



**CONDENSED INTERIM
FINANCIAL INFORMATION
(SUBJECTED TO LIMITED SCOPE REVIEW)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2017**



PAKISTAN PAPER PRODUCTS LIMITED





PAKISTAN PAPER PRODUCTS LIMITED

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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

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



PAKISTAN PAPER PRODUCTS LIMITED

DIRECTORS REPORT TO THE SHAREHOLDERS.

The Board of Directors in their meeting held on February 21, 2018 considered the accounts with limited auditors review for the half year ended 31st December, 2017 and approved the same.

The comparative Financial Highlights for half year ended December 31, 2017 and 2016 are given below:

Financial Results in Rs. (Million):

	<u>Dec.31, 2017</u>	<u>Dec.31, 2016</u>
Invoiced Sales (net)	298.2 M	212.1 M
Gross Profit	43.05 M	33.98 M
Profit Before Tax	13.37 M	12.24 M
Profit After Tax	10.3 M	12.4 M
Earnings per Share Rs.	1.71	2.07

The company experienced a very solid 6 months in terms of sales and profitability. The total sales increased by 40.59% to Rs 298.2 million with Exercise Books leading the way with an increase of 87.68% and Pro Labels with 32.18%. The main reason for this robust growth in sales has been an increase in demand for both segments and in Exercise Books we managed to get the order from another large school system for the first time which led to the major increase in sales. Pro Labels continue to enjoy solid growth in both volumes and monetary terms and the company is reaping the benefits of the investment made in the new Gallus machine last year as this growth in sales would not have been possible otherwise.

Overall profitability of the company remained flat in spite of the increase in sales. This is due to two major reasons. Firstly, our margins have shrunk a lot, especially in Exercise Books due to the removal of Sales Tax Zero rating as we are having to compete with the informal sector which is not paying any tax which gives them a big cost advantage. The falling value of the Pak Rs and increase in international paper prices is putting additional burden on our margins for both Exercise Books and Pro Labels. We are trying very hard to overcome this situation with improving the quality of our products and customer service so that we can try and get a premium price for our products. The second most important reason that the bottom line has been under pressure is due to the increase in financial charges which have increase by 262% due to the financing of the new Pro Labels equipment. In addition, due to increase in sales, our working capital requirement has also increased, therefore our short term borrowing has increased.

We are hoping to overcome most of these issues in the remaining two quarters and come out with increase profitability for the year.

We would like to thank all our staff, workers and our stakeholders, including the financial institutions for their continued 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.

ABBAS SAYEED
Chairman

ABID SAYEED
Chief Executive

February 21, 2018, Karachi.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED
INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Paper Products Limited** as at 31 December 2017, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the six months' period then ended. 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 condensed 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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended 31 December 2017 and 31 December 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Dated: February 21, 2018

Place: Karachi

Engagement partner: Fasih uz Zaman



CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM BALANCE SHEET - (Un-audited) AS AT 31 DECEMBER 2017

	Notes	(Un-audited) 31 December 2017	(Audited) 30 June 2017
		----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	494,755,238	509,842,544
Long term deposits		908,232	908,232
CURRENT ASSETS			
Stores and spares		4,437,793	2,598,546
Stock in trade	6	186,996,885	131,056,625
Trade debts - Unsecured, considered good	7	127,699,037	118,246,761
Advances and other receivables	8	87,822,110	68,357,657
Deposits and prepayments	9	2,136,977	2,609,392
Cash and bank balances	10	8,914,516	10,175,411
		<u>418,007,318</u>	<u>333,044,392</u>
		<u>913,670,788</u>	<u>843,795,168</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 8,000,000 (June 2017: 8,000,000) Ordinary shares of Rs. 10/- each		<u>80,000,000</u>	<u>80,000,000</u>
Issued, subscribed and paid-up share capital		<u>60,000,000</u>	<u>60,000,000</u>
Reserves		<u>326,984,212</u>	<u>327,481,490</u>
		<u>386,984,212</u>	<u>387,481,490</u>
Surplus on revaluation of property, plant and equipment		211,751,799	212,965,594
NON-CURRENT LIABILITIES			
Deferred taxation		42,871,580	43,990,209
Deferred liability for staff gratuity		11,807,214	11,222,496
Long term loan - Secured	11	65,707,400	78,326,300
CURRENT LIABILITIES			
Current portion of long term loans		25,290,800	25,237,800
Short term borrowings - Secured	12	57,524,371	256,090
Creditors, accrued and other liabilities	13	111,733,412	84,315,189
		<u>194,548,583</u>	<u>109,809,079</u>
CONTINGENCIES AND COMMITMENTS	14	--	--
		<u>913,670,788</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 HALF YEAR ENDED 31 DECEMBER 2017

