



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

## HAKKANI PULP & PAPER MILLS LIMITED

Statement of Financial Position  
As at 31st March, 2016

A. SOURCES OF FUNDS:	Notes	Amount in Taka	
		31-Mar-2016	30-Jun-2015
<b>Share Holders Equity:</b>			
Share Capital		190,000,000	190,000,000
Dividend Equalization Reserve		15,000,000	15,000,000
Revaluation Reserve	4.00	328,898,318	339,361,429
Retained Earnings		24,221,789	30,070,413
		<b>558,120,107</b>	<b>574,431,842</b>
<b>Non Current Liabilities:</b>			
Unsecured Loan		21,928,250	16,451,250
Secured Long Term Loan		23,722,794	27,500,000
Deferred Tax Liability	5.00	92,785,334	94,411,562
		<b>138,436,378</b>	<b>138,362,812</b>
		<b>696,556,485</b>	<b>712,794,654</b>
<b>B. APPLICATION OF FUNDS:</b>			
Property, Plant and Equipment		634,793,689	652,982,392
Capital Work In Progress		32,752,922	18,123,383
Investment in Shares		16,470,579	19,292,072
<b>Current Assets:</b>			
Inventories		118,545,984	103,740,121
Trade Receivables		19,778,659	47,738,984
Advances, Deposits & Prepayments		113,677,090	44,092,399
Interest Receivable on FDR		386,111	235,001
Cash & Cash equivalents		7,099,410	5,384,149
		<b>259,487,254</b>	<b>201,190,654</b>
<b>Current Liabilities:</b>			
Short Term Loan & Overdraft		194,280,986	111,193,030
Accrued Expenses		11,100,784	5,810,312
Workers Profit Participation and Welfare Fund		1,370,399	1,685,819
Trade Payables		19,770,945	41,700,718
Liabilities for Other Finance		4,868,659	3,797,782
Directors Current Account		4,600,000	4,600,000
Provision for Income Tax		10,956,186	10,006,186
		<b>246,947,959</b>	<b>178,793,847</b>
<b>Net Current Assets</b>		<b>12,539,295</b>	<b>22,396,807</b>
		<b>696,556,485</b>	<b>712,794,654</b>
<b>Net Asset Value Per Share(with revaluation)</b>		<b>29.37</b>	<b>30.23</b>
<b>Net Asset Value Per Share(without revaluation)</b>		<b>12.06</b>	<b>12.37</b>

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

				
CHAIRMAN	DIRECTOR	DIRECTOR	COMPANY SECRETARY	CHIEF FINANCIAL OFFICER

Chittagong: April 30, 2016

HAKKANI PULP & PAPER MILLS LTD.

# HAKKANI PULP & PAPER MILLS LTD.

## HAKKANI PULP & PAPER MILLS LIMITED

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

FOR THE 3RD QUARTER ENDED 31st MARCH, 2016

(Amount in Taka)

