



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

3RD QUARTER
MARCH 31, 2020 (UN-AUDITED)

To,

If undelivered please return to:

*Pakistan Paper Products Ltd.
D-58, S.I.T.E., Estate Avenue,
Karachi - 75700*



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

The Board of Directors is pleased to present the financial results of the company for the nine months period ended March 31, 2020.

Operating Performance

Your company has progressed well with sales rising to Rs.740.407 million which is an increase of 3.36% compared to last year. Unfortunately this increase in the top line could not translate to an increase in the bottom line as Net Profit before tax fell by 62.66% to Rs 5.58 million and Profit after tax fell by 43.16% to Rs 4.95 million.

Overview

The company's progress hit a wall in the form of the corona virus pandemic. This was not a situation unique to us but to the rest of the entire world who has suffered greatly. The main impact this has on our company was that the opening of schools was postponed to June 1 from April 1, and even the June 1 starting date is very uncertain as of right now. This led to a complete halt in sales of Exercise books which always enjoy very healthy sales in the month of March and April. Sales of Exercise Books fell from Rs 212.2 million to Rs 169 million and in the month of March alone the sales in 2020 were Rs 23.15 million compared to Rs 71.85 million. This led to a staggering loss of Rs 21.2 million in the Exercise Books segment for the 9 months ended March 31, 2020 whereas normally we turn a profit by this quarter after losses in the first 2 quarters. Pro Labels continued to be the only bright spot with sales rising by 14% to Rs 470.63 million. Here also we suffered a major setback due to the rapid devaluation of the Pak Rs as in the month of March alone we had to record an exchange loss of Rs 4.4 million which wiped out all the exchange gains that we had made during the year. Of course, this also further eroded the margins of Pro Labels which were starting to show good improvement during the course of the year.

Future Outlook

The last quarter is expected to be even more challenging than the last one as there is no way to predict how the whole Corona Virus pandemic will unfold and what damage it will leave behind. We are already faced with very uncertain business conditions in Exercise Books as it mainly depends on when the schools open. In Pro Labels the demand continues to be strong but we are facing severe supply chain restraints as a lot of our raw material have been delayed due to production constraints in Europe along with reduced shipping services which has led to major delays of our incoming consignments. Rest assured that the management is doing all that is possible to navigate the company during these turbulent times and Inshallah we will come out of this abyss very soon.

The new Mark Andy machine is also expected to arrive in the next few weeks and then we will have to deal with the challenge of getting it installed as no foreign engineer can travel to Pakistan or for that matter anywhere in the world right now.

Acknowledgement

The management would like to thank all the customers, financial institutions, suppliers and staff members who have been associated with the company for their support and cooperation.

On behalf of the Board of Directors

ABBAS SAYEED

Chairman

ABID SAYEED

Chief Executive

Karachi
April 24, 2020



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2020

	Notes	(Un-audited) March 31 2020	(Audited) 30 June 2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 15,000,000 (June 2019: 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
Reserves		349,348,034	348,808,563
Capital reserve			
Surplus on revaluation of property, plant and equipment		514,862,309	518,449,354
		944,210,343	947,257,917
NON-CURRENT LIABILITIES			
Deferred tax liability - Net		33,764,639	42,996,620
Deferred liability for staff gratuity		15,295,246	13,440,488
Long term loan - Secured		14,275,850	27,850,700
		63,335,735	84,287,808
CURRENT LIABILITIES			
Current portion of long term loans		19,884,300	26,183,050
Short term borrowings - Secured		82,509,561	73,408,493
Unclaimed dividend		7,498,718	7,254,499
Creditors, accrued and other liabilities		143,342,682	95,789,029
		253,235,262	202,635,071
CONTINGENCIES AND COMMITMENTS			
		—	--
		1,260,781,340	1,234,180,796
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	772,134,086	783,358,992
Long term deposits		954,008	913,872
		773,088,094	784,272,864
CURRENT ASSETS			
Stores and spares		6,079,532	3,668,989
Stock in trade		196,161,880	171,695,959
Trade debts - Unsecured, considered good		193,288,573	173,476,656
Trade deposits and short term prepayments		81,614,855	88,616,017
Deposits and prepayments		5,949,970	6,738,339
Cash and bank balances		4,598,437	5,711,972
		487,693,247	449,907,932
		1,260,781,340	1,234,180,796

