



Annual Report *2015*



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.



Contents

	<i>Page #</i>
<i>Corporate Profile</i>	3
<i>Notice of Meeting</i>	4
<i>Operating Highlights</i>	8
<i>Statement Of Value Added And Its Distribution</i>	9
<i>Graphic Illustration</i>	10
<i>Directors' Report</i>	11
<i>Statement of Compliance with the code of Corporate Governance</i>	17
<i>Review Report to the Members</i>	20
<i>Auditors' Report to the Members</i>	21
<i>Balance Sheet</i>	23
<i>Profit and Loss Account</i>	25
<i>Statement of Comprehensive Income</i>	26
<i>Cash Flow Statement</i>	27
<i>Statement of Changes in Equity</i>	28
<i>Notes to the Accounts</i>	29
<i>Pattern of Holding of Shares</i>	58
<i>Form of Proxy</i>	



CORPORATE PROFILE

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HR AND REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Rizwan Ahmed Mughal

COMPANY SECRETARY

Faisal Saeed Khan

AUDITORS

Hafizullah & 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 53rd Annual General Meeting of the Shareholders of Pakistan Paper Products Ltd will be held at SITE Association of Industry Aiwan-e-Sanat II-16 Textile Avenue SITE Karachi on Tuesday 27th October, 2015 at 12:30 pm to transact the following business :-

1. To confirm the Minutes of the last Annual General Meeting held on 22nd October, 2014.
2. To receive and adopt the audited accounts of the Company for the year ended on 30th June, 2015 together with the Directors' Report and Auditors' Report thereon.
3. To approve the payment of Interim Dividend @ of Rs. 4.00 per share (40%) as recommended by the Board of Directors. (already paid)
4. To appoint Auditor for the year 2015-2016 and to fix their remuneration.
5. Any other business with the permission of the Chair.

By Order of the Board

(FAISAL SAEED KHAN)
Company Secretary

Karachi
21st September 2015

NOTES:

1. The Share Transfer Book of the Company will remain closed from 20.10.2015 to 27.10.2015 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend the meeting and vote instead of him/her. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting :-

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per



PAKISTAN PAPER PRODUCTS LIMITED

- 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.
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).

C: Submission of CNIC Copy (MANDATORY)

4. The members /shareholders having physical shares and have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the company to send the same at the earliest to the Share Registrar M/s. FD Registrar Services (SMC-Pvt) Ltd, 17th Floor, Saima Trade Tower-A, I.I Chundrigar Road Karachi 74000, Email: fdregistrar@yahoo.com or , Pakistan Paper Products Ltd, D/58, Estate Avenue, SITE-Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC/NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notification dated August 18, 2011 SRO 779 (I) 2011, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Please note that Dividend Warrants will not be sent to the registered members or their authorized persons, if their CNIC/NTN is not received prior to dispatch of the Dividend Warrants.



PAKISTAN PAPER PRODUCTS LIMITED

5. Members are also requested to notify any change in address immediately.
6. 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.
7. Number of share certificates and dividends warrants have been returned marked as "undelivered". Any member affected by this is advised to write or call our Share Registrar M/s. F.D Registrar Services (SMC) –Pvt) Ltd., 17th Floor, Saima Trade Tower-A I.I Chundrigar Road, Karachi during working hours. Ph: 0092-21-35478192-93 Fax: 0092-21-32621233, Email: fdregistrar@yahoo.com
8. 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.
9. 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: www.pakpaper.com

D: Dividend Mandate: Payment of Cash Dividend Electronically: (OPTIONAL)

- I. In compliance with the SECP's Circular No 18 of 2012 dated June 5, 2012, the Company wishes to inform its shareholders that under the law shareholders are also entitled to receive their cash dividend directly into their bank accounts instead of receiving it through dividend warrants. Shareholders, may like to exercise this option, requested to please submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank, CDC account holders should submit their request directly to their broker (participant) / CDC.

E: Deduction of withholding tax on the amount of dividend

1. The Government of Pakistan through Finance Act 2014 has made certain amendments in section 150 of the Income Tax Ordinance 2001, whereby different rate are prescribed for deduction of withholding tax on the amount of dividend paid by the companies, These



PAKISTAN PAPER PRODUCTS LIMITED

tax rates are as under:

- a) For filers of income tax returns : 10%
- b) For non-filers of income tax returns : 15%

2. To enable the company to make tax deduction on the amount of cash dividend @ 10% instead of 15%, 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 that their names are entered into ATL before the date for payment of the Cash dividend (if or any of announced in future) other wise tax on their cash dividend will be deducted @ 15% instead 10%.
3. For any query/problem/information, the investor/shareholder may contact the company
Phone:0092-21-32560134 / 32582656 / 32579698 Fax: 0092-21-32579303
Email: faisal.saeed@pakpaper.com and/or the Share Registrar F.D Registrar Services (SMC)-Pvt) Ltd.
4. 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 number.

