



**Annual
Report
2016**



Pakistan Paper Products Ltd.



VISION STATEMENT

To transform the company into a modern and dynamic paper converting company by utilizing experience of the team of professionals to play a meaningful role on sustainable basis in the economy of Pakistan.

MISSION STATEMENT

To provide quality products to customers and explore new clients to promote sales of the company through good governance and encourage a sound and dynamic team, so as to achieve best prices of products of the company for sustainable growth and prosperity of the company.





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CORPORATE PROFILE

BOARD OF DIRECTORS

Mohammad Ali Sayeed	-Chairman	Non-Executive
Abid Sayeed	-Chief Executive	Executive
Abbas Sayeed		Non-Executive
Mrs. Muleika Sayeed		Non-Executive
Dr. Asadullah Sayeed		Non-Executive
Zahid Dada		Independent Director
Shoaib Ahmad Khan	-NIT Nominee	Non-Executive

AUDIT COMMITTEE

Abbas Sayeed	-Chairman
Zahid Dada	-Member
Dr. Asadullah Sayeed	-Member

HR AND REMUNERATION COMMITTEE

Zahid Dada	-Chairman
Abbas Sayeed	-Member
Shoaib Ahmad Khan	-NIT Nominee

CHIEF FINANCIAL OFFICER

Rizwan Ahmed Mughal

COMPANY SECRETARY

Faisal Saeed Khan

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

NOTICE OF MEETING

Notice is hereby given that the 54th Annual General Meeting of the Shareholders of Pakistan Paper Products Ltd will be held at the Head Office of the Company D/58 Estate Avenue SITE Karachi on Thursday 06th October 2016 at 11:30 am to transact the following business :-

1. To confirm the Minutes of the last Annual General Meeting held on 27 October, 2015.
2. To receive and adopt the audited accounts of the Company for the year ended on 30th June, 2016 together with the Directors' Report and Auditors' Report thereon.
3. To approve payment of Interim Dividend @ of Rs. 3.00 per share (30%) as recommended by the Board of Directors. (already paid)
4. To appoint Auditor for the year 2016-2017 and to fix their remuneration.
5. Any other business with the permission of the Chair.

B. SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED as and by way of Special Resolution that the Articles of Association of the Company, be amended as follows:

(a) by inserting the following new articles immediately after Article 54 as Article 54A, 54B and 54C namely:

- 54A: "Subject to any rules or regulations that may be made from time to time by the Commission in this regard, Members may exercise voting rights at general meeting through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate the voting by electronic means in the manner and in accordance with the requirements prescribed by the Commission".
- 54B: Notwithstanding the above, a non-member may be appointed as a proxy by any member desiring e-vote through an intermediary appointed by company, as define in "Companies (E-Voting) Regulations, 2016", as may be amended time to time, for the purpose member shall inform Company Secretary at least 10 days before the holding of Annual General Meeting & Extra Ordinary General Meeting of the shareholders intimating about his/her decision of e-vote through intermediary to vote at a poll.
- 54C: For the purpose of e-voting, the instrument appointing the proxy shall be in such form and provided in the manner stipulated under the Companies (E-Voting) Regulations, 2016.

b) **FURTHER RESOLVED** that the Chief Executive/Directors and Company Secretary be and is hereby authorized and empowered fulfill all legal, corporate and procedural formalities to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for alteration of the Company's Articles of Association.

c) "**ALSO RESOLVED** that in case of any omission or mistake if pointed out by the Commission (SECP) and any other competent authority in the aforesaid resolutions the Company Secretary be and is hereby authorized to make necessary corrections as permitted under the law in letter and spirit".

A statement as required by Section 160(1)(b) of the Companies Ordinance, 1984, in respect of the special business to be considered at the AGM is annexed.

Karachi
Dated: 06th September 2016

By Order of the Board
(FAISAL SAEED KHAN)
Company Secretary



PAKISTAN PAPER PRODUCTS LIMITED

NOTES:

1. The Share Transfer Book of the Company will remain closed from 29.09.2016 to 06.10.2016 (both days inclusive).

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend the meeting and vote instead of him/her. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting :-

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity card (CNIC) or original Passport at the time of attending the meeting.
- ii) In case of Corporate entity, the Board of Directors resolution of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

C: Zakat Declaration Certificate

3. Members who desire to stop deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law (if not submitted earlier).

D: Submission of CNIC Copy (MANDATORY)

4. Pursuant to the directives of the Securities & Exchange Commission of Pakistan CNIC number is mandatory required to be mentioned on dividend warrants, Shareholders are therefore requested to submit copy of their valid CNIC (only Physical Shareholders) if not provided earlier to the M/s. F.D Registrar Services (SMC-Pvt) Ltd (The Share Registrar). The Corporate Entities are requested to provide their National Tax Number (NTN). Please quote Folio Number with the copy of CNIC/NTN details. In case of non-receipt of valid CNIC the Company would be unable to comply with SRO 831(I)/2012 dated July 5, 2012 of SECP. Please note that no dividend will be payable unless CNIC number is printed on the dividend warrants, failure to provide the same would constrained the Company to withhold dispatch of dividend warrants. Shareholders are also requested to notify any change in address immediately.

E. Change of Address and quote folio No. in correspondence

5. Members are also requested to notify any change in address immediately. The shareholders are further requested to quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.



PAKISTAN PAPER PRODUCTS LIMITED

F. Undelivered Dividend Warrants and Share Certificates

6. Number of share certificates and dividend warrants have been returned marked as "undelivered". Any member affected by this is advised to write or call our Share Registrar M/s. F.D Registrar Services (SMC) –Pvt. Ltd 17th Floor, Saima Trade Tower-A I.I Chundrigar Road, Karachi during working hours. Ph: 0092-21-32271906 Fax: 0092-21-32621233 Email: fdregistrar@yahoo.com

G. Circulation of Annual Financial Statements through Email

7. SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their email address. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall, however, continue to provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

H. Placement of Financial Accounts on Website

8. Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial statements of the Company have been placed on Company's website at www.pakpaper.com

I. Dividend Mandate: Payment of Cash Dividend Electronically: (OPTIONAL)

9. Please note that under section 250 of the Companies Ordinance 1984, shareholders may, if they so desire, elect to receive their cash dividend directly into their bank account instead of receiving it through dividend warrants. In this regard and in pursuance of the directives of the SECP vide Circular No. 18 of 2012 dated June 5, 2012 and Notice No. 8(4) SM/CDC 2008 dated: April 5, 2013, shareholders, may like to exercise this option, requested to please submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank, CDC account holders should submit their request directly to their broker (participant) / CDC.

J. Revision of withholding tax on dividend income u/s 150 of Finance Act 2015

10. Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2015, effective July 1, 2015, a new criteria for withholding of tax has been introduced by Federal Board of Revenue ("FBR"). According to the revised criteria, tax is to be withheld based on 'Filer' and 'Non-Filer' status of shareholders @ 12.5% and 17.5% respectively where 'Filer' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk>) or a holder of "Taxpayer's Card" and 'Non-Filer' means a person who is not a filer.

I. Furthermore, according to recent clarification provided by the FBR; in case a Folio/CDS Account is jointly held, each joint-holder is to be treated separately as Filer or Non-Filer. In terms of the said clarification; tax of each joint-holder has been deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holder(s) is pre-defined as per the records of the Company's Share Registrar and thus tax rates are applied in line with respective proportions.

II. Those shareholders who are holding Folio/CDS jointly; are requested to notify (in writing) any change in their shareholding proportions to Company's Share Registrar (in case of physical shareholding) or their Participants/CDC Investor Account Services so that their revised shareholding proportions are considered by the Company in all prospective dividend payouts of the Company, if any.

III. *The corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or our Share Registrar M/s. F.D Registrar Services (SMC) –Pvt. Ltd. The shareholders while sending NTN or NTN certificate, as the case may be, must quote company name and their respective folio numbers.*



PAKISTAN PAPER PRODUCTS LIMITED

K: For Video Conference:

- I. Further to SECP S.R.O. No.1027/(I)2014 dated 13th November 2014 clause 1(b) "The company may provide video conference facility to its members for attending the general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members:
 - II. Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting the company shall arrange video conference facility in that city subject to availability of such facility in that city".
 - III. The company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.
- I/We, _____ of _____, being a member of the Pakistan Paper Products Limited, holder of _____ Ordinary Share(s) as per Register CDC/ Folio no. _____ hereby opt for video conference facility at _____.

L. STATEMENT AS REQUIRED BY SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

Agenda Item No. 6: SECP SRO 43(I)/2016 dated: January 22, 2016 For Companies E-Voting Regulations 2016

To give effect to the Companies E-Voting Regulation 2016, shareholder's approval is being sought to amend the Article of Association of the Company to enable e-voting rights of the shareholders. The Board of Directors has recommended alteration in the Article of Association by inserting a new Article 54-A, 54-B & 54-C. Directors have no interest, direct or indirect in the said special business.



PAKISTAN PAPER PRODUCTS LIMITED

OPERATING HIGHLIGHTS

Rupees in Thousand

	2016	2015	2014	2013	2012	2011
HISTORICAL TRENDS						
Trading results						
Turnover	676,554	631,584	527,020	543,319	483,498	433,925
Sales - Net	613,672	576,333	504,312	501,239	433,308	382,683
Gross Profit	125,342	116,911	110,076	96,736	100,009	94,830
Profit before tax	62,572	73,455	73,404	60,024	64,544	62,554
Taxation	24,206	16,276	25,164	21,228	23,160	21,678
Profit after tax	38,365	57,177	48,239	38,795	41,383	40,876
Dividend						
	*					
Cash Dividend	30%	40%	30%	30%	-	40%
Stock Dividend					20%	
Cash Dividend Value	18,000	24,000	18,000	18,000	-	20,000
Stock Dividend Value	-	-	-	-	10,000	-
Dividend Payout	46.92%	41.97%	37.31%	46.40%	24.16%	48.93%
Financial Position						
Total Assets	723,186	723,766	637,770	522,456	535,907	440,856
Paid up Capital	60,000	60,000	60,000	60,000	50,000	50,000
Reserves	284,545	262,820	226,649	196,083	184,800	162,652
Working capital	225,123	188,694	181,396	153,940	132,845	128,839
Current Ratio	3.77	3.39	3.99	3.60	2.66	3.54
KEY INDICATORS						
Operating						
Gross Profit	20.42%	20.29%	21.83%	19.30%	23.08%	24.78%
Profit before tax	10.20%	12.75%	14.56%	11.98%	14.90%	16.35%
Profit after tax	6.25%	9.92%	9.57%	7.74%	9.55%	10.68%
Return on Equity	11.13%	17.71%	16.83%	15.15%	17.62%	19.22%
Return on Assets	5.30%	7.90%	7.56%	7.43%	7.72%	9.27%
Valuation						
Earning per share (pre tax)	10.43	12.24	12.23	10.00	12.91	12.51
Earning per share (post tax)	6.39	9.53	8.04	6.47	8.28	8.18
Breakup value per share	57.42	53.80	47.77	42.68	46.96	42.53
Asset utilisation						
Inventory turnover ratio	4.34	4.57	4.39	4.08	3.44	3.57
Total assets turnover ratio	0.85	0.80	0.79	0.96	0.81	0.87
Production						
Exercise Books (Goose)	66,390	66,542	55,842	57,887	53,230	45,690
Amonia Paper (Rolls 10 yds)	36,856	56,486	48,989	44,264	50,026	58,275
Pro-Labels (Sq. Meter)	3,482,032	2,944,592	2,792,742	2,930,907	2,636,652	2,423,480

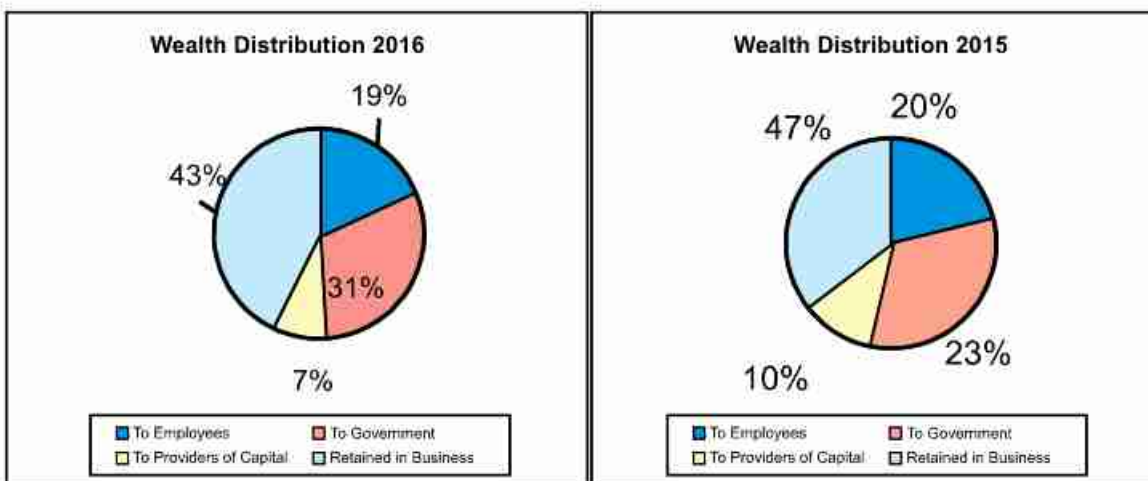
*30% Interim Cash dividend paid for the year 2016.



