



**CONDENSED INTERIM
FINANCIAL INFORMATION
(SUBJECTED TO LIMITED SCOPE REVIEW)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2020**



PAKISTAN PAPER PRODUCTS LIMITED





PAKISTAN PAPER PRODUCTS LIMITED

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PAKISTAN PAPER PRODUCTS LIMITED

CORPORATE PROFILE

BOARD OF DIRECTORS

Mr. Abbas Sayeed	- Chairperson	Non-Executive
Mr. Abid Sayeed	- Chief Executive	Executive
Dr. Asadullah Sayeed		Non-Executive
Mrs. Muleika Sayeed		Non-Executive
Mr. Sayeed Imran		Non-Executive
Ms. Aisha Fariel Salahuddin		Independent Director
Mr. Shoaib Ahmad Khan	- NIT Nominee	Independent Director

AUDIT COMMITTEE

Ms. Aisha Fariel Salahuddin	- Chairperson
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- Member
Mr. Shoaib Ahmad Khan	- Member

HR AND REMUNERATION COMMITTEE

Mr. Shoaib Ahmad Khan	- Chairperson
Mr. Abbas Sayeed	- Member
Mr. Sayeed Imran	- Member
Mrs. Muleika Sayeed	- Member

CHIEF FINANCIAL OFFICER

Mr. Zia-ur-Rehman

COMPANY SECRETARY

Ms. Safia Khurshid

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 period ended December 31, 2020.

The turnover during the period ended was Rs.619.38 million against Rs.454.18 Million in the same period last year which is an increase of 36.37%. All segments of the company performed very well with Exercise Books leading the way with a massive 90.86% increase in sales and Pro Labels also did very well with an increase of 25.86% along with Photocopy Paper and Sensitized paper which saw sales rising by 5.28% & 24.67% respectively. As mentioned in Q1 report the company experienced very good sales in the Exercise Book section after the school opened from lockdown on September 1. We continued to experience good sales into October until the schools were again closed in November due to rising Covid cases. Pro Labels continued its impressive performance with posting double digits growth YOY and we believe that this sector will continue to perform strongly in the future also as all economic sectors are showing good growth in the economy creating a healthy demand for FMCG goods and other household and industrial goods.

The increase in the top line translated all the way down with GP rising by 203.45% to Rs 75.5 million and NP after Tax went from a loss of Rs 2.85 million to a healthy profit of Rs 31.09 million. In light of this profit, the Board has also agreed to propose an Interim Dividend of 20%. We are very hopeful that the good progress of the company will continue and we will post strong results at the end of the year as long as there are no major external shocks to the economy and the Covid 19 situation improves and there is no more shut down of educational institutions.

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 two female and five male directors, whereas the composition of the Board is as follows;

Executive Director	01
Non-Executive Director	04
Independent Director	02

Committees of the Board.

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

Ms. Aisha Fariel Salahuddin	Chairperson
Dr. Asadullah Sayeed	Member
Mr. Abbas Sayeed	Member
Mr. Shoaib Ahmed Khan	Member



PAKISTAN PAPER PRODUCTS LIMITED

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. Shoaib Ahmed Khan	Chairman (NIT Nominee)
Mrs. Muleika Sayeed	Member
Mr. Abbas Sayeed	Member
Mr. Sayeed Imran	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.
- ☒ 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.



PAKISTAN PAPER PRODUCTS LIMITED

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 18, 2021

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Paper Products Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Paper Products Limited as at 31 December 2020 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 "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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 condensed 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 condensed 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 2020 and 31 December 2019 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 Muhammad Faisal Nini.