F: For Video Conference:

Further to SECP S.R.O. No. 1027(1)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:

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".



PAKISTAN PAPER PRODUCTS LIMITED

OPERATING HIGHLIGHTS

Rupees in Thousand

	2015	2014	2013	2012	2011	2010
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HISTORICAL TRENDS

Trading results

Turnover	631,584	527,020	543,319	483,498	433,925	362,435
Sales - Net	576,333	504,312	501,239	433,308	382,663	322,025
Gross Profit	116,911	110,076	96,736	100,009	94,830	77,991
Profit before tax	73,455	73,404	60,024	64,544	62,554	52,021
Taxation	16,136	25,164	21,228	23,160	21,678	15,991
Profit after tax	57,318	48,239	38,795	41,383	40,876	36,030

Dividend

Cash Dividend	40%	30%	30%	-	40%	25%
Stock Dividend	-	-	-	20%	-	33.33%
Cash Dividend Value	24,000	18,000	18,000	-	20,000	9,375
Stock Dividend Value	-	-	-	10,000	-	12,500
Dividend Payout	41.07%	37.31%	46.40%	24.16%	48.93%	60.71%

Financial Position

Total Assets	723,766	637,770	522,456	535,907	440,856	380,573
Paid up Capital	60,000	60,000	60,000	50,000	50,000	37,500
Reserves	262,820	226,649	196,083	184,800	162,652	142,664
Working capital	188,694	181,396	153,940	132,845	128,839	114,419
Current Ratio	3.39	3.99	3.60	2.66	3.54	3.77

KEY INDICATORS

Operating

Gross Profit	20.29%	21.83%	19.30%	23.08%	24.78%	24.22%
Profit before tax	12.75%	14.56%	11.98%	14.90%	16.35%	16.15%
Profit after tax	9.95%	9.57%	7.74%	9.55%	10.68%	11.19%
Return on Equity	17.78%	16.83%	15.15%	17.62%	19.22%	20.00%
Return on Assets	7.92%	7.56%	7.43%	7.72%	9.27%	9.47%

Valuation

Earning per share (pre tax)	12.24	12.23	10.00	12.91	12.51	10.40
Earning per share (post tax)	9.55	8.04	6.47	8.28	8.18	7.21
Breakup value per share	53.80	47.77	42.68	46.96	42.53	48.04

Asset utilisation

Inventory turnover ratio	4.57	4.39	4.08	3.44	3.57	3.37
Total assets turnover ratio	0.80	0.79	0.96	0.81	0.67	0.85

Production

Exercise Books (Gross)	66,542	65,842	57,887	53,230	45,690	45,122
Armonia Paper (Rolls 10 yds)	56,466	48,989	44,264	50,026	58,275	55,976
Pro-Labels (Sq. Meter)	2,944,592	2,792,742	2,930,907	2,636,652	2,423,480	2,081,423

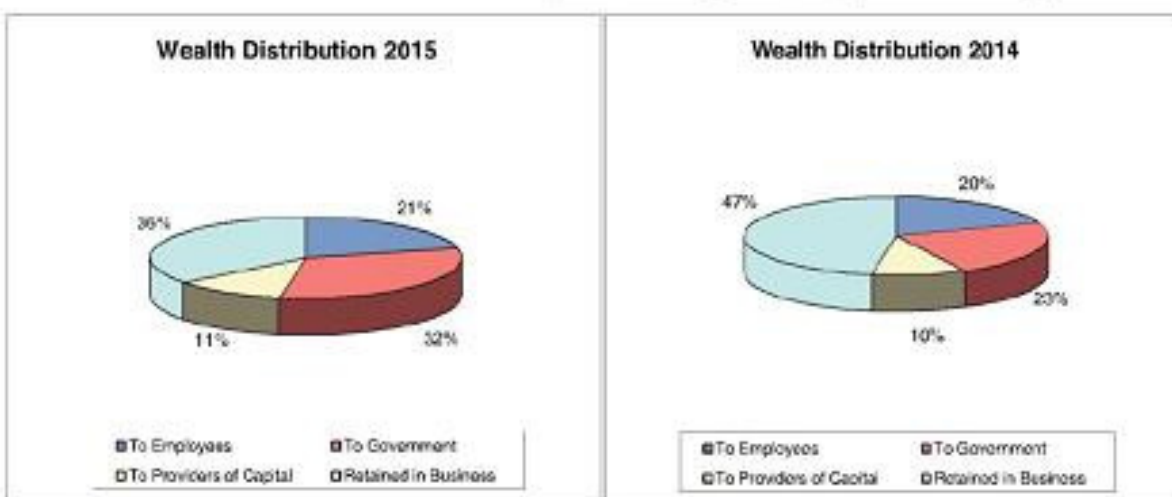
*40% Interim Cash dividend paid for the year 2015.



