

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

HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF FINANCIAL POSITION (UN AUDITED) AS AT 31ST MARCH 2013

	Note No	2013	2012
Taka			
A. SOURCES OF FUNDS:			
Share Holders Equity:			
Share Capital		190,000,000	190,000,000
Dividend Equalization Fund		10,000,000	10,000,000
Revaluation Reserve	4	374,483,419	387,270,583
Retained Earnings		19,000,631	18,864,380
		593,484,050	606,134,963
Non Current Liabilities			
Unsecured Loan		17,183,250	20,408,000
Deferred Tax	5	113,731,020	115,631,820
		130,914,270	136,039,820
		724,398,321	742,174,783
B. APPLICATION OF FUNDS:			
Property, Plant and Equipment		654,057,932	661,952,771
Capital Work in Progress		-	138,600
Investment in Shares		17,312,389	17,098,158
Current Assets:			
Inventories		99,024,579	105,989,792
Sundry Debtors		7,624,814	6,679,230
Advances, Deposits & Prepayments		33,293,668	21,500,604
Receivable from MTRD		-	2,889,077
Cash & Bank Balances		2,516,122	7,032,883
		142,459,183	144,091,586
Current Liabilities:			
Bank Loan & Overdraft		44,137,609	49,906,074
Accrued Expenses		4,967,508	4,112,033
Trade Creditors		17,084,189	17,369,977
Liabilities for Other Finance		14,649,350	6,978,468
Directors Current Account		1,745,000	1,745,000
Provision for Income Tax		12,213,600	7,599,177
		94,797,256	87,710,729
Net Current Assets		47,661,927	56,380,857
Deferred Revenue Expenses	6	5,366,073	6,604,398
		724,398,321	742,174,784

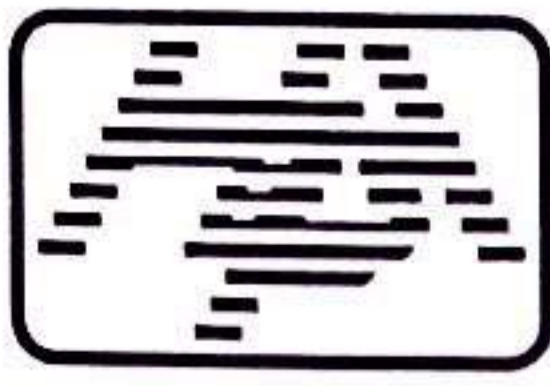
The annexed notes form an integral part of these financial statements.


VICE CHAIRMAN


COMPANY SECRETARY



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HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED) FOR THE 3RD QUARTER ENDED 31 MARCH, 2013

Note	3rd Quarter Ended		Quarter Ended	
	Jul-Mar '2013	Jul-Mar '2012	Jan-Mar 2013	Jan-Mar 2012
	Taka		Taka	
Sales	162,003,986	172,614,870	54,096,634	60,505,530
Less: Cost of Goods Sold	137,866,797	143,173,658	42,674,754	49,197,673
Gross Profit	24,137,188	29,441,212	11,421,879	11,307,857
Less: Operating Expenses				
Administrative Expenses	5,829,152	6,783,186	1,932,401	2,918,644
Financial Expenses	4,976,039	3,511,063	1,345,784	1,153,881
Selling & Distribution Expenses	960,559	847,919	461,560	447,408
	11,765,750	11,142,167	3,739,745	4,519,932
Operating Profit	→ 12,371,439	18,299,045	7,682,135	6,787,925
Add: Non-Operating Income	2,925,483	1,209,177	236,164	133,849
Net Profit Before WPPF	→ 15,296,922	19,508,222	7,918,299	6,921,774
Less: Contribution to Workers Profit Participation Fund	728,425	928,963	377,062	329,608
Net profit before Tax	14,568,497	18,579,259	7,541,237	6,592,166
Less: Income Tax Provision				
Current Tax	4,614,423	6,967,222	2,362,542	2,472,062
Deferred Tax	317,823	-	279,888	-
	4,932,247	6,967,222	2,642,431	2,472,062
Net profit/(Loss) after Tax	9,636,250	11,612,037	4,898,806	4,120,104
Earning Per Share - Basic	0.51	0.61	0.26	0.22

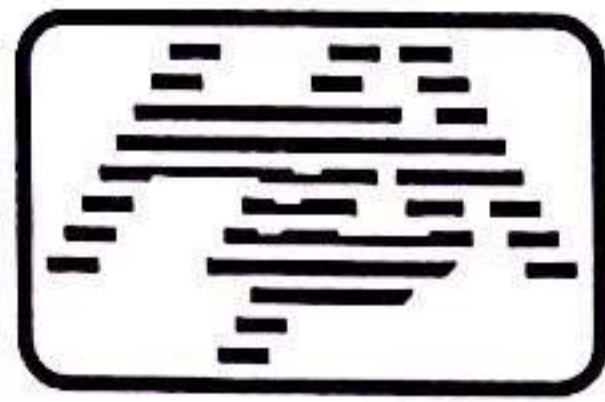
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HAKKANI PULP & PAPER MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN AUDITED)
FOR THE 3RD QUARTER ENDED 31 MARCH, 2013

(Amount in Taka)