Dated: February 18, 2021

Place: Karachi

Engagement partner: Muhammad Faisal Nini



CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		(Un-audited)	(Audited)
		31 December	30 June
		2020	2020
		----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	818,699,018	824,265,465
Long term deposits		954,008	954,008
		819,653,026	825,219,473
CURRENT ASSETS			
Stores and spares		6,465,782	6,732,240
Stock-in-trade	6	174,418,448	229,815,701
Trade debts - Unsecured, considered good	7	191,723,614	214,588,467
Advances and other receivables	8	98,440,362	90,161,696
Trade deposits and short term prepayments	9	4,329,462	5,424,364
Cash and bank balances	10	4,939,680	4,410,201
		480,317,348	551,132,669
		1,299,970,374	1,376,352,142
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		150,000,000	150,000,000
15,000,000 (June 2020: 15,000,000) Ordinary shares of Rs. 10/- each			
Issued, subscribed and paid-up share capital		80,000,000	80,000,000
Revenue reserves		383,943,275	360,912,179
Capital reserve			
Revaluation surplus on property, plant and equipment		512,197,513	514,137,817
		976,140,788	955,049,996
NON-CURRENT LIABILITIES			
Deferred tax liability - Net		37,659,098	35,432,845
Deferred liability for staff gratuity		16,849,812	15,808,838
Long term loans - Secured	11	81,073,077	25,322,409
Deferred grant		1,803,373	1,481,229
		137,385,360	78,045,321
CURRENT LIABILITIES			
Current and overdue portion of long term loans	11	32,501,751	19,970,629
Short term borrowings - Secured	12	84,053,383	95,645,256
Unclaimed dividend		7,834,074	7,494,384
Creditors, accrued and other liabilities	13	62,055,018	220,146,556
		186,444,226	343,256,825
CONTINGENCIES AND COMMITMENTS			
	14	--	--
		1,299,970,374	1,376,352,142

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 HALF YEAR ENDED 31 DECEMBER 2020

	Notes	Half Year Ended		Quarter Ended	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		(Rupees)		(Rupees)	
Sales - Net	15	550,205,490	399,087,414	258,925,695	190,807,606
Cost of sales	16	(474,686,689)	(374,200,828)	(222,387,808)	(181,473,268)
Gross profit		75,518,801	24,886,586	36,537,887	9,334,338
Other operating income		134,845	199,708	125,868	151,440
Operating expenses					
Administrative expenses		(17,212,209)	(16,956,193)	(8,399,681)	(8,798,513)
Selling and distribution expenses		(7,508,055)	(7,047,168)	(3,853,487)	(3,482,271)
Sindh Workers' Profit Participation Fund		(2,374,814)	(40,730)	(1,154,685)	--
Sindh Workers' Welfare Fund		(902,429)	(16,292)	(414,377)	--
		(27,997,507)	(24,060,383)	(13,822,230)	(12,280,784)
Operating profit		47,656,139	1,025,911	22,841,525	(2,795,006)
Finance cost		(3,437,112)	(6,534,692)	(1,316,900)	(3,471,348)
Profit / (loss) before taxation		44,219,027	(5,508,781)	21,524,625	(6,266,354)
Taxation - Net		(13,128,235)	2,659,420	(8,759,038)	4,970,068
Profit / (loss) for the period		31,090,792	(2,849,361)	12,765,587	(1,296,286)
Earnings / (loss) per share - Basic and diluted		3.89	(0.36)	1.60	(0.16)

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 COMPREHENSIVE INCOME - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Notes	Half Year Ended		Quarter Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	----- (Rupees) -----		----- (Rupees) -----	
Profit / (loss) for the period	31,090,792	(2,849,361)	12,765,587	(1,296,286)
Other comprehensive income:				
Items that will not be reclassified to statement of profit or loss:	--	--	--	--
Total comprehensive income / (loss) for the period	<u>31,090,792</u>	<u>(2,849,361)</u>	<u>12,765,587</u>	<u>(1,296,286)</u>

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

ABBAS SAYEED
CHAIRMAN

ZIA UR REHMAN
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PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 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 revenue reserves		
(Rupees)						
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	--	--	(2,849,361)	(2,849,361)	--	(2,849,361)
Other comprehensive loss	--	--	--	--	--	--
Total comprehensive income for the period	--	--	(2,849,361)	(2,849,361)	--	(2,849,361)
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	196,724,215	340,624,215	515,784,341	936,408,556
Balance as on 1 July 2020	80,000,000	143,900,000	217,012,179	360,912,179	514,137,817	955,049,996
Profit for the period ended 31 December 2020	--	--	31,090,792	31,090,792	--	31,090,792
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period	--	--	31,090,792	31,090,792	--	31,090,792
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	334,289	334,289	(334,289)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	1,606,015	1,606,015	(1,606,015)	--
Transactions with owners:						
Final cash dividend @ 12.5% related to the year ended 30 June 2020	--	--	(10,000,000)	(10,000,000)	--	(10,000,000)
Balance as at 31 December 2020	80,000,000	143,900,000	240,043,275	383,943,275	512,197,513	976,140,788

