হাক্কানী পাল্প এন্ড পেপার মিলস্ লিঃ

HAKKANI PULP & PAPER MILLS LTD.

HAKKANI PULP & PAPER MILLS LIMITED

FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE PERIOD (1ST QUARTER) ENDED 30 SEPTEMBER' 2017

AMARSTOCK

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

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HAKKANI PULP & PAPER MILLS LTD.

HAKKANI PULP & PAPER MILLS LIMITED
Statement of Financial Position
As at 30 September, 2017

	Note(s)	30 Sep 2017 Taka	30 June 2017 Taka
ASSETS			
Non Current Assets :		**803,923,645**	**797,624,600**
Property, Plant and Equipment		607,250,842	614,265,985
Capital Work-In-Progress		196,672,802	183,358,615
Current Assets:		**389,919,252**	**346,704,237**
Investment in Shares		27,102,103	21,052,181
Inventories		86,582,784	69,843,495
Trade Receivables		111,899,995	98,632,005
Advances, Deposits & Prepayments		151,841,342	150,130,920
Cash & Cash equivalents		12,493,028	7,045,636
TOTAL ASSETS		**1,193,842,896**	**1,144,328,836**
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:		**534,215,163**	**536,662,814**
Share Capital		190,000,000	190,000,000
Dividend Equalization Reserve		15,000,000	15,000,000
Revaluation Reserve	04	309,307,218	312,359,742
Fair Value Reserve		6,422,924	1,915,279
Retained Earnings	05	13,485,021	17,387,793
Non Current Liabilities:		**287,012,766**	**266,369,579**
Unsecured Loan		43,693,290	43,293,290
Long Term Loan		153,636,070	132,754,169
Deferred Tax Liability	06	89,683,406	90,322,120
Current Liabilities:		**372,614,968**	**341,296,443**
Short Term Loan & Overdraft		320,785,170	298,102,826
Accrued Expenses		7,559,799	5,277,091
Workers Profit Participation and Welfare Fund		589,829	589,829
Current Portion of Long Term Loan		2,658,000	10,632,000
Trade Payables		28,215,349	14,199,538
Current Tax Liabilities		5,564,766	5,293,314
Liabilities for Other Finance		2,642,055	2,601,845
Directors Current Account		4,600,000	4,600,000
TOTAL EQUITY & LIABILITIES		**1,193,842,896**	**1,144,328,836**
Net Asset Value Per Share(with revaluation)		**28.12**	**28.25**
Net Asset Value Per Share(without revaluation)		**11.84**	**11.81**

CHAIRMAN | MANAGING DIRECTOR | DIRECTOR | DIRECTOR | COMPANY SECRETARY

Chittagong: October 28, 2017

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HAKKANI PULP & PAPER MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income (Un-Audited)
For the 1st Quarter ended 30 September, 2017

	Note(s)	30 Sep 2017 Taka	30 Sep 2016 Taka
Revenue		45,242,144	33,149,428
Less: Cost of Sales		41,118,899	30,274,752
Gross Profit		**4,123,245**	**2,874,676**
Less: Operating Expenses:			
Administrative Expenses		3,826,327	3,219,150
Financial Expenses		8,048,096	6,153,727
Selling & Distribution Expenses		-	85,608
		11,874,423	9,458,485
Operating Profit		**(7,751,178)**	**(6,583,809)**
Add: Non-Operating Income		428,620	21,300
Net-Profit Before WPPF & WWF		(7,322,558)	(6,562,509)
Less: Contribution to Workers Profit Participation and Welfare Fund		-	-
Net profit before Tax		**(7,322,558)**	**(6,562,509)**
Less: Income Tax Provision:			
Current Tax		271,453	300,000
Deferred Tax		(100,033)	(45,429)
		171,420	254,571
Net profit after Tax for the period		**(7,493,977)**	**(6,817,080)**
Other Comprehensive Income / Loss:			
Deferred Tax on Revaluation Reserve		538,681	575,774
Gain/ (Loss) on Investment in Shares		4,507,646	1,657,185
Total Comprehensive Income		**(2,447,651)**	**(4,584,121)**
Earning Per Share - Basic		(0.39)	(0.36)

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HAKKANI PULP & PAPER MILLS LIMITED
Statement of Cash Flows (Un-Audited)
For the period ended 30 September, 2017

