

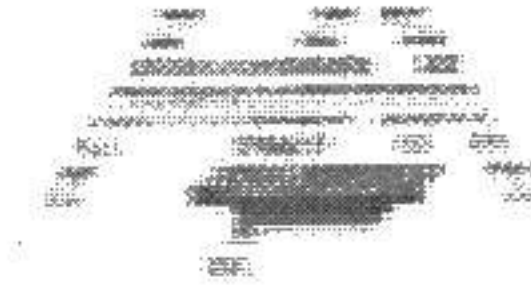


হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ
HAKKANI PULP & PAPER MILLS LTD.

HAKKANI PULP & PAPER MILLS LIMITED

FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED AS AT 31 DECEMBER' 2017





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, 2017

	Note(s)	31 Dec 2017 Taka	30 June 2017 Taka
ASSETS			
Non Current Assets :			
Property, Plant and Equipment		601,427,183	614,265,985
Capital Work-In-Progress		209,383,245	183,358,615
Current Assets:			
Investment in Shares		28,529,342	21,052,181
Inventories		58,786,115	69,843,495
Trade Receivables		132,589,091	98,632,005
Advances, Deposits & Prepayments		155,993,757	150,130,920
Cash & Cash equivalents		10,576,299	7,045,636
TOTAL ASSETS		1,197,285,031	1,144,328,836
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:			
Share Capital		190,000,000	190,000,000
Dividend Equalization Reserve		15,000,000	15,000,000
Revaluation Reserve	04	306,254,694	312,359,742
Fair Value Reserve		7,851,785	1,915,279
Retained Earnings	05	18,705,536	17,387,793
Non Current Liabilities:			
Unsecured Loan		43,693,290	43,293,290
Long Term Loan		153,684,764	132,754,169
Deferred Tax Liability	06	89,042,227	90,322,120
Current Liabilities:			
Short Term Loan & Overdraft		323,206,320	298,102,826
Accrued Expenses		8,715,016	5,277,091
Workers Profit Participation and Welfare Fund		589,829	589,829
Current Portion of Long Term Loan		5,316,000	10,632,000
Trade Payables		21,628,914	14,199,538
Current Tax Liabilities		6,348,530	5,293,314
Liabilities for Other Finance		2,648,126	2,601,845
Directors Current Account		4,600,000	4,600,000
TOTAL EQUITY & LIABILITIES		1,197,285,031	1,144,328,836
Net Asset Value Per Share(with revaluation)		28.31	28.25
Net Asset Value Per Share(without revaluation)		12.19	11.81

 CHAIRMAN
 MANAGING DIRECTOR
 DIRECTOR
 DIRECTOR
 COMPANY SECRETARY

Chittagong: January 27, 2018



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

HAKKANI PULP & PAPER MILLS LIMITED

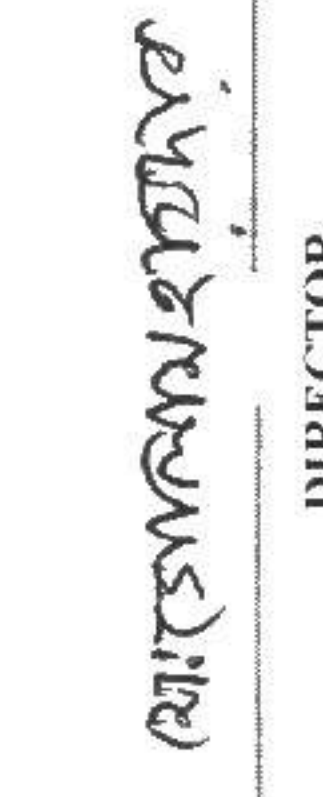
STATEMENT OF PROFIT OR (LOSS) AND OTHER COMPREHENSIVE INCOME (UN AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER, 2017

	(Amount in Taka)			
	Half Year Ended	Quarter Ended		
	Jul'17-Dec'17	Jul'16-Dec'16	Oct'17-Dec'17	Oct'16-Dec'16
Revenue	175,869,417	272,552,548	130,627,273	239,403,120
Less: Cost of Goods Sold	157,307,360	255,276,603	116,188,461	225,001,851
Gross Profit	18,562,057	17,275,945	14,438,812	14,401,269
Less: Operating Expenses				
Administrative Expenses	6,897,116	6,808,749	3,070,788	3,589,599
Financial Expenses	16,861,765	12,937,478	8,813,669	6,783,751
Selling & Distribution Expenses	310,380	874,889	310,380	789,281
	24,069,261	20,621,116	12,194,838	11,162,631
Operating Profit	(5,507,204)	(3,345,171)	2,243,974	3,238,638
Add: Non-Operating Income	495,222	302,717	66,601	281,417
Net Profit Before WPPF	(5,011,982)	(3,042,454)	2,310,575	3,520,055
Less: Contribution to Workers Profit Participation Fund	-	-	-	-
Net profit before Tax	(5,011,982)	(3,042,454)	2,310,575	3,520,055
Less: Income Tax Provision				
Current Tax	1,055,217	300,000	783,764	-
Deferred Tax	(202,531)	3,773	(102,498)	49,202
	852,685	303,773	681,266	49,202
Net profit after Tax for the year	(5,864,668)	(3,346,227)	1,629,310	3,470,853
Other Comprehensive Income / Loss:				
Deferred Tax on Revaluation Reserve	1,077,362	1,151,548	538,681	575,774
Gain/ (Loss) on Investment in Shares	5,936,506	3,016,301	1,428,861	1,359,116
Total Comprehensive Income	1,149,200	821,622	3,596,851	5,405,743
Earning Per Share - Basic	(0.31)	(0.18)	0.09	0.18