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

ABBAS SAYEED
CHAIRMAN

ZIA UR REHMAN
CHIEF FINANCIAL OFFICER

ABID SAYEED
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PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Notes	(Un-audited) 31 December 2020 ----- (Rupees) -----	(Un-audited) 31 December 2019 ----- (Rupees) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	17	(6,691,372)	73,133,725
Payments for:			
Income taxes		(18,559,158)	(13,415,463)
Gratuity		(181,116)	--
Workers' Profit Participation Fund		(1,161,700)	(1,295,430)
Finance cost		(7,912,556)	(9,410,870)
Net cash (outflows) / inflows from operating activities		(34,505,902)	49,011,962
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure	5.1.1	(12,689,370)	(6,218,078)
Long term deposits		--	(40,136)
Sale proceeds against disposal of fixed assets		373,000	1,935,000
Net cash outflows from investing activities		(12,316,370)	(4,323,214)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in long term loan		68,603,934	(13,564,150)
Dividend paid		(9,660,310)	(7,736,028)
Net cash inflows / (outflows) from financing activities		58,943,624	(21,300,178)
Net increase in cash and cash equivalents		12,121,352	23,388,570
Cash and cash equivalents at the beginning of the period		(91,235,055)	(67,696,521)
Cash and cash equivalents at the end of the period		(79,113,703)	(44,307,951)

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 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 six months ended 31 December 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 2020.
- 2.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 December 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 2020 and 2019.

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 2020.
- 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 2020.

4 TAXATION

The provision for taxation for the half year and quarter ended 31 December 2020, have been made using the estimated effective tax rate applicable to expected total annual earnings.



PAKISTAN PAPER PRODUCTS LIMITED

		(Un-audited) 31 December 2020	(Audited) 30 June 2020
		----- (Rupees) -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	818,699,018	824,265,465
5.1 Operating fixed assets			
Opening net book value (NBV)		824,265,465	783,358,992
Addition (at cost) during the period / year	5.1.1	12,689,370	74,685,043
		836,954,835	858,044,035
Disposal (NBV) during the period / year	5.1.2	(252,666)	(1,818,904)
Depreciation charged for the period / year		(18,003,151)	(31,959,666)
Closing net book value (NBV)		818,699,018	824,265,465
5.1.1 Details of additions (at cost) during the period / year are as follows:			
Building on leasehold land			
- Factory		--	922,200
- Office		--	175,550
Plant and machinery		6,421,956	66,930,235
Furniture and fixture		1,205,046	118,000
Factory and other equipment		2,304,810	2,907,333
Electric equipment and fittings		91,611	--
Computers		101,000	263,300
Vehicles		2,564,947	3,368,425
		12,689,370	74,685,043
5.1.2 Details of disposals (NBV) during the period / year are as follows:			
Vehicles		252,666	1,549,244
Plant and machinery		--	177,015
Factory and other equipment		--	56,523
Computers		--	36,122
		252,666	1,818,904
6 STOCK-IN-TRADE			
Raw materials		132,645,708	164,726,667
Work-in-process		22,380,757	39,512,097
Finished goods		19,508,708	25,693,662
		174,535,173	229,932,426
Provision for dead stock		(116,725)	(116,725)
		174,418,448	229,815,701



