



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

HAKKANI PULP & PAPER MILLS LIMITED

Statement of Financial Position
As at 31st December, 2015

A. SOURCES OF FUNDS:	Notes	Amount in Taka	
		31-Dec-2015	30-Jun-2015
Share Holders Equity:			
Share Capital		190,000,000	190,000,000
Dividend Equalization Reserve		15,000,000	15,000,000
Revaluation Reserve	4.00	332,386,022	339,361,429
Retained Earnings		23,559,772	30,070,413
		560,945,794	574,431,842
Non Current Liabilities:			
Unsecured Loan		21,928,250	16,451,250
Secured Long Term Loan		24,691,629	27,500,000
Deferred Tax Liability	5.00	93,357,165	94,411,562
		139,977,044	138,362,812
		700,922,838	712,794,654
B. APPLICATION OF FUNDS:			
Property, Plant and Equipment		642,143,444	652,982,392
Capital Work In Progress		28,434,224	18,123,383
Investment in Shares		17,918,311	19,292,072
Current Assets:			
Inventories		75,927,773	103,740,121
Trade Receivables		41,212,687	47,738,984
Advances, Deposits & Prepayments		73,917,903	44,092,399
Interest Receivable on FDR		335,001	235,001
Cash & Cash equivalents		18,431,326	5,384,149
		209,824,690	201,190,654
Current Liabilities:			
Short Term Loan & Overdraft		133,650,803	111,193,030
Accrued Expenses		11,044,025	5,810,312
Workers Profit Participation and Welfare Fund		1,875,615	1,685,819
Trade Payables		19,155,099	41,700,718
Liabilities for Other Finance		16,436,103	3,797,782
Directors Current Account		4,600,000	4,600,000
Provision for Income Tax		10,636,186	10,006,186
		197,397,831	178,793,847
Net Current Assets		12,426,859	22,396,807
		700,922,838	712,794,654
Net Asset Value Per Share(with revaluation)		29.52	30.23
Net Asset Value Per Share(without revaluation)		12.03	12.37

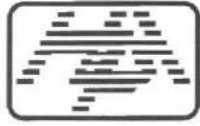
The annexed notes form an integral part of these financial statements.


MANAGING DIRECTOR


DIRECTOR


COMPANY SECRETARY

Chittagong: January 30, 2016



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HAKKANI PULP & PAPER MILLS LIMITED

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

FOR THE HALF YEAR ENDED 31 DECEMBER, 2015

	(Amount in Taka)			
	Half Year Ended	Quarter Ended		
	Jul'15-Dec'15	Jul'14-Dec'14	Oct'15-Dec'15	Oct'14-Dec'14
Sales	173,986,987	180,195,992	82,579,379	61,175,436
Less: Cost of Goods Sold	154,761,326	164,267,924	72,683,965	56,177,085
Gross Profit	19,225,661	15,928,068	9,895,414	4,998,351
Less: Operating Expenses				
Administrative Expenses	5,159,920	4,570,469	2,056,861	1,339,703
Financial Expenses	8,876,372	2,665,299	4,667,146	616,884
Selling & Distribution Expenses	1,058,785	1,494,890	592,836	1,464,305
	15,095,077	8,730,658	7,316,843	3,420,892
Operating Profit	4,130,584	7,197,410	2,578,571	1,577,459
Add: Non-Operating Income	1,524,477	227,792	273,147	182,415
	5,655,061	7,425,201	2,851,718	1,759,873
Less: Provision for Diminution of Investment in Shares	1,669,350	-	1,025,237	-
Net Profit Before WPPF	3,985,711	7,425,201	1,826,481	1,759,873
Less: Contribution to Workers Profit Participation Fund	189,796	353,581	86,976	83,803
Net profit before Tax	3,795,915	7,071,620	1,739,505	1,676,070
Less: Income Tax Provision				
Current Tax	630,000	2,651,858	330,000	1,451,858
Deferred Tax	176,557	410,538	111,726	(829,821)
	806,557	3,062,396	441,726	622,037
Net profit after Tax for the year	2,989,359	4,009,225	1,297,779	1,054,034
Other Comprehensive Income / Loss:				
Depreciation on Revalued amount of Fixed Assets	(8,206,361)	(8,773,033)	(4,103,180)	8,773,034
Deferred Tax on Revaluation Reserve	1,230,954	1,315,955	615,477	(1,315,955)
Total Comprehensive Income	(3,986,048)	(3,447,854)	(3,487,703)	7,457,079
Earning Per Share - Basic	0.16	0.21	0.07	0.05

DIRECTOR

Company Secretary

MANAGING DIRECTOR

Chittagong: January 30, 2016



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HAKKANI PULP & PAPER MILLS LIMITED

STATEMENT OF CASH FLOWS (UN AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER, 2015

