



# **PAKISTAN PAPER PRODUCTS LIMITED**

**QUARTERLY FINANCIAL INFORMATION**

**FIRST QUARTER  
SEPTEMBER 30, 2017 (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

# 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

Dr. Asadullah Sayeed	- Chairman
Mr. Abbas Sayeed	- Member
Mr. Zahid Dada	- 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. Khurram Idress

### 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](http://www.pakpaper.com)



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## PAKISTAN PAPER PRODUCTS LIMITED

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### 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, 2017

The turnover during the quarter ended was Rs 164.16 million against Rs. 107.75 million in the same period last year which is an increase of 52.35%. Both Exercise Books and Pro Labels showed very robust growth with sales rising by 53.46% and 56.52% respectively on QOQ basis.

Our Gross Profit increased by 14% which is unfortunately not in line with the top line growth as margins have fallen significantly. This is the case particularly in Exercise Books 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. In addition paper and board prices are also on the rise in international and local markets, but due to stiff competition we are unable to pass on these costs in form of higher prices. The margins of Pro Labels also declined marginally but this is mainly due to higher depreciation cost for the new Pro Labels machine purchased last year. Due to rise in financial charges our Profit before tax and after tax also fell by 19.45% and 8.41% respectively.

Overall we are pleased with the sales growth in this quarter but of course the rising expenses and falling margins are an issue of grave concern but we are hopeful that going ahead we can control the expenses and improve margins. It is expected that the bottom line results will improve in the next upcoming quarters, particularly the 3<sup>rd</sup> and 4<sup>th</sup> quarter when the seasonal sales of Exercise books are realized.

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 26, 2017

ABBAS SAYEED  
*Chairman*

ABID SAYEED  
*Chief Executive*



## PAKISTAN PAPER PRODUCTS LIMITED

### CONDENSED INTERIM BALANCE SHEET (Un-Audited) AS AT SEPTEMBER 30, 2017

	(Unaudited) September 2017 (Rupees)	(Audited) June 2017 (Rupees)
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
<b>Authorised Share Capital</b>		
8,000,000 Ordinary shares of Rs.10/- each	<u>80,000,000</u>	<u>80,000,000</u>
Issued, subscribed and paid-up	<u>60,000,000</u>	<u>60,000,000</u>
Revenue reserves	<u>330,762,490</u>	<u>327,481,490</u>
	<u>390,762,490</u>	<u>387,481,490</u>
Surplus on revaluation of fixed assets	212,343,136	212,965,594
<b>Non-current liabilities</b>		
Deferred tax	<u>43,417,896</u>	<u>43,990,209</u>
Retirement benefit obligation	<u>11,675,735</u>	<u>11,222,496</u>
Long term loan - secured	<u>72,962,100</u>	<u>78,326,300</u>
	<u>128,055,731</u>	<u>133,539,005</u>
<b>Current liabilities</b>		
Current maturities	<u>25,237,800</u>	<u>25,237,800</u>
Short term borrowings - secured	<u>23,220,657</u>	<u>256,090</u>
Creditors, accrued and other liabilities	<u>58,154,702</u>	<u>84,315,189</u>
	<u>106,613,159</u>	<u>109,809,079</u>
<b>Contingencies and commitments</b>	-	-
	<u>837,774,516</u>	<u>843,795,168</u>
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, plant and equipment	501,852,598	509,842,544
Long term deposits	908,232	908,232
<b>Current assets</b>		
Store and spares	<u>1,787,310</u>	<u>2,598,546</u>
Stock-in-trade	<u>132,189,781</u>	<u>131,056,625</u>
Trade debts-unsecured but considered good	<u>111,351,696</u>	<u>118,246,761</u>
Advances and other receivables	<u>81,779,219</u>	<u>68,357,657</u>
Trade deposits and short term prepayments	<u>2,602,010</u>	<u>2,609,392</u>
Cash and bank balances	<u>5,303,670</u>	<u>10,175,411</u>
	<u>335,013,686</u>	<u>333,044,392</u>
	<u>837,774,516</u>	<u>843,795,168</u>

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

ABBAS SAYEED  
Chairman

ABID SAYEED  
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	<b>September 2017 (Rupees)</b>	<b>September 2016 (Rupees)</b>
Turnover	164,162,249	107,750,193
Sales tax, discounts and returns	(18,539,018)	(12,030,590)
Net sales	145,623,231	95,719,603
Cost of goods sold	128,091,142	80,341,164
Gross profit	17,532,089	15,378,439
Other operating income	273,110	274,449
Administrative expenses	7,348,484	7,408,551
Selling and distribution expenses	3,008,284	2,761,459
Workers' profit participation fund	1,050,000	211,401
Workers' welfare fund	495,000	80,332
	11,901,768	10,461,743
Operating profit	5,903,431	5,191,145
Financial charges	2,511,473	980,407
Profit before taxation	3,391,958	4,210,738
Taxation	733,416	1,308,050
Profit after taxation	2,658,542	2,902,688
Earning per share :		
-Basic	0.44	0.48
-Diluted	0.44	0.48

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

ABBAS SAYEED  
Chairman

ABID SAYEED  
Chief Executive



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PAKISTAN PAPER PRODUCTS LIMITED

