



Annual Report 2017

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

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

AUDIT COMMITTEE

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

HR AND REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Khurram Idress

COMPANY SECRETARY

Mr. 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 55th 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 26th October, 2017 at 11:30 am* to transact the following business :-

1. To confirm Minutes of the Extra Ordinary General Meeting held on 11th May, 2017.
2. To receive and adopt the audited accounts of the Company for the year ended on 30th June, 2017 together with the Directors' Report and Auditors' Report thereon.
3. To approve the final cash dividend of Rs.2.00 per ordinary share of Rs.10.00 each (20%) for the year ended June 30, 2017, as recommended by the Board of Directors. This is in addition to the interim dividend of Re.3.5/- per share (35%) already paid making a total cash dividend of Rs.5.50 per share (55%) for the year ended 30 June 2017.
4. To appoint Auditor for the year 2017-2018 and to fix their remuneration.

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

Karachi
Dated: 18 September 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed from Wednesday 18th October 2017 to Thursday 26th October 2017 (both days inclusive). Transferred received at the Share Registrar office M/s. F.D Registrar Services (SMC-Pvt) Ltd, 17th Floor Saima Trade Tower –A I.I.Chudrigar Road Karachi 74000 at the close business on Tuesday 17th October 2017 be treated in time for the purpose of payments of final Dividends to the transferees.

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.



PAKISTAN PAPER PRODUCTS LIMITED

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.

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.



PAKISTAN PAPER PRODUCTS LIMITED

F.D Registrar Services (SMC) –Pvt). Ltd 17th Floor, Saima Trade Tower-A I.IChundrigar Road, Karachi during working hours.Ph: 0092-21-32271906 Fax: 0092-21-32621233 Email: info@fdregistrar.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: (MANDATORY)

According to provision of Section 242 of the Company's Act 2017 and reference to SECP Circular No. 18 of 2017, any dividend payable in cash after 31st October, 2017 shall only be paid through electronic mode directly in to bank account designated by entitled shareholders. Shareholders having physical holdings shall submit the prescribed Dividend Mandate Form to the Company's Share Registrar. The shareholders who hold shares with participant/stock brokers or with Central Depository Company shall submit the prescribed Dividend Mandate Form to their participant / stock broker or CDC with a copy of the Dividend Mandate Form to Share Registrar of the Company. Dividend Mandate Form is available on company's website, www.pakpaper.com

J. Deduction of Withholding Tax on the amount of dividend (Mandatory):

Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. Tax rates are as under:

- i. For filers of income tax returns: 15%
- ii. For non-filers of income tax returns: 20.0%

To enable the Company to make tax deduction on the amount of the cash dividend @ 15% instead of 20.0% all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR despite the fact that they are filers, are advised to make sure their names are entered into ATL. Otherwise tax on the cash dividend will be deducted @ 20.0% instead of 15%. For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue withholding tax will be determined separately on 'Filer, Non-filer' status of Principle shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principle shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:



PAKISTAN PAPER PRODUCTS LIMITED

Company Name	Folio/CDC Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

- *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.*

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 _____.



PAKISTAN PAPER PRODUCTS LIMITED

OPERATING HIGHLIGHTS

Rupees in Thousand

2017 2016 2015 2014 2013 2012

HISTORICAL TRENDS

Trading results

Turnover	724,393	676,554	631,584	527,020	543,319	483,498
Sales - Net	659,935	613,672	576,333	504,312	501,239	433,308
Gross Profit	124,671	125,342	116,911	110,076	96,736	100,009
Profit before tax	73,059	62,572	73,455	73,404	60,024	64,544
Taxation	12,411	24,206	16,276	25,164	21,228	23,160
Profit after tax	60,647	38,365	57,177	48,239	38,795	41,383

Dividend

Cash Dividend	35%	30%	40%	30%	30%	-
Stock Dividend						20%
Cash Dividend Value	21,000	18,000	24,000	18,000	18,000	-
Stock Dividend Value	-	-	-	-	-	10,000
Dividend Payout	34.63%	46.92%	41.97%	37.31%	46.40%	24.16%

Financial Position

Total Assets	843,795	723,186	723,766	637,770	522,456	535,907
Paid up Capital	60,000	60,000	60,000	60,000	60,000	50,000
Reserves	327,481	284,545	262,820	226,649	196,083	184,800
Working capital	223,235	225,123	188,694	181,396	153,940	132,845
Current Ratio	3.03	3.77	3.39	3.99	3.60	2.66

KEY INDICATORS

Operating

Gross Profit	18.89%	20.42%	20.29%	21.83%	19.30%	23.08%
Profit before tax	11.07%	10.20%	12.75%	14.56%	11.98%	14.90%
Profit after tax	9.19%	6.25%	9.92%	9.57%	7.74%	9.55%
Return on Equity	15.65%	11.13%	17.71%	16.83%	15.15%	17.62%
Return on Assets	7.19%	5.30%	7.90%	7.56%	7.43%	7.72%

Valuation

Earning per share (pre tax)	12.18	10.43	12.24	12.23	10.00	12.91
Earning per share (post tax)	10.11	6.39	9.53	8.04	6.47	8.28
Breakup value per share	64.58	57.42	53.80	47.77	42.68	46.96

Asset utilisation

Inventory turnover ratio	4.22	4.34	4.57	4.39	4.08	3.44
Total assets turnover ratio	0.78	0.85	0.80	0.79	0.96	0.81

Production

Exercise Books (Gross)	56,176	66,390	66,542	55,842	57,887	53,230
Amonia Paper (Rolls 10 yds)	33,187	36,856	56,486	48,989	44,264	50,026
Pro-Labels (Sq. Meter)	4,336,380	3,482,032	2,944,592	2,792,742	2,930,907	2,636,652

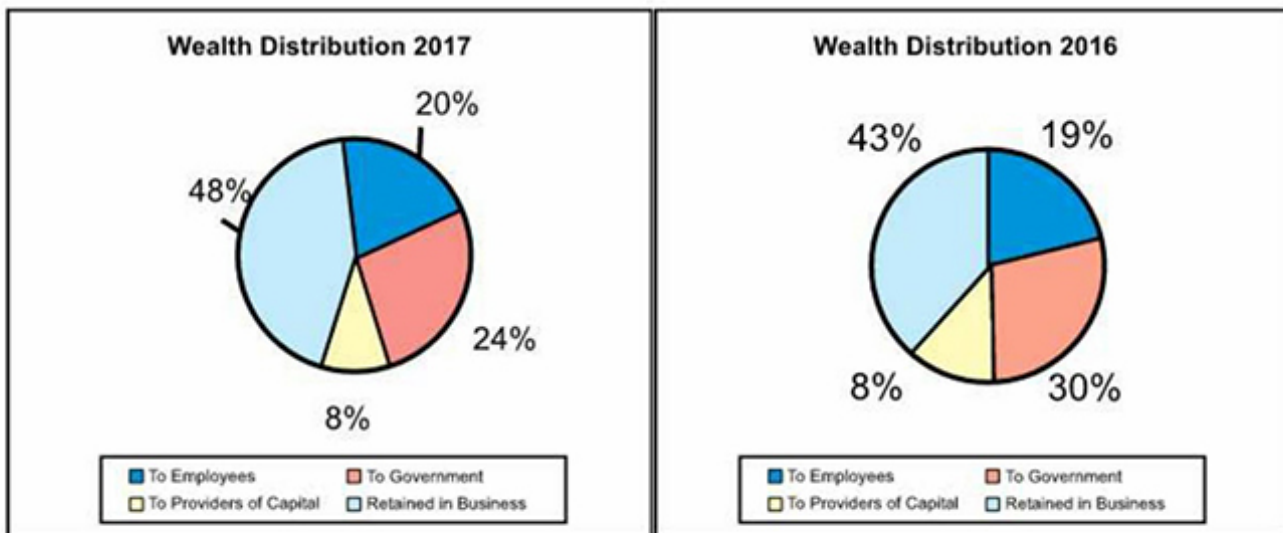
*35% Interim Cash dividend paid for the year 2017.



PAKISTAN PAPER PRODUCTS LIMITED

Statement of Value Added and its Distribution

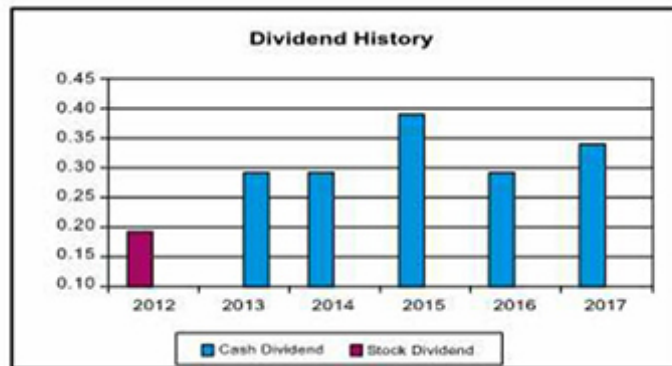
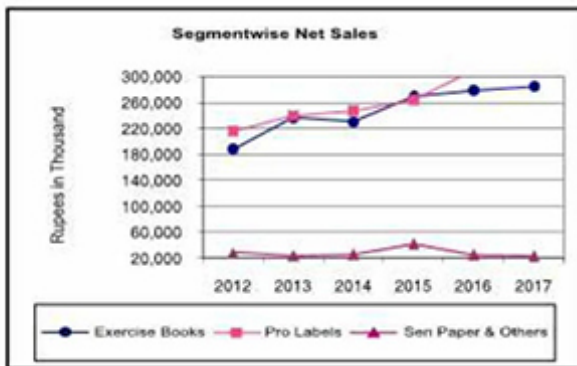
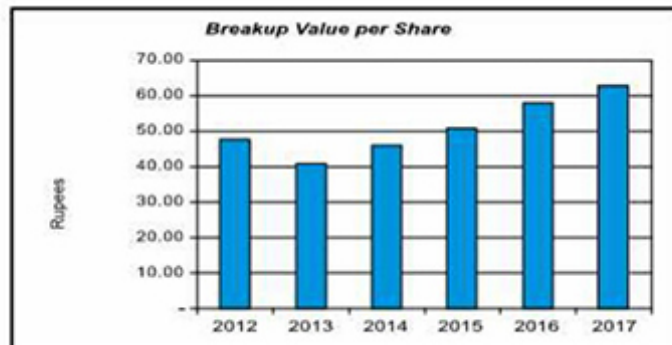
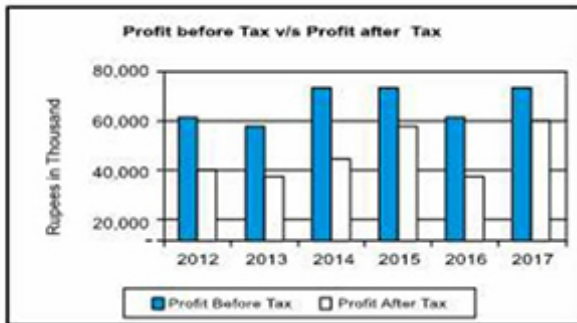
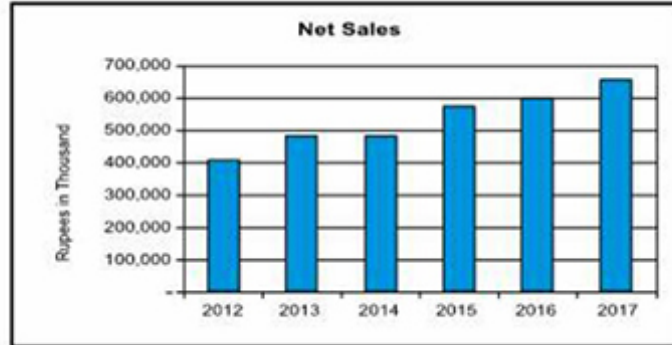
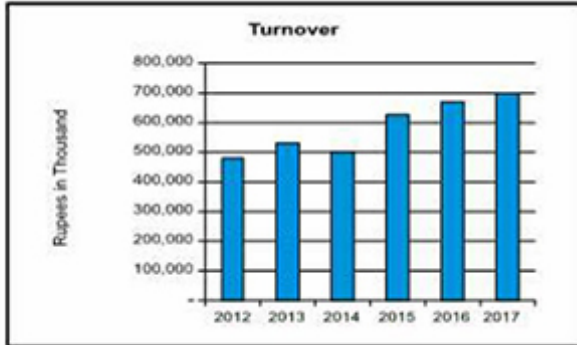
	2017		2016	
	Rupees in thousand	%	Rupees in thousand	%
Wealth Generated				
Total revenue inclusive of sales tax & other income	725,176		671,232	
Bought-in-material & services	416,302		374,614	
	308,873	100.00%	296,618	100.00%
Wealth Distributed				
To Employees				
Salaries, wages, benefits & related cost	62,320	20.18%	55,368	18.67%
To Government				
Income tax, sales tax & workers' fund	73,026	23.64%	90,789	30.61%
To Providers of Capital				
Dividend to share holders	21,000	6.80%	18,000	6.07%
Markup on borrowed funds	4,030	1.30%	5,317	1.79%
Retained in Business				
Depreciation & retained profit	148,497	48.08%	127,143	42.86%
	308,873	100.00%	296,618	100.00%





