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 December' 2018

	Note(s)	31 Dec 2018 Taka	30 June 2018 Taka
ASSETS			
Non Current Assets :		**878,710,219**	**862,348,774**
Property, Plant and Equipment		615,320,827	629,115,458
Capital Work-In-Progress		263,389,391	233,233,316
Current Assets:		**439,581,992**	**408,788,580**
Investment in Shares		23,339,933	24,971,261
Inventories		85,178,971	87,859,086
Trade Receivables		148,383,726	131,964,797
Advances, Deposits & Prepayments		176,360,753	154,301,561
Interest Receivable on FDR		16,821	-
Cash & Cash equivalents		6,301,788	9,691,875
TOTAL ASSETS		**1,318,292,210**	**1,271,137,354**
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:		**503,344,950**	**521,245,689**
Share Capital		190,000,000	190,000,000
Dividend Equalization Reserve		15,000,000	15,000,000
Revaluation Reserve	04	294,437,377	300,149,645
Fair Value Reserve		1,432,597	2,563,152
Retained Earnings	05	2,474,976	13,532,891
Non Current Liabilities:		**308,931,280**	**294,294,849**
Unsecured Loan		43,693,290	43,693,290
Long Term Loan		176,286,888	160,740,545
Deferred Tax Liability	06	88,951,101	89,861,013
Current Liabilities:		**506,015,981**	**455,596,815**
Short Term Loan & Overdraft		400,037,493	346,071,124
Accrued Expenses		13,146,904	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		65,428,340	69,473,125
Current Tax Liabilities		8,490,608	6,995,420
Liabilities for Other Finance		2,706,806	2,679,540
Dividend Payable		5,700,000	-
Directors Current Account		4,600,000	4,600,000
TOTAL EQUITY & LIABILITIES		**1,318,292,210**	**1,271,137,354**
Net Asset Value Per Share(with revaluation)		**26.49**	**27.43**
Net Asset Value Per Share(without revaluation)		**11.00**	**11.64**

CHAIRMAN | MANAGING DIRECTOR | DIRECTOR | CFO | COMPANY SECRETARY

Place: Chattogram

Date: February 02, 2019

a member of HAKKANI GROUP

Head Office : 2/10, Dhaka Trunk Road, North Pahartali, Chittagong, Bangladesh
Phone : +88-02-43151463, 02-43150864-5 (PABX) **Fax :** +88-02-43152344 **E-mail :** hppml@hakkanigroup.com, info@hakkanigroup.com
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HAKKANI PULP & PAPER MILLS LIMITED

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

FOR THE HALF YEAR ENDED 31 DECEMBER, 2018

(Amount in Taka)

	Half Year Ended		Quarter Ended	
	Jul'18-Dec'18	Jul'17-Dec'17	Oct'18-Dec'18	Oct'17-Dec'17
Revenue	247,606,541	175,869,417	120,382,875	130,627,273
Less: Cost of Goods Sold	220,799,252	157,307,360	109,963,001	116,188,461
Gross Profit	26,807,288	18,562,057	10,419,873	14,438,812
Less: Operating Expenses				
Administrative Expenses	8,814,886	6,897,116	4,226,471	3,070,788
Financial Expenses	29,996,793	16,861,765	14,048,509	8,813,669
Selling & Distribution Expenses	71,919	310,380	66,919	310,380
	38,883,598	24,069,261	18,341,899	12,194,838
Operating Profit	(12,076,310)	(5,507,204)	(7,922,026)	2,243,974
Add: Non-Operating Income	1,591,403	495,222	1,287,594	66,601
Net Profit Before WPPF	(10,484,907)	(5,011,982)	(6,634,431)	2,310,575
Less: Contribution to Workers Profit Participation Fund	-	-	-	-
Net profit before Tax	(10,484,907)	(5,011,982)	(6,634,431)	2,310,575
Less: Income Tax Provision				
Current Tax	1,495,188	1,055,217	730,023	783,764
Deferred Tax	98,135	(202,531)	53,868	(102,498)
	1,593,323	852,685	783,890	681,266
Net profit after Tax for the period	**(12,078,230)**	**(5,864,668)**	**(7,418,322)**	**1,629,310**
Other Comprehensive Income / Loss:				
Deferred Tax on Revaluation Reserve	1,008,047	1,077,362	504,024	538,681
Gain/ (Loss) on Investment in Shares	(1,130,555)	5,936,506	(769,920)	1,428,861
Total Comprehensive Income	**(12,200,739)**	**1,149,200**	**(7,684,218)**	**3,596,851**
Earning Per Share - Basic	(0.64)	(0.31)	(0.39)	0.09

CHAIRMAN | MANAGING DIRECTOR | DIRECTOR | CFO | COMPANY SECRETARY

Chittagong: February 02, 2019

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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 December, 2018

