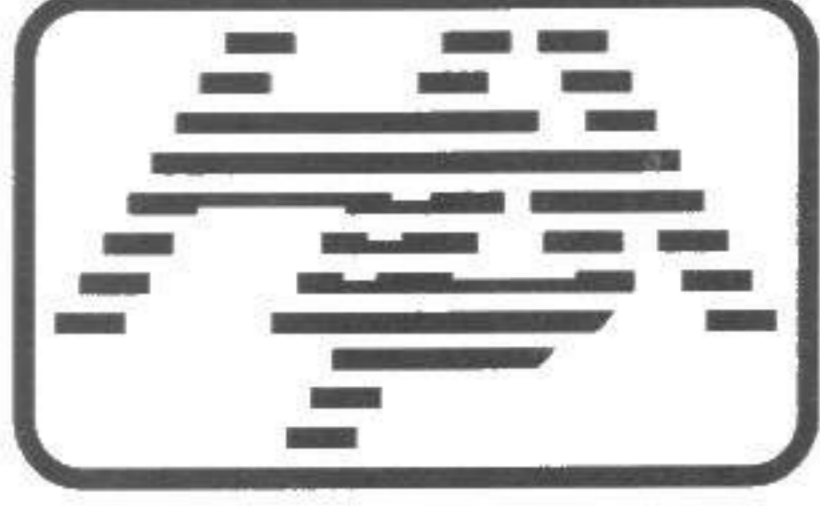
Inventories are measured at lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring these inventories and bringing them to their existing location and condition in accordance with BAS-2

<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 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 overhead.
Consumable stores	Based on weighted average method.
Packing materials	Based on weighted average method.

3.04 The company has maintained Workers' Profit Participation Fund and Workers' Welfare Fund as per Labour Act, 2006 as amended in 2012.

No provision has been made for Worker's Profit Participation Fund and Worker's Welfare Fund due to incurring loss during the period. The Company does not maintain any employee benefit scheme except Worker's Profit Participation Fund and Worker's Welfare Fund (WPPF) however no provision has been made for the period in this regard.





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3.05 Income Tax Expenses :

3.05.01 Current Tax

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

Calculation of Current Tax is shown below:

	30 Sep 2019	30 June 2018
	Taka	Taka
Net Sales	145,483,929	127,223,666
Non -Operating Income	437,527	303,808
Gross Received	145,921,456	127,527,473
Minimum Tax at rate of 0.60%	875,529	765,165

3.05.02 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.



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30 Sep 2019

30 June 2019

Taka

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 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 30.09.2019	140,529,188	137,384,921
	<u>336,532,331</u>	<u>339,676,598</u>
Less : Adjustments for Deferred Tax	50,479,850	50,951,490
Balance as on 30 June	<u><u>286,052,482</u></u>	<u><u>288,725,108</u></u>

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

5.00 RETAINED EARNINGS:

Balance as on 01 July	138,309	13,532,891
Less: Dividend for the period 2017-2018 as approved in the AGM	-	5,700,000
	<u>138,309</u>	<u>7,832,891</u>
Add: Net profit/(loss) after tax for the year	<u>(4,248,918)</u>	<u>(21,054,878)</u>
	<u>(4,110,609)</u>	<u>(13,221,987)</u>
Add: Revaluation Surplus Realized	3,144,267	13,440,631
Balance as on 30 June	<u><u>(966,343)</u></u>	<u><u>218,644</u></u>

6.00 DEFERRED TAX LIABILITY:

Balance as on 01 July	49,603,173	36,893,429
Deferred Tax (Income)/ Expenses for the period	1,698,396	12,709,744
	<u>51,301,569</u>	<u>49,603,173</u>
Add: Deferred Tax for Revaluation Surplus	50,479,850	50,951,490
	<u><u>101,781,419</u></u>	<u><u>100,554,663</u></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 30.09.2019 has been shown at **Note-6.01**

6.01 Calculation of Deferred Tax Liability:

(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value)	496,608,376	499,234,930
(b) Tax Based Property, Plant and Equipment	291,402,102	300,822,240
(c) Net Taxable Temporary Differences (a-b)	<u>205,206,274</u>	<u>198,412,690</u>
(d) Deferred Tax liability at effective Tax Rate	51,301,568	49,603,173
(e) Deferred Tax expenses on Net Taxable Temporary differences	<u><u>1,698,396</u></u>	<u><u>12,709,744</u></u>

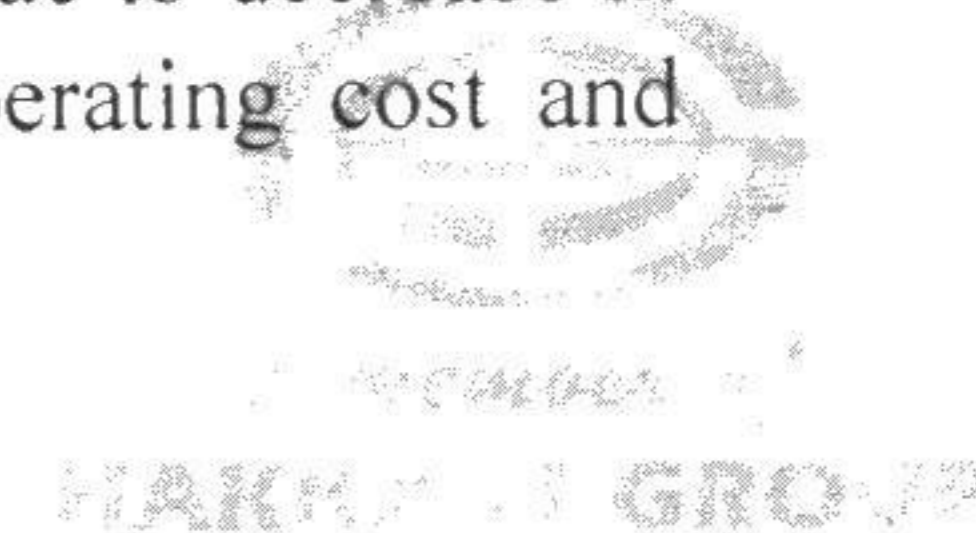
7.00 Significant Deviations:

7.01 Significant deviation in EPS:

Significant deviation in EPS has been arrived compared to previous period for incurring net loss due to fall in market price of the products and increasing of financial expense.

7.02 Significant deviation in Net operating cash flows per share (NOCFPS).

Significant deviation in Net Operating Cash Flows Per Shares (NOCFPS) has been arrived due to decrease in cash collection from customers, increase in cash payment to suppliers and increase in operating cost and financial expenses significantly.



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