PAKISTAN PAPER PRODUCTS LIMITED

GRAPHIC ILLUSTRATION



* In 2017 Interim Cash Dividend is 35%



ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کمپنی کے آڈیٹڈ اکاؤنٹس کے ساتھ 55 ویں سالانہ رپورٹ پیش کرتے ہوئے از حد مسرت محسوس کر رہا ہے۔ رپورٹ آپ کی کمپنی کی 30 جون 2017 کو اختتام پذیر ہونے والی سرگرمیوں اور اس کی مالیاتی سماجی اور ماحولیاتی کارکردگیوں کا احاطہ کرتی ہے۔

زیر عمل نتائج (آپریٹنگ رزلٹس)

آپ کی کمپنی ترقی کی راہ پر بدستور گامزن رہی ہے۔ اس کا ٹرن اوور بڑھ کر 724.39 ملین روپے تک پہنچا اور خالص فروخت بڑھ کر 659.93 ملین ہو گئی جو ایک ریکارڈ ہے جو گزشتہ مالی سال کے کی نسبت بالترتیب 7.07 فیصد اور 7.54 فیصد زائد ہے۔ ایکسرسائز بکس کے سیکشن اور پریولبلز نے بالترتیب 2.23 فیصد اور 13.41 فیصد اضافہ ظاہر کیا جبکہ سینیٹرز ڈیپارٹمنٹ اور فوٹو کاپی پیپر کی کارکردگی میں بدستور زوال کی کیفیت قائم رہی اور جن کی فروخت میں بالترتیب 5.23 فیصد اور 11.86 فیصد کمی دیکھنے میں آئی جس کی وجوہات زیر نظر رپورٹ کی آئندہ سطور میں بیان کی گئی ہیں۔

پریولبل سیکشن نے زیر جائزہ سال کے دوران بھی قدر اور حجم کے حوالے سے بڑھوتی کی شاندار کارکردگی دکھائی اور شاندار مستقبل کے امکان کے پیش نظر ہم نے اس حصے میں جارحانہ انداز میں سرمایہ کاری جاری رکھی۔ پاکستان میں سیلف ایڈجسٹنگ انڈسٹری اور نوزائیدہ مراحل میں ہے اور اس صنایع کا کافی کس استعمال انڈیا اور بنگلہ دیش جیسے ہمارے علاقائی معاصرین کی بہ نسبت انتہائی کم ہے۔ تاہم ہم پُر اعتماد ہیں کہ آنے والے برسوں میں یہ صورتحال تیزی سے تبدیل ہوگی اور گزشتہ برسوں کے دوران پیدا ہونے والا بڑھوتی کا رجحان نہ صرف قائم رہے گا بلکہ اس میں جارحانہ طرز عمل دیکھنے میں آئے گا کیونکہ مختلف کمپنیوں خصوصاً FMCG سیکٹرز نے اپنی توجہ اعلیٰ تر معیار کی پیکیجنگ پر مرکوز کر دی ہے۔ پاکستان میں اس صنایع کے سرخیل ہونے کی حیثیت سے ہم اس حصے پر اپنی توجہ مرکوز رکھنا اور اس میں سرمایہ کاری جاری رکھنا چاہتے ہیں تاکہ نہ صرف یہ کہ بڑھوتی کے اس موقع سے زیادہ سے زیادہ فائدہ اٹھایا جاسکے بلکہ اس ضمن میں اپنی لیڈرشپ والی حیثیت کو مستحکم کیا جاسکے کیونکہ اس مارکیٹ میں مسابقت تیزی سے بڑھتی جا رہی ہے۔

ایکسرسائز بکس کے سیکشن کیلئے یہ برس بھی اچھا رہا اور اسکی فروخت میں گزشتہ برس کی بہ نسبت 2.23 فیصد اضافہ ہوا جو 285 ملین رہا۔ اگرچہ یہ اضافہ کچھ زیادہ نہیں تاہم اس واقعہ کے بموجب اسے قابل ذکر سمجھا جانا چاہیے کہ گزشتہ برس FBR نے ایکسرسائز بکس پر سٹیکس صفر ٹینگ واپس لے کر انہیں سٹیکس سے استثنائی حیثیت دی جس کا مطلب ہے کہ پورا 17 فیصد سٹیکس ہمیں جذب کرنا پڑا جس کے باعث ہماری پیداواری لاگت میں 17 فیصد اضافہ ہوا تاہم ہم نے پیداواری لاگت میں اس اضافے پر ذرا کم قیمت اور بلیک گریڈ کا کاغذ استعمال کر کے اور اپنے پروڈکشن پروسس میں مزید بہتری لاکر قابو پایا۔ لیکن جارحانہ مارکیٹنگ اور زیادہ پیداواری بدولت ہم قیمت میں 5 فیصد اضافہ کرنے اور اپنی فروخت کا حجم مستحکم رکھنے کے قابل رہے۔ گزشتہ برس ہم نے اپنے شیئرز ہولڈروں کو متنبہ کیا تھا کہ رواں سال ایکسرسائز بکس کے لئے کافی مشکل رہے گا تاہم اللہ تعالیٰ کی رحمت سے ہم ان مشکلات پر قابو پانے میں کامیاب رہے ہیں۔ حکومت نے بھی درآمد شدہ تیار مصنوعات پر سٹیکس کی شرح صفر کر کے ایک سنجیدہ بے قاعدگی کی ہے جس کے سبب ہم درآمد شدہ مصنوعات سے مسابقت کرنے کے قابل نہیں رہیں گے۔ ہم اس بے قاعدگی پر FBR اور حکومت کی توجہ مبذول کروانے کی کوشش کی ہے مگر کوئی سنوائی نہیں ہوئی۔

سینیٹرز ڈیپارٹمنٹ اور فوٹو کاپی پیپر کے لئے رواں سال مایوس کن رہا اور ان کی فروخت کے حجم میں بالترتیب 5.23 فیصد اور 11.86 فیصد کمی واقع ہوئی۔ سینیٹرز ڈیپارٹمنٹ کی طلب میں کمی کا سلسلہ بدستور جاری رہا تاہم یہ صورتحال صرف ہمیں ہی نہیں بلکہ ساری دنیا کو درپیش ہے کیونکہ بیشتر ملکوں میں یہ صنایع متروک ہو گئی ہے جس کی وجہ یہ ہے کہ لوگ اب مینٹل ڈرائنگ نہیں کرتے اور پرنٹرز کے ساتھ بڑی مقدار میں پلوٹر پیپر استعمال کیا جا رہا ہے۔ فوٹو کاپی پیپر کی صورتحال یہ ہے کہ ہم صرف زیادہ چوڑائی والے رولز اور ہائر gsm پیپر زپلائی کر رہے ہیں جو عام طور پر مارکیٹ میں دستیاب نہیں اور A4 پیپر عام صنایع ہو گئی ہے جو کاروبار کی موزوں لائن نہیں۔



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مالیاتی نتائج

مالیاتی حوالے سے آپ کی کمپنی نے شاندار بہتری کا مظاہرہ کیا ہے۔ قبل از ٹیکس خالص منافع میں 16.76 فیصد اور بعد از ٹیکس منافع میں 58.08 فیصد اضافہ ہوا۔ خام منافع 0.54 فیصد کم ہوا جس کی بڑی وجہ ایکسرسائز بکس پر سیلز ٹیکس صفر ریٹنگ کا بنایا جانا تھا لیکن پریولبلز اور سینیٹرز اور فونو کاپی پیپر کے مارجن میں بہتری کے باعث، جو پیداواری لاگت میں کمی کے سبب ممکن ہوا، اس میں توازن لایا گیا۔ قبل از ٹیکس منافع میں اضافہ کی بڑی وجہ ایسے چند نقصانات تھے جو ہمیں گزشتہ برس اٹھانے پڑے تھے چنانچہ دیکھا جائے تو منافع میں اضافہ ہوا ہے۔ ٹیکسوں میں کمی کی بڑی وجہ وہ ٹیکس کریڈٹ ہے جو ہم نے پریولبلز کے لئے نئی Gallus مشین پر سرمایہ کاری کرتے ہوئے حاصل کیا اور ٹیکس کسی حد تک کم شرح سے کاٹا گیا۔

جون 2016	جون 2017	
62,572,331	73,058,801	قبل از ٹیکس منافع
(24,206,645)	(12,411,687)	ٹیکس
38,365,686	60,647,114	بعد از ٹیکس منافع

منافع منقسمہ

بورڈ نے رواں مالیاتی سال کی تیسری سہ ماہی میں 35 فیصد عبوری منافع منقسمہ کا اعلان پہلے ہی کر دیا تھا جس کی ادائیگی شیئر ہولڈرز کو اعلان کردہ بک کلوزر کے مطابق بکس پر کردی گئی۔ اس کے علاوہ بورڈ نے 20 فیصد منافع بھی طے کیا ہے۔

فنانشل رپورٹنگ

ہمیں یہاں گوش گزار کرنے کی اجازت دی جائے کہ اس کمپنی کی فنانشل رپورٹنگ SECRC کی جانب سے اعلان کردہ منظور شدہ بین الاقوامی اکاؤنٹنگ معیارات پر مبنی ہے اور کمپنیز آرڈیننس 1984 کی ضرورت سے مماثلت و لگاؤ دکھاتی ہے۔

