

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, 2013

A. SOURCES OF FUNDS:

Share Holders Equity:

Share Capital

Dividend Equalization Reserve

Revaluation Reserve

Retained Earnings

Non Current Liabilities:

Unsecured Loan

Deferred Tax Liability

B. APPLICATION OF FUNDS:

Property, Plant and Equipment

Investment in Shares

Current Assets:

Inventories

Sundry Debtors

Advances, Deposits & Prepayments

Cash & Bank Balances

Current Liabilities:

Bank Loan & Overdraft

Accrued Expenses

Trade Creditors

Liabilities for Other Finance

Directors Current Account

Provision for Income Tax

Net Current Assets

Deferred Revenue Expenses

Net Asset Value Per Share

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

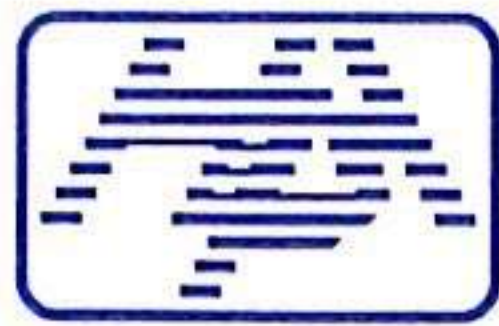
MANAGING DIRECTOR

Chittagong: January 22, 2014

COMPANY SECRETARY



a member of
HAKKANI GROUP



HAKKANI PULP & PAPER MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2013

	(Amount in Taka)			
	Half Year Ended	Quarter Ended		
	Jul'13-Dec'13	Jul'12-Dec'12	Oct'13-Dec'13	Oct'12-Dec'12
Sales	156,109,654	107,907,352	43,504,156	67,738,186
Less: Cost of Goods Sold	143,013,554	95,192,043	36,376,859	56,671,814
Gross Profit	13,096,100	12,715,309	7,127,297	11,066,372
Less: Operating Expenses				
Administrative Expenses	3,994,655	3,896,751	1,951,060	2,041,297
Financial Expenses	3,238,716	3,630,255	1,529,758	1,654,135
Selling & Distribution Expenses	751,871	498,999	406,941	405,716
	7,985,242	8,026,005	3,887,758	4,101,148
Operating Profit	5,110,858	4,689,304	3,239,539	6,965,224
Add: Non-Operating Income	214,620	2,689,319	24,830	490,163
	5,325,477	7,378,623	3,264,368	7,455,387
Less: Provision for Diminution of Investment in Shares	629,165	-	629,165	-
Net Profit Before WPPF	4,696,312	7,378,623	4,696,313	7,455,387
Less: Contribution to Workers Profit Participation Fund	223,634	351,363	125,486	351,363
Net profit before Tax	4,472,678	7,027,260	2,509,717	7,104,024
Less: Income Tax Provision				
Current Tax	1,677,254	2,251,881	941,144	2,251,881
Deferred Tax	134,563	37,935	1,041,206	37,935
	1,811,817	2,289,816	1,982,350	2,289,816
Net profit after Tax-Transferred to Statement of Changes in Equity	2,660,861	4,737,444	527,367	4,814,208
Earning Per Share - Basic	0.14	0.25	0.03	0.25

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

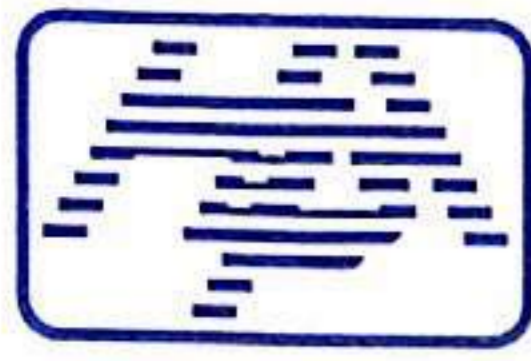


[Signature]

MANAGING DIRECTOR

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COMPANY SECRETARY



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HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF CHANGES IN EQUITY (UN AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER, 2013

