



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

1st QUARTER

September 30, 2022 (UN-AUDITED)

To,

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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
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

MANAGEMENT COMMITTEE

Mr. Abbas Sayeed	- Chairman
Mr. Abid Sayeed	- Chief Executive
Mr. Zia Ur Rehman	- Chief Financial Officer

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 unaudited accounts of the company for the first quarter ended September 30, 2022.

The company faced another very challenging quarter with the economic woes of the country getting worse with the unprecedented floods in Sindh and Balochistan. In spite of this the company showed good progress with Net Sales increasing by 5.88% to Rs 400.29 million. Pro Labels led the way with robust growth of 24.58%, while Ex Books also showed growth of 6.96%. Sales of Sensitized paper fell by nearly 27.48% while the sales of Plain Paper increased by 27.64%. After a lackluster year Pro Labels is again on a good growth trajectory path as there was an increase in the customer base with the return of many customers who had been lost to the competition. In addition, the new Gallus machine also started full production in July so we have been able to improve our volumes. Ex Books sales continued to perform well but a major chunk of sales was lost due to the floods as August and September are very high seasonal sales months. We have been able to make up for some of the sales in the last one month but are now hoping for the best in the future. Overall supply chain issues worldwide have eased a great deal along with a decline in freight charges but overall, the economic situation in the country remains very challenging.

The increase in the top line did not translate down with GP falling by 21.29% and NP before tax and NP after tax falling by 73% and 84.3% respectively. Our margins have taken a big hit due to the constant devaluation of the PKR along with the unprecedented rise in cost of electricity, fuel and wages. In spite of the 220-kwh solar system our electricity charges increased by 29% for this quarter but this would have been a lot more if we have not done the timely decision of installing solar in our factory. The other main reason behind the massive hit in our profitability has been the increase in Finance cost which has gone up 218%. This is a combination of exchange loss, along with higher interest rates on our OD and long-term loan financing. All these factors are out of our control but the management is trying its level best to deal with the situation in a proper manner. Unfortunately, we do not see any easing in these issues in the near future and will try our best to navigate these troubled waters in the best manner possible.

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

On behalf of the Board of Directors

ABBAS SAYEED

Chairman

Karachi, October 25, 2022

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited) AS AT SEPTEMBER 30, 2022

	Notes	(Un-audited) 30 Sep 2022	(Audited) 30 June 2022
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	888,977,913	893,264,648
Intangible assets		355,947	376,665
Long term deposits		1,285,258	1,135,258
		890,619,118	894,776,571
CURRENT ASSETS			
Stores and spares		7,675,865	8,442,309
Stock-in-trade		282,137,374	298,736,588
Trade debts - Unsecured, considered good		256,493,733	255,865,910
Advances and other receivables		127,797,421	118,237,943
Trade deposits and short term prepayments		5,714,509	18,445,449
Cash and bank balances		4,741,531	6,141,564
		684,560,433	705,869,763
		1,575,179,552	1,600,646,334
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2020: 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 Reserve		433,963,971	429,167,189
Capital reserve			
Revaluation surplus on property, plant and equipment		507,390,716	507,390,716
		1,021,354,687	1,016,557,905
NON-CURRENT LIABILITIES			
Deferred tax liability-Net		43,539,407	43,539,407
Deferred liability for staff gratuity		19,835,798	19,247,674
Long term loans - Secured		103,371,297	107,452,497
Liabilities against assets subject to musharakah financing		8,160,000	8,880,000
Deferred grant		7,227,187	7,227,187
		182,133,689	186,346,765
CURRENT LIABILITIES			
Current and overdue portion of long term loans		29,086,853	33,579,591
Short term borrowings - Secured		232,452,977	163,316,050
Unclaimed dividend		10,036,413	10,036,413
Creditors, accrued and other liabilities		100,114,932	190,809,610
		371,691,176	397,741,664
CONTINGENCIES AND COMMITMENTS			
		--	--
		1,575,179,552	1,600,646,334

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 QUARTER ENDED SEPTEMBER 30, 2022