PAKISTAN PAPER PRODUCTS LIMITED

Statement of Value Added and its Distribution

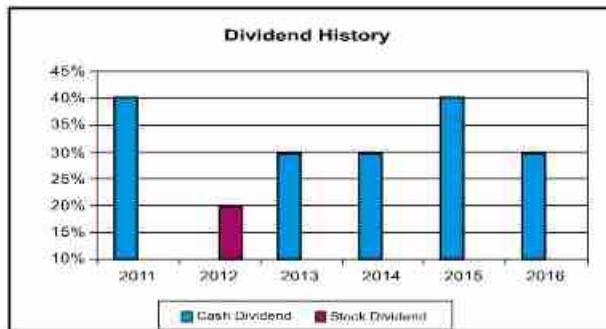
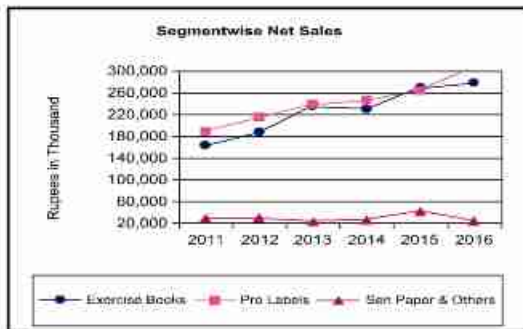
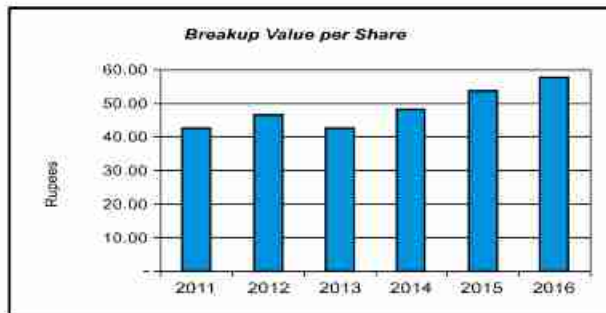
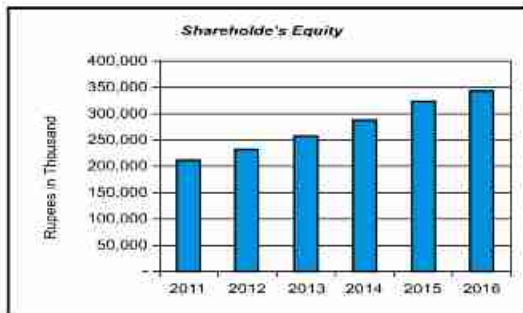
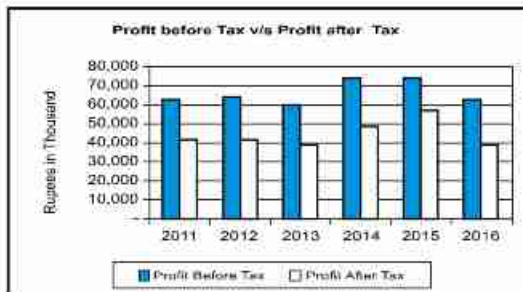
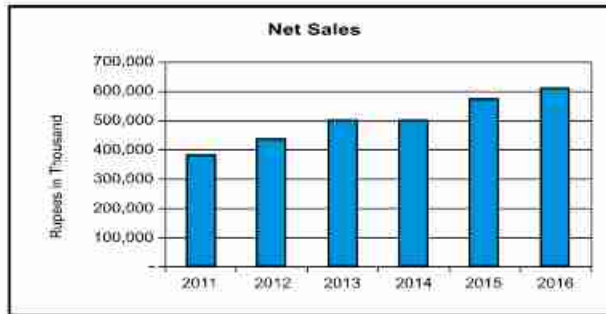
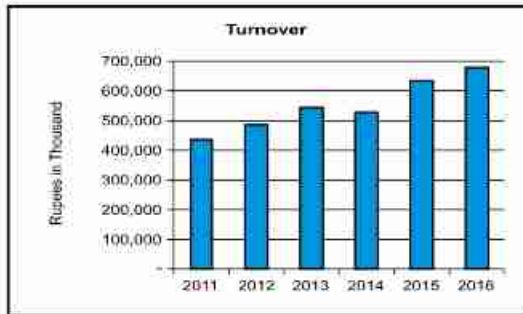
	2016		2015	
	Rupees in thousand	%	Rupees in thousand	%
Wealth Generated				
Total revenue inclusive of sales tax & other income	632,941		632,941	
Bought-in-material & services	336,323		403,854	
	<u>296,618</u>	<u>100.00%</u>	<u>229,086</u>	<u>100.00%</u>
Wealth Distributed				
To Employees				
Salaries, wages, benefits & related cost	55,368	18.67%	48,263	21.07%
To Government				
Income tax, sales tax & workers' fund	90,789	30.61%	72,582	31.68%
To Providers of Capital				
Dividend to share holders	18,000	6.07%	24,000	10.48%
Markup on borrowed funds	5,317	1.79%	2,792	1.22%
Retained in Business				
Depreciation & retained profit	127,143	42.86%	81,449	35.55%
	<u>296,618</u>	<u>100.00%</u>	<u>229,086</u>	<u>100.00%</u>





PAKISTAN PAPER PRODUCTS LIMITED

GRAPHIC ILLUSTRATION



* In 2016 Interim Cash Dividend is 30%.



ڈائریکٹرز رپورٹ

پورڈ آف ڈائریکٹرز کیپنی کے آڈیٹ اکاؤنٹس کے ساتھ 54 ویں سالانہ رپورٹ پیش کرتے ہوئے از حد سرت محسوس کر رہا ہے۔ رپورٹ آپ کی کیپنی کی 30 جون 2016 کو اختتام پذیر ہونے والی سرگرمیوں اور اس کی مالیاتی تاجی اور ماحولیاتی کارکردگیوں کا احاطہ کرتی ہے۔

ذریعہ عمل نتائج (آپریٹنگ رزلٹس)

آپ کی کیپنی نے گزشتہ مالیاتی سال کے مقابلے میں اچھی کارکردگی کا عمل جاری رکھا اور مجموعی ٹرن اور نئے 676.55 ملین روپے کی نئی ریکارڈ سطح کو چھوا اور خاص فروخت نے 613.67 ملین روپے کے ہدف کو چھوا، جو بالترتیب 7.12 فیصد اور 6.48 فیصد ہے۔ ایکسٹرنل سیکشن اور پریولنڈ میں بالترتیب 3.27 فیصد اور 17.13 فیصد اضافہ ہوا جبکہ Sensitized کا نفاذ اور فونو کاپی کا نفاذ کی فروخت زیادہ اچھی تدری اور فروخت میں بالترتیب 34.48 فیصد اور 50.33 فیصد کمی ہوئی اور اس کے اسباب کی وضاحت بعد ازاں رپورٹ میں کر دی گئی ہے۔

پریولنڈ سیکشن قدر و قیمت اور حجم کے لحاظ سے ترقی و بڑھوتری کے ایک اور شاندار سال سے لطف اندوز ہوا۔ اس کی بنیادی وجہ گزشتہ سال سے پریولنڈ کے قیام میں سرمایہ کاری ہے جسکی وجہ سے ریکارڈ فروخت میں اضافہ ہوا۔ پاکستان میں خود کار انداز سے چکانے والے لٹیلز میں ترقی میں تیزی آئی۔ ہم نے دیکھا کہ گزشتہ کئی برس سے یہ شعبہ جارحانہ انداز میں اپنی ترقی کی رفتار بڑھانے ہوئے تھا۔ آپ کی کیپنی اپنی رفتار کو دیکھتے ہوئے نئی اور جدید مشینری کی خریداری میں سرمایہ کاری کو جاری رکھے ہوئے ہے۔ رواں برس ہائی اینڈ براڈ نیچ لٹیل پرنٹنگ مشین کی خریداری کیلئے ایک اور بڑی سرمایہ کاری کی منصوبہ بندی عمل میں آئی جس سے نہ صرف ہماری نجاش و صلاحیت میں اضافہ ہوا بلکہ ہم اعلیٰ معیار اور زیادہ ٹرنس لٹیل پیش کرنے کے بھی قابل بن جائیں گے جن کی ملٹی محسوس اور لوکل ایف ایم سی جی سیکٹر میں ضرورت و طلب بڑھ رہی ہے۔ پاکستان میں اس پروڈکٹ کی باقی کہنیوں میں سے ایک ہونے کے ناطے ہم تیزی سے بڑھتی ہوئی اس مارکیٹ پر مسابقت کی دوڑ میں اپنا قائدانہ کردار جاری رکھنے کے خواہاں ہیں۔

ایکسٹرنل سیکشن کی فروخت کے حوالے سے ایک اور اچھا سال رہا جہاں 3.27 فیصد اضافہ کے ساتھ 278.82 ملین روپے کی فروخت ہوئی۔ ہر چند یہ زیادہ فروخت نہیں تاہم گزشتہ برس کی اس حقیقت کے پیش نظر کہ جب تکلیف سہا ہی میں فروخت کی بہت غیر معمولی شرح رہی۔ یہ بہت اطمینان بخش امر رہا کہ حالیہ مالیاتی سال کے دوران اتنا زیادہ نہ رہا۔ تاہم جارحانہ مارکیٹنگ اور زیادہ پروڈکشن سے ہم گزشتہ دو سالوں میں اپنی فروخت میں اضافے کے قابل رہے۔ حالیہ سال ایکسٹرنل سیکشن کیلئے بہت مشکل ہوئی کیونکہ حکومت نے ہماری مصنوعات پر صرف سیکڑنگس معزز کر دیا ہے بلکہ اسے ٹیکس چھوٹ بھی دی گئی ہے۔ جو ہمارے لئے بہت چاہ کن ہے۔ نتیجتاً ہم اپنی آؤٹ پٹ کے مقابل اپنی ان پٹس پر سیکڑنگس متوازن نہیں کر پائیں گے اور ہماری لاگت میں 17 فیصد اضافہ ہوگا۔ مزید برآں حکومت نے تیار درآمدی مصنوعات پر بھی سیکڑنگس رکھا ہے جو کسی بھی درآمدات کے مقابلے میں ہماری مصنوعات کو غیر مسابقت کر دیں گی۔ ہم نے اس ضمن میں ایف بی آر اور حکومت کو اپنے خدشات اور اس سے قاعدگی سے آگاہ بھی کیا تاہم ہماری تمام پٹیلیں اکارت گئیں اور انہیں سٹی ان سٹی کر دیا گیا۔ کیپنی اس بہت مشکل صورتحال کو کم کرنے کیلئے جملہ اقدامات اٹھا رہی ہے اور ہم جائزہ لے رہے ہیں کہ رواں برس اس مدت میں کیا سامنے آتا ہے۔

Sensitized کا نفاذ اور فونو کاپی سیکر کے حوالے سے یہ سال بہت مایوس کن رہا جس کی فروخت گر کر بالترتیب 34.48 فیصد اور 50.34 فیصد پر پہنچ گئی۔ ان دونوں مصنوعات کی فروخت میں مندی کی نمایاں وجہ گزشتہ مالیاتی سال میں ان مصنوعات کی غیر معمولی طور پر زیادہ طلب تھی۔ جسے رواں برس عملی صورت نہیں دی جا سکی۔ Sensitized سیکر کیلئے ہی کم ہونا آئٹم بننا جارہا ہے کیونکہ لوگ اپنی ضرورت کیلئے کپیڈ اور پریولنڈ سیکر استعمال کر رہے ہیں۔ گزشتہ سال حکومت کی طرف سے مردم شماری کرانے کے فیصلے کے باعث اس پروڈکٹ میں ہم نے زیادہ مانگ دیکھی جس کے نتیجے میں محکمہ مردم شماری سے ہمیں بڑے آرڈر وصول ہوئے۔ فونو کاپی سیکر کے معاملے میں بھی وہی حالات رہے جہاں ہم نے گزشتہ مالیاتی سال کے آخر میں بہت بڑے بڑے اور اونچے آرڈر وصول کئے جو رواں برس برقرار نہیں رہ پائے مجموعی طور پر ہم اس آئٹم میں اپنی آئٹم 11 ایک سو پندرہ کم کر رہے ہیں کیونکہ قیمتوں میں اتار چڑھاؤ کے باعث یہ بہت بڑے کم وائی آئٹم بنتے جا رہے ہیں۔ گزشتہ ایک برس سے ان کی قیمتوں میں کمی واقع ہوئی ہے جس کی وجہ سے ہمیں کافی نقصانات اور خسارے کا سامنا کرنا پڑا ہے۔

مالیاتی نتائج

منافع کے لحاظ سے مالیاتی نتائج کی رو سے آپ کی کیپنی کیلئے یہ مایوس کن سال رہا۔ جہاں بڑے مارجن سے شرح منافع میں کمی آئی۔ قبل از ٹیکس منافع 62.6 ملین روپے ہوا جبکہ بعد از ٹیکس منافع 38.4 ملین روپے پر کم ہوا جو بالترتیب 14.82 فیصد اور 32.90 فیصد کم ہے۔ اس کی نمایاں وجہ ایک وقت میں ہونے والے چارجز رہے۔ سب سے پہلے 7 ملین روپے چارج کئے گئے جو سیکڑنگس ری فنڈ کی مد میں تھے جس پر رعایت کو حکومت کی جانب سے مسترد کر دیا گیا تھا۔ جسے انتظامی اخراجات میں ڈالنا پڑا۔ دوسرا ایک لٹیل پرنٹنگ مشین پر 5.32 ملین روپے خسارہ تھا۔ بعد از ٹیکس منافع میں کمی کی وجہ رواں مالیاتی سال ٹیکس ہرجانہ تھا کیونکہ گزشتہ برس ہم نے لٹیل پرنٹنگ مشین کی درآمد کے باعث آئٹم ٹیکس میں کمی کرائی کیونکہ اس قدر قیمت کی مشین پر 10 فیصد ٹیکس چھوٹ کی اجازت تھی۔



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جون 2015	جون 2016
73,454,645	62,572,331
(16,276,860)	(24,206,645)
57,177,785	38,365,686

قبل از ٹیکس منافع
ٹیکس
بعد از ٹیکس منافع

منافع منقسمہ

پورے رول مالیتی سال کی تیسری سہ ماہی میں عبوری منافع منقسمہ کا اعلان پہلے ہی کر دیا تھا جس کی ادائیگی شیئر ہولڈرز کو اعلان کردہ بک کلوزر کے مطابق بکس پر کر دی گئی۔

خفائش رپورٹنگ

ٹیکس یہاں گوش گزار کرنے کی اجازت دی جائے کہ اس کمپنی کی خفائش رپورٹنگ SECP کی جانب سے اعلان کردہ منظور شدہ بین الاقوامی اکاؤنٹنگ معیارات پر مبنی ہے اور کینیڈا آڈیٹس 1984 کی ضرورت سے مماثلت رکھتا ہے۔

میانوسٹریٹجک اور آپریشنز

میانوسٹریٹجک کابھوں کے حوالے سے ہمارے جملہ وسائل بہتر انداز سے بروئے کار لائے جا رہے ہیں اور فعالیت میں ہم نے مثبت کامیابیاں حاصل کی ہیں۔
آنے والی مسابقت کی دور میں اپنے آپ کو قائم و دائم رکھنے کیلئے ہم اپنی جملہ میانوسٹریٹجک کابھوں کو باقاعدہ سے جدید اور بہتر سے بہتر بنا رہے ہیں۔

