



## 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

### CHIEF FINANCIAL OFFICER

Khurram Idress

### COMPANY SECRETARY

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)



---

## 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 31<sup>st</sup>, 2017

Your company has progressed very well with sales rising to Rs 531.17 million which is an increase of 6.63% compared to last year. Gross Profit increased by 25.41% to Rs 102.48 million while Profit before tax increase by 76.05% to Rs 66.60 million and Profit after tax increased by 113.82% to Rs 49.4 million.

There are many factors which have led to these robust results in spite of very difficult situation the company faced after the removal of the Zero tax rating on Exercise Books but thanks to some very judicious buying of paper and excellent marketing of our products we were able to increase our margins in exercise books along with higher sales. Pro Labels continues to be the strongest segment of the company with sales increasing by 11.62% and the addition of new machines allowed us to increase our volumes with better margins. The decrease in financial charges along with a corresponding loss that we faced last year on disposal of our machine is what has led to this robust growth in our bottom line in comparison to last year.

The management would like to caution the shareholders that there will be some headwinds facing the company in the next quarter in terms of higher paper prices which are increasing globally. Financial charges are also going to increase when the payment for the new machine for Pro Labels start. We are trying to overcome all difficulties by utilizing our resources in the most efficient manner and hope to come out with best results by the end of the year.

Your Board is also pleased to recommend an interim cash dividend of 35%, i.e Rs. 3.5 per share in light of the increased profitability and current positive cash flow of the company.

We would like to thank all our staff, workers and our 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.

On behalf of the Board of Directors

**MOHAMMAD ALI SAYEED**

*Chairman*

**ABID SAYEED**

*Chief Executive*

Karachi  
April 17, 2017



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM BALANCE SHEET  
AS AT MARCH 31, 2017

	(Un-audited) March 31 2017	(Audited) 30 June 2016
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>SHARE CAPITAL AND RESERVES</b>		
----- (Rupees) -----		
Authorised capital 8,000,000 (June 2016: 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>336,548,217</u>	<u>284,545,944</u>
	<u>396,548,217</u>	<u>344,545,944</u>
Surplus on revaluation of property, plant and equipment	<u>213,704,749</u>	<u>215,813,740</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred taxation	<u>46,371,645</u>	<u>38,466,416</u>
Deferred liability for staff gratuity	<u>11,455,263</u>	<u>11,137,484</u>
Long term loan - Secured	<u>24,090,750</u>	<u>32,121,000</u>
	<u>81,917,658</u>	<u>81,724,900</u>
<b>CURRENT LIABILITIES</b>		
Current portion of long term loans	<u>11,551,254</u>	<u>19,149,540</u>
Short term borrowings - Secured	<u>36,872,021</u>	<u>963,441</u>
Creditors, accrued and other liabilities	<u>147,794,086</u>	<u>60,988,695</u>
	<u>196,217,361</u>	<u>81,101,676</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	<u>--</u>	<u>--</u>
	<u><b>888,387,985</b></u>	<u><b>723,186,260</b></u>
<b><u>ASSETS</u></b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<u>501,017,690</u>	<u>416,287,709</u>
Long term deposits	<u>908,232</u>	<u>673,054</u>
<b>CURRENT ASSETS</b>		
Stores and spares	<u>3,573,333</u>	<u>3,405,040</u>
Stock in trade	<u>127,325,161</u>	<u>117,498,197</u>
Trade debts - Unsecured, considered good	<u>181,450,490</u>	<u>108,125,822</u>
Advances and other receivables	<u>68,747,100</u>	<u>37,629,088</u>
Deposits and prepayments	<u>1,107,560</u>	<u>733,652</u>
Cash and bank balances	<u>4,258,419</u>	<u>38,833,698</u>
	<u>386,462,063</u>	<u>306,225,497</u>
	<u><b>888,387,985</b></u>	<u><b>723,186,260</b></u>

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

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive




PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (Un-audited)  
FOR THE PERIOD ENDED MARCH 31, 2017

