



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL INFORMATION

**FIRST QUARTER
SEPTEMBER 30TH 2018 (UN-AUDITED)**

To,

If undelivered please return to:
Pakistan Paper Products Ltd.
D-58, S.I.T.E., Estate Avenue,
Karachi - 75700



PAKISTAN PAPER PRODUCTS LIMITED

CORPORATE PROFILE

BOARD OF DIRECTORS

Mr. Abbas Sayeed	- Chairman	Non-Executive
Mr. Abid Sayeed	- Chief Executive	Executive
Dr. Asadullah Sayeed		Non-Executive
Mrs. Muleika Sayeed		Non-Executive
Mr. Sayeed Imran		Non-Executive
Mr. Zahid Dada		Independent Director
Mr. Shoaib Ahmad Khan	- NIT Nominee	Non-Executive

AUDIT COMMITTEE

Mr. Zahid Dada	- Chairman
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- Member

HR AND REMUNERATION COMMITTEE

Mr. Zahid Dada	- Chairman
Mr. Abbas Sayeed	- Member
Mr. Sayeed Imran	- Member
Mr. Shoaib Ahmad Khan (NIT Nominee)	- Member

CHIEF FINANCIAL OFFICER

Mr. Khurram Idress

COMPANY SECRETARY

Mr. Faisal Saeed Khan

AUDITORS

Faruq Ali & Co
Chartered Accountants

SHARE REGISTRAR

F.D.Registrar Services (SMC-Pvt) Ltd

BANKERS

Bank Al Habib Limited
Habib Bank Limited
National Bank of Pakistan

REGISTERED OFFICE AND FACTORY

D-58, Estate Avenue, S.I.T.E, Karachi.
Website : www.pakpaper.com



PAKISTAN PAPER PRODUCTS LIMITED

Directors' Review

On behalf of the Board of Directors we have pleasure in presenting review of performance together with the unaudited accounts of the company for the first quarter ended September 30, 2018

The turnover during the quarter ended was Rs 191.32 million against Rs. 164.16 Million in the same period last year which is an increase of 16.55%. Pro Labels led the way with an increase of 29.64% while Exercise Book was a laggard this quarter as sales fell by 20.4% but this was due to one major client's order being completed earlier this year compared to last year, i.e. in Q4 17-18 instead of Q1 18-19.

Our Gross Profit fell by 24.76% which is unfortunately not in line with the top line growth as margins have fallen significantly. The main reason behind this fall has been the massive devaluation of the Pak Rs which has now fallen by more than 25% in one year. The cost of our raw materials have increased significantly and while we have raised our prices but have not been able to keep pace with the rise in our cost which is causing the margins to decline, hence our profitability. Another major reason is the significant rise in our financial charges which have increased by 55.19%. This is mainly due to the financing of the new flexo machine that we have bought and in addition as our sales are increasing so is our working capital requirement increasing. This is being financed by the banks in form of short term borrowing which is also causing this increase in financial charges. Loss in exchange rate is also booked under financial charges and it has been a very high loss this quarter due to the Pak Rs consistent devaluation.

The overall results of the company this year have been well below expectations as we experienced an operating loss of Rs 3.79 million which led to a Net Profit loss. As it is very rare for our company to report a loss, therefore it is a rather shock for shareholders but the management is striving hard to rectify this situation. Our sales continue to be strong and as our revised and increased prices take effect we will be able to swing back into profitability. It is expected that the bottom line results will improve in the next upcoming quarters, particularly the 3rd and 4th quarter when the seasonal sales of Exercise books are realized.

The Board would like to thank all our staff, stakeholders including the financial institutions for their continued support. In addition the Directors also record their sincere appreciation for the cooperation received from the Regulators Securities & Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange Limited.

IN TERMS OF THE REQUIREMENT STATED UNDER CORPORATE GOVERNANCE REGULATION 2017

Composition of Board.