PAKISTAN PAPER PRODUCTS LIMITED

		(Un-audited) 31 December 2020	(Audited) 30 June 2020
		----- (Rupees) -----	
7	TRADE DEBTS - Unsecured, considered good		
	Due from customers	191,721,778	214,575,207
	Due from staff	1,836	--
	Due from associated concern - Sayeed International	--	13,260
		<u>191,723,614</u>	<u>214,588,467</u>
8	ADVANCES AND OTHER RECEIVABLES		
	<i>Considered good</i>		
	Advance to suppliers	7,593,495	2,255,906
	Advance to staff	155,096	399,832
	Advance income tax - Net	14,407,176	17,602,535
	Income tax refundable	72,007,424	61,154,889
	Sales tax refundable - Net	4,277,171	8,748,534
		<u>98,440,362</u>	<u>90,161,696</u>
9	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Margin deposits	2,302,700	5,113,000
	Trade deposits	224,418	224,398
	Short term prepayments	1,802,344	86,966
		<u>4,329,462</u>	<u>5,424,364</u>
10	CASH AND BANK BALANCES		
	Cash in hand	15,050	70,000
	Factory imprest	4,160	100,000
	Cash at banks:		
	- Current accounts	4,920,470	4,240,201
		<u>4,939,680</u>	<u>4,410,201</u>
11	LONG TERM LOANS - Secured		
	Long term loan	6,054,500	13,319,900
	Long term loan under temporary economic refinance facility	58,851,000	--
	Term finance under refinance scheme	16,167,577	12,002,509
		<u>81,073,077</u>	<u>25,322,409</u>
	11.1 Long term loan		
	Opening balance	28,795,950	54,033,750
	Acquired during the period / year	--	--
		<u>28,795,950</u>	<u>54,033,750</u>
	Repayments during the period / year	(8,210,650)	(25,237,800)
		<u>20,585,300</u>	<u>28,795,950</u>
	Current and overdue portion shown under current liabilities	(14,530,800)	(15,476,050)
		<u>6,054,500</u>	<u>13,319,900</u>



PAKISTAN PAPER PRODUCTS LIMITED

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 2020: 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.

	(Un-audited) 31 December 2020	(Audited) 30 June 2020
	----- (Rupees) -----	

11.2 Long term loan under temporary economic refinance facility

Acquired during the period / year	58,851,000	--
-----------------------------------	------------	----

The Company has obtained loan under the State Bank of Pakistan's (SBP) 'Temporary Economic Refinance Facility' for purchase of imported plant and machinery. The facility carries mark-up at SBP refinance rate plus 3% per annum. The loan is to be repaid in ten years including grace period of two years in thirty two equal quarterly installments from the date of disbursement. In addition to the securities mentioned in note 11.1, the facility is secured by way of specific hypothecation charge over imported machinery of Rs.58.80 million.

11.3 Term finance under refinance scheme

At amortised cost

Opening balance	17,978,317	--
Acquired during the year	17,963,584	17,978,317
Deferred grant	(2,724,386)	(1,481,229)
Unwinding of amortised cost	921,013	--
	34,138,528	16,497,088
Current portion shown under current liabilities	(17,970,951)	(4,494,579)
	16,167,577	12,002,509

During the year, the Company has obtained loan under the State Bank of Pakistan's (SBP) 'Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concern'. The facility carries mark-up at 3% per annum. The loan is repayable in eight equal quarterly installments commencing from 01 January 2021.

The loan is recognised and measured in accordance with IFRS 9 - Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for and presented as deferred grant in accordance with IAS 20 - Government Grants.

12 SHORT TERM BORROWINGS - Secured

Bank Al-Habib Limited - Running finance	84,053,383	95,645,256
---	------------	------------

The Company obtained running finance facility from Bank Al-Habib Limited up to Rs. 150 million (June 2020: Rs.120 million). The running finance facility carries mark-up of 3 months KIBOR plus 2% per annum.



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The Company has other finance facilities from Bank Al-Habib Limited comprising Letter of Credit (Sight-Foreign) for Rs.10 million (June 2020: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.10 million (June 2020: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.10 million (June 2020: Rs.10 million) and Letter of Guarantee for Rs.20 million (2020: Rs.20 million). These facilities carry mark-up as per bank's schedule of charges.

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.