مینیجمنٹ چارج اور آپریشنز

مینیجمنٹ چارج سہولتوں 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 دوڑ میں اپنے آپ کو قائم و دائم رکھنے کیلئے ہم اپنی جملہ مینیجمنٹ چارج سہولتوں کو باقاعدہ سے جدید اور بہتر سے بہتر بنا رہے ہیں۔

کارپوریٹ اور سماجی ذمہ داری

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

صحت

ہم اپنے آپریشنز کے اثرات کو کنٹرول کرنے کیلئے مستحکم ماحولیاتی کارکردگی دکھانے میں پرعزم و پرخلوں ہیں اور پروڈکشن 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 اطلاق ماحولیاتی قانون سازی و قوانین سے ہم آہنگ کرنے کیلئے بھی کوشاں ہیں۔



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بورڈ

پاکستان پیپر پروڈکٹس لمیٹڈ ایک آزاد اور اہداف و مقاصد پر مبنی بورڈ ہے جو ایک انتظامی ڈائریکٹرز اور باقی ماندہ غیر انتظامی ڈائریکٹرز پر مشتمل ہے۔ چیئرمین اور چیف ایگزیکٹو کے کردار اور ذمہ داریاں مختلف ہیں اور ہر ایک کا ایک واضح رول پروفاہل ہے کہ وہ کن خدمات پر فائز ہوگا۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

- ☆ ہمیں یہ بتاتے ہوئے از حد سرت 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 مالیاتی گوشوارے امور کی صورت حال، آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کے ضمن میں مناسب و موزوں عکاسی کرتے ہیں۔
- ☆ مالیاتی گوشوارے کی تیاری میں استقلال سے مناسب و موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا جاتا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب و موزوں اور دانشمندانہ طور و خوض سے کئے جاتے ہیں۔
- ☆ اکاؤنٹس کی مناسب کتابوں کو کمپنی کی طرف سے برقرار رکھا گیا ہے۔
- ☆ مالیاتی گوشواروں کی تیاری میں، پاکستان میں قابل اطلاق انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اختیار کیا گیا ہے۔
- ☆ جاری ادارہ کی حیثیت سے مسلسل جاری رہنے کے ضمن میں کمپنی کی اہلیت پر کوئی نمایاں شک و شبہ نہیں ہے۔
- ☆ انٹرنل کنٹرول کا سسٹم ڈیزائن مستحکم 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 پر ویس کے طور پر جاری رہے گی۔ جس کا مقصد کنٹرولز کو مزید مستحکم کرنا اور سسٹم میں بہتری لانا ہے۔
- ☆ میکسر سے متعلق تفصیلات اکاؤنٹس کے نوٹ میں دی گئی ہیں۔

بورڈ اور اس کے کمیٹی اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز (BOD) کے 5 اجلاس (4) آڈٹ کمیٹی AC اجلاس اور (1) HR&R کمیٹی اجلاس منعقد ہوئے تھے۔ ہر ایک ڈائریکٹر کی حاضری ذیل میں دی گئی ہے۔

ڈائریکٹرز کے نام	BOD اجلاس	AC اجلاس	HR&R اجلاس
مسٹر محمد علی سعید*	3
مسٹر عابد سعید	5
مسٹر عباس سعید	3	4	1
ڈاکٹر اسد اللہ سعید	4	4	...
مسز ملائکہ سعید	4
مسٹر زاہد دادا	2	...	1
مسٹر شعیب احمد خان (NIT نامزد کردہ)	5	...	1
مسٹر سعید عمران*	1

بورڈ اور کمیٹی کی میٹنگوں میں شرکت نہ کر سکنے والے ایسے ڈائریکٹرز جنہوں نے رخصت کی درخواست دی تھی، قانون کے مطابق بورڈ/کمیٹی کی جانب سے انہیں رخصت عطا کر دی گئی۔

* ڈائریکٹرز کا الیکشن مورے 11-05-2017 کو ہوا۔ جبکہ مسٹر سعید عمران منتخب ہوئے 11 مئی 2017 کو منعقدہ کمیٹی کے غیر معمولی اجلاس عام میں مسٹر محمد علی سعید کی جگہ جنہوں نے اپنی مدت پوری کی تھی اور صحت کے مسائل کی وجوہ کی بنا پر دو بارہ انتخاب کیلئے خود کو پیش نہیں کیا۔



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ڈائریکٹران کا تربیتی پروگرام

کمپنی کے سات ڈائریکٹران میں سے تین ڈائریکٹران اس قسم کے تصدیق ناموں سے مستثنیٰ ہیں کیونکہ وہ ضابطے میں دیے گئے استثنائی معیار کی تکمیل کرتے ہیں۔ ایک ڈائریکٹر 2016 میں ڈائریکٹرز سرٹیفیکیشن فرینڈنگ پروگرام کے تحت شمولیت حاصل کر چکے ہیں۔ چنانچہ ڈائریکٹرز کی نصف تعداد کو ایفائیڈ ہے کیونکہ وہ یا تو DTP کے معیار یا پھر ضابطے کے مطابق استثنائی معیار کی تکمیل کرتے ہیں۔

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 کمپنی 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 پیپر کنورٹنگ 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 کمپنی کے ملازم کو بتا دیے گئے ہیں جنہوں نے انہیں تسلیم کیا ہے۔

آئندہ کے امکانات اور چیلنجز

مستقبل BMR اور پروڈکشن کے تمام شعبوں میں صلاحیت کے اضافہ سے آپ کی کمپنی مستقبل کیلئے انتہائی پرامتداد ہے اور جب بھی ضرورت ہوئی اپنی پروڈکشن کیلئے اضافی مارکیٹ طلب لینے کیلئے تیار ہے۔ پاکستان کی پیکیجنگ انڈسٹری مسلسل ترقی کر رہی ہے اور وسیع تر ہو رہی ہے جو پریولینز کیلئے مزید مواقع تخلیق کر رہی ہے جو کہ فی الوقت کمپنی کی تیز ترین فروغ پذیر سگمنٹ ہے۔ اس شعبہ میں ہم لا تعداد غیر صحت مند مقابلہ کا سامنا کر رہے ہیں جہاں نئے آنے والے مارکیٹ میں اپنا مقام حاصل کرنے کی غرض سے تیزی کے ساتھ اپنی قیمتیں کم کر رہے ہیں جو یقیناً کاروبار کرنے کا ایک انتہائی غیر صحت مند طریقہ ہے چونکہ آخر میں پوری صنعت اپنی ساکھ کھو دے گی۔ انتظامیہ ان مسائل سے بہت اچھی طرح باخبر ہے اور ان مسائل کو کم سے کم کرنے کی غرض سے اعلیٰ کوالٹی اور بہتر پروڈکٹ کے شعبوں پر توجہ دینے کی کوشش کر رہی ہے۔ ایک بار پھر تھوٹیش کا دوسرا اہم پیلو 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

یہ کمیٹی بورڈ کے تین ارکان پر مشتمل ہے جو آڈٹ کمیٹی کے چیئرمین سمیت جملہ نان ایگزیکٹو ڈائریکٹرز ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کیلئے لومز آف ریلیف ٹس 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 مینٹننگ کا انعقاد کرتی ہے۔ کمیٹی انٹرنل آڈٹ ڈپارٹمنٹ کے ذریعہ انٹرنل کنٹرول سسٹم کا مناسب انتظام و انصرام کرتی ہے اور آپریٹنگ اور مالیاتی کنٹرول کے موثر ہونے کا جائزہ لیتی ہے۔

ہیومن ریسورس کمیٹی

یہ کمیٹی بورڈ کے تین ارکان پر مشتمل ہے جو کہ تمام نان ایگزیکٹو ڈائریکٹران ہیں جبکہ چیئرمین ایک آزاد ڈائریکٹر ہے۔ یہ کمیٹی کمپنی کی ایچ آر اینڈ مینجمنٹ 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 کمپنی کی بزنس اسٹریٹیجی اور طویل المدتی مفادات کی الاکنٹ کے ساتھ یقین دہانی بھی اس میں شامل ہے۔



PAKISTAN PAPER PRODUCTS LIMITED

آپریٹنگ اینڈ فنانشل ڈیٹا

گزشتہ 6 سال کیلئے کمپنی کے آپریٹنگ اینڈ فنانشل ڈیٹا اور Key انڈیکسز ہمراہ منسلک ہیں۔

آڈیٹرز

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

پیٹرن آف شیئر ہولڈنگ

مورخہ 30 جون 2017 تک مخصوص کلاس کے شیئر ہولڈروں کی شیئر ہولڈنگ کے پیٹرن کا اسٹیٹمنٹ، جس کا اعلان رپورٹنگ فریم ورک کی رو سے کیا جانا ضروری ہے، زیر نظر رپورٹ میں شامل ہے۔

- I- دوران سال مسز عباس سعید (ڈائریکٹر پاکستان پیپر پروڈکٹس لمیٹڈ) نے پی پی پی کے 75000 معمولی شیئرز اپنی زوجہ مسز ناصر عباس سعید کو تحفے میں دیئے۔
- II- مسز فائزہ باسوری زوجہ ڈاکٹر اسد اللہ سعید (ڈائریکٹر پاکستان پیپر پروڈکٹس لمیٹڈ) نے پی پی پی کے 103200 معمولی شیئرز اپنی دختر مس ماہا سعید کو تحفے میں دیئے۔
- III- مسز سعید عمران کو جمعرات 11 مئی 2017 کو ہونیوالے غیر معمولی اجلاس عام (EOGM) میں شیئر ہولڈروں نے بطور کمپنی کے ڈائریکٹر منتخب کیا۔ کمپنی کے آرٹیکل آف ایسوسی ایشن کی دفعہ 59 کی شرط کے مطابق مسز سعید عمران نے پی پی پی کے 2500 معمولی شیئرز خریدے۔

ڈائریکٹرز اور ان کے شریک حیات اور تابالغ بچوں کی شیئر ہولڈنگ کی تفصیلات ہمراہ ایسوسی ایٹڈ کمپنیوں، ایگزیکٹوز، افراد، پبلک سیکنڈ کمپنیوں اور کارپوریٹس، بینکوں DFIS، NBFIS، انشورنس کمپنیوں، مضارب، جوائنٹ اسٹاک کمپنیوں، میوچول فنڈز ہمراہ شیئر ہولڈنگ پیٹرن منسلک ہے۔

مذکورہ بالا کے سوا ڈائریکٹرز CFO، کمپنی سیکریٹری، انٹرنل آڈٹ کے سربراہ اور ان کے شریک حیات اور تابالغ بچوں نے دوران سال کمپنی کے شیئرز کے ضمن میں کوئی لین دین نہیں کیا اور اس بات کی بھی تصدیق کی جاتی ہے کہ ڈائریکٹر ان CEO اور ایگزیکٹوز شیئر ہولڈنگ کے پیٹرن میں ظاہر کردہ کے سوا کمپنی کے شیئرز میں کسی قسم کے مفاد کے حامل نہیں۔

