




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

HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF FINANCIAL POSITION (UN AUDITED) AS AT 31 DECEMBER 2012

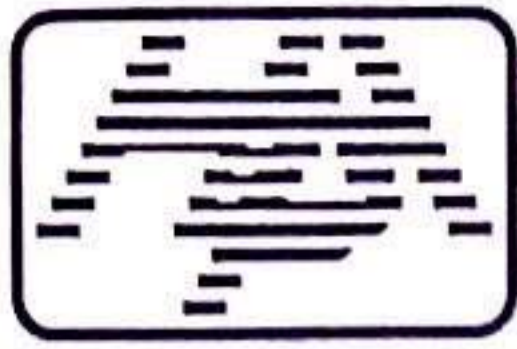
Note No	As At		
	31st Dec. 2012	30th Jun. 2012	
Taka			
A. SOURCES OF FUNDS:			
Share Holders Equity:			
	190,000,000	190,000,000	
Share Capital	10,000,000	10,000,000	
Dividend Equalization Fund	378,745,807	387,270,584	
Revaluation Reserve	14,101,824	18,864,380	
Retained Earnings	592,847,631	606,134,964	
Non Current Liabilities			
Unsecured Loan	20,408,000	20,408,000	
Deferred Tax	114,165,383	115,631,820	
	134,573,383	136,039,820	
	727,421,014	742,174,784	
B. APPLICATION OF FUNDS:			
Property, Plant and Equipment	656,086,139	661,952,771	
Capital Work in Progress		138,600	
Investment in Shares	17,460,747	17,098,158	
Current Assets:			
Inventories	83,241,455	105,989,792	
Sundry Debtors	5,839,436	6,679,230	
Advances, Deposits & Prepayments	34,515,449	21,500,604	
Receivable from MTDR	140,625	2,889,077	
Cash & Bank Balances	9,251,430	7,032,883	
	132,988,395	144,091,586	
Current Liabilities:			
Bank Loan & Overdraft	35,575,557	49,906,074	
Accrued Expenses	3,861,577	4,112,033	
Trade Creditors	16,879,827	17,369,977	
Liabilities for Other Finance	7,480,096	6,978,468	
Directors Current Account	1,745,000	1,745,000	
Dividend Payable	9,500,000	-	
Provision for Income Tax	9,851,058	7,599,177	
	84,893,115	87,710,729	
Net Current Assets	48,095,280	56,380,857	
Deferred Revenue Expenses	6	5,778,848	6,604,398
	727,421,014	742,174,784	


DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY



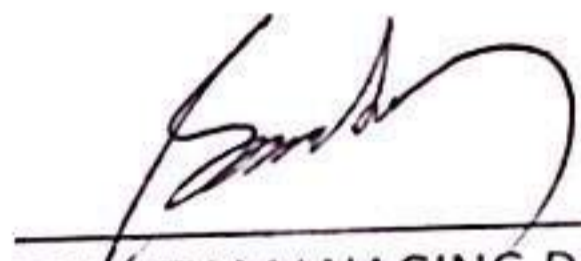
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HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER, 2012

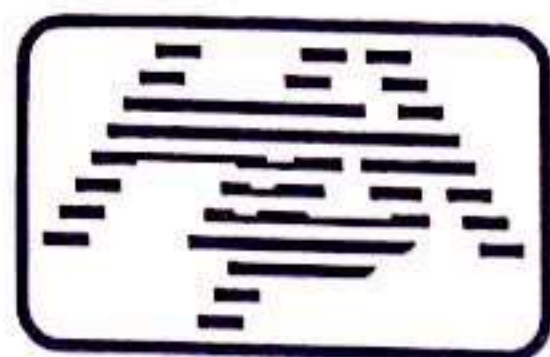
	Half year ended		Quarter ended	
	Jul- Dec 2012	Jul- Dec 2011	Oct - Dec	Oct - Dec 2011
	Taka		Taka	
Sales	107,907,352	112,109,340	67,738,186	74,827,881
Less: Cost of Goods Sold	95,192,043	93,975,985	56,671,814	60,395,926
Gross Profit	12,715,309	18,133,355	11,066,373	14,431,955
Less: Operating Expenses				
Administrative Expenses	3,896,751	3,864,542	2,041,297	2,038,458
Financial Expenses	3,630,255	2,357,182	1,654,135	1,539,157
Selling & Distribution Expenses	498,999	400,511	405,716	320,486
	8,026,005	6,622,235	4,101,148	3,898,101
Operating Profit	4,689,303	11,511,120	6,965,225	10,533,854
Add: Non-Operating Income	2,689,319	1,075,328	490,163	504,703
	7,378,622	12,586,448	7,455,388	11,038,557
Net Profit Before WPPF	351,363	599,355	351,363	525,433
Less: Contribution to WPPF	7,027,259	11,987,093	7,104,025	10,513,124
Net profit before Tax				
Less: Income Tax Provision				
Current Tax	2,251,881	4,495,160	2,251,881	3,942,601
Deferred Tax	37,935	-	37,935	-
	2,289,816	4,495,160	2,289,816	3,942,601
Net profit/(Loss) after Tax	4,737,443	7,491,933	4,814,209	6,570,523
Earning Per Share - Basic	0.25	0.39	0.25	0.35


