HAKKANI PULP & PAPER MILLS LTD.

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

HAKKANI PULP & PAPER MILLS LIMITED

FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE 3rd QUARTER ENDED AS AT 31 MARCH' 2017

AMAR STOCK

Head Office : 2/10, Dhaka Trunk Road, North Pahartali, Chittagong, Bangladesh
Phone : 88-031-751463, 750864-5 (PABX) **Fax :** 88-031-752344 **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 Financial Position (Un-Audited)
As at 31 March, 2017

	Note(s)	31 March 2017 Taka	30 June 2016 Taka
ASSETS			
Non Current Assets :		**789,505,001**	**754,514,410**
Property, Plant and Equipment		620,853,583	631,651,793
Capital Work-In-Progress		144,810,487	105,586,125
Investment in Shares		23,840,931	17,276,493
Current Assets:		**310,766,863**	**264,456,451**
Inventories		78,412,463	142,167,234
Trade Receivables		110,616,416	34,865,465
Advances, Deposits & Prepayments		120,473,406	71,247,069
Interest Receivable on FDR		-	402,904
Cash & Cash equivalents		1,264,578	15,773,779
TOTAL ASSETS		**1,100,271,864**	**1,018,970,862**
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:		**542,322,642**	**551,434,935**
Share Capital		190,000,000	190,000,000
Dividend Equalization Reserve		15,000,000	15,000,000
Revaluation Reserve	4.00	315,622,460	325,410,615
Fair Value Reserve		3,797,515	(3,168,122)
Retained Earnings	5.00	17,902,667	24,192,441
Non Current Liabilities:		**222,381,480**	**125,592,052**
Unsecured Loan		34,599,750	21,928,250
Long Term Loan		96,973,495	11,197,507
Deferred Tax Liability	6.00	90,808,236	92,466,295
Current Liabilities:		**335,567,742**	**341,943,875**
Short Term Loan & Overdraft		295,484,480	291,282,585
Accrued Expenses		10,399,562	7,969,471
Workers Profit Participation and Welfare Fund		1,108,876	1,108,876
Current Portion of Long Term Loan		1,772,000	10,632,000
Trade Payables		14,471,673	20,447,020
Current Tax Liabilities		5,076,197	3,246,485
Liabilities for Other Finance		2,654,954	2,657,438
Directors Current Account		4,600,000	4,600,000
TOTAL EQUITY & LIABILITIES		**1,100,271,864**	**1,018,970,862**
Net Asset Value Per Share(with revaluation)		**28.54**	**29.37**
Net Asset Value Per Share(without revaluation)		**11.93**	**12.06**

CHAIRMAN | MANAGING DIRECTOR | DIRECTOR | DIRECTOR | COMPANY SECRETARY

Chittagong: April 29, 2017

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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' 2017

(Amount in Taka)

	3rd Quarter (Nine Months) Ended		Quarter Ended	
	Jul'16-Mar'17	* Re-stated Jul'15-Mar'16	Jan'17-Mar'17	* Re-stated Jan'16-Mar'16
Revenue	304,952,055	205,420,530	32,399,507	31,433,543
Less: Cost of Goods Sold	285,102,963	187,140,407	29,826,360	24,172,720
Gross Profit	19,849,092	18,280,123	2,573,147	7,260,823
Less: Operating Expenses				
Administrative Expenses	9,583,178	10,117,531	2,774,429	4,957,611
Financial Expenses	22,182,688	12,895,112	9,245,210	4,018,740
Selling & Distribution Expenses	969,889	1,382,275	95,000	323,490
	32,735,755	24,394,918	12,114,639	9,299,841
Operating Profit	(12,886,663)	(6,114,795)	(9,541,492)	(2,039,018)
Add: Non-Operating Income	1,037,483	1,885,858	734,766	361,381
Net Profit Before WPPF	(11,849,180)	(4,228,937)	(8,806,726)	(1,677,637)
Less: Contribution to Workers Profit	-	241,079	-	51,283
Net profit before Tax	(11,849,180)	(4,470,016)	(8,806,726)	(1,728,920)
Less: Income Tax Provision				
Current Tax	1,829,712	950,000	1,529,712	320,000
Deferred Tax	69,261	220,203	65,488	43,646
	1,898,973	1,170,203	1,595,200	363,646
Net profit after Tax for the period	**(13,748,154)**	**(5,640,219)**	**(10,401,927)**	**(2,092,566)**
Other Comprehensive Income / Loss:				
Deferred Tax on Revaluation Reserve	1,727,321	1,846,431	575,774	615,477
Gain/ (Loss) on Investment in Shares	6,965,636	(3,017,946)	3,949,336	(1,348,596)
Total Comprehensive Income	**(5,055,196)**	**(6,811,735)**	**(5,876,817)**	**(2,825,687)**
Earning Per Share - Basic	(0.72)	(0.30)	(0.55)	(0.11)