	Jul-Dec'15	Jul-Dec'14
	Taka	Taka
A. Cash flows from Operating Activities:		
Cash Collection from Turnover & Others	182,037,761	170,812,453
Payment for Materials & Expenses	(173,739,672)	(100,460,171)
Interest Paid	(8,876,372)	(2,665,299)
Income Tax Paid	(9,460,149)	-
Net Cash flows from Operating Activities	(10,038,432)	67,686,983
B. Cash flows from Investing Activities:		
Acquisition of Property, Plant & Equipment	(4,883,526)	(7,957,148)
Investment in Shares	(2,373,183)	(791,418)
Sales of Share during the period	2,176,730	-
Net cash flows from Investing Activities	(5,079,979)	(8,748,566)
C. Cash flows from Financing Activities:		
Short Term Loan & Overdraft	22,457,773	(58,536,038)
Long Term Loan Repaid	(2,808,371)	-
Unsecured Loan received	5,477,000	-
Liabilities for other finance	4,428,414	-
Dividend Paid	(1,389,228)	(1,094,735)
Net Cash flows from Financing Activities	28,165,588	(59,630,772)
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	13,047,177	(692,355)
E. Opening Cash and Bank Balances	5,384,149	4,467,287
Closing Cash and Bank Balances (D+E)	18,431,326	3,774,932
Net Operating Cash Flows Per Share	(0.53)	3.56


MANAGING DIRECTOR


DIRECTOR


COMPANY SECRETARY

Chittagong: January 30, 2016

HAKKANI PULP & PAPER MILLS LTD.

HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF CHANGES IN EQUITY (UN AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER, 2015

(Amount in Taka)

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation reserve	Retained Earnings	Total
Balance as at 1st July, 2015	190,000,000	15,000,000	339,361,429	30,070,413	574,431,842
Adjustment for Depreciation on Revalued amount of Fixed Assets	-	-	(8,206,361)	-	(8,206,361)
Adjustment for Deferred Tax on Revaluation Surplus	-	-	1,230,954	-	1,230,954
Dividend for the Year 2014-2015	-	-	-	(9,500,000)	(9,500,000)
Net Profit after Tax for the period	-	-	-	2,989,359	2,989,359
Balance as on 31st December, 2015	190,000,000	15,000,000	332,386,022	23,559,772	560,945,794
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 period	-	-	-	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



DIRECTOR



COMPANY SECRETARY

Chittagong: January 30, 2016



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HAKKANI PULP & PAPER MILLS LTD.



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HAKKANI PULP & PAPER MILLS LIMITED

Selected Notes to the Financial Statements

For the Half year ended 31st December 2015

1.00 **Nature of Business:**

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

2.00 **Basis of Preparation:**

These Interim Financial Statements have been prepared on going concern basis under the historical cost convention except for revaluation of non - current assets. The accounting polices followed are consistant with these followed in the annual financial statements .

3.01 **Depreciation:**

Depreciation is recognized in Statement of Profit or Loss and other Comprehensive Income on diminishing balance method over the estimated useful lives of Property , Plant and Equipment. Depreciation is charged on Property , Plant and Equipment from the usable date i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management and no depreciation is charged in the period of disposal.

No depreciation is charged on land and capital work-in-progress. Depreciation is charged on all other fixed assets on a diminishing balance method. Depreciation of an assets is charged by the rates depending on the nature and estimated useful lives of assets.

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 in accordance with BAS-2

Category

Basis of Valuation

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.

3.03 **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 expenditures 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 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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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 valuer and the surplus amount of these assets were transferred to Capital Reserve Account . Breakup of such surplus is as follows:

	31-Dec-2015	30-Jun-2014
	Taka	Taka
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 31.12.2015	86,019,140	77,812,779
	<u>391,042,379</u>	<u>399,248,740</u>
Less : Adjustments for Deferred Tax	58,656,357	59,887,311
Balance as on 31st December , 2015	<u>332,386,022</u>	<u>339,361,429</u>

DEFERRED TAX LIABILITY:

Balance as on 1st July	34,524,251	50,241,883
Deferred tax (Income)/ Expenses for the period	176,557	1,029,662
	<u>34,700,808</u>	<u>51,271,545</u>
Less: Prior year Adjustment for Deferred Tax-	-	16,747,294
Balance as on 31 st December 2015	<u>34,700,808</u>	<u>34,524,251.0</u>
Add: Deferred Tax for Revaluation Surplus	58,656,357	59,887,311
	<u>93,357,165</u>	<u>94,411,562</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 31.12.2015 has been shown .

Calculation of Deffered Tax Liability:

(a) Carrying Amount of Property, Plant and Equipment (less	212,804,263	215,436,849
(b) Tax Based Property, Plant and Equipment	74,001,033	77,339,843
(c) Net Taxable Temporary Differences (a-b)	<u>138,803,230</u>	<u>138,097,006</u>
(d) Deferred Tax Liability at effective Tax Rate	34,700,808	34,524,251
(e) Increase of Net Taxable Temporary differences	-	4,118,650
(f) Deferred Tax Expenses on Net Taxable Temporary differences	<u>176,557</u>	<u>1,029,662</u>