کارپوریٹ اور سماجی ذمہ داری

ایک پبلک لیمنڈ کمپنی ہونے کے ناطے ہم اس ملک اور من الجھت اس کے لوگوں کیلئے اپنی ذمہ داری کو محسوس کرتے ہیں۔ اس ضمن میں ہم ضرورت مند تنظیموں کو امداد دینا کرتے ہیں۔

صحت

ہم اپنے آپریشنز کے اثرات کو کنٹرول کرنے کیلئے منظم ماحولیاتی کارکردگی دکھانے میں پرعزم و پرعلم ہیں اور پروڈکٹس کو اس انداز میں تیار کرتے ہیں کہ وہ ماحولیاتی آلودگی کا موجب نہ بنیں۔ مزید برآں ہم ملک میں آلودگی کو کنٹرول کرنے کیلئے وضع کردہ معیارات قابل اخلاق ماحولیاتی قانون سازی و قوانین سے ہم آہنگ کرنے کیلئے بھی کوشاں ہیں۔

پورڈا

پاکستان بھی پروڈکٹس لیمنڈ ایک آزاد اور اہداف و مقاصد پر مبنی پورڈا ہے جو ایک کام کرنے والے اور باقی ماندہ کام کرنے والے ڈائریکٹرز پر مشتمل ہے۔ چیئرمین اور چیف ایگزیکٹو کے کردار اور ذمہ داریاں مختلف ہیں اور ہر ایک کا ایک واضح رول پروفاٹل ہے کہ وہ کن خدمات پر فائز ہوگا۔

کارپوریٹ اور خفائش رپورٹنگ فریم ورک

چنانچہ ہمیں یہ بتانا ہوئے از حد مسرت ہو رہی ہے کہ آپ کی کمپنی نے پاکستان اسٹاک ایکسچینج کی فہرست سازی کی قوانین سازی میں شامل کارپوریٹ گورننس کے کوڈ کے مندرجات سے اپنے آپ کو ہم آہنگ کرنے کیلئے ضروری اقدام اٹھائے ہیں۔

کمپنی کی انتظامیہ کی جانب سے تیار کردہ ماحولیاتی گوشوارے نامور کی صورت حال، آپریشنز کے نتائج، پیش گوئی اور ماحولیاتی ماحولیات میں تبدیلی کے ضمن میں مناسب و موزوں عکاسی کرتے ہیں۔

ماحولیاتی گوشوارے کی تیاری میں انتظامیہ سے مناسب و موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا جاتا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب و موزوں اور دانشمندانہ طور و خوش سے کئے جاتے ہیں۔

اکاؤنٹس کی مناسب کتابوں کو کمپنی کی طرف سے برقرار رکھا گیا ہے۔

ماحولیاتی گوشواروں کی تیاری میں، پاکستان میں قابل اطلاق انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اختیار کیا گیا ہے۔

ماحولیاتی ادارہ کی حیثیت سے مسلسل جاری رہنے کے ضمن میں کمپنی کی اہلیت پر کوئی نمایاں خشک و شبہ نہیں ہے۔

ماحولیاتی کنٹرول کا سسٹم ذرائع میں منظم ہے۔ سسٹم کو انٹرنل آڈٹ اور دیگر ایسے مانیٹرنگ طریق کار کے ذریعہ مسلسل مانیٹر کیا جاتا ہے۔ انٹرنل کنٹرولز کی مانیٹرنگ کی کارروائی جاری پروسیس کے طور پر جاری رہے گی۔ جس کا مقصد کنٹرول کو مزید منظم کرنا اور سسٹم میں بہتری لانا ہے۔

ٹیکس سے متعلق تھنیاات اکاؤنٹس کے نوٹ میں دی گئی ہیں۔



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بورڈ اور اس کے کمیٹی اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز (BOD) اور آڈٹ کمیٹی AC کے 14 اجلاس منعقد ہوئے تھے۔ ہر ایک ڈائریکٹر کی حاضری ذیل میں دی گئی ہے۔

ڈائریکٹرز کے نام	BOD اجلاس	AC اجلاس
مسٹر محمد علی سعید	4	...
مسٹر حامد سعید	4	...
مسٹر عباس سعید	4	4
ڈاکٹر اسد اللہ سعید	4	3
مسٹر ملائکہ سعید	3	...
مسٹر زاہد دادا	3	1
مسٹر شعیب احمد خان (NIT: مزور گروہ)	4	...

جن ڈائریکٹروں نے بورڈ اور کمیٹی اجلاس میں شرکت نہیں کی تھی اور رخصت کیلئے درخواست دی تھی انہیں قانون کے مطابق بورڈ/کمیٹی کی جانب سے اجلاس سے غیر حاضری کی رخصت منظور کرنی گئی تھی۔

ڈائریکٹرز ٹینگ پروگرام

کمیٹی کے سات ڈائریکٹرز میں سے چار ڈائریکٹرز ایسی سرٹیفیکیشن سے مشغول ہیں چونکہ وہ کوڈ میں دیئے گئے اشتہائی معیار پر باقاعدہ پورا کرتے ہیں۔ ان میں سے ایک نے رواں سال کے دوران ڈائریکٹرز سرٹیفیکیشن ٹینگ پروگرام کے تحت سرٹیفیکیشن حاصل کر لیا ہے۔ باقی ماہدہ ڈائریکٹرز 30 جون 2017 کو ختم ہونے والے مالی سال کے دوران مطلوبہ سرٹیفیکیشن مکمل کریں گے۔

ضابطہ اخلاق کا بیان

بورڈ نے ضابطہ اخلاق کا بیان اختیار کیا ہے۔ تمام ملازمین کو اس اسٹینڈٹ سے متعلق مطلع کر دیا گیا ہے۔

اہم تبدیلیاں

کوئی اہم تبدیلیاں نہیں ہوئی ہیں اور کمیٹی نے شعوری طور پر کوئی بھی اقرار یا نہیں کیا ہے جو اس کی مالی حیثیت پر اثر انداز ہو۔

کاروباری اصولوں کا ضابطہ

بحیثیت ایک ممتاز چیئر کنٹرولنگ کمپنی کاروباری کامیابی میں انتہائی بااخلاق معیارات کیلئے شہرت بہت اہم ہے۔ ضابطہ کاروباری اخلاق کے اصول جو کہ تیار ہو چکے ہیں، ہر ایک ڈائریکٹر اور کمیٹی کے ملازم کو بتا دیئے گئے ہیں جنہوں نے انہیں تسلیم کیا ہے۔

آئندہ کے امکانات اور چیلنجز

مستقبل BMR اور پروڈکشن کے تمام شعبوں میں صلاحیت کے اضافے سے آپ کی کمپنی مستقبل کیلئے انتہائی پر اعتماد ہے اور جب بھی ضرورت ہوگی اپنی پروڈکٹس کیلئے انسانی ماریٹ طلب لینے کیلئے تیار ہے۔ پاکستان کی پیچیدگیاں اندر سبزی مسلسل ترقی کر رہی ہے اور وسیع تر ہو رہی ہے جو پروڈکٹس کیلئے مزید مواقع تخلیق کر رہی ہے جو کہ فی الوقت کمیٹی کی تیز ترین فروغ پذیر سٹیج ہے۔ اس شعبہ میں ہم لاہور اور غیر مستند مقابلہ کا سامنا کر رہے ہیں جہاں نئے آنے والے ماریٹ میں اپنا مقام حاصل کرنے کی غرض سے تیزی کے ساتھ اپنی ٹیمیں اکٹم کر رہے ہیں جو یقیناً کاروبار کرنے کا ایک انتہائی غیر مستند طریقہ ہے چونکہ آخر میں پوری صنعت اپنی سٹاک کو ہوسے گی۔ انتظام ان مسائل سے بہت اچھی طرح باخبر ہے اور ان مسائل کو کم کرنے کی غرض سے اعلیٰ کوالٹی اور بہتر پروڈکٹ کے شعبوں پر توجہ دینے کی کوشش کر رہی ہے۔ ایک بار پھر شوشل کادو سہرا ہم پہلو امریکی ڈالر کے مقابلے میں پاکستانی روپے کی کمزور صورتحال ہے چونکہ ہمارا زیادہ تر خام مال درآمد شدہ ہے لہذا اس بنا پر ہمارے مارجن پر بہت برا اثر پڑ رہا ہے۔

آڈٹ کمیٹی

بورڈ کے تین ارکان پر مشتمل ہے جو آڈٹ کمیٹی کے چیئرمین سمیت جلد نان ایگزیکٹو ڈائریکٹرز ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کیلئے لاہور آف ریفرنس طے کی ہیں۔ یہ آڈٹ کمیٹی سالانہ اور سہ ماہی مالیاتی گوشواروں، انٹرنل آڈٹ رپورٹس پر نظر ثانی کرتی ہے اور بورڈ کے اجلاس سے قبل اس کی مینٹنر کا انعقاد کرتی ہے۔ کمیٹی انٹرنل آڈٹ ڈپارٹمنٹ کے ڈائریکٹر انٹرنل کنٹرول سسٹم کا مناسب انتظام، انصرام کرتی ہے اور ریفرنس اور مالیاتی کنٹرول کے موثر ہونے کا جائزہ لیتی ہے۔



PAKISTAN PAPER PRODUCTS LIMITED

بیومن ریٹورس کمیٹی

یہ کمیٹی بورڈ کے تین ارکان پر مشتمل ہے جو کہ تمام نان ایگزیکٹو ڈائریکٹران ہیں جبکہ چیئر مین ایک انڈی پینڈنٹ ڈائریکٹر ہے۔ یہ کمیٹی کمیٹی کی ایچ آر اینڈ ہیمنٹ پالیسیوں کا جائزہ لیتے ہوئے نئے اصول و ضوابط طے کرتی ہے۔ یہ کمیٹی ملازمین کے مشاہروں کے سلسلے میں بھی ذمہ دار ہے نیز کمیٹی کی بزنس اسٹریٹیجی اور طویل المدتی دستاویزات کی الاکٹس کے ساتھ یقین دہانی بھی اس میں شامل ہے۔

آپریٹنگ اینڈ فنانشل ڈیٹا

گزشتہ 6 سال کیلئے کمیٹی کے آپریٹنگ اینڈ فنانشل ڈیٹا اور Key ایٹوز ہمراہ منسلک ہیں۔

آڈیٹرز

بورڈ نے میسرز فاروق علی اینڈ کمیٹی (چارٹرز اکاؤنٹنٹس) کے آئندہ مالی سال کیلئے بطور آڈیٹرز تقرری سفارش کی ہے۔

پیٹرن آف شیئر ہولڈنگ

30 جون 2016 کے مطابق شیئر ہولڈرز کی مقررہ کلاس کی شیئر ہولڈنگ کے پیٹرن کا ایک اسٹینڈنٹ جس کا ریورنٹ فریم ورک کے تحت ڈسکلوزرور کار ہے، وہ بھی اس رپورٹ میں شامل ہے۔

(1) ... سال کے دوران مسٹر عباس سعید (ڈائریکٹر پاکستان پیپر پروڈکٹس لمیٹڈ) نے PPP کے 28500 آرڈری شیئرز اپنے بیٹوں حسان عباس سعید اور 28500 شیئرز مسٹر سادان عباس سعید کو گرانٹ کئے ہیں۔

(11) ... کے مطابق حکمرانہ محرز عدالت اور/یا سلیکشن عینکلیٹ نمبر ایس ایم اے نمبر 300/2015 مسٹر عابد سعید (درخواست گزار) مسٹر ہاشم بن سعید (مراجع) کے PPP کے 50881 آرڈری شیئرز حاصل کرنے کے مجاز تھے اور تفصیل ذیل کے مطابق وہ مرجوم کے قانونی رجسٹرار کے پاس گئے۔

نمبر شمار	نام قانونی وارث	PPP میں عہدہ	پیشتر سے رشتہ	تعداد اور اسٹریٹ شیئرز
01	مسز ملائکہ سعید	نان ایگزیکٹو ڈائریکٹر	والدہ	10177
02	مسٹر عباس سعید	نان ایگزیکٹو ڈائریکٹر	بھائی	10176
03	مسز عالیہ ٹرسٹ	None	بہن	10176
04	ڈاکٹر اسد اللہ سعید	نان ایگزیکٹو ڈائریکٹر	بھائی	10176
05	مسٹر عابد سعید	ایگزیکٹو ڈائریکٹر (CEO)	خود	10176

ڈائریکٹران اور ان کے شریک حیات اور نانبانگ بچوں مع الیوی ایلڈ کمیٹیوں، ایگزیکٹوڈ افراد، پبلک سیکٹر کمیٹیوں و کارپوریشنوں، بیٹوں، s/ NBF، s/ DF، انشورنس کمپنیوں، مضام بہ جو انٹ اسٹاک کمپنیوں، میوچل فنڈز و دیگر مع پیٹرن آف شیئر ہولڈنگ کی تفصیلات سالانہ رپورٹ کیساتھ منسلک کر دی گئی ہے۔

ڈائریکٹران، CFO، کمیٹی ممبر بٹری اور ان کے شریک حیات اور نانبانگ بچوں نے پورے سال کے دوران کمیٹی کے شیئرز کی کوئی ڈرائزیشن نہیں کی۔

ڈائریکٹرز معزز صارفین کے مسلسل تعاون کیلئے شکر گزار ہیں۔ وہ کمیٹی کے ڈیکورز، شیئر ہولڈرز اور دیگر اسٹیک ہولڈرز کی بھی تعریف کرتے ہیں جنہوں نے آپ کی کمیٹی میں بھرپور مدد سے پرائیوٹائزیشن جاری رکھا ہوا ہے۔ علاوہ ازیں ڈائریکٹرز ریگولیشنز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور پاکستان اسٹاک ایکسچینج (PSX) (سابق کراچی اسٹاک ایکسچینج) سے حاصل ہونے والے تعاون کیلئے بھی اپنے پرعظمتی رول کا بھی اظہار کرتے ہیں۔

کمیٹی کے تمام ملازمین نے حقیقتاً ہم ورک کے طور پر کام کیا ہے جس کے نتائج یہاں ہیں۔ ڈائریکٹرز ان تمام ملازمین کو مبارکباد پیش کرتے ہیں جنہوں نے مسلسل کارکردگی کیلئے اپنا کردار ادا کیا۔

محمد علی سعید
چیئر مین

عابد سعید
چیئر ایگزیکٹو

تاریخ: September 6, 2016
کراچی



PAKISTAN PAPER PRODUCTS LIMITED

DIRECTORS' REPORT

The Board of Directors are pleased to present the 54th Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2016 and describes its financial, social and environmental performances.

