

# 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 MARCH, 2014

## 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  
Advance Against Sales  
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.

Notes

	31 Mar '14 Taka	30 Jun '13 Taka
Share Capital	190,000,000	190,000,000
Dividend Equalization Reserve	10,000,000	10,000,000
Revaluation Reserve	358,261,947	370,221,031
Retained Earnings	13,434,240	18,954,975
	571,696,187	589,176,006
Unsecured Loan	20,183,250	20,183,250
Deferred Tax Liability	111,342,183	113,134,165
	131,525,433	133,317,415
	<u>703,221,620</u>	<u>722,493,421</u>
Property, Plant and Equipment	633,101,263	643,466,003
Investment in Shares	15,256,203	16,613,987
Inventories	122,249,141	114,912,296
Sundry Debtors	73,663,991	22,960,092
Advances, Deposits & Prepayments	46,926,307	28,392,177
Cash & Bank Balances	2,229,637	1,790,059
	245,069,075	168,054,624
Bank Loan & Overdraft	81,954,210	40,299,378
Accrued Expenses	4,960,789	4,909,995
Trade Creditors	41,529,341	46,537,042
Advance Against Sales	43,620,444	-
Liabilities for Other Finance	9,698,652	11,746,892
Directors Current Account	1,745,000	1,745,000
Provision for Income Tax	7,934,811	5,356,186
	<u>191,443,248</u>	<u>110,594,493</u>
	<u>53,625,828</u>	<u>57,460,131</u>
	1,238,325	4,953,299
	<u>703,221,620</u>	<u>722,493,421</u>
	30.09	31.01

S/D

MANAGING DIRECTOR

Chittagong : April 30, 2014

S/D

COMPANY SECRETARY



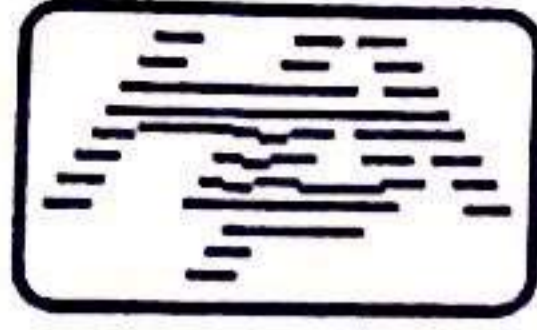
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Head Office : 2/10, Dhaka Trunk Road, North Pahartali, Chittagong, Bangladesh

Phone : +88-02-43151463, 02-43150864-5 (PABX) Fax : +88-02-43152344 E-mail : hppml@hakkanigroup.com, info@hakkanigroup.com

Factory : Mouza Halim Kharchar, P/S : Patiya, Chittagong, Bangladesh. Web : www.hakkanigroup.com





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## HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED) FOR THE 3RD QUARTER ENDED 31 MARCH, 2014

(Amount in Taka)

	Jul'13-Mar'14	Jul'12-Mar'13	Jan'14-Mar'14	Jan'13-Mar'13
Sales	226,442,759	162,003,986	70,333,105	54,096,634
Less: Cost of Goods Sold	205,737,615	137,866,797	62,724,061	42,674,754
<b>Gross Profit</b>	<b>20,705,144</b>	<b>24,137,188</b>	<b>7,609,044</b>	<b>11,421,879</b>
<b>Less: Operating Expenses</b>				
Administrative Expenses	5,958,023	5,829,152	1,963,368	1,932,401
Financial Expenses	5,548,552	4,976,039	2,309,836	1,345,784
Selling & Distribution Expenses	1,001,831	960,559	249,960	461,560
	12,508,407	11,765,750	4,523,164	3,739,745
<b>Operating Profit</b>	<b>8,196,737</b>	<b>12,371,439</b>	<b>3,085,880</b>	<b>7,682,135</b>
Add: Non-Operating Income	265,857	2,925,483	51,237	236,164
	8,462,594	15,296,922	3,137,117	7,918,299
Less: Provision for Diminution of Value in Investment	1,242,443	-	613,278	-
<b>Net Profit Before WPPF</b>	<b>7,220,151</b>	<b>15,296,922</b>	<b>2,523,839</b>	<b>7,918,299</b>
Less: Contribution to Workers Profit Participation Fund	343,817	728,425	120,183	377,062
<b>Net profit before Tax</b>	<b>6,876,334</b>	<b>14,568,497</b>	<b>2,403,656</b>	<b>7,541,237</b>
<b>Less: Income Tax Provision</b>				
Current Tax	2,578,625	4,614,423	901,371	2,362,542
Deferred Tax	318,444	317,823	183,881	279,888
	2,897,070	4,932,247	1,085,253	2,642,431
<b>Net profit after Tax-Transferred to Statement of Changes in Equity</b>	<b>3,979,265</b>	<b>9,636,250</b>	<b>1,318,404</b>	<b>4,898,806</b>
<b>Earning Per Share - Basic</b>	<b>0.21</b>	<b>0.51</b>	<b>0.07</b>	<b>0.26</b>

