

PAKISTAN PAPER PRODUCTS LTD.



**CONDENSED INTERIM
FINANCIAL INFORMATION
(SUBJECTED TO LIMITED SCOPE REVIEW)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2019**



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

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



PAKISTAN PAPER PRODUCTS LIMITED

Directors' Review

On behalf of the Board of Directors, we have pleasure in presenting review of performance together with the limited audit review accounts of the company for the half year ended December 31, 2019.

The turnover during the period ended was Rs.454.18 million against Rs.382.64 Million in the same period last year which is an increase of 18.70%. All segments of the company performed very well with Exercise Books leading the way with a massive 58.55% increase in sales and Pro Labels also did very well with an increase of 13.42% along with Photocopy Paper which saw sales rise by 21.42%. Sensitized paper continues to be a laggard with sales falling by 2.46%. As mentioned in Q1 report the company experienced very good sales in the Exercise Book section due to the change of the school season from April to July and also due to the fact that the undocumented sector was squeezed out of the market due to the governments taxation and documentation drive. These factors have helped the company post very robust sales in Exercise books which we hope will continue in the next quarter. Pro Labels continues the impressive performance with posting double digits growth YOY and we believe that this sector will continue to perform strongly in the future also due to the strong growth in the FMCG sector in spite of the downturn in the economy.

The overall financial results of the company have also improved compared to same period last year. Gross profit increase by 43.05%, and both Net Loss before tax and Net Loss after tax improved by 72.26% and 88.33% respectively. The company has reported a small net loss after tax of Rs 2.85 million in this period but we are confident that with the rising sales we will post good profits in the next 2 quarters. Financial charges have fallen by 45.72% due to Exchange gain achieved by the stability of the PKR. The only threat to the company posting a good profit by the end of the year is devaluation of the PKR which has so far appreciated since the start of this financial year and we hope will remain stable in the near future.

The expansion of the Pro Labels segment is on track and the new 8 color printing machine is expected to arrive and be installed in the fourth quarter. This will give a good boost to our production capacity and this in turn will give boost to our profitability due to higher sales.

The Board would like to thank all our staff, stakeholders including the financial institutions for their continued support. In addition, 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.



PAKISTAN PAPER PRODUCTS LIMITED

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

REMUNERATION POLICY OF NON- EXECUTIVE & INDEPENDENT DIRECTORS

A. 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.

B. 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.



PAKISTAN PAPER PRODUCTS LIMITED

- 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.

C. 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 : February 21, 2020

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Paper Products Limited as at 31 December 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements 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 statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended 31 December 2019 and 31 December 2018 have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Fasih uz Zaman.

Dated: February 21, 2020

Place: Karachi

Engagement partner: Fasih uz Zaman

Fasih uz Zaman

CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

		(Un-audited) 31 December 2019	(Audited) 30 June 2019
	Notes	----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	772,174,594	783,358,992
Long term deposits		954,008	913,872
		<u>773,128,602</u>	<u>784,272,864</u>
CURRENT ASSETS			
Stores and spares		3,388,582	3,668,989
Stock-in-trade	6	173,560,651	171,695,959
Trade debts - Unsecured, considered good	7	139,804,387	173,476,656
Advances and other receivables	8	87,198,282	88,616,017
Trade deposits and short term prepayments	9	6,364,316	6,738,339
Cash and bank balances	10	5,074,841	5,711,972
		<u>415,391,059</u>	<u>449,907,932</u>
		<u>1,188,519,661</u>	<u>1,234,180,796</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 15,000,000 (June 2019: 15,000,000) Ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up share capital		80,000,000	80,000,000
Revenue reserves		340,624,216	348,808,563
Capital reserve			
Revaluation surplus on property, plant and equipment		515,784,341	518,449,354
		<u>936,408,557</u>	<u>947,257,917</u>
NON-CURRENT LIABILITIES			
Deferred tax liability - Net		34,350,889	42,996,620
Deferred liability for staff gratuity		14,911,832	13,440,488
Long term loans - Secured	11	20,585,300	27,850,700
		<u>69,848,021</u>	<u>84,287,808</u>
CURRENT LIABILITIES			
Current and overdue portion of long term loans	11	19,884,300	26,183,050
Short term borrowings - Secured	12	49,382,792	73,408,493
Unclaimed dividend		7,518,471	7,254,499
Creditors, accrued and other liabilities	13	105,477,520	95,789,029
		<u>182,263,083</u>	<u>202,635,071</u>
CONTINGENCIES AND COMMITMENTS			
	14	--	--
		<u>1,188,519,661</u>	<u>1,234,180,796</u>