PAKISTAN PAPER PRODUCTS LIMITED

Statement of Value Added and its Distribution

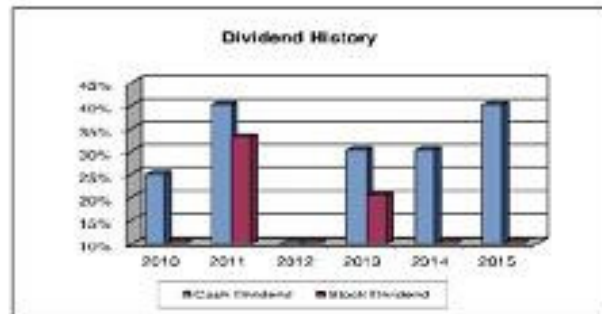
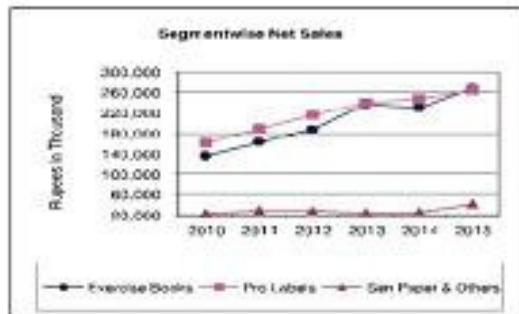
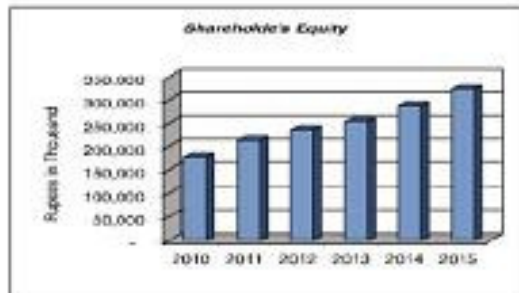
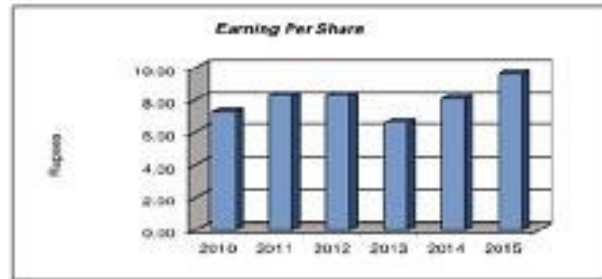
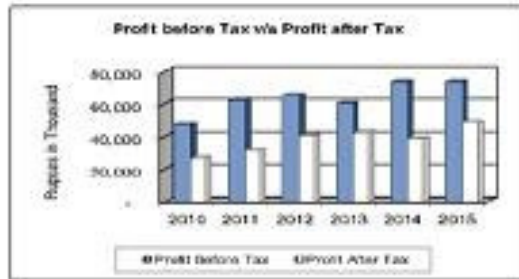
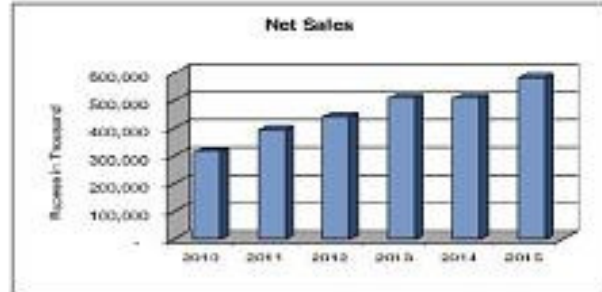
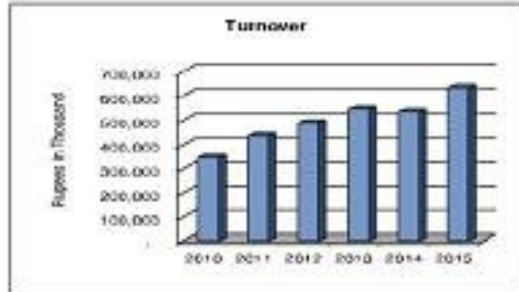
	2015		2014	
	Rupees in thousand	%	Rupees in thousand	%
Wealth Generated				
Total revenue inclusive of sales tax & other income	632,941		528,285	
Bought-in-material & services	403,854		311,334	
	<u>229,086</u>	<u>100.00%</u>	<u>216,950</u>	<u>100.00%</u>
Wealth Distributed				
To Employees				
Salaries, wages, benefits & related cost	48,263	21.07%	42,441	19.56%
To Government				
Income tax, sales tax & workers' fund	72,582	31.68%	49,819	22.96%
To Providers of Capital				
Dividend to share holders	24,000	10.48%	18,000	8.30%
Markup on borrowed funds	2,792	1.22%	3,883	1.79%
Retained in Business				
Depreciation & retained profit	81,449	35.55%	102,807	47.39%
	<u>229,086</u>	<u>100.00%</u>	<u>216,950</u>	<u>100.00%</u>





