



**CONDENSED INTERIM
FINANCIAL STATEMENTS
(SUBJECTED TO LIMITED SCOPE REVIEW)
FOR THE SIX-MONTH PERIOD ENDED
31st DECEMBER, 2013**



PAKISTAN PAPER PRODUCTS LIMITED





PAKISTAN PAPER PRODUCTS LIMITED

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PAKISTAN PAPER PRODUCTS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mohammad Ali Sayeed	- Chairman
Abid Sayeed	- Chief Executive
Abbas Sayeed	
Mrs. Muleika 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
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' REPORT TO THE SHAREHOLDERS

The Board of Directors in their meeting held on February 10, 2014 considered the accounts with limited auditors review for the half year ended 31st December, 2013 and approved the same.

The comparative Financial Highlights for half year ended December 31, 2013 and 2012 are given below:

Financial Results in Rs (Million):

	<u>Dec.31, 2013</u>	<u>Dec. 31, 2012</u>
Invoiced Sales (net)	164.14 M	199.94 M
Gross Profit	35.38 M	41.93 M
Profit Before Tax	17.58 M	23.23 M
Profit After Tax	10.43 M	10.29 M
Earnings per Share Rs.	1.74	1.72

There was a decline in sales of 17.91% which was mainly caused by a fall in sales of Exercise Books which plunged by 53.70%. The main reason for this fall being that one of our main customer whose sale was done in the first quarter of last year was recorded instead in the last quarter of last year, i.e. double sales were done to the same major customer in the last financial year. In addition another major customer to whom we had done sales in the second quarter of last year was this year delayed to the 3rd quarter. These two customers were the main reason for the decline in sales. Otherwise the company recorded healthy sales, but profit margins were hit hard due to exorbitant rise in wages and salaries as the government increased the minimum wage by 25% to Rs 10,000 from Rs 8,000, and this had a retrospective effect on all other wages. In addition there was also a sharp increase in tariffs of electricity and gas along with a sharp devaluation of the Pak Rupees which caused our input prices to rise.

Profit before tax fell to Rs 17.58 million which is a decline of 24.31% and this is due to the reasons highlighted above. Profit after tax was flat at Rs 10.43 million which is mainly due to the accounting charge of deferred taxation which was booked last year.

We like to assure the shareholders that the management is fully aware of all the issues being faced by the company and are working hard to overcome them so that we can give better results by the year end.

We would like to thank all our staff, workers and our stakeholders, including the financial institutions as without their cooperation and hard work we would not be able to achieve these good results.

(MOHAMMAD ALI SAYEED)
Chairman

ABID SAYEED
Chief Executive

February 10, 2014, Karachi



PAKISTAN PAPER PRODUCTS LIMITED

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Paper Products Limited** as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the “interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information 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 interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Dated: February 10, 2014
Karachi

HAIDER SHAMSI & CO.

Chartered Accountants
Mirza Hyder Hussain Baig




PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM BALANCE SHEET

EQUITY AND LIABILITIES	Notes	December 2013 Rupees	June 2013 Rupees
Share Capital and Reserves			
Share capital			
Authorized			
8,000,000 ordinary shares			
(June 2013: 8,000,000) of Rs. 10/- each		<u>80,000,000</u>	<u>80,000,000</u>
Issued, subscribed and paid-up		60,000,000	60,000,000
Revenue reserves		<u>207,696,261</u>	<u>197,057,009</u>
		267,696,261	257,057,009
Surplus on revaluation of fixed assets		145,680,878	145,885,275
Deferred liabilities			
Deferred tax		26,848,621	27,869,202
Retirement benefit obligation		4,161,863	3,689,783
		31,010,484	31,558,985
Long Term Loan - secured		23,639,112	28,704,636
Current liabilities			
Current maturities		10,131,048	12,707,048
Short term borrowings - secured		10,272,524	2,434,752
Creditors, accrued and other liabilities		49,761,734	44,108,266
		70,165,306	59,250,066
Contingencies and commitments	8	-	-
		<u>538,192,041</u>	<u>522,455,971</u>