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

S/D  
MANAGING DIRECTOR

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COMPANY SECRETARY

Chittagong : April 30, 2014



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**Head Office :** 2/10, Dhaka Trunk Road, North Pahartali, Chittagong, Bangladesh  
**Phone :** +88-02-43151463, 02-43150864-5 (PABX) **Fax :** +88-02-43152344 **E-mail :** hppml@hakkanigroup.com, info@hakkanigroup.com  
**Factory :** Mouza Halim Kharchar, P/S : Patiya, Chittagong, Bangladesh. **Web :** www.hakkanigroup.com



HAKKANI PULP & PAPER MILLS LIMITED  
STATEMENT OF CHANGES IN EQUITY (UN AUDITED)  
FOR THE 3RD QUARTER ENDED 31 MARCH, 2014

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation reserve	Retained Earnings	(Amount in Taka)
					Total
Balance as on 01 July, 2013	190,000,000	10,000,000	370,221,031	18,954,975	589,176,006
Adjustment for Depreciation	-	-	(14,069,510)	-	(14,069,510)
Adjustment for Deferred Tax on Revaluation Gain	-	-	2,110,427	-	2,110,427
Dividend for the Year 2012-2013	-	-	-	(9,500,000)	(9,500,000)
Net Profit after Tax	-	-	-	3,979,265	3,242,168
<b>Balance as on 31 March, 2014</b>	<b>190,000,000</b>	<b>10,000,000</b>	<b>358,261,947</b>	<b>13,434,240</b>	<b>571,696,187</b>
Balance as on 01 July, 2012	190,000,000	10,000,000	387,270,583	18,864,381	606,134,964
Adjustment for Depreciation	-	-	(36,492,791)	-	(36,492,791)
Adjustment for Deferred Tax on Revaluation Gain	-	-	2,256,558	-	2,256,558
Dividend for the Year 2011-2012	-	-	-	(9,500,000)	(9,500,000)
Net Profit after Tax	-	-	-	9,636,250	9,636,250
<b>Balance as on 31 March, 2013</b>	<b>190,000,000</b>	<b>10,000,000</b>	<b>353,034,351</b>	<b>19,000,631</b>	<b>572,034,982</b>

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S/D

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Chittagong : April 30, 2014



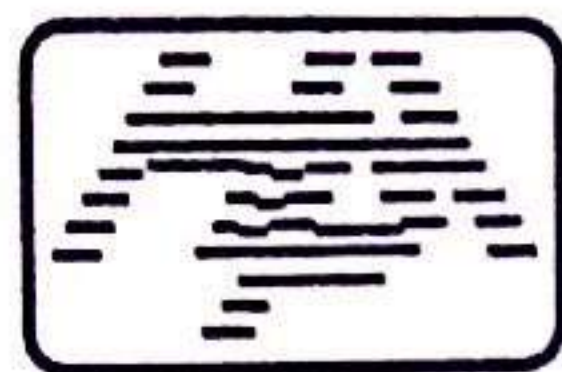
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HAKKANI PULP & PAPER MILLS LIMITED  
STATEMENT OF CASH FLOWS (UN AUDITED)  
FOR THE 3RD QUARTER ENDED 31 MARCH, 2014

