PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM
FINANCIAL INFORMATION
SUBJECTED TO LIMITED SCOPE REVIEW
FOR THE HALF YEAR ENDED
DECEMBER 31, 2024

PPP

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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
Ms. Aisha Fariel Salahuddin		Independent Director
Mr. Matiuddin Siddiqui	- NIT Nominee	Independent Director

AUDIT COMMITTEE

Ms. Aisha Fariel Salahuddin	- Chairperson
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- Member
Mr. Matiuddin Siddiqui	- Member

HR AND REMUNERATION COMMITTEE

Mr. Matiuddin Siddiqui	- Chairman
Mr. Abbas Sayeed	- Member
Mr. Sayeed Imran	- Member
Mrs. Muleika Sayeed	- Member

MANAGEMENT COMMITTEE

Mr. Abbas Sayeed	- Chairman
Mr. Abid Sayeed	- Chief Executive
Mr.Muhammad Yusuf	- Chief Financial Officer

CHIEF FINANCIAL OFFICER

Mr.Muhammad Yusuf

COMPANY SECRETARY

Mr. Dawood Ahmed Mapara

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
Meezan Bank Limited

REGISTERED OFFICE AND FACTORY

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

Directors' Review

On behalf of the Board of Directors, we have pleasure in presenting review of performance together with the limited audit review accounts of the company for the period ended December 31, 2024.

In comparison to last year the results for this year are not that positive for which there are certain reasons which will be highlighted below. Turnover and Sales declined by 16.72% and 18.25% with Ex Books taking the biggest hit where sales fell by 44.65%. Pro Labels had a marginal decline of 2.45% while Sensitized paper and photocopy paper also saw a big fall of 18.96% and 32.32%. This decline in sales translated all the way down with Operating Profit falling by 39.77% and Net Profit before tax by 39.79% and Net Profit after tax by 54.7%.

The main reason behind these negative figures is the massive decline in sales of Ex Books due to reasons highlighted earlier, since the paper market is now flooded with cheap paper and the unorganized sector is providing Ex Books at very low prices. While there has been a decline overall in prices of Paper & Board and we have also reduced our prices but are unable to compete with such low prices. Another major reason for this decline in sales is that due to the threat of removal of our Sales Tax zero rating we did a lot of our sales before June 30, 2024 which would have normally materialized in Q1. However, the fall in sales during the season in Q1 was quite unprecedented. As highlighted earlier we are now focusing more on institutional sales than market sales where we enjoy an edge over the unorganized sector and we have had very promising results with all major institutions and schools placing their bulk orders with us. The fall in profit was also due to the loss that we have suffered in Ex Books during Q1 & Q2 due to the heavy fixed cost associated with this segment. We anticipate the situation will turn around and improve with the increase in Ex book sales over the next two quarters.

Pro Labels has had a satisfactory performance with improvement in margins and while sales declined marginally in monetary terms, we managed to increase volumes slightly. In this segment also we are facing very intense competition with new players, but we are able to retain our prime customers as we have a very good brand loyalty with them, and they are happy with our service and reliability. We have also managed our supply chain in a very efficient manner because 15% RD was imposed on self adhesive paper from July 1, 2024 and we have managed to not have that affect our margins by sourcing materials at lower costs without affecting the quality of our products.

On another positive note Financial charges have declined by 38.13% due to the reduction in interest rates and thanks to the stability of PKR we have avoided Exchange losses. In addition the company continues to bring in more efficiency in our production processes and reduce wastages. We are pleased to inform you that after a long time we have invested in Modernization of our Ex Books production line and we have installed a brand new 5 clamp binding machine and a 42" Four color Flexo ruling machine which is the first of its kind in Pakistan. It is hoped that we will be able to improve our margins in Ex Books going forward by focusing on the improvement in quality of our products which will stand out from cheaper competition in the unrecognized sector.

Overall, we have been happy with the performance of the company in the last six months and are hopeful that the current economic and forex stability remains so that we can come out with better results by the end of the year. Rest assured that the management is aware of all challenges and are doing all possible to tackle them in the best possible manner so that we can come out with better results at the end of the year.

The Board would like to thank all our staff, stakeholders including the financial institutions for their continued support. In addition, directors also record their sincere appreciation for the cooperation received from the Regulators i.e. 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 two female and five male directors, whereas the composition of the Board is as follows;

Executive Director	01
Non-Executive Director	04
Independent Director	02

Committees of the Board.

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

Ms. Aisha Fariel Salahuddin	Chairperson
Mr. Abbas Sayeed	Member
Dr. Asadullah Sayeed	Member
Mr. Matiuddin Siddiqui	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. Matiuddin Siddiqui	Chairperson (NIT Nominee)
Mrs. Muleika Sayeed	Member
Mr. Abbas Sayeed	Member
Mr. Sayeed Imran	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 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: February 25 2025

FARUQ ALI & CO.
& CO. CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Paper Products Limited

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Paper Products Limited as at 31 December 2024 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed 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 condensed 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 condensed interim financial statements are 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 the condensed interim statement of comprehensive income for the quarter ended 31 December 2024 and 31 December 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2024.

The engagement partner on the review resulting in this independent auditor's report is Muhammad Faisal Nini.