There are seven Board members including 01 female and 06 male directors, whereas the composition of the Board is as follow;

Executive Director	01
Non-Executive Director	05
Independent Director	01



PAKISTAN PAPER PRODUCTS LIMITED

Committees of the Board.

The board has formed an Audit Committee. It comprises three members of whom are independent and non-executive directors including Chairman of the committee.

Mr. Zahid Dada	Chairman
Dr. Asadullah Sayeed	Member
Mr. Abbas Sayeed	Member.

The board has also formed an HR and Remuneration Committee, of whom all are non-executive directors and the Chairman of the committee is an independent director.

Mr. Zahid Dada	Chairman.
Mr. Abbas Sayeed	Member.
Mr. Sayeed Imran	Member.
Mr. Shoaib Ahmed Khan (NIT Nominee)	Member.

REMUNERATION POLICY OF NON- EXECUTIVE & INDEPENDENT DIRECTORS

A. COMPANY POLICY:

- The Board of Directors of the Company lays great emphases on adding and practicing good Corporate Governance practices with a view to achieve transparency in its operations so as to boost stakeholders' confidence.
- The objective of the Policy is to ensure that the Non- Executive Directors and Independent Director(s) are governed by the criteria that is based on their valuable contribution made by them towards the success of the Company.

B. SIGNIFICANT FEATURES:

- The criteria of making payments to Non-Executive and Independent Directors is decided by the Board.
- No other remuneration whatsoever in any form apart from a director's meeting fee is paid to the Non-Executive and Independent Directors.
- Non-Executive Directors and Independent Director(s) paid only meeting / sitting fee as decided by the Board of Directors for attending the Board or Committee meetings in accordance with the provisions of the article of the Company.
- No retirement benefits in any form for Non-Executive and Independent Directors of the Company.
- The Company has no stock options plans and no payment by way of pension, incentives in any form etc. to its Non- Executives and Independent Directors.
- The Board has the flexibility to enhance the director's fee / sitting fees up to the maximum limit allowed in accordance with the provisions of the article of the Company and by the Act, 2017 and Rules thereunder.
- Non- Executive Directors and Independent Directors reimbursed such sums which may be paid for attending Directors Training Programme, which is the mandatory requirement for the board of directors of listed companies to get certification under Directors' Training Program (DTP) from the institutes approved by SECP.



PAKISTAN PAPER PRODUCTS LIMITED

C. AMENDMENTS:

- The Board is responsible for the administration, interpretation, application and review of this policy and bring necessary changes in this policy, if required at any stage in compliance with the prevailing laws and provisions of the article of the Company.

On behalf of the Board of Directors

Karachi
October 29, 2018

ABBAS SAYEED

Chairman

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LTD. CONDENSED INTERIM BALANCE SHEET (Un-Audited) AS AT SEPTEMBER 30, 2018

	(Unaudited) September 2018 (Rupees)	(Audited) June 2018 (Rupees)
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorised Share Capital		
8,000,000 Ordinary shares of Rs.10/- each	80,000,000	80,000,000
Issued, subscribed and paid-up	60,000,000	60,000,000
Revenue reserves	357,308,545	361,792,988
Capital reserve		
Surplus on revaluation of fixed assets	211,894,728	212,475,945
	629,203,273	634,268,933
Non-current liabilities		
Deferred tax liability - Net	40,584,203	41,404,916
Deferred liability for staff gratuity	14,404,466	13,852,394
Long term loan - secured	47,724,300	53,088,500
	102,712,969	108,345,810
Current liabilities		
Current and overdue portion of long term loan	25,237,800	26,183,050
Short term borrowings - secured	54,342,212	37,016,976
Creditors, accrued and other liabilities	68,834,633	64,855,235
	148,414,645	128,055,261
Contingencies and commitments	-	-
	880,330,887	870,670,004
ASSETS		
Non current assets		
Property, plant and equipment	487,716,055	493,973,561
Long term deposits	913,872	913,872
Current assets		
Store and spares	6,213,269	4,810,216
Stock-in-trade	169,837,560	155,678,985
Trade debts-unsecured but considered good	119,452,469	128,328,607
Advances and other receivables	88,435,809	80,776,256
Trade deposits and short term prepayments	2,874,141	678,159
Cash and bank balances	4,887,712	5,510,348
	391,700,960	375,782,571
	880,330,887	870,670,004

The annexed notes form an integral part of the condensed interim financial information.