PAKISTAN PAPER PRODUCTS LIMITED

GRAPHIC ILLUSTRATION



* In 2015 Interim Cash Dividend is 40%.



PAKISTAN PAPER PRODUCTS LIMITED

DIRECTORS' REPORT

The Board of Directors are pleased to present the 53rd Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2015 and describes its financial, social and environmental performances.

Operating Results

We are pleased to inform you that the company had an excellent year with Turnover climbing to a new record level of Rs 631.5 million and Net Sales climbing to Rs 576.33 million which is an increase of 19.84% and 14.26% respectively compared to last fiscal year. All departments of the company performed well with Sensitized paper and Photocopy Paper leading the way with increases of 34.69% and 127.32%. Exercise Books and Pro Labels also showed good growth of 16.96% and 6.88% respectively.

Pro Labels section enjoyed another robust year of growth in terms of value and volume, although the volumetric growth was much higher and is unfortunately not reflected in value due to increased competition in the sector which is causing pressure on prices and hence also on margins. Being the leading manufacturer of this segment in the country we have to also lower prices to compete with the other players but are hopeful that our quality and customer service will allow us to remain above the competition. The growth of self-adhesive labels in Pakistan is on a rise and we see this segments to grow aggressively for the next several years. Your company is keeping pace with this and continuing to invest in new and modern machinery. Our latest brand new state of the art 8 color press has been installed and in production from the last week of June. We will continue to invest and expand our capacity in the future also as we see the opportunity.

Exercise Books had an excellent year with sales rising by 16.96% to Rs. 269.79 million. In the first quarter of this year we experienced a very unusual high demand for our products and fortunately we had good stock of raw material to capitalize on this opportunity. We have explained in the past how we have not been able to increase our sales with the same quantum as the demand for our products due to erratic supply of paper from paper mills. This year was an exception in this case as we got very smooth and regular supply of paper allowing us to show good increase in sales. We continue to be hopeful that this will also be the case in the future allowing us to further increase our sales.

Sensitized paper and Photocopy paper had an absolutely stellar year with sales rising by 34.69% and 127.32% respectively. The main reason for this growth in Sensitized paper is due to the government's decision to hold census next year which led to large scale buying of this paper. The increase in sales of photo copy paper was due to good sales and marketing of our product along with good institutional demand.



Financial Results

Your company had a record year in terms of profit also with Profit after tax rising to Rs 57.3 million which is an increase of 18.82%. This was mainly achieved due to a favorable reduction in our tax liability as we were able to get a rebate on the investment done during the year on our new Flexo press. The profit before tax remained flat at Rs 73.45 million which is mainly due to the pressure in margins of our products. The management is well aware of this issue and is trying it's best to increase our prices and along with that bring more efficiency in our production which will help in improving margins next year.

	<u>June, 2015</u>	<u>June, 2014</u>
Profit before taxation	73,454,645	73,404,202
Taxation	<u>(16,136,191)</u>	<u>(25,164,812)</u>
Profit after taxation	57,318,454	48,239,390

Dividend

The Board has already declared an interim dividend of 40% in the third quarter of this financial year which has been paid to the shareholders that were on the books as per the announced book closure.

