



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

FIRST QUARTER

SEPTEMBER 30, 2013 (UN-AUDITED)

To,

If undelivered please return to:

Pakistan Paper Products Ltd.
D-58, S.I.T.E., Estate Avenue,
Karachi - 75700



CORPORATE PROFILE

BOARD OF DIRECTORS

| | |
|----------------------|-------------------|
| Mohammad Ali Sayeed | - Chairman |
| Abid Sayeed | - Chief Executive |
| Abbas Sayeed | |
| Mrs. Mulcika Sayeed | |
| Dr. Asadullah Sayeed | |
| Zahid Dada | |
| Bashir Ahmed | - NIT Nominee |

AUDIT COMMITTEE

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

HR AND REMUNERATION COMMITTEE

| | |
|----------------------|------------|
| Bashir Ahmed | - Chairman |
| Abbas Sayeed | - Member |
| Dr. Asadullah Sayeed | - Member |

CHIEF FINANCIAL OFFICER

Rizwan Ahmed Mughal

COMPANY SECRETARY

Faisal Saeed Khan

AUDITORS

Haider Shamsi & Co.
Chartered Accountants

SHARE REGISTRAR

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

BANKERS

Bank Al Habib Limited
Habib Bank Limited
MCB 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, 2013

The turnover during the quarter ended was Rs 88.9 million against Rs. 113.8 Million in the same period last year showing a decrease of 21.89%. This was mainly due to a fall in sales of Exercise Books as the sales to one of the major institutions was booked in the last quarter of the last financial year compared to last year when it was booked in the first quarter. Pro Label sales were the same as last year with a minor increase of 2.3%, while there was a sharp increase in sales of Photo Copy Paper and Sensitized paper of 22.6% and 47% respectively.

The gross profit decreased from Rs 22.86 Million to Rs 22.24 Million showing a minor decrease of 2.7% which is highly commendable given the fall in sales volume. This reflects the healthier margins that the company achieved for the first quarter sales. Profit before tax was Rs 12.9 Million against Rs.12.71 Million in the same period last year showing a increase of 1.24%, while Profit after tax increased sharply to Rs 8.31 Million against Rs 3.95 million showing an increase of 110%. This was mainly on the account of a fall in taxation amount due to provision of deferred taxation last year. The profit margins improved significantly in this quarter, but the sharp devaluation of the Pak Rs along with the jump in energy costs and labor costs will put these margins under pressure. Due to increased competition in the market we are facing a lot of resistance in passing on the higher costs and will have to absorb a large portion of them.

The management is well aware of the challenge lying ahead and as always are striving hard to overcome them and bring out the best possible results for the shareholders.

The Board would like to thank all our stakeholders for the continuous support to the company and all employees for their dedicated efforts in running the operations of the company.

On behalf of the Board of Directors

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive

Karachi
October 23, 2013



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LIMITED BALANCE SHEET (Un-Audited) AS AT SEPTEMBER 30, 2013

| | (Unaudited) September 2013 (Rupees) | (Audited) June 2013 (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 | 205,469,374 | 197,057,009 |
| | 265,469,374 | 257,057,009 |
| Surplus on revaluation of fixed assets | 145,783,076 | 145,885,275 |
| Deferred liabilities | | |
| Deferred tax | 27,176,036 | 27,869,202 |
| Retirement Benefit Obligation | 3,925,823 | 3,689,783 |
| | 31,101,859 | 31,558,985 |
| Long term loan - secured | 26,171,874 | 28,704,636 |
| Current liabilities | | |
| Current maturities | 10,775,048 | 12,707,048 |
| Short term borrowings - secured | 7,311,884 | 2,434,752 |
| Creditors, accrued and other liabilities | 31,457,275 | 44,108,266 |
| | 49,544,207 | 59,250,066 |
| Contingencies and commitments | | |
| | 518,070,390 | 522,455,971 |
| ASSETS | | |
| Fixed assets | | |
| Property, plant and equipment | 304,656,313 | 308,739,943 |
| Long term deposits | 525,090 | 525,090 |
| Current assets | | |
| Store and spares | 2,375,895 | 2,029,334 |
| Stock-in-trade | 93,850,864 | 81,736,791 |
| Trade debts-unsecured but considered good | 50,937,871 | 70,345,979 |
| Advances and other receivables | 30,092,464 | 28,294,171 |
| Deposits and prepayments | 2,288,733 | 1,060,265 |
| Cash and bank balances | 33,343,160 | 29,724,398 |
| | 212,888,987 | 213,190,938 |
| | 518,070,390 | 522,455,971 |

