



**CONDENSED INTERIM
FINANCIAL INFORMATION
(SUBJECTED TO LIMITED SCOPE REVIEW)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2021**



PAKISTAN PAPER PRODUCTS LIMITED





PAKISTAN PAPER PRODUCTS LIMITED

Contents

	Pages
Corporate Profile	1
Directors' Report to the Shareholders	2
Independent Auditors Report on Review of Condensed Interim Financial Information to the Members	5
Condensed Interim Statement of Financial Position	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Statement of Changes in Equity	9
Condensed Interim Cash Flow Statement	10
Notes to the Condensed Interim Financial Information	11



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
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	- Chairman
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
Meezan Bank Limited

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, 2021.

The turnover during the period ended was Rs.600.43 million against Rs.619.38 in the same period last year which is a decrease of 3.6%. Ex Books sales continued to show strong growth and increased by 15.19% and this was mainly achieved due to opening up of new markets by the company with the help of our distributor. Going forward also we continue to see good growth in Ex Books sales this year which is a very healthy sign. Pro Labels sales declined by 8.22% which is the first decline we have seen in the last 3-4 years. This is mainly due to the fact that last year we had exceptional growth due to very high pent up demand in the economy when it opened up after the Covid lockdown. Another slightly worrying sign is that the competition in this segment is increasing rapidly and while we have retained most of our major customers but have lost a few due to competition offering lower prices to lure customers and this price war is something we do not want to indulge in. We continue to focus on value added and high volume customers. Sales of Sensitized paper declined by 35.2% because as we had earlier explained that we did not have any raw material for the first 3 months we did not do any production. We started production again in October but demand is still very scarce due to the fact that this is a completely dying line. Photocopy paper sales increased by 8% but this constitutes only 1.12% of our sales.

The company's Gross Profit increased by 19.9% to Rs 90.5 million which was mainly due to good margins in Ex Books segment. Net Profit after tax increased by 7.68% to Rs 33.5 million. Mashallah, the company has performed very well in very challenging times that we faced in the last 6 months due to massive PKR devaluation and increase in all commodity prices especially fuel and energy. The company posted this healthy profit in spite of booking exchange loss to the tune of Rs 5.8 million and this is a turnaround from an Exchange gain of Rs 3.9 million in the same period last year. The Solar Project that we installed started operations end of September and has proven to be a very timely investment as electricity costs are constantly on the rise but thanks to our Solar system we are getting huge savings on our electricity consumption.

The company is expecting to continue with the good performance in the next six months. By the Grace of Allah our Sales Tax zero rating on Ex Books was also maintained and did not get abolished in the mini budget announced by the government at the end of the year. The company is facing a lot of headwinds in terms of rising prices of all raw materials but rest assured that the management is dealing with all the issues in an appropriate manner to safeguard the company's profits.

In light of the increase in earnings for Six months, the Board is pleased to approved an Interim Dividend of 25%, i.e. Rs 2.5 per share.

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;



PAKISTAN PAPER PRODUCTS LIMITED

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

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.



PAKISTAN PAPER PRODUCTS LIMITED

- 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.

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 17, 2022



PAKISTAN PAPER PRODUCTS LIMITED



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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 2021 and the related condensed interim statement of profit or loss, condensed interim statement of 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 these 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 are 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 condensed interim statement of comprehensive income for the three months period ended 31 December 2021 and 31 December 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2021.

The engagement partner on the review resulting in this independent auditor's report is Muhammad Faisal Nini.