	Notes	Half Year Ended		Quarter Ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		(Rupees)		(Rupees)	
Sales	15	298,183,857	212,098,235	152,560,626	116,378,632
Cost of goods sold	16	(255,128,410)	(178,116,057)	(127,037,268)	(97,774,893)
Gross profit		43,055,447	33,982,178	25,523,358	18,603,739
Other operating income / (loss)		279,139	250,107	6,029	(24,342)
Operating expenses					
Administrative expenses		(15,641,097)	(13,260,456)	(8,292,613)	(5,851,905)
Selling and distribution		(6,018,183)	(5,709,067)	(3,009,899)	(2,947,608)
Workers' profit participation fund		(722,602)	(663,351)	327,398	(451,950)
Workers' welfare fund		(364,165)	(362,824)	130,835	(282,492)
		(22,746,047)	(19,995,698)	(10,844,279)	(9,533,955)
Operating profit		20,588,539	14,236,587	14,685,108	9,045,442
Finance cost		(7,223,275)	(1,995,752)	(4,711,802)	(1,015,345)
Profit before taxation		13,365,264	12,240,835	9,973,306	8,030,097
Taxation		(3,076,337)	158,593	(2,342,921)	1,466,643
Profit after taxation		10,288,927	12,399,428	7,630,385	9,496,740
Earnings per share					
- Basic		1.71	2.07	1.27	1.58
- Diluted		1.71	2.07	1.27	1.58

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 COMPREHENSIVE INCOME - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Half Year Ended		Quarter Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	----- (Rupees) -----		----- (Rupees) -----	
Profit for the period	10,288,927	12,399,428	7,630,385	9,496,740
Other comprehensive income:				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Cashflow hedge - Effective portion of changes in fair value	--	(308,466)	--	(308,466)
Related deferred tax	--	95,624	--	95,624
	--	(212,842)	--	(212,842)
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	1,733,993	1,943,508	844,767	548,008
Related deferred tax	(520,198)	(602,487)	(253,430)	(272,254)
	1,213,795	1,341,021	591,337	275,754
Realization of surplus on disposal of assets	--	12,611	--	(963)
Related deferred tax	--	(3,909)	--	435
	--	8,702	--	(528)
Total comprehensive income	11,502,722	13,536,309	8,221,722	9,559,124

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 CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Notes	(Un-audited) 31 December 2017 ----- (Rupees) -----	(Un-audited) 31 December 2016 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	7,692,394	69,518,853
Payments for:			
Income taxes		(25,193,981)	(18,275,254)
Gratuity		(321,704)	(548,349)
Workers' profit participation fund		(4,179,780)	(3,392,850)
Finance cost		(5,963,833)	(2,211,305)
Net cash (used in) / generated operating activities		(27,966,904)	45,091,095
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,490,892)	(91,524,112)
Long term deposit		--	(235,178)
Sale proceeds against disposal of fixed assets		32,000	35,000
Net cash (outflows) from investing activities		(1,458,892)	(91,724,290)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		(12,565,900)	(10,419,024)
Dividend		(16,537,480)	(10,392,879)
Net cash (outflows) from financing activities		(29,103,380)	(20,811,903)
Net decrease in cash and cash equivalents		(58,529,176)	(67,445,098)
Cash and cash equivalents at the beginning of the period		9,919,321	37,870,257
Cash and cash equivalents at the end of the period	19	(48,609,855)	(29,574,841)

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 HALF YEAR ENDED 31 DECEMBER 2017

Issued, subscribed and paid-up share capital	Revenue reserves				Total equity
	General reserves	Unappropriated profit	Hedging reserves	Total reserves	

(Rupees)

Balance as at 1 July 2016 60,000,000 143,900,000 140,645,944 -- 284,545,944 344,545,944

Total comprehensive income for the

Profit for the period

Incremental depreciation transferred from
surplus on revaluation of property,
plant and equipment - Net of tax

Cashflow hedge - Effective portion
of changes in fair value - Net of tax

Realization of surplus on disposal of
assets

--	--	12,399,428	--	12,399,428	12,399,428
--	--	1,341,021	--	1,341,021	1,341,021
--	--	--	(212,842)	(212,842)	(212,842)
--	--	8,702	--	8,702	8,702
--	--	13,749,151	(212,842)	13,536,309	13,536,309

Balance as at 31 December 2016 60,000,000 143,900,000 154,395,095 (212,842) 298,082,253 358,082,253