	Nine Months Ended		Quarter Ended	
	March 31, 2017 ----- (Rupees) -----	March 31, 2016 ----- (Rupees) -----	March 31, 2017 ----- (Rupees) -----	March 31, 2016 ----- (Rupees) -----
Turnover	531,171,023	498,163,000	289,644,282	250,685,920
Sales tax, discounts and returns	(48,416,520)	(48,451,696)	(18,988,014)	(16,918,197)
Net sales	482,754,503	449,711,304	270,656,268	233,767,723
Cost of goods sold	(380,279,482)	(368,001,971)	(202,163,425)	(187,324,412)
Gross profit	102,475,021	81,709,333	68,492,843	46,443,311
Other operating income / (loss)	164,476	(5,716,358)	(85,631)	133,122
<b>Operating expenses</b>				
Administrative expenses	20,089,427	20,253,402	6,828,971	6,130,159
Selling and distribution	8,339,879	8,903,193	2,630,812	3,036,201
Workers' profit participation fund	2,625,003	2,050,087	1,961,652	1,774,897
Workers' welfare fund	1,500,003	1,122,816	1,137,179	775,155
	32,554,312	32,329,498	12,558,614	11,716,412
Operating profit	70,085,185	43,663,477	55,848,598	34,860,021
Finance cost	3,485,827	5,834,635	1,490,075	1,912,127
Profit before taxation	66,599,358	37,828,842	57,338,673	32,947,894
Taxation	17,203,037	14,727,128	17,044,444	11,540,938
Profit after taxation	49,396,321	23,101,714	40,294,229	21,406,956
<b>Earnings per share</b>				
- Basic	8.23	3.85	6.72	3.57
- Diluted	8.23	3.85	6.72	3.57

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

  
MOHAMMAD ALI SAYEED  
Chairman

  
ABID SAYEED  
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-audited)  
FOR THE PERIOD ENDED MARCH 31, 2017

	Nine Months Ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- (Rupees) -----		----- (Rupees) -----	
Profit for the period	49,396,321	23,101,714	40,294,229	21,406,956
<b>Other comprehensive income:</b>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Cashflow hedge - Effective portion of changes in fair value	720,234	--	1,028,700	--
Related deferred tax	(223,273)	--	(318,897)	--
	496,961	--	709,803	--
<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	3,043,897	3,507,134	1,100,389	1,169,045
Related deferred tax	(943,608)	(1,122,283)	(341,121)	(374,094)
	2,100,289	2,384,851	759,268	794,951
Realization of surplus on disposal of assets	12,611	(406,443)	--	--
Related deferred tax	(3,909)	134,126	--	--
	8,702	(272,317)	--	--
Total comprehensive income	<u>52,002,273</u>	<u>25,214,248</u>	<u>41,763,300</u>	<u>22,201,907</u>

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

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS - (Un-audited)  
FOR THE PERIOD ENDED MARCH 31, 2017

	March 31 2017	March 31 2016
	----- (Rupees) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	66,599,358	37,828,842
<b>Adjustment for non-cash items and other items</b>		
Depreciation	20,148,155	19,612,309
Gratuity provision	1,254,153	1,049,413
Other loss	--	(4,249)
Financial charges	3,485,827	5,834,635
Loss on disposal of fixed assets	2,487	5,881,129
	24,890,622	32,373,237
<b>(Increase)/decrease in current assets</b>		
Store, spares and stock in trade	(9,995,257)	(23,348,683)
Trade debts	(73,324,668)	(47,746,546)
Advances, deposits, prepayments & other receivables	(14,785,661)	8,050,664
	(98,105,586)	(63,044,565)
<b>Increase/(decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	95,671,359	35,435,564
<b>Cash generated from operations</b>	89,055,753	42,593,078
Income taxes paid	(24,402,304)	(26,402,024)
Gratuity paid	(934,374)	(379,920)
Finance cost paid	(3,065,718)	(4,616,410)
<b>Net cash from operating activities</b>	60,653,357	11,194,724
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(104,915,623)	(5,702,258)
Long term deposit	(235,178)	(25,870)
Income from deposit account	--	4,249
Sale proceeds against disposal of fixed assets	35,000	12,908,675
<b>Net cash flow from investing activities</b>	(105,115,801)	7,184,796
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing	(15,628,536)	(15,628,536)
Dividend	(10,392,879)	(14,189,183)
<b>Net cash flow from financing activities</b>	(26,021,415)	(29,817,719)
<b>Net decrease in cash and cash equivalents</b>	(70,483,859)	(11,438,199)
Cash and cash equivalents at the beginning of the period	37,870,257	(4,409,213)
Cash and cash equivalents at the end of the period	(32,613,602)	(15,847,412)

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

MOHAMMAD ALI SAYEED

Chairman

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)  
FOR THE PERIOD ENDED MARCH 31, 2017