CHARTERED ACCOUNTANTS

Place: Karachi

Dated: 17.02.2022

UDIN: AR202110178vNCZn3mf7

CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	(Un-audited) 31 December 2021	(Audited) 30 June 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	813,788,785	802,714,130
Intangible assets		447,290	517,915
Long term deposits		1,119,258	957,258
		815,355,333	804,189,303
CURRENT ASSETS			
Stores and spares		6,943,622	5,548,216
Stock-in-trade	6	228,008,961	262,468,300
Trade debts - Unsecured, considered good		145,962,604	211,451,703
Advances and other receivables	7	89,761,159	106,113,015
Trade deposits and short term prepayments	8	28,476,741	2,661,824
Cash and bank balances	9	5,636,590	4,729,141
		504,789,677	592,972,199
		1,320,145,010	1,397,161,502
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (June 2021: 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
Revenue reserves		419,607,648	408,423,468
Capital reserve			
Surplus on revaluation of property, plant and equipment		508,885,708	510,591,499
		1,008,493,356	999,014,967
NON-CURRENT LIABILITIES			
Deferred tax liability - Net		40,916,765	42,030,458
Deferred liability for staff gratuity		18,595,863	17,726,668
Long term loans - Secured	10	58,012,480	58,180,863
Deferred grant		9,824,522	9,655,612
		127,349,630	127,593,601
CURRENT LIABILITIES			
Current and overdue portion shown under current liabilities	10	28,239,450	31,290,851
Short term borrowings - Secured	11	30,799,961	91,452,605
Unclaimed dividend		9,464,615	8,439,427
Creditors, accrued and other liabilities	12	115,797,998	139,370,051
		184,302,024	270,552,934
CONTINGENCIES AND COMMITMENTS			
	13	--	--
		1,320,145,010	1,397,161,502

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 2021

	Notes	Half Year Ended		Quarter Ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		----- (Rupees) -----		----- (Rupees) -----	
Sales - Net	14	537,134,212	550,205,490	228,732,155	258,925,695
Cost of sales	15	(446,586,049)	(474,686,689)	(197,541,713)	(222,387,808)
Gross profit		90,548,163	75,518,801	31,190,442	36,537,887
Other operating income		357,134	134,845	10,560	125,868
Operating expenses					
Administrative expenses		(19,905,192)	(17,212,209)	(9,694,371)	(8,399,681)
Selling and distribution expenses		(10,473,522)	(7,508,055)	(4,866,280)	(3,853,487)
Sindh Workers' Profit Participation Fund		(2,458,123)	(2,374,814)	(606,161)	(1,154,685)
Sindh Workers' Welfare Fund		(938,692)	(902,429)	(197,907)	(414,377)
		(33,775,529)	(27,997,507)	(15,364,719)	(13,822,230)
Operating profit		57,129,768	47,656,139	15,836,283	22,841,525
Finance cost		(11,364,125)	(3,437,112)	(4,517,131)	(1,316,900)
Profit before taxation		45,765,643	44,219,027	11,319,152	21,524,625
Taxation - Net		(12,287,254)	(13,128,235)	(8,432,228)	(8,759,038)
Profit for the period		33,478,389	31,090,792	2,886,924	12,765,587
Earnings per share - Basic and diluted		4.18	3.89	0.36	1.60

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 COMPREHENSIVE INCOME - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Half Year Ended		Quarter Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- (Rupees) -----		----- (Rupees) -----	
Profit for the period	33,478,389	31,090,792	2,886,924	12,765,587
Other comprehensive income:				
<i>Items that will not be reclassified to statement of profit or loss:</i>	--	--	--	--
Total comprehensive income for the period	<u>33,478,389</u>	<u>31,090,792</u>	<u>2,886,924</u>	<u>12,765,587</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 2021

	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 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
Balance as on 1 July 2021	80,000,000	143,900,000	264,523,468	408,423,468	510,591,499	999,014,967
Profit for the period ended 31 December 2021	--	--	33,478,389	33,478,389	--	33,478,389
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period	--	--	33,478,389	33,478,389	--	33,478,389
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	319,219	319,219	(319,219)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	1,386,572	1,386,572	(1,386,572)	--
Transactions with owners:						
Final cash dividend @ 30% related to the year ended 30 June 2021	--	--	(24,000,000)	(24,000,000)	--	(24,000,000)
Balance as at 31 December 2021	80,000,000	143,900,000	275,707,648	419,607,648	508,885,708	1,008,493,356

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 CASH FLOWS - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Notes	(Un-audited) 31 December 2021	(Un-audited) 31 December 2020
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used in) from operations	16	135,152,279	(6,691,372)
Payments for:			
Income taxes net of refund received		(734,154)	(18,559,158)
Sindh Workers' Profit Participation Fund		(5,225,511)	(1,161,700)
Gratuity		(595,653)	(181,116)
Finance cost		(12,009,759)	(7,912,556)
Net cash inflows / (outflows) from operating activities		116,587,202	(34,505,902)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to tangible assets		(30,804,422)	(12,689,370)
Sale proceeds against disposal of fixed assets		1,965,000	373,000
Net cash outflows from investing activities		(28,839,422)	(12,316,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term deposits		(162,000)	--
Net movements in long term loan		(3,050,875)	68,603,934
Dividend paid		(22,974,812)	(9,660,310)
Net cash (outflows) / inflows from financing activities		(26,187,687)	58,943,624
Net increase in cash and cash equivalents		61,560,093	12,121,352
Cash and cash equivalents at the beginning of the period		(86,723,464)	(91,235,055)
Cash and cash equivalents at the end of the period		(25,163,371)	(79,113,703)

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 2021

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 2021 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 2021.
- 2.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 December 2021 and 2020 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 2021 and 2020.