The annexed notes form an integral part of these 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 HALF YEAR ENDED 31 DECEMBER 2019

Notes	Half Year Ended		Quarter Ended		
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	
	(Rupees)		(Rupees)		
Sales - Net	15	399,087,414	333,796,007	190,807,606	165,814,586
Cost of sales	16	(374,200,828)	(316,398,314)	(181,473,268)	(155,931,068)
Gross profit		24,886,586	17,397,693	9,334,338	9,883,518
Other operating income		199,708	338,520	151,440	119,645
Operating expenses					
Administrative expenses		(16,956,192)	(18,329,274)	(8,798,512)	(9,612,582)
Selling and distribution expenses		(7,047,168)	(5,684,397)	(3,482,271)	(2,647,105)
Workers' Profit Participation Fund		(40,730)	(1,050,000)	--	--
Workers' Welfare Fund		(16,292)	(495,000)	--	--
		(24,060,382)	(25,558,671)	(12,280,783)	(12,259,687)
Operating profit / (loss)		1,025,912	(7,822,458)	(2,795,005)	(2,256,524)
Finance cost		(6,534,692)	(12,038,989)	(3,471,348)	(8,141,530)
Loss before taxation		(5,508,780)	(19,861,447)	(6,266,353)	(10,398,054)
Taxation - Net		2,659,420	(4,550,214)	4,970,068	(3,271,159)
Loss for the period		(2,849,360)	(24,411,661)	(1,296,285)	(13,669,213)
Loss per share - Basic and diluted		(0.36)	(3.05)	(0.16)	(1.71)

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

ABBAS SAYEED
CHAIRMAN

ZIA UR REHMAN
CHIEF FINANCIAL OFFICER

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Notes	Half Year Ended		Quarter Ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (Rupees) -----		----- (Rupees) -----	
Loss for the period	(2,849,360)	(24,411,661)	(1,296,285)	(13,669,213)
Other comprehensive loss	--	--	--	--
Total comprehensive loss for the year	<u>(2,849,360)</u>	<u>(24,411,661)</u>	<u>(1,296,285)</u>	<u>(13,669,213)</u>

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

ABBAS SAYEED
CHAIRMAN

ZIA UR REHMAN
CHIEF FINANCIAL OFFICER

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PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Notes	(Un-audited) 31 December 2019	(Un-audited) 31 December 2018
----- (Rupees) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	17	83,200,394	(13,201,102)
Payments for:			
Income taxes		(23,482,131)	(15,125,869)
Gratuity		--	(191,256)
Workers' Profit Participation Fund		(1,295,430)	(3,268,150)
Finance cost		(9,410,871)	(5,714,102)
Net cash inflows / (outflows) from operating activities		49,011,962	(37,500,479)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,218,078)	(2,345,043)
Long term deposits		(40,136)	--
Sale proceeds against disposal of fixed assets		1,935,000	154,000
Income from deposit accounts		--	--
Net cash outflows from investing activities		(4,323,214)	(2,191,043)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in long term loan		(13,564,150)	(13,564,150)
Dividend paid		(7,736,028)	(6,597,451)
Net cash outflows from financing activities		(21,300,178)	(20,161,601)
Net increase / (decrease) in cash and cash equivalents		23,388,570	(59,853,123)
Cash and cash equivalents at the beginning of the period		(67,696,521)	(31,506,628)
Cash and cash equivalents at the end of the period	18	(44,307,951)	(91,359,751)