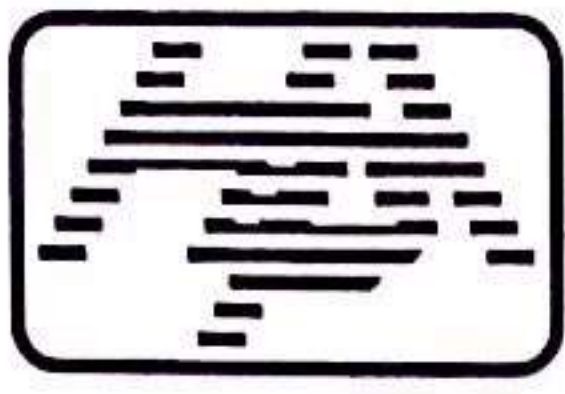
Particulars	Share Capital	Dividend Equalization Fund	Revaluation Reserve	Retained Earnings	Total
Balance as at 1st July, 2011	190,000,000	10,000,000	477,061,519	19,502,020	696,563,539
Dividend Paid	-	-	-	(9,500,000)	(9,500,000)
Adjustment for Depreciation on revalued assets	-	-	(16,086,801)	-	(16,086,801)
Net Profit after Tax	-	-	-	11,612,037	11,612,037
Balance as at 31 March, 2012	190,000,000	10,000,000	460,974,718	21,614,057	682,588,775
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	-	-	(36,492,791)	-	(36,492,791)
Adjustment for deferred tax on revaluation reserve	-	-	2,256,558	-	2,256,558
Net Profit after Tax	-	-	-	9,636,250	9,636,250
Balance as at 31 March, 2013	190,000,000	10,000,000	353,034,351	19,000,631	572,034,982

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HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF CASH FLOWS (UN AUDITED) FOR THE 3RD QUARTER ENDED 31 MARCH

	2013	2012
	Taka	
A. Cash flows from Operating Activities:		
Cash Collection from Turnover & Others	166,872,962	146,577,459
Payment for Cost and Expenses	(135,561,162)	(107,787,483)
Interest Paid	(4,976,039)	(1,216,321)
Income Tax Paid	(2,502,500)	(3,145,785)
Net Cash from Operating Activities	23,833,261	34,427,870
B. Cash flows from investing activities:		
Acquisition of Fixed Assets	(17,489,993)	(3,134,098)
Capital Work in Progress	-	(859,219)
Investment in Shares	(214,231)	(2,911,050)
Net cash from investing activities	(17,704,224)	(6,904,367)
C. Cash flows from financing activities:		
Bank Loan & Overdraft	(5,768,465)	(17,416,551)
Liabilities for other finance	7,670,882	1,532,225
Unsecured Loan	(3,224,750)	-
Dividend Paid	(9,323,464)	(9,500,000)
Net Cash from financing Activities	(10,645,797)	(25,384,326)
Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	(4,516,761)	2,139,177
Add: Opening Cash and Bank Balances	7,032,883	13,982,534
Closing Cash and Bank Balances	2,516,122	16,121,711

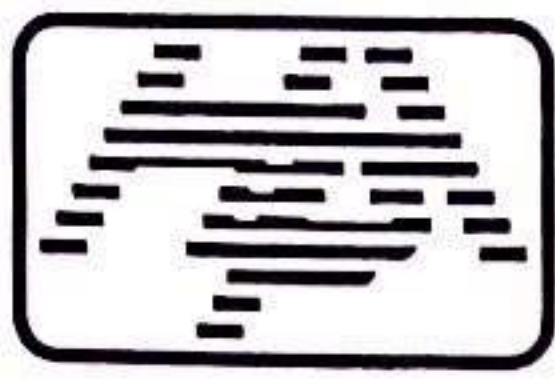
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HAKKANI PULP & PAPER MILLS LIMITED

SELECTED NOTES TO THE ACCOUNTS

AS AT AND FOR THE 3RD QUARTER ENDED 31 MARCH

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 **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.

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 income.

3.05 **Income tax expenses**

Current tax

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

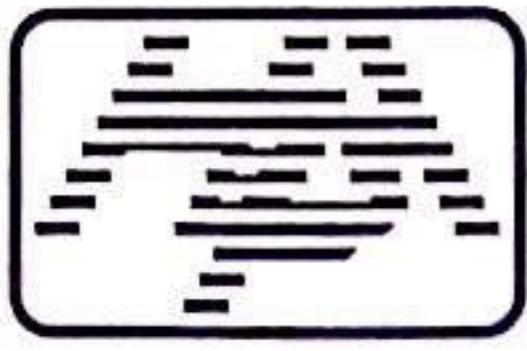
Deferred Tax

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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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 Mar. 2013	30 Jun. 2012
Taka	

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	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: Adjustment for Depreciation on Revalued assets	36,492,791	21,449,068
	440,568,728	455,612,451
Less: Adjustment for Deferred Tax @ 15%	66,085,309	68,341,868
	374,483,419	387,270,583

5.00 DEFERRED TAX LIABILITY

Balance as on 1st July	115,669,755	46,675,855
Deferred tax (Income)/Expenses for the period	317,823	614,097
Balance as on 31st December	115,987,578	47,289,952
Add: Adjustment for deferred tax on revaluation reserve	(2,256,558)	68,379,803
Total deferred tax liability	113,731,020	115,669,755

6.00 DEFERRED REVENUE EXPENDITURE

Gas generator overhauling expenses		
Balance as on 1st July	6,604,398	8,255,497
Less: written off during the year	1,238,325	1,651,099
Balance as on 30 march	5,366,073	6,604,398

The Board of Directors in its meeting held on 30th April 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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