Operating Results

Your company has continued good progress with Turnover climbing to a new record level of Rs 676.55 million and Net Sales climbing to Rs 613.67 million which is an increase of 7.12% and 6.48% respectively compared to last fiscal year. Exercise Books section and Pro Labels led the way with an increase of 3.27% and 17.13% respectively while Sensitized Paper and Photocopy Paper did not do very well with sales falling by 34.48% and 50.33% respectively and the reasons for this are explained later in the report.

Pro Labels section enjoyed another robust year of growth in terms of value and volume, and the investment done last year in the new press is the main reason that we could record these higher sales. The growth of self-adhesive labels in Pakistan is on a rise and we see this segment to grow aggressively for the next several years. Your company is keeping pace with this and continuing to invest in new and modern machinery. This year another major investment is planned for a high end brand new label printing machine which will not only expand our capacity but also allow us to offer high quality and more sophisticated labels which is a growing requirement amongst the multinational and local FMCG sector. As pioneer of this product in Pakistan we want to continue and solidify our leadership as competition in this market is increasing tremendously.

Exercise Books had another good year with sales rising by 3.27% to Rs. 278.82 million. While the increase is not very high, but it is very significant due to the fact that last year we had experienced a very unusual high demand for sales in the first quarter which did not happen this financial year. But due to aggressive marketing and higher production we were able to increase our sales in the last two quarters. The current year will be a very difficult one for Exercise Books as the government has not only withdrawn the Sales Tax Zero rating on our inputs but given us exemption status which is highly damaging. As a result we cannot even adjust the sales tax on our inputs against the output and have to absorb the entire amount as part of our costs which is an increase of 17%. In addition the government has also created a serious anomaly as finished imported products will be charged zero sales tax while which will make our products uncompetitive against any imports. We have pointed this grave anomaly out to the FBR and the government but all our pleas have fallen on deaf ears. The company is taking all measures to try and overcome this very difficult situation and we will see how things unfold during the course of this year.

Sensitized paper and Photocopy paper had a very disappointing year with sales falling by 34.48% and 50.34% respectively. The reason for the significant fall in sales for both these products is mainly due to unusually high demand for these products in the last financial year which did not materialize this year. Sensitized paper is already a fading item as people have switched over to computers and are using plotter paper for their requirement. Last year we experienced a very high demand for this product due to the government's decision to hold the census and as a result we received a big order from the census department. In the case of photocopy paper also we had a similar situation where we received a very large institutional order at the end of the last financial year which did not materialize this year. Overall we are also reducing our exposure in this item because it has become a big commodity items with very large fluctuation in prices. In the last one year these prices have been falling, hence we have had to suffer inventory losses.



PAKISTAN PAPER PRODUCTS LIMITED

Financial Results

Your company had a disappointing year in terms of financial results as our profitability fell by significant margins. The profit before tax decreased to Rs. 62.6 million, while profit after tax fell to Rs 38.4 million which is a fall of 14.82% and 32.90%. There have been a few significant one time charges which has caused this fall. The first being a charge of Rs 7 million which was due to a sales tax refund that was rejected by the government and we had to charge it to administration expenses and the second one being a loss of Rs. 5.32 million on disposal of one label printing machine. In terms of fall in profit after tax, this is due to an increase in our tax liability this financial year as last year we had got a favorable reduction in income tax due to the import of our label printing machine which allowed a tax reduction of 10% to the value of the machine.

	<u>June 2016</u>	<u>June 2015</u>
Profit before taxation	62,572,331	73,454,645
Taxation	(24,206,645)	(16,276,860)
Profit after taxation	38,365,686	57,177,785

Dividend

The Board has already declared an interim dividend of 30% in the third quarter of this financial year which has been paid to the shareholders that were on the books as per the announced book closure.

Financial Reporting

Let us mention here that this Company's financial reporting is based on the approved International Accounting Standards notified by the SECP and also comply with the requirements of the Companies Ordinance, 1984.

Manufacturing and Operations

All our resources relating to the manufacturing facilities performed well and achieved positive gains in efficiencies.

We are constantly modernizing and upgrading all our manufacturing facilities to stay well ahead of the competition.

Corporate and Social Responsibility

Being a Public Limited company we realize that we have a responsibility to this country and its people at large. In this respect we make donations to needy organizations.

Health

We are committed to demonstrate sound environmental performance by controlling the impact of our operations and products on the environment and we further endeavour to comply with the applicable environmental legislation, regulations and standards laid down for pollution control in the country. Your company is determined to play a role in promoting a better and ecologically friendly future in Pakistan.



PAKISTAN PAPER PRODUCTS LIMITED

The Board

Pakistan Paper Products Limited has an independent and objective Board, consisting of one working and rest non-working Directors. The roles of the Chairman and the Chief Executive are different and each has a clearly defined role profile.

Corporate and Financial Reporting Framework

- We are pleased to report that your company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the listing regulations of the Pakistan Stock Exchange.
- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of the operations, cash flows and changes in equity.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- Proper books of accounts have been maintained by the Company.
- In preparation of financial statements, International Accounting Standards, as applicable in Pakistan, have been followed.
- There is no significant doubt upon the company's ability to continue as a going concern.
- The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- Detail about taxes is given in the notes to the accounts.

Board & its Committee meetings

- During the year four (4) meetings of the Board of Directors (BOD) and Audit Committee (AC) meetings were held. Attendance by each Director are as under:

<u>Name of Directors</u>	<u>BOD Meetings</u>	<u>AC Meetings</u>
Mr. Mohammed Ali Sayeed	4	-
Mr. Abid Sayeed	4	-
Mr. Abbas Sayeed	4	4
Dr. Asadullah Sayeed	4	3
Mrs. Muleika Sayeed	3	-
Mr. Zahid Dada	3	1
Mr. Shoaib Ahmed Khan (NIT Nominee)	4	-

The Directors who could not attend the Board & Committee Meetings and requested for leave were duly granted leave of absence from the meeting by the Board/Committees in accordance with the law.

Directors' Training Program

Out of the seven Directors of Company, four Directors are exempt from such certification as they duly meet the exemption criteria given in the Code. One has obtained certification under Directors' Certification Training Program during the current year; the remaining two directors shall complete the required certification during the financial year ending June 30, 2017.



PAKISTAN PAPER PRODUCTS LIMITED

Statement of Code of Conduct

The Board has adopted the statement of Code of Conduct. All employees are informed of this statement.

Material Changes

There have been no material changes and the company has not consciously entered into any commitment that will affect its financial position.

Code of Business Principles

As a leading Paper converting company, reputation for high ethical standards is central to business success. Code of Business Principles already developed and communicated and acknowledged by each Director and employee of the company.

Future Outlook and Challenges

Through constant BMR and addition to capacity in all areas of production, your company is well poised for the future and ready to take on additional market demand for its products as required. The packaging industry of Pakistan is continuing to grow and expand which is creating more opportunities for Pro Labels which is currently the fastest growing segment of the company. We are facing a lot of unhealthy competition in this area where new entrants are reducing their prices drastically in order to gain market share which is of course a very unhealthy way of doing business as the whole industry in the end is on the losing end. The management is well aware of these issues and is trying to focus on areas of higher quality and better product mix in order to mitigate these problems.

The other main area of concern is again the weakening of the Pak Rs against the US Dollar as a majority of our raw materials are imported, hence our margins are severely affected by this.

Audit Committee

Comprises of three members from the Board, all are non-executive director including the chairman of the audit committee. The Board of Directors has set out terms of reference for the audit committee. The audit committee reviews the annual and quarterly financial statements, internal audit reports and holds its meeting prior to the Board meetings. The committee manages adequately the system of internal control through internal audit department and review effectiveness of operational and financial control.

Human Resource Committee

The Committee consists of three members from the Board which all are non-executive directors whereas Chairman is an independent director. The Committee reviews and formulates the HR & management policies of the company. The Committee is also responsible for the remuneration of employees and ensures that it is aligned with the Company's business strategy and long-term interests

Operating and Financial Data

Operating and financial data and key ratios of the company for last six years are annexed.

AUDITORS

The Board recommends the appointment of M/s. Faruq Ali & Co-Chartered Accountants as auditors for the next financial year.



PAKISTAN PAPER PRODUCTS LIMITED

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2016 whose disclosure is required under the reporting framework is included in the report.

- I. During the year Mr. Abbas Sayeed (Director Pakistan Paper Products Limited) Gifted =28500= ordinary shares of PPP to his sons Mr. Hassan Abbas Sayeed and =28500= shares to Mr. Sadaan Abbas Sayeed.
- II. As per Honorable Court Order and/ or Succession Certificate No. S.M.A No. 300/2015, Mr. Abid Sayeed (The Petitioner) authorized to collect =50881= ordinary shares of PPP of Mr. Hashim Bin Sayeed (late) and transferred the same to the legal heirs of the deceased as per following details;

S.No	Name of Legal Heir	Designation in PPP	Relation with Petitioner	No. of Shares transferred
1	Mrs. Muliaka Sayeed	Non-Executive Director	Mother	=10177=
2	Mr. Abbas Sayeed	Non-Executive Director	Brother	=10176=
3	Mrs. Aliya Rehman	None	Sister	=10176=
4	Dr. Asadullah Sayeed	Non-Executive Director	Brother	=10176=
5	Mr. Abid Sayeed	Executive Director (CEO)	Self	=10176=

The shareholding details of directors and their spouse and minor children along with associated companies, executives, individuals, public sector companies & corporations, Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds & others along with pattern of shareholding is annexed.

Other than the above the Directors, CFO, Company Secretary and their spouse and minor children have made no transaction of company's shares during the year.

Acknowledgements

The Directors are grateful to the valued customers for their continued support. They also appreciate the support received from Company's bankers, shareholders and other stakeholders who continue to repose trust in your company. In addition the Directors also record their sincere appreciation for the cooperation received from the Regulators Securities & Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange-PSX (formerly Karachi Stock Exchange).

All the employees of the company have put in a real teamwork and the results are evident. Directors congratulate all the employees for their continued performance.

On behalf of the Board of Directors

MOHAMMAD ALI SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE

Dated: September 6, 2016
Karachi



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of Listing regulations of Pakistan Stock Exchange (formerly Karachi Stock Exchange Ltd) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:-

Category	Names
Executive Director	Mr. Abid Sayeed
Non-Executive Directors	Mr. Mohammad Ali Sayeed Mrs. Muleika Sayeed Mr. Abbas Sayeed Dr. Asadullah Sayeed Mr. Shoaib Ahmad Khan (N.I.T Nominee)
Independent Director	Mr. Zahid Dada

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy on the board arisen during the year ended June 30, 2016.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in this absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.



PAKISTAN PAPER PRODUCTS LIMITED

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were fully endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members of whom all are non-executive directors including Chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom all are non-executive directors and the Chairman of the committee is an independent director.
18. The board has set up an effective internal audit function/ or has outsourced the internal audit function to Head of Internal Audit who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period prior to the announcement of interim /final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

FA
& CO. CHARTERED ACCOUNTANTS

222-A, Karachi Maman Telephone : (021) 34301966
Cooperative Housing Society, : (021) 34301967
Justice Inamullah Road, : (021) 34301968
Near Hill Park, Karachi.74800. : (021) 34301969
Email: faac@cyber.net.pk Fax : (021) 34301965

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Pakistan Paper Products Limited** (the Company) for the year ended 30 June 2016, to comply with the code contained in regulation no.5.19 of the Rule Book of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the company to place before the Audit Committee, and upon recommendations of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended

Dated:
KARACHI:

Engagement partner: Fasih-uz-Zaman

CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED

FA
& CO. FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

222-A, Karachi Maman Telephone : (021) 34301966
Cooperative Housing Society, : (021) 34301967
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKISTAN PAPER PRODUCTS LIMITED** ("the Company") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. The financial statements of the Company for the year ended June 30, 2015 were audited by another firm of chartered accountants who, vide their report dated September 21, 2015, expressed an unqualified opinion thereon.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statement in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;



PAKISTAN PAPER PRODUCTS LIMITED

- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Dated:

Place: Karachi

Engagement Partner: Fasih-uz-Zaman

CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED

BALANCE SHEET AS AT JUNE 30, 2016

	Notes	2016	2015
		RUPEES	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 8,000,000 (2015: 8,000,000) Ordinary shares of Rs. 10/- each		80,000,000	80,000,000
Issued, subscribed and paid-up capital	5	60,000,000	60,000,000
Revenue reserves	6	284,545,944	262,820,519
		344,545,944	322,820,519
Surplus on revaluation of property, plant and equipment	7	215,813,740	218,433,522
NON-CURRENT LIABILITIES			
Deferred taxation	8	38,466,416	43,912,962
Deferred liability for staff gratuity	9	11,137,484	8,253,851
Long term loan - Secured	10	32,121,000	51,270,540
CURRENT LIABILITIES			
Current maturities	10	19,149,540	20,838,048
Short term borrowings - Secured	11	963,441	12,731,499
Creditors, accrued and other liabilities	12	60,988,695	45,505,300
		81,101,676	79,074,847
CONTINGENCIES AND COMMITMENTS			
	13	-	-
		723,186,260	723,766,241
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	416,287,709	455,469,923
Long term deposits	15	673,054	558,840
CURRENT ASSETS			
Stores and spares		3,405,040	2,013,765
Stock in trade	16	117,498,197	102,899,617
Trade debts - Unsecured, considered good	17	108,125,822	101,363,918
Advances and other receivables	18	37,629,088	44,202,012
Deposits and prepayments	19	733,652	8,935,880
Cash and bank balances	20	38,833,698	8,322,286
		306,225,497	267,737,478
		723,186,260	723,766,241

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

MOHAMMAD ALI SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Notes	2016	2015 (Restated)
		RUPEES	
Turnover		676,554,925	631,583,865
Less: Sales tax, discounts and sales return		<u>62,882,458</u>	<u>55,250,650</u>
Sales - Net	21	613,672,467	576,333,215
Cost of sales	22	<u>488,329,974</u>	<u>459,421,923</u>
		125,342,493	116,911,292
Other operating (loss) / income	23	(5,322,715)	1,356,654
Operating expenses			
Administrative expenses	24	<u>32,948,298</u>	<u>23,257,134</u>
Selling and distribution expenses	25	<u>11,959,056</u>	<u>10,448,819</u>
Workers' profit participation fund		<u>3,392,850</u>	<u>4,017,890</u>
Workers' welfare fund		<u>1,891,822</u>	<u>2,875,266</u>
		50,192,026	40,599,109
Operating profit		<u>69,827,752</u>	<u>77,668,837</u>
Financial charges	26	7,255,421	4,214,192
Profit before taxation		<u>62,572,331</u>	<u>73,454,645</u>
Taxation	27	24,206,645	16,276,860
Profit after taxation		<u>38,365,686</u>	<u>57,177,785</u>
Earnings per share			
- Basic	28	<u>6.39</u>	<u>9.53</u>
- Diluted	28	<u>6.39</u>	<u>9.53</u>

Appropriations have been dealt in the statement of changes in equity.

