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PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

FIRST QUARTER
SEPTEMBER 30, 2016 (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	Non-Executive
Abid Sayeed	Chief Executive	Executive
Abbas Sayeed		Non-Executive
Mrs. Muleika Sayeed		Non-Executive
Dr. Asadullah Sayeed		Non-Executive
Zahid Dada		Independent Director
Shoaib Ahmad Khan	NIT Nominee	Non-Executive

AUDIT COMMITTEE

Abbas Sayeed	Chairman
Zahid Dada	Member
Dr. Asadullah Sayeed	Member

HR AND REMUNERATION COMMITTEE

Zahid Dada	Chairman
Abbas Sayeed	Member
Shoaib Ahmad Khan	NIT Nominee

CHIEF FINANCIAL OFFICER

Khurram Idress

COMPANY SECRETARY

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

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, 2016

The turnover during the quarter ended was Rs 107.75 million against Rs. 123.5 Million in the same period last year which is a decline of 12.73%. This was mainly due to slowing in sales of Pro Labels which fell by 21.11%. This is not a very concerning factor as it was due to some changes in client's inventory levels and also abnormally high sales in September of last year. We hope to make up this fall in the next quarter. Exercise Books did well showing an increase in sales of 28.9% while the rest of the areas showing marginal difference in sales.

Our Gross Profit fell by 27.72% which is mainly due to the removal of the zero rating on Exercise Books causing our input costs to soar by 17-20% as all our inputs are now charged Sales tax which cannot be adjusted against output and has to be absorbed by the company. The management is well aware of this issue and is trying to overcome this problem by sourcing materials which are more competitively priced. In addition higher depreciation cost for the new Pro Labels machine purchased last year put further pressure on the gross profit. We were able to reduce our administrative and financial charges which allowed us to realize a net profit before tax of Rs 4.2 million for this quarter. Profit after tax increased to Rs 2.9 million due to lower tax liability as we had taken the charge of deferred taxation last year.

This has been a tough quarter for the company, especially in terms of Exercise Books due to the removal of the zero rating regime, but the management would like to assure the shareholders that they are taking all possible measures to stem this fall in our profits and hope to share better results in the next quarter and the rest of the year.

The Board would like to thank all our staff, stakeholders including the financial institutions for their continues 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.

On behalf of the Board of Directors

Karachi
October 27, 2016

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive

PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM BALANCE SHEET (Un-Audited)
AS AT SEPTEMBER 30, 2016

EQUITY AND LIABILITIES	(Unaudited) September 2016 (Rupees)	(Audited) June 2016 (Rupees)
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	**288,523,129**	284,545,944
	348,523,129	344,545,944
Surplus on revaluation of fixed assets	**215,080,128**	215,813,740
Non-current liabilities		
Deferred tax	**38,121,187**	38,466,416
Retirement benefit obligation	**11,287,086**	11,137,484
Long term loan - secured	**29,444,250**	32,121,000
	78,852,523	81,724,900
Current liabilities		
Current maturities	**16,616,778**	19,149,540
Short term borrowings - secured	**1,143,987**	963,441
Creditors, accrued and other liabilites	**34,145,145**	60,988,695
	51,905,910	81,101,676
Contingencies and commitments	-	-
	694,361,690	723,186,260
ASSETS		
Fixed assets		
Property, plant and equipment	**411,367,708**	416,287,709
Capital work in progress	**2,333,682**	-
Long term deposits	**908,232**	673,054
Current assets		
Store and spares	**3,108,553**	3,405,040
Stock-in-trade	**130,550,486**	117,498,197
Trade debts-unsecured but considered good	**75,753,002**	108,125,822
Advances and other receivables	**49,511,160**	37,629,088
Deposits and prepayments	**2,283,205**	733,652
Cash and bank balances	**18,545,662**	38,833,698
	279,752,068	306,225,497
	694,361,690	723,186,260

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

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive

PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	September 2016 (Rupees)	September 2015 (Rupees)
Turnover	**107,750,193**	123,468,189
Sales tax, discounts and returns	**(12,030,590)**	(16,165,612)
Net sales	**95,719,603**	107,302,577
Cost of goods sold	**80,341,164**	86,025,869
Gross profit	**15,378,439**	21,276,708
Other operating income	**274,449**	11,149
Administrative expenses	**7,408,551**	7,776,612
Selling and distribution expenses	**2,761,459**	2,731,595
Workers' profit participation fund	**211,401**	445,753
Workers' welfare fund	**80,332**	169,386
	10,461,743	11,123,346
Operating profit	**5,191,145**	10,164,511
Financial charges	**980,407**	1,853,433
Profit before taxation	**4,210,738**	8,311,078
Taxation	**1,308,050**	6,201,618
Profit after taxation	**2,902,688**	2,109,460
Earning per share :		
-Basic	**0.48**	0.35
-Diluted	**0.48**	0.35

Appropriations have been dealt in the statement of changes in equity.
The annexed notes form an integral part of the condensed interim financial information.

