



# **PAKISTAN PAPER PRODUCTS LIMITED**

**QUARTERLY FINANCIAL STATEMENTS**

**FIRST QUARTER  
SEPTEMBER 30, 2019 (UN-AUDITED)**

*To,*

*If undelivered please return to:  
Pakistan Paper Products Ltd.  
D-58, S.I.T.E., Estate Avenue,  
Karachi - 75700*



## Contents

	Pages
Corporate Profile	1
Directors' Review to the Shareholders	2
Condensed Interim Statement of Financial Position	4
Condensed Interim Statement of Profit or Loss	5
Condensed Interim Statement of Comprehensive Income	6
Condensed Interim Statement of Cash Flow	7
Condensed Interim Statement of Changes in Equity	8
Notes to the Condensed Interim Financial Information	9

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## 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

Mr. Zahid Dada	- Chairman
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- 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. Zia ur Rehman

### COMPANY SECRETARY

Mr. Abdul Quadir

### 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)



## 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, 2019

The turnover during the quarter ended was Rs 234.52 million against Rs. 191.32 Million in the same period last year which is an increase of 22.57%. It is very pleasing to note that this is the highest turnover for the company ever in Q1. All segments of the company performed very well with Exercise Books leading the way with a massive 76.18% increase in sales and Pro Labels also did very well with an increase of 11.68% along with Sensitized paper which also saw a rise of 11.2% in sales. The main reason for this massive rise in Exercise Books sales was the change of the start of school season from April to July as we experienced very heavy seasonal sales in the month of July and August. This sale was highly unexpected due to the absence of many market players from the undocumented sector who disappeared due to the governments taxation drive. I commend our production team to rise to the occasion and manage such unexpected heavy orders. The overall performance of the company has been very heartening, especially when we see it in light of the downturn in the overall economy. By the Grace of Allah, we were also expecting a downturn in sales but the opposite has happened with sales rising across all segments.

The overall financial results of the company have also improved compared to same period last year. Gross profit increase by 17.9%, Net Profit before tax by 120% and Net Loss after taxation improved by 69.34%. While the company has reported a small net loss in this quarter, the management is striving hard to rectify this situation and swing the company back into Profitability. Our Finance charges also fell by 21.4% due to stable exchange rate in Q1 which allowed us to book an Exchange gain compared to massive Exchange losses that we had to book last financial year. Insha Allah, our results will get better in the upcoming months, especially if we can continue with the rising sales momentum.

The Board would like to thank all our staff, 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 i.e. Securities & Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange Limited.

### ***IN TERMS OF THE REQUIREMENT STATED UNDER CORPORATE GOVERNANCE REGULATION 2017***

#### **Composition of Board.**

There are seven Board members including one female and six male directors, whereas the composition of the Board is as follows;

Executive Director	01
Non-Executive Director	05
Independent Director	01

#### **Committees of the Board.**

The board has formed an Audit Committee. It comprises three members of whom all are non-executive directors including Chairman of the committee.

Mr. Zahid Dada	Chairman
Dr. Asadullah Sayeed	Member
Mr. Abbas Sayeed	Member

The board has also formed an HR and Remuneration Committee. It comprises four members, of whom all are non-executive directors and the Chairman of the committee is an independent director.

Mr. Zahid Dada	Chairman
Mr. Abbas Sayeed	Member
Mr. Sayeed Imran	Member
Mr. Shoaib Ahmed Khan (NIT Nominee)	Member



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## PAKISTAN PAPER PRODUCTS LIMITED

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### REMUNERATION POLICY OF NON- EXECUTIVE & INDEPENDENT DIRECTORS

- **COMPANY POLICY:**

- The Board of Directors of the Company lays great emphases on adding and practicing good Corporate Governance practices with a view to achieve transparency in its operations so as to boost stakeholders' confidence.
- The objective of this Policy is to ensure that the Non- Executive Directors and Independent Director(s) are governed by the criteria that is based on their valuable contribution made by them towards the success of the Company.

- **SIGNIFICANT FEATURES:**

- The criteria of making payments to Non-Executive and Independent Directors is decided by the Board.
- No other remuneration whatsoever in any form apart from a director's meeting fee is paid to the Non-Executive and Independent Directors.
- Non-Executive Directors and Independent Director(s) paid only meeting / sitting fee as decided by the Board of Directors for attending the Board or Committee meetings in accordance with the provisions of the article of the Company.
- No retirement benefits in any form for Non-Executive and Independent Directors of the Company.
- The Company has no stock options plans and no payment by way of pension, incentives in any form etc. to its Non- Executives and Independent Directors.
- The Board has the flexibility to enhance the director's fee / sitting fees up to the maximum limit allowed in accordance with the provisions of the article of the Company and by the Act, 2017 and Rules thereunder.
- Non- Executive Directors and Independent Directors reimbursed such sums which may be paid for attending Directors Training Program, which is the mandatory requirement for the board of Directors of listed companies to get certification under Directors' Training Program (DTP) offered by the SECP.
- **AMENDMENTS:**
- The Board is responsible for the administration, interpretation, application and review of this policy and bring necessary changes in this policy, if required at any stage in compliance with the prevailing laws and provisions of the article of the Company.