CHAIRMAN MANAGING DIRECTOR DIRECTOR DIRECTOR COMPANY SECRETARY

Chittagong: April 29, 2017

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HAKKANI PULP & PAPER MILLS LTD.

HAKKANI PULP & PAPER MILLS LIMITED
Statement of Cash Flows (Un-Audited)
For the period ended 31 March, 2017

	Note(s)	31 Mar 2017 Taka	31 Mar 2016 Taka
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		230,238,654	235,266,713
Payment for Material and Expenses		(270,402,159)	(267,260,706)
Interest Paid		(22,182,688)	(12,895,112)
Income Tax Paid		-	(9,460,149)
Net Cash flows from Operating Activities		**(62,346,193)**	**(54,349,254)**
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(11,929,645)	(5,468,118)
Capital Work-In-Progress		(39,224,362)	(14,629,539)
Purchase of shares during the period		(8,029)	(2,373,183)
Sales of shares during the period		409,227	2,176,730
Net cash flows from Investing Activities		**(50,752,809)**	**(20,294,110)**
C. Cash flows from Financing Activities			
Short Term Loan & Overdraft		4,201,895	83,087,956
Secured Long Term Loan		85,775,988	(3,777,206)
Unsecured Loan Received		12,671,500	5,477,000
Liabilities for other finance		(2,483)	(928,806)
Dividend Paid		(4,057,097)	(7,500,319)
Net Cash flows from Financing Activities		**98,589,802**	**76,358,624**
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		(14,509,200)	1,715,261
E. Opening Cash and Bank Balances		15,773,779	5,384,149
Closing Cash and Bank Balances (D+E)		**1,264,578**	**7,099,410**
F. Net Operating Cash Flows Per Share		**(3.28)**	**(2.86)**

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HAKKANI PULP & PAPER MILLS LIMITED
Statement of Changes in Equity (Un-Audited)
For the period ended 31 March, 2017

(Amount in Taka)

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2016	190,000,000	15,000,000	325,410,615	(3,168,122)	24,192,441	551,434,935
Adjustment of depreciation on carrying amount of revalued assets	-	-	(11,515,476)	-	11,515,476	-
Deferred Tax on Revaluation Surplus	-	-	1,727,321	-	-	1,727,321
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	6,965,636	-	6,965,636
Dividend for the year 2015-2016	-	-	-	-	(4,057,097)	(4,057,097)
Net Profit after Tax for the period	-	-	-	-	(13,748,154)	(13,748,154)
Balance as on 31 March, 2017	**190,000,000**	**15,000,000**	**315,622,461**	**3,797,515**	**17,902,667**	**542,322,642**
Balance as at 01 July, 2015	190,000,000	15,000,000	339,361,429	20,444,682	9,625,731	574,431,842
Adjustment of depreciation on carrying amount of revalued assets	-	-	(12,309,542)		12,309,542	-
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(3,017,946)	-	(3,017,946)
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	-	-	-	-	(5,640,219)	(5,640,219)
*** Restated Balance as on 31 March, 2016**	**190,000,000**	**15,000,000**	**328,898,318**	**17,426,736**	**6,795,054**	**558,120,108**

CHAIRMAN | MANAGING DIRECTOR | DIRECTOR | DIRECTOR | COMPANY SECRETARY

Chittagong: April 29, 2017

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HAKKANI PULP & PAPER MILLS LIMITED

Selected Notes to the Financial Statements
For the 3rd Quarter ended 31 March' 2017

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), as Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS).

