



**CONDENSED INTERIM
FINANCIAL INFORMATION
(SUBJECTED TO LIMITED SCOPE REVIEW)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2018**



PAKISTAN PAPER PRODUCTS LIMITED





PAKISTAN PAPER PRODUCTS LIMITED

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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. Zia ur Rehman

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 REPORT TO THE SHAREHOLDERS.

The Board of Directors in their meeting held on February 22, 2019 considered the accounts with limited auditors review for the half year ended 31st December, 2018 and approved the same.

The comparative Financial Highlights for half year ended December 31, 2018 and 2017 are given below:

Financial Results in Rs. (Million):

	Dec.31, 2018	Dec.31, 2017
Invoiced Sales (net)	333.80 M	298.20 M
Gross Profit	17.40 M	42.80 M
(Loss)/Profit Before Tax	(19.86) M	12.91 M
(Loss)/Profit After Tax	(24.41) M	14.48 M
Earnings per Share Rs.	(3.05)	2.41

Your company has suffered through one of the worst six months in the past 3 decades as we have never experienced such heavy losses. It is not that the company's business has gone down or that we have lost market share but on the other hand our order books are full and all machines are running at full capacity but our margins have shrunk and become negative. The main reason behind this has been the spectacular fall of the PKR causing all our input prices to soar. We have tried to overcome this problem by raising the prices of our products but every time we have done so another round of devaluation has negated that and again put us in a loss. We are now trying to consolidate our situation and we are hopeful that the worst impact of the PKR devaluation is now over and things will stabilize. One of the other major reasons for this loss is the unprecedented hike in interest rates which has increased our cost of borrowing enormously and due rising sales our working capital requirement has also increased. As a result we are consistently borrowing heavily from the bank which has led to a massive increase in our financial costs.

We assure the shareholders that the management is working very hard to resolve all these issues and as mentioned earlier the positive note is that we have not lost any market share and continue to see rising sales. We are very hopeful that we will turn around this loss in the next six months and come out profitable by the end of the financial year.

We would like to thank all our staff, workers and our 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.

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 Directors	05
Independent Director	01

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.



PAKISTAN PAPER PRODUCTS LIMITED

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 emphasis 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 are 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 are 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.

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.

ABBAS SAYEED

Chairman

February 22, 2019
Karachi.

ABID SAYEED

Chief Executive

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED
INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Paper Products Limited as at 31 December 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters


The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended 31 December 2018 and 31 December 2017 have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Fasih uz Zaman.

Dated: February 22, 2019

Place: Karachi

Engagement partner: Fasih uz Zaman


CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	(Un-audited) 31 December 2018	(Audited) 30 June 2018
		----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	480,524,542	493,973,561
Long term deposits		913,872	913,872
		<u>481,438,414</u>	<u>494,887,433</u>
CURRENT ASSETS			
Stores and spares		5,095,136	4,810,216
Stock in trade	7	244,962,021	155,678,985
Trade debts - Unsecured, considered good	8	125,968,486	128,328,607
Advances and other receivables	9	91,812,478	80,776,256
Deposits and prepayments	10	2,308,474	678,159
Cash and bank balances	11	4,499,498	5,510,348
		<u>474,646,093</u>	<u>375,782,571</u>
		<u>956,084,507</u>	<u>870,670,004</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
8,000,000 (June 2018: 8,000,000) Ordinary shares of Rs. 10/- each		<u>80,000,000</u>	<u>80,000,000</u>
Issued, subscribed and paid-up share capital		80,000,000	60,000,000
Reserves		303,658,984	361,792,988
Capital reserve			
Revaluation surplus on property, plant and equipment		<u>211,517,544</u>	<u>212,475,945</u>
		<u>595,176,528</u>	<u>634,268,933</u>
NON-CURRENT LIABILITIES			
Deferred tax liability - Net		41,463,424	41,404,916
Deferred liability for staff gratuity		14,765,282	13,852,394
Long term loan - Secured	12	<u>40,469,600</u>	<u>53,088,500</u>
		<u>96,698,306</u>	<u>108,345,810</u>
CURRENT LIABILITIES			
Current portion of long term loans	12	<u>25,237,800</u>	<u>26,183,050</u>
Short term borrowings - Secured	13	<u>95,859,249</u>	<u>37,016,976</u>
Unclaimed dividend		15,098,285	6,695,736
Creditors, accrued and other liabilities	14	<u>128,014,339</u>	<u>58,159,499</u>
		<u>264,209,673</u>	<u>128,055,261</u>
CONTINGENCIES AND COMMITMENTS			
	15	--	--
		<u>956,084,507</u>	<u>870,670,004</u>