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

MOHAMMAD ALI SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015 (Restated)
	RUPEES	
Profit for the year	38,365,686	57,177,785
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Remeasurement of defined benefit liability	9 (1,826,150)	(439,592)
Related deferred tax	566,107	140,669
	(1,260,043)	(298,923)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	4,653,553	4,841,509
Surplus realized on disposal of assets	(406,443)	--
Related deferred tax	(1,627,328)	(1,549,283)
	2,619,782	3,292,226
Total comprehensive income for the year	<u>39,725,425</u>	<u>60,171,088</u>

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

MOHAMMAD ALI SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Notes	2016	2015
		RUPEES	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	116,466,776	55,394,152
Income taxes paid		(32,457,887)	(35,196,255)
Gratuity paid	9.1	(379,920)	(191,336)
Financial charges		(6,755,513)	(4,452,953)
Net cash used in operating activities		<u>76,873,456</u>	<u>15,553,608</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure	14	(5,830,358)	(84,761,267)
Long term deposit	15	(114,214)	(2,750)
Investment - held for trading		-	25,000,000
Sale proceeds against disposal of fixed assets	14.3	12,908,675	1,042,000
Income from deposit account	23	474,614	844,644
Net cash inflow / (outflow) from investing activities		<u>7,438,717</u>	<u>(57,877,373)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		(20,838,048)	43,403,952
Dividend		(21,194,655)	(19,315,951)
Net cash used in financing activities		<u>(42,032,703)</u>	<u>24,088,001</u>
Net increase / (decrease) in cash and cash equivalents		<u>42,279,470</u>	<u>(18,235,764)</u>
Cash and cash equivalents at the beginning of the year		<u>(4,409,213)</u>	<u>13,826,551</u>
Cash and cash equivalents at the end of the year		<u><u>37,870,257</u></u>	<u><u>(4,409,213)</u></u>

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

MOHAMMAD ALI SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid up capital	REVENUE RESERVES			Total Equity
		General reserves	Unappropriated profit	Total reserves	
----- RUPEES -----					
Balance as on July 01, 2014	60,000,000	143,900,000	82,749,431	226,649,431	286,649,431
Profit for the year	-	-	57,177,785	57,177,785	57,177,785
Other comprehensive income - Net of taxes- Restated	-	-	2,993,303	2,993,303	2,993,303
Total other comprehensive income for year			60,171,088	60,171,088	60,171,088
Transactions with owners					
Interim dividend @ Rs.4 per share	-	-	(24,000,000)	(24,000,000)	(24,000,000)
Balance as at June 30, 2015	60,000,000	143,900,000	118,920,519	262,820,519	322,820,519
Profit for the year	-	-	38,365,686	38,365,686	38,365,686
Other comprehensive income - net of taxes	-	-	1,359,739	1,359,739	1,359,739
Total other comprehensive income for year	-	-	39,725,425	39,725,425	39,725,425
Transactions with owners					
Interim dividend @ Rs.3 per share	-	-	(18,000,000)	(18,000,000)	(18,000,000)
Balance as at June 30, 2016	60,000,000	143,900,000	140,645,944	284,545,944	344,545,944

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

MOHAMMAD ALI SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1 THE COMPANY AND ITS OPERATIONS

Pakistan Paper Products Limited ('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 in July 1964. The registered office of the company is situated at D-58, SITE, Estate Avenue, Karachi, 75700. The main business activity of the Company is the production and sale of sensitized papers, pro-labels and exercise books.

2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except that certain fixed assets and certain investments have been included at fair values in accordance with the relevant International Financial Reporting Standards (IFRSs).

2.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective. However, the adoption of such amendments, revisions, improvements to accounting standards and interpretation did not have any material effect on the financial statements of the Company.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

3.1 Trade debtors

The company reviews its receivable against provision required there against on an ongoing basis. The provision is made taking into consideration expected recoveries, if any.

3.2 Income taxes

In making the estimates for income taxes currently payable by the company the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

3.3 Employee benefits

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for benefit include discount rate. Any change in these assumptions will impact the carrying amount of employee benefit obligation.



PAKISTAN PAPER PRODUCTS LIMITED

3.4 Impairment of assets

In accordance with the accounting policy, the management carries out an annual assessment to ascertain whether any of the company's assets are impaired. This assessment may change due to technological developments.

3.5 Depreciable amount and useful lives of fixed assets

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of fixed assets. The company seeks advice from the technical department in this regard.

Critical judgments in applying the company's accounting policies

Management believes that business transactions are simple in nature and there is no area where application of accounting policies could involve higher degree of judgment or complexity.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

4.2 New/revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IFRS 2 Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	1 January, 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	1 January, 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	1 January, 2016



PAKISTAN PAPER PRODUCTS LIMITED

IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	1 January, 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	1 January, 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	1 January, 2017
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	1 January, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	1 January, 2016
IAS 27 - Separate Financial Statements - Equity Method in "Separate Financial Statements"	1 January, 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	1 January, 2018
IFRS 14 - Regulatory Deferral Accounts	1 January, 2016
IFRS 15 - Revenue from Contracts with Customers	1 January, 2018
IFRS 16 - Leases	1 January, 2019

4.3 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. It also includes adjustments where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the financial statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never tax able or deductible. The company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.



PAKISTAN PAPER PRODUCTS LIMITED

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4.4 Staff retirement benefits

- a) The company operates an approved Provident Fund (defined contribution) scheme applicable to all employees. Monthly contributions are made by the company and the employees equally in accordance with the fund's rules. The company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available. During the year Rs. 1.85 million (2015 : Rs. 1.60 million) has been recognized as an expense.
- b) The company operates a defined benefit plan comprising a funded gratuity scheme covering all permanent employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. An approved gratuity fund trust is established for the management of the gratuity obligation of the company. Annual contributions are made to the fund based on actuarial recommendations. The actuarial valuations are carried out using Projected Unit Credit Method. Remeasurement charge which comprises of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

4.5 Property, plant and equipment

Item of property, plant and equipment is recognized as asset when it is probable that future economic benefits associated with the asset will flow to the company and its cost to the company can be measured reliably.

An item of property, plant and equipment, which qualifies for recognition as an asset, is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent to initial recognition items of property, plant and equipment are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date.

Any revaluation increase arising on the revaluation of such fixed assets is credited to Surplus on revaluation of fixed assets account, except to the extent that it reverses a valuation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of fixed assets is charged as an expense to the extent that it exceeds the balance, if any, held in the surplus on revaluation of fixed assets account relating to same or other assets.



PAKISTAN PAPER PRODUCTS LIMITED

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Capital work in process is stated at cost, less any recognized impairment loss. Depreciation on these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or revaluation of assets, other than leasehold land and capital work-in-process, over their estimated useful lives, using the reducing balance method, on the basis of rates specified in Note 14. The depreciation for assets acquired or disposed of during the year is charged from the date of acquisition or up to the date of disposal of such assets respectively.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

4.6 Obligation under finance lease

Leases are classified at inception as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the company. At the commencement of the lease term finance leases are recognized as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognized as an asset. Minimum lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The interest element of the finance cost is charged to the income statement over the lease period.

4.7 Sale and lease back transaction

When a sale and lease back transaction results in a finance lease, the transaction is treated as a means whereby the lessor provides finance to the company, with the asset as security. In such case the excess of sales proceeds over the carrying amount of asset is deferred and amortized over the lease term.

4.8 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognized as interest expense.

4.9 Foreign currency translation

a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.



PAKISTAN PAPER PRODUCTS LIMITED

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statements.

4.10 Financial instruments

Financial assets and financial liabilities are recognized on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument on the company's balance sheet when the company contractual rights to receive cash flows from the financial asset have expired or transferred and the company has transferred substantially all risks and rewards of ownership. A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires. Any gain or loss on de-recognition of the financial assets and financial liabilities are taken to income currently.

4.11 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Regular purchases and sales of financial assets are recognized on trade-date the date on which the company commits to purchase or sell the asset. Financial assets, except those carried at fair value through profit or loss, are initially recognized at fair value plus transactions costs. Financial assets carried at fair value through profit and loss are initially recognized at fair value and the transaction costs are expensed in the income statement. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortized cost using the effective interest method.

4.12 Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. All financial liabilities are initially recognized at fair value plus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the financial liability. After initial recognition financial liabilities at fair value through profit or loss are measured at fair value and all other financial liabilities are measured at amortized cost using the effective interest method.

4.13 Investments

Investments acquired principally for the purpose of generating a profit from short term fluctuation in price or dealer's margin are classified as held for trading. Such investments are initially recognized on a trade-date basis and are initially measured at cost being the fair value of the consideration given excluding income taxes imposed on such transactions. Transactions costs associated with the acquisition of held for trading investments is expensed in the income statement.

After initial recognition, investments held for trade are re-measured at each balance sheet date at fair value excluding the transaction cost that may be incurred on sale or other disposal. Gains and losses arising from changes in fair value of held-for-trading investment are included in net profit or loss for the period.

For investments in quoted marketable securities, fair value is determined with reference to Stock Exchange quoted market prices at the close of business on balance sheet date.



4.14 Stores and spares

These are valued at lower of cost and estimated net realizable value. Cost comprises cost of purchase and other costs incurred in bringing the stores and spares to their present location and condition. Cost signifies the weighted average cost. Average is calculated as each additional shipment is received.

4.15 Stock in trade

Stock in trade is valued at the lower of cost and estimated net realizable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to the present location and condition. It excludes borrowing costs. Cost is calculated using the weighted average method. Average is calculated as each additional shipment is received. Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

4.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognized as follows:

Sale of goods

Revenue from sale of goods is recognized upon passing of title to the customers, which generally coincides with physical delivery.

Interest income

Interest income is recognized on a time-proportionate basis using the effective interest method.

4.17 Impairment of non-financial assets

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Whenever an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognized in the company's financial statements in the period in which the dividends are paid or approved by the company's shareholders.



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	2016	2015
	RUPEES	
5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
578,000 (2015: 578,000) Ordinary shares of Rs. 10/- each fully paid in cash	5,780,000	5,780,000
172,000 (2015: 172,000) Ordinary shares of Rs. 10/- each issued for consideration (property) other than cash	1,720,000	1,720,000
5,250,000 (2015: 5,250,000) Ordinary shares of Rs.10/- each issued as fully paid bonus shares	52,500,000	52,500,000
	<u>60,000,000</u>	<u>60,000,000</u>

As at year end 680,270 (2015: 680,270) ordinary shares of the Company are held by the associated undertaking M/s. Management & Enterprises (Private) Limited

6 REVENUE RESERVES		
General reserve	143,900,000	143,900,000
Un-appropriated profit	140,645,944	118,920,519
	<u>284,545,944</u>	<u>262,820,519</u>
7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Surplus on revaluation of leasehold land	188,617,362	188,617,362
Surplus on revaluation of items other than leasehold land	27,196,378	29,816,160
	<u>215,813,740</u>	<u>218,433,522</u>

Property, plant and equipment owned by the Company has further been revalued on April 28, 2014 by independent valuer M/s KG Traders (Private) Limited using the prevailing market value being the basis of revaluation. The further surplus arising from revaluation carried out in 2014 was Rs. 94.598 million, which was added to the carrying amount of Surplus. In accordance with section 235(2) the surplus on revaluation has been applied to set off the deficit arising from revaluation of other assets. The incremental depreciation charged on these assets has been transferred to accumulated profit in accordance with section 235 of the Companies Ordinance 1984. The balance in the surplus on revaluation of fixed assets account is not available for distribution amongst the shareholders neither as dividend nor as bonus under section 235 of the Companies Ordinance, 1984. Movement in the account of surplus on revaluation of fixed assets is as follows:

	2016	
	Surplus on revaluation of Leasehold land	Items other than leasehold land
	Rupees	
Surplus on July 01, 2014	188,617,362	34,055,574
Realized on disposal of fixed assets (net of tax)	-	(947,188)
Incremental depreciation (net of tax) transferred to accumulated profit	-	(3,292,226)
Surplus on June 30, 2015	188,617,362	29,816,160
Realized on disposal of fixed assets (net of tax)	-	272,317
Incremental depreciation (net of tax) transferred to accumulated profit	-	(2,892,099)
Surplus on June 30, 2016	<u>188,617,362</u>	<u>27,196,378</u>



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	2016	2015
	RUPEES	
8 DEFERRED TAXATION		
These comprise of temporary differences due to:		
Accelerated depreciation	33,524,344	30,679,006
Revaluation of fixed assets	8,430,877	15,875,188
Employees retirement benefits	(3,452,620)	(2,641,232)
Provisions for dead stock	(36,185)	-
	<u>38,466,416</u>	<u>43,912,962</u>
9 DEFERRED LIABILITY FOR STAFF GRATUIT		
Opening balance	8,253,851	6,507,136
Remeasurements recognized in other comprehensive in come	1,826,150	439,592
Provision for the year	9.2 <u>1,437,403</u>	<u>1,498,459</u>
	<u>11,517,404</u>	<u>8,445,187</u>
Less: Payments during the year	<u>379,920</u>	<u>191,336</u>
Closing balance	9.1 <u>11,137,484</u>	<u>8,253,851</u>

As mentioned in note 3.3, the company operates an unfunded defined benefit plan for its qualifying employees. Under the plan, the employees are entitled to gratuity equal to 50% of final salary for each year of completed service subject to a minimum qualifying service.

