

# 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 2015

### A. SOURCES OF FUNDS:

#### Share Holders Equity:

Share Capital

Dividend Equalization Fund

Revaluation Reserve

Retained Earnings

8

#### Non Current Liabilities

Unsecured Loan

Deferred Tax Liability

9

### B. APPLICATION OF FUNDS:

Property, Plant and Equipment

Investment in Shares

#### Current Assets:

Inventories

Sundry Debtors

Advances, Deposits & Prepayments

Receivable from MTDR

Cash & Bank Balances

#### Current Liabilities:

Bank Loan & Overdraft

Accrued Expenses

Workers Profit Participation and welfare Fund

Trade Creditors

Advance against Sales

Liabilities for Other Finance

Directors Current Account

Provision for Income Tax

Net Current Assets

Net Asset Value Per Share(with revaluation)

Net Asset Value Per Share(without revaluation)

31 Mar '15

30 Jun '14

Taka

190,000,000

190,000,000

10,000,000

10,000,000

343,089,968

354,275,586

13,911,605

17,085,093

557,001,573

571,360,679

20,183,250

20,183,250

109,068,589

112,761,104

129,251,840

132,944,354

686,253,413

704,305,033

655,412,086

649,116,084

17,551,053

16,759,635

117,900,145

117,891,203

42,092,079

27,178,435

55,225,032

65,552,181

166,661

16,667

6,282,111

4,467,287

221,666,028

215,105,773

102,910,074

113,864,712

6,099,471

3,458,972

1,462,832

1,797,621

51,551,877

39,394,312

-

1,200,000

31,900,314

7,109,656

1,745,000

1,745,000

12,706,186

8,106,186

208,375,754

176,676,459

13,290,274

38,429,314

686,253,413

704,305,033

29.32

30.07

11.26

11.43

MANAGING DIRECTOR

Chittagong: April 30, 2015

COMPANY SECRETARY

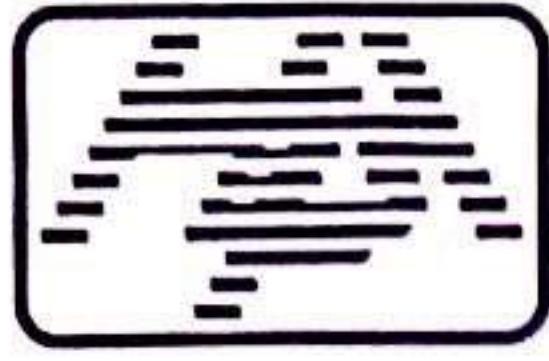


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## HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (UN AUDITED) FOR THE 3RD QUARTER ENDED 31 MARCH, 2015

	Jul'14-Mar'15	Jul '13-Mar '14	Jan '15- Mar'15	Jan'14-Mar'14
	Taka		Taka	
Sales	215,175,322	226,442,759	34,979,330	70,333,105
Less: Cost of Goods Sold	192,571,904	205,737,615	28,303,980	62,724,061
Gross Profit	22,603,418	20,705,144	6,675,350	7,609,044
<b>Less: Operating Expenses</b>				
Administrative Expenses	9,012,022	5,958,023	4,441,553	1,963,368
Financial Expenses	4,454,447	5,548,552	1,789,148	2,309,836
Selling & Distribution Expenses	2,091,127	1,001,831	596,237	249,960
	15,557,596	12,508,406	6,826,938	4,523,164
<b>Operating Profit</b>	7,045,822	8,196,738	(151,588)	3,085,880
Add: Non-Operating Income	336,446	265,857	108,654	51,237
<b>Net Profit Before WPPF</b>	7,382,268	8,462,595	(42,933)	3,137,117
Less: Provision for Diminution in value of Investment in Shares	-	1,242,443	-	613,278
	7,382,268	7,220,152	(42,933)	2,523,839
Less: Contribution to Workers Profit Participation Fund	351,537	343,817	(2,044)	120,183
<b>Net profit before Tax</b>	7,030,731	6,876,335	(40,889)	2,403,656
Less: Income Tax Provision				
Current Tax	4,600,000	2,578,625	1,948,142	901,371
Deferred Tax	(1,718,582)	318,444	(2,129,120)	183,881.00
	2,881,418	2,897,069	(180,978)	1,085,252
<b>Net profit after tax- Transferred to Statement of Changes in Equity</b>	4,149,313	3,979,266	140,088	1,318,404
<b>Other Comprehensive Income / Loss:</b>				
Depreciation on Revalued amount of Fixed Assets	(13,159,550)	(14,069,510)	(4,386,517)	(4,689,837)
Deferred Tax on Revaluation Reserve	1,973,933	2,110,427	657,978	703,477
<b>Total Comprehensive Income</b>	(7,036,304)	(7,979,817)	(3,588,450)	(2,667,956)
<b>Earning Per Share - Basic</b>	0.22	0.21	0.01	0.07