KHURRAM IDREES
C.F.O

ABID SAYEED
Chief Executive

ABBAS SAYEED
Chairman



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LTD. CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	September 2018 (Rupees)	September 2017 (Rupees)
Turnover	191,329,274	164,162,249
Sales tax, discounts and returns	(23,347,853)	(18,539,018)
Sales - Net	167,981,421	145,623,231
Cost of sales	154,790,458	128,091,142
Gross profit	13,190,963	17,532,089
Other operating income	218,875	273,110
Operating expenses		
Administrative expenses	8,716,692	7,348,484
Selling and distribution expenses	3,037,292	3,008,284
Workers' profit participation fund	1,050,000	1,050,000
Workers' welfare fund	495,000	495,000
	13,298,984	11,901,768
Operating profit	110,854	5,903,431
Finance cost	3,897,459	2,511,473
Profit before taxation	(3,786,605)	3,391,958
Taxation	1,279,055	733,416
Profit after taxation	(5,065,660)	2,658,542
Earning per share :		
-Basic	(0.84)	0.44
-Diluted	(0.84)	0.44

Appropriations have been dealt in the statement of changes in equity.

The annexed notes form an integral part of the condensed interim financial information.

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Chief Executive

ABBAS SAYEED
Chairman



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LTD.
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	September 2018 (Rupees)	September 2017 (Rupees)
Profit for the quarter	(5,065,660)	2,658,542
Other comprehensive income	-	-
Total comprehensive income for the quarter	<u>(5,065,660)</u>	<u>2,658,542</u>

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PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LTD. CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	September 2018 (Rupees)	September 2017 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(3,786,605)	3,391,958
Adjustment for non-cash items and other adjustments:		
Depreciation	7,853,921	8,251,368
Gratuity provision	552,072	453,239
Gain from sale of fixed assets	(4,032)	-
Income from financial assets	-	(3,488)
Financial charges	3,897,459	2,511,473
	12,299,420	11,212,592
(Increase)/decrease in current assets		
Store, spares and stock in trade	(15,561,628)	(321,920)
Trade debts	8,876,138	6,895,065
Advances, deposits, prepayments & other receivables	(65,481)	16,937,515
	(6,750,971)	23,510,660
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	16,032,268	(12,036,407)
Cash generated from operations	17,794,112	26,078,803
Income tax paid	(25,780,500)	(19,073,879)
Gratuity paid	-	-
Financial charges paid	(2,058,587)	(1,497,706)
Net cash (used in) / generated from operating activities	(10,044,975)	5,507,218
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(1,604,447)	(13,077,570)
Sales proceeds against disposal of fixed assets	11,000	-
Income from financial assets	-	3,488
Net cash used in investing activities	(1,593,447)	(13,074,082)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan repaid	(6,309,450)	(5,364,200)
Dividend Paid	-	(14,905,244)
Net cash used in financing activities	(6,309,450)	(20,269,444)
Net increase / (decrease) in cash and cash equivalents	(17,947,872)	(27,836,308)
Cash and cash equivalent at the beginning of the period	(31,506,628)	9,919,321
Cash and cash equivalent at the end of the period	(49,454,500)	(17,916,987)

