



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

**THIRD QUARTER
MARCH 31, 2015 (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 Member |

CHIEF FINANCIAL OFFICER

Rizwan Ahmed Mughal

COMPANY SECRETARY

Faisal Saeed Khan

AUDITORS

Hafizullah & 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' Review

On behalf of the Board of Directors we take pleasure in presenting the unaudited accounts of the company for the nine months ended March 31st, 2015

Your company has progressed satisfactorily with turnover recorded at Rs 448.85 million compared to Rs 392.76 million which is an increase of 14.28%. The main reason behind this being a robust increase in Exercise Book sales by 17.83% which was mainly of our branded Exercise Books. Pro Labels also contributed positively with an increase in sales of 12%. Unfortunately this rise in the top line did not translate to the bottom line as Gross Profit and Net Profit (After tax) both declined by 4.03% and 17.69% respectively. The main reason behind the fall in Gross Profit is that our margins have been under a lot of pressure, especially in Exercise Books and Pro Labels. The management is well aware of this issue and is taking steps to rectify this problem and we are hopeful of coming out with better results by the end of the year.

M/S Haider Shamsi & Co., Chartered Accountants who were appointed as auditors of the company in the last annual general meeting have resigned during the year. The Board of Directors have appointed Hafizullah & Co., Chartered Accountants as the statutory auditors for the year ended June 30, 2015 under section 252(4) of the Companies Ordinance, 1984.

Your Board is also pleased to recommend an interim cash dividend of 40%, i.e. Rs.4 per share in light of the current positive cash flow of the company.

We extend our appreciation to all our stakeholders for the continuous support to the company and all employees for their dedicated efforts in running the operations of the company.

On behalf of the Board of Directors

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive

Karachi
April 22, 2015



PAKISTAN PAPER PRODUCTS LIMITED

**BALANCE SHEET (Un-Audited)
AS AT MARCH 31, 2015**

| | <u>(Unaudited) March 2015 Rupees</u> | <u>(Audited) June 2014 Rupees</u> |
|---|--|---|
| CAPITAL AND LIABILITIES | | |
| SHARE CAPITAL AND RESERVES | | |
| Authorised capital 8,000,000 Ordinary shares of Rs.10/= each | 80,000,000 | 80,000,000 |
| Issued,Subscribed and Paid-up 6,000,000 ordinary shares (June 2014:6,000,000) of Rs.10/= each | 60,000,000 | 60,000,000 |
| Revenue reserves | 256,130,093 | 226,649,431 |
| | 316,130,093 | 286,649,431 |
| Surplus on revaluation of fixed assets | 219,748,759 | 222,672,936 |
| DEFERRED LIABILITIES | | |
| Deferred taxation | 42,160,602 | 42,699,448 |
| Provision for Gratuity | 7,501,495 | 6,507,136 |
| | 49,662,097 | 49,206,584 |
| Long Term Loan - Secured | 10,975,302 | 18,573,588 |
| CURRENT LIABILITIES | | |
| Current maturities | 10,131,048 | 10,131,048 |
| Short term borrowings - secured | 34,772,782 | - |
| Creditors, accrued and other liabilities | 29,366,359 | 50,536,891 |
| | 74,270,189 | 60,667,939 |
| Contingencies and commitments | - | - |
| | 670,786,440 | 637,770,478 |
| PROPERTY AND ASSETS | | |
| TANGIBLE FIXED ASSETS | 394,247,772 | 395,181,518 |
| LONG TERM DEPOSITS | 525,090 | 525,090 |
| CURRENT ASSETS | | |
| Store and spares | 2,792,347 | 2,855,897 |
| Stock-in-trade | 102,004,696 | 93,159,333 |
| Short Term Investment | - | 25,270,431 |
| Trade debtors-Unsecured(Considered good) | 140,564,942 | 82,972,581 |
| Advances and Other Receivable | 26,476,572 | 22,361,940 |
| Deposits and Prepayments | 1,445,792 | 1,617,137 |
| Cash and bank balances | 2,729,229 | 13,826,551 |
| | 276,013,578 | 242,063,870 |
| | 670,786,440 | 637,770,478 |