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

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 HALF YEAR ENDED 31 DECEMBER 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)						
Balance as on 1 July 2018	60,000,000	143,900,000	217,892,988	361,792,988	212,475,945	634,268,933
Loss for the period ended 31 December 2018	–	–	(24,411,661)	(24,411,661)	–	(24,411,661)
Total comprehensive loss for the period	–	–	(24,411,661)	(24,411,661)	–	(24,411,661)
Surplus on revaluation realized on disposal of fixed assets - Net of tax	–	–	56,339	56,339	(56,339)	–
Change in tax rate	–	–	–	–	319,256	319,256
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	–	–	1,221,318	1,221,318	(1,221,318)	–
Transactions with owners:						
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)
Balance as at 31 December 2018	80,000,000	143,900,000	159,758,984	303,658,984	211,517,544	595,176,528
Balance as on 1 July 2019	80,000,000	143,900,000	204,908,563	348,808,563	518,449,354	947,257,917
Loss for the period ended 31 December 2019	–	–	(2,849,360)	(2,849,360)	–	(2,849,360)
Total comprehensive income for the period	–	–	(2,849,360)	(2,849,360)	–	(2,849,360)
Surplus on revaluation realized on disposal of fixed assets - Net of tax	–	–	820,951	820,951	(820,951)	–
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	–	–	1,844,062	1,844,062	(1,844,062)	–
Transactions with owners:						
Final cash dividend @ 10% related to the year ended 30 June 2019	–	–	(8,000,000)	(8,000,000)	–	(8,000,000)
Balance as at 31 December 2019	80,000,000	143,900,000	196,724,216	340,624,216	515,784,341	936,408,557

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

ABBAS SAYEED
CHAIRMAN

ZIA UR REHMAN
CHIEF FINANCIAL OFFICER

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated and domiciled in Pakistan as a private limited company in July 1962. It was converted into public company and listed on the Karachi Stock Exchange (now Pakistan Stock Exchange) in July 1964. The main business activity of the Company is the production and sale of exercise books, pro-labels and sensitized papers.

The geographical location and address of Company's business units including plant is as under:

- The registered office of the Company along with its plant is situated at D-58, SITE, Estate Avenue, Karachi.
- The Company also have a sales office in Lahore, Pakistan.

2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the six months ended 31 December 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 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 2019.
- 2.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 December 2019 and 2018 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 2019 and 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in the preparation of this condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2019.
- 3.2 The preparation of condensed interim financial statements 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 2019.

4 TAXATION

The provision for taxation for the half year and quarter ended 31 December 2019, have been made using the estimated effective tax rate applicable to expected total annual earnings.



PAKISTAN PAPER PRODUCTS LIMITED

		(Un-audited) 31 December 2019	(Audited) 30 June 2019
----- (Rupees) -----			
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1 <u>772,174,594</u>	<u>783,358,992</u>
	5.1 Operating fixed assets		
	Opening net book value (NBV)	783,358,992	493,973,561
	Addition (at cost) during the period / year	5.1.1 6,218,078	7,013,376
	Surplus arising due to revaluation of property, plant and equipment	--	314,992,413
		<u>789,577,070</u>	<u>815,979,350</u>
	Disposal (NBV) during the period / year	5.1.2 (1,759,792)	(547,393)
	Depreciation charged for the period / year	(15,642,684)	(32,072,965)
		<u>772,174,594</u>	<u>783,358,992</u>
	Closing net book value (NBV)		
	5.1.1 Details of additions (at cost) during the period / year are as follows:		
	Building on leasehold land		
	- Factory	--	1,361,155
	Plant and machinery	381,250	3,911,622
	Furniture and fixture	--	10,000
	Factory and other equipment	2,347,903	410,958
	Electric equipment and fittings	--	125,000
	Computers	120,500	53,500
	Vehicles	3,368,425	1,141,141
		<u>6,218,078</u>	<u>7,013,376</u>
	5.1.2 Details of disposals (NBV) during the period / year are as follows:		
	Computers	--	5,733
	Plant and machinery	177,015	--
	Factory and other equipment	33,533	--
	Vehicles	1,549,244	541,660
		<u>1,759,792</u>	<u>547,393</u>
6	STOCK-IN-TRADE		
	Raw materials	125,447,707	134,002,372
	Work-in-process	17,708,756	22,748,617
	Finished goods	30,520,913	15,061,695
		<u>173,677,376</u>	<u>171,812,684</u>
	Provision for dead stock	(116,725)	(116,725)
		<u>173,560,651</u>	<u>171,695,959</u>