	Note(s)	30 Sep 2017 Taka	30 Sep 2016 Taka
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		32,402,841	42,584,891
Payment for Material and Expenses		(47,923,522)	(76,376,518)
Interest Paid		(8,048,096)	(6,153,727)
Income Tax Paid		(51,290)	-
Net Cash flows from Operating Activities		**(23,620,066)**	**(39,945,354)**
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(80,502)	(3,703,800)
Capital Work-In-Progress		(13,314,187)	(14,718,476)
Purchase of shares during the year		(1,743,528)	(8,029)
Sales of shares during the year		201,221	-
Net cash flows from Investing Activities		**(14,936,997)**	**(18,430,305)**
C. Cash flows from Financing Activities			
Short Term Loan & Overdraft		22,682,343	38,984,313
Secured Long Term Loan		20,881,901	6,019,932
Unsecured Loan Received		400,000	-
Liabilities for other finance		40,210	478,061
Net Cash flows from Financing Activities		**44,004,454**	**45,482,306**
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		5,447,391	(12,893,353)
E. Opening Cash and Bank Balances		7,045,636	15,773,779
Closing Cash and Bank Balances (D+E)		**12,493,028**	**2,880,426**
F. Net Operating Cash Flows Per Share		**(1.24)**	**(2.10)**

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HAKKANI PULP & PAPER MILLS LIMITED
Statement of Changes in Equity (Un-Audited)
For the period ended 30 September, 2017

(Amount in Taka)

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
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	-	-	(3,591,205)	-	3,591,205	-
Deferred Tax on Revaluation Surplus	-	-	538,681	-	-	538,681
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	4,507,646	-	4,507,646
Dividend for the year 2015-2016	-	-	-	-	-	-
Net Profit after Tax for the period	-	-	-	-	(7,493,977)	(7,493,977)
Balance as on 30 September, 2017	**190,000,000**	**15,000,000**	**309,307,218**	**6,422,924**	**13,485,021**	**534,215,163**
Balance as at 01 July, 2016	190,000,000	15,000,000	325,410,615	(3,168,122)	24,192,442	551,434,935
Restated Revaluation Surplus Realized	-	-	(3,838,492)	-	3,838,492	-
Deferred Tax on Revaluation Surplus	-	-	575,774	-	-	575,774
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	1,657,185	-	1,657,185
Net Profit after Tax for the period	-	-	-	-	(6,817,080)	(6,817,080)
Balance as on 30 September, 2016	**190,000,000**	**15,000,000**	**322,147,897**	**(1,510,937)**	**21,213,853**	**546,850,814**

AMAR STOCK

CHAIRMAN | MANAGING DIRECTOR | DIRECTOR | DIRECTOR | COMPANY SECRETARY

Chittagong: October 28, 2017

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

HAKKANI PULP & PAPER MILLS LIMITED
Selected Notes to the Financial Statements
For the 1st Quarter ended 30 September, 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 30 September' 2017
b. A Statement of Profit or Loss and other Comprehensive Income for the period ended 30 September' 2017
c. A Statement of changes in equity for the period ended 30 September' 2017
d. A Statement of Cash flows for the period ended 30 September' 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 **Employee 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.

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's financial statements.

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

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.

SHARESTOCK

		30 Sep 2017 Taka	30 June 2017 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 30.09.2017	113,170,674	109,579,469
	363,890,845	367,482,050
Less : Adjustments for Deferred Tax	54,583,627	55,122,308
Balance as on 30 September 2017	**309,307,218**	**312,359,742**

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

5.00 RETAINED EARNINGS:

Balance as on 01 July 2017	17,387,793	24,192,442
Less: Dividend for the year 2015-2016 as approved in the AGM	-	4,057,097
	17,387,793	20,135,345
Add: Net profit after tax for the period	(7,493,977)	(18,101,520)
	9,893,816	2,033,825
Add: Revaluation Surplus Realized	3,591,205	15,353,968
Balance as on 30 September 2017	**13,485,021**	**17,387,793**

6.00 DEFERRED TAX LIABILITY:

Balance as on 01 July 2017	35,199,812	35,040,893
Deferred Tax (Income)/ Expenses for the period	(100,033)	158,919
Balance as on 30 September 2017	35,099,779	35,199,812
Add: Deferred Tax for Revaluation Surplus	54,583,627	55,122,308
	89,683,406	**90,322,120**

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 30.09.2017 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 30.09.2017	200,372,756	203,796,693
(b) Tax Based Property, Plant and Equipment	59,973,642	62,997,446
(c) Net Taxable Temporary Differences (a-b)	140,399,114	140,799,247
(d) Deferred Tax liability at effective Tax Rate	35,099,779	35,199,812
(e) Deferred Tax expenses on Net Taxable Temporary differences	**(100,033)**	**158,919**

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