	Notes	(Un-audited) 30 Sep 2022	(Un-audited) 30 Sep 2021
		----- (Rupees) -----	
Turnover		400,293,841	339,683,054
Sales tax and sales return		(38,824,032)	(31,280,997)
Sales - Net		361,469,809	308,402,057
Cost of sales		(314,749,327)	(249,044,336)
Gross profit		46,720,481	59,357,721
Other operating income/ (expense)		512,364	346,574
Operating expenses			
Administrative expenses		(10,827,302)	(10,210,821)
Selling and distribution expenses		(4,607,420)	(5,607,242)
Sindh Workers' Profit Participation Fund		(500,815)	(1,851,962)
Sindh Workers' Welfare Fund		(200,326)	(740,785)
		(16,135,863)	(18,410,810)
Operating profit		31,096,982	41,293,485
Finance cost		(21,781,828)	(6,846,994)
Profit before taxation		9,315,154	34,446,491
Taxation - Net		(4,518,373)	(3,855,026)
Profit for the period		4,796,782	30,591,465
Earning per share - Basic and diluted		0.60	3.82

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 QUARTER ENDED SEPTEMBER 30, 2022

	Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total equity
		General reserves	Unappropriate d profit	Total revenue reserves		
(Rupees)						
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 first quarter ended September 30, 2021	-	-	30,591,465	30,591,465	-	30,591,465
Other comprehensive income	-	-	-	-	-	-
	-	-	30,591,465	30,591,465	-	30,591,465
Surplus on revaluation realized on disposal of fixed assets - net of tax	-	-	-	-	-	-
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	-	-	-	-	-	-
Balance as at 30 Sep, 2021	80,000,000	143,900,000	295,114,933	439,014,933	510,591,499	1,029,606,432
Profit for the nine month ended 30 June, 2021	-	-	31,152,163	31,152,163	-	31,152,163
Other comprehensive income	-	-	(200,690)	(200,690)	-	(200,690)
	-	-	30,951,473	30,951,473	-	30,951,473
Surplus on revaluation realized on disposal of fixed assets - net of tax	-	-	455,250	455,250	(455,250)	-
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	-	-	2,745,533	2,745,533	(2,745,533)	-
Transactions with owners:						
Final cash dividend @ 30% related to the year ended 30 June 2021	-	-	(24,000,000)	(24,000,000)	-	(24,000,000)
Interim cash dividend @ 25% related to the period ended 31 Dec. 2021			(20,000,000)	(20,000,000)	-	(20,000,000)
Balance as at June 30, 2022	80,000,000	143,900,000	285,267,189	429,167,189	507,390,716	1,016,557,905
Total comprehensive income for the period						
Profit for the first quarter ended September 30, 2022	-	-	4,796,782	4,796,782	-	4,796,782
Other comprehensive income net of tax	-	-	-	-	-	-
	-	-	4,796,782	4,796,782	-	4,796,782
Surplus on revaluation realized on disposal of fixed assets - Net of tax	-	-	-	-	-	-
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	-	-	-	-	-	-
Balance as at September 30, 2022	80,000,000	143,900,000	290,063,971	433,963,971	507,390,716	1,021,354,687

The annexed notes form an integral part of the 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 QUARTER ENDED SEPTEMBER 30, 2022

	(Un-audited) 30 Sep 2022	(Un-audited) 30 Sep 2021
Notes	----- (Rupees) -----	
Profit for the quarter	4,796,782	30,591,465
Other comprehensive income / (loss):	--	--
Total comprehensive income for the quarter	<u>4,796,782</u>	<u>30,591,465</u>