Balance as at 1 July 2017 60,000,000 143,900,000 183,581,490 -- 327,481,490 387,481,490

Total comprehensive income for the

Profit for the period

Incremental depreciation transferred from
surplus on revaluation of property,
plant and equipment - Net of tax

Transactions with owners

Final dividend @ Rs. 2/- per share

--	--	10,288,927	--	10,288,927	10,288,927
--	--	1,213,795	--	1,213,795	1,213,795
--	--	11,502,722	--	11,502,722	11,502,722

Balance as at 31 December 2017 60,000,000 143,900,000 183,084,212 -- 326,984,212 386,984,212

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 HALF YEAR ENDED 31 DECEMBER 2017

1 THE COMPANY AND ITS OPERATIONS

Pakistan Paper Products Limited (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 (now Pakistan Stock Exchange) in July 1964. Registered office of the Company is situated at D/58, S.I.T.E., Karachi. The Company is principally engaged in the production and sale of sensitized papers, pro-labels and exercise books.

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated 20 July 2017 and circular No. 23 of 2017 dated 4 October 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), the Company has prepared these financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standard 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance prevail.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2017.

2.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 December 2017 and 2016 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2017 and 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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 30 June 2017.

3.2 The preparation of condensed interim financial information requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended 30 June 2017.

4 TAXATION

The provision for taxation for the half year and quarter ended 31 December 2017, have been made using the estimated effective tax rate applicable to expected total annual earnings.



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2017 ----- (Rupees) -----	(Audited) 30 June 2017 -----
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	494,755,238	497,026,396
Capital work-in-progress	--	12,816,148
	<u>494,755,238</u>	<u>509,842,544</u>
5.1 Opening net book value (NBV)	497,026,396	416,287,709
Addition (at cost) during the period year	<u>14,307,040</u>	<u>109,658,675</u>
	511,333,436	525,946,384
Disposal (NBV) during the period	(49,971)	(68,501)
Depreciation charged for the period	<u>(16,528,227)</u>	<u>(28,851,487)</u>
Closing net book value (NBV)	<u>494,755,238</u>	<u>497,026,396</u>
5.1.1 Details of additions (at cost) during the period / year are as follows:		
Building on leasehold land		
- Factory	--	8,197,691
- Office	--	156,090
Plant and machinery	13,869,124	94,854,079
Furniture and fixture	--	211,757
Factory and other equipment	134,541	633,630
Electric equipment and fittings	47,925	4,118,534
Computers	78,950	233,144
Vehicles	176,500	1,253,750
	<u>14,307,040</u>	<u>109,658,675</u>
5.1.2 Details of disposals (NBV) during the period / year are as follows:		
Furniture and fixture	--	2,935
Electric equipment and fitting	--	15,484
Computers	--	12,595
Vehicles	49,971	37,487
	<u>49,971</u>	<u>68,501</u>
6 STOCK IN TRADE		
Raw materials	125,529,432	102,241,352
Work in process	24,650,505	20,464,344
Finished goods	<u>36,933,673</u>	<u>8,467,654</u>
	187,113,610	131,173,350
Provision for dead stock	<u>(116,725)</u>	<u>(116,725)</u>
	<u>186,996,885</u>	<u>131,056,625</u>
7 TRADE DEBTS - Unsecured, considered good		
Due from customers	127,697,867	118,234,972
Due from associated concern - Sayeed International	--	11,400
Due from staff	1,170	389
	<u>127,699,037</u>	<u>118,246,761</u>



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2017	(Audited) 30 June 2017
	----- (Rupees) -----	
8 ADVANCES AND OTHER RECEIVABLES		
Advance to suppliers	3,347,187	1,421,489
Advance against letter of credit	1,877,006	1,921
Advance to staff	153,800	184,421
Advance income tax - Net	24,461,199	33,393,263
Income tax refundable	55,280,959	25,349,880
Sales tax refundable	2,701,959	8,006,683
	<u>87,822,110</u>	<u>68,357,657</u>
9 DEPOSITS AND PREPAYMENTS		
Trade deposits	640,024	2,532,755
Prepayments	1,496,953	76,637
	<u>2,136,977</u>	<u>2,609,392</u>
9.1	This includes earnest money of Rs.Nil (June 2017: Rs.1.960 million). These are interest free.	
10 CASH AND BANK BALANCES		
Cash in hand	70,000	300,000
Factory imprest	75,000	75,000
Cash at banks:		
- Current accounts	8,769,516	6,618,367
- Deposit accounts	--	3,182,044
	<u>8,914,516</u>	<u>10,175,411</u>
11 LONG TERM LOANS - Secured		
Bank Al Habib Limited - Term finance		
Opening balance	103,564,100	51,270,540
Acquired during the period	--	72,654,000
	<u>103,564,100</u>	<u>123,924,540</u>
Repayment during the period	(12,565,900)	(20,360,440)
	<u>90,998,200</u>	<u>103,564,100</u>
Current portion shown under current maturity	(25,290,800)	(25,237,800)
	<u>65,707,400</u>	<u>78,326,300</u>