Particulars	(Amount in Taka)				
	Share Capital	Dividend Equalization Fund	Revaluation reserve	Retained Earnings	Total
Balance as on 1st July, 2013	190,000,000	10,000,000	370,221,031	18,954,975	589,176,006
Adjustment for Depreciation	-	-	(9,379,673)	-	(9,379,673)
Adjustment for Deferred Tax on Revaluation Gain	-	-	1,406,950	-	1,406,950
Dividend for the Year 2012-2013	-	-	-	(9,500,000)	(9,500,000)
Net Profit after Tax	-	-	-	2,660,861	2,660,861
Balance as on 31st December, 2013	190,000,000	10,000,000	362,248,308	12,115,836	574,364,144
Balance as on 1st July, 2012	190,000,000	10,000,000	387,270,583	18,864,381	606,134,964
Adjustment for Depreciation	-	-	(31,478,216)	-	(31,478,216)
Adjustment for Deferred Tax on Revaluation Gain	-	-	1,504,372	-	1,504,372
Dividend for the Year 2011-2012	-	-	-	(9,500,000)	(9,500,000)
Net Profit after Tax	-	-	-	4,737,443	4,737,443
Balance as on 31st December, 2012	190,000,000	10,000,000	357,296,739	14,101,824	571,398,563

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

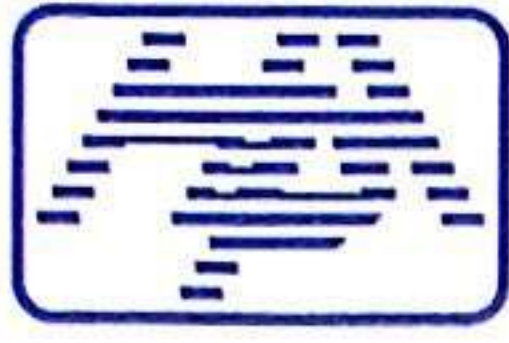
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HAKKANI PULP & PAPER MILLS LIMITED

STATEMENT OF CASH FLOWS (UN AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2013

	Jul-Dec'13	Jul-Dec'12
	Taka	Taka
A. Cash flows from Operating Activities:		
Cash Collection from Turnover & Others	152,426,874	114,184,917
Payment for Materials & Expenses	(117,162,031)	(81,449,725)
Interest Paid	(3,238,716)	(3,630,255)
Income Tax Paid	(6,000,999)	(1,415,587)
Net Cash flow from Operating Activities	26,025,129	27,689,350
B. Cash flows from Investing Activities:		
Acquisition of Property, Plant & Equipment	(9,657,713)	(10,831,012)
Capital Work in Progress	-	138,600
Investment in Shares	115,342	(362,589)
Net cash flow from Investing Activities	(9,542,371)	(11,055,001)
C. Cash flows from Financing Activities		
Bank Loan & Overdraft	(8,589,569)	(14,330,517)
Liabilities for other finance	3,847,325	501,628
Dividend Paid	(9,500,000)	-
Net Cash flow from Financing Activities	(14,242,245)	(13,828,889)
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	2,240,514	2,805,460
E. Opening Cash and Bank Balances	1,790,059	7,032,883
Closing Cash and Bank Balances (D+E)	4,030,573	9,838,343
Net Operating Cash Flows Per Share	1.37	1.46

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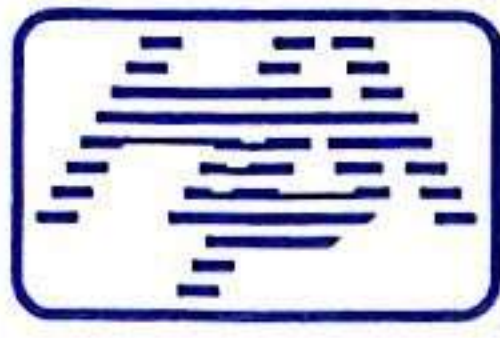
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HAKKANI PULP & PAPER MILLS LIMITED SELECTED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER, 2013

1. NATURE OF BUSINESS:

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

2. BASIS OF MEASUREMENT:

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

3. DEPRECIATION:

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

4. 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 in accordance with BAS-2.

Category

Valuation

Finished Goods	Finished goods are valued at cost or Net Realisable 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.