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 2021.
- 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 2021.

4 TAXATION

The provision for taxation for the half year and quarter ended 31 December 2021, have been made using the estimated effective tax rate applicable to expected total annual earnings.



PAKISTAN PAPER PRODUCTS LIMITED

		(Un-audited) 31 December 2021	(Audited) 30 June 2021
		----- (Rupees) -----	
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1	813,788,785	802,714,130
5.1	Operating fixed assets		
Opening net book value (NBV)		802,714,130	824,265,465
Addition (at cost) during the period / year	5.1.1	30,804,422	15,111,174
		833,518,552	839,376,639
Disposal (NBV) during the period / year	5.1.2	(1,628,266)	(265,488)
Depreciation charged for the period / year		(18,101,501)	(36,397,021)
Closing net book value (NBV)		813,788,785	802,714,130
5.1.1	Details of additions (at cost) during the period / year are as follows:		
Factory building on leasehold land		--	386,165
Plant and machinery		6,095,140	7,948,119
Furniture and fixture		131,350	1,205,046
Factory and other equipment		579,000	2,519,570
Electric equipment and fittings		16,289,406	196,327
Computers		37,000	101,000
Vehicles		7,672,526	2,754,947
		30,804,422	15,111,174
5.1.2	Details of disposals (NBV) during the period / year are as follows:		
Computers		--	(12,822)
Vehicles		(1,628,266)	(252,666)
		(1,628,266)	(265,488)
6	STOCK-IN-TRADE		
Raw materials		196,790,598	218,203,666
Work-in-process		23,282,839	24,833,837
Finished goods		8,052,249	19,547,522
		228,125,686	262,585,025
Provision for dead stock		(116,725)	(116,725)
		228,008,961	262,468,300
7	ADVANCES AND OTHER RECEIVABLES		
<i>Considered good</i>			
Advance to suppliers		1,238,930	2,182,617
Advance to staff		307,616	540,738
Advance income tax - Net		17,274,019	24,850,137
Income tax refundable		66,916,750	72,007,424
Sales tax refundable - Net		4,023,844	6,532,099
		89,761,159	106,113,015



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2021	(Audited) 30 June 2021
	----- (Rupees) -----	
8 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Margin deposits	5,101,700	2,302,700
Trade deposits	1,977,318	224,418
Advance against letter of credit	17,797,582	--
Short term prepayments	3,600,141	134,706
	<u>28,476,741</u>	<u>2,661,824</u>
9 CASH AND BANK BALANCES		
Cash in hand	93,120	70,000
Factory imprest	23,870	100,000
Cash at banks:		
- Current accounts	5,519,600	4,559,141
	<u>5,636,590</u>	<u>4,729,141</u>
10 LONG TERM LOANS - Secured		
Term finance under refinance scheme	17,465,856	25,841,415
Long term loan under temporary economic refinance facility	51,003,381	50,310,399
Islamic financing facility for renewable energy (IFRE) 10.1	11,728,193	--
Long term loan	6,054,500	13,319,900
	<u>86,251,930</u>	<u>89,471,714</u>
Current and overdue portion shown under current liabilities	<u>(28,239,450)</u>	<u>(31,290,851)</u>
	<u>58,012,480</u>	<u>58,180,863</u>
<p>10.1 During the period, the Company has obtained loan under the State Bank of Pakistan's (SBP) 'Islamic Financing Facility for Renewable Energy' for financing of Solar Power System. The facility carries mark-up at IFRE base rate plus 2% per annum. The facility is to be repaid in five years including grace period of 90 days in fifty seven equal monthly installments from the date of disbursement. The facility is secured by way of specific hypothecation charge over solar power system, personnel guarantee of all directors and pari passu charge amounting to Rs.18.66 millions over industrial land bearing No. D/58.</p>		
11 SHORT TERM BORROWINGS - Secured		
Bank Al-Habib Limited - Running finance	<u>30,799,961</u>	<u>91,452,605</u>
12 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Trade creditors	83,569,316	110,563,066
Advance from customers	14,961,314	7,846,011
Accrued expenses and other payables	9,178,160	9,872,333
Payable to provident fund	--	664,628
Accrued mark-up	2,281,951	2,927,585
Zakat Payable	139,525	--
Sindh Workers' Profit Participation Fund	2,458,123	5,225,511
Sindh Workers' Welfare Fund	3,209,609	2,270,917
	<u>115,797,998</u>	<u>139,370,051</u>



PAKISTAN PAPER PRODUCTS LIMITED

13 CONTINGENCIES AND COMMITMENTS

There are no significant change in the status of contingencies and commitments as reported in note 21 to the annual audited financial statements of the Company for the year ended 30 June 2021.