اعتراف

ڈائریکٹرز معزز مسارفین کے مسلسل تعاون کیلئے شکر گزار ہیں۔ وہ کمپنی کے مینکوز، شیئر ہولڈرز اور دیگر اسٹیک ہولڈرز کی بھی تعریف کرتے ہیں جنہوں نے آپ کی کمپنی میں بھرپور بھروسے پر اپنا اطمینان جاری رکھا ہوا ہے۔ علاوہ ازیں ڈائریکٹرز ریگولیشنز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور پاکستان اسٹاک ایکسچینج (PSX) (سابقہ کراچی اسٹاک ایکسچینج) سے حاصل ہونے والے تعاون کیلئے بھی اپنے پر خلوص ردعمل کا بھی اظہار کرتے ہیں۔ کمپنی کے تمام ملازمین نے حقیقتاً ٹیم 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۔

بورڈ آف ڈائریکٹرز کی طرف سے

عباس سعید
چیئر مین

عباس سعید
چیف ایگزیکٹو

تاریخ: ستمبر 2017-18

کراچی



PAKISTAN PAPER PRODUCTS LIMITED

DIRECTORS' REPORT

The Board of Directors are pleased to present the 55th Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2017 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 724.39 million and Net Sales climbing to Rs 659.94 million which is an increase of 7.07% and 7.54% respectively compared to last fiscal year. Exercise Books section and Pro Labels led the way with an increase of 2.23% and 13.41% respectively while Sensitized Paper and Photocopy Paper continued their downward trend with sales falling by 5.23% and 11.86% 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 we continue to invest aggressively in this segment due to very bright future growth prospects. The self-adhesive label industry in Pakistan is still in a very nascent stage with per capita consumption to be extremely low even in comparison to regional peers like India and Bangladesh. We are confident that this will change very rapidly in the coming years and the growth shown in the last few years will not only continue but it will get more aggressive as companies start to focus more and more on higher quality packaging, especially in the FMCG sector. As pioneers of this product in Pakistan we want to stay focused in this segment and continue to invest so that we can get maximum gain from this growth opportunity, and also solidify our leadership position as competition in this market is increasing tremendously.

Exercise Books had another good year with sales rising by 2.23% to Rs. 285 million. While the increase is not very high, but it is very significant due to the fact that last year FBR removed the Sales Tax zero rating on Exercise Books and gave it the exemption status which meant that the entire 17% of Sales Tax had to be absorbed by us. This led to an increase of 17% in our cost of production but we managed to mitigate this increase by shifting to slightly lower grade and cheaper in cost paper and also by bringing further efficiencies in our production process. Due to aggressive marketing and higher production we were also able to pass on a 5% increase in prices and also managed to consolidate our sales. We had warned the shareholders last year that this will be a very difficult year for Exercise books but by the grace of God we have been able to overcome this hurdle. 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.

Sensitized paper and Photocopy paper had a very disappointing year with sales falling by 5.23% and 11.86% respectively. Slowing demand for Sensitized paper continues and this is not unique to us but a worldwide phenomenon as in most countries this product is completely obsolete as people no longer make manual drawings and have switched to plotter paper using large format printers. In photocopy papers also we are now only supplying large width rolls and higher gsm papers which are not normally available in the market as selling regular A4 paper has become a very commodity item and not a very suitable line of business.



PAKISTAN PAPER PRODUCTS LIMITED

Financial Results

Your company showed significant improvement in financial terms with Net Profit before tax growing by 16.76% and Profit after tax growing by 58.08%. Gross Profit decline by 0.54% which was mainly due to the removal of the Sales Tax Zero rating on exercise books, but again this was offset by improved margins in Pro Labels, and also Sensitized and Photocopy paper as we reduced our costs. The main reason behind increase in Profit before Tax is due to certain losses that we had to book last year so comparatively we saw an increase in the Profit. Lower taxation is mainly due to the Tax credit that we received on the major investment in our new Gallus machine for Pro Labels along with a slight lower rate of taxation.

	<u>June, 2017</u>	<u>June, 2016</u>
Profit before taxation	73,058,801	62,572,331
Taxation	<u>(12,411,687)</u>	<u>(24,206,645)</u>
Profit after taxation	60,647,114	38,365,686

Dividend

The Board has already declared an interim dividend of 35% 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. In addition the Board has also approved a final dividend of 20%.

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.

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.



PAKISTAN PAPER PRODUCTS LIMITED

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 Karachi 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 five (05) meetings of the Board of Directors (BOD), four (04) Audit Committee (AC) meetings and one (01) HR & R Committee meeting were held. Attendance by each Director are as under:

<u>Name of Directors</u>	<u>BOD Meetings</u>	<u>AC Meetings</u>	<u>HR&R Meeting</u>
Mr. Mohammed Ali Sayeed*	3	-	-
Mr. Abid Sayeed	5	-	-
Mr. Abbas Sayeed	3	4	1
Dr. Asadullah Sayeed	4	4	-
Mrs. Muleika Sayeed	4	-	-
Mr. Zahid Dada	2	-	1
Mr. Shoaib Ahmed Khan (NIT Nominee)	5	-	1
Mr. Sayeed Imran*	1	-	-

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.

*The election of directors was held on 11.05.2017. Mr. Sayeed Imran elected in Extra Ordinary General Meeting of the company w.e.f May 11th 2017 in place of Mr. Muhammad Ali Sayeed, who completed his tenure and did not offer himself for re-election due to health reasons.

Directors' Training Program

Out of seven Directors of the Company, three 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 in 2016. Therefore, half of the Board is qualified either meet the criteria of DTP and or meet the exemption criteria as per Code.

Statement of Code of Conduct

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



PAKISTAN PAPER PRODUCTS LIMITED

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 including the Chairman. 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 as auditors for the next financial year.

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2017 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 =75000= ordinary shares of PPP to his wife Mrs. Nusser Abbas Sayeed.



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- II. Mrs. Faiza Haswary w/o Dr. Asadullah Sayeed (Director Pakistan Paper Products Limited) gifted =103200= ordinary shares of PPP to her daughter Ms. Maha Sayeed.
- III. Mr. Sayeed Imran elected as director of the company by the shareholders in its Extra Ordinary General Meeting (EOGM) held on Thursday 11th May 2017. As per requirement of clause 59 of Article of Association of the company Mr. Sayeed Imran purchased =2500= ordinary shares of PPP.

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, Head of Internal Audit and their spouse and minor children have made no transaction of company's shares during the year, and also confirm that directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

ABBAS SAYYED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE

Dated: September 18 2017
Karachi



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19 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
Independent Director	Mr. Zahid Dada
Executive Director	Mr. Abid Sayeed
Non-Executive Directors	Mr. Abbas Sayeed Dr. Asadullah Sayeed Mrs. Muleika Sayeed Mr. Sayeed Imran Mr. Shoaib Ahmad Khan (N.I.T Nominee)

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 NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The election of directors was held on 11.05.2017. Mr. Sayeed Imran elected in Extra Ordinary general Meeting w.e.f May 11th 2017 in place of Mr. Muhammad Ali Sayeed who completed his tenure. Whereas no casual vacancy on the board arisen during the year ended June 30, 2017.

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.



PAKISTAN PAPER PRODUCTS LIMITED

8. The meetings of the board were presided over by the Chairman and, in his 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. The majority of directors have obtained certification and or exempt as required under the clause 5.19.7 of the CCG and are familiarized on their responsibilities with the CCG.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
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 duly 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. An independent director has been included in the Audit Committee as required under the clause 5.19.16(a) of the CCG.
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 which is considered suitably qualified and experienced for the purpose and is 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.



PAKISTAN PAPER PRODUCTS LIMITED

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 exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

FA FARUQ ALI & CO.
& CO. CHARTERED ACCOUNTANTS

C-88, KDA Scheme No. 1, Telephone : (021) 34301966
Main Karsaz Road, : (021) 34301967
Opp: Maritime Museum, Karachi. : (021) 34301968
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REVIEW REPORT TO THE MEMBERS

On the statement of compliance with the 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 2017 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors 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 a part of our audit of the 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 recommendation 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 of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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 30 June 2017.

Dated:
Place: Karachi

Engagement Partner: Fasih-uz-Zaman

CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED



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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 30 June 2017 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.

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 repealed 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 repealed 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 repealed 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;
- 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 repealed 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 30 June 2017 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 30 JUNE 2017

	Notes	2017 ----- (Rupees) -----	2016
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorised share capital 8,000,000 (2016: 8,000,000) Ordinary shares of Rs. 10/- each		<u>80,000,000</u>	80,000,000
Issued, subscribed and paid-up share capital	4	60,000,000	60,000,000
Revenue reserves	5	<u>327,481,490</u>	284,545,944
		387,481,490	344,545,944
Surplus on revaluation of property, plant and equipment	6	212,965,594	215,813,740
NON-CURRENT LIABILITIES			
Deferred tax liability - Net	7	43,990,209	38,466,416
Deferred liability for staff gratuity	8	11,222,496	11,137,484
Long term loans - Secured	9	78,326,300	32,121,000
CURRENT LIABILITIES			
Current portion of long term loans	9	<u>25,237,800</u>	19,149,540
Short term borrowings - Secured	10	256,090	963,441
Creditors, accrued and other liabilities	11	<u>84,315,189</u>	60,988,695
		109,809,079	81,101,676
CONTINGENCIES AND COMMITMENTS			
	12	--	--
		<u>843,795,168</u>	<u>723,186,260</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	13	509,842,544	416,287,709
Long term deposits	14	908,232	673,054
CURRENT ASSETS			
Stores and spares		<u>2,598,546</u>	3,405,040
Stock in trade	15	131,056,625	117,498,197
Trade debts - Unsecured, considered good	16	118,246,761	108,125,822
Advances and other receivables	17	68,357,657	37,629,088
Trade deposits and short term prepayments	18	2,609,392	733,652
Cash and bank balances	19	<u>10,175,411</u>	38,833,698
		333,044,392	306,225,497
		<u>843,795,168</u>	<u>723,186,260</u>

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

**ABBAS SAYEED
CHAIRMAN**

**ABID SAYEED
CHIEF EXECUTIVE**



PAKISTAN PAPER PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 ----- (Rupees) -----	2016 -----
Turnover		724,393,700	676,554,925
Sales tax, discounts and sales return		(64,458,483)	(62,882,458)
Sales - Net	20	659,935,217	613,672,467
Cost of sales	21	(535,264,235)	(488,329,974)
		124,670,982	125,342,493
Other operating income / (loss)	22	781,858	(5,322,715)
Operating expenses			
Administrative expenses	23	(28,014,279)	(32,948,298)
Selling and distribution expenses	24	(13,161,462)	(11,959,056)
Workers' profit participation fund		(3,923,674)	(3,392,850)
Workers' welfare fund		(1,490,996)	(1,891,822)
		(46,590,411)	(50,192,026)
Operating profit		78,862,429	69,827,752
Finance cost	25	(5,803,628)	(7,255,421)
Profit before taxation		73,058,801	62,572,331
Taxation - Net	26	(12,411,687)	(24,206,645)
Profit for the year		60,647,114	38,365,686
Earnings per share - Basic and diluted	27	10.11	6.39

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

ABBAS SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 ----- (Rupees) -----	2016 -----
Profit for the year		60,647,114	38,365,686
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	8	628,980	(1,826,150)
Related deferred tax		(188,694)	566,107
		440,286	(1,260,043)
Incremental depreciation transfer from surplus on revaluation of property, plant and equipment		4,056,142	4,653,553
Surplus realized on disposal of assets		12,639	(406,443)
Related deferred tax		(1,220,635)	(1,627,328)
		2,848,146	2,619,782
Total comprehensive income for the year		<u>63,935,546</u>	<u>39,725,425</u>