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive

PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30 , 2016

	September 2016 (Rupees)	September 2015 (Rupees)
Profit for the quarter	**2,902,688**	2,109,460
Other comprehensive income:		
Remeasurement of defined benefit liability-net	-	-
Items that will not be subsequently reclassified to profit or loss:		
Incremental depreciation transferred from suplus on revaluation of property, plant and equipment	**1,065,267**	824,641
Realization of surplus on disposal of assets	**13,574**	-
Related deferred tax	**(4,344)**	-
	1,074,497	824,641
Total comprehensive income for the quarter	**3,977,185**	**2,934,101**

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

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive

PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	September 2016 (Rupees)	September 2015 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**4,210,738**	8,311,078
Adjustment for non-cash items and other adjustments:		
Depreciation	**5,893,079**	6,925,318
Gratuity provision	**423,146**	356,471
Income from financial assets	**(314,573)**	(4,249)
Financial charges	**980,407**	1,853,433
	6,982,059	17,442,051
(Increase)/decrease in current assets		
Store, spares and stock in trade	**(12,755,802)**	(31,119,126)
Trade debts	**32,372,820**	16,419,250
Advances, deposits, prepayments & other receivables	**(13,137,487)**	3,821,793
	6,479,531	(10,878,083)
Increase/(decrease) in current liabilites		
Creditors, accrued and other liabilites	**(11,474,790)**	22,456,212
Cash generated from operations	**6,197,538**	11,578,129
Income tax paid	**(7,550,493)**	(7,783,689)
Gratuity paid	**(273,544)**	-
Financial charges paid	**(9,069)**	(661,066)
Net cash from operating activities	**(1,635,568)**	20,575,425
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	**(1,026,425)**	(687,709)
Long term deposits	**(235,178)**	(25,870)
Capital work in progress	**(2,333,682)**	-
Sales proceeds against disposal of fixed assets	**15,000**	-
Income from financial assets	**314,573**	4,249
Net cash used in investing activities	**(3,265,712)**	(709,330)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan repaid	**(5,209,512)**	(5,209,512)
Dividend Paid	**(10,357,790)**	(14,067,107)
Net cash used in financing activities	**(15,567,302)**	(19,276,619)
Net increase / (decrease) in cash and cash equivalents	**(20,468,582)**	589,476
Cash and cash equivalent at the beginning of the period	**37,870,257**	(4,409,213)
Cash and cash equivalent at the end of the period	**17,401,675**	(3,819,737)

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

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive

PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Share Capital	Revenue reserve		Total
		General reserve	Unappro-priated profit	
	(Rupees)			
Balance as at July 01, 2015	60,000,000	143,900,000	118,920,519	322,820,519
Profit for the first quarter ended September 30, 2015	-	-	2,109,460	2,109,460
Other comprehensive income net of tax	-	-	824,641	824,641
Balance as at September 30, 2015	60,000,000	143,900,000	121,854,620	325,754,620
Profit for the nine month ended June 30, 2016	-	-	36,256,226	36,256,226
Other comprehensive income net of tax	-	-	535,098	535,098
Interim dividend	-	-	(18,000,000)	(18,000,000)
Balance as at June 30, 2016	60,000,000	143,900,000	140,645,944	344,545,944
Profit for the first quarter ended September 30, 2016	-	-	2,902,688	2,902,688
Other comprehensive income net of tax	-	-	1,074,497	1,074,497
Balance as at September 30, 2016	**60,000,000**	**143,900,000**	**144,623,129**	**348,523,129**

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

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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 Karachi 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, 2016 has been prepared in accordance with approved accounting standards as applicable in Pakistan for financial reporting. This condensed financial information does not include all of the information requred 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, 2016.

This condensed financial information is unaudited and is required to be presented to the shareholders under section 245 of the Companies Ordinance, 1984.

03. SIGNIFICANT ACCOUNTING POLICIES

The accounting polices adopted in the prepartion 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, 2016.

04. Property, plant and equipment	**Sep-2016 Rupees**	Jun - 2016 Rupees
Opening written down value	**416,287,709**	455,469,923
Additions	**1,026,425**	5,830,358
Book value of assets disposed-off during the period	**(53,347)**	(18,789,804)
Charge for the period	**(5,893,079)**	(26,222,768)
Closing written down value	**411,367,708**	416,287,709

05. Cash and Cash Equivalent	**Sep-2016 Rupees**	Sep-2015 Rupees
Cash and Bank Balances	**18,545,662**	3,044,766
Bank Overdraft	**(1,143,987)**	(6,864,503)
	17,401,675	(3,819,737)

06. Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs.7,670,504 (September 2015 : 7,235,980).

Commitments are outstanding in respect of letters of credit amounting to Rs.18,202,635 (September 2015 : 1,458,500).

07. The condensed interim financial information was authorized for issue by the Board of Directors of the Company on October 27, 2016

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive

Promoting Education, Development, & Quality Products.



PRO LABELS

ISO 9001 BUREAU VERITAS Certification

- Pro Labels - Self Adhesive labels in roll form.



- Exercise Books



- Photocopy Paper



- Plotter Paper



- Ammonia Sensitised Paper

Head Office & Factory:

Pakistan Paper Products Ltd.,

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