MANAGING DIRECTOR

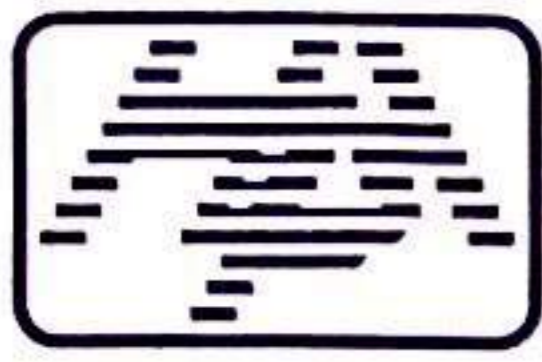
Chittagong: April 30, 2015

COMPANY SECRETARY



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### HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF CHANGES IN EQUITY (UN AUDITED) FOR THE 3RD QUARTER ENDED 31 MARCH, 2015

(Amount in Taka)

Particulars	Share Capital	Dividend Equalization Fund	Revaluation Reserve	Retained Earnings	Total
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 assets	-	-	(13,159,550)	-	(13,159,550)
Adjustment for Deferred Tax on Revaluation Surplus	-	-	1,973,933	-	1,973,933
Dividend Paid	-	-	-	(7,322,800)	(7,322,800)
Net Profit after Tax for the year	-	-	-	4,149,313	4,149,313
<b>Balance as at 31 March, 2015</b>	<b>190,000,000</b>	<b>10,000,000</b>	<b>343,089,969</b>	<b>13,911,605</b>	<b>557,001,574</b>
Balance as at 1st July, 2013	190,000,000	10,000,000	370,221,031	18,954,975	589,176,006
Adjustment for Depreciation on Revalued amount of Fixed Assets	-	-	(18,759,347)	-	(18,759,347)
Adjustment for Deferred Tax on Revaluation Surplus	-	-	2,813,902	-	2,813,902
Dividend for the Year 2012-2013	-	-	-	(9,500,000)	(9,500,000)
Net Profit after Tax for the year	-	-	-	7,630,118	7,630,118
<b>Balance as at 31 March, 2014</b>	<b>190,000,000</b>	<b>10,000,000</b>	<b>354,275,586</b>	<b>17,085,092</b>	<b>571,360,678</b>

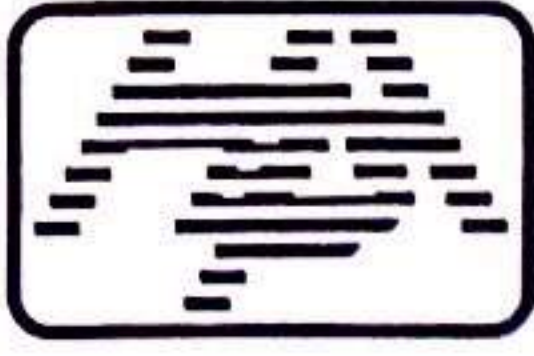
  
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COMPANY SECRETARY

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## HAKKANI PULP & PAPER MILLS LIMITED STATEMENT OF CASH FLOWS (UN AUDITED) FOR THE 3RD QUARTER ENDED 31 MARCH 2015

	31 Mar,2015	31 Mar,2014
	Taka	
<b>A. Cash flows from Operating Activities:</b>		
Cash Collection from Turnover & Others	200,448,130	278,734,019
Payment for Cost and Expenses	(136,520,000)	(285,518,100)
Interest Paid	(4,454,447)	(8,927,179)
Income Tax Paid	(9,260,041)	(8,259,928)
<b>Net Cash from Operating Activities</b>	<b>50,213,642</b>	<b>(23,971,188)</b>
<b>B. Cash flows from investing activities:</b>		
Acquisition of Property, Plant & Equipment	(30,553,842)	(37,770,691)
Investment in Shares	(791,418)	(839,892)
<b>Net cash from investing activities</b>	<b>(31,345,260)</b>	<b>(38,610,583)</b>
<b>C. Cash flows from financing activities</b>		
Bank Loan & Overdraft	(10,954,638)	73,565,334
Dividend Paid	(6,098,920)	(8,306,336)
<b>Net Cash from financing Activities</b>	<b>(17,053,558)</b>	<b>65,258,998</b>
<b>Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)</b>	<b>1,814,824</b>	<b>2,677,228</b>
Add: Opening Cash and Bank Balances	4,467,287	1,790,059
<b>Closing Cash and Bank Balances</b>	<b>6,282,111</b>	<b>4,467,287</b>