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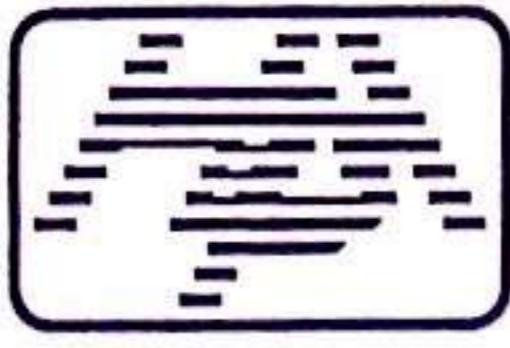
HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF CHANGES IN EQUITY (UN AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER, 2012

(Amount in Taka)

Particulars	Share Capital	Dividend Equalization Fund	Revaluation Reserve	Retained Earnings	Total
Balance as at 1st July, 2011	190,000,000	10,000,000	477,061,519	16,208,611	693,270,130
Dividend for the year 2010-2011	-	-	-	(9,500,000)	(9,500,000)
Adjustment for Depreciation on revalued assets	-	-	(10,724,534)	-	(10,724,534)
Net Profit after Tax	-	-	-	7,491,933	7,491,933
Balance as at 31 December, 2011	190,000,000	10,000,000	466,336,985	14,200,544	680,537,529
Balance as at 1st July, 2012	190,000,000	10,000,000	387,270,583	18,864,381	606,134,964
Dividend for the year 2011-2012	-	-	-	(9,500,000)	(9,500,000)
Adjustment for Depreciation on revalued assets	-	-	(31,478,216)	-	(31,478,216)
Adjustment for deferred tax on revaluation reserve	-	-	1,504,372	-	1,504,372
Net Profit after Tax	-	-	-	4,737,443	4,737,443
Balance as at 31 December, 2012	190,000,000	10,000,000	357,296,739	14,101,824	571,398,563


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HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF CASH FLOWS (UN AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER, 2012

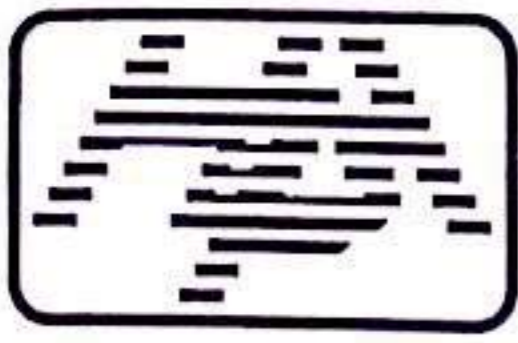
	Half year ended	
	Jul- Dec 2012	Jul- Dec 2011
A. Cash flows from Operating Activities:	Taka	
Cash Collection from Turnover & Others	114,184,917	104,033,213
Payment for Cost and Expenses	(81,449,725)	(95,361,131)
Interest Paid	(3,630,255)	(2,357,182)
Income Tax Paid	(1,415,587)	(2,500,000)
Net Cash from Operating Activities	27,689,350	3,814,900
B. Cash flows from investing activities:		
Acquisition of Fixed Assets	(10,831,012)	(4,015,429)
Capital Work in Progress	138,600	-
Investment in Shares	(362,589)	(37,000)
Net cash from investing activities	(11,055,001)	(4,052,429)
C. Cash flows from financing activities		
Bank Loan & Overdraft	(14,330,517)	5,092,585
Liabilities for other finance	501,628	(42,089)
Dividend Paid	-	(9,500,000)
Net Cash from financing Activities	(13,828,889)	(4,449,504)
Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	2,805,460	(4,687,033)
Add: Opening Cash and Bank Balances	7,032,883	21,745,835
Closing Cash and Bank Balances	9,838,343	17,058,802