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

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive

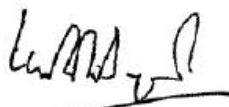


PAKISTAN PAPER PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE QUARTER ENDED MARCH 31, 2015

| | FOR THE QUARTER | | YEAR TO DATE | |
|--------------------------------------|--------------------|---------------|--------------------|---------------|
| | JANUARY – MARCH | | JULY– MARCH | |
| | 2015 | 2014 | 2015 | 2014 |
| | Rupees | Rupees | Rupees | Rupees |
| Turnover | 220,960,516 | 205,901,562 | 448,849,200 | 392,764,447 |
| Sales tax, discounts and returns | (12,765,326) | (10,792,484) | (39,531,078) | (33,517,763) |
| Net sales | 208,195,190 | 195,109,078 | 409,318,122 | 359,246,684 |
| Cost of goods sold | (171,890,895) | (152,471,797) | (334,446,580) | (281,230,642) |
| Gross profit | 36,304,295 | 42,637,281 | 74,871,542 | 78,016,042 |
| Other operating income/(loss) | 14,000 | 75,279 | 277,484 | 532,006 |
| Operating Expenses | | | | |
| Administrative expenses | 5,451,561 | 4,765,728 | 17,603,193 | 15,126,076 |
| Selling and distribution expenses | 2,422,185 | 2,588,530 | 6,813,374 | 6,843,932 |
| Workers' profit participation fund | 1,362,294 | 1,658,341 | 2,369,474 | 2,660,566 |
| Workers' welfare fund | 517,672 | 573,990 | 900,401 | 1,011,015 |
| | 9,753,712 | 9,586,589 | 27,686,442 | 25,641,589 |
| Operating profit | 26,564,583 | 33,125,971 | 47,462,584 | 52,906,459 |
| Financial Charges | 1,198,661 | 1,170,056 | 3,342,974 | 3,366,721 |
| Profit before taxation | 25,365,922 | 31,955,915 | 44,119,610 | 49,539,738 |
| Taxation | 8,357,702 | 9,943,224 | 17,410,790 | 17,092,192 |
| Profit after taxation | 17,008,220 | 22,012,691 | 26,708,820 | 32,447,546 |
| Earning per share | | | | |
| - Basic | 2.83 | 3.67 | 4.45 | 5.41 |
| - diluted | 2.83 | 3.67 | 4.45 | 5.41 |

"Appropriations have been dealt in the statement of changes in equity."


MOHAMMAD ALI SAYEED
Chairman


ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE QUARTER ENDED MARCH 31, 2015

| | FOR THE QUARTER | | YEAR TO DATE | |
|--|--------------------------|-------------------|----------------------|-------------------|
| | JANUARY -- MARCH 2015 | 2014 | JULY-- MARCH 2015 | 2014 |
| Profit for the year | 17,008,220 | 22,012,691 | 26,708,820 | 32,447,546 |
| Other Comprehensive Income | | | | |
| Remeasurement of defined benefit liability-net | - | (240,081) | - | (720,243) |
| Total comprehensive income | <u>17,008,220</u> | <u>21,772,610</u> | <u>26,708,820</u> | <u>31,727,303</u> |

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

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CASH FLOW STATEMENT (Un-Audited)
FOR THE QUARTER ENDED MARCH 31, 2015

| | (Un-Audited) March 2015 (Rupees) | (Un-Audited) March 2014 (Rupees) |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 44,119,610 | 49,539,738 |
| Adjustment for non-cash charges and other items | | |
| Depreciation | 16,790,639 | 12,981,513 |
| Gratuity Provision | 1,133,530 | 708,120 |
| Income from deposit account | (194,198) | (402,953) |
| Financial charges | 3,342,974 | 3,366,721 |
| (Gain) / Loss on disposal of assets | (49,786) | (43,653) |
| Profit before working capital changes | 65,142,769 | 66,149,486 |
| Effect on cash flow due to working capital changes | | |
| (Increase)/decrease in current assets | | |
| Store, spares and stock in trade | (9,814,510) | (1,658,003) |
| Trade debts | (57,592,361) | (46,640,050) |
| Advances, deposits, prepayments & other receivables | 3,268,348 | 361,799 |
| | (64,138,523) | (47,936,254) |
| Increase/(decrease) in current liabilities | | |
| Creditors, accrued and other liabilities | (11,031,278) | 5,123,180 |
| Net cash flow from working capital changes | (75,169,801) | (42,813,074) |
| CASH FLOW FROM OPERATING ACTIVITIES | (10,027,032) | 23,336,412 |
| Income tax paid | (24,051,015) | (16,619,448) |
| Gratuity paid | (139,171) | (91,602) |
| Financial charges paid | (3,064,608) | (3,471,400) |
| Net cash flow from operating activities | (37,281,826) | 3,153,962 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of fixed assets | (16,176,472) | (9,940,439) |
| Other income | 227,698 | 488,353 |
| Investment - held for trading | 25,323,785 | - |
| Income from deposit account | (194,198) | (402,953) |
| Disposal of fixed assets | 117,000 | 45,694 |
| Net cash flow from investing activities | 9,297,813 | (9,809,345) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term financing | (7,598,286) | (10,174,286) |
| Dividend Paid | (10,287,805) | (8,425,633) |
| Net increase / (decrease) in cash and cash equivalents | (45,870,104) | (25,255,302) |
| Cash and cash equivalent at the beginning of the period | 13,826,551 | 27,289,646 |
| Cash and cash equivalent at the end of the period | (32,043,553) | 2,034,344 |