Financial Reporting

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

Manufacturing and Operations

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

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

Corporate and Social Responsibility

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



Health

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

The Board

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

Corporate and Financial Reporting Framework

- ◆ We are pleased to report that your company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the listing regulations of the 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.
- ◆ During the year four (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:



PAKISTAN PAPER PRODUCTS LIMITED

<u>Name of Directors</u>	<u>Meetings Attended</u>
Mr. Mohammad Ali Sayeed	4
Mr. Abid Sayeed	4
Mr. Abbas Sayeed	4
Dr. Asadullah Sayeed	4
Mrs. Muleika Sayeed	3
Mr. Zahid Dada	2
Mr. Shoaib Ahmad Khan (NIT Nominee)	4

Statement of Code of Conduct

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

Material Changes

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

Code of Business Principles

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

Future Outlook and Challenges

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

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



Audit Committee

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

Human Resource Committee

The Committee consists of three members from the Board which all are non-executive directors 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 present Auditors M/s Hafizullah & Co., retire and not eligible 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, 2015 whose disclosure is required under the reporting framework is included in the report.

During the year Mrs. Nusser Abbas Sayeed w/o Mr. Abbas Sayeed (Director Pakistan Paper Products Limited) Gifted =56000= ordinary shares to Mr. Hassan Abbas Sayeed s/o Mr. Abbas Sayeed.

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



Acknowledgements

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

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

On behalf of the Board of Directors.

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive

Dated: September 21, 2015
Karachi



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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 member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. M/s. Haider Shamsi & Co has resigned on 03.04.2015 as an Auditor of the Company. Whereas upon receiving the consent from M/s. Hafizullah & Co the Chartered Accountants the Board has filled the position as casual vacancy and approved appointment of M/s. Hafizullah & Co u/s 252 of Companies Ordinance 1984 during the Board meeting held on 22.04.2015 for the year ended as on 30th June 2015.

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.



PAKISTAN PAPER PRODUCTS LIMITED

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

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

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

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

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were fully endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

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

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members of whom all are non-executive directors whereas Chairman of the committee is independent director.

18. The board has set up an effective internal audit function/ or has outsourced the internal audit function to Head of Internal Audit who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.



PAKISTAN PAPER PRODUCTS LIMITED

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The closed period prior to the announcement of interim /final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges(s).

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

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

ABID SAYEED
Chief Executive

Hafizullah & Co.

CHARTERED ACCOUNTANTS

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pakistan Paper Products Limited ("the Company") for the year ended 30 June 2015, to comply with the requirements of Listing Regulation of the Karachi Stock Exchange, 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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' 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 risk.

The Code requires the company to place before the Audit Committee, and upon recommendations of the Audit Committee, place before the Board of Directors 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 requirements to the extent of the approval of the related party transactions by the Board of Directors upon recommendations 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 June 30, 2015.

Date: September 21, 2015
Karachi



HAFIZULLAH & CO.
Chartered Accountants
Engagement Partner - Badrar Rahman

Hafizullah & Co.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKISTAN PAPER PRODUCTS LIMITED** as at **JUNE 30, 2015** and the related profit and loss account, statement of comprehensive income, cash flow statement 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 Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

- (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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the profit, its total 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.

The accounts for the year ended June 30, 2014 were audited by another firm of Chartered Accountants, who have expressed an unqualified opinion thereon.

Date: September 21, 2015
Place: Karachi


HAFIZULLAH & CO.
Chartered Accountants
Engagement Partner - Badrur Rahman



PAKISTAN PAPER PRODUCTS LIMITED

BALANCE SHEET

	Notes	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Share Capital			
Authorized			
8,000,000 ordinary shares of Rs. 10 each		<u>80,000,000</u>	<u>80,000,000</u>
Issued, subscribed and paid-up	4	60,000,000	60,000,000
Revenue reserves	5	<u>262,820,519</u>	<u>226,649,431</u>
		322,820,519	286,649,431
Surplus on revaluation of fixed assets	6	218,433,522	222,672,936
Deferred liabilities			
Deferred tax	7	43,912,962	42,699,448
Retirement benefit obligation	8	8,253,851	6,507,136
		52,166,813	49,206,584
Long term loan - secured	9	51,270,540	18,573,588
Current liabilities			
Current maturities	10	20,838,048	10,131,048
Short term borrowings - secured	11	12,731,499	-
Creditors, accrued and other liabilities	12	45,505,300	50,536,891
		79,074,847	60,667,939
Contingencies and commitments	13	-	-
		<u>723,766,241</u>	<u>637,770,478</u>

