



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

**THIRD QUARTER
MARCH 31, 2019 (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

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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. Mulrika 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. Abdul Quadir

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 take pleasure in presenting the unaudited accounts of the company for the nine months ended March 31st, 2019.

Your company has progressed with sales rising to Rs 716.335 million which is an increase of 10.51% compared to last year. Unfortunately, the rise in the top line could not translate to the bottom with Gross Profit falling by 28.23% to Rs 69.18 million while Profit before tax decreased by 68.77% to Rs 14.95 million and Profit after tax decreased by 74.59% to Rs 8.71 million.

For the past two quarters we have been highlighting the struggles that the company is going through with reduction in margins due to massive devaluation of Pak Rs and increase in prices of other raw material along with wages, utilities, etc. We have been unable to pass on these higher costs to our customers due to intense competition in the market. We have also highlighted that on the positive side our sales volumes have been rising and the demand for our products is still strong. It is due to this reason that we have been able to turn the company around from a loss in the half year to profit in 3Q. We hope that we can continue with this momentum and report better results by the end of the financial year.

We also 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 (formerly Karachi 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 Director	05
Independent Director	01

Committees of the Board.

The board has formed an Audit Committee. It comprises three members of whom all are 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. It comprises four members, 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.



PAKISTAN PAPER PRODUCTS LIMITED

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 this 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 Program, which is the mandatory requirement for the board of Directors of listed companies to get certification under Directors' Training Program (DTP) offered by the 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.

On behalf of the Board of Directors

ABBAS SAYEED

Chairman

ABID SAYEED

Chief Executive

Karachi
April 23, 2019



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	Notes	(Un-audited) March 31 2019	(Audited) 30 June 2018
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
8,000,000 (June 2017: 8,000,000) Ordinary shares of Rs. 10/- each		80,000,000	80,000,000
Issued, subscribed and paid-up share capital		80,000,000	60,000,000
Reserves		337,394,988	361,792,988
Capital reserve			
Surplus on revaluation of property, plant and equipment		210,906,885	212,475,945
		628,301,873	634,268,933
NON-CURRENT LIABILITIES			
Deferred tax liability - Net		39,285,089	41,404,916
Deferred liability for staff gratuity		14,983,050	13,852,394
Long term loan - Secured		34,213,150	53,088,500
		88,481,289	108,345,810
CURRENT LIABILITIES			
Current portion of long term loans		25,237,800	26,183,050
Short term borrowings - Secured		99,167,614	37,016,976
Unclaimed dividend		14,976,235	6,695,736
Creditors, accrued and other liabilities		114,917,743	58,159,499
		254,299,392	128,055,261
CONTINGENCIES AND COMMITMENTS			
		971,082,555	870,670,004
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	473,601,627	493,973,561
Long term deposits		913,872	913,872
		474,515,499	494,887,433
CURRENT ASSETS			
Stores and spares		5,544,645	4,810,216
Stock in trade		187,103,621	155,678,985
Trade debts - Unsecured, considered good		210,918,940	128,328,607
Advances and other receivables		86,556,038	80,776,256
Deposits and prepayments		1,566,682	678,159
Cash and bank balances		4,877,132	5,510,348
		496,567,057	375,782,571
		971,082,555	870,670,004

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 PROFIT OR LOSS -(Un-audited) FOR THE PERIOD ENDED MARCH 31, 2019

Notes	Nine Months Ended- (Un-audited)		Quarter Ended - (Un-audited)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----
Turnover	716,334,829	648,235,146	333,695,038	311,295,037
Sales tax, discounts and returns	(73,404,701)	(61,393,302)	(24,560,917)	(22,637,050)
Sales - Net	642,930,128	586,841,844	309,134,121	288,657,987
Cost of goods sold	(573,749,274)	(490,451,061)	(257,350,960)	(235,063,402)
Gross profit	69,180,854	96,390,783	51,783,161	53,594,585
Other operating income / (loss)	339,876	330,763	1,356	51,624
Operating expenses				
Administrative expenses	(26,253,404)	(23,293,449)	(7,924,130)	(7,911,601)
Selling and distribution	(9,407,201)	(9,384,224)	(3,722,804)	(3,366,041)
Workers' profit participation fund	(1,050,000)	(3,150,000)	--	(2,100,000)
Workers' welfare fund	(495,000)	(1,092,915)	--	(597,915)
	(37,205,605)	(36,920,588)	(11,646,934)	(13,975,557)
Operating profit	32,315,125	59,800,958	40,137,583	39,670,652
Finance cost	(17,365,385)	(11,926,331)	(5,326,396)	(4,703,056)
Profit before taxation	14,949,740	47,874,627	34,811,187	34,967,596
Taxation - Net	(6,236,056)	(13,580,392)	(1,685,842)	(15,157,815)
Profit after taxation	8,713,684	34,294,235	33,125,345	19,809,781
Earnings per share				
- Basic	1.09	5.72	4.14	3.30
- Diluted	1.09	5.72	4.14	3.30

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 PERIOD ENDED MARCH 31, 2019

	<u>Nine Months Ended- (Un-audited)</u>		<u>Quarter Ended - (Un-audited)</u>	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	<u>----- (Rupees) -----</u>		<u>----- (Rupees) -----</u>	
Profit for the period	8,713,684	34,294,235	33,125,345	19,809,781
Other comprehensive income:	--	--	--	--
Total comprehensive income	<u>8,713,684</u>	<u>34,294,235</u>	<u>33,125,345</u>	<u>19,809,781</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 FLOW - (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2019