On behalf of the Board of Directors

**ABBAS SAYEED**  
*Chairman*

**ABID SAYEED**  
*Chief Executive*

**Karachi : October 28, 2019**



## PAKISTAN PAPER PRODUCTS LIMITED

### CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited) AS AT SEPTEMBER 30, 2019

	Un Audited September 2019	Audited June 2019
<b>EQUITY AND LIABILITIES</b>	Notes ----- (Rupees) -----	
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised share capital 15,000,000 Ordinary shares of Rs. 10/- each	150,000,000	150,000,000
Issued, subscribed and paid-up share capital	80,000,000	80,000,000
Revenue reserves	347,826,357	348,808,563
Capital reserve Revaluation surplus on property, plant and equipment	517,878,485	518,449,354
	945,704,842	947,257,917
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liability - Net	43,810,169	42,996,620
Deferred liability for staff gratuity	14,176,160	13,440,488
Long term loans - Secured	20,596,000	27,850,700
	78,582,329	84,287,808
<b>CURRENT LIABILITIES</b>		
Current and overdue portion of long term loans	26,183,050	26,183,050
Short term borrowings - Secured	58,604,527	73,408,493
Unclaimed dividend	7,254,017	7,254,499
Creditors, accrued and other liabilities	81,903,564	95,789,029
	173,945,158	202,635,071
<b>CONTINGENCIES AND COMMITMENTS</b>	--	--
	1,198,232,329	1,234,180,796
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	776,770,953	783,358,992
Long term deposits	913,872	913,872
	777,684,825	784,272,864
<b>CURRENT ASSETS</b>		
Stores and spares	3,643,776	3,668,989
Stock-in-trade	152,390,966	171,695,959
Trade debts - Unsecured, considered good	151,468,359	173,476,656
Advances and other receivables	98,527,169	88,616,017
Trade deposits and short term prepayments	9,336,819	6,738,339
Cash and bank balances	5,180,414	5,711,972
	420,547,503	449,907,932
	1,198,232,329	1,234,180,796

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

**ABBAS SAYEED**  
*Chairman*

**ZIA UR REHMAN**  
*Chief Financial Officer*

**ABID SAYEED**  
*Chief Executive*



## PAKISTAN PAPER PRODUCTS LIMITED

### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 2019	September 2018
Notes	----- (Rupees) -----	
Turnover	234,520,431	191,329,274
Sales tax and sales return	(26,240,623)	(23,347,853)
Sales - Net	208,279,808	167,981,421
Cost of sales	(192,727,560)	(154,790,458)
Gross profit	15,552,248	13,190,963
Other operating income	48,268	218,875
<b>Operating expenses</b>		
Administrative expenses	(8,157,680)	(8,716,692)
Selling and distribution expenses	(3,564,897)	(3,037,292)
Workers' Profit Participation Fund	(40,730)	(1,050,000)
Workers' Welfare Fund	(16,292)	(495,000)
	(11,779,599)	(13,298,984)
Operating profit	3,820,917	110,854
Finance cost	(3,063,344)	(3,897,459)
Profit/(Loss) before taxation	757,573	(3,786,605)
Taxation - Net	(2,310,648)	(1,279,055)
Profit/(Loss) after taxation	(1,553,075)	(5,065,660)
Earnings per share - Basic and diluted	(0.19)	(0.84)

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

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**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, 2019**

	Notes	September 2019 ----- (Rupees) -----	September 2018 -----
Loss for the quarter		(1,553,075)	(5,065,660)
<b>Other comprehensive income / (loss):</b>		--	--
<b>Total comprehensive income / (Loss) for the quarter</b>		<u><u>(1,553,075)</u></u>	<u><u>(5,065,660)</u></u>

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

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**ABBAS SAYEED**  
*Chairman*

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**ZIA UR REHMAN**  
*Chief Financial Officer*

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**ABID SAYEED**  
*Chief Executive*



## PAKISTAN PAPER PRODUCTS LIMITED

### CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 2019	September 2018
	----- (Rupees) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	757,573	(3,786,605)
<b>Adjustment for non-cash items and other adjustments:</b>		
Depreciation	7,787,803	7,853,921
Gratuity provision	735,672	552,072
Gain on disposal of fixed assets	(48,268)	(4,032)
Financial charges	3,063,344	3,897,459
	11,538,551	12,299,420
<b>(Increase)/decrease in current assets</b>		
Store, spares and stock in trade	19,330,206	(15,561,628)
Trade debts	8,394,068	8,876,138
Advances, deposits, prepayments & other receivables	(2,047,783)	(65,481)
	25,676,491	(6,750,971)
<b>Increase/(decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	14,537,359	16,032,268
<b>Cash generated from operations</b>	52,509,974	17,794,112
Income tax paid	(25,480,395)	(25,780,500)
Gratuity paid	-	-
Financial charges paid	(4,373,956)	(2,058,587)
<b>Net cash generated / (used in) from operating activities</b>	22,655,623	(10,044,975)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(1,783,033)	(1,604,447)
Sales proceeds against disposal of fixed assets	655,000	11,000
<b>Net cash used in investing activities</b>	(1,128,033)	(1,593,447)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loan repaid	(7,254,700)	(6,309,450)
Dividend Paid	(482)	-
<b>Net cash used in financing activities</b>	(7,255,182)	(6,309,450)
Net increase / (decrease) in cash and cash equivalents	14,272,408	(17,947,872)
Cash and cash equivalent at the beginning of the quarter	(67,696,521)	(31,506,628)
Cash and cash equivalent at the end of the quarter	(53,424,113)	(49,454,500)