	Issued, subscribed and paid-up share capital	Revenue reserves			Total equity	
		General reserves	Unappropriated profit	Hedging reserves		Total reserves
----- (Rupees) -----						
<b>Balance as at 1 July 2015</b>	60,000,000	143,900,000	118,920,519	--	262,820,519	322,820,519
<b>Total comprehensive income for the period</b>						
Profit for the period	--	--	23,101,714	--	23,101,714	23,101,714
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	2,384,851	--	2,384,851	2,384,851
Realization of surplus on disposal of assets	--	--	(272,317)	--	(272,317)	(272,317)
	--	--	25,214,248	--	25,214,248	25,214,248
<b>Balance as at March 31, 2016</b>	<b>60,000,000</b>	<b>143,900,000</b>	<b>144,134,767</b>	<b>--</b>	<b>288,034,767</b>	<b>348,034,767</b>
<b>Balance as at 1 July 2016</b>	60,000,000	143,900,000	140,645,944	--	284,545,944	344,545,944
<b>Total comprehensive income for the period</b>						
Profit for the period	--	--	49,396,321	--	49,396,321	49,396,321
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	2,100,289	--	2,100,289	2,100,289
Cashflow hedge - Effective portion of changes in fair value - Net of tax	--	--	--	496,961	496,961	496,961
Realisation of surplus on disposal of assets	--	--	8,702	--	8,702	8,702
	--	--	51,505,312	496,961	52,002,273	52,002,273
<b>Balance as at March 31, 2017</b>	<b>60,000,000</b>	<b>143,900,000</b>	<b>192,151,256</b>	<b>496,961</b>	<b>336,548,217</b>	<b>396,548,217</b>

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

MOHAMMAD ALI SAYEED  
Chairman

ABID SAYEED  
Chief Executive



## PAKISTAN PAPER PRODUCTS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2017

#### 1 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 Karachi Stock Exchange in July 1964. The registered office of the Company is situated at D/58, S.I.T.E., Estate Avenue, Karachi. The Company is principally engaged in the production and sale of sensitized papers, pro-labels and exercise books.

#### 2 BASIS OF PREPARATION

This condensed financial information of the company for the quarter ended March 31, 2017 has been prepared in accordance with approved accounting standards as applicable in Pakistan for financial reporting. 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, 2016.

This condensed financial information is unaudited and is required to be presented to the shareholders under section 245 of the Companies Ordinance, 1984.

#### 3 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, 2016

#### 4 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) March 31 2017	(Audited) June 30 2016
----- (Rupees) -----			
Operating assets	4.1	491,786,723	416,287,709
Capital work-in-progress	4.2	9,230,967	--
		<u>501,017,690</u>	<u>416,287,709</u>
4.1 Opening net book value (NBV)		416,287,709	455,469,923
Addition (at cost) during the period year	4.1.1	95,684,656	5,830,358
		<u>511,972,365</u>	461,300,281
Disposal (NBV) during the period	4.1.2	(37,487)	(18,789,804)
Depreciation charged for the period		(20,148,155)	(26,222,768)
Closing net book value (NBV)		<u>491,786,723</u>	<u>416,287,709</u>

MOHAMMAD ALI SAYEED  
*Chairman*

ABID SAYEED  
*Chief Executive*



## PAKISTAN PAPER PRODUCTS LIMITED

### 4.1.1 Details of additions (at cost) during the period / year are as follows:

Building on leasehold land		
- Factory	--	232,200
- Office	156,090	--
Plant and machinery	89,356,439	4,244,693
Furniture and fixture	206,069	28,565
Factory and other equipment	415,830	370,000
Electric equipment and fittings	4,085,334	122,100
Computers	211,144	133,500
Vehicles	1,253,750	699,300
	<u>95,684,656</u>	<u>5,830,358</u>

### 4.1.2 Details of disposals (NBV) during the period / year are as follows:

Plant and machinery	--	18,583,688
Vehicles	37,487	206,116
	<u>37,487</u>	<u>18,789,804</u>

### 4.2 Capital work in progress

These represent additions during the period / year are as follows:

Civil works	8,119,942	--
Plant and machinery	1,111,025	--
	<u>9,230,967</u>	<u>--</u>

## 5 CASH AND CASH EQUIVALENT

Cash and bank balance	4,258,419	3,354,465
Bank overdraft	(36,872,021)	(19,201,877)
	<u>(32,613,602)</u>	<u>(15,847,412)</u>

- 6 Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. 4,898,404/- (March 2016: 7,670,505/-).  
Commitments are outstanding in respect of letters of credit amounting to Rs. 36,568,658/- (March 2016: Rs. 5,491,672/-).
- 7 The condensed interim financial information was authorized for issue by the Board of Directors of the company on April 17, 2017.
- 8 Figures in the financial information have been rounded off to the nearest rupee.  
Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

**MOHAMMAD ALI SAYEED**  
*Chairman*

**ABID SAYEED**  
*Chief Executive*