CHAIRMAN


MANAGING DIRECTOR


DIRECTOR


COMPANY SECRETARY

Chittagong: January 27, 2018




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

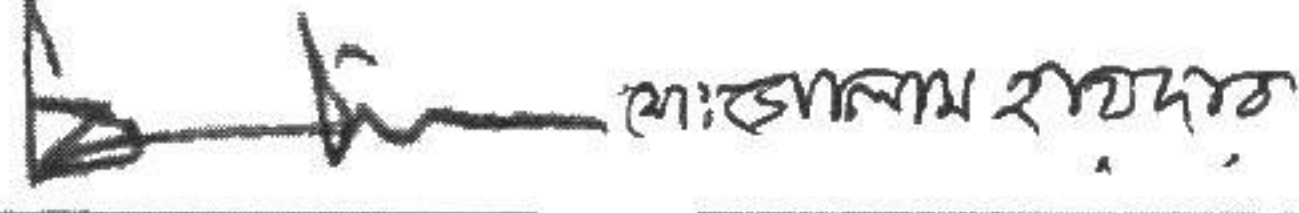
HAKKANI PULP & PAPER MILLS LIMITED

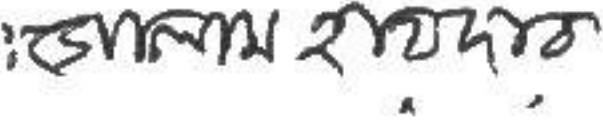
Statement of Cash Flows (Un-Audited)


For the period ended 31 December, 2017


Note(s)	31 Dec 2017 Taka	31 Dec 2016 Taka
A. Cash flows from Operating Activities:		
Cash Collection from Turnover & Others	142,407,619	186,834,305
Payment for Material and Expenses	(139,280,360)	(210,858,828)
Interest Paid	(16,861,765)	(12,937,478)
Income Tax Paid	(146,764)	-
Net Cash flows from Operating Activities	(13,881,271)	(36,962,002)
B. Cash flows from Investing Activities:		
Acquisition of Property, Plant & Equipment	(1,503,122)	(7,275,109)
Capital Work-In-Progress	(26,024,630)	(27,405,098)
Purchase of shares during the period	(1,743,528)	(8,029)
Sales of shares during the period	202,842	-
Net cash flows from Investing Activities	(29,068,438)	(34,688,236)
C. Cash flows from Financing Activities		
Short Term Loan & Overdraft	25,103,493	34,304,121
Secured Long Term Loan	20,930,595	26,694,212
Unsecured Loan Received	400,000	-
Liabilities for other finance	46,282	4,020,496
Dividend Paid	-	(4,057,097)
Net Cash flows from Financing Activities	46,480,370	60,961,732
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	3,530,661	(10,688,506)
E. Opening Cash and Bank Balances	7,045,636	15,773,779
Closing Cash and Bank Balances (D+E)	10,576,298	5,085,273
F. Net Operating Cash Flows Per Share	(0.73)	(1.95)


CHAIRMAN


MANAGING DIRECTOR


DIRECTOR


DIRECTOR


COMPANY SECRETARY

Chittagong: January 27, 2018

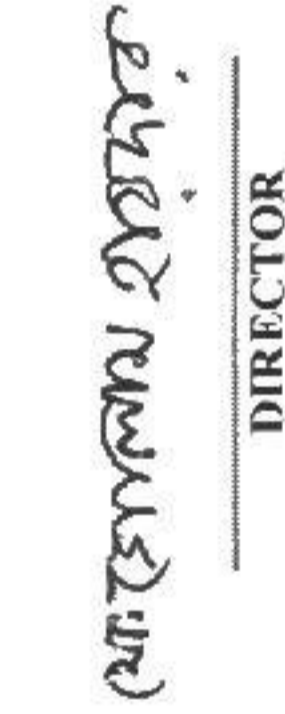


হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ HAKKANI PULP & PAPER MILLS LTD.