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

ABBAS SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 ----- (Rupees) -----	2016 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	91,893,070	116,466,776
Payments for:			
Income taxes		(28,471,261)	(32,457,887)
Gratuity	8.1	(1,025,397)	(379,920)
Finance cost		(4,718,448)	(6,755,513)
Net cash inflows from operating activities		57,677,964	76,873,456
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure	13	(122,474,823)	(5,830,358)
Long term deposits	14	(235,178)	(114,214)
Sale proceeds against disposal of fixed assets	13.3	39,000	12,908,675
Income from deposit accounts	22	756,859	474,614
Net cash (outflows) / inflows from investing activities		(121,914,142)	7,438,717
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in long term loan		52,293,560	(20,838,048)
Dividend paid		(16,008,318)	(21,194,655)
Net cash inflows / (outflows) from financing activities		36,285,242	(42,032,703)
Net (decrease) / increase in cash and cash equivalents		(27,950,936)	42,279,470
Cash and cash equivalents at the beginning of the year		37,870,257	(4,409,213)
Cash and cash equivalents at the end of the year		9,919,321	37,870,257

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

ABBAS SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Issued, subscribed and paid-up share capital	REVENUE RESERVES			Total equity
		General reserves	Unappropriated profit	Total reserves	
----- (Rupees) -----					
Balance as on 1 July 2015	60,000,000	143,900,000	118,920,519	262,820,519	322,820,519
Total comprehensive income for the year					
Profit for the year ended 30 June 2016	--	--	38,365,686	38,365,686	38,365,686
<i>Other comprehensive income - Net of tax</i>					
Remeasurement of defined benefit liability - Net of tax	--	--	(1,260,043)	(1,260,043)	(1,260,043)
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	--	--	2,619,782	2,619,782	2,619,782
	--	--	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 30 June 2016	60,000,000	143,900,000	140,645,944	284,545,944	344,545,944
Total comprehensive income for the year					
Profit for the year ended 30 June 2017	--	--	60,647,114	60,647,114	60,647,114
<i>Other comprehensive income - Net of tax</i>					
Remeasurement of defined benefit liability - Net of tax	--	--	440,286	440,286	440,286
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	--	--	2,848,146	2,848,146	2,848,146
	--	--	63,935,546	63,935,546	63,935,546
Transactions with owners					
Interim dividend @ Rs.3.5/- per share	--	--	(21,000,000)	(21,000,000)	(21,000,000)
Balance as at 30 June 2017	60,000,000	143,900,000	183,581,490	327,481,490	387,481,490

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

ABBAS SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated and domiciled in Pakistan as a private limited company in July 1962. It was converted into public company and listed on the Karachi Stock Exchange (now Pakistan Stock Exchange) in July 1964. The 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 exercise books, pro-labels and sensitized papers.

2 BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular number 17 of 2017 dated 20 July 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except the obligation in respect of gratuity fund which is measured at present value.

2.3 Standards, interpretations and amendments applicable to financial statements

2.3.1 New standards, interpretations and amendments

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards and amendments which became effective for the current year:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)



PAKISTAN PAPER PRODUCTS LIMITED

The adoption of the above accounting standards did not have any effect on the financial statements.

2.3.2 Annual improvements

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 - Financial Instruments: Disclosures - Servicing contracts

IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 - Employee Benefits - Discount rate: regional market issue

IAS 34 - The adoption of the above amendments, improvements to accounting standards and interpretations does not have any material effect on the financial statements.

2.3.3 Standards, interpretations and amendments to approved accounting standards 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 - Classification and Measurement of Share Based Payment Transactions (Amendments)	1 January 2018
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 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
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	1 January 2018
IAS 40 - Investment Property: Transfers of Investment Property (Amendment)	1 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	1 January 2018



PAKISTAN PAPER PRODUCTS LIMITED

IFRIC 23 - Uncertainty over Income Tax Treatments 1 January 2019

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect 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
IFRS 17 - Insurance Contracts	1 January 2021

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupee.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognised in the financial statements are as follows:

2.5.1 Operating fixed assets, revaluation and depreciation

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. The estimates of revalued amounts of revalued assets are based on valuations carried out by a professional valuer. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.



PAKISTAN PAPER PRODUCTS LIMITED

2.5.2 Trade debts and amount due from related parties

The Company reviews its doubtful debts at each reporting dates to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

2.5.3 Income tax

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

2.5.4 Stock in trade

The Company reviews the net realizable value (NRV) of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

2.5.5 Stores and spares

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

2.5.6 Staff retirement benefits

Certain actuarial assumptions have been used as disclosed in these financial statements (note 8) for the actuarial valuation of unfunded gratuity scheme. Changes in these assumptions in future years may effect the liability under this scheme in those years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These accounting policies have been applied consistently unless otherwise stated.

3.1 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 revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the



PAKISTAN PAPER PRODUCTS LIMITED

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.

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 13. 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.

3.2 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.

3.3 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.

3.4 Trade debts

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.



3.5 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.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash and cheques in hand, balances with banks, term deposits with original maturity period of three months or less, short term running finances and temporary book overdrawn balances.

3.7 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.8 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.
- 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.

3.9 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 taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

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.



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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.

3.10 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.

3.11 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.

3.12 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. A financial asset is derecognized when the 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.

3.13 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.



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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.

3.14 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.

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.

3.15 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.

	2017	2016
	----- (Rupees) -----	
4 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
578,000 (2016: 578,000) Ordinary shares of Rs.10/- each fully paid in cash	5,780,000	5,780,000
172,000 (2016: 172,000) Ordinary shares of Rs. 10/- each issued for consideration (property) other than cash	1,720,000	1,720,000
5,250,000 (2016: 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>

4.1 As at year end 680,270 (2016: 680,270) ordinary shares of the Company are held by an associated undertaking M/s. Management & Enterprises (Private) Limited.



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	2017	2016
	----- (Rupees) -----	
5 REVENUE RESERVES		
General reserve	143,900,000	143,900,000
Unappropriated profit	183,581,490	140,645,944
	<u>327,481,490</u>	<u>284,545,944</u>
6 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	24,348,232	27,196,378
	<u>212,965,594</u>	<u>215,813,740</u>

Property, plant and equipment owned by the Company has further been revalued on 28 April 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:

	Surplus on revaluation of		
	Leasehold land	Items other than leasehold land	Total
	----- (Rupees) -----		
Surplus as at 1 July 2015	188,617,362	29,816,160	218,433,522
Realized on disposal of fixed assets (net of tax)	--	272,317	272,317
Incremental depreciation (net of tax) transfer to unappropriated profit	--	(2,892,099)	(2,892,099)
Surplus on 30 June 2016	188,617,362	27,196,378	215,813,740
Realized on disposal of fixed assets (net of tax)	--	(8,847)	(8,847)
Incremental depreciation (net of tax) transfer to unappropriated profit	--	(2,839,299)	(2,839,299)
Surplus as at 30 June 2017	<u>188,617,362</u>	<u>24,348,232</u>	<u>212,965,594</u>

	2017	2016
	----- (Rupees) -----	
7 DEFERRED TAX LIABILITY - Net		
<i>Deferred tax liability arising due to:</i>		
- accelerated tax depreciation	40,087,506	33,524,344
- revaluation of assets	7,304,470	8,430,877
	47,391,976	41,955,221
<i>Deferred tax asset arising due to:</i>		
- provision against gratuity	(3,366,749)	(3,452,620)
- provisions stock in trade	(35,018)	(36,185)
	(3,401,767)	(3,488,805)
	<u>43,990,209</u>	<u>38,466,416</u>



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	2017	2016
	----- (Rupees) -----	
8 DEFERRED LIABILITY FOR STAFF GRATUITY		
Opening balance	11,137,484	8,253,851
Remeasurements recognized in other comprehensive income	(628,980)	1,826,150
Charge for the year	1,739,389	1,437,403
	12,247,893	11,517,404
Payments during the year	(1,025,397)	(379,920)
Closing balance	11,222,496	11,137,484
	8.1	
The amount recognized in the balance sheet, based on the recent actuarial valuation carried out by M/s. SIR Consultants (Private) Limited on 6 July 2017, are as follows:		
8.1 Changes in the present value of defined benefit obligations		
Balance as at 1 July	11,137,484	8,253,851
Charge for the year	1,739,389	1,437,403
Remeasurement (gain) / loss recognised in other Comprehensive income	(628,980)	1,826,150
Benefits paid	(1,025,397)	(379,920)
Balance as at 30 June	11,222,496	11,137,484
8.2 Charge for the year recognized in profit and loss account		
Current service cost	969,092	711,653
Net interest	770,297	725,750
	1,739,389	1,437,403
8.3 Charge for the year has been allocated as follows:		
Cost of sales	1,023,029	1,006,182
Administrative expenses	499,313	431,221
Selling expenses	217,047	--
	1,739,389	1,437,403
8.4 Principal actuarial assumptions used are as follows:		
Discount rate per annum	8.00%	7.25%
Expected rate of eligible salary increase in future years per anr	10.00%	17.00%
Salaries increase rate per annum	8.00%	7.25%



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8.5 Experience adjustment

Particulars	2017	2016	2015	2014	2013
	(Rupees)				
Defined benefit obligation	11,222,496	11,137,484	8,253,851	6,507,136	4,663,735
Fair value of plan assets	--	--	--	--	--
Net defined benefit liability	11,222,496	11,137,484	8,253,851	6,507,136	4,663,735
Remeasurement (gain)/ loss on obligation	(628,980)	1,826,150	439,592	960,323	635,519
Remeasurement (gain)/ loss on plan assets	--	--	--	--	--
	(628,980)	1,826,150	439,592	960,323	635,519

8.6 Sensitivity analysis

Particulars	(2017)		(2016)	
	PVDBO (Rupees)	Percentage change	PVDBO (Rupees)	Percentage change
Current liability	11,222,496		11,137,484	
+1% Discount rate	10,355,188	(7.73%)	10,268,201	(7.81%)
-1% Discount rate	12,219,251	8.88%	12,137,784	8.98%
+1 % Salary increase rate	12,263,794	9.28%	12,173,934	9.31%
-1% Salary increase rate	10,301,357	(8.21%)	10,221,602	(8.22%)
+10% Withdrawal rates	11,131,267	(0.81%)	11,118,615	(0.17%)
-10% Withdrawal rates	11,290,585	0.61%	11,157,012	0.18%
1 Year Mortality age set back	11,223,783	0.01%	11,138,593	0.01%
1 Year Mortality age set forward	11,221,213	(0.01%)	11,136,377	(0.01%)

8.7 Maturity profile

Particulars	Undiscounted payments	
	2017	2016
	(Rupees)	
Year 1	918,133	904,018
Year 2	1,026,293	895,638
Year 3	1,055,657	1,073,511
Year 4	1,101,485	1,010,121
Year 5	679,826	1,034,737
Year 6 to Year 10	5,407,469	4,555,874
Year 11 and above	15,821,090	14,173,063

8.8 Risks associated with defined benefit plans

Investment risk:

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risk:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.