Notes	(Un-audited) 31 March 2019	(Un-audited) 31 March 2018
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	14,949,740	47,874,627
Adjustment for non-cash items and other items		
Depreciation	23,588,225	24,857,118
Gratuity provision	1,104,144	1,359,605
Financial charges	11,610,463	11,926,331
Provision for workers' profit participation fund	1,050,000	
Provision for workers' welfare fund	495,000	
Exchange loss	5,754,922	--
Loss on disposal of fixed assets	(55,165)	15,885
	43,547,589	38,158,939
(Increase)/decrease in current assets		
Store, spares and stock in trade	(32,159,065)	(15,045,741)
Trade debts	(82,590,333)	(86,150,957)
Advances, deposits, prepayments & other receivables	1,893,845	8,397,354
	(112,855,553)	(92,799,344)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	51,611,637	29,015,884
Cash used in operations	(2,746,586)	22,250,106
Payments for:		
Income taxes	(16,598,777)	(15,230,409)
Gratuity	(191,256)	(856,459)
Workers' Profit Participation Fund	(3,462,467)	--
Workers' Welfare Fund	(1,327,876)	
Finance cost paid	(8,742,458)	(9,439,359)
Net cash used in operating activities	(33,069,420)	(3,276,121)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,355,333)	(16,736,899)
Long term deposit	--	(2,500)
Sale proceeds against disposal of fixed assets	181,000	44,500
Net cash outflows from investing activities	(3,174,333)	(16,694,899)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(19,820,600)	(18,928,350)
Dividend	(6,719,501)	(16,588,752)
Net cash flows from financing activities	(26,540,101)	(35,517,102)
Net decrease in cash and cash equivalents	(62,783,854)	(55,488,123)
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	5 (94,290,482)	(45,568,802)

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 PERIOD ENDED MARCH 31, 2019

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	60,000,000	143,900,000	183,581,490	327,481,490	212,965,564	600,447,054
Total comprehensive income for the period						
Profit for the period ended 31 March 2018	--	--	34,294,235	34,294,235	--	34,294,235
Other comprehensive income	--	--	34,294,235	34,294,235	--	34,294,235
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	3,237	3,237	(3,237)	--
Change in tax rate	--	--	(804,758)	(804,758)	804,758	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	2,682,528	2,682,528	(2,682,528)	--
Transactions with owners						
Final dividend @ Rs. 2/- per share	--	--	(12,000,000)	(12,000,000)	--	(12,000,000)
Balance as at 31 March 2018	60,000,000	143,900,000	207,756,731	351,656,731	211,084,558	622,741,289
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						
Profit for the period ended 31 March 2019	--	--	8,713,684	8,713,684	--	8,713,684
Other comprehensive loss	--	--	--	--	--	--
	--	--	8,713,684	8,713,684	--	8,713,684
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	--	--	1,831,977	1,831,977	(1,831,977)	--
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 March 2019	80,000,000	143,900,000	193,494,988	337,394,988	210,906,885	628,301,873

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 PERIOD ENDED MARCH 31, 2019

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 BASIS OF PREPARATION

This condensed interim financial information of the company for the quarter ended March 31, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

The Companies Act, 2017 has been enacted on May 30, 2017 and in terms of Securities and Exchange Commission of Pakistan circular 23 dated October 04, 2017 is being followed and is applicable for those financial statements which closes after December 31, 2017.

The condensed interim financial information does not include information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended June 30, 2018.

3 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.



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2019

		(Un-audited) March 31 2019	(Audited) June 30 2018
		----- (Rupees) -----	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	473,601,627	493,973,561
Capital work-in-progress		--	--
		<u>473,601,627</u>	<u>493,973,561</u>
4.1 Opening net book value (NBV)		493,973,561	497,026,396
Addition (at cost) during the period year	4.1.1	<u>3,355,333</u>	<u>30,405,555</u>
		497,328,894	527,431,951
Disposal (NBV) during the period	4.1.2	(139,042)	(60,384)
Depreciation charged for the period		(23,588,225)	(33,398,006)
Closing net book value (NBV)		<u>473,601,627</u>	<u>493,973,561</u>
4.1.1 Details of additions (at cost) during the period / year are as follows:			
Building on leasehold land			
- Factory		929,958	2,318,980
- Office		--	258,510
Plant and machinery		1,705,875	26,150,163
Furniture and fixture		10,000	--
Factory and other equipment		323,000	556,677
Electric equipment and fittings		125,000	47,925
Computers		53,500	155,300
Vehicles		208,000	918,000
		<u>3,355,333</u>	<u>30,405,555</u>
4.1.2 Details of disposals (NBV) during the period / year are as follows:			
Computers		8,032	--
Vehicles		131,010	60,384
		<u>139,042</u>	<u>60,384</u>
5 CASH AND CASH EQUIVALENT			
Cash and bank balance		4,877,132	5,510,348
Bank Al Habib Limited - Running finance utilized		(99,167,614)	(59,906,967)
		<u>(94,290,482)</u>	<u>(54,396,619)</u>



PAKISTAN PAPER PRODUCTS LIMITED

- 6 Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. 9,802,204/- (March 2018: 14,817,698/-).

Commitments are outstanding in respect of letters of credit amounting to Rs. 70,313,082/- (March 2018: Rs. 52,757,439/-)

- 7 The condensed interim financial information was authorized for issue by the Board of Directors of the company on April 23, 2019.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive

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➤ Photocopy Paper



➤ Plotter Paper



➤ Ammonia Sensitised Paper

Head Office & Factory:

Pakistan Paper Products Ltd.,

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