	Half Year Ended - (Un-audited)		Quarter Ended - (Un-audited)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- (Rupees) -----		----- (Rupees) -----	
14 SALES - Net				
Sales	600,429,569	619,376,571	260,746,515	296,364,326
Sales tax	(63,295,357)	(69,171,081)	(32,014,360)	(37,438,631)
Sales	<u>537,134,212</u>	<u>550,205,490</u>	<u>228,732,155</u>	<u>258,925,695</u>
15 COST OF SALES				
Opening stock of raw material	218,203,666	164,726,667	147,807,957	134,335,651
Purchases during the period	318,404,052	328,347,801	204,698,370	182,984,677
	<u>536,607,718</u>	<u>493,074,468</u>	<u>352,506,327</u>	<u>317,320,328</u>
Closing stock of raw material	6 (196,790,598)	(132,645,708)	(196,790,598)	(132,645,708)
Raw materials consumed	<u>339,817,120</u>	<u>360,428,760</u>	<u>155,715,729</u>	<u>184,674,620</u>
Manufacturing overheads				
Salaries, wages and other benefits	42,405,845	39,355,682	19,515,388	18,424,392
Stores and spares consumed	19,160,452	19,956,969	8,531,361	9,251,828
Depreciation	16,080,944	16,969,960	8,064,001	8,544,313
Fuel and power	8,353,715	7,814,176	3,644,437	4,069,953
Other manufacturing expenses	2,602,668	2,513,533	1,221,539	1,271,370
Repairs and maintenance	3,949,326	3,393,232	2,034,892	1,784,857
Insurance expenses	913,950	751,374	469,760	375,687
Rent, rates and taxes	111,642	99,171	55,821	33,138
Telephone charges	144,116	87,538	86,205	55,705
	<u>93,722,658</u>	<u>90,941,635</u>	<u>43,623,404</u>	<u>43,811,243</u>
Manufacturing cost	<u>433,539,778</u>	<u>451,370,395</u>	<u>199,339,133</u>	<u>228,485,863</u>
Work in process - Opening	24,833,837	39,512,097	13,872,953	19,168,389
Work in process - Closing	6 (23,282,839)	(22,380,757)	(23,282,839)	(22,380,757)
	<u>1,550,998</u>	<u>17,131,340</u>	<u>(9,409,886)</u>	<u>(3,212,368)</u>
Cost of goods manufactured	<u>435,090,776</u>	<u>468,501,735</u>	<u>189,929,247</u>	<u>225,273,495</u>
Finished goods - Opening	19,547,522	25,693,662	15,664,715	16,623,021
Finished goods - Closing	6 (8,052,249)	(19,508,708)	(8,052,249)	(19,508,708)
	<u>11,495,273</u>	<u>6,184,954</u>	<u>7,612,466</u>	<u>(2,885,687)</u>
	<u>446,586,049</u>	<u>474,686,689</u>	<u>197,541,713</u>	<u>222,387,808</u>



PAKISTAN PAPER PRODUCTS LIMITED

	(Un-audited) 31 December 2021	(Un-audited) 31 December 2020
	----- (Rupees) -----	
16 CASH GENERATED FROM OPERATIONS		
Profit before taxation	45,765,643	44,219,027
<i>Adjustments for non-cash and other items:</i>		
Depreciation	18,101,501	18,003,151
Amortization	70,625	--
Provision for gratuity	1,464,848	1,222,090
Provision for Sindh Workers' Profit Participation Fund	2,458,123	2,374,814
Provision for Sindh Workers' Welfare Fund	938,692	902,429
Finance cost	5,560,641	7,329,802
Exchange loss / (gain)	5,803,484	(3,892,690)
Gain on disposal of fixed assets	(336,734)	(120,334)
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(1,395,406)	266,458
Stock-in-trade	34,459,339	55,397,253
Trade debts	65,489,099	22,864,853
Advances and other receivables	3,685,064	(621,490)
Trade deposits and short term prepayments	(25,814,917)	1,094,902
<i>Decrease in current liabilities</i>		
Creditors, accrued and other liabilities	(21,097,723)	(155,731,637)
Cash generated from / (used in) operations	<u>135,152,279</u>	<u>(6,691,372)</u>
17 CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,636,590	4,939,680
Short term borrowings - Secured	<u>(30,799,961)</u>	<u>(84,053,383)</u>
	<u>(25,163,371)</u>	<u>(79,113,703)</u>