The most recent actuarial valuations were carried out by M/s SIR Consultants (Private) Limited on July 20, 2016 of the present value of the defined benefit obligation at June 30, 2016. The present value of the defined benefit obligation and the related current service cost and past service, cost, were measured using the Projected Unit Credit Actuarial Cost Method.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

9.1 Changes in present value of defined benefit obligations

Present value of defined benefit obligations - Opening	8,253,851	6,507,136
Current service cost	711,653	865,548
Interest cost	725,750	632,911
Benefits paid	(379,920)	(191,336)
Actuarial loss on present value of defined benefit obligation	<u>1,826,150</u>	<u>439,592</u>
Present value of defined benefit obligations - Closing	<u>11,137,484</u>	<u>8,253,851</u>

9.2 Provision for the year

Current service cost	711,653	632,911
Interest cost	<u>725,750</u>	<u>865,548</u>
	<u>1,437,403</u>	<u>1,498,459</u>

The charge of Rs. 1,006,182/- (2015: Rs.1,048,921/-) is included in cost of sales in the income statement, Rs.431,221/- (2015: Rs.449,538/-) is included in administrative expenses.



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	2016	2015
9.3 Significant actuarial assumptions		
Discount rate per annum	7.25%	9.00%
Expected rate of eligible salary increase in future years per annum	17.00%	9.00%
Salaries Increase rate per annum	7.25%	9.00%
Average expected remaining working life time in years of employees	12	12

9.4 Experience adjustment

	2016	2015	2014	2013	2012	2011
Particulars	RUPEES					
Defined benefit obligation	11,137,484	8,253,851	6,507,136	4,663,735	3,601,152	2,639,454
fair value of plan assets	-	-	-	-	-	-
Net defined Benefit Liability	11,137,484	8,253,851	6,507,136	4,663,735	3,601,152	2,639,454
Remeasurement (gain)/ loss on obligation	1,826,150	439,592	960,323	635,519	358,228	90,157
Remeasurement (gain)/ loss on plan assets	-	-	-	-	-	-
	1,826,150	439,592	960,323	635,519	358,228	90,157

9.5 Sensitivity analysis

Particulars	2016		2015	
	PVDBO RUPEES	Percentage change	PVDBO RUPEES	Percentage change
Current liability	11,137,484		8,253,851	
+1% Discount rate	10,268,201	(7.81) %	7,660,361	(7.19) %
-1% Discount rate	12,137,784	8.98%	8,929,855	8.19%
+1% Salary Increase rate	12,173,934	9.31%	8,963,436	8.60%
-1% Salary Increase rate	10,221,602	(8.22)%	7,620,715	(7.67) %
+10% Withdrawal rates	11,118,615	(0.17)%	8,233,809	(0.24)%
-10% Withdrawal rates	11,157,012	0.18%	7,274,756	0.25%
1 Year Mortality age set back	11,138,593	0.01%	8,254,849	0.01%
1 Year Mortality age set forward	11,136,377	(0.01)%	8,252,854	(0.01)%

9.6 Maturity profile

Particulars	Undiscounted Payments		
	2016	RUPEES	2015
Year 1	904,018		815,781
Year 2	895,638		583,870
Year 3	1,073,511		782,078
Year 4	1,010,121		921,394
Year 5	1,034,737		904,148
Year 6 to Year 10	4,555,874		3,580,601
Year 11 and above	14,173,063		12,542,107



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9.7 Comparison for five years

Year	PVDBO	(Gain) / Loss on PVDBO	Transitional Liability	Total
	RUPEES			
2016	11,137,484	1,826,150	-	12,963,634
2015	8,253,851	439,592	-	8,693,443
2014	6,507,136	960,323	-	7,467,459
2013	4,663,735	635,519	-	5,299,254
2012	3,601,152	358,228	-	3,959,380

10 LONG TERM LOANS - Secured

Bank Al Habib Limited - Term finance

	2016	2015
	RUPEES	
Opening balance	72,108,588	28,704,636
Acquired during the year	-	53,535,000
	<u>72,108,588</u>	<u>82,239,636</u>
Repayment during the year	(20,838,048)	(10,131,048)
	<u>51,270,540</u>	<u>72,108,588</u>
Less: Current portion shown under current maturity	(19,149,540)	(20,838,048)
	<u><u>32,121,000</u></u>	<u><u>51,270,540</u></u>

This comprises of two term finance facilities obtained by the company namely TF-I for Rs. 53.54 million and TF-II for Rs. 50.78 million from Bank Al Habib for acquiring machinery. These facilities are secured by way of first specific hypothecation charge over imported machinery for Rs. 59.48 million and Rs. 56.42 million respectively. Further, these are secured by equitable mortgage over industrial property bearing plot no. D-57 & D-58 at SITE, Karachi registered with SECP for Rs. 169.40 million. Each facility is repayable in sixty equal monthly instalments and carry mark-up at 6-month KIBOR plus 1.75%.

11 SHORT TERM BORROWINGS - Secured

Bank Al-Habib Limited - Running finance utilized	<u>963,441</u>	<u>12,731,499</u>
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The company enjoys short term finance facilities from Bank Al Habib Limited comprising running finance up to Rs. 60.0 million (2015: Rs.60.0) million, Letter of Credit (Sight-Foreign) for Rs. 10.0 million (2015: Rs.10.0) million, Letter of Credit (Usance-Foreign) for Rs. 10.0 million (2015: Rs.10.0) million, Acceptance - Sub limit of LC sight foreign for Rs. 10.0 million (2015: Rs.10.0) million at Nil margin and Letter of Guarantee for Rs. 5 million (2015: Rs.5.0) million. The finance is secured against registered hypothecation charge over movables of the company each for Rs. 30.0 million, registered hypothecation charge over movables and receivables of the company for Rs. 70.0 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 for Rs. 169.40 million. Further, a promissory note for Rs. 72.066 million has been issued in favour of Bank Al Habib against short term running finance. The running finance facility carries mark-up of 03 months KIBOR plus 2% while other facility carries mark-up as per bank's schedule of charges.



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12 CREDITORS, ACCRUED AND OTHER LIABILITIES		2016	2015
		RUPEES	
Trade creditors	12.1	31,411,607	15,396,591
Advance from customers		2,005,618	1,112,793
Accrued expenses and other payables		2,594,719	3,244,645
Accrued mark up on running finance		30,730	60,810
Accrued mark up on short term loans		1,119,475	589,487
Workers' profit participation fund	12.2	3,924,740	4,023,890
Workers welfare fund		1,900,814	1,526,798
Unclaimed dividend		16,355,631	19,550,286
Sales tax payable		1,645,361	--
		<u>60,988,695</u>	<u>45,505,300</u>

12.1 It includes amount payable to associated concern M/s Sayeed International amounting to Rs. 134,048/- (2015: 133,649/-)

12.2 Workers profit participation fund

Balance at the beginning of the year	4,023,890	3,765,627
Less: Amount paid to the Fund Trustees	(3,492,000)	(2,910,000)
Amount deposited with government	-	(849,627)
	<u>531,890</u>	<u>6,000</u>
Allocation for the year	3,392,850	4,017,890
	<u>3,924,740</u>	<u>4,023,890</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Performance guarantees in favour of customers issued by Bank Al Habib Limited, SITE Branch on behalf of the company aggregating to Rs.7.7 million (2015: Rs. 5.4 million).

Post dated cheques amounting to Rs. 402,590 issued (2015: Rs. 402,590) in favour of Collector Model Customs Collectorate, Karachi.

13.2 Commitments

In respect of letter of credit for import of raw material Rs.0.044 million (2015: Rs.4.5 million).



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14 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	2016				Rate %	ACCUMULATED DEPRECIATION				W.D.V as at June 30, 2016
	COST / REVALUATION			As at June 30, 2016		As at July 01, 2015	(Adjustment)	For the year	As at June 30, 2016	
	As at July 01, 2015	Additions	(Disposal)							
RUPEES										
Leasehold land	190,000,000	-	-	190,000,000	-	-	-	-	-	190,000,000
Buildings on lease hold land										
- Factory	26,480,040	232,200	-	26,712,240	10	3,138,418	-	2,558,852	5,697,270	21,214,970
- Office	5,455,030	-	-	5,455,030	5	323,014	-	255,866	578,880	4,876,150
Plant and machinery	240,961,735	4,244,603	(21,310,000)	223,896,428	10	20,594,349	(2,726,312)	20,474,749	38,342,786	185,553,642
Furniture and fixture	741,550	28,265	-	770,115	10	78,980	-	68,120	147,100	623,015
Factory and other equipments	2,698,956	370,000	-	3,068,956	10	293,305	-	251,506	544,811	2,524,145
Electric equipments and fitting	1,285,037	122,100	-	1,407,137	15	194,743	-	176,132	370,875	1,036,262
Computers	929,490	153,500	-	1,082,990	30	714,391	-	204,161	518,552	564,438
Vehicles	14,682,157	699,300	(300,000)	15,081,457	20	2,824,872	(93,864)	2,433,382	5,164,370	9,917,087
TOTAL	483,231,995	5,830,358	(21,610,000)	467,452,353		27,762,072	(2,820,196)	26,222,768	51,164,644	416,287,709

PARTICULARS	2015				Rate %	ACCUMULATED DEPRECIATION				W.D.V as at June 30, 2015
	COST / REVALUATION			As at June 30, 2015		As at July 01, 2014	(Adjustment)	For the year	As at June 30, 2015	
	As at July 01, 2014	Additions	(Disposal)							
RUPEES										
Leasehold land	190,000,000	-	-	190,000,000	-	-	-	-	-	190,000,000
Buildings on lease hold land										
- Factory	25,895,300	584,540	-	26,480,040	10	588,857	-	2,534,866	3,123,723	23,356,317
- Office	5,243,500	211,570	-	5,455,030	5	59,618	-	278,091	337,709	5,117,321
Plant and machinery	167,311,521	78,650,274	-	240,961,735	10	2,581,630	-	16,647,919	30,394,349	210,267,386
Furniture and fixture	625,000	116,550	-	741,550	10	14,771	-	64,209	78,980	662,570
Factory and other equipments	2,287,425	441,531	(30,000)	2,698,956	10	56,092	(1,943)	239,155	295,205	2,403,651
Electric equipments and fitting	994,100	288,937	-	1,283,037	15	37,013	-	157,730	194,743	1,088,294
Computers	815,925	113,565	-	929,490	30	73,341	-	241,050	314,391	615,099
Vehicles	12,452,757	4,354,400	(2,125,000)	14,682,157	20	663,087	(379,887)	2,541,672	2,824,872	11,857,285
TOTAL	400,625,728	84,761,267	(2,155,000)	483,231,995		5,444,210	(381,830)	22,699,692	27,762,072	455,469,923

14.1 The depreciation charge for the year has been allocated as follows:

Cost of sales - Manufacturing overheads	24,545,136	20,956,639
Administrative expenses	999,244	944,162
Selling and distribution expenses	768,388	798,688
	26,222,768	22,699,492

14.2 Had there been no revaluation, the net book value of the items of property, plant and equipment would have been as follows:

Leasehold land	191,203	191,203
Building on leasehold land		
- Factory	16,146,995	17,707,058
- Office	3,358,392	3,535,150
Plant and machinery	156,980,821	186,713,483
Furniture and fixture	564,870	597,965
Factory and other equipment	3,103,954	3,049,883
Electric equipment and fittings	835,012	823,883
Computers	347,383	333,591
Vehicles	6,985,227	8,005,122
	188,512,983	270,087,330

Revaluation of property, plant and equipment

During June 1964, company's properties comprising building on leasehold land and plant and machinery were revalued by M/s. J.B. Stevenson, ACI (an independent valuer). These revaluations had resulted in surplus of Rs. 99,690 and 216,900 which was included in the book value of building on leasehold land and plant and machinery respectively and credited to a surplus on revaluation account. Consequently upon change in section 235 of the Companies Ordinance, 1984 the whole amount of surplus on revaluation of Rs. 316,590 was transferred by the company during the year 2003 to the accumulated profit on account of incremental depreciation.

As on June 30, 2005, company's property, plant and equipment have been revalued on market value basis assuming the continued use of the same. The revaluation has been carried out by M/s. Iqbal A. Nanji & Co., Valuation Consultants (an independent valuer). These revaluation has resulted in a surplus of Rs. 159,702,622 and deficit of Rs. 1,191,435.



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As at April 08, 2014 the properties were revalued by K.G Traders (Pvt) Ltd (an independent valuer) on market value basis as previously used. The revaluation has resulted in a further surplus of Rs. 94,598,436 which has been included in the book value of fixed assets and credited (net of deferred tax) to surplus on revaluation of fixed assets. The incremental depreciation net of deferred tax has been charged to the surplus on revaluation of fixed asset account.

The whole amount of surplus has been included in the book value of related items of property, plant and equipment and credited (net of deferred tax) to a surplus on revaluation of fixed assets account. Part of surplus has been applied to set off the revaluation deficit of other assets in accordance with section 235(2) of the Companies Ordinance, 1984.

14.3 Detail of assets disposed off during the year:

The following fixed assets were disposed of during the year:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	(Loss)/ gain	Mode of disposal	Particulars of Buyer
Plant & Machinery Mark-Andy machine	21,310,000	2,726,312	18,583,688	12,690,675	(5,893,013)	Negotiation	Actee Limited - UK
Vehicles Suzuki Kalash Pickup	300,000	93,884	206,116	218,000	11,884	Negotiation	Mr.Qasim
June 30, 2016	21,610,000	2,820,196	18,789,804	12,908,675	(5,881,129)		
June 30, 2015	2,113,590	1,754,133	359,457	1,042,000	682,543		

	2016	2015
	RUPEES	
15 LONG TERM DEPOSITS		
Deposit with CDC	12,500	12,500
Security deposit against fuel	231,000	231,000
Utility deposits	429,554	315,340
	<u>673,054</u>	<u>558,840</u>
16 STOCK IN TRADE		
Raw materials	94,112,637	76,769,576
Work in process	15,335,994	15,264,769
Finished product	8,166,291	10,865,272
	<u>117,614,922</u>	<u>102,899,617</u>
Less: Provision for dead stock	116,725	--
	<u>117,498,197</u>	<u>102,899,617</u>
16.1 Stock of finished products has been written down to net realizable value by Rs.777,847/-.		
17 TRADE DEBTS - Unsecured, considered good		
Due from customers	108,109,437	101,349,780
Due from associated concern - Saveed International	15,256	13,423
Due from staff	1,129	715
	<u>108,125,822</u>	<u>101,363,918</u>



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18 ADVANCES AND OTHER RECEIVABLES

Advance to suppliers	18.1	186,014	83,319
Advance against letter of credit	18.2	-	4,263,371
Advance to staff		94,604	67,439
Advance income tax - Net of tax liability		7,068,384	23,457,050
Income tax refundable	18.3	30,280,086	10,520,617
Sales tax refundable		-	5,810,216
		<u>37,629,088</u>	<u>44,202,012</u>

18.1 The advances provided to suppliers and staff are interest free.

18.2 Letter of credit issued in favour of different suppliers of raw material through Bank Al Habib Limited.

18.3 Income tax refundable

Tax year 2011	676,504	676,504
Tax year 2012	9,844,113	9,844,113
Tax year 2015	19,759,469	--
	<u>30,280,086</u>	<u>10,520,617</u>

19 DEPOSITS AND PREPAYMENTS

Other deposit	19.1	657,549	8,777,575
Prepayments		76,103	158,305
		<u>733,652</u>	<u>8,935,880</u>

19.1 Advance deposit of sales tax amounting to Rs. 7,516,265, to collector MCC Port Qasim Karachi, against consignment of imported machinery was refunded during the year. These deposits are interest free.