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

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LIMITED PROFIT AND LOSS ACCOUNT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

| | September 2013 (Rupees) | September 2012 (Rupees) |
|------------------------------------|-------------------------------|-------------------------------|
| Turnover | 88,858,855 | 113,757,665 |
| Sales tax, discounts and returns | (10,696,196) | (9,620,499) |
| Net sales | 78,162,659 | 104,137,166 |
| Cost of goods sold | 55,927,332 | 81,277,000 |
| Gross profit | 22,235,327 | 22,860,166 |
| Other operating income/(loss) | 267,769 | 155,534 |
| Administrative expenses | 5,571,757 | 5,032,273 |
| Selling and distribution expenses | 1,964,131 | 2,019,774 |
| Workers' profit participation fund | 694,033 | 674,333 |
| Workers' welfare fund | 317,582 | 256,246 |
| | 8,547,503 | 7,982,626 |
| Operating profit | 13,955,593 | 15,033,074 |
| Financial charges | 1,086,548 | 2,321,462 |
| Net Profit before taxation | 12,869,045 | 12,711,612 |
| Taxation | 4,558,879 | 8,758,028 |
| Net Profit after taxation | 8,310,166 | 3,953,584 |
| Earning per share : | | |
| -Basic | 1.39 | 0.66 |
| -Diluted | 1.39 | 0.66 |

Appropriations have been dealt in the statement of changes in equity.
The annexed notes form an integral part of these financial statements.

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

| | September 2013 (Rupees) | September 2012 (Rupees) |
|--|-------------------------------|-------------------------------|
| Profit for the quarter | 8,310,166 | 3,953,584 |
| Other comprehensive income | - | - |
| Total comprehensive income for the quarter | <u>8,310,166</u> | <u>3,953,584</u> |

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

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LIMITED CASH FLOW STATEMENT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

| | September 2013 (Rupees) | September 2012 (Rupees) |
|---|-------------------------------|-------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 12,869,045 | 12,711,612 |
| Adjustment for non-cash items and other adjustments: | | |
| Depreciation | 4,209,980 | 4,510,691 |
| Gratuity provision | 236,040 | 215,552 |
| Income from financial assets | (255,769) | (1,389) |
| Financial charges | 1,086,548 | 2,321,462 |
| | 18,145,844 | 19,757,928 |
| (Increase)/decrease in current assets | | |
| Store, spares and stock in trade | (12,460,634) | 9,151,484 |
| Trade debts | 19,408,108 | 849,119 |
| Advances, deposits, prepayments & other receivables | (3,829,075) | 3,209,720 |
| | 3,118,399 | 13,210,323 |
| Increase/(decrease) in current liabilities | | |
| Creditors, accrued and other liabilities | (3,835,607) | (32,425,661) |
| Cash generated from operations | (717,208) | (19,215,338) |
| Income tax paid | (4,779,795) | (3,786,374) |
| Financial charges paid | (1,229,323) | (1,942,483) |
| Net cash from operating activities | 11,419,519 | (5,186,267) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of fixed assets | (126,350) | (3,888,974) |
| Capital Work in progress | - | 2,315,262 |
| Income from financial assets | 255,769 | 1,389 |
| Net cash used in investing activities | 129,419 | (1,572,323) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term loan repaid | (4,464,762) | (4,464,762) |
| Dividend Paid | (8,360,546) | - |
| Net cash used in financing activities | (12,825,308) | (4,464,762) |
| Net increase / (decrease) in cash and cash equivalents | (1,276,370) | (11,223,352) |
| Cash and cash equivalent at the beginning of the period | 27,307,646 | 3,957,077 |
| Cash and cash equivalent at the end of the period | 26,031,276 | (7,266,275) |