18 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 2021	(Un-audited) 31 December 2020
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>381,011</u>	<u>300,573</u>
Pakistan Paper Products Limited Employees' Provident Fund Trust	Employees Fund	Expense in relation to provident fund	<u>2,784,780</u>	<u>2,720,532</u>



	Exercise Books				Probekids				Others				Total			
	Half Year Ended		Quarter Ended		Half Year Ended		Quarter Ended		Half Year Ended		Quarter Ended		Half Year Ended		Quarter Ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Segment revenue	164,724,257	142,996,240	40,350,291	38,648,722	30,530,928	303,971,924	182,288,743	213,882,874	10,829,027	13,337,317	6,093,121	6,794,099	53,734,212	550,305,490	228,732,155	258,025,695
Cost of sales	(130,304,829)	(126,745,801)	(34,618,053)	(37,097,274)	(30,765,643)	(339,273,359)	(138,923,533)	(179,442,732)	(8,428,577)	(8,667,329)	(4,000,127)	(4,548,302)	(446,586,049)	(474,866,689)	(197,541,713)	(222,387,808)
Gross profit	34,219,428	16,250,448	5,732,238	651,448	53,028,285	54,698,365	23,365,210	33,640,642	2,400,450	4,369,988	2,092,994	2,245,797	90,548,163	75,538,801	31,190,442	36,337,887
Segment expenses																
Administrative expenses	(9,621,784)	(8,368,745)	(4,645,748)	(4,160,881)	(9,280,474)	(7,764,401)	(4,539,420)	(3,818,446)	(1,002,934)	(879,063)	(489,203)	(420,354)	(19,065,092)	(17,212,309)	(9,694,371)	(8,399,681)
Selling and distribution expenses	(6,390,536)	(5,322,372)	(2,692,826)	(1,462,527)	(2,808,549)	(2,949,271)	(1,526,876)	(1,750,704)	(1,274,437)	(1,236,412)	(646,578)	(640,256)	(10,473,522)	(7,388,055)	(4,866,280)	(3,853,487)
South Workers' Profit Participation Fund	(700,216)	(617,205)	(13,347)	(180,108)	(1,657,326)	(1,700,474)	(580,072)	(944,432)	(40,581)	(57,135)	(12,142)	(30,145)	(2,458,123)	(2,374,814)	(606,161)	(1,154,685)
South Workers' Welfare Fund	(332,960)	(234,538)	(34,213)	(59,699)	(585,878)	(646,180)	(155,216)	(343,763)	(19,854)	(21,711)	(8,478)	(10,913)	(938,692)	(902,429)	(197,907)	(414,377)
	(17,105,496)	(12,742,860)	(7,386,133)	(5,863,215)	(14,332,227)	(13,066,226)	(6,822,187)	(6,857,345)	(2,337,866)	(2,194,321)	(1,156,402)	(1,101,670)	(33,375,529)	(27,697,507)	(15,364,719)	(13,822,230)
Operating profit / (loss)	17,113,932	3,507,588	(1,653,895)	(5,311,767)	39,596,058	41,638,039	16,543,026	26,783,297	62,644	2,375,667	936,592	1,144,127	56,772,624	47,521,294	15,825,723	22,715,657
Other operating income													357,134	134,845	10,560	125,868
Finance cost													(11,364,125)	(3,437,112)	(4,517,131)	(1,316,900)
Profit before taxation													45,765,643	44,219,027	11,319,152	21,524,625
Taxation - Net													(12,287,254)	(13,126,235)	(8,432,228)	(8,759,038)
Profit after taxation													33,478,389	31,092,792	2,886,924	12,765,587



PAKISTAN PAPER PRODUCTS LIMITED

20 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.

21 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on 17th Feb. 2022 by the Board of Directors of the Company.

22 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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