

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

HAKKANI PULP & PAPER MILLS LIMITED

Statement of Financial Position
As at 31st December, 2014

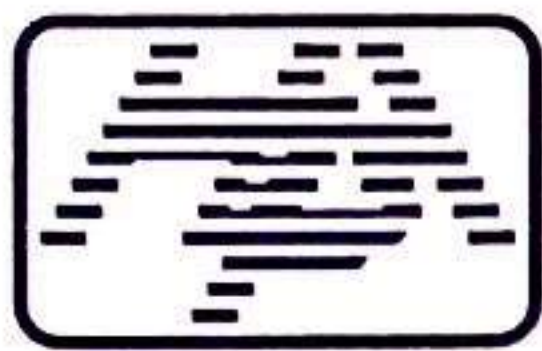
	Notes	Amount in Taka	
		31-Dec-2014	30-Jun-2014
A. SOURCES OF FUNDS:			
Share Holders Equity:			
Share Capital		190,000,000	190,000,000
Dividend Equalization Reserve		10,000,000	10,000,000
Revaluation Reserve	04	346,818,508	354,275,586
Retained Earnings		13,771,517	17,085,093
		560,590,024	571,360,679
Non Current Liabilities:			
Unsecured Loan		20,183,250	20,183,250
Deferred Tax Liability	05	111,855,687	112,761,104
		132,038,937	132,944,354
		692,628,961	704,305,033
B. APPLICATION OF FUNDS:			
Property, Plant and Equipment		640,943,516	649,116,084
Investment in Shares		17,551,053	16,759,635
Current Assets:			
Inventories		76,536,639	117,891,203
Sundry Debtors		36,789,766	27,178,435
Advances, Deposits & Prepayments		71,302,356	65,552,181
Interest Receivable on FDR		116,667	16,667
Cash & Bank Balances		3,774,932	4,467,287
		188,520,360	215,105,773
Current Liabilities:			
Bank Loan & Overdraft		55,328,674	113,864,712
Accrued Expenses		4,918,997	3,458,972
Workers Profit Participation and Welfare Fund		1,464,876	1,797,621
Trade Creditors		41,718,191	39,394,312
Advance Against Sales		-	1,200,000
Liabilities for Other Finance		38,452,184	7,109,656
Directors Current Account		1,745,000	1,745,000
Provision for Income Tax		10,758,044	8,106,186
		154,385,967	176,676,459
Net Current Assets		34,134,393	38,429,314
		692,628,962	704,305,033
Net Asset Value Per Share(with revaluation reserve)		29.50	30.07
Net Asset Value Per Share(without revaluation reserve)		11.25	11.43

MANAGING DIRECTOR

Chittagong: January 31, 2015

COMPANY SECRETARY

a member of
HAKKANI GROUP



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HAKKANI PULP & PAPER MILLS LIMITED