Chartered Accountants

Place: Karachi

Dated: 26-02-202

UDIN: RR202410178jP57TiHV0

PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	(Un-audited) 31 December 2024	(Audited) 30 June 2024
ASSETS		---------------- (Rupees)	----------------
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,366,176,374	1,313,671,838
Intangible assets		22,810	94,165
Long term deposits		1,675,258	1,675,258
		1,367,874,442	1,315,441,261
CURRENT ASSETS			
Stores and spares		10,549,917	10,037,039
Stock-in-trade	6	431,281,558	355,983,019
Trade debts - Unsecured		226,999,918	346,734,816
Advances and other receivables	7	159,779,439	105,612,399
Deposits, advances and short term prepayments	8	15,601,880	393,030
Cash and bank balances	9	5,631,616	7,125,720
		849,844,328	825,886,023
		2,217,718,770	**2,141,327,284**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2024: 15,000,000) Ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up share capital		80,000,000	80,000,000
Revenue reserves		619,870,970	621,942,028
Capital reserve			
Surplus on revaluation of property, plant and equipment		959,399,936	959,399,936
		1,659,270,906	1,661,341,964
NON-CURRENT LIABILITIES			
Deferred tax liability - Net		59,593,254	55,141,541
Deferred liability for staff gratuity		20,779,931	19,928,330
Long term loans - Secured	10	89,592,241	62,852,231
Liabilities against assets subject to musharakah financing	11	1,678,685	2,878,685
Deferred grant		2,668,656	3,189,610
		174,312,767	143,990,397
CURRENT LIABILITIES			
Current portion shown under current liabilities		38,889,624	26,560,800
Current portion of deferred government grant		1,079,060	1,148,559
Short term borrowings - Secured	12	158,464,285	137,799,954
Creditors, accrued and other liabilities	13	172,629,072	130,639,788
Unclaimed dividend		13,073,056	12,285,638
Provision for taxation - Net		--	27,560,184
		384,135,097	335,994,923
CONTINGENCIES AND COMMITMENTS	14	--	--
		2,217,718,770	**2,141,327,284**

The annexed notes form an integral part of these condensed interim financial statements.

ABBAS SAYEED	**MUHAMMAD YUSUF**	**ABID SAYEED**
Chairman	*Chief Financial Officer*	*Chief Executive*

STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024 (Un-audited)

	Notes	Half Year Ended (Un-audited)		Quarter Ended (Un-audited)	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
		----------- (Rupees) -----------		----------- (Rupees) -----------	
Sales - Net	15	744,184,000	910,326,701	379,641,838	466,712,190
Cost of sales	16	(625,230,454)	(744,253,692)	(322,139,633)	(388,339,996)
Gross profit		118,953,546	166,073,009	57,502,205	78,372,194
Administrative expenses		(30,955,185)	(28,206,413)	(16,115,865)	(14,727,917)
Selling and distribution expenses		(11,923,594)	(9,963,185)	(5,944,014)	(5,202,101)
Other operating expenses		(3,880,990)	(8,036,771)	(1,885,877)	(4,713,323)
		(46,759,769)	(46,206,369)	(23,945,756)	(24,643,341)
Operating profit		72,193,777	119,866,640	33,556,449	53,728,853
Other income		993,873	729,586	985,473	667,238
Finance cost		(21,412,857)	(34,609,342)	(9,686,693)	(12,991,949)
Profit before taxation		51,774,793	85,986,884	24,855,229	41,404,142
Taxation - Net		(21,845,851)	(19,925,057)	(7,643,762)	(8,042,907)
Profit for the year		**29,928,942**	**66,061,827**	**17,211,467**	**33,361,235**
Earnings per share - Basic and diluted		3.74	8.26	2.15	4.17

The annexed notes form an integral part of these condensed interim financial statements.

ABBAS SAYEED	MUHAMMAD YUSUF	ABID SAYEED
Chairman	*Chief Financial Officer*	*Chief Executive*

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2024 (Un-audited)

	Notes	Half Year Ended - (Un-audited)		Quarter Ended - (Unaudited)	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
		----------- (Rupees) -----------		----------- (Rupees) -----------	
Profit for the year		29,928,942	66,061,827	17,211,467	33,361,235
Other comprehensive income		--	--	--	--
Total comprehensive income for the period		**29,928,942**	**66,061,827**	**17,211,467**	**33,361,235**

The annexed notes form an integral part of these condensed interim financial statements.

ABBAS SAYEED	**MUHAMMAD YUSUF**	**ABID SAYEED**
Chairman	*Chief Financial Officer*	*Chief Executive*

PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2024 (Un-audited)

	Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total equity
		General reserves	Unappropriated profit	Total revenue reserves		
	---------- (Rupees) ----------					
Balance as on 1 July 2023	80,000,000	143,900,000	378,732,946	522,632,946	504,841,334	1,107,474,280
Profit for the year ended 31 December 2023	--	--	66,061,827	66,061,827	--	66,061,827
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the year	--	--	66,061,827	66,061,827	--	66,061,827
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	1,355,306	1,355,306	(1,355,306)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	1,006,089	1,006,089	(1,006,089)	--
Transactions with owners:						
Final cash dividend @ 40% related to the year ended 30 June 2023	--	--	(32,000,000)	(32,000,000)	--	(32,000,000)
Balance as at 31 December 2023	**80,000,000**	**143,900,000**	**415,156,168**	**559,056,168**	**502,479,939**	**1,141,536,107**
Balance as on 1 July 2024	80,000,000	143,900,000	478,042,028	621,942,028	959,399,936	1,661,341,964
Profit for the year ended 31 December 2024	--	--	29,928,942	29,928,942	--	29,928,942
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the year	--	--	29,928,942	29,928,942	--	29,928,942
Transactions with owners:						
Final cash dividend @ 40% related to the year ended 30 June 2024	--	--	(32,000,000)	(32,000,000)	--	(32,000,000)
Balance as at 31 December 2024	**80,000,000**	**143,900,000**	**475,970,970**	**619,870,970**	**959,399,936**	**1,659,270,906**

The annexed notes form an integral part of these condensed interim financial statements.

ABBAS SAYEED	MUHAMMAD YUSUF	ABID SAYEED
Chairman	*Chief Financial Officer*	*Chief Executive*