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PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LTD. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Share Capital	Revenue reserve		Surplus on revaluation of property, plant and equipment	Total
		General reserve	Unappropriated profit		
					(Rupees)
Balance as at July 01, 2017 - Restated	60,000,000	143,900,000	178,262,619	214,854,894	597,017,513
Total comprehensive income for the period					
Profit for the first quarter ended September 30, 2017	-	-	2,658,542	-	2,658,542
Other comprehensive income net of tax	-	-	-	-	-
	-	-	2,658,542	-	2,658,542
Transfer of unappropriated profit on account of incremental depreciation - net of tax	-	-	622,458	(622,458)	-
Balance as at September 30, 2017	60,000,000	143,900,000	181,543,619	214,232,436	599,676,055
Total comprehensive income for the period					
Profit for the nine month ended June 30, 2018	-	-	47,409,060	-	47,409,060
Other comprehensive income net of tax	-	-	(1,796,440)	-	(1,796,440)
	-	-	45,612,620	-	45,612,620
Surplus on revaluation realized on disposal of fixed assets - net of tax	-	-	3,283	(3,283)	-
Change in tax rate	-	-	-	357,800	357,800
Transfer of unappropriated profit on account of incremental depreciation - net of tax	-	-	2,733,466	(2,111,008)	622,458
Final dividend	-	-	(12,000,000)	-	(12,000,000)
Balance as at June 30, 2018	60,000,000	143,900,000	217,892,988	212,475,945	634,268,933
Total comprehensive income for the period					
Loss for the first quarter ended September 30, 2018	-	-	(5,065,660)	-	(5,065,660)
Other comprehensive income net of tax	-	-	-	-	-
	-	-	(5,065,660)	-	(5,065,660)
Transfer of unappropriated profit on account of incremental depreciation - net of tax	-	-	581,217	(581,217)	-
Balance as at September 30, 2018	60,000,000	143,900,000	213,408,545	211,894,728	629,203,273

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ABBAS SAYEED
Chairman



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2018

01. THE COMPANY AND ITS OPERATIONS

The company was incorporated in July, 1962 as a private limited company and was converted into public limited company and listed on the Pakistan Stock Exchange in July, 1964. The registered office of the company is situated at D-58 SITE, Estate Avenue, Karachi. The company is principally engaged in the production and sale of sensitized papers, pro-labels and exercise books.

02. BASIS OF PREPARATION

This condensed financial information of the company for the quarter ended September 30, 2018 has been prepared in accordance with accounting and reporting standards as applicable in Pakistan. This condensed financial information does not include all of the information required for full annual financial statements, and should therefore be read in conjunction with the audited annual financial statements of the company as at and for the year ended June 30, 2018.

This condensed financial information is unaudited and is required to be presented to the shareholders under section 237 of the Companies Act, 2017.

03. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2018.

	Sep-2018 Rupees	Jun - 2018 Rupees
04. Property, plant and equipment		
Opening written down value	493,973,561	497,026,396
Additions	1,604,447	30,405,555
Book value of assets disposed-off during the period	(8,032)	(60,384)
Charge for the period	(7,853,921)	(33,398,006)
Closing written down value	<u>487,716,055</u>	<u>493,973,561</u>

	Sep-2018 Rupees	Jun - 2018 Rupees
05. Cash and Cash Equivalent		
Cash and Bank Balances	4,887,712	5,510,348
Bank Overdraft	<u>(54,342,212)</u>	<u>(37,016,976)</u>
	<u>(49,454,500)</u>	<u>(31,506,628)</u>

06. Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. 9,802,204/- (September 2017 : 9,802,204/-).

Commitments are outstanding in respect of letters of credit amounting to Rs. 46,762,414/- (September 2017 : 19,700,592/-).

07. The condensed interim financial information was authorized for issue by the Board of Directors of the Company on Oct 29, 2018.

KHURRAM IDREES
C.F.O

ABID SAYEED
Chief Executive

ABBAS SAYEED
Chairman

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➤ Plotter Paper



➤ Ammonia Sensitised Paper

Head Office & Factory:

Pakistan Paper Products Ltd.,

D/58, S.I.T.E. Estate Avenue, Karachi-75700