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 CASH FLOW STATEMENT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	(Un-audited) 30 Sep 2022	(Un-audited) 30 Sep 2021
	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,315,154	34,446,491
Adjustment for non-cash items and other adjustments:		
Depreciation	11,014,832	8,856,338
Gratuity provision	957,180	735,672
Gain on disposal of fixed assets	(362,814)	(336,734)
Financial charges	21,781,828	6,846,994
	33,391,026	16,102,270
(Increase)/decrease in current assets		
Store, spares and stock in trade	17,365,658	84,075,271
Trade debts	(627,823)	32,540,285
Advances, deposits, prepayments & other receivables	3,171,462	15,669,724
	19,909,297	132,285,281
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	(90,694,678)	(54,724,928)
Cash (used in) / generated from operations	(28,079,200)	128,109,114
Income tax paid	(18,186,202)	(20,708,740)
Gratuity paid	(369,056)	(477,780)
Financial charges paid	(8,138,149)	(3,004,914)
Net cash (used in) / generated from operating activities	(54,772,607)	103,917,680
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,070,415)	(26,681,207)
Long term deposits	(150,000)	(1,752,900)
Sales proceeds against disposal of fixed assets	750,000	1,965,000
Net cash outflows from investing activities	(6,470,415)	(26,469,107)
CASH FLOW FROM FINANCING ACTIVITIES		
Net movements in long term loan	(9,293,938)	5,554,562
Dividend Paid	-	-
Net cash (outflows) / inflows from financing activities	(9,293,938)	5,554,562
Net (decrease) / increase in cash and cash equivalents	(70,536,960)	83,003,136
Cash and cash equivalent at the beginning of the quarter	(157,174,486)	(86,723,464)
Cash and cash equivalent at the end of the quarter	<u>(227,711,446)</u>	<u>(3,720,328)</u>

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

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 SEPTEMBER 30, 2022

1 THE COMPANY AND ITS OPERATIONS

The company was incorporated in July 1962 as a private limited company and was converted into public limited company and listed on the Karachi Stock Exchange in July 1964. The registered office of the Company is situated at D/58, S.I.T.E., Estate Avenue, Karachi. The Company is principally engaged in the production and sale of sensitized papers, pro-labels and exercise books.

2 BASIS OF PREPARATION

This condensed financial information of the company for the quarter ended September 30, 2021 has been prepared in accordance with approved accounting standards as applicable in Pakistan for financial reporting. This condensed financial information does not include all of the information required for full annual financial statements, and should therefore be read in conjunction with the audited annual financial statements of the company as at and for the year ended June 30, 2022.

This condensed financial information is unaudited and is required to be presented to the shareholders under section 237 of the Companies Act, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2022.

	(Un-audited) September 30 2022	(Audited) June 30 2022
	----- (Rupees) -----	
4 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	888,977,913	893,264,648
Capital work-in-progress		
	<u>888,977,913</u>	<u>893,264,648</u>
4.1 Opening net book value (NBV)	893,264,648	802,714,129
Addition (at cost) during the period year	4.1.1 <u>7,070,415</u>	<u>130,324,467</u>
	900,335,063	933,038,596
Disposal (NBV) during the period	4.1.2 (342,318)	(1,757,829)
Depreciation charged for the period	(11,014,832)	(38,016,119)
Closing net book value (NBV)	<u>888,977,913</u>	<u>893,264,648</u>

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

Building on leasehold land



PAKISTAN PAPER PRODUCTS LIMITED

- Factory	337,700	5,510,906
- Office	--	--
Plant and machinery	3,864,935	91,861,589
Furniture and fixture	--	1,082,680
Factory and other equipment	56,000	4,625,204
Electric equipment and fittings	--	--
Computers	91,800	219,700
Vehicles	2,719,980	10,448,917
Musharaka Assets		
Solar power system		16,575,471
	<u>7,070,415</u>	<u>130,324,467</u>

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

Plant and machinery	--	--
Factory and other equipment	--	(1,101)
Computers	--	(5,949)
Vehicles	(342,318)	(1,750,779)
	<u>(342,318)</u>	<u>(1,757,829)</u>

	(Un-audited) September 30 2022	(Un-audited) September 30 2022
5 CASH AND CASH EQUIVALENT		
Cash and bank balance	4,741,531	6,045,220
Short term borrowings - Secured	(232,452,977)	(9,765,548)
	<u>(227,711,446)</u>	<u>(3,720,328)</u>

- 6 Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs.1,121,742/- (September 2021: Rs. Nil)

Commitments are outstanding in respect of letters of credit amounting to Rs.67,864,989 /- (September 2021: Rs. 79,366,277/-)

- 7 The condensed interim financial information was authorized for issue by the Board of Directors of the company on 25th October 2022

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive

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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