

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' 2019

	Note(s)	31 Mar 2019 Taka	30 June 2018 Taka
ASSETS			
Non Current Assets :			
Property, Plant and Equipment		893,094,255	629,115,458
Capital Work-In-Progress		14,218,124	233,233,316
		907,312,379	862,348,774
Current Assets:			
Investment in Shares		23,850,554	24,971,261
Inventories		97,450,069	87,859,086
Trade Receivables		89,141,564	131,964,797
Advances, Deposits & Prepayments		138,184,910	154,301,561
Cash & Cash equivalents		10,994,505	9,691,875
		359,621,602	408,788,580
TOTAL ASSETS		1,266,933,981	1,271,137,354
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	4.00	291,581,243	300,149,645
Fair Value Reserve		1,550,803	2,563,152
Retained Earnings	5.00	(2,206,761)	13,532,891
		495,925,285	521,245,689
Non Current Liabilities:			
Unsecured Loan		43,693,290	43,693,290
Long Term Loan		181,257,976	160,740,545
Deferred Tax Liability	6.00	93,683,276	89,861,013
		318,634,543	294,294,849
Current Liabilities:			
Short Term Loan & Overdraft		395,786,628	346,071,124
Accrued Expenses		11,205,213	14,555,777
Workers Profit Participation and Welfare Fund		589,829	589,829
Current Portion of Long Term Loan		5,316,000	10,632,000
Trade Payables		18,901,039	69,473,125
Current Tax Liabilities		9,212,617	6,995,420
Liabilities for Other Finance		6,762,827	2,679,540
Directors Current Account		4,600,000	4,600,000
		452,374,153	455,596,815
TOTAL EQUITY & LIABILITIES		1,266,933,981	1,271,137,354
Net Asset Value Per Share(with revaluation)		26.10	27.43
Net Asset Value Per Share(without revaluation)		10.75	11.64

CHAIRMAN

MANAGING DIRECTOR

DIRECTOR

CFO

COMPANY SECRETARY

Place: Chattogram

Date: April 27, 2019

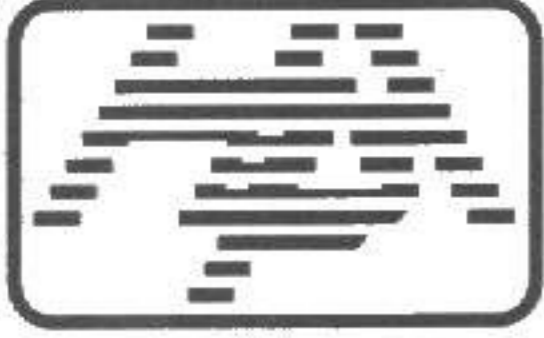


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HAKKANI PULP & PAPER MILLS LTD.

HAKKANI PULP & PAPER MILLS LIMITED

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

FOR THE 3RD QUARTER ENDED 31 MARCH, 2019

	(Amount in Taka)		
	3rd Quarter Ended	Quarter Ended	
	Jul'18-Mar'19	Jul'17-Mar'18	Jan'18-March'18
Revenue	367,692,254	207,670,389	31,800,973
Less: Cost of Goods Sold	328,500,502	191,216,200	33,908,840
Gross Profit	39,191,752	16,454,189	(2,107,868)
Less: Operating Expenses			
Administrative Expenses	13,665,322	10,202,065	4,850,436
Financial Expenses	39,623,934	25,519,062	9,627,141
Selling & Distribution Expenses	311,668	402,278	239,749
	53,600,924	36,123,405	14,717,326
Operating Profit	(14,409,172)	(19,669,215)	(2,332,862)
Add: Non-Operating Income	1,840,576	719,316	249,173
Net Profit Before WPPF	(12,568,596)	(18,949,899)	(2,083,688)
Less: Contribution to Workers Profit Participation Fund	-	-	-
Net profit before Tax	(12,568,595)	(18,949,898)	(2,083,688)
Less: Income Tax Provision			
Current Tax	2,217,197	1,246,022	722,009
Deferred Tax	5,334,334	(282,891)	5,236,198
	7,551,531	963,131	5,958,207
Net profit after Tax for the period	(20,120,125)	(19,913,030)	(8,041,896)
Other Comprehensive Income / Loss:			
Deferred Tax on Revaluation Reserve	1,512,070	1,616,042	504,024
Gain/ (Loss) on Investment in Shares	(1,012,349)	2,547,226	118,207
Total Comprehensive Income	(19,620,404)	(15,749,762)	(7,419,665)
Earning Per Share - Basic	(1.06)	(1.05)	(0.42)
			(0.74)

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COMPANY SECRETARY

[Signature]

CFO

[Signature]