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

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive



## PAKISTAN PAPER PRODUCTS LIMITED

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total equity
		General reserves	Unappropriated profit	Total revenue reserves		
----- (Rupees) -----						
<i>Balance as at July 01, 2018</i>	60,000,000	143,900,000	217,892,988	361,792,988	212,475,945	634,268,933
<b>Total comprehensive income for the period</b>						
Loss for the first quarter ended September 30, 2018	-	-	(5,065,660)	(5,065,660)	-	(5,065,660)
Other comprehensive income net of tax	-	-	(5,065,660)	(5,065,660)	-	(5,065,660)
Transfer of unappropriated profit on account of incremental depreciation - net of tax	-	-	581,217	581,217	(581,217)	-
<b>Balance as at September 30, 2018</b>	<b>60,000,000</b>	<b>143,900,000</b>	<b>213,408,545</b>	<b>357,308,545</b>	<b>211,894,728</b>	<b>629,203,273</b>
<b>Total comprehensive income for the period</b>						
Profit for the nine month ended June 30, 2019	-	-	23,040,426	23,040,426	-	23,040,426
Other comprehensive income net of tax	-	-	1,109,605	1,109,605	308,904,613	310,014,218
	-	-	24,150,031	24,150,031	308,904,613	333,054,644
Surplus on revaluation realized on disposal of fixed assets - net of tax	-	-	106,027	106,027	(106,027)	-
Transfer of unappropriated profit on account of incremental depreciation - net of tax	-	-	2,243,960	2,243,960	(2,243,960)	-
of incremental depreciation - Net of tax	-	-	2,243,960	2,243,960	(2,243,960)	-
<b>Transactions with owners:</b>						
Bonus shares @ 33.3% related to the year ended 30 June 2018	20,000,000	-	(20,000,000)	(20,000,000)	-	-
Final cash dividend @ 25% related to the year ended 30 June 2018	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
<b>Balance as at June 30, 2019</b>	<b>80,000,000</b>	<b>143,900,000</b>	<b>204,908,563</b>	<b>348,808,563</b>	<b>518,449,354</b>	<b>947,257,917</b>
<b>Total comprehensive income for the period</b>						
Loss for the first quarter ended September 30, 2019	-	-	(1,553,075)	(1,553,075)	-	(1,553,075)
Other comprehensive income net of tax	-	-	-	-	-	-
	-	-	(1,553,075)	(1,553,075)	-	(1,553,075)
Transfer of unappropriated profit on account of incremental depreciation - net of tax	-	-	570,869	570,869	(570,869)	-
<b>Balance as at September 30, 2019</b>	<b>80,000,000</b>	<b>143,900,000</b>	<b>203,926,357</b>	<b>347,826,357</b>	<b>517,878,485</b>	<b>945,704,842</b>

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

**ABBAS SAYEED**  
*Chairman*

**ZIA UR REHMAN**  
*Chief Financial Officer*

**ABID SAYEED**  
*Chief Executive*



## PAKISTAN PAPER PRODUCTS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

#### 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 of the company for the quarter ended September 30, 2019 has been prepared in accordance with accounting and reporting standards as applicable in Pakistan. This condensed financial information does not include all of the information required 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, 2019.

This condensed financial information is unaudited and is required to be presented to the shareholders under section 237 of the Companies Act, 2017.

#### 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, 2019.

	Un Audited September 2019	Audited June 2019
	----- (Rupees) -----	
<b>04. Property, plant and equipment</b>		
Opening written down value	783,358,991	493,973,561
Additions	1,783,033	7,013,376
Book value of assets disposed-off during the period	(583,268)	(547,393)
Revaluation Surplus	-	314,992,413
Charge for the period	(7,787,803)	(32,072,965)
Closing written down value	<u>776,770,953</u>	<u>783,358,992</u>
<b>05. Cash and Cash Equivalent</b>		
Cash and Bank Balances	5,180,414	5,711,972
Bank Overdraft	(58,604,527)	(73,408,493)
	<u>(53,424,113)</u>	<u>(67,696,521)</u>

06. Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. 9,802,204/- (September 2018 : 9,802,204/-).

Commitments are outstanding in respect of letters of credit amounting to Rs. 44,361,094/- (September 2018 : 446,762,414/-).

07. The condensed interim financial information was authorized for issue by the Board of Directors of the Company on Oct 28.

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive








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


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\*Mobile apps are also available for download for android and ios devices



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



### **PRO LABELS**



➤ 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