5. EMPLOYEE BENEFIT SCHEMES:

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

6. INCOME TAX EXPENSES:

Current tax

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

Deferred Tax

Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences arising between the carrying value of assets, liabilities 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.

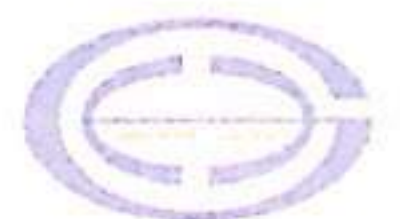
7. REVENUE RECOGNITION:

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.

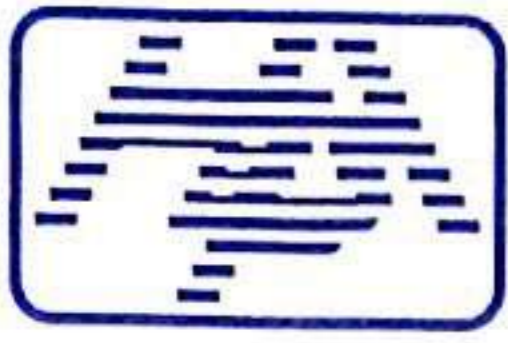
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8. REVALUATION RESERVE:

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 Revaluation Reserve Account . Breakup of such surplus is as follows:

	31 Dec'13	30 Jun'13
	Taka	Taka
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
	477,061,519	477,061,519
Less: Depreciation on Revalued Assets till 31.12.2013	50,887,038	41,507,365
	426,174,481	435,554,154
Less : Adjustments for Deferred Tax	63,926,172	65,333,123
Balance as on 31.12.13	362,248,308	370,221,031

9. DEFERRED TAX LIABILITY:

Opening Balance as on 1st July	47,801,042	47,289,952
Deferred tax (Income)/ Expenses for the year	134,563	511,090
Balance as on 31.12.13 (Note- 9.1)	47,935,605	47,801,042
Add:Deferred Tax for Revaluation	63,926,172	65,333,123
	111,861,777	113,134,165

This represents provision made for deferred income tax to pay future income tax liability for temporary differences of fixed assets value. Calculation of Deferred Tax Liability as on 31.12.2013 has been shown at Note-9.1.

9.1 Calculation of Deferred Tax Liability:

(a) Carrying Amount of Fixed Assets (less revaluation) as on 31.12.2013	192,412,278	190,241,117
(b) Tax Based Fixed Assets	64,583,997	62,771,670
(c) Net Taxable Temporary Differences (a-b)	127,828,281	127,469,447
Deferred tax liability at effective tax rate @ 37.50% on above (c)	47,935,605	47,801,042

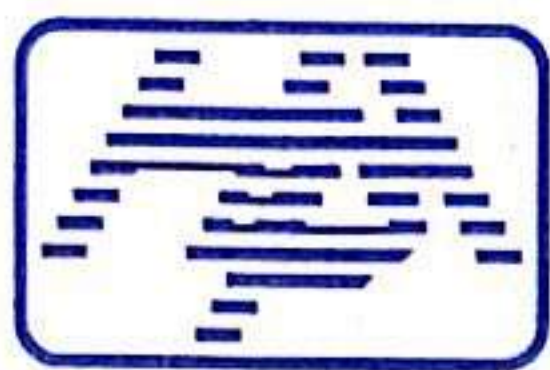
Carrying amount of fixed assets represents net written down value of assets as on 31.12.2013.

10. EVENT AFTER REPORTING PERIOD:

The Board of Directors in its meeting held on 29 Jan, 2014 at 5 P.M. approve this interim financial statements and authorized the same for issue.

MANAGING DIRECTOR


COMPANY SECRETARY
HAKKANI GROUP



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Carrying amount of fixed assets represents net written down value of assets as on 31.12.2013.

10. EVENT AFTER REPORTING PERIOD:

The Board of Directors in its meeting held on 30 Jan, 2014 at 9 A.M. approve this interim financial statements and authorized the same for issue.

MANAGING DIRECTOR


COMPANY SECRETARY

Member of
HAKKANI GROUP