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

Date: September 21, 2015
Karachi

MOHAMMAD ALI SAYEED
Chairman



PAKISTAN PAPER PRODUCTS LIMITED

AS AT JUNE 30, 2015

	Notes	2015 Rupees	2014 Rupees
ASSETS			
Fixed assets			
Property, plant and equipment	14	455,469,923	395,181,518
Long term deposits	15	527,840	525,090
Current assets			
Stores and spares	16	2,013,765	2,855,897
Stock in trade	17	102,899,617	93,159,334
Trade debts-unsecured but considered good	18	101,363,918	82,972,581
Advances and other receivables	19	44,233,012	22,361,939
Deposits and prepayments	20	8,935,880	1,617,137
Investment- held for trading	21	-	25,270,431
Cash and bank balances	22	8,322,286	13,826,551
		267,768,478	242,063,870
		<hr/> 723,766,241	<hr/> 637,770,478

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2015

	Notes	2015 Rupees	2014 Rupees
Turnover		631,583,865	527,020,419
Sales tax, discounts and sales return		(55,250,650)	(22,707,565)
Sales	23	576,333,215	504,312,854
Cost of goods sold	24	459,421,923	394,236,310
Gross profit		116,911,292	110,076,544
Other operating income	25	1,356,654	1,264,091
Operating expenses			
Administrative expenses	26	23,257,134	20,435,582
Selling and distribution	27	10,633,115	9,216,840
Workers' Profit Participation Fund		4,017,890	3,759,627
Workers' Welfare Fund		2,875,266	253,128
		40,783,405	33,665,177
Operating profit		77,484,541	77,675,458
Financial charges	28	4,029,896	4,271,256
Net profit before taxation		73,454,645	73,404,202
Taxation	29	16,136,191	25,164,812
Net profit after taxation		57,318,454	48,239,390
Earning per share:			
- Basic	36	9.55	8.04
- Diluted	36	9.55	8.04

Appropriations have been dealt in the statement of changes in equity.
The annexed notes form an integral part of these financial statements.

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive

Date: September 21, 2015
Karachi



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Profit for the year	57,318,454	48,239,390
Items that will never be reclassified to profit or loss		
Remeasurements of defined benefit liability	(439,592)	(960,323)
Total other comprehensive income- net of tax	(439,592)	(960,323)
Total comprehensive income for the year	<u>56,878,862</u>	<u>47,279,067</u>

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

Date: September 21, 2015
Karachi

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Notes	2015 Rupees	2014 Rupees
Cash flow from operating activities			
Cash generated from operations	30	55,209,856	81,523,749
Income taxes paid		(35,196,255)	(27,402,991)
Gratuity paid		(191,336)	(91,602)
Financial charges paid		(4,268,657)	(4,600,772)
Net cash from operating activities		15,553,608	49,428,384
Cash flow from investing activities			
Acquisition of fixed assets		(84,761,267)	(10,560,728)
Long term deposits		(2,750)	-
Investment - held for trading		25,000,000	(25,000,000)
Disposal of fixed assets		1,042,000	137,000
Income from financial assets		844,644	835,363
Net cash used in investing activities		(57,877,373)	(34,588,365)
Cash flow from financing activities			
Long term loan acquired		53,535,000	-
Long term loan repaid		(10,131,048)	(12,707,048)
Dividend paid		(19,315,951)	(15,596,066)
Net cash from / (used in) financing activities		24,088,001	(28,303,114)
Net increase/(decrease) in cash and cash equivalent		(18,235,764)	(13,463,095)
Cash and cash equivalents - start of the year		13,826,551	27,289,646
Cash and cash equivalents - end of the year	31	(4,409,213)	13,826,551