The term finance facilities have been obtained from Bank Al-Habib Limited for acquiring machineries. The facilities carry mark-up at the rate of 6 months KIBOR plus 1.75% per annum (2017: 6 months KIBOR plus 1.75% per annum) payable monthly installments. The facilities availed is re-payable in 60 equal monthly instalments starting from the date of respective disbursements. These facilities are secured by way of first specific hypothecation charge over imported machinery for Rs. 59.48 million and Rs. 80.240 million respectively. Further, these are secured by equitable mortgage over industrial property bearing plot no. D-57 & D-58 at SITE, Karachi registered with SECP for Rs. 200.0 million. Each facility is repayable in sixty equal monthly instalments.



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2017	(Audited) 30 June 2017
	----- (Rupees) -----	

12 SHORT TERM BORROWINGS - Secured

Bank Al Habib Limited - Running finance utilized	<u>57,524,371</u>	<u>256,090</u>
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The Company enjoys short term finance facilities from Bank Al Habib Limited comprising running finance up to Rs. 85.0 million (June 2017: Rs.60.0) million, Letter of Credit (Sight-Foreign) for Rs. 10.0 million (June 2017: Rs.10.0) million, Letter of Credit (Usance-Foreign) for Rs. 10.0 million (June 2017: Rs.10.0) million, Acceptance - Sub limit of LC sight foreign for Rs. 10.0 million (June 2017: Rs.10.0) million at Nil margin and Letter of Guarantee for Rs. 20.0 million (June 2017: Rs.5.0) million. The finance is secured against registered hypothecation charge over movables of the company each for Rs. 124.0 million, registered hypothecation charge over movables and receivables of the company for Rs. 30.0 million, import documents consigned in the name of Bank Al Habib Limited in case of sight LC, accepted drafts / trust receipts in case of usance LC, counter guarantee in case of LG's and equitable mortgage over industrial property bearing No. D-57 and D-58, SITE, Karachi registered with SECP for Rs. 200.0 million. Further, a promissory note for Rs. 72.066 million has been issued in favour of Bank Al Habib against short term running finance. The running finance facility carries mark-up of 03 months KIBOR plus 2% while other facility carries mark-up as per bank's schedule of charges.

	(Un-audited) 31 December 2017	(Audited) 30 June 2017
	----- (Rupees) -----	

13 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	72,982,960	51,182,102
Advance from customers	11,250,472	451,325
Accrued expenses and other payables	5,070,489	3,881,220
Accrued mark-up on running finance	875,644	61,524
Accrued mark-up on long term loans	1,881,475	1,436,153
Workers' profit participation fund	998,386	4,455,564
Workers' welfare fund	1,864,153	1,499,988
Unclaimed dividend	16,809,833	21,347,313
	<u>111,733,412</u>	<u>84,315,189</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Bank guarantees issued on behalf of the Company	<u>14,800,000</u>	<u>4,898,000</u>
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14.2 Commitments

Commitments under letter of credits	<u>38,543,663</u>	<u>210,000</u>
Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi	<u>402,590</u>	<u>402,590</u>



PAKISTAN PAPER PRODUCTS LIMITED

15 SALES

	Half Year Ended - (Un-audited)		Quarter Ended - (Un-audited)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	----- (Rupees) -----		----- (Rupees) -----	
Sales	336,940,109	241,526,741	172,777,860	133,776,548
Less: Sales tax, discount and return	(38,756,252)	(29,428,506)	(20,217,234)	(17,397,916)
	<u>298,183,857</u>	<u>212,098,235</u>	<u>152,560,626</u>	<u>116,378,632</u>

16 COST OF GOODS SOLD

Opening stock	102,241,352	94,112,637	102,230,106	94,050,849
Purchase	<u>239,312,511</u>	<u>161,494,622</u>	<u>146,620,694</u>	<u>93,788,724</u>
	341,553,863	255,607,259	146,620,694	187,839,573
Closing stock	<u>(125,529,432)</u>	<u>(94,155,738)</u>	<u>(125,529,432)</u>	<u>(94,155,738)</u>
Raw material consumed	216,024,431	161,451,521	123,321,368	93,683,835