STATEMENT OF PROFIT & (LOSS) AND OTHER COMPREHENSIVE INCOME (UN AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

	(Amount in Taka)		
	Half Year Ended Jul'14-Dec'14	Jul'13-Dec'13	Quarter Ended Oct'14-Dec'14 Oct'13-Dec'13
Sales	180,195,992	156,109,654	61,175,436 43,504,156
Less: Cost of Goods Sold	164,267,924	143,013,554	56,177,085 36,376,859
Gross Profit	15,928,068	13,096,100	4,998,351 7,127,297
Less: Operating Expenses			
Administrative Expenses	4,570,469	3,994,655	1,339,703 1,951,060
Financial Expenses	2,665,299	3,238,716	616,884 1,529,758
Selling & Distribution Expenses	1,494,890	751,871	1,464,305 406,941
	8,730,658	7,985,242	3,420,892 3,887,758
Operating Profit	7,197,410	5,110,858	1,577,459 3,239,539
Add: Non-Operating Income	227,792	214,620	182,415 24,830
	7,425,201	5,325,477	1,759,873 3,264,368
Less: Provision for Diminution of Investment in Shares	-	629,165	- 629,165
Net Profit Before WPPF	7,425,201	4,696,312	1,759,873 4,696,313
Less: Contribution to Workers Profit Participation Fund	353,581	223,634	83,803 125,486
Net profit before Tax	7,071,620	4,472,678	1,676,070 2,509,717
Less: Income Tax Provision			
Current Tax	2,651,858	1,677,254	1,451,858 941,144
Deferred Tax	410,538	134,563	(829,821) 1,041,206
	3,062,396	1,811,817	622,037 1,982,350
Net profit after Tax for the year	4,009,225	2,660,861	1,054,034 527,367
Other Comprehensive Income / Loss:			
Depreciation on Revalued amount of Fixed Assets	(8,773,033)	(9,379,673)	- -
Deferred Tax on Revaluation Reserve	1,315,955	1,406,950	- -
Total Comprehensive Income	(3,447,854)	(5,311,862)	- -
Earning Per Share - Basic	0.21	0.14	0.05 0.03

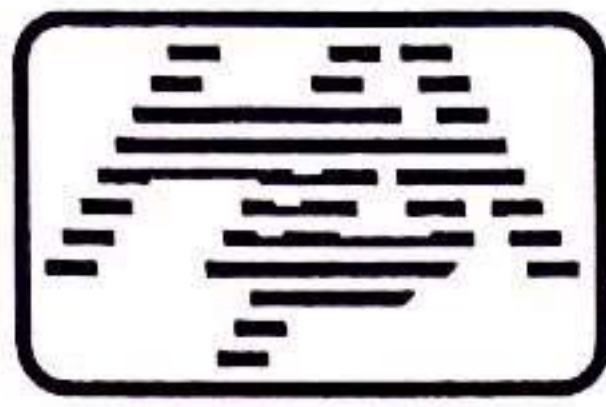
MANAGING DIRECTOR



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Chittagong: January 31, 2015

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, 2014

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation reserve	Retained Earnings	(Amount in Taka)	
					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 at 1st July, 2014	190,000,000	10,000,000	354,275,586	17,085,092	571,360,678	
Adjustment for Depreciation on Revalued amount of Fixed Assets	-	-	(8,773,033)	-	(8,773,033)	
Adjustment for Deferred Tax on Revaluation Surplus	-	-	1,315,955	-	1,315,955	
Dividend for the Year 2013-2014	-	-	-	(7,322,800)	(7,322,800)	
Net Profit after Tax for the year	-	-	-	4,009,225	4,009,225	
Balance as on 31st December, 2014	190,000,000	10,000,000	346,818,508	13,771,517	560,590,024	



MANAGING DIRECTOR

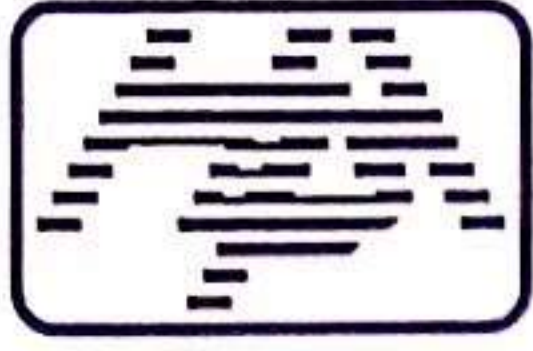


COMPANY SECRETARY

Chittagong: January 31, 2015



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HAKKANI PULP & PAPER MILLS LIMITED

STATEMENT OF CASH FLOWS (UN AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