DIRECTOR

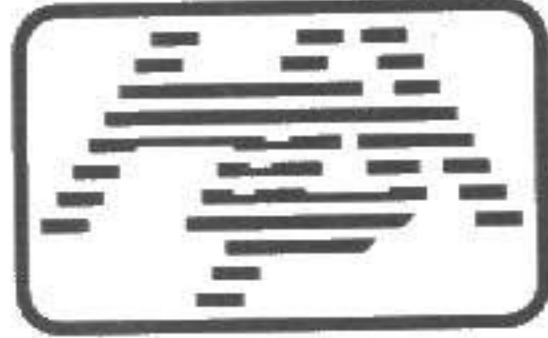
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MANAGING DIRECTOR

[Signature]

CHAIRMAN

Date: April 27, 2019




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HAKKANI PULP & PAPER MILLS LIMITED

Statement of Cash Flows (Un-Audited)

For the period ended 31 March, 2019

Note(s)	31 Mar 2019 Taka	31 Mar 2018 Taka
A. Cash flows from Operating Activities:		
Cash Collection from Turnover & Others	412,356,063	179,068,984
Payment for Material and Expenses	(369,244,813)	(186,666,757)
Payment for Financial Expenses	(39,623,934)	(25,519,061)
Income Tax Paid	(303,763)	(332,440)
Net Cash flows from Operating Activities	3,183,553	(33,449,275)
B. Cash flows from Investing Activities:		
Acquisition of Property, Plant & Equipment	(289,990,153)	(1,578,432)
Capital Work-In-Progress	219,015,192	(36,201,213)
Purchase of shares	-	(1,743,528)
Sale of shares	477,816	202,842
Net cash flows from Investing Activities	(70,497,145)	(39,320,331)
C. Cash flows from Financing Activities		
Short Term Loan & Overdraft	49,715,504	43,690,360
Long Term Loan	20,517,431	24,512,051
Unsecured Loan Received	-	400,000
Liabilities for other finance	(122,106)	47,737
Dividend Paid	(1,494,607)	-
Net Cash flows from Financing Activities	68,616,222	68,650,148
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	1,302,630	(4,119,458)
E. Opening Cash and Bank Balances	9,691,875	7,045,636
Closing Cash and Bank Balances (D+E)	10,994,505	2,926,180
F. Net Operating Cash Flows Per Share	0.17	(1.76)


CHAIRMAN


MANAGING DIRECTOR


DIRECTOR


CFO


COMPANY SECRETARY

Place: Chattogram

Date: April 27, 2019



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HAKKANI PULP & PAPER MILLS LIMITED Statement of Changes in Equity (Un-Audited) For the period ended 31 March, 2019

Particulars	(Amount in Taka)					
	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2018	190,000,000	15,000,000	300,149,645	2,563,152	13,532,891	521,245,689
Adjustment of depreciation on carrying amount of revalued assets	-	-	(10,080,473)	-	10,080,473	-
Deferred Tax on Revaluation Surplus	-	-	1,512,070	-	-	1,512,070
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(1,012,349)	-	(1,012,349)
Dividend for the period 2017-2018	-	-	-	-	(5,700,000)	(5,700,000)
Net Profit after Tax for the period	-	-	-	-	(20,120,125)	(20,120,125)
Balance as on 31 March, 2019	190,000,000	15,000,000	291,581,243	1,550,803	(2,206,761)	495,925,286

For the period ended 31 March, 2018


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	-	-	(10,773,615)	-	10,773,615	-
Deferred Tax on Revaluation Surplus	-	-	1,616,042	-	-	1,616,042
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	2,547,226	-	2,547,226
Net Profit after Tax for the period	-	-	-	-	(19,913,030)	(19,913,030)
Balance as on 31 March, 2018	190,000,000	15,000,000	303,202,168	4,462,505	8,248,378	520,913,052


CHAIRMAN


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Place: Chattogram
Date: April 27, 2019



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HAKKANI PULP & PAPER MILLS LIMITED Selective Notes to the Financial Statements For the period ended 31 March, 2019

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).

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 IAS 1 - "Presentation of Financial Statements "

- A Statement of Financial Position as at 31 March' 2019
- A Statement of Profit or Loss and other Comprehensive Income for the period ended 31 March' 2019
- A Statement of changes in equity for the period ended 31 March' 2019
- A Statement of Cash flows for the period ended 31 March' 2019
- 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 weighted average method.
Work in Process	Work in process is valued at 100% cost of raw materials, 75% cost of labour and 50% cost of overhead.
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. The Company does not maintain any employee benefit scheme except Workers Profit Participation Fund (WPPF) however no provision has been made for the year in this regard.