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		Half Year Ended		Quarter Ended	
	Notes	31 December 2018	31 December 2017 (Restated)	31 December 2018	31 December 2017 (Restated)
		----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----
Sales - Net	16	333,796,007	298,183,857	165,814,586	152,560,626
Cost of goods sold	17	(316,398,314)	(255,387,659)	(161,607,856)	(127,296,517)
Gross profit		17,397,693	42,796,198	4,206,730	25,264,109
Other operating income		338,520	279,139	119,645	6,029
Operating expenses					
Administrative expenses		(18,329,274)	(15,381,848)	(9,612,582)	(8,033,364)
Selling and distribution		(5,684,397)	(6,018,183)	(2,647,105)	(3,009,899)
Workers' Profit Participation Fund		(1,050,000)	(1,050,000)	--	--
Workers' Welfare Fund		(495,000)	(495,000)	--	--
		(25,558,671)	(22,945,031)	(12,259,687)	(11,043,263)
Operating (loss) / profit		(7,822,458)	20,130,306	(7,933,312)	14,226,875
Finance cost		(12,038,989)	(7,223,275)	(8,141,530)	(4,711,802)
(Loss) / profit before taxation		(19,861,447)	12,907,031	(16,074,842)	9,515,073
Taxation - Net		(4,550,214)	1,577,423	(3,271,159)	2,310,839
(Loss) / profit after taxation		(24,411,661)	14,484,454	(19,346,001)	11,825,912
(Loss) / earnings per share					
- Basic		(3.05)	2.41	(2.42)	1.97
- Diluted		(3.05)	2.41	(2.42)	1.97

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Half Year Ended		Quarter Ended	
	31 December 2018	31 December 2017 (Restated)	31 December 2018	31 December 2017 (Restated)
	----- (Rupees) -----		----- (Rupees) -----	
(Loss) / profit for the period	(24,411,661)	14,484,454	(19,346,001)	11,825,912
Other comprehensive income	--	--	--	--
Total comprehensive income	<u>(24,411,661)</u>	<u>14,484,454</u>	<u>(19,346,001)</u>	<u>11,825,912</u>

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	(Un-audited) 31 December 2018	(Un-audited) 31 December 2017
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	(13,201,102)	7,234,161
Payments for:			
Income taxes		(15,125,869)	(25,193,981)
Gratuity		(191,256)	(321,704)
Workers' Profit Participation Fund		(3,268,150)	(4,179,780)
Finance cost		(5,714,102)	(5,963,833)
Net cash used in operating activities		(37,500,479)	(28,425,137)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,345,043)	(1,490,892)
Sale proceeds against disposal of fixed assets		154,000	32,000
Net cash outflows from investing activities		(2,191,043)	(1,458,892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		(13,564,150)	(12,565,900)
Dividend paid		(6,597,451)	(16,537,480)
Net cash outflows from financing activities		(20,161,601)	(29,103,380)
Net decrease in cash and cash equivalents		(59,853,123)	(58,987,409)
Cash and cash equivalents at the beginning of the period		(31,506,628)	9,919,321
Cash and cash equivalents at the end of the period	19	(91,359,751)	(49,068,088)

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total equity
		General reserves	Unappropriated profit	Total reserves		
(Rupees)						
Balance as at 1 July 2017- As restated	60,000,000	143,900,000	178,262,619	322,162,619	214,854,894	597,017,513
Profit for the period ended 31 December 2017	--	--	14,484,454	14,484,454	--	14,484,454
Other comprehensive income	--	--	--	--	--	--
	--	--	14,484,454	14,484,454	--	14,484,454
Change in tax rate	--	--	--	--	357,800	357,800
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	1,366,733	1,366,733	(1,366,733)	--
Transactions with owners						
Final dividend @ Rs.2/- per share	--	--	(12,000,000)	(12,000,000)	--	(12,000,000)
Balance as at 31 December 2017 - Restated	60,000,000	143,900,000	182,113,806	326,013,806	213,845,961	599,859,767
Balance as at 1 July 2018	60,000,000	143,900,000	217,892,988	361,792,988	212,475,945	634,268,933
Total comprehensive income for the period						
Loss for the period ended 31 December 2018	--	--	(24,411,661)	(24,411,661)	--	(24,411,661)
Other comprehensive loss	--	--	--	--	--	--
	--	--	(24,411,661)	(24,411,661)	--	(24,411,661)
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	56,339	56,339	(56,339)	--
Change in tax rate	--	--	--	--	319,256	319,256
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	1,221,318	1,221,318	(1,221,318)	--
Transactions with owners						
Bonus shares 33.3%	20,000,000	--	(20,000,000)	(20,000,000)	--	--
Final dividend @ Rs. 2/- per share	--	--	(15,000,000)	(15,000,000)	--	(15,000,000)
Balance as at 31 December 2018	80,000,000	143,900,000	159,758,984	303,658,984	211,517,544	595,176,528