	3rd Quarter (Nine Months) Ended		Quarter Ended	
	Jul'15-Mar'16	Jul'14-Mar'15	Jan'16-Mar'16	Jan'15-Mar'15
Sales	205,420,530	215,175,322	31,433,543	34,979,330
Less: Cost of Goods Sold	174,830,865	192,571,904	20,069,539	28,303,980
<b>Gross Profit</b>	<b>30,589,665</b>	<b>22,603,418</b>	<b>11,364,004</b>	<b>6,675,350</b>
<b>Less: Operating Expenses</b>				
Administrative Expenses	10,117,531	9,012,022	4,957,611	4,441,553
Financial Expenses	12,895,112	4,454,447	4,018,740	1,789,148
Selling & Distribution Expenses	1,382,275	2,091,127	323,490	596,237
	24,394,918	15,557,596	9,299,841	6,826,938
<b>Operating Profit</b>	<b>6,194,747</b>	<b>7,045,822</b>	<b>2,064,163</b>	<b>(151,588)</b>
Add: Non-Operating Income	1,885,858	336,446	361,381	108,654
	8,080,605	7,382,268	2,425,544	(42,933)
Less: Provision for Diminution of Investment in value of Shares	3,017,946	-	1,348,596	-
<b>Net Profit Before WPPF</b>	<b>5,062,659</b>	<b>7,382,268</b>	<b>1,076,948</b>	<b>(42,933)</b>
Less: Contribution to Workers Profit Participation Fund	241,079	351,537	51,283	(2,044)
<b>Net profit before Tax</b>	<b>4,821,580</b>	<b>7,030,731</b>	<b>1,025,665</b>	<b>(40,889)</b>
Less: Income Tax Provision				
Current Tax	950,000	4,600,000	320,000	1,948,142
Deferred Tax	220,203	(1,718,582)	43,646	(2,129,120)
	1,170,203	2,881,418	363,646	(180,978)
<b>Net profit after Tax for the year</b>	<b>3,651,376</b>	<b>4,149,313</b>	<b>662,017</b>	<b>140,088</b>
<b>Other Comprehensive Income / Loss:</b>				
Depreciation on Revalued amount of Fixed Assets	(12,309,542)	(13,159,550)	(4,103,181)	(4,386,517)
Deferred Tax on Revaluation Reserve	1,846,431	1,973,933	615,477	657,978
<b>Total Comprehensive Income</b>	<b>(6,811,735)</b>	<b>(7,036,304)</b>	<b>(2,825,687)</b>	<b>(3,588,450)</b>
<b>Earning Per Share - Basic</b>	<b>0.19</b>	<b>0.22</b>	<b>0.03</b>	<b>0.01</b>

  
CHAIRMAN

  
DIRECTOR

  
DIRECTOR

  
COMPANY SECRETARY

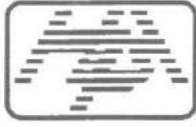
  
CHIEF FINANCIAL OFFICER

Chittagong: April 30, 2016



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HAKKANI PULP & PAPER MILLS LTD.

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




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## HAKKANI PULP & PAPER MILLS LIMITED

STATEMENT OF CASH FLOWS (UN AUDITED)  
FOR THE 3RD QUARTER ENDED 31st MARCH, 2016

	Jul-Mar'16	Jul-Mar'15
<b>A. Cash flows from Operating Activities:</b>	<b>Taka</b>	<b>Taka</b>
Cash Collection from Turnover & Others	235,266,713	200,448,130
Payment for Materials & Expenses	(267,260,706)	(136,520,000)
Interest Paid	(12,895,112)	(4,454,447)
Income Tax Paid	(9,460,149)	(9,260,041)
<b>Net Cash flows from Operating Activities</b>	<b>(54,349,254)</b>	<b>50,213,642</b>
<b>B. Cash flows from Investing Activities:</b>		
Acquisition of Property, Plant & Equipment	(5,468,118)	(30,553,842)
Capital Work In Progress	(14,629,539)	-
Investment in Shares	(2,373,183)	(791,418)
Sales of Share during the period	2,176,730	-
<b>Net cash flows from Investing Activities</b>	<b>(20,294,110)</b>	<b>(31,345,260)</b>
<b>C. Cash flows from Financing Activities:</b>		
Short Term Loan & Overdraft	83,087,956	(10,954,638)
Long Term Loan Repaid	(3,777,206)	-
Unsecured Loan received	5,477,000	-
Liabilities for other finance	(928,806)	-
Dividend Paid	(7,500,319)	(6,098,920)
<b>Net Cash flows from Financing Activities</b>	<b>76,358,625</b>	<b>(17,053,558)</b>
<b>D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)</b>	<b>1,715,261</b>	<b>1,814,824</b>
<b>E. Opening Cash and Bank Balances</b>	<b>5,384,149</b>	<b>4,467,287</b>
<b>Closing Cash and Bank Balances (D+E)</b>	<b>7,099,410</b>	<b>6,282,111</b>
<b>Net Operating Cash Flows Per Share</b>	<b>(2.86)</b>	<b>2.64</b>