Manufacturing overheads

Salaries, wages and other benefits	35,763,704	35,102,367	18,449,001	19,833,108
Fuel and power	4,044,186	3,632,786	2,065,319	2,483,991
Stores and spares consumed	11,212,586	8,295,864	4,414,266	6,225,100
Insurance	667,410	648,917	333,705	384,483
Repair and maintenance	1,815,764	1,510,339	857,251	909,701
Rent, rates and taxes	105,636	168,357	52,818	40,005
Telephone and trunk calls	101,891	134,335	46,178	62,862
Other manufacturing expenses	2,487,190	1,535,086	1,335,914	1,056,231
Depreciation	<u>15,557,792</u>	<u>11,118,016</u>	<u>7,785,951</u>	<u>5,579,756</u>
	71,756,159	62,146,067	35,340,403	36,575,237

Manufacturing cost	<u>287,780,590</u>	<u>223,597,588</u>	<u>158,661,771</u>	<u>130,259,072</u>
Work in process - Opening	<u>20,464,344</u>	<u>15,335,994</u>	<u>15,000,662</u>	<u>18,672,835</u>
Work in process - Closing	<u>(24,650,505)</u>	<u>(24,672,508)</u>	<u>(24,650,505)</u>	<u>(24,672,508)</u>
	(4,186,161)	(9,336,514)	(9,649,843)	(5,999,673)
Cost of goods manufactured	<u>283,594,429</u>	<u>214,261,074</u>	<u>149,011,928</u>	<u>124,259,399</u>
Finished goods - Opening	<u>8,467,654</u>	<u>8,166,291</u>	<u>14,959,013</u>	<u>17,826,802</u>
Finished goods - Closing	<u>(36,933,673)</u>	<u>(44,311,308)</u>	<u>(36,933,673)</u>	<u>(44,311,308)</u>
	(28,466,019)	(36,145,017)	(21,974,660)	(26,484,506)
	<u>255,128,410</u>	<u>178,116,057</u>	<u>127,037,268</u>	<u>97,774,893</u>



PAKISTAN PAPER PRODUCTS LIMITED

17 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies and undertakings, directors, executives and staff retirement fund. Transactions with related parties during the period are as follows:

	(Un-audited) 31 December 2017	(Un-audited) 31 December 2016
	----- (Rupees) -----	
<i>Associated companies and undertakings:</i>		
Sales excluding sales tax	--	33,231
Purchases excluding sales tax	147,000	101,500
Rent paid	--	108,000
Donations	300,000	250,000
<i>Directors</i>		
Director fees	50,000	50,000
Chief executive remuneration	3,352,959	2,487,359
<i>Staff provident fund</i>		
Employers and employees contribution	2,319,714	979,714

18 CASH GENERATED FORM OPERATIONS

Profit before taxation	13,365,264	12,240,835
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Adjustment for non-cash items and other items

Depreciation	16,528,227	11,828,023
Gratuity provision	906,422	831,504
Provision for workers' profit participation fund	722,602	3,923,674
Provision for workers' welfare fund	364,165	1,490,996
Loss on disposal of fixed assets	17,971	2,487
Finance cost	7,223,275	1,995,752
	25,762,662	20,072,436

(Increase) / decrease in current assets

Stores, spares and stock in trade	(57,779,507)	(45,546,173)
Trade debtors	(9,452,276)	20,926,072
Advances, other receivables, deposits and prepayments	2,006,977	(17,561,452)
	(65,224,806)	(42,181,553)

Increase / (decrease) in current liabilities

Creditors, accrued expenses and other liabilities	33,789,274	79,387,135
	7,692,394	69,518,853

19 CASH AND CASH EQUIVALENTS

Cash and bank balances	8,914,516	5,120,038
Bank Al Habib Limited - Running finance utilized	(57,524,371)	(34,694,879)
	(48,609,855)	(29,574,841)



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2017 ----- (Numbers) -----	(Audited) 30 June 2017 -----
20 NUMBER OF EMPLOYEES		
Total for the period	<u>123</u>	<u>115</u>
Average during the period	<u>123</u>	<u>115</u>

21 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassifications have been made during the period.

22 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 21, 2018 in accordance with the resolution of the Board of Directors of the company.

23 GENERAL

This condensed interim financial information is presented in rupees and figures have been rounded off to nearest rupee.

ABBAS SAYEED
Chairman

ABID SAYEED
Chief Executive

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