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2019	(Audited) 30 June 2019
	----- (Rupees) -----	
7 TRADE DEBTS - Unsecured, considered good		
Due from customers	139,802,593	173,473,904
Due from staff	1,794	2,752
	<u>139,804,387</u>	<u>173,476,656</u>
8 ADVANCES AND OTHER RECEIVABLES		
<i>Considered good</i>		
Advance to suppliers	5,738,194	397,280
Advance to staff	246,231	157,176
Advance income tax - Net	44,504,295	27,008,475
Income tax refundable	34,146,414	58,426,654
Sales tax refundable - Net	2,563,148	2,626,432
	<u>87,198,282</u>	<u>88,616,017</u>
9 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Margin deposits	2,857,800	6,474,100
Trade deposits	1,641,226	224,884
Short term prepayments	1,865,290	39,355
	<u>6,364,316</u>	<u>6,738,339</u>
10 CASH AND BANK BALANCES		
Cash in hand	51,230	83,360
Factory imprest	--	75,000
Cash at banks:		
- Current accounts	5,023,611	5,553,612
	<u>5,074,841</u>	<u>5,711,972</u>
11 LONG TERM LOANS - Secured		
<i>Bank Al-Habib Limited - Term finance</i>		
Opening balance	54,033,750	79,271,550
Repayments during the period / year	(13,564,150)	(25,237,800)
	<u>40,469,600</u>	<u>54,033,750</u>
Current and overdue portion shown under current liabilities	(19,884,300)	(26,183,050)
	<u>20,585,300</u>	<u>27,850,700</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 (June 2019: 6 months KIBOR plus 1.75% per annum) payable monthly installments. The facilities availed are 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. 80.24 million respectively. Equitable mortgage over Industrial property bearing no D/58, S.I.T.E., measuring 2.42 acres, Karachi and import documents consigned to BAH.



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2019	(Audited) 30 June 2019
	----- (Rupees) -----	
12 SHORT TERM BORROWINGS - Secured		
Bank Al-Habib Limited - Running finance	49,382,792	73,408,493
<p>The Company obtained running finance facility from Bank Al-Habib Limited up to Rs. 120 million (June 2019: Rs.120 million). The running finance facility carries mark-up of 3 months KIBOR plus 2% per annum.</p> <p>The Company has other finance facilities from Bank Al-Habib Limited comprising Letter of Credit (Sight-Foreign) for Rs.10 million (June 2019: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.10 million (June 2019: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.10 million (June 2019: Rs.10 million) and Letter of Guarantee for Rs.20 million (June 2019: Rs.20 million). These facilities carry mark-up as per bank's schedule of charges.</p> <p>The above facilities are secured against registered hypothecation charge over receivables and movables of the Company aggregating to Rs.154 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 and a promissory note has been issued in favour of Bank Al-Habib against short term running finance.</p>		
13 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Trade creditors	71,157,137	79,147,103
Advance from customers	22,484,421	1,212,119
Accrued expenses and other payables	7,680,854	9,100,697
Accrued mark up on running finance	2,436,965	2,605,176
Accrued mark up on long term loans	1,646,129	1,768,780
Workers' Profit Participation Fund	46,730	1,301,430
Workers' Welfare Fund	25,284	653,724
	<u>105,477,520</u>	<u>95,789,029</u>
14 CONTINGENCIES AND COMMITMENTS		
14.1 Contingencies		
Bank guarantees issued on behalf of the Company	9,802,204	9,802,204
14.2 Commitments		
Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi	402,590	402,590