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

MOHAMMAD ALI SAYEED
Chairman

Date: September 21, 2015
Karachi

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	Revenue reserve		Total
		General reserve	Unappropriated profit	
(Rupees)				
Balance as at June 30, 2013- restated	60,000,000	93,900,000	102,183,057	256,083,057
Profit for the year	-	-	48,239,390	48,239,390
Total other comprehensive income for the year ended June 30, 2013	-	-	(960,323)	(960,323)
Total comprehensive income for the year - restated	-	-	47,279,067	47,279,067
Appropriation:				
Interim dividend	-	-	(18,000,000)	(18,000,000)
Transfer from / (to) revenue reserves	-	50,000,000	(50,000,000)	-
Incremental depreciation transferred from surplus on revaluation of fixed assets (net of tax)	-	-	1,287,307	1,287,307
	-	50,000,000	(66,712,693)	(16,712,693)
Balance as at June 30, 2014	<u>60,000,000</u>	<u>143,900,000</u>	<u>82,749,431</u>	<u>286,649,431</u>
Profit for the year	-	-	57,318,454	57,318,454
Total other comprehensive income for the year ended June 30, 2015	-	-	(439,592)	(439,592)
Total comprehensive income for the year	-	-	56,878,862	56,878,862
Appropriation:				
Interim dividend	-	-	(24,000,000)	(24,000,000)
Incremental depreciation transferred from surplus on revaluation of fixed assets (net of tax)	-	-	3,292,226	3,292,226
	-	-	(20,707,774)	(20,707,774)
Balance as at June 30, 2015	<u>60,000,000</u>	<u>143,900,000</u>	<u>118,920,519</u>	<u>322,820,519</u>

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

MOHAMMAD ALI SAYEED

Chairman

Date: September 21, 2015

Karachi

ABID SAYEED

Chief Executive



NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

1. The company and its operations

Pakistan Paper Products Limited was incorporated and domiciled in Pakistan as a private limited company in July 1962. It was converted into public company and listed on the Karachi Stock Exchange in July 1964. The registered office of the company is situated at D-58, SITE, Estate Avenue, Karachi 75700. The main business activity of the Company is the production and sale of sensitized papers, pro-labels and exercise books.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Statement of compliance

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

2.2. Basis of measurement

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed assets and recognition and measurement of financial assets and financial liabilities, if any, in accordance with the criteria laid down in IAS - 39 (Financial Instruments: Recognition and measurement).

The preparation of financial statements in conformity with the applicable accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.3. Standards, amendments or interpretations which became effective during the year

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



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

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

-IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS10 is not likely to have any impact on the Financial Statements of the Company.

-IFRS 11 'Joint Agreements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in joint Ventures'. IFRS 11 is not likely to have any impact on the Financial Statements of the Company.

-IFRS 12 'Disclosure of Interest in other entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this Standard is not likely to have any impact on the Financial Statements of the Company.

-IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015). The adoption of this Standard is not likely to have any impact on the Financial Statements of the Company.

Amendment to IAS 27 'Separate Financial Statements'(effective for annual periods beginning on or after 1 January 2015). The amendment to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate Financial Statements.

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] ((effective for annual periods beginning on or after 1 January 2016). These amendments have no impact on the financial statements of the Company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.



PAKISTAN PAPER PRODUCTS LIMITED

Standards, amendments and interpretation to existing standards that are not yet effective and have not been early adopted by the Company:

Standard or interpretation	Effective date (annual periods Beginning on or after)
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 7 Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2017
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16 Property, Plant and equipment (Amendments)	January 1, 2016
IAS 19 Employee Benefits (Amendments)	January 1, 2016
IAS 27 Separate Financial Statements (Amendments)	January 1, 2016
IAS 28 investment in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 34 Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38 intangible Assets (Amendments)	January 1, 2016
IAS 41 Agriculture (Amendments)	January 1, 2016

The above changes are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures.

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
IFRS 1 – First-time Adoption of International Financial Reporting Standards
IFRS 9 – Financial Instruments

The following interpretations issued by the IASB have been waived off by SECP.
IFRS 4 – Determining whether an arrangement contains lease
IFRS 12 – Service concession arrangements



2.5. 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. 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.

2.6. Staff retirement benefits

- a) The company operates an approved Provident Fund (defined contribution) scheme applicable to all employees. Monthly contributions are made by the company and the employees equally in accordance with the fund's rules. The company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available. During the year Rs. 1,596,698 (2014: Rs. 1,253,799) has been recognized as an expense.
- b) The company operates a defined benefit plan comprising a funded gratuity scheme covering all permanent employees, under which benefits are paid on cessation of



employment subject to a minimum qualifying period of service. An approved gratuity fund trust is established for the management of the gratuity obligation of the company. Annual contributions are made to the fund based on actuarial recommendations. The actuarial valuations are carried out using Projected Unit Credit Method. Remeasurement charge which comprises of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

2.7. 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 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 14. The depreciation for assets acquired or disposed of during the year is charged from the date of acquisition or upto 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.