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Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

	2017 ----- (Rupees) -----	2016 -----
9 LONG TERM LOANS - Secured		
Bank Al-Habib Limited - Term finance		
Opening balance	51,270,540	72,108,588
Acquired during the year	72,654,000	--
	123,924,540	72,108,588
Repayments during the year	(20,360,440)	(20,838,048)
	103,564,100	51,270,540
Current portion shown under current liabilities	(25,237,800)	(19,149,540)
	78,326,300	32,121,000

The term finance facilities have been obtained from Bank Al-Habib Limited for acquiring machineries. The facilities carry mark-up at the rate of 6 months KIBOR plus 1.75% per annum (2016: 6 months KIBOR plus 1.75% per annum) payable monthly instalments. The facilities availed is re-payable in 60 equal monthly instalments starting from the date of respective disbursements. These facilities are secured by way of first specific hypothecation charge over imported machinery for Rs. 59.48 million and Rs. 80.240 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.

10 SHORT TERM BORROWINGS - Secured

Bank Al-Habib Limited - Running finance	256,090	963,441
---	---------	---------

The Company enjoys short term finance facilities from Bank Al-Habib Limited comprising running finance up to Rs. 60 million (2016: Rs.60 million), Letter of Credit (Sight-Foreign) for Rs.10 million (2016: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.10 million (2016: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.10 million (2016: Rs.10 million) at Nil margin and Letter of Guarantee for Rs.5 million (2016: Rs.5 million). The finance is secured against registered hypothecation charge over movables of the Company each for Rs.30 million, registered hypothecation charge over movables and receivables of the Company for Rs. 70 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 3 months KIBOR plus 2% while other facility carries mark-up as per bank's schedule of charges.



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		2017	2016
		----- (Rupees) -----	
11 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors	11.1	51,182,102	31,411,607
Advance from customers		451,325	2,005,618
Accrued expenses and other payables		3,881,220	2,594,719
Accrued mark up on running finance		61,524	30,730
Accrued mark up on long term loans		1,436,153	1,119,475
Workers' profit participation fund	11.2	4,455,564	3,924,740
Workers' welfare fund		1,499,988	1,900,814
Unclaimed dividend		21,347,313	16,355,631
Sales tax payable		--	1,645,361
		<u>84,315,189</u>	<u>60,988,695</u>

11.1 Trade creditors include payable to an associated concern M/s. Sayeed International amounting to Rs.0.227 million (2016: Rs.0.134 million).

11.2 Workers' profit participation fund

Balance at the beginning of the year	3,924,740	4,023,890
Amount paid to the Fund Trustees	(3,392,850)	(3,492,000)
Amount deposited with government	--	--
	<u>531,890</u>	<u>531,890</u>
Allocation for the year	<u>3,923,674</u>	<u>3,392,850</u>
	<u>4,455,564</u>	<u>3,924,740</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

Bank guarantees issued on behalf of the Company	<u>4,898,000</u>	<u>7,700,000</u>
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12.2 Commitments

Commitments under letter of credits	<u>210,000</u>	<u>44,000</u>
Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi	<u>402,590</u>	<u>402,590</u>

13 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	497,026,396	416,287,709
Capital work-in-progress (Plant and machinery)	12,816,148	--
	<u>509,842,544</u>	<u>416,287,709</u>

PARTICULARS	2017				2016				Written down value as at 30 June 2017	Rate %
	COST / REVALUATION				ACCUMULATED DEPRECIATION					
	As at 1 July 2016	Additions during the year	(Disposal)	As at 30 June 2017	As at 1 July 2016	(Adjustment)	For the year	As at 30 June 2017		
----- (Rupees) -----										
Leasehold land	190,000,000	--	--	190,000,000	--	--	--	--	190,000,000	--
Buildings on lease hold land										
- Factory	26,712,240	8,197,691	--	34,909,931	5,497,270	--	2,325,386	7,822,656	27,087,275	10
- Office	5,455,030	156,090	--	5,611,120	578,880	--	248,674	827,554	4,783,566	5
Plant and machinery	223,896,428	94,854,079	--	318,750,507	38,342,786	--	23,167,095	61,509,881	257,240,626	10
Furniture and fixture	770,115	211,757	(4,000)	977,872	147,100	(1,065)	70,109	216,144	761,728	10
Factory and other equipment	3,068,956	633,630	--	3,702,586	544,811	--	279,046	823,857	2,878,729	10
Electric equipment and fitting	1,405,137	4,118,534	(25,000)	5,498,671	370,875	(9,516)	442,469	803,828	4,694,843	15
Computers	1,062,990	233,144	(34,000)	1,262,134	518,552	(21,405)	191,731	688,878	573,256	30
Vehicles	15,081,457	1,253,750	(65,000)	16,270,207	5,164,370	(27,513)	2,126,977	7,263,834	9,006,373	20
TOTAL	467,452,353	109,658,675	(128,000)	576,983,028	51,164,644	(59,499)	28,851,487	79,956,632	497,026,396	



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PARTICULARS	2016				2016				Written down value as at 30 June 2016	Rate %
	COST / REVALUATION			As at 30 June 2016	ACCUMULATED DEPRECIATION			As at 30 June 2016		
	As at 1 July 2015	Additions	(Disposal)		As at 1 July 2015	(Adjustment)	For the year			
(Rupees)										
Leasehold land	190,000,000	--	--	190,000,000	--	--	--	--	190,000,000	-
Buildings on leasehold land										
- Factory	26,480,040	232,200	--	26,712,240	3,138,418	--	2,358,852	5,497,270	21,214,970	10
- Office	5,455,030	--	--	5,455,030	323,014	--	255,866	578,880	4,876,150	5
Plant and machinery	240,961,735	4,244,693	(21,310,000)	223,896,428	20,594,349	(2,726,312)	20,474,749	38,342,786	185,553,642	10
Furniture and fixture	741,550	28,565	--	770,115	78,980	--	68,120	147,100	623,015	10
Factory and other equipment	2,698,956	370,000	--	3,068,956	293,305	--	251,506	544,811	2,524,145	10
Electric equipment and fitting	1,283,037	122,100	--	1,405,137	194,743	--	176,132	370,875	1,034,262	15
Computers	929,490	133,500	--	1,062,990	314,391	--	204,161	518,552	544,438	30
Vehicles	14,682,157	699,300	(300,000)	15,081,457	2,824,872	(93,884)	2,433,382	5,164,370	9,917,087	20
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	

2017 **2016**
----- (Rupees) -----

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

Cost of sales	27,047,317	24,545,136
Administrative expenses	987,692	909,244
Selling and distribution expenses	816,478	768,388
	28,851,487	26,222,768

13.2 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	22,525,364	16,146,095
- Office	3,341,658	3,358,392
Plant and machinery	231,525,101	156,980,821
Furniture and fixture	712,249	564,870
Factory and other equipment	3,400,538	3,103,954
Electric equipment and fittings	4,540,390	835,012
Computers	445,238	347,383
Vehicles	6,669,420	6,985,223
	273,351,161	188,512,953

Revaluation of property, plant and equipment

The property, plant and equipment were further revalued at 8 April 2014 by K.G Traders (Pvt) Ltd (an independent valuer) on market value basis as previously used. The revaluation has resulted in further surplus of Rs.94.598 million 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.



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13.3 Detail of assets disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Loss on disposal	Mode of disposal	Particulars of buyers
----- (Rupees) -----							
Electric equipment	25,000	9,516	15,484	--	(15,484)	Write off	
Computers	34,000	21,405	12,595	4,000	(8,595)	Negotiation	Outsider
Furniture & fixture	4,000	1,065	2,935	--	(2,935)	Write off	
Vehicles							
Asia Hero Motorcycle	15,000	6,287	8,713	6,000	(2,713)	Company policy	S.M Kamran Ali
Habib Motorcycle	25,000	10,459	14,541	9,000	(5,541)	Company policy	Taj Ali Khan
Unique Motorcycle	25,000	10,767	14,233	20,000	5,767	Company policy	Abdul Ikram
30 June 2017	128,000	59,499	68,501	39,000	(29,501)		
30 June 2016	21,610,000	2,820,196	18,789,804	12,908,675	(5,881,129)		

	2017	2016
	----- (Rupees) -----	
14 LONG TERM DEPOSITS		
Deposit with CDC	12,500	12,500
Security deposits against fuel	231,000	231,000
Utility deposits	664,732	429,554
	908,232	673,054

14.1 These deposits are interest free.

15 STOCK IN TRADE		
Raw materials	102,241,352	94,112,637
Work in process	20,464,344	15,335,994
Finished goods	8,467,654	8,166,291
	131,173,350	117,614,922
Provision for dead stock	(116,725)	(116,725)
	131,056,625	117,498,197

15.1 Certain items of finished goods has been written down to net realizable value by Rs.Nil (2016: Rs.0.778 million).

16 TRADE DEBTS - Unsecured, considered good		
Due from customers	118,234,972	108,109,437
Due from associated concern - Sayeed International	11,400	15,256
Due from staff	389	1,129
	118,246,761	108,125,822



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		2017	2016
		----- (Rupees) -----	
17 ADVANCES AND OTHER RECEIVABLES			
<i>Unsecured, considered good</i>			
Advance to suppliers		1,421,489	186,014
Advance to staff	17.1	184,421	94,604
Advance against letter of credit		1,921	--
Advance income tax - Net		33,393,263	7,068,384
Income tax refundable	17.2	25,349,880	30,280,086
Sales tax refundable		8,006,683	--
		68,357,657	37,629,088

17.1 Advances to staff represent advance for business related expenses and is interest free.

17.2 Income tax refundable

Tax year 2011	676,504	676,504
Tax year 2012	1,827,880	9,844,113
Tax year 2015	19,759,469	19,759,469
Tax year 2016	3,086,027	--
	25,349,880	30,280,086

18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits	18.1	2,532,755	657,549
Prepayments		76,637	76,103
		2,609,392	733,652

18.1 This includes earnest money of Rs.1.960 million. These are interest free.

19 CASH AND BANK BALANCES

Cash in hand		300,000	65,000
Factory imprest		75,000	75,000
Cash at banks:			
- Current accounts		6,618,367	5,577,210
- Deposit accounts	19.1	3,182,044	33,116,488
		10,175,411	38,833,698

19.1 Deposit accounts carry mark-up ranging between 4.50% to 4.75% (2016: 4.25% to 5.00%) per annum.

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



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	2017	2016
	----- (Rupees) -----	
20 SALES - Net		
Pro-labels	351,259,366	309,712,887
Exercise books	285,692,260	278,817,489
Ammonia paper	14,323,816	15,114,403
Plain paper	7,727,494	8,781,998
Printing	12,500	5,710
Sensitized machine parts	--	99,951
Waste paper	1,595,655	1,150,551
	<u>660,611,091</u>	<u>613,682,989</u>
Sales discount	(675,874)	(10,522)
	<u>659,935,217</u>	<u>613,672,467</u>

The sales are net off with sales tax Rs.63.783 million (2016: Rs.60.846 million).