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

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LIMITED STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

| Share Capital | Revenue reserve | | Total |
|---------------|-----------------|-----------------------|--------------|
| | General reserve | Unappropriated profit | |
| (Rupees) | | | |
| 50,000,000 | 93,900,000 | 90,899,880 | 234,799,880 |
| | | 3,953,584 | 3,953,584 |
| | | 132,652 | 132,652 |
| 50,000,000 | 93,900,000 | 94,986,116 | 238,886,116 |
| | | 34,841,699 | 34,841,699 |
| 10,000,000 | | (10,000,000) | - |
| | | (18,000,000) | (18,000,000) |
| | | 976,298 | 976,298 |
| | | 352,896 | 352,896 |
| 60,000,000 | 93,900,000 | 103,157,009 | 257,057,009 |
| | | 8,310,166 | 8,310,166 |
| | | 102,199 | 102,199 |
| 60,000,000 | 93,900,000 | 111,569,374 | 265,469,374 |

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

PAKISTAN PAPER PRODUCTS LIMITED NOTES TO THE ACCOUNTS (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2013

01. Pakistan Paper Products Limited was incorporated in July, 1962 as a private limited company and was converted into public limited company and listed on the Karachi Stock Exchange in July 1964. The registered office of the company is situated at D-58 SITE, Estate Avenue, Karachi 75700. The main business activity of the Company is the production and sale of sensitized papers, pro-labels and exercise books.
02. These financial statements are unaudited and are being presented to the shareholders as required by SRO 764 (1) 2001 dated November 05, 2001 of the Securities and Exchange Commission of Pakistan.
03. Accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2013.

| | Sep-2013 Rupees | Jun - 2013 Rupees |
|---|--------------------|----------------------|
| 04. PROPERTY PLANT & EQUIPMENT | | |
| Opening written down value | 308,739,943 | 318,578,319 |
| Additions | 126,350 | 10,397,869 |
| Book value of assets disposed-off during the period | - | (1,898,964) |
| Charge for the period | (4,209,980) | (18,337,281) |
| Closing written down value | <u>304,656,313</u> | <u>308,739,943</u> |

| | Sep-2013 Rupees | Sep- 2012 Rupees |
|-------------------------------------|--------------------|---------------------|
| 05. Cash and Cash Equivalent | | |
| Cash and Bank Balances | 33,343,160 | 1,366,302 |
| Bank Overdraft | (7,311,884) | (8,632,577) |
| | <u>26,031,276</u> | <u>(7,266,275)</u> |

06. Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs.320,000 (September 2012 : 3,593,160).

Commitments are outstanding in respect of letters of credit amounting to Rs.5,722,600 (September 2012 : 7,464,600).

07. These financial statements have been authorized for issue by the Board of Directors of the Company on October 23, 2013.

MOHAMMAD ALI SAYEED

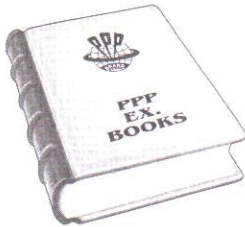
Chairman

ABID SAYEED

Chief Executive



**Promoting Education,
Development, & Quality Products.**



➤ **Exercise Books**



➤ **Ammonia Sensitised Paper**

PRO LABELS



➤ **Pro Labels - Self-Adhesive labels in roll form.**

Head Office & Factory:
Pakistan Paper Products Ltd.,
D/58, S.I.T.E. Estate Avenue, Karachi-75700