  
CHAIRMAN

  
DIRECTOR

  
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COMPANY SECRETARY

  
CHIEF FINANCIAL  
OFFICER

Chittagong: April 30, 2016

# HAKKANI PULP & PAPER MILLS LTD.

## HAKKANI PULP & PAPER MILLS LIMITED

### Statement of Changes in Equity For the period ended 31st March , 2016

(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	-	-	(12,309,542)	-	(12,309,542)
Adjustment for Deferred Tax on Revaluation Surplus	-	-	1,846,431	-	1,846,431
Dividend for the Year 2014-2015	-	-	-	(9,500,000)	(9,500,000)
Net Profit after Tax for the period	-	-	-	3,651,376	3,651,376
<b>Balance as on 31st March, 2016</b>	<b>190,000,000</b>	<b>15,000,000</b>	<b>328,898,318</b>	<b>24,221,789</b>	<b>558,120,108</b>
Balance as at 1st July, 2015	190,000,000	10,000,000	354,275,586	17,085,093	571,360,679
Adjustment for Depreciation on Revalued amount of Fixed Assets	-	-	(17,546,067)	-	(17,546,067)
Transferred from Retained Earnings	-	5,000,000	-	-	5,000,000
Transferred to Dividend Equalization Reserve	-	-	-	(5,000,000)	(5,000,000)
Adjustment for Deferred Tax on Revaluation Surplus	-	-	2,631,910	-	2,631,910
Prior year Adjustment for Deferred Tax.	-	-	-	16,747,294	16,747,294
Dividend for the Year 2014-2015	-	-	-	(7,322,800)	(7,322,800)
Net Profit after Tax for the year.	-	-	-	8,560,826	8,560,826
<b>Balance as on 30th June, 2015</b>	<b>190,000,000</b>	<b>15,000,000</b>	<b>339,361,429</b>	<b>30,070,413</b>	<b>574,431,842</b>

  
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Chittagong: April 30 , 2016



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HAKKANI PULP & PAPER MILLS LIMITED

Selected Notes to the Financial Statements

For the 3rd Quarter ended 31st March' 2016

**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 statement .

**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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## 3.06 Revaluation of Property, Plant and Equipment:

A revaluation of Land , Buildings and Plant and Machinery had been carried out during the financial year 2010-2011 by M/S. G. K. Adjusters, a professional valuer and the surplus amount on revaluation of these assets were transferred to Revaluation Reserve Account as per paragraph 41 of BAS 16 Property, Plant and Equipment.

The revalued amount has been shown in schedule of Property, Plant and Equipment separately and depreciation charged thereof separately has been recognized as Other Comprehensive Income as per paragraphs 7 of BAS -01 Related deferred tax has also been recognized in Statement of Profit or Loss and other comprehensive income.

The revaluation surplus included in equity in respect of an Item of Property , Plant and Equipment is directly transferred to retained earnings when the assets is derecognized as per Paragraph 41 of BAS 16" Property , Plant and Equipment.

## 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 Capital Reserve Account . Breakup of such surplus is as follows:

	31-Mar-2016	30-Jun-2015
	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 31.03.2016	90,122,321	77,812,779
	<u>386,939,198</u>	<u>399,248,740</u>
Less : Adjustments for Deferred Tax	58,040,880	59,887,311
<b>Balance as on 31st March , 2016</b>	<b>328,898,318</b>	<b>339,361,429</b>

## 5.00 DEFERRED TAX LIABILITY:

Balance as on 1st July 2015	34,524,251	50,241,883
Deferred tax (Income)/ Expenses for the period	220,203	1,029,662
	<u>34,744,454</u>	<u>51,271,545</u>
Less: Prior year Adjustment for Deferred Tax-	-	16,747,294
<b>Balance as on 31st March 2016</b>	<b>34,744,454</b>	<b>34,524,251</b>
Add: Deferred Tax for Revaluation Surplus	58,040,880	59,887,311
	<u>92,785,334</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 31.03.2016 has been shown .

## 5.01 Calculation of Deffered Tax Liability:

(a) Carrying Amount of Property, Plant and Equipment (less	209,389,102	215,436,849
(b) Tax Based Property, Plant and Equipment	70,411,284	77,339,843
(c) Net Taxable Temporary Differences (a-b)	<u>138,977,818</u>	<u>138,097,006</u>
(d) Deferred Tax Liability at effective Tax Rate	34,744,454	34,524,251
(e) Increase of Net Taxable Temporary differences	-	4,118,650
(f) Deferred Tax Expenses on Net Taxable Temporary differences	<u>220,203</u>	<u>1,029,662</u>