HAKKANI PULP & PAPER MILLS LIMITED Statement of Changes in Equity (Un-Audited) For the period ended 31 December, 2017

Particulars	(Amount in Taka)					
	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2017	190,000,000	15,000,000	312,359,742	1,915,279	17,387,793	536,662,814
Adjustment of depreciation on carrying amount of revalued assets	-	-	(7,182,410)	-	7,182,410	-
Deferred Tax on Revaluation Surplus	-	-	1,077,362	-	-	1,077,362
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	5,936,506	-	5,936,506
Dividend for the year 2015-2016	-	-	-	-	-	-
Net Profit after Tax for the period	-	-	-	-	(5,864,668)	(5,864,668)
Balance as on 31 December, 2017	190,000,000	15,000,000	306,254,693	7,851,785	18,705,536	537,812,015
Balance as at 01 July, 2016	190,000,000	15,000,000	325,410,615	(3,168,122)	24,192,441	551,434,935
Adjustment of depreciation on carrying amount of revalued assets	-	-	(7,676,984)	-	7,676,984	-
Deferred Tax on Revaluation Surplus	-	-	1,151,548	-	-	1,151,548
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	3,016,301	-	3,016,301
Dividend for the year 2014-2015	-	-	-	-	(4,057,097)	(4,057,097)
Net Profit after Tax for the period	-	-	-	-	(3,346,226)	(3,346,226)
Balance as on 31 December, 2016	190,000,000	15,000,000	318,885,179	(151,821)	24,466,102	548,199,460


MANAGING DIRECTOR


DIRECTOR


DIRECTOR


COMPANY SECRETARY


CHAIRMAN

Chittagong: January 27, 2018



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

HAKKANI PULP & PAPER MILLS LIMITED Selective Notes to the Financial Statements For the period ended 31 December' 2017

1.00 Nature of Business:

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

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), as Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS).

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 BAS 1 - "Presentation of Financial Statements " and The Financial Statements Reporting Standards (BFRSs).

- A Statement of Financial Position as at 31 December' 2017
- A Statement of Profit or Loss and other Comprehensive Income for the period ended 31 December' 2017
- A Statement of changes in equity for the period ended 31 December' 2017
- A Statement of Cash flows for the period ended 31 December' 2017
- Notes , comprising a summary of significant accounting policies and explanatory information.
- Comperative 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 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.

3.04 Employee benefit schemes:

No provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund due to incurring loss during the period.

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 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 BAS-12.



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

3.06 Revenue:

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.

3.07 Comparative Information:

Comparative information has been disclosed in respect of all numeric information in the financial statement and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements.

Previous periods figures have been rearranged, wherever considered necessary, to ensure comparability with current period.

3.08 Significant Deviation:

a) Significant deviation in EPS

Net profit has been reduced due to fall in market price of the product.

b) Significant deviation in Financial Expenses

Financial Expenses has been increased due to increase in loan balance of the company.

c) Significant deviation in cash flows per share

Net operating cash flow per share has been reduced significantly due to fall in collection from sales, increase payment for financial expenses and payment for raw materials & other expenses significantly.



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	31 Dec 2017 Taka	30 June 2017 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 valuer 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 31.12.2017	116,761,880	109,579,469
	<u>360,299,639</u>	<u>367,482,050</u>
Less : Adjustments for Deferred Tax	54,044,946	55,122,308
Balance as on 31 December 2017	<u>306,254,694</u>	<u>312,359,742</u>
Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.		
5.00 RETAINED EARNINGS:		
Balance as on 01 July 2017	17,387,793	24,192,442
Less: Dividend for the year 2016-2017 as approved in the AGM	-	4,057,097
	<u>17,387,793</u>	<u>20,135,345</u>
Add: Net profit after tax for the period	(5,864,668)	(18,101,520)
	<u>11,523,125</u>	<u>2,033,825</u>
Add: Revaluation Surplus Realized	7,182,410	15,353,968
Balance as on 31 December 2017	<u>18,705,536</u>	<u>17,387,793</u>
6.00 DEFERRED TAX LIABILITY:		
Balance as on 01 July 2017	35,199,812	35,040,893
Deferred Tax (Income)/ Expenses for the period	(202,531)	158,919
Balance as on 31 December 2017	<u>34,997,281</u>	<u>35,199,812</u>
Add: Deferred Tax for Revaluation Surplus	54,044,946	55,122,308
	<u>89,042,227</u>	<u>90,322,120</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 31.12.2017 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) as on 31.12.2017	198,140,302	203,796,693
(b) Tax Based Property, Plant and Equipment	58,151,179	62,997,446
(c) Net Taxable Temporary Differences (a-b)	<u>139,989,123</u>	<u>140,799,247</u>
(d) Deferred Tax liability at effective Tax Rate	34,997,281	35,199,812
(e) Deferred Tax expenses on Net Taxable Temporary differences	<u>(202,531)</u>	<u>158,919</u>