PAKISTAN PAPER PRODUCTS LIMITED

	Half Year Ended - (Un-audited)		Quarter Ended - (Un-audited)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (Rupees) -----		----- (Rupees) -----	
15 SALES - Net				
Sales	454,180,400	382,639,791	219,659,969	191,310,517
Sales tax	(55,092,986)	(48,843,784)	(28,852,363)	(25,495,931)
Sales	<u>399,087,414</u>	<u>333,796,007</u>	<u>190,807,606</u>	<u>165,814,586</u>
16 COST OF SALES				
Opening stock of raw material	134,002,372	120,092,444	126,287,994	116,180,983
Purchases during the year	<u>300,189,895</u>	<u>325,692,125</u>	<u>164,399,326</u>	<u>194,248,548</u>
	<u>434,192,267</u>	<u>445,784,569</u>	<u>290,687,320</u>	<u>310,429,531</u>
Closing stock of raw material	6 (125,447,707)	(146,041,242)	(125,447,707)	(146,041,242)
Raw materials consumed	<u>308,744,560</u>	<u>299,743,327</u>	<u>165,239,613</u>	<u>164,388,289</u>
Manufacturing overheads				
Salaries, wages and other benefits	35,362,518	34,858,276	18,043,058	17,611,279
Depreciation	14,582,741	14,834,431	7,315,922	7,423,557
Stores and spares consumed	14,728,044	17,367,808	7,325,884	10,718,912
Fuel and power	5,333,847	4,677,578	2,682,874	2,480,783
Other manufacturing expenses	2,274,498	3,766,307	1,170,768	2,248,677
Repairs and maintenance	2,707,795	3,506,332	1,379,532	1,552,338
Insurance expenses	719,346	771,120	359,673	385,560
Rent, rates and taxes	108,642	107,433	54,321	54,615
Telephone and trunk calls	58,194	99,940	28,320	61,048
	<u>75,875,625</u>	<u>79,989,225</u>	<u>38,360,352</u>	<u>42,536,769</u>
Manufacturing cost	<u>384,620,185</u>	<u>379,732,552</u>	<u>203,599,965</u>	<u>206,925,058</u>
Work in process - Opening	22,748,617	22,932,931	11,321,925	17,576,116
Work in process - Closing	6 (17,708,756)	(28,269,633)	(17,708,756)	(28,269,633)
	<u>5,039,861</u>	<u>(5,336,702)</u>	<u>(6,386,831)</u>	<u>(10,693,517)</u>
Cost of goods manufactured	<u>389,660,046</u>	<u>374,395,850</u>	<u>197,213,134</u>	<u>196,231,541</u>
Finished goods - Opening	15,061,695	12,770,335	14,781,047	30,467,398
Finished goods - Closing	6 (30,520,913)	(70,767,871)	(30,520,913)	(70,767,871)
	<u>(15,459,218)</u>	<u>(57,997,536)</u>	<u>(15,739,866)</u>	<u>(40,300,473)</u>
	<u>374,200,828</u>	<u>316,398,314</u>	<u>181,473,268</u>	<u>155,931,068</u>



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2019	(Un-audited) 31 December 2018
(Rupees)		
17 CASH GENERATED FROM OPERATIONS		
Loss before taxation	(5,508,780)	(19,861,447)
<i>Adjustments for non-cash and other items:</i>		
Depreciation	15,642,684	15,696,371
Provision for gratuity	1,471,344	1,104,144
Finance cost	9,120,009	6,624,837
Exchange (gain) / loss	(2,585,317)	5,414,152
Gain on disposal of fixed assets	(175,208)	(56,309)
<i>(Increase) / decrease in current assets</i>		
Stores and spares	280,407	(284,920)
Stock-in-trade	(1,864,692)	(89,283,036)
Trade debts	33,672,269	2,360,121
Advances and other receivables	18,913,555	(82,803)
Trade deposits and short term prepayments	374,023	(1,630,315)
<i>Increase / (decrease) in current liabilities</i>		
Creditors, accrued and other liabilities	13,860,100	66,798,103
Cash generated from / (used in) operations	83,200,394	(13,201,102)
18 CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,074,841	5,711,972
Short term borrowings - Secured	(49,382,792)	(73,408,493)
	(44,307,951)	(67,696,521)

19 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

			(Un-audited) 31 December 2019	(Un-audited) 31 December 2018
Name of the related party	Relationship and percentage of shareholding	Transactions during the year	(Rupees)	
M/s. Sayeed International	A director of the Company is the owner of the business.	Purchase	287,727	775,125
Pakistan Paper Products Limited Employees' Provident Fund Trust	Employees Fund	Expense in relation to provident fund	2,631,326	2,487,516



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2019	(Audited) 30 June 2019
	----- (Numbers) -----	
20 NUMBER OF EMPLOYEES		
Number of employees as at 31 st December	112	115
Number of factory employees as at 31 st December	93	85
Average number of employees during the year	113	112
Average number of factory employees during the year	94	82

21 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

22 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on **Feb 21, 2020** by the Board of Directors of the Company.

23 GENERAL

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

ABBAS SAYEED
CHAIRMAN

ZIA UR REHMAN
CHIEF FINANCIAL OFFICER

ABID SAYEED
CHIEF EXECUTIVE

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





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➤ Plotter Paper



➤ Ammonia Sensitised Paper

Head Office & Factory:

Pakistan Paper Products Ltd.,

D/58, S.I.T.E. Estate Avenue, Karachi-75700