	Note(s)	31 Dec 2018 Taka	31 Dec 2017 Taka
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		232,779,081	142,407,619
Payment for Material and Expenses		(244,779,757)	(139,280,360)
Interest Paid		(29,996,793)	(16,861,765)
Income Tax Paid		(270,338)	(146,764)
Net Cash flows from Operating Activities		**(42,267,807)**	**(13,881,271)**
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(984,002)	(1,503,122)
Capital Work-In-Progress		(30,156,075)	(26,024,630)
Purchase of shares		-	(1,743,528)
Sale of shares		477,816	202,842
Net cash flows from Investing Activities		**(30,662,261)**	**(29,068,438)**
C. Cash flows from Financing Activities			
Short Term Loan & Overdraft		53,966,369	25,103,493
Long Term Loan		15,546,343	20,930,595
Unsecured Loan Received		-	400,000
Liabilities for other finance		27,266	46,282
Net Cash flows from Financing Activities		**69,539,978**	**46,480,370**
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		(3,390,090)	3,530,661
E. Opening Cash and Bank Balances		9,691,875	7,045,636
Closing Cash and Bank Balances (D+E)		**6,301,788**	**10,576,298**
F. Net Operating Cash Flows Per Share		**(2.22)**	**(0.73)**

CHAIRMAN | MANAGING DIRECTOR | DIRECTOR | CFO | COMPANY SECRETARY

Place: Chattogram
Date: February 02, 2019

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HAKKANI PULP & PAPER MILLS LIMITED
Statement of Changes in Equity (Un-Audited)
For the period ended 31 December, 2018

(Amount in Taka)

Particulars	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	-	-	(6,720,315)	-	6,720,315	-
Deferred Tax on Revaluation Surplus	-	-	1,008,047	-	-	1,008,047
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(1,130,555)	-	(1,130,555)
Dividend for the year 2017-2018	-	-	-	-	(5,700,000)	(5,700,000)
Net Profit after Tax for the period	-	-	-	-	(12,078,230)	(12,078,230)
Balance as on 31 December, 2018	**190,000,000**	**15,000,000**	**294,437,377**	**1,432,597**	**2,474,976**	**503,344,950**

For the period ended 31 December, 2017

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	-	-	(7,182,410)	-	7,182,410	-
Deferred Tax on Revaluation Surplus	-	-	1,077,362	-	-	1,077,362
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	5,936,506	-	5,936,506
Net Profit after Tax for the period	-	-	-	-	(5,864,668)	(5,864,668)
Balance as on 31 December, 2017	**190,000,000**	**15,000,000**	**306,254,693**	**7,851,785**	**18,705,536**	**537,812,015**

CHAIRMAN | MANAGING DIRECTOR | DIRECTOR | CFO | COMPANY SECRETARY

Place: Chattogram
Date: February 02, 2019

HAKKANI GROUP

HAKKANI PULP & PAPER MILLS LTD.
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HAKKANI PULP & PAPER MILLS LIMITED
Selective Notes to the Financial Statements
For the period ended 31 December, 2018

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. A Statement of Financial Position as at 31 December' 2018
b. A Statement of Profit or Loss and other Comprehensive Income for the period ended 31 December' 2018
c. A Statement of changes in equity for the period ended 31 December' 2018
d. A Statement of Cash flows for the period ended 31 December' 2018
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 weighted average method.
Work in Process	Work in process is valued at 100% cost of ram meterials, 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 Dec 2018	31 Dec 2017
Net Sales	247,606,541	175,869,417
Non -Operating Income	1,591,403	495,222
Gross Received	249,197,944	176,364,639
Minimum Tax at rate of 0.60%	**1,495,188**	**1,055,217**

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 **Significant Deviation:**

3.06.01 **Significant Deviation in EPS:**

Due to following reasons, significant deviation in EPS has been arrived compared to previous period:

a) Net Profit has reduced due to fall in market price of the products.

b) Cost of Sales has been increased due to increase in cost of raw materials, factory overheads, administrative expenses and financial expenses significantly.

3.06.02 **Significant Deviation in Net Operating Cash Flows per share (NOCFPS):**

Due to following reasons significant deviation in Operating Cash Flows per share (NOCFPS) has been incurred compared to previous period:

a) Due to increase in raw materials price and other expenses, Cash payment to suppliers and operating cost has been increased significantly.

b) Due to increase in financial expenses, Cash payment to creditors has been increased significantly.

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		31 Dec 2018 Taka	30 June 2018 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
	477,061,519	477,061,519
Less: Depreciation on Revalued Assets till 31.12.2018	130,664,605	123,944,290
	346,396,914	353,117,229
Less : Adjustments for Deferred Tax	51,959,537	52,967,584
Balance as on 31 December	**294,437,377**	**300,149,645**

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	-
	7,832,891	17,387,793
Add: Net profit after tax for the period	(12,078,230)	(18,219,722)
	(4,245,340)	(831,929)
Add: Revaluation Surplus Realized	6,720,315	14,364,820
Balance as on 31 December	**12,233,140**	**13,532,891**

6.00 DEFERRED TAX LIABILITY:

Balance as on 01 July	36,893,429	35,199,812
Deferred Tax (Income)/ Expenses for the period	98,135	1,693,617
	36,991,564	36,893,429
Add: Deferred Tax for Revaluation Surplus	51,959,537	52,967,584
	88,951,101	**89,861,013**

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	225,340,672	232,414,986
(b) Tax Based Property, Plant and Equipment	77,374,415	84,841,271
(c) Net Taxable Temporary Differences (a-b)	147,966,257	147,573,715
(d) Deferred Tax liability at effective Tax Rate	36,991,564	36,893,429
(e) Deferred Tax expenses on Net Taxable Temporary differences	**98,135**	**1,693,917**

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