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 PROFIT OR LOSS - (Un-audited) FOR THE PERIOD ENDED 31 MARCH 2020

Notes	Nine Months Ended- (Un-audited)		Quarter Ended - (Un-audited)	
	31 March 2020 ----- (Rupees) -----	31 March 2019 ----- (Rupees) -----	31 March 2020 ----- (Rupees) -----	31 March 2019 ----- (Rupees) -----
Turnover	740,406,585	716,334,829	286,226,185	333,695,038
Sales tax, discount and returns	(82,966,908)	(73,404,701)	(27,873,922)	(24,560,917)
Sales - Net	657,439,677	642,930,128	258,352,263	309,134,121
Cost of sales	(599,490,893)	(573,749,274)	(225,290,065)	(257,350,960)
Gross profit	57,948,784	69,180,854	33,062,198	51,783,161
Other operating income	179,218	339,876	(20,490)	1,356
Operating expenses				
Administrative expenses	(26,464,981)	(26,253,404)	(9,508,789)	(7,924,130)
Selling and distribution expenses	(11,402,493)	(9,407,201)	(4,355,325)	(3,722,804)
Workers' Profit Participation Fund	(343,905)	(1,050,000)	(303,175)	--
Workers' Welfare Fund	(137,562)	(495,000)	(121,270)	--
	(38,348,941)	(37,205,605)	(14,288,559)	(11,646,934)
Operating profit	19,779,060	32,315,124	18,753,148	40,137,582
Finance cost	(14,197,020)	(17,365,384)	(7,662,328)	(5,326,395)
Profit before taxation	5,582,040	14,949,740	11,090,820	34,811,187
Taxation - Net	(629,614)	(6,236,056)	(3,289,034)	(1,685,842)
Profit for the period	4,952,426	8,713,684	7,801,786	33,125,345
Earning per share - Basic and diluted	0.62	1.09	0.98	4.14

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 PERIOD ENDED MARCH 31, 2020

	<u>Nine Months Ended- (Un-audited)</u>		<u>Quarter Ended - (Un-audited)</u>	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- (Rupees) -----		----- (Rupees) -----	
Profit for the period	4,952,426	8,713,684	7,801,786	33,125,345
Other comprehensive income:	--	--	--	--
Total comprehensive income	<u>4,952,426</u>	<u>8,713,684</u>	<u>7,801,786</u>	<u>33,125,345</u>

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 CASH FLOWS - (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

	Notes	(Un-audited) 31 March 2020	(Un-audited) 31 March 2019
		----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		5,582,040	14,949,740
Adjustment for non-cash items and other items			
Depreciation		23,568,607	23,588,225
Gratuity provision		2,207,016	1,104,144
Financial charges		12,784,486	11,610,463
Exchange loss		1,412,534	5,754,922
Loss on disposal of fixed assets		(152,218)	(55,165)
		39,820,425	42,002,589
(Increase)/decrease in current assets			
Store, spares and stock in trade		(26,876,464)	(32,159,065)
Trade debts		(19,811,917)	(82,590,333)
Advances, deposits, prepayments & other receivables		16,844,522	1,893,845
		(29,843,859)	(112,855,553)
Increase/(decrease) in current liabilities			
Creditors, accrued and other liabilities		48,324,536	51,828,761
		63,883,143	(4,074,462)
Cash used in operations			
Payments for:			
Income taxes		(25,002,059)	(16,598,777)
Gratuity		(352,258)	(191,256)
Workers' Profit Participation Fund		(1,295,430)	(3,462,467)
Finance cost paid		(13,486,272)	(8,742,458)
Net cash inflows/ (outflows) in operating activities		23,747,124	(33,069,421)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(8,227,211)	(3,355,333)
Long term deposit		(40,136)	--
Sale proceeds against disposal of fixed assets		1,935,000	181,000
Net cash (outflows) from investing activities		(6,332,347)	(3,174,333)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		(19,873,600)	(19,820,600)
Dividend		(7,755,781)	(6,719,501)
Net cash (outflows) from financing activities		(27,629,381)	(26,540,101)
Net decrease in cash and cash equivalents		(10,214,604)	(62,783,855)
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	5	(77,911,125)	(94,290,483)