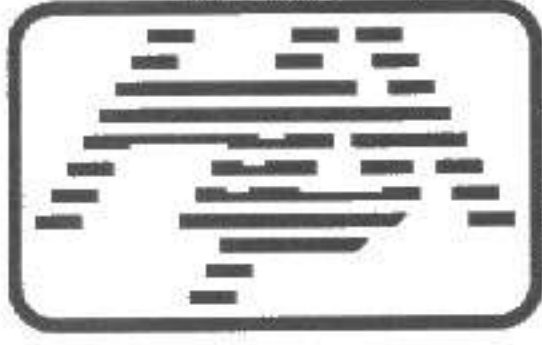


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3.05 Income Tax Expenses :

3.05.01 Current Tax

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

Calculation of Current Tax is shown below:

	31 Mar 2019	31 Mar 2018
Net Sales	367,692,254	207,670,389
Non -Operating Income	1,840,576	719,316
Gross Received	369,532,830	208,389,705
Minimum Tax at rate of 0.60%	<u>2,217,197</u>	<u>1,055,217</u>

3.05.02 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 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 IAS-12.

3.06

Capital Work In Progress (Tissue Unit):

The cost of capital work in progress relating to tissue unit comprises:

- 1) Its purchase price including import duties.
- 2) Any cost directly attributable to bringing the assets to be capable of operating in the manner intended by the Management.
- 3) The directly attributable cost also included cost of testing whether the assets are functioning properly after deducting the net proceeds from selling of trial production (such as samples produced when testing of equipments) as per paragraph 7(e) of IAS 16 property plant and equipment.

The cost of capital working progress has been recognized as property plant and equipment as on January 01, 2019 as per paragraph 7 of IAS 16 property plant and equipment.

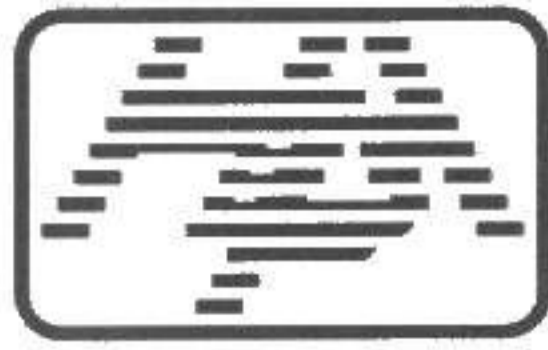


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31 Mar 2019 30 June 2018
Taka Taka

4.00 REVALUATION RESERVE:

A revaluation of Land, Buildings and Plant and Machinery has been made during the financial period 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 31.12.2018	134,024,763	123,944,290
	<u>343,036,756</u>	<u>353,117,229</u>
Less: Adjustments for Deferred Tax	51,455,513	52,967,584
Balance as on 31 March	<u>291,581,243</u>	<u>300,149,645</u>

Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.

5.00 RETAINED EARNINGS:

Balance as on 01 July	13,532,891	17,387,793
Less: Dividend for the year 2017-2018 as approved in the AGM	5,700,000	-
	<u>7,832,891</u>	<u>17,387,793</u>
Add: Net profit after tax for the period	(20,120,125)	(18,219,722)
	<u>(12,287,234)</u>	<u>(831,929)</u>
Add: Revaluation Surplus Realized	10,080,473	14,364,820
Balance as on 31 March	<u>(2,206,761)</u>	<u>13,532,891</u>

6.00 DEFERRED TAX LIABILITY:

Balance as on 01 July	36,893,429	35,199,812
Deferred Tax (Income)/ Expenses for the period	5,334,334	1,693,617
	<u>42,227,763</u>	<u>36,893,429</u>
Add: Deferred Tax for Revaluation Surplus	51,455,513	52,967,584
	<u>93,683,276</u>	<u>89,861,013</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 31.12.2018 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 December	506,474,257	232,414,986
(b) Tax Based Property, Plant and Equipment	<u>337,563,207</u>	<u>84,841,271</u>
(c) Net Taxable Temporary Differences (a-b)	<u>168,911,050</u>	<u>147,573,715</u>
(d) Deferred Tax liability at effective Tax Rate	42,227,762	36,893,429
(e) Deferred Tax expenses on Net Taxable Temporary differences	<u>5,334,334</u>	<u>1,693,917</u>

7.00 Significant Deviation:

a) Increase of Sales Revenue :

Sales Revenue has been increased significantly due to starting commercial operation of Tissue Unit since January 1, 2019.

b) Significant Deviation in Net Operating Cash Flows Per Share (NOCFPS):

Significant deviation in Operating Cash Flows per share (NOCFPS) has been increased compared to previous period due to increase in cash collection from customers.

c) Significant Deviation in EPS:

Deviation in EPS has been arrived compared to previous period due to increase of administrative expenses and financial expenses significantly.


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