	Jul-Dec'14	Jul-Dec'13
A. <u>Cash flows from Operating Activities:</u>	Taka	Taka
Cash Collection from Turnover & Others	170,812,453	152,426,874
Payment for Materials & Expenses	(100,460,171)	(117,162,031)
Interest Paid	(2,665,299)	(3,238,716)
Income Tax Paid	-	(6,000,999)
Net Cash flow from Operating Activities	67,686,983	26,025,129
B. <u>Cash flows from Investing Activities:</u>		
Acquisition of Property, Plant & Equipment	(7,957,148)	(9,657,713)
Capital Work in Progress	-	-
Investment in Shares	(791,418)	115,342
Net cash flow from Investing Activities	(8,748,566)	(9,542,371)
C. <u>Cash flows from Financing Activities</u>		
Bank Loan & Overdraft	(58,536,038)	(8,589,569)
Liabilities for other finance	-	3,847,325
Dividend Paid	(1,094,735)	(9,500,000)
Net Cash flow from Financing Activities	(59,630,772)	(14,242,245)
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	(692,355)	2,240,514
E. Opening Cash and Bank Balances	4,467,287	1,790,059
Closing Cash and Bank Balances (D+E)	3,774,932	4,030,573
Net Operating Cash Flows Per Share	3.56	1.37

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HAKKANI PULP & PAPER MILLS LIMITED SELECTED NOTES TO THE ACCOUNTS For the half year ended 31th December 2014

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 the historical cost basis except revaluation of fixed assets.

3.01 Depreciation

Depreciation is recognized 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 realizable 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

Valuation

Finished Goods

Finished goods are valued at cost or Net realizable 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.

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

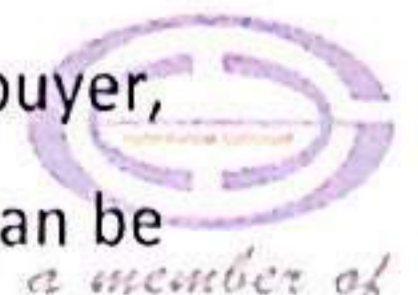
Provision for income tax has been made as per provisions of income tax laws.

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 profit and loss account 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.



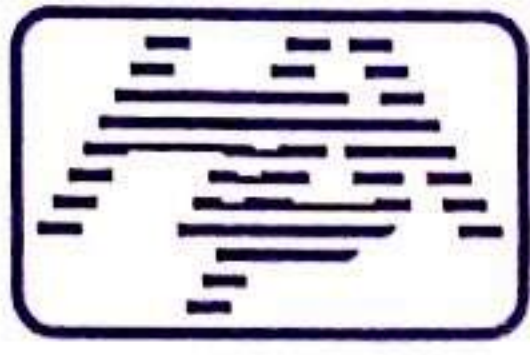
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4.00 REVALUATION RESERVE:

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

	31-Dec-2014	31-Dec-2013
	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
	<u>477,061,519</u>	<u>477,061,519</u>
Less: Depreciation on Revalued Assets	69,039,745	50,887,038
	<u>408,021,774</u>	<u>426,174,481</u>
Less : Adjustments for Deferred Tax @ 15%	61,203,266	63,926,172
Balance as on 31st December	<u>346,818,508</u>	<u>362,248,309</u>

5.00 DEFERRED TAX LIABILITY:

Opening Balance as on 1st July	50,241,883	47,801,042
Deferred tax (Income)/ Expenses for the year	410,538	134,563
Balance as on 31st December	<u>50,652,421</u>	<u>47,935,605</u>
Add: Deferred Tax for Revaluation surplus	61,203,266	63,926,172
	<u>111,855,687</u>	<u>111,861,777</u>

This represents provision made for deferred income tax to pay future income tax liability for temporary differences

5.01 Calculation of Deffered Tax Liability:

Carrying Amount of Fixed Assets (less revaluation)	212,472,249	192,412,278
Tax Based Fixed Assets	77,399,127	64,583,997
Net Taxable Temporary Differences	<u>135,073,121</u>	<u>127,828,281</u>
Deferred tax liability at effective tax rate	<u>50,652,420</u>	<u>47,935,605</u>



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