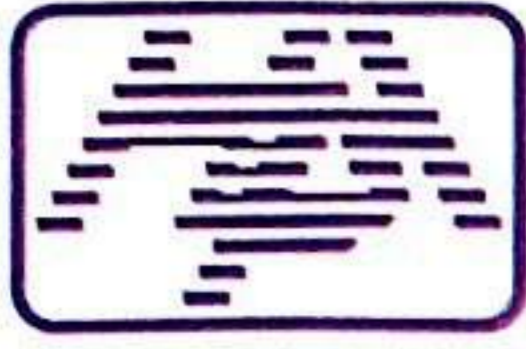
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Chittagong: April 30, 2015



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## HAKKANI PULP & PAPER MILLS LIMITED

### SELECTED NOTES TO THE ACCOUNTS

AS AT AND FOR THE 3RD QUARTER ENDED 31 MARCH, 2015

**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.

**3.00 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.

**4.00 Inventories Valuation**

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

**Category**

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.

**5.00 Employee benefit schemes**

Appropriate provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund as per provisions of law.

**6.00 Income tax**

**Current tax**

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

**Deferred Tax**

Deferred Tax 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 prevailed on the balance sheet date.

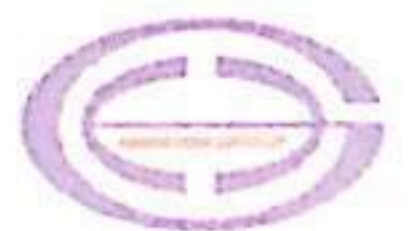
**7.00 Revenue**

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

MANAGING DIRECTOR

COMPANY SECRETARY

Chittagong: April 30, 2015

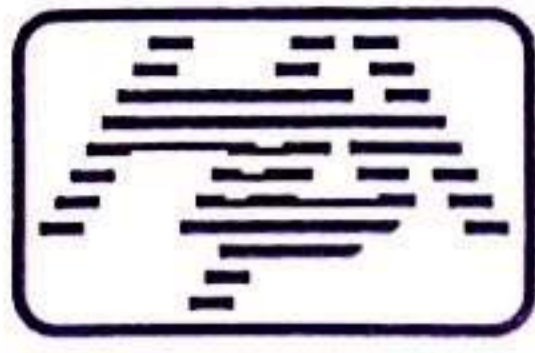


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## 8.00 REVALUATION RESERVE

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:

	31 Mar '15	30 Jun '14
	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: Adjustment for Depreciation on Revalued assets	73,426,262	60,266,712
	<u>403,635,257</u>	<u>416,794,807</u>
Less: Adjustment for Deferred Tax @ 15%	60,545,289	62,519,221
	<u>343,089,968</u>	<u>354,275,586</u>

## 9.00 DEFERRED TAX LIABILITY

Retaining earning in made-up as follows:

Balance as on 1st July	50,241,883	47,801,042
Deferred tax (Income)/Expenses for the period	(1,718,582)	2,440,841
Balance as on 31st March	<u>48,523,301</u>	<u>50,241,883</u>
Add: Adjustment for deferred tax on revaluation reserve	60,545,289	62,519,221
Total deferred tax liability	<u>109,068,590</u>	<u>112,761,104</u>

## 9.01 Calculation of Deferred Tax Liability:

(a) Carrying Amount of Fixed Assets (less revaluation) and land value as on 31.03.2015	229,268,027	213,877,178
(b) Tax Based Fixed Assets	90,630,027	79,898,822
(c) Net Taxable Temporary Differences (a-b)	<u>138,638,000</u>	<u>133,978,356</u>
Deferred tax liability at effective tax rate @ 35% on above (c)	<u>48,523,300</u>	<u>50,241,883</u>

Carrying cost of fixed assets represents net written down value of assets as on 31.03.2015

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