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 PERIOD ENDED MARCH 31, 2020

Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total equity
	General reserves	Unappropriated profit	Total reserves		

----- (Rupees) -----

Balance as at 1 July 2018	60,000,000	143,900,000	217,892,988	361,792,988	212,475,945	634,268,933
Total comprehensive income for the period						
Profit for the period ended 31 March 2019	--	--	8,713,684	8,713,684	--	8,713,684
Other comprehensive loss	--	--	--	--	--	--
	--	--	8,713,684	8,713,684	--	8,713,684
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	--	--	1,831,977	1,831,977	(1,831,977)	--
Transactions with owners						
Bonus shares 33.3%	20,000,000	--	(20,000,000)	(20,000,000)	--	--
Final dividend @ Rs. 2/- per share	--	--	(15,000,000)	(15,000,000)	--	(15,000,000)
Balance as at 31 March 2019	80,000,000	143,900,000	193,494,988	337,394,988	210,906,885	628,301,873
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 March 2020	--	--	4,952,426	4,952,426	--	4,952,426
Total comprehensive income for the period	--	--	4,952,426	4,952,426	--	4,952,426
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	--	--	2,766,094	2,766,094	(2,766,094)	--
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 March 2020	80,000,000	143,900,000	205,448,034	349,348,034	514,862,309	944,210,343

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 INFORMATION - (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2020

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 quarter ended 31 March 2020 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 March 2020 and 2019 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.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

		(Un-audited) March 31 2020	(Audited) June 30 2019
		----- (Rupees) -----	
4	PROPERTY, PLANT AND EQUIPMENT		
Operating assets	4.1	766,257,804	783,358,992
Capital work-in-progress		5,876,282	--
		<u>772,134,086</u>	<u>783,358,992</u>
4.1	Opening net book value (NBV)	783,358,992	493,973,561
	Addition (at cost) during the period year	4.1.1	8,227,211
			7,013,376
	Surplus arising due to revaluation of property, plant and equipment	--	314,992,413
		<u>791,586,203</u>	<u>815,979,350</u>
	Disposal (NBV) during the period	4.1.2	(1,759,792)
	Depreciation charged for the period		(23,568,607)
			(547,393)
			(32,072,965)
	Closing net book value (NBV)	<u>766,257,804</u>	<u>783,358,992</u>
4.1.1	Details of additions (at cost) during the period / year are as follows:		
	Building on leasehold land		
	- Factory	629,700	1,361,155
	- Office	--	--
	Plant and machinery	1,365,603	3,911,622
	Furniture and fixture	118,000	10,000
	Factory and other equipment	2,596,183	410,958
	Electric equipment and fittings	--	125,000
	Computers	149,300	53,500
	Vehicles	3,368,425	1,141,141
		<u>8,227,211</u>	<u>7,013,376</u>
4.1.2	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>
5	CASH AND CASH EQUIVALENT		
Cash and bank balance		4,598,437	5,711,972
Bank Al Habib Limited - Running finance utilized		(82,509,561)	(73,408,493)
		<u>(77,911,125)</u>	<u>(67,696,521)</u>



PAKISTAN PAPER PRODUCTS LIMITED

- 6 Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. 9,802,204/- (March 2019: 9,802,204/-).

Commitments are outstanding in respect of letters of credit amounting to Rs. 142,467,537/- (March 2019: Rs. 70,313,082/-)

- 7 The condensed interim financial information was authorized for issue by the Board of Directors of the company on April 24, 2020.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive

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**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