20 CASH AND BANK BALANCES

Cash in hand	65,000	65,000
Factory imprest	75,000	75,000
Cash at banks:		
- Current accounts	5,577,210	8,110,889
- Deposit accounts	33,116,488	71,397
	<u>38,833,698</u>	<u>8,322,286</u>

20.1 These carries mark-up ranging between 4.25% to 5.00% (2015: 4.25% to 6.25%) per annum payable monthly.

20.2 Bank balances in deposit accounts are placed under interest arrangements. The Company has conventional banking relationships with all the banks.

21 SALES - NET

Exercise books	278,817,489	269,982,771
Ammonia paper	15,114,403	23,068,812
Pro-labels	309,712,887	264,422,706
Plain paper	8,781,998	17,680,726
Printing	5,710	6,550
Sensitized machine parts	99,951	90,060
Waste paper	1,150,551	1,275,288
	<u>613,682,989</u>	<u>576,526,913</u>
Less: Sales discount	10,522	193,698
	<u>613,672,467</u>	<u>576,333,215</u>

The sales are net of sales tax Rs.60,846 million (2015: Rs.54,629 million).



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		2016	2015
		RUPEES	
22 COST OF SALES			
Opening stock		76,769,576	73,588,245
Purchase		<u>386,578,818</u>	<u>366,015,533</u>
		463,348,394	439,603,778
Closing stock		<u>(94,112,637)</u>	<u>(76,769,576)</u>
Raw materials consumed		<u>369,235,757</u>	<u>362,834,202</u>
Manufacturing overheads			
Salaries, wages and other benefits	22.1	59,157,562	50,376,542
Fuel and power		8,287,635	8,033,579
Stores and spares consumed	22.2	15,505,828	15,311,457
Insurance		1,191,785	1,076,165
Repairs and maintenance		2,821,814	2,736,299
Rent, rates and taxes		197,083	198,883
Telephone and trunk calls		97,888	76,437
Other manufacturing expenses		4,661,730	4,380,672
Depreciation	14.1	<u>24,545,136</u>	<u>20,956,639</u>
		<u>116,466,461</u>	<u>103,146,673</u>
Manufacturing cost		<u>485,702,218</u>	<u>465,980,875</u>
Work in process - Opening		<u>15,264,769</u>	<u>12,553,940</u>
Work in process - Closing		<u>(15,335,994)</u>	<u>(15,264,769)</u>
		(71,225)	(2,710,829)
Cost of goods manufactured		<u>485,630,993</u>	<u>463,270,046</u>
Finished goods - Opening		<u>10,865,272</u>	<u>7,017,149</u>
Finished goods - Closing		<u>(8,166,291)</u>	<u>(10,865,272)</u>
		2,698,981	(3,848,123)
		<u>488,329,974</u>	<u>459,421,923</u>
22.1	Salaries, wages and other benefits include Rs. 1,006,182/- (2015: Rs. 1,048,921/-) pertaining to retirement benefits.		
22.2	Stores and spares consumed		
Opening balance		2,013,765	2,855,897
Purchases		<u>16,897,103</u>	<u>14,469,325</u>
		18,910,868	17,325,222
Closing balance		<u>(3,405,040)</u>	<u>(2,013,765)</u>
		<u>15,505,828</u>	<u>15,311,457</u>
23 OTHER OPERATING (LOSS) / INCOME			
Income from financial assets			
Interest on deposit account	23.1	474,614	574,213
Income from non-financial assets			
(Loss) / gain on disposal of property, plant and equipment	14.3	(5,881,129)	682,543
Other income		83,800	99,898
		<u>(5,322,715)</u>	<u>1,356,654</u>
23.1	This profit is earned from bank accounts under mark-up arrangements.		



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24	ADMINISTRATIVE EXPENSES	2016	2015
		RUPEES	
	Directors' fees	105,000	100,000
	Chief executives' remuneration	4,904,209	4,849,364
	Staff salaries and benefits	10,452,774	9,044,537
24.1	Rent, rates and taxes	499,886	426,902
	Insurance	757,138	749,166
	Traveling and conveyance	1,465,364	1,342,597
	Postage and telegrams	184,799	183,674
	Telephone	319,449	377,863
	Electric charges	200,403	197,532
	Stationery and periodicals	205,729	170,861
	Repairs and renewals	906,800	957,973
	Legal and professional fees	1,774,790	1,408,926
	Stamp duty	772,992	227,730
	Auditors' remuneration	375,000	300,000
24.2	General	861,532	583,329
	Software expense	38,131	31,844
	Website designing and development	32,308	93,331
	Safety and security SITE	--	90,000
	Advertisement	308,300	375,200
	Charity and donation	696,983	802,140
24.3	Depreciation	909,244	944,165
	Sales tax receivable written off	7,060,742	--
	Provision for dead stock	116,725	--
		<u>32,948,298</u>	<u>23,257,134</u>

24.1 Salaries, wages and other benefits include Rs. 431,221/- (2015: Rs.449,538/-) pertaining to retirement benefits.

24.2 Auditors' remuneration

Audit fee	300,000	290,000
Review of half-yearly condensed interim financial statements	50,000	-
Review report on code of corporate governance	15,000	-
Provident fund audit fee	5,000	5,000
Workers' Profit Participation Fund audit fee	5,000	5,000
	<u>375,000</u>	<u>300,000</u>

24.3 Charity and donation

The Citizens Foundation	-	200,000
Anjuman Behbood-e-Samar-e-Atfal (ABSA School and College for Deaf)	300,000	350,000
The Kidney Centre	170,000	170,000
Rotary Club Karachi	80,000	70,000
Special Children Educational Institute	25,000	-
ORPHANS - Trust	97,882	-
Syed Alfalah Literacy Centre	8,906	-
Tauseef Memorial School	15,195	-
Others	--	12,140
	<u>696,983</u>	<u>802,140</u>



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24.3.1 Mrs Muleika Sayeed, one of the directors of the Company is interested in Anjuman Behbood-E-Samat-E-Atfal, 26-C, DHA Phase-II Ext, Karachi being its Honorary Treasurer. Except this none of the directors or their spouses are interested in the funds of donees.

		2016	2015	
		RUPEES		
25	SELLING AND DISTRIBUTION EXPENSES			
	Staff salaries and benefits	5,585,539	4,688,421	
	Advertisement and publicity	90,000	150,298	
	Cartage and forwarding	2,208,133	2,272,646	
	Vehicle running expenses	1,320,690	1,552,181	
	Tender fees	6,030	7,280	
	Sales promotion	786,840	522,665	
	Insurance	588,993	240,537	
	Depreciation	14.1	768,388	
	Utilities	133,229	113,334	
	Travelling and conveyance	6,620	16,690	
	Printing and stationery	7,042	11,335	
	Repairs and maintenance	—	17,210	
	Others	457,552	57,334	
		<u>11,959,056</u>	<u>10,448,819</u>	
26	FINANCE COST			
	Mark-up on short term running finance	1,470,584	1,036,322	
	Mark-up on long term loan	5,317,188	2,791,646	
	Exchange loss	264,577	184,296	
	Bank and other charges	203,072	201,928	
		<u>7,255,421</u>	<u>4,214,192</u>	
27	TAXATION			
	Current year	29,092,502	13,530,990	
	Prior year	(5,418)	925,162	
	Deferred	(4,880,439)	1,820,708	
		<u>24,206,645</u>	<u>16,276,860</u>	
	27.1 Aggregate current and deferred tax relating to items charged or credited to equity			
	Deferred tax relating to revaluation of fixed assets	8	<u>8,430,877</u>	<u>15,875,188</u>
	27.2 Tax charge reconciliation			
	Accounting profit	<u>62,572,331</u>	<u>73,454,645</u>	
	Tax at the applicable tax rate of 32% (2015: 33%)	20,023,146	24,240,033	
	Tax effect of expenses that are not deductible in determining accounting profit	9,069,356	(6,315,866)	
	Tax effect of remeasurement of liability	(4,880,439)	(2,572,469)	
	Tax effect of changes in prior year current tax	(5,418)	925,162	
		<u>24,206,645</u>	<u>16,276,860</u>	



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	2016	2015
27.3 Tax charge reconciliation		
Applicable tax rate as per Income Tax Laws	32%	33%
Tax effect of expenses that are deductible for tax purpose	14.494%	(8.598%)
Tax effect of remeasurement of liability	(7.800%)	(3.502%)
Effect of change in prior years' tax	(0.009%)	1.260%
Effective tax rate	39%	22%

27.4 The income tax assessments of the Company deemed to have been finalized up to tax year 2015. The return of income of the Company for Tax Year 2014 has been selected for tax audit through computer balloting by Federal Board of Revenue on September 14, 2015 under section 214C of the Income Tax Ordinance, 2001. Certain details and documents have been sought by Assistant / Deputy Commissioner Inland Revenue, which have been duly submitted. The proceedings are in progress.

27.5 The Company's case has been selected for Sales Tax Audit for the tax year 2013. Certain details and documents have been sought by Deputy Commissioner Inland Revenue, which have been duly submitted by the Company. The audit proceedings are under progress.

27.6 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of the said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 % of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on 22-04-2016 has already proposed a sufficient cash dividend for the year ended 30 June 2016 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended June 30, 2016.

	2016	2015 (Restated)
	RUPEES	
28 EARNINGS PER SHARE - Basic and diluted		
Profit after taxation	<u>38,365,686</u>	<u>57,177,785</u>
	NUMBER OF SHARES	
Weighted average number of ordinary shares	<u>6,000,000</u>	<u>6,000,000</u>
	RUPEES	
Earnings per share - Basic	<u>6.39</u>	<u>9.53</u>
Earnings per share - Diluted	<u>6.39</u>	<u>9.53</u>



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		2016	RUPEES	2015
29	CASH GENERATED FROM OPERATION			
	Profit before taxation	62,572,331		73,454,645
	<i>Adjustments for non-cash and other items:</i>			
	Depreciation	26,222,768		22,699,692
	Provision for gratuity	1,437,403		1,498,459
	Interest income	(474,614)		(574,213)
	Financial expenses	6,990,844		4,029,896
	Exchange loss	264,577		184,296
	Provision for dead stock	116,725		-
	Gain on disposal of fixed assets	5,881,129		(682,543)
	<i>(Increase) / decrease in current assets</i>			
	Stores and spares	(1,391,275)		842,132
	Stock in trade	(14,715,305)		(9,740,283)
	Trade debts	(6,761,904)		(18,391,337)
	Advances and other receivables	9,943,727		(1,130,970)
	Deposits and prepayments	8,202,228		(7,318,743)
	<i>Increase / (decrease) in current liabilities</i>			
	Creditors, accrued and other liabilities	18,178,142		(9,476,879)
		<u>116,466,776</u>		<u>55,394,152</u>
30	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	38,833,698		8,322,286
	Short term borrowings - Secured	(963,441)		(12,731,499)
		<u>37,870,257</u>		<u>(4,409,213)</u>

31 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Chairman		Chief Executive		Directors		Executives		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Fee	-	-	-	-	105,000	100,000	-	-	105,000	100,000
Managerial remuneration and allowances	-	-	2,535,000	2,535,000	-	-	1,606,413	1,462,629	4,141,413	3,997,629
Provident fund	-	-	211,250	211,250	-	-	100,080	94,488	311,330	305,738
Medical expenses	-	-	72,726	60,626	-	-	120,024	113,316	192,750	173,942
House rent	-	-	1,140,744	1,140,744	-	-	480,336	453,528	1,621,080	1,594,272
Reimbursable expenses	-	-	709,654	750,000	-	-	-	-	709,654	750,000
	-	-	4,669,374	4,697,620	-	-	2,306,853	2,123,961	6,976,227	6,821,581
Number of persons	1	1	1	1	5	5	2	2	9	9

The Chief Executive of the company is provided with company maintained car.

The Company has borne the telephone and utility charges of the Chief Executive's residence.

Remuneration of Chief Executive does not include amounts paid or provided for, if any, by associated undertakings.



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32 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:

	2016	2015
	RUPEES	
- Sales	70,480	61,358
- Purchase	311,500	325,785
- Rent paid	192,000	192,000
- Company's and employees contributions to provident fund	1,854,812	1,597,238

The company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at arm's length determined in accordance with comparable uncontrolled price method.

	2016	2015
	NUMBER	
33 NUMBER OF EMPLOYEES		
Number of employees at June 30	<u>114</u>	<u>107</u>
Average number of employees during the year	<u>108</u>	<u>107</u>

34 OPERATING SEGMENTS

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

34.1 The management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

a) Exercise Books

This segment relates to the sale of exercise books.

b) Pro-labels

This segment relates to the sale of pro-labels.

c) Sensitized paper and others

This segment relates to sensitized paper and others.