21 COST OF SALES

Opening stock of raw material	94,112,637	76,769,576
Purchases during the year	412,754,585	386,578,818
	<u>506,867,222</u>	<u>463,348,394</u>
Closing stock of raw material	(102,241,352)	(94,112,637)
Raw materials consumed	<u>404,625,870</u>	<u>369,235,757</u>
Manufacturing overheads		
Salaries, wages and other benefits	21.1 72,421,117	59,157,562
Depreciation	13.1 27,047,317	24,545,136
Stores and spares consumed	21.2 19,442,903	15,505,828
Fuel and power	7,881,089	8,287,635
Other manufacturing expenses	4,556,666	4,661,730
Repairs and maintenance	3,005,339	2,821,814
Insurance expenses	1,398,409	1,191,785
Rent, rates and taxes	216,192	197,083
Telephone and trunk calls	99,046	97,888
	<u>136,068,078</u>	<u>116,466,461</u>
Manufacturing cost	<u>540,693,948</u>	<u>485,702,218</u>
Work in process - Opening	15,335,994	15,264,769
Work in process - Closing	(20,464,344)	(15,335,994)
	<u>(5,128,350)</u>	<u>(71,225)</u>
Cost of goods manufactured	<u>535,565,598</u>	<u>485,630,993</u>
Finished goods - Opening	8,166,291	10,865,272
Finished goods - Closing	(8,467,654)	(8,166,291)
	<u>(301,363)</u>	<u>2,698,981</u>
	<u>535,264,235</u>	<u>488,329,974</u>

21.1 Salaries, wages and other benefits include a sum of Rs.2.138 million (2016: Rs.2.039 million) in respect staff retirement benefits.



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		2017	2016
		----- (Rupees) -----	
21.2 Stores and spares consumed			
Opening balance		3,405,040	2,013,765
Purchases during the year		18,636,409	16,897,103
		22,041,449	18,910,868
Closing balance		(2,598,546)	(3,405,040)
		19,442,903	15,505,828
22 OTHER OPERATING INCOME / (LOSS)			
<i>Income from financial assets</i>			
Interest on deposit accounts	22.1	756,859	474,614
<i>Income from non-financial assets</i>			
Loss on disposal of property, plant and equipment	13.3	(29,501)	(5,881,129)
Service income		54,500	83,800
		781,858	(5,322,715)
22.1	This profit is earned from bank accounts under mark-up arrangements.		
23 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	23.1	12,008,838	10,452,774
Chief executive's remuneration		5,043,459	4,904,209
Legal and professional fees		1,769,382	1,774,790
Traveling and conveyance		1,590,917	1,465,364
Repairs and renewals		1,151,170	906,800
Rent, rates and taxes		1,103,530	499,886
Depreciation	13.1	987,692	909,244
General expenses		839,601	861,532
Charity and donation	23.3	571,692	696,983
Insurance expense		531,601	757,138
Stamp duty		412,895	772,992
Auditor's remuneration	23.2	375,000	375,000
Stationery and periodicals		282,872	205,729
Telephone charges		269,999	319,449
Advertisement expenses		270,000	308,300
Postage and telegrams		231,734	184,799
Software expense		202,166	38,131
Electric charges		180,266	200,403
Directors' fees		115,000	105,000
Website designing and development		76,465	32,308
Provision for dead stock	15	--	116,725
Sales tax receivable written off		--	7,060,742
		28,014,279	32,948,298

23.1 Staff salaries and benefits include a sum of Rs.1.171 million (2016: Rs.1.103 million) in respect of staff retirement benefits.



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	2017	2016
	----- (Rupees) -----	
23.2 Auditor's remuneration		
Audit fee	300,000	300,000
Review of half-yearly condensed interim financial statements	50,000	50,000
Review report on code of corporate governance	15,000	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>375,000</u>

23.3 Charity and donation

Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College for Deaf)	250,558	300,000
The Citizens Foundation	200,000	--
Rotary Club Karachi	80,000	80,000
Syed Alfalah Literacy Centre	12,114	8,906
Special Children Educational Institute	--	25,000
ORPHANS - Trust	--	97,882
Tauseef Memorial School	--	15,195
The Kidney Centre	--	170,000
Al-Madad Welfare Society	8,042	--
Madrassa Arabia Zeenat-ul-Quran	10,397	--
Others	10,581	--
	<u>571,692</u>	<u>696,983</u>

23.3.1 Donations during the year include donation amounting to Rs.0.251 million (2016: Rs.0.300 million) to Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College of Deaf). Mrs. Muleika Sayeed a Director of the Company is the Honorary Treasurer of ABSA School and College of Deaf.

Except above, none of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

24 SELLING AND DISTRIBUTION EXPENSES

Staff salaries and benefits	24.1	6,130,334	5,585,539
Cartage and forwarding		3,029,074	2,208,133
Vehicle running expenses		1,062,845	1,320,690
Sales promotion		894,486	786,840
Depreciation	13.1	816,478	768,388
Other expenses		516,346	457,552
Advertisement and publicity		306,695	90,000
Insurance expenses		249,223	588,993
Utilities		124,841	133,229
Repairs and maintenance		28,240	--
Tender fees		2,900	6,030
Printing and stationery		--	7,042
Travelling and conveyance		--	6,620
		<u>13,161,462</u>	<u>11,959,056</u>

24.1 Staff salaries and benefits include a sum of Rs.0.402 million (2016: Rs.0.196 million) in respect of staff retirement benefits.



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	2017	2016
	----- (Rupees) -----	-----
25 FINANCE COST		
Mark-up on long term loan	4,029,614	5,317,188
Mark-up on short term running finance	873,464	1,470,584
Exchange loss	737,708	264,577
Bank and other charges	162,842	203,072
	5,803,628	7,255,421
26 TAXATION - Net		
Current tax		
Current year	6,949,681	29,092,502
Prior year	126,907	(5,418)
Deferred tax		
Relating to the origination and reversal of temporary differences	6,575,951	(3,508,159)
Relating to changes in tax rates	(1,240,852)	(1,372,280)
	5,335,099	(4,880,439)
	12,411,687	24,206,645
26.1 Reconciliation between tax expense and accounting profit		
Profit for the year	73,058,801	62,572,331
Tax on accounting profit @ 31% (2016: 32%)	22,648,228	20,023,146
Difference between depreciation rates	(454,983)	5,896,977
Inadmissible expenses	1,539,418	7,679,795
Tax credit under section 61 and 65B of the Ordinance	(9,080,625)	(571,264)
Effect of reduction in tax rate	(1,240,852)	(1,372,280)
Tax effect of prior year	126,907	(5,418)
Tax effect of permanent differences	(1,126,407)	(7,444,311)
	12,411,686	24,206,645
Average tax rate	17%	39%

26.2 The income tax assessments of the Company deemed to have been finalized up to tax year 2016. 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 14 September 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.



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	2017	2016
	----- (Rupees) -----	
27 EARNINGS PER SHARE - Basic and diluted		
Profit after taxation	<u>60,647,114</u>	<u>38,365,686</u>
	----- (Number of shares) -----	
Weighted average number of outstanding shares in issue during the year	<u>6,000,000</u>	<u>6,000,000</u>
	----- (Rupees) -----	
Earnings per share - Basic and diluted	<u>10.11</u>	<u>6.39</u>
27.1	There were no convertible dilutive potential ordinary shares in issue as at year end.	
28 CASH GENERATED FROM OPERATIONS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	73,058,801	62,572,331
Adjustments for non-cash and other items:		
Depreciation	13.1 28,851,487	26,222,768
Provision for gratuity	8.1 1,739,389	1,437,403
Interest income	(756,859)	(474,614)
Finance cost	5,065,920	6,990,844
Exchange loss	737,708	264,577
Provision for dead stock	--	116,725
Loss on disposal of fixed assets	13.3 29,501	5,881,129
(Increase) / decrease in current assets		
Stores and spares	806,494	(1,391,275)
Stock in trade	(13,558,428)	(14,715,305)
Trade debts	(10,120,939)	(6,761,904)
Advances and other receivables	(9,333,896)	9,943,727
Trade deposits and short term prepayments	(1,875,740)	8,202,228
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	17,249,632	18,178,142
Cash generated from operations	<u>91,893,070</u>	<u>116,466,776</u>
29 CASH AND CASH EQUIVALENTS		
Cash and bank balances	10,175,411	38,833,698
Short term borrowings - Secured	(256,090)	(963,441)
	<u>9,919,321</u>	<u>37,870,257</u>



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30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	----- (Rupees) -----							
Fee	--	--	115,000	105,000	--	--	115,000	105,000
Managerial remuneration and allowances	2,535,000	2,535,000	--	--	1,601,365	1,606,413	4,136,365	4,141,413
Provident fund	211,250	211,250	--	--	113,898	100,080	325,148	311,330
Medical expenses	100,798	72,726	--	--	158,396	120,024	259,194	192,750
House rent	1,140,744	1,140,744	--	--	633,800	480,336	1,774,544	1,621,080
Reimbursable expenses	1,266,917	1,155,739	--	--	--	--	1,266,917	1,155,739
	<u>5,254,709</u>	<u>5,115,459</u>	<u>--</u>	<u>--</u>	<u>2,507,459</u>	<u>2,306,853</u>	<u>7,762,168</u>	<u>7,422,312</u>
Number of persons	1	1	5	5	2	2	8	8

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

31 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:

	2017	2016
	----- (Rupees) -----	
Sales	109,681	70,480
Purchase	410,085	311,500
Rent paid	180,000	192,000
Company's and employees contributions to provident fund	3,942,658	3,800,042

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.

	2017	2016
	----- (Numbers) -----	
32 NUMBER OF EMPLOYEES		
Number of employees at 30 June	<u>107</u>	<u>114</u>
Average number of employees during the year	<u>115</u>	<u>108</u>

33 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.



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33.1 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

33.2 Segment information

	Exercise Books		Prolabels		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
Segment revenue	285,016,385	278,806,967	351,259,366	309,712,887	23,659,466	25,152,613	659,935,217	613,672,467
Cost of sales	(235,328,363)	(223,101,657)	(282,151,839)	(245,653,507)	(17,784,032)	(19,574,810)	(535,264,235)	(488,329,974)
Gross profit	49,688,022	55,705,310	69,107,527	64,059,380	5,875,434	5,577,803	124,670,982	125,342,493
Segment expenses								
Administrative expenses	(13,243,557)	(17,515,745)	(11,925,799)	(12,484,341)	(2,844,923)	(2,948,212)	(28,014,279)	(32,948,298)
Selling and distribution expenses	(6,261,719)	(6,071,859)	(3,581,979)	(3,065,788)	(3,317,763)	(2,821,409)	(13,161,462)	(11,959,056)
Finance cost	(1,192,942)	(1,296,266)	(4,556,612)	(5,874,728)	(54,074)	(84,427)	(5,803,628)	(7,255,421)
Workers' profit participation fund	(1,688,194)	(1,541,072)	(2,078,604)	(2,131,726)	(156,876)	279,948	(3,923,674)	(3,392,850)
Workers' welfare fund	(590,733)	(630,252)	(837,086)	(937,804)	(63,177)	(323,766)	(1,490,996)	(1,891,822)
	(22,977,146)	(27,055,194)	(22,980,080)	(24,494,387)	(6,436,813)	(5,897,866)	(52,394,039)	(57,447,447)
Operating profit	26,710,876	28,650,116	46,127,447	39,564,993	(561,380)	(320,063)	72,276,943	67,895,046
Other operating income / (loss)							781,858	(5,322,715)
Profit before taxation							73,058,801	62,572,331
Taxation - Net							(12,411,687)	(24,206,645)
Profit after taxation							60,647,114	38,365,686

33.3 Segment wise assets and liabilities are not being reviewed by the Chief Operating Decision Maker.

34 PROVIDENT FUND RELATED DISCLOSURES

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

	2017 Un-audited ----- (Rupees) -----	2016 Audited
Size of the fund - Total assets	69,958,784	62,000,242
Percentage of investments made	96.90%	98.12%
Fair value of investments	67,792,713	60,836,080

34.1 The cost of above investments amounted to Rs. 31.317 million (2016: Rs.31.753 million).



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

	2017	2016	2017	2016
	----- (Percentage) -----		----- (Rupees) -----	
Defence saving certificates	8.12%	6.32%	5,505,755	3,844,975
Certificates of investments	76.96%	76.33%	52,170,424	46,438,404
Short term investments	13.57%	13.50%	9,199,260	8,213,702
Saving account	1.35%	3.84%	917,274	2,338,999
	<u>100%</u>	<u>100%</u>	<u>67,792,713</u>	<u>60,836,080</u>

34.3 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

35 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

35.1 Financial risk management

Overview

The Company has exposure to the following risks arising from

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

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

The Company's objective in managing risk is the creation and protection of shareholders value. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

35.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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 ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.