	(Un-audited) 31 December 2020	(Audited) 30 June 2020
	----- (Rupees) -----	
13 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Trade creditors	41,786,432	137,606,549
Trade creditor for capital expenditure	--	59,825,756
Accrued expenses and other payables	9,039,879	6,151,781
Advance from customers	4,086,863	10,249,185
Accrued mark-up	3,399,315	3,982,069
Sindh Workers' Profit Participation Fund	2,375,247	1,162,133
Sindh Workers' Welfare Fund	1,367,282	464,853
Payable to provident fund	--	704,230
	<u>62,055,018</u>	<u>220,146,556</u>
14 CONTINGENCIES AND COMMITMENTS		
14.1 Commitments		
Commitments under letter of credits	<u>62,367,355</u>	<u>59,139,000</u>
Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi	<u>--</u>	<u>402,590</u>
	<u>62,367,355</u>	<u>59,541,590</u>
	Half Year Ended - (Un-audited)	Quarter Ended - (Un-audited)
	31 December 2020	31 December 2019
	31 December 2020	31 December 2019
	----- (Rupees) -----	
15 SALES - Net		
Sales	619,376,571	454,180,400
Sales tax	(69,171,081)	(55,092,986)
	<u>550,205,490</u>	<u>399,087,414</u>
	<u>550,205,490</u>	<u>399,087,414</u>
	<u>258,925,695</u>	<u>190,807,606</u>



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		Half Year Ended - (Un-audited)		Quarter Ended - (Un-audited)	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		----- (Rupees) -----		----- (Rupees) -----	
16 COST OF SALES					
Opening stock of raw material		164,726,667	134,002,372	134,335,651	126,287,994
Purchases during the year		328,347,801	300,189,895	182,984,677	164,399,326
		<u>493,074,468</u>	<u>434,192,267</u>	<u>317,320,328</u>	<u>290,687,320</u>
Closing stock of raw material	6	(132,645,708)	(125,447,707)	(132,645,708)	(125,447,707)
Raw materials consumed		<u>360,428,760</u>	<u>308,744,560</u>	<u>184,674,620</u>	<u>165,239,613</u>
Manufacturing overheads					
Salaries, wages and other benefits		39,355,682	35,362,518	18,424,392	18,043,058
Stores and spares consumed		19,956,969	14,728,044	9,251,828	7,325,884
Depreciation		16,969,960	14,582,741	8,544,313	7,315,922
Fuel and power		7,814,176	5,333,847	4,069,953	2,682,874
Other manufacturing expenses		2,513,533	2,274,498	1,271,370	1,170,768
Repairs and maintenance		3,393,232	2,707,795	1,784,857	1,379,532
Insurance expenses		751,374	719,346	375,687	359,673
Rent, rates and taxes		99,171	108,642	33,138	54,321
Telephone and trunk calls		87,538	58,194	55,705	28,320
		<u>90,941,635</u>	<u>75,875,625</u>	<u>43,811,243</u>	<u>38,360,352</u>
Manufacturing cost		<u>451,370,395</u>	<u>384,620,185</u>	<u>228,485,863</u>	<u>203,599,965</u>
Work in process - Opening		39,512,097	22,748,617	19,168,389	11,321,925
Work in process - Closing	6	(22,380,757)	(17,708,756)	(22,380,757)	(17,708,756)
		<u>17,131,340</u>	<u>5,039,861</u>	<u>(3,212,368)</u>	<u>(6,386,831)</u>
Cost of goods manufactured		<u>468,501,735</u>	<u>389,660,046</u>	<u>225,273,495</u>	<u>197,213,134</u>
Finished goods - Opening		25,693,662	15,061,695	16,623,021	14,781,047
Finished goods - Closing	6	(19,508,708)	(30,520,913)	(19,508,708)	(30,520,913)
		<u>6,184,954</u>	<u>(15,459,218)</u>	<u>(2,885,687)</u>	<u>(15,739,866)</u>
		<u><u>474,686,689</u></u>	<u><u>374,200,828</u></u>	<u><u>222,387,808</u></u>	<u><u>181,473,268</u></u>



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	(Un-audited) 31 December 2020	(Un-audited) 31 December 2019
	----- (Rupees) -----	
17 CASH GENERATED FROM OPERATIONS		
Profit before taxation	44,219,027	(5,508,781)
<i>Adjustments for non-cash and other items:</i>		
Depreciation	18,003,151	15,642,684
Provision for gratuity	1,222,090	1,471,344
Provision for Sindh Workers' Profit Participation Fund	2,374,814	40,730
Provision for Sindh Workers' Welfare Fund	902,429	16,292
Finance cost	7,329,802	9,120,009
Exchange gain	(3,892,690)	(2,585,317)
Gain on disposal of fixed assets	(120,334)	(175,208)
<i>(Increase) / decrease in current assets</i>		
Stores and spares	266,458	280,407
Stock-in-trade	55,397,253	(1,864,692)
Trade debts	22,864,853	33,672,269
Advances and other receivables	(621,490)	8,202,155
Trade deposits and short term prepayments	1,094,902	374,023
<i>Increase / (decrease) in current liabilities</i>		
Creditors, accrued and other liabilities	(155,731,637)	14,447,810
Cash (used in) / generated from operations	<u>(6,691,372)</u>	<u>73,133,725</u>
18 CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,939,680	5,074,841
Short term borrowings - Secured	<u>(84,053,383)</u>	<u>(49,382,792)</u>
	<u>(79,113,703)</u>	<u>(44,307,951)</u>