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



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HAKKANI PULP & PAPER MILLS LIMITED SELECTED NOTES TO THE ACCOUNTS AS AT AND FOR THE HALF YEAR ENDED 31 DECEMBER, 2012

1.00 LEGAL STATUS AND NATURE OF THE COMPANY:

1.01 Status and Legal Form of the Company

Hakkani Pulp & Paper Mills Ltd. (hereinafter referred to as the "Company) has been incorporated in Bangladesh as a public limited company under the Companies Act, 1994 vide Registration No. CHC-2462/1996 with the Registrar of Joint Stock Companies on December 28, 1996 with an Authorised Capital of Tk. 500,000,000/- comprising of 50,000,000 Ordinary Shares of Tk. 10 each. The Company issued shares to the general public in 2001 and got listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

The registered office of the Company is situated at 2/10, D.T. Road, North Pahartali, Chittagong. The factory is located at Mouza: Halimkhar Char, P.S.: Potiya, Dist: Chittagong on Chittagong -Cox's Bazar Highway.

1.02 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.

3.00 Revaluation of Fixed assets

A revaluation of Fixed assets of the company (Land , Buildings and Plant and Machinery) has been made by M/S. G. K. Adjusters, a professional valuer and the surplus amount of these assets are transferred to Revaluation Reserve Account.

3.01 Depreciation

Depreciation is recognised 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 realisable 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

Finished Goods

Raw materials

Work in Process

Consumable stores

Packing materials

Valuation

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

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

Work in process is valued at 75% of sales price

Based on weighted average method.

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 Interest income and expenses

Interest income has been recognised on cash basis.

Interest expenses incurred during the year have been charged to statement of comprehensive


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 recognised 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.


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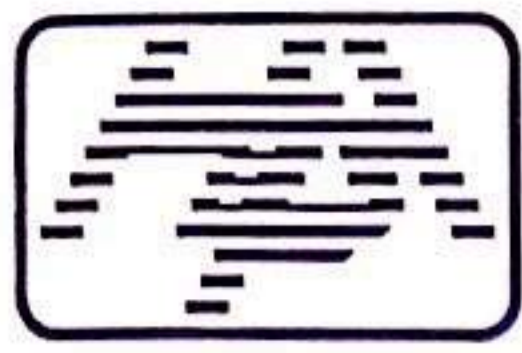


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3.06 Revenue Recognition

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 recognised 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.

31 Dec. 2012 30 Jun. 2012

4.00 REVALUATION RESERVE

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

Land and land development (total surplus)	139,028,020	139,028,020
Factory Building & Other Civil Cons. (total surplus)	110,663,849	110,663,849
Plant & Machinery (total surplus)	227,369,650	227,369,650
	<u>477,061,519</u>	<u>477,061,519</u>
Less: Depreciation on Revalued Assets	31,478,216	21,449,068
	<u>445,583,303</u>	<u>455,612,451</u>
Less: Deferred tax @15%	66,837,495	68,341,868
Balance as on 30th September	<u><u>378,745,807</u></u>	<u><u>387,270,583</u></u>

The above loans are interest free.

5.00 DEFERRED TAX LIABILITY


Balance as on 1st July	115,631,820	46,675,855
Deferred tax (Income)/ Expenses for the year	37,935	614,097
Balance as on 31st December 2012	<u>115,669,755</u>	<u>47,289,952</u>
Add: Adjustment for deferred tax on revaluation reserve	(1,504,372)	68,379,803
Total deferred tax liability	<u><u>114,165,383</u></u>	<u><u>115,669,755</u></u>

6.00 DEFERRED REVENUE EXPENDITURE

Gas generator overhauling expenses	6,604,398	8,255,497
Less: written off during the year	825,550	1,651,099
Balance as on 30th June	<u><u>5,778,848</u></u>	<u><u>6,604,398</u></u>

The Board of Directors in its meeting held on 28th July 2012 has decided to defer the above revenue expenditure and write off within five years with effect from the year 2011-2012


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