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated and domiciled in Pakistan as a private limited company in July 1962. It was converted into public company and listed on the Karachi Stock Exchange (now Pakistan Stock Exchange) in July 1964. The main business activity of the Company is the production and sale of exercise books, pro-labels and sensitized papers.

The geographical location and address of Company's business units including plant is as under:

- The registered office of the Company along with its plant is situated at D-58, SITE, Estate Avenue, Karachi.
- The Company also have a sales office in Lahore, Pakistan.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3 BASIS OF PREPARATION

- 3.1** These condensed interim financial statements of the Company for the six months ended 31 December 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 3.2** These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2018.
- 3.3** The figures included in the condensed interim profit and loss account for the quarters ended 31 December 2018 and 2017 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2018 and 2017.

4 SIGNIFICANT ACCOUNTING POLICIES

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



PAKISTAN PAPER PRODUCTS LIMITED

4.2 The preparation of condensed interim financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended 30 June 2018.

5 TAXATION

The provision for taxation for the half year and quarter ended 31 December 2018, have been made using the estimated effective tax rate applicable to expected total annual earnings.

		(Un-audited) 31 December 2018	(Audited) 30 June 2018
		----- (Rupees) -----	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	480,272,957	493,973,561
Capital work-in-progress (Plant and machinery)		251,585	--
		<u>480,524,542</u>	<u>493,973,561</u>
6.1 Opening net book value (NBV)		493,973,561	497,026,396
Addition (at cost) during the period year	6.1.1	2,093,458	30,405,555
		<u>496,067,019</u>	<u>527,431,951</u>
Disposal (NBV) during the period	6.1.2	(97,691)	(60,384)
Depreciation charged for the period		(15,696,371)	(33,398,006)
		<u>480,272,957</u>	<u>493,973,561</u>
Closing net book value (NBV)			
6.1.1 Details of additions (at cost) during the period / year are as follows:			
Building on leasehold land			
- Factory		584,921	2,318,980
- Office		--	258,510
Plant and machinery		1,058,537	26,150,163
Furniture and fixture		10,000	--
Factory and other equipment		279,000	556,677
Electric equipment and fittings		125,000	47,925
Computers		36,000	155,300
Vehicles		--	918,000
		<u>2,093,458</u>	<u>30,405,555</u>
6.1.2 Details of disposals (NBV) during the period / year are as follows:			
Computers		8,032	--
Vehicles		89,659	60,384
		<u>97,691</u>	<u>60,384</u>



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2018	(Audited) 30 June 2018
	----- (Rupees) -----	
7 STOCK IN TRADE		
Raw materials	146,041,242	120,092,444
Work in process	28,269,633	22,932,931
Finished goods	70,767,871	12,770,335
	245,078,746	155,795,710
Provision for dead stock	(116,725)	(116,725)
	<u>244,962,021</u>	<u>155,678,985</u>
8 TRADE DEBTS - Unsecured, considered good		
Due from customers	125,968,486	128,327,613
Due from staff	--	994
	<u>125,968,486</u>	<u>128,328,607</u>
9 ADVANCES AND OTHER RECEIVABLES		
Unsecured, considered good		
Advance to suppliers	844,846	656,356
Advance to staff	126,200	198,902
Advance income tax - Net	30,617,419	20,103,380
Income tax refundable	58,426,654	57,987,274
Sales tax refundable - Net	1,797,359	1,830,344
	<u>91,812,478</u>	<u>80,776,256</u>
10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits	709,739	640,820
Prepayments	1,598,735	37,339
	<u>2,308,474</u>	<u>678,159</u>
11 CASH AND BANK BALANCES		
Cash in hand	65,650	70,000
Factory imprest	75,000	75,000
Cash at banks:		
- Current accounts	4,358,848	5,365,348
	<u>4,499,498</u>	<u>5,510,348</u>
12 LONG TERM LOANS - Secured		
Bank Al Habib Limited - Term finance		
Opening balance	79,271,550	103,564,100
Acquired during the period	--	--
	79,271,550	103,564,100
Repayment during the period	(13,564,150)	(24,292,550)
	65,707,400	79,271,550
Current and overdue portion shown under current liabilities	(25,237,800)	(26,183,050)
	<u>40,469,600</u>	<u>53,088,500</u>