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 BAS 1 - "Presentation of Financial Statements " and The Financial Statements Reporting Standards (BFRSs).

a. A Statement of Financial Position as at 31 March' 2017
b. A Statement of Profit or Loss and other Comprehensive Income for the period ended 31 March' 2017
c. A Statement of changes in equity for the period ended 31 March' 2017
d. A Statement of Cash flows for the period ended 31 March' 2017
e. Notes , comprising a summary of significant accounting policies and explanatory information.
f. 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

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.

3.04 Emplovee benefit schemes:

No provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund due to incurring loss during the period.

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 years 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 BAS-12.

HAKKANI PULP & PAPER MILLS LTD.
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3.06 **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 goods.

3.07 **Comparative Information:**

Comparative information has been disclosed in respect of all numeric information in the financial statement and also the narrative and descriptive information where it is relevant for understanding of the current period financial statements.

Previous period figures have been rearranged, wherever considered necessary, to ensure comparability with current period.

The company has labeled the restated comparative informaton with the heading "restated". This is to highlight for users the fact that the comparative financial statement information is not the same as the financial statement information previously presented in the prior period's financial statement.

The company has restated the comparative information due to charging of depreciation on revalued amount of non current assets to the Statement of Profit or Loss and Other Comprehensive Income which was not charged to the Statement of Profit or Loss and Other Comprehensive Income in the prior year's financial statement.

3.08 **Significant Deviation:**

a) Significant deviation in EPS

Net profit has been reduced due to fall in market price of the product though sales has been increased.

b) Significant deviation in cash flows per share

Net operating cash flow per share has been reduced significantly due to fall in collection from sales, increase payment for financial expenses and payment for raw materials & other expenses significantly.

HAKKANI PULP & PAPER MILLS LTD.

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		31 Dec 2016 Taka	30 June 2016 Taka
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 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
		477,061,519	477,061,519
	Less: Depreciation on Revalued Assets till 31.03.2017	105,740,977	94,225,501
		371,320,542	382,836,018
	Less : Adjustments for Deferred Tax	55,698,081	57,425,403
	Balance as on 31 March 2017	**315,622,460**	**325,410,615**
	Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.		
5.00	**RETAINED EARNINGS:**		
	Balance as on 01 July 2016	24,192,441	31,026,570
	Less: Dividend for the year 2015-2016 as approved in the AGM	4,057,097	9,500,000
		20,135,344	21,526,570
	Add: Net profit after tax for the period	(13,748,154)	(13,746,851)
		6,387,190	7,779,719
	Add: Revaluation Surplus Realized	11,515,476	16,412,722
	Balance as on 31 March 2017	**17,902,667**	**24,192,441**
6.00	**DEFERRED TAX LIABILITY:**		
	Balance as on 01 July 2016	35,040,893	34,524,251
	Deferred Tax (Income)/ Expenses for the period	69,261	516,642
	Balance as on 31 March 2017	**35,110,154**	**35,040,893**
	Add: Deferred Tax for Revaluation Surplus	55,698,081	57,425,403
		90,808,236	**92,466,295**
	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 31.03.2017 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 31.03.2017	206,625,799	210,350,386
	(b) Tax Based Property, Plant and Equipment	66,185,184	70,186,816
	(c) Net Taxable Temporary Differences (a-b)	140,440,615	140,163,570
	(d) Deferred Tax liability at effective Tax Rate	35,110,154	35,040,893
	(e) Deferred Tax expenses on Net Taxable Temporary differences	**69,261**	**516,642**

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