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30 , 2017**

	<b>September 2017 (Rupees)</b>	<b>September 2016 (Rupees)</b>
Profit for the quarter	<b>2,658,542</b>	2,902,688
<b>Other comprehensive income:</b>		
Remeasurement of defined benefit liability-net	-	-
<b>Items that will not be subsequently reclassified to profit or loss:</b>		
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	889,226	1,065,267
Realization of surplus on disposal of assets	-	13,574
Related deferred tax	(266,768)	(4,344)
	622,458	1,074,497
Total comprehensive income for the quarter	<b><u>3,281,000</u></b>	<b><u>3,977,185</u></b>

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

ABBAS SAYEED

Chairman

ABID SAYEED

Chief Executive



## PAKISTAN PAPER PRODUCTS LIMITED

### CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	September 2017 (Rupees)	September 2016 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,391,958	4,210,738
<b>Adjustment for non-cash items and other adjustments:</b>		
Depreciation	8,251,368	5,893,079
Gratuity provision	453,239	423,146
Income from financial assets	(3,488)	(314,573)
Financial charges	2,511,473	980,407
	11,212,592	6,982,059
<b>(Increase)/decrease in current assets</b>		
Store, spares and stock in trade	(321,920)	(12,755,802)
Trade debts	6,895,065	32,372,820
Advances, deposits, prepayments & other receivables	16,937,515	(13,137,487)
	23,510,660	6,479,531
<b>Increase/(decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	(12,036,407)	(11,474,790)
<b>Cash generated from operations</b>	26,078,803	6,197,538
Income tax paid	(19,073,879)	(7,550,493)
Gratuity paid	-	(273,544)
Financial charges paid	(1,497,706)	(9,069)
<b>Net cash from operating activities</b>	5,507,218	(1,635,568)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(13,077,570)	(1,026,425)
Long term deposits	-	(235,178)
Capital work in progress	-	(2,333,682)
Sales proceeds against disposal of fixed assets	-	15,000
Income from financial assets	3,488	314,573
<b>Net cash used in investing activities</b>	(13,074,082)	(3,265,712)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loan repaid	(5,364,200)	(5,209,512)
Dividend Paid	(14,905,244)	(10,357,790)
<b>Net cash used in financing activities</b>	(20,269,444)	(15,567,302)
Net increase / (decrease) in cash and cash equivalents	(27,836,308)	(20,468,582)
Cash and cash equivalent at the beginning of the period	9,919,321	37,870,257
Cash and cash equivalent at the end of the period	(17,916,987)	17,401,675

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

ABBAS 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, 2017

	Share Capital	Revenue reserve		Total
		General reserve	Unappropriated profit	
(Rupees)				
Balance as at July 01, 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
Profit for the nine month ended June 30, 2017	-	-	57,744,426	57,744,426
Other comprehensive income net of tax	-	-	2,213,935	2,213,935
Interim dividend	-	-	(21,000,000)	(21,000,000)
Balance as at June 30, 2017	60,000,000	143,900,000	183,581,490	387,481,490
Profit for the first quarter ended September 30, 2017	-	-	2,658,542	2,658,542
Other comprehensive income net of tax	-	-	622,458	622,458
Balance as at September 30, 2017	60,000,000	143,900,000	186,862,490	390,762,490

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

ABBAS SAYEED  
Chairman

ABID SAYEED  
Chief Executive



## PAKISTAN PAPER PRODUCTS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

#### FOR THE QUARTER ENDED SEPTEMBER 30, 2017

##### 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 Pakistan 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 is un-audited and is being submitted to shareholders as required by section 245 of the repealed Companies Ordinance, 1984. This condensed interim financial information of the company for the three months period ended September 30, 2017 has been prepared in accordance with the requirements of International Accounting Standard IAS-34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with audited annual published financial statements of the company for the year ended June 30, 2017.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on May 30, 2017, SECP vide its Circular 23 of 2017 and its press release dated October 04, 2017 in continuation of circular No 17 of 2017 dated July 20, 2017, has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

##### 03. 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, 2017.

	Sep-2017 Rupees	Jun - 2017 Rupees
<b>04. Property, plant and equipment</b>		
Opening written down value	497,026,396	416,287,709
Additions	13,077,570	109,658,675
Book value of assets disposed-off during the period	-	(68,501)
Charge for the period	(8,251,368)	(28,851,487)
Closing written down value	<u>501,852,598</u>	<u>497,026,396</u>
	Sep-2017 Rupees	Sep-2016 Rupees
<b>05. Cash and Cash Equivalent</b>		
Cash and Bank Balances	5,303,670	18,545,662
Bank Overdraft	(23,220,657)	(1,143,987)
	<u>(17,916,987)</u>	<u>17,401,675</u>

06. Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. 9,802,204/- (September 2016 : 7,670,504/-).

Commitments are outstanding in respect of letters of credit amounting to Rs. 19,700,592/- (September 2016 : 18,202,635/-).

07. The condensed interim financial information was authorized for issue by the Board of Directors of the Company on October 26, 2017.

ABBAS SAYEED  
Chairman

ABID SAYEED  
Chief Executive

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Head Office & Factory:

**Pakistan Paper Products Ltd.,**

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