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The term finance facilities have been obtained from Bank Al-Habib Limited for acquiring machineries. The facilities carry mark-up at the rate of 6 months KIBOR plus 1.75% per annum (June 2018: 6 months KIBOR plus 1.75% per annum) payable monthly installments. The facilities availed are re-payable in 60 equal monthly instalments starting from the date of respective disbursements. These facilities are secured by way of first specific hypothecation charge over imported machinery for Rs. 59.48 million and Rs. 80.240 million respectively. Further, these are secured by registered hypothecation charge over receivables and movables of the Company aggregating to Rs.154 million and equitable mortgage over industrial property bearing plot no. D-57 & D-58 at SITE, Karachi registered with SECP for Rs.200 million.

	(Un-audited) 31 December 2018	(Audited) 30 June 2018
	----- (Rupees) -----	

13 SHORT TERM BORROWINGS - Secured

Bank Al Habib Limited - Running finance utilized	95,859,249	37,016,976
--	------------	------------

The Company obtained running finance facility from Bank Al-Habib Limited up to Rs.120 million (June 2018: Rs.85 million). The running finance facility carries mark-up of 3 months KIBOR plus 2% per annum.

The Company has other finance facilities from Bank Al-Habib Limited comprising Letter of Credit (Sight-Foreign) for Rs.10 million (June 2018: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.10 million (June 2018: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.10 million (June 2018: Rs.10 million) and Letter of Guarantee for Rs.20 million (June 2018: Rs.20 million). These facilities carry mark-up as per bank's schedule of

The above facilities are secured against registered hypothecation charge over receivables and movables of the Company aggregating to Rs.154 million, import documents consigned in the name of Bank Al-Habib Limited in case of sight LC, accepted drafts / trust receipts in case of usance LC, counter guarantee in case of LG's and equitable mortgage over industrial property bearing No. D-57 and D-58, SITE, Karachi registered with SECP for Rs.200 million. Further, a promissory note for Rs.144.617 million has been issued in favour of Bank Al-Habib against short term running finance.

14 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	93,124,462	43,410,330
Advance from customers	21,466,791	1,394,395
Accrued expenses and other payables	7,371,580	6,490,853
Accrued mark-up on running finance	1,945,874	433,415
Accrued mark-up on long term loans	1,023,447	1,625,171
Workers' Profit Participation Fund	1,250,317	3,468,467
Workers' Welfare Fund	1,831,868	1,336,868
	<u>128,014,339</u>	<u>58,159,499</u>

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

Bank guarantees issued on behalf of the Company	9,802,204	14,817,698
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15.2 Commitments

Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi	402,590	402,590
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PAKISTAN PAPER PRODUCTS LIMITED

16 SALES

	Half Year Ended - (Un-audited)		Quarter Ended - (Un-audited)	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- (Rupees) -----		----- (Rupees) -----	
Sales	382,639,791	336,940,109	191,310,517	172,777,860
Sales tax, discount and return	(48,843,784)	(38,756,252)	(25,495,931)	(20,217,234)
	<u>333,796,007</u>	<u>298,183,857</u>	<u>165,814,586</u>	<u>152,560,626</u>