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 2020	(Un-audited) 31 December 2019
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.	Purchases	<u>300,573</u>	<u>287,727</u>
Pakistan Paper Products Limited Employees' Provident Fund Trust	Employees Fund	Expense in relation to provident fund	<u>2,720,532</u>	<u>2,631,326</u>



PAKISTAN PAPER PRODUCTS LIMITED

20 SEGMENT INFORMATION

	Exercise Books			Prelabs			Others			Total		
	Half Year Ended			Half Year Ended			Half Year Ended			Half Year Ended		
	31 Dec 2020	31 Dec 2019	Quarter Ended	31 Dec 2020	31 Dec 2019	Quarter Ended	31 Dec 2020	31 Dec 2019	Quarter Ended	31 Dec 2020	31 Dec 2019	Quarter Ended
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Segment revenue	142,996,249	74,922,017	38,648,722	21,074,647	393,971,924	313,014,832	213,482,874	164,572,763	13,237,317	550,205,490	399,087,414	258,925,695
Cost of sales	(126,745,801)	(80,668,440)	(37,997,274)	(30,922,178)	(339,273,559)	(285,380,042)	(179,842,332)	(147,148,396)	(8,667,329)	(474,686,689)	(374,200,828)	(222,387,808)
Gross profit	16,250,448	(5,746,423)	65,148	(9,847,531)	54,698,365	27,634,790	33,640,542	17,424,367	4,569,988	75,518,801	24,886,586	36,537,887
Segment expenses												
Administrative expenses	(8,568,745)	(8,361,762)	(4,160,881)	(4,326,988)	(7,764,401)	(7,730,125)	(3,818,446)	(4,023,934)	(879,063)	(17,212,209)	(16,956,193)	(8,399,681)
Selling and distribution expenses	(3,322,372)	(3,391,091)	(1,462,327)	(1,666,348)	(2,949,271)	(2,436,362)	(1,750,704)	(1,209,618)	(1,236,412)	(7,508,055)	(7,047,168)	(3,853,487)
Workers' profit participation fund	(617,205)	--	(180,108)	--	(1,700,474)	(2,1587)	(944,832)	--	(57,135)	(2,374,814)	(40,730)	(1,154,685)
Workers' welfare fund	(234,538)	--	(59,699)	--	(646,180)	(8,635)	(343,763)	--	(21,713)	(902,420)	(16,292)	(414,377)
	(12,742,860)	(11,752,853)	(5,863,215)	(5,993,336)	(13,060,326)	(10,196,709)	(6,857,345)	(5,233,552)	(2,194,321)	(27,997,507)	(24,060,383)	(13,822,290)
Operating profit	3,507,588	(17,499,276)	(5,211,767)	(15,840,867)	41,638,039	17,438,081	26,783,297	12,190,815	2,375,667	47,656,139	1,025,911	22,841,525
Other operating income / (loss)												
Finance cost										134,845	199,708	125,868
Profit before taxation										(3,437,112)	(6,534,092)	(1,316,900)
Taxation - Net										44,219,027	(5,508,781)	21,524,625
Profit after taxation										(13,128,335)	2,659,420	(8,759,038)
										31,090,792	(2,849,361)	12,765,587
												(1,296,266)



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2020	(Audited) 30 June 2020
	----- (Numbers) -----	
21 NUMBER OF EMPLOYEES		
Number of employees	111	112
Average number of employees during the year	111	112

22 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.

23 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on 18th Feb 2021 by the Board of Directors of the Company.

24 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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