	Jul'13-Mar'14	Jul'12-Mar'13
<b>A. Cash Flows From Operating Activities:</b>	<b>Taka</b>	<b>Taka</b>
Cash Collection from Turnover & Others	176,004,716	166,872,962
Payment for Materials Expenses	(179,250,061)	(135,561,162)
Interest Paid	(5,548,552)	(4,976,039)
Income Tax Paid	(7,000,999)	(2,502,500)
<b>Net Cash Flow From Operating Activities</b>	<b>(15,794,894)</b>	<b>23,833,261</b>
<b>B. Cash Flows From Investing Activities:</b>		
Acquisition of Property, Plant & Equipment	(13,987,459)	(17,489,993)
Investment in Shares	115,342	(214,231)
<b>Net Cash Flow From Investing Activities</b>	<b>(13,872,117)</b>	<b>(17,704,224)</b>
<b>C. Cash Flows From Financing Activities:</b>		
Bank Loan & Overdraft	41,654,832	(5,768,465)
Liabilities for Other Finance	(5,635,908)	7,670,882
Unsecured Loan	-	(3,224,750)
Dividend Paid	(5,912,335)	(9,323,464)
<b>Net Cash Flow From Financing Activities</b>	<b>30,106,590</b>	<b>(10,645,797)</b>
<b>D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)</b>	<b>439,578</b>	<b>(4,516,761)</b>
<b>E. Opening Cash and Bank Balances</b>	<b>1,790,059</b>	<b>7,032,883</b>
<b>Closing Cash and Bank Balances (D+E)</b>	<b>2,229,637</b>	<b>2,516,122</b>
<b>Net Operating Cash Flows Per Share</b>	<b>1.37</b>	<b>1.25</b>

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

S/D  
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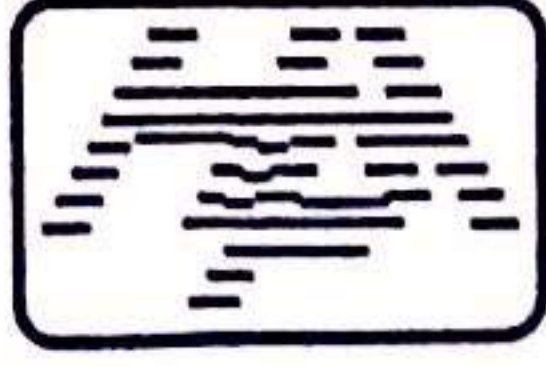
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HAKKANI PULP & PAPER MILLS LIMITED  
SELECTED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 3RD QUARTER ENDED 31 MARCH, 2014

**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 and condition in accordance with BAS-2.

<u>Category</u>	<u>Valuation</u>
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 prevailed 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.



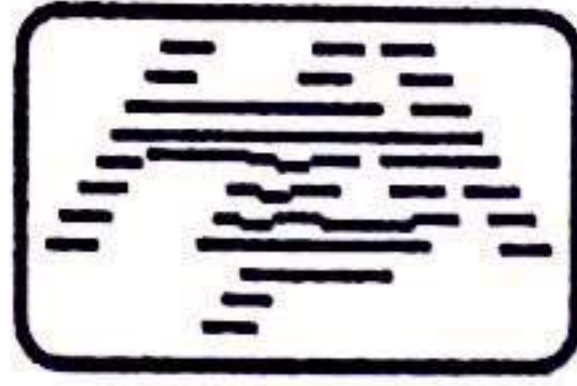
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## 8. REVALUATION RESERVE:

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 Mar '14 Taka	30 Jun'13 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 upto 31 March, 2014	55,576,875	41,507,365
	<u>421,484,644</u>	<u>435,554,154</u>
Less : Adjustments for Deferred Tax	63,222,697	65,333,123
<b>Balance as on 31 March, 14</b>	<b><u>358,261,947</u></b>	<b><u>370,221,031</u></b>

## 9. DEFERRED TAX LIABILITY:

Balance as on 01 July, 2013	47,801,042	47,289,952
Deferred tax (Income)/ Expenses for the year	318,444	511,090
<b>Balance as on 31 March, 14 (Note- 9.1)</b>	<b><u>48,119,486</u></b>	<b><u>47,801,042</u></b>
Add:Deferred Tax for Revaluation	63,222,697	65,333,123
	<b><u>111,342,183</u></b>	<b><u>113,134,165</u></b>

This represents provision made for deferred income tax liability for temporary differences of tax based value of fixed assets.

### 9.1 Calculation of Deferred Tax Liability:

(a) Carrying Amount of Fixed Assets (less revaluation) as on 31 March, 2014	192,181,347	190,241,117
(b) Tax Based Fixed Assets	63,862,718	62,771,670
(c) Net Taxable Temporary Differences (a-b)	<u>128,318,629</u>	<u>127,469,447</u>
Deferred tax liability at effective tax rate @ 37.50% on above (c)	<u>48,119,486</u>	<u>47,801,042</u>

Carrying amount of fixed assets represents net written down value of assets as on 31.03.2014.

## 10. EVENTS AFTER REPORTING PERIOD:

The Board of Directors in its meeting held on 30 April, 2014 at 09.15 A.M. approve this interim financial statements and authorized the same for issue.

S/D  
MANAGING DIRECTOR

S/D  
COMPANY SECRETARY



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