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

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE QUARTER ENDED MARCH 31, 2015

| | Share Capital | Revenue reserve | | Total |
|--|--------------------------|---------------------------|-------------------------------|---------------------------|
| | | Revenue Reserve | Unappro- priated profit | |
| (Rupees) | | | | |
| Balance as at June 30, 2013- as previously reported | 60,000,000 | 93,900,000 | 103,157,009 | 257,057,009 |
| Effect of change in accounting policy | - | - | (973,952) | (973,952) |
| Balance as at June 30, 2013 -restated | <u>60,000,000</u> | <u>93,900,000</u> | <u>102,183,057</u> | <u>256,083,057</u> |
| Balance as at July 01, 2013- restated | 60,000,000 | 93,900,000 | 102,183,057 | 256,083,057 |
| Transfer from surplus on revaluation of fixed assets (net of tax) | - | - | 1,598,620 | 1,598,620 |
| Transfer to Revenue Reserve | - | 50,000,000 | (50,000,000) | - |
| Profit for the nine months ended March 31 , 2014 | - | - | 31,727,303 | 31,727,303 |
| Balance as at March 31, 2014 | <u>60,000,000</u> | <u>143,900,000</u> | <u>85,508,980</u> | <u>289,408,980</u> |
| Balance as at June 30, 2014 | 60,000,000 | 143,900,000 | 82,749,431 | 286,649,431 |
| Transfer from surplus on revaluation of fixed assets on disposal (net of tax) | - | - | 2,771,842 | 2,771,842 |
| Profit for the nine months ended March 31, 2015 | - | - | 26,708,820 | 26,708,820 |
| Balance as at March 31, 2015 | <u>60,000,000</u> | <u>143,900,000</u> | <u>112,230,093</u> | <u>316,130,093</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 ACCOUNTS (Un-Audited) FOR THE QUARTER ENDED MARCH 31, 2015

01. 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.
02. These financial statements are unaudited and are being presented to the shareholders as required by SRO 764 (1) 2001 dated November 05, 2001 of the Securities and Exchange Commission of Pakistan.
03. These accounts have been prepared in accordance with the requirements as stipulated in International Accounting Standard (IAS) 34.
04. Accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2014.

| | Mar- 2015 Rupees | Jun - 2014 Rupees |
|---|---------------------|----------------------|
| 05. PROPERTY PLANT & EQUIPMENT | | |
| Opening written down value | 395,181,518 | 308,739,943 |
| Additions | 16,176,472 | 10,560,728 |
| Revaluation during the year | - | 94,598,436 |
| Book value of assets disposed-off during the period | (319,579) | (93,503) |
| Charge for the period | (16,790,639) | (18,624,086) |
| Closing written down value | <u>394,247,772</u> | <u>395,181,518</u> |

06. Contingent Liabilities in respect of guarantee issued by bank on behalf of the company aggregating to Rs.5,535,910 (March 2014: 5,128,367).
- Commitments are outstanding in respect of letters of credit amounting to Rs.7,925,520 (March 2014 :10,041,955)

| | Mar-15 | Mar-14 |
|------------------------------------|---------------------|------------------|
| 07 Cash and cash equivalent | | |
| Cash and bank balance | 2,729,229 | 2,150,837 |
| Bank overdraft | (34,772,782) | (116,493) |
| | <u>(32,043,553)</u> | <u>2,034,344</u> |

08. These financial statements have been authorized for issue by the Board of Directors of the Company on April 22, 2015
09. Figures in the accounts have been rounded off nearest to the rupee. Previous year figures have been re-arranged and regrouped for the purpose of comparison where necessary.

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive



**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