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Exposure to credit risk

In summary, the maximum exposure to credit risk as at 30 June 2017 and 30 June 2016 was as follows:

	2017		2016	
	Financial assets	Maximum exposure	Financial assets	Maximum exposure
	(Rupees)		(Rupees)	
Long term deposits	908,232	908,232	673,054	673,054
Trade debts	118,246,761	118,246,761	108,125,822	108,125,822
Advances and other receivables	1,423,410	1,423,410	280,618	280,618
Trade deposits and short term prepayments	2,532,755	2,532,755	657,549	657,549
Cash and bank balances (excluding cash in hand)	9,800,411	9,800,411	38,693,698	38,693,698
	132,911,569	132,911,569	148,430,741	148,430,741

Trade debts

The Company evaluates customer's credit worthiness with reference to their historical performance and market reputation.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts. At 30 June, the ageing of trade debts was as follows:

	2017		2016	
	Gross	Impairment	Gross	Impairment
	(Rupees)		(Rupees)	
Past due 0-30 days	53,928,541	--	62,504,114	--
Past due 31-60 days	42,071,941	--	23,828,035	--
Past due 61-90 days	15,263,312	--	14,693,894	--
Past due 91-120 days	4,403,685	--	1,891,682	--
Past due more than 120 days	2,579,282	--	5,208,097	--
	118,246,761	--	108,125,822	--

Based on past experience, consideration of financial position, past track records and other recoveries, the management believes that trade debts past due do not require any impairment.

Cash and cash equivalents

The cash and cash equivalents are held with banks, which are rated as follows:

Name of banks	Rating agency	Rating	
		Short term	Long term
Bank Al Habib Limited	PACRA	A1+	AA+
National Bank of Pakistan	PACRA	A1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA

None of the financial assets of the Company are secured.

35.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.



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Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include 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)						
2017						
<i>Non-derivative financial liabilities</i>						
Long term loan - Secured	103,564,100	121,285,169	16,503,359	15,909,239	30,454,669	58,417,902
Creditors, accrued and other liabilities	82,363,876	82,363,876	82,363,876	--	--	--
Short term borrowings	256,090	256,090	256,090	--	--	--
	<u>186,184,066</u>	<u>203,905,135</u>	<u>99,123,325</u>	<u>15,909,239</u>	<u>30,454,669</u>	<u>58,417,902</u>
2016						
<i>Non-derivative financial liabilities</i>						
Long term loan - Secured	51,270,540	58,680,424	12,331,715	10,228,533	12,953,331	23,166,845
Creditors, accrued and other liabilities	55,436,902	55,436,902	55,436,902	--	--	--
Short term borrowings	963,441	963,441	963,441	--	--	--
	<u>107,670,883</u>	<u>115,080,767</u>	<u>68,732,058</u>	<u>10,228,533</u>	<u>12,953,331</u>	<u>23,166,845</u>

35.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

35.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than Pak Rupees (PKR). As the Company exports its products, accordingly it is exposed to currency risk, primarily with respect to trade debts denominated in US Dollars (USD).

Exposure to currency risk

The summary of the quantitative data about the Company's exposure to foreign currency risk is as follows:

		2017	2016
Average rate for the year	USD	<u>103.54</u>	<u>103.64</u>
Spot rate as at 30 June	USD	<u>104.80</u>	<u>104.70</u>
Trade creditors	USD	<u>293,267</u>	<u>89,832</u>
Trade creditors	Rupees	<u>30,734,380</u>	<u>9,405,404</u>
Sensitivity analysis			

A five percent strengthening / (weakening) of the Rupee against foreign currency as at 30 June 2017 would have increased / (decreased) equity and profit and loss account by Rs.1.537 million (2016: Rs.0.470 million). This analysis assumes that all other variables, in particular interest rates, remaining constant.



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35.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2017	2016
	----- (Rupees) -----	
Variable rate instruments		
Financial assets		
Cash at bank - deposit accounts	<u>3,182,044</u>	<u>33,116,488</u>
Financial liabilities		
Long term loans	<u>103,564,100</u>	51,270,540
Short term borrowings	<u>256,090</u>	963,441
	<u>103,820,190</u>	<u>52,233,981</u>

Fair value sensitivity analysis for fixed rate instruments

The impact of change in fair value due to a change in interest rate is not considered to be material to these financial statements.

Cash flows sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased / (decreased) equity by Rs.1.006 million (2016: Rs.0.191 million). This analysis assumes that all other variables remain constant.

35.4.3 Equity price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company does not have investments in listed equity securities and is not exposed to market price risk.

35.5 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to shareholders.

The Company is not exposed to externally imposed capital requirement.

36 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 the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and



PAKISTAN PAPER PRODUCTS LIMITED

(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.

37 CAPACITY AND PRODUCTION

	Units	Capacity		Production		Remarks	
		2017	2016	2017	2016		
a)	Exercise books	Goose	58,632	58,632	56,176	66,390	Due to extra shift.
b)	Sensitized paper	Rolls	216,000	216,000	33,187	36,856	Due to lack of demand.
c)	Prolabels	Sq. Mater	2,750,000	2,000,000	4,336,380	3,482,032	Due to extra shift.

37.1 The capacity is determined on single shift basis.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 18th September 2017 by the Board of Directors of the Company.

39 GENERAL

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

ABBAS SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

Pattern Of Share holding - Form "34" Shareholders Statistics As At June 30, 2017

Number Of Share Holders	Share Holding From	To	Total Shares Held
279	1	100	7,688
211	101	500	63,884
112	501	1,000	91,925
151	1,001	5,000	352,076
18	5,001	10,000	132,480
2	10,001	15,000	25,500
5	15,001	20,000	91,933
1	25,001	30,000	27,428
3	30,001	35,000	99,493
1	35,001	40,000	36,793
1	40,001	45,000	42,387
1	45,001	50,000	50,000
1	55,001	60,000	57,600
2	80,001	85,000	168,999
1	85,001	90,000	85,500
1	95,001	100,000	100,000
1	100,001	105,000	103,200
1	115,001	120,000	120,000
1	130,001	135,000	134,746
1	175,001	180,000	179,000
1	185,001	190,000	186,467
1	200,001	205,000	201,384
1	325,001	330,000	330,000
1	415,001	420,000	416,201
1	420,001	425,000	420,793
1	460,001	465,000	464,326
1	575,001	580,000	576,721
1	680,001	685,000	680,270
1	750,001	755,000	753,206
		-	
803			6,000,000

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	784	4,169,771	69.50
2	Financial Institutions	2	3,299	0.05
3	Investment Companies	3	717,375	11.96
4	Joint Stock Companies	6	13,471	0.22
5	Insurance Companies	2	321,384	5.36
6	Mutual Fund	3	728,826	12.15
7	Modaraba	1	2,000	0.03
8	Other	2	43,874	0.73
		803	6,000,000	100.00



PAKISTAN PAPER PRODUCTS LIMITED

Details of Pattern of Shareholdings as on June 30, 2017

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 Childern	2,044,341	34.07
	Mrs. Muleika Sayeed	134,746	
	Mr. Abbas Sayeed	420,793	
	Dr. Asadullah Sayeed	416,201	
	Mr. Abid Sayeed	853,206	
	Mr. Zahid Dada	3,000	
	Mr. Sayeed Imran	2,500	
	Mrs. Nadia Sayeed W/o. Abid Sayeed	27,428	
	Mrs. Nusser Sayeed W/o. Abbas Sayeed	186,467	
4	Executives	Nil	
5	Individuals	2,018,231	33.64
6	Public Sector Companies and Corporation	201,384	3.36
7	Banks, DFIS, NBFIS, Insurance Companies, Modarabas 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
Mrs. Aliya Rehman	576,721	9.61
Mr. Abbas Sayeed	420,793	7.01
Dr. Asadullah Sayeed	416,201	6.94

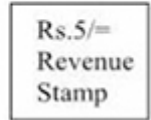


PAKISTAN PAPER PRODUCTS LIMITED

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 55th ANNUAL GENERAL MEETING of the Company to be held on Thursday 26th
October 2017 at 11:30 am and at any adjournment thereof.

Signed this _____ day of _____ 2017



Witnesses:

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

1: Signature _____
Name: _____
Address: _____

CNIC: _____

2: Signature _____
Name: _____
Address: _____

CNIC: _____

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 لمیٹڈ مختار نامہ

میں ام
کال کے
بحیثیت رکن پاکستان پیپر پروڈکٹس لمیٹڈ اور حامل حصص، برطانیہ شیئر رجسٹرڈ فیوچر نمبر
اور ایسی ڈی سی پارٹیسیپٹ (شرکت آئی ڈی نمبر
اور سب اکاؤنٹ (زیلی کھاتہ) نمبر
محترم ام محترمہ
کو اپنے اہار سے ایما پر مورخہ 26 اکتوبر 2017ء جمعرات
کو منعقد ہونے والے کھفی کے سالانہ اجلاس عام میں حق رائے دی استعمال کرنے یا کسی بھی اتوا کی صورت اپنا ہار ایلور مختار (پرائسی) مقرر کرتا ہوں کرتے ہیں۔
آج بروز تاریخ 2017ء کو دستخط کئے گئے۔

گواہان:

دستخط:
نام:
پتہ:
کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:
دستخط:
نام:
پتہ:
کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:
دستخط:
نام:
پتہ:
کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:
نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کر دے۔
- 2- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:
(الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایوا جس کی سکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کھفی کی جانب سے دی گئی ہدایات کی روشنی میں پرائسی فارم جمع کرانا ہوگا۔
(ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔
(ج) تنظیمی اوزر (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق نفعول بھی منسلک کرنی ہوگی جسے نائب مختار نامہ کے ہمراہ پیش کرے گا۔
(د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
(و) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز قرار دار امع نامزد کردہ شخص انارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پرائسی فارم (مختار نامے) کے ہمراہ کھفی میں جمع کرانا ہوگا۔

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