17 COST OF GOODS SOLD

Opening stock	120,092,444	102,241,352	116,180,983	102,230,106
Purchase	<u>325,692,125</u>	<u>239,312,511</u>	<u>194,248,548</u>	<u>146,620,694</u>
	445,784,569	341,553,863	310,429,531	248,850,800
Closing stock	<u>(146,041,242)</u>	<u>(125,529,432)</u>	<u>(146,041,242)</u>	<u>(125,529,432)</u>
Raw material consumed	299,743,327	216,024,431	164,388,289	123,321,368
Manufacturing overheads				
Salaries, wages and other benefits	34,858,276	35,763,704	17,611,279	18,449,001
Stores and spares consumed	17,367,808	11,212,586	10,718,912	4,414,266
Depreciation	14,834,431	15,557,792	7,423,557	7,785,951
Fuel and power	4,677,578	4,044,186	2,480,783	2,065,319
Other manufacturing expenses	3,766,307	2,746,439	2,248,677	1,595,163
Repair and maintenance	3,506,332	1,815,764	1,552,338	857,251
Insurance	771,120	667,410	385,560	333,705
Rent, rates and taxes	107,433	105,636	54,615	52,818
Telephone and trunk calls	99,940	101,891	61,048	46,178
	<u>79,989,225</u>	<u>72,015,408</u>	<u>42,536,769</u>	<u>35,599,652</u>
Manufacturing cost	<u>379,732,552</u>	<u>288,039,839</u>	<u>206,925,058</u>	<u>158,921,020</u>
Work in process - Opening	<u>22,932,931</u>	<u>20,464,344</u>	<u>17,576,116</u>	<u>15,000,662</u>
Work in process - Closing	<u>(28,269,633)</u>	<u>(24,650,505)</u>	<u>(28,269,633)</u>	<u>(24,650,505)</u>
	(5,336,702)	(4,186,161)	(10,693,517)	(9,649,843)
Cost of goods manufactured	<u>374,395,850</u>	<u>283,853,678</u>	<u>196,231,541</u>	<u>149,271,177</u>
Finished goods - Opening	<u>12,770,335</u>	<u>8,467,654</u>	<u>30,467,398</u>	<u>14,959,013</u>
Finished goods - Closing	<u>(70,767,871)</u>	<u>(36,933,673)</u>	<u>(70,767,871)</u>	<u>(36,933,673)</u>
	(57,997,536)	(28,466,019)	(40,300,473)	(21,974,660)
	<u>316,398,314</u>	<u>255,387,659</u>	<u>155,931,068</u>	<u>127,296,517</u>



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2018	(Un-audited) 31 December 2017
	----- (Rupees) -----	
18 CASH GENERATED FORM OPERATIONS		
(Loss) / profit before taxation	(19,861,447)	12,907,031
<u>Adjustment for non-cash items and other items</u>		
Depreciation	15,696,371	16,528,227
Provision for gratuity	1,104,144	906,422
Finance cost	6,624,837	7,223,275
Provision for workers' profit participation fund	--	722,602
Provision for workers' welfare fund	--	364,165
Exchange loss	5,414,152	1,797,145
Loss on disposal of property, plant and equipment	(56,309)	17,971
<u>(Increase) / decrease in current assets</u>		
Stores, spares and stock in trade	(89,567,956)	(57,779,507)
Trade debtors	2,360,121	(9,452,276)
Advances, other receivables, deposits and prepayments	(1,713,118)	2,006,977
<u>Increase / (decrease) in current liabilities</u>		
Creditors, accrued expenses and other liabilities	66,798,103	31,992,129
	<u>(13,201,102)</u>	<u>7,234,161</u>
19 CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,499,498	8,914,516
Bank Al Habib Limited - Running finance utilized	(95,859,249)	(57,524,371)
	<u>(91,359,751)</u>	<u>(48,609,855)</u>

20 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Relationship and percentage of shareholding	Transactions during the year	(Un-audited) 31 December 2018	(Un-audited) 31 December 2017
			----- (Rupees) -----	
M/s. Sayeed International	Associate	Purchase	775,125	177,000
Mrs. Muleika Sayeed	Director (2.25%)	Director fee	20,000	10,000
Mr. Abbas Sayeed	Chairman (7.01%)	Director fee	10,000	10,000
Dr. Asadullah Sayeed	Director (6.94%)	Director fee	20,000	10,000
Mr. Sayeed Imran	Director (0.04%)	Director fee	20,000	10,000
Mr. Shoaib A. Khan	NIT Director	Director fee	30,000	10,000
Pakistan Paper Products	Employees Fund	Expense in relation to provident	2,487,516	4,653,152
Mr. Abid Sayeed	Chief Executive (14.22%)	Managerial remuneration & other perquisites	3,292,072	3,352,959



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2018	(Audited) 30 June 2018
	----- (Numbers) -----	
21 NUMBER OF EMPLOYEES		
Number of employees as at 31 December	118	120
Number of factory employees as at 31 December	97	75
Average number of employees during the period	116	119
Average number of factory employees during the period	83	74

22 CORRESPONDING FIGURES

Consequent to the introduction of changes in accounting and reporting standards applicable to the listed companies through Companies Act, 2017, the Company's accounting policy of the revaluation surplus on property, plant and equipment have been changed and applied retrospectively to comply with the accounting and reporting standards

Accordingly, the comparative figures of the condensed interim statement of profit or loss, other comprehensive income and equity have been restated, as more fully explained in note 4.16 of the annual financial statement for the year ended 30 June 2018.

23 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 22, 2019 in accordance with the resolution of the Board of Directors of the Company.

24 GENERAL

This condensed interim financial information is presented in rupees and figures have been rounded off to nearest rupee.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive

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