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34.2 Segment information

	Exercise books		Prolabels		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Segment Revenue	278,806,967	269,789,073	309,712,887	264,422,706	25,152,613	42,121,436	613,672,467	576,333,215
Cost of sales	223,101,657	223,711,282	245,653,507	206,782,661	19,574,811	28,927,980	488,329,975	459,421,923
Gross Profit	55,705,310	46,077,791	64,059,380	57,640,045	5,577,802	13,193,456	125,342,492	116,911,292
Segment Expenses								
Administrative expenses	17,515,745	10,715,998	12,484,341	10,176,241	2,948,213	2,364,896	32,948,299	23,257,135
Selling and distribution expenses	6,071,859	5,313,732	3,065,788	2,049,573	2,821,409	3,085,513	11,959,056	10,448,818
Financial charges	1,296,266	859,580	5,874,728	3,248,170	84,427	106,442	7,255,421	4,214,192
Workers' profit participation fund	1,541,072	145,942	2,131,726	2,157,938	-279,948	400,528	3,392,850	4,017,890
Workers' welfare fund	630,252	101,624	937,804	1,249,253	323,766	609,768	1,891,822	2,875,266
	27,055,194	19,364,979	24,494,387	18,881,175	5,897,867	6,567,147	57,447,448	44,813,301
Operating profit	28,650,116	26,712,812	39,564,993	38,758,870	(320,065)	6,626,309	67,895,044	72,097,991
Other operating income							(5,322,715)	1,356,654
Profit before taxation							62,572,329	73,454,645
Taxation							24,206,645	16,276,860
Profit after taxation							38,365,684	57,177,785

34.3 Segment wise assets and liabilities are not being reviewed by the CODM.

35 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on financial statements of the Fund:

	2016	2015
	Un-audited	Audited
	RUPEES	
Size of the fund - Total assets	63,261,717	54,678,663
Percentage of investments made	60.85%	62.95%
Fair value of investments	38,492,567	34,418,346

35.1 The cost of above investments amounted to Rs. 26.73 million (2015; Rs. 25.70 million).

35.2 The break-up of fair value of investments is:

	2016	2015	2016	2015
	(Percentage)			
Defence saving certificates	9.81%	10.26%	37,744,416	3,531,316
Certificates of Investments	62.63%	68.43%	24,108,053	2,355,2014
Short Term Investments	21.49%	18.26%	8,271,099	6,285,578
Saving account	6.08%	3.05%	2,338,999	1,049,438
	100%	100%	38,492,567	34,418,346



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	2016	2015
	RUPEES	
36 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT		
Financial assets - Loan and receivable		
<i>Maturity up-to one year</i>		
Trade debts	108,125,822	101,363,918
Advances, deposits prepayments and other receivables		
- Others	657,549	1,261,310
Cash and bank balances	38,693,698	8,322,286
<i>Maturity after one year</i>		
Long term deposits	673,054	558,840
	148,150,123	111,506,354
Financial liabilities		
<i>Maturity up-to one year</i>	963,441	12,731,499
Short term borrowings - Secured	19,149,540	20,838,048
Current maturities	9,570,478	9,445,630
Creditors, accrued and other liabilities		
<i>Maturity after one year</i>	11,137,484	8,253,851
Retirement benefit obligation	32,121,000	51,270,540
Long term loan		
	72,941,943	102,539,568

Financial risk management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

36.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from long term deposits, trade receivables and security deposits. Out of the total financial assets of Rs. 148.15 million- (2015: Rs. 111.51 million), financial assets which are subject to credit risk amount to Rs. 109.46 million (2015: Rs.103.18 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking in to account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 to 60 days to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:



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	2016	2015
	RUPEES	
Long term deposits	673,054	558,840
Trade debts	108,125,822	101,363,918
Advances, deposits, prepayments and other receivables		
Others	657,549	1,261,310
Bank balances	38,693,698	8,182,286
	148,150,123	111,366,354

The ageing of trade receivables at the reporting date is:

Past due	0-30	days	62,504,114	70,772,722
Past due	31-60	days	23,828,035	21,881,450
Past due	60-90	days	14,693,894	7,173,027
Past due	90-120	days	1,891,682	768,363
Past due 120 days			5,208,097	768,356
			108,125,822	101,363,918

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

36.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, in addition, the Company has obtained running finance facility from a commercial bank to meet any deficit, if required to meet the short term liquidity commitments. The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	RUPEES					
2016						
Financial liabilities						
Long term loan - Secured	51,270,540	58,680,424	12,331,715	10,228,533	12,953,331	23,106,845
Trade and other payables	34,006,326	34,006,326	34,006,326	—	—	—
Accrued markup	1,150,205	1,150,205	1,150,205	—	—	—
Short term borrowings	963,441	963,441	963,441	—	—	—
	87,390,512	94,800,396	48,451,687	10,228,533	12,953,331	23,106,845
2015						
Financial liabilities						
Long term loan - Secured	72,108,588	72,108,588	10,419,024	10,419,024	19,149,540	32,121,000
Trade and other payables	18,641,236	18,641,236	18,641,236	—	—	—
Accrued markup	650,297	650,297	650,297	—	—	—
Short term borrowings	12,731,499	12,731,499	12,731,499	—	—	—
	104,131,620	104,131,620	42,442,056	10,419,024	19,149,540	32,121,000

36.3 Market risk

Market risk is the risk that changes in market price; such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holding of financial instruments.



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36.4 Currency risk

The company is exposed to currency risk on import of raw materials and stores and spares. The company's exposure to foreign currency risk relates to creditors amounting to Rs.9.405 million (2015:Rs.0.561 million) as explained follows:

	2016		2015	
	Rupee	US Dollar	Rupee	US Dollar
<i>Assets / (liabilities)</i>				
Trade creditors	9,405,404	89,832	561,895	5,525

The following significant exchange rate applied during the year.

	Average rate		Balance sheet date	
	2016	2015	2016	2015
US Dollar	103.99	100.60	104.70	101.70

Sensitivity analysis

At reporting date, if PKR had strengthened by 5% against the US Dollar with all other variables held constant profit for the year would have been lower / higher by the amounts shown below, mainly as a result of foreign exchange difference on translation of foreign currency liabilities.

	2016		2015	
	Gross exposure	Net of tax exposure	Gross exposure	Net of tax exposure
	470,270	319,784	28,095	18,823

Trade creditors

The 5% weakening of the PKR against US Dollar would have had an equal but opposite impact on the profit for the year on the basis that all other variables remain constant.

36.5 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect value of financial instruments.

There has no long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rate.

Financial assets and liabilities includes balances of Rs. 33.12 million (2015: Rs.71,397/-) and Rs. 52.23 million (2015: Rs.84.84 million) respectively which are subject to interest rate risk. Applicable interest rates of financial assets have been indicative in respective notes.

At June 30, 2016, if interest rates have been one percent higher / lower, with all other variable held constant, profit after tax would have been Rs.191,175/- (2015: Rs.847,687/-) lower / higher, mainly as a result of higher/ lower interest expense / income from these financial assets / liabilities.

36.6 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) The company is not exposed to any price risk except for the investments - held for trading at the reporting date that are sensitive to price fluctuations.



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36.7 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values, fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.

37 CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors the return on capital employed, which the company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The company's objectives when managing capital are:

- (i) to safeguard entity's ability to continue as going concern, so that it can continue to provide returns for shareholders and benefits for other stake holder, and
- (ii) to provide adequate return

The company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Neither there were any changes in the company's approach to capital management during the year nor the company is subject to externally imposed capital requirements.

38 CAPACITY AND PRODUCTION

	Units	Capacity		Production		Remarks
		2016	2015	2016	2015	
a) Exercise books	Goose	58,632	58,632	66,390	66,542	Due to extra shift.
b) Sensitized paper	Rolls	216,000	216,000	36,856	56,486	Due to lack of demand.
c) Prolabels	Sq. Meter	2,000,000	2,000,000	3,482,032	2,944,592	Due to extra shift.

38.1 The capacity is determined on single shift basis:

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on 6th September, 2016 by the Board of Directors of the Company.

40 GENERAL

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

MOHAMMAD ALI SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS

AS ON 30TH JUNE 2016

Number Of Share Holders	Share Holding		Total Shares Held
	From	To	
273	1	- 100	7,529
216	101	- 500	65,097
118	501	- 1,000	95,880
153	1,001	- 5,000	359,389
23	5,001	- 10,000	176,058
2	10,001	- 15,000	25,000
8	15,001	- 20,000	148,533
1	20,001	- 25,000	22,500
1	25,001	- 30,000	27,428
1	30,001	- 35,000	31,993
3	35,001	- 40,000	115,793
1	40,001	- 45,000	42,387
1	55,001	- 60,000	57,600
1	60,001	- 65,000	63,000
2	65,001	- 70,000	131,000
1	75,001	- 80,000	78,000
2	80,001	- 85,000	168,999
1	100,001	- 105,000	103,200
1	110,001	- 115,000	111,467
1	115,001	- 120,000	120,000
1	130,001	- 135,000	134,746
1	200,001	- 205,000	201,384
1	225,001	- 230,000	226,500
1	415,001	- 420,000	416,201
1	460,001	- 465,000	464,326
1	495,001	- 500,000	495,793
1	565,001	- 570,000	576,721
1	680,001	- 685,000	680,270
1	840,001	- 845,000	853,206
819			6,000,000

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	799	4,062,572	67.71
2	Financial Institutions	3	16,299	0.27
3	Investment Companies	3	717,375	11.96
4	Joint Stock Companies	7	82,170	1.37
5	Insurance Companies	2	321,384	5.36
6	Mutual Fund	3	756,326	12.61
7	Other	2	43,874	0.73
		819	6,000,000	100.00



PAKISTAN PAPER PRODUCTS LIMITED

Details of Pattern of Shareholdings as on June 30, 2016 (AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE)

S. No.	Categories Shareholders	Shares Held	% Age
1	Associated Companies	680,270	11.34
	Management & Enterprises (Pvt.) Limited	680,270	
2	NIT & ICP	472,469	7.87
	National Bank of Pakistan-Trustee Department NI(U)T Fund	464,326	
	Investment Corporation of Paksitan	5,112	
	IDBL (ICP) Unit	3,031	
3	Directors, CEO, their Spouses and Minor Children	2,153,561	35.89
	Mrs. Mulcika Sayeed	134,746	
	Mr. Muhammed Ali Sayeed	8,520	
	Mr. Abbas Sayeed	495,793	
	Mr. Asadullah Sayeed	416,201	
	Mr. Abid Sayeed	853,206	
	Mr. Zahid Dada	3,000	
	Mrs. Nadia Sayeed W/o. Abid Sayeed	27,428	
	Mrs. Nusser Sayeed W/o. Abbas Sayeed	111,467	
	Mrs. Faiza Haswary W/o. Asadullah Sayeed	103,200	
4	Executives	Nil	
5	Individuals	1,909,011	31.82
6	Public Sector Companies and Corporation	201,384	3.36
7	Banks, DFIS, NBFIS, Insurance Companies, Mudarabas Joint Stock Companies, Mutual Funds and others	583,305	9.72
	Total	6,000,000	100.00

Shareholders Holding Five Percent or More In The Company

Mr. Abid Sayeed	853,206	14.22
Management & Enterprises (Pvt.) Limited	680,270	11.34
National Bank of Pakistan-Trustee Department Ni(U)T Fund	464,326	7.74
Ms. Aliya Rehman	576,721	9.61
Mr. Abbas Sayeed	495,793	8.26
Mr. Asadullah Sayeed	416,201	6.94



PAKISTAN PAPER PRODUCTS LIMITED

FORM OF PROXY

I/We _____
Of _____
being a member(s) of Pakistan Paper Products Limited holder of _____
ordinary Shares as per Share Registrar Folio/CDC Account No. _____
hereby appoint Mr./Mrs/Miss. _____ Folio/CDC Account No. _____
of Karachi or failing whom _____ Folio/CDC Account No. _____
of _____
who is also a member of the Company as my / our proxy to attend and vote for me/us and on my / our
behalf at the 54th ANNUAL GENERAL MEETING of the Company to be held on Thursday 6th
October 2016 at 11:30 am and at any adjournment thereof.

Signed this _____ day of _____ 2016

Rs.5/-
Revenue
Stamp

Witnesses:

(Signature should agree with
the specimen signature registered
with the Company)

1: Signature _____
Name: _____
Address: _____

2: Signature _____
Name: _____
Address: _____

Signature _____

Important:

1. This form of Proxy, duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours.
2. This form should be affixed by the Member or by his / her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A Member is entitled to attend and vote at the meeting may appoint any other Member as his/ her proxy to attend and vote on his/ her behalf except that a corporation may appoint a person who is not a Member.

For CDC Account Holder / Corporate Entities:

In addition of the above following requirements have to be met;

- I. The proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
- II. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- III. The proxy shall produce his/ her original CNIC or passport at the time of the meeting.
- IV. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



PAKISTAN PAPER PRODUCTS LIMITED

پاکستان پیپر پروڈکٹس لمیٹیڈ مختار نامہ

میں ام
کا کے
بحیثیت رکن پاکستان پیپر پروڈکٹس لمیٹیڈ اور حامل حصص، بمطابق شیئر رجسٹریشن نمبر
اور ایسی ڈی سی آر نمبر (شرکت آئی ڈی نمبر)
اور سب اکاؤنٹ (ذیلی اکاؤنٹ) نمبر
مختر نامہ
کو اپنے اہلکار سے ایڈاپس
موریہ 106 اکتوبر 2016ء جمعرات
کو مستفاد ہونے والے کٹنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی اٹو اٹو کی صورت اپنا ہمارا بطور مختار (پرائیسی) مقرر کرتا ہوں کرتے ہیں۔
آج بروز _____ تاریخ _____ 2016ء کو دیکھا گئے۔

گواہان:

پانچ روپے مالیت کے رسید گٹ پر دستخط	دستخط
	نام
	پتہ
دستخط کٹنی کے نمونہ دستخط سے مماثل ہونے چاہئیں	دستخط
	نام
	پتہ

کیپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: _____
کیپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: _____

نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، اس کا نام کو عمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کرے۔
- 2- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر عمل کرنا ہوگا:
(الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایڈاپس کی سٹیج رجسٹرڈ گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کٹنی کی جانب سے دئی گئی ہدایات کی روشنی میں پرائیسی فارم جمع کرانا ہوگا۔
(ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کیپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
(ج) تنظیمی اہلکار (مستفاد ہونے والے فرد) کیپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق قبول بھی منسلک کرنی ہوگی جسے نائب مختار نامہ کے ہمراہ پیش کرے گا۔
(د) اجلاس کے وقت نائب کو اپنا اصل کیپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
(و) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، ایڈاپس ڈائریکٹرز، ذمہ دار اہلکار اور ایڈاپس اہلکار کی نمونہ دستخط یا و آف انارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پرائیسی فارم (مختار نامے) کے ہمراہ کٹنی میں جمع کرانا ہوگا۔



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Head Office & Factory:

Pakistan Paper Products Ltd.,

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