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

Dated: February 10, 2014
Karachi


(MOHAMMAD ALI SAYEED)
Chairman



PAKISTAN PAPER PRODUCTS LIMITED

AS AT DECEMBER 31, 2013

ASSETS	Notes	December 2013 Rupees	June 2013 Rupees
Fixed Assets			
Property , Plant and Equipment		306,794,256	308,739,943
Long term deposits		525,090	525,090
Current assets			
Stores and spares		4,417,645	2,029,334
Stock-in-trade		137,149,448	81,736,791
Trade debtors - unsecured but considered good		54,100,876	70,345,979
Advances and Other Receivables		31,213,733	28,294,171
Deposits and Prepayments		1,729,400	1,060,265
Cash and bank		2,261,593	29,724,398
		230,872,695	213,190,938
		538,192,041	522,455,971

ABID SAYEED
Chief Executive




PAKISTAN PAPER PRODUCTS LIMITED


CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTH PERIOD ENDED 31st DECEMBER, 2013

	FOR THE QUARTER ENDED		FOR THE HALF YEAR ENDED	
	October - December		December	
	2013	2012	2013	2012
	Rupees	Rupees	Rupees	Rupees
Turnover	98,004,030	107,040,737	186,862,885	220,798,402
Sales tax, discount and sales return	(12,029,083)	(11,233,874)	(22,725,279)	(20,854,373)
Sales	85,974,947	95,806,863	164,137,606	199,944,029
Cost of goods sold	(72,831,513)	(76,733,067)	(128,758,845)	(158,010,067)
Gross profit	13,143,434	19,073,796	35,378,761	41,933,962
Other operating income/(loss)	188,958	880,029	456,727	1,035,563
Administrative expenses	4,788,591	4,225,219	10,360,348	9,257,492
Selling and distribution expense	2,291,271	2,254,228	4,255,402	4,274,002
Workers' Profit Participation Fund	308,192	573,397	1,002,225	1,247,730
Workers' Welfare Fund	119,443	217,891	437,025	474,137
	7,507,497	7,270,735	16,055,000	15,253,361
Operating profit	5,824,895	12,683,090	19,780,488	27,716,164
Financial charges	1,110,117	2,161,970	2,196,665	4,483,432
Net profit before taxation	4,714,778	10,521,120	17,583,823	23,232,732
Taxation	2,590,089	4,177,960	7,148,968	12,935,988
Profit after taxation	2,124,689	6,343,160	10,434,855	10,296,744
Earning per share				
- Basic	0.35	1.06	1.74	1.72
- Diluted	0.35	1.06	1.74	1.72

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

Dated: February 10, 2014
Karachi


(MOHAMMAD ALI SAYEED)
Chairman


ABID SAYEED
Chief Executive




PAKISTAN PAPER PRODUCTS LIMITED


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31st DECEMBER, 2013

	FOR THE QUARTER ENDED		FOR THE HALF YEAR ENDED	
	October - December		December	
	2013	2012	2013	2012
Profit for the year	2,124,689	6,343,160	10,434,855	10,296,744
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>2,124,689</u>	<u>6,343,160</u>	<u>10,434,855</u>	<u>10,296,744</u>

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

Dated: February 10, 2014
Karachi


(MOHAMMAD ALI SAYEED)
Chairman


ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTH PERIOD ENDED 31ST DECEMBER , 2013

	Notes	July - December	
		2013	2012
		Rupees	Rupees
Cash flow from operating activities			
Cash generated from operations	9	(2,486,763)	(1,407,200)
Income taxes paid		(8,173,736)	(9,387,243)
Financial charges		(2,305,531)	(4,328,920)
Net cash generated from operating activities		(12,966,030)	(15,123,363)
Cash flow from investing activities			
Acquisition of fixed assets		(6,692,788)	(2,978,883)
Disposal of fixed assets		45,425	2,889,880
Income from deposit account		372,102	9,183
Net cash used in investing activities		(6,275,261)	(79,820)
Cash flow from financing activities			
Long Term Loan-repaid		(7,641,524)	(8,929,524)
Dividend paid		(8,417,761)	-
Net cash used in financing activities		(16,059,285)	(8,929,524)
Net increase/(decrease) in cash		(35,300,576)	(24,132,707)
Cash and cash equivalent - beginning of year		27,289,646	3,957,077
Cash and cash equivalent - end of half year		(8,010,930)	(20,175,630)

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

(MOHAMMAD ALI SAYEED)
Chairman

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 31ST DECEMBER, 2013

	Share Capital	Revenue Reserve	Unappropri- ated profit	Total
	(Rupees)			
Balance as at June 30, 2012	50,000,000	93,900,000	90,899,880	234,799,880
Transferred from surplus on revaluation of fixed assets (net of tax)	-	-	436,584	436,584
Transferred from surplus on revaluation of fixed assets on disposal(net of tax)	-	-	249,439	249,439
Issuance of bonus shares	10,000,000	-	(10,000,000)	-
Total Comprehensive Income for the Six-month period ended December 31, 2012	-	-	10,296,744	10,296,744
Balance as at December 31, 2012	<u>60,000,000</u>	<u>93,900,000</u>	<u>91,882,647</u>	<u>245,782,647</u>
Balance as at June 30, 2013	60,000,000	93,900,000	103,157,009	257,057,009
Transferred from surplus on revaluation of fixed assets (net of tax)	-	-	204,397	204,397
Transfer to Revenue Reserve	-	50,000,000	(50,000,000)	-
Total Comprehensive Income for the Six-month period ended December 31, 2013	-	-	10,434,855	10,434,855
Balance as at December 31, 2013	<u>60,000,000</u>	<u>143,900,000</u>	<u>63,796,261</u>	<u>267,696,261</u>

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

(MOHAMMAD ALI SAYEED)
Chairman

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD ENDED 31ST DECEMBER , 2013


1. 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 Company is principally engaged in the production and sale of sensitized papers, pro-labels and exercise books.
2. These financial statements and limited scope review report by the statutory auditors are being circulated to shareholders as required under Section 245 of the Companies Ordinance 1984 and Stock Exchange Listing Regulations.
3. The comparative balance sheet presented in these financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2013. The comparative profit and loss account, statement of changes in equity and cash flow statements are for the quarter/half year ended December 31, 2012.
4. These accounts have been prepared in accordance with the requirements as stipulated in International Accounting Standard (IAS) 34.
5. Policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual published accounts of the company for the year ended June 30, 2013.
6. During the period an addition of Rs.6,692,788 was made to the fixed assets. (Halfyear ended December 2012: Rs.6,604,861). Disposal of fixed assets at written down value during the period was Rs. 86,975 (Halfyear ended December 2012: Rs. 1,897,500).
7. The activity of production and sale of exercise books which was about 35% of the total revenue of the company, as per last audited financial statements, is seasonal in nature. About 65% of the same is generally realized in its season which falls in the third quarter of the financial year.
8. (a) Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. 5,128,367 (December 2012: 4,399,796).


(b) Commitments are outstanding in respect of letters of credit amount to Rs 8,970,806 (December 2012: 2,018,316).



PAKISTAN PAPER PRODUCTS LIMITED

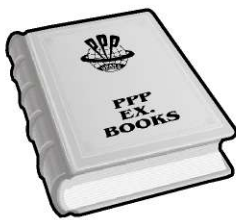
		July - December	
		2013	2012
		Rupees	Rupees
9. Cash generated from operations			
Profit before taxation		17,583,823	23,232,732
<u>Adjustment for non-cash items & other items</u>			
Depreciation		8,551,500	9,086,216
Gratuity provision		472,080	431,104
Other income		(372,102)	(9,183)
(Gain)/loss on disposal of assets		(45,425)	(992,380)
Financial charges		2,196,665	4,483,432
		10,802,718	12,999,189
<u>(Increase)/decrease in current assets</u>			
Store, spares and stock in trade		(57,800,968)	(30,092,407)
Trade debtors		16,245,103	(4,624,226)
Advances, other receivables, deposits and prepayments		(3,621,831)	(6,333,122)
		(45,177,696)	(41,049,755)
<u>Increase/(decrease) in current liabilities</u>			
Creditors, accrued expenses & other liabilities		14,304,392	3,410,634
		(2,486,763)	(1,407,200)
10.	Receivable from associated concern amounted to Rs.15,088 (December 2012: 14,960). During the period, the company sold to associated undertakings, products in the aggregate sum of Rs.29,070 (December 2012: 22,730) and purchased amounting to Rs.113,176 (December 2012: 869,442)		
11.	Cash and cash equivalent		
	Cash and bank balance	2,261,593	1,460,101
	Bank overdraft	(10,272,524)	(21,635,731)
		(8,010,931)	(20,175,630)
12.	This interim financial report was authorized for issue by the Board of Directors of the Company in their meeting held on February 10, 2014.		
13.	(a) The comparative figures have been rearranged and reclassified wherever necessary to facilitate comparison.		
	(b) Figures have been rounded off to the nearest whole rupee.		


(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