2.8. Obligation under finance lease

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

2.9. Sale and lease back transaction

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

2.10. 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.



2.11. 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.

2.12. 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.

2.13. Financial assets

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

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



2.14. Financial liabilities

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

2.15. 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.

2.16. 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.

2.17. 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.

2.18. 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.

2.19. Impairment of non-financial assets

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

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

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

2.20. 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.



3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Trade debtors

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

Income taxes

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

Employee benefits

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

Impairment of assets

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

Depreciable amount and useful lives of fixed assets

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

3.2. Critical judgments in applying the company's accounting policies

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



PAKISTAN PAPER PRODUCTS LIMITED

	2015	2014
	Rupees	Rupees
04. Issued, subscribed and paid-up		
Ordinary shares of Rs. 10/- each fully		
578,000 paid in cash	5,780,000	5,780,000
Ordinary shares of Rs. 10/- each issued		
172,000 for consideration (property) other than cash	1,720,000	1,720,000
Ordinary shares of Rs. 10/- each		
5,250,000 issued as fully paid bonus shares	52,500,000	52,500,000
6,000,000	60,000,000	60,000,000

During the year Nil (2014: Nil) ordinary shares of Rs. 10/- each were issued by the company as fully paid bonus shares. The company has one class of ordinary shares which carry no right to fixed income.

As at year end 680,270 (2014: 680,270) ordinary shares of the company were held by the associated undertaking M/s Management & Enterprises (Private) Limited.

	2015	2014
	Rupees	Rupees
05. Revenue reserves		
General reserve	143,900,000	143,900,000
Un-appropriated profit	118,920,519	82,749,431
	262,820,519	226,649,431
06. Surplus on revaluation of fixed assets		
Surplus on revaluation of leasehold land	188,617,362	188,617,362
Surplus on revaluation of items other than leasehold land	29,816,160	34,055,574
	218,433,522	222,672,936

Building on leasehold land and plant and machinery were revalued by J. B. Severson, ACP in June 1964 resulting an increase over book value of Rs. 99,690 and 216,900 respectively. The whole amount of surplus of Rs. 316,590 was transferred to accumulated profit on account of incremental depreciation charged on these assets in accordance with section 235 of the Companies Ordinance 1984.

On June 30, 2005 the items of property, plant and equipments were revalued by M/s Iqbal A. Nanji & Co., Valuation Consultants (independent valuer). The revaluation resulted in an increase over book value of Rs. 159,583,684 which has been taken to surplus on revaluation account. Revaluation of some other assets resulted in decrease of book value of Rs. 1,191,435. As on April 28, 2014 Property plant and equipment were revalued by K.G Traders (Pvt) Ltd (an independent valuer) which resulted in increase of Rs. 7,922,832. 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:



PAKISTAN PAPER PRODUCTS LIMITED

	Surplus on revaluation of	
	Leasehold land	Items other than leasehold land
	Rupees	
Surplus on June 30, 2012	142,617,362	4,729,759
Realized on disposal of fixed assets	-	(976,298)
Incremental depreciation (net of tax) transferred to accumulated profit	-	(485,548)
Surplus on June 30, 2013	142,617,362	3,267,913
Effect of revaluation of April 2014	46,000,000	48,598,436
Transfer to deferred tax	-	(16,523,468)
Incremental depreciation (net of tax) transferred to accumulated profit	-	(1,287,307)
Surplus on June 30, 2014	188,617,362	34,055,574
Realized on disposal of fixed assets (net of tax)	-	(947,188)
Incremental depreciation (net of tax) transferred to accumulated profit	-	(3,292,226)
Surplus on June 30, 2015	188,617,362	29,816,160
	2015	2014
	Rupees	Rupees
07. Deferred taxation		
These comprise of temporary differences due to:		
Accelerated depreciation	30,679,006	27,020,880
Revaluation of fixed assets	15,875,188	17,890,994
Employees retirement benefits	(2,641,232)	(2,212,426)
	43,912,962	42,699,448
08. Provision for gratuity		
Opening balance	6,507,136	4,663,735
Other comprehensive income	439,592	960,323
Expense recognized	1,498,459	974,580
	8,445,187	6,598,738
Payments during the year	191,336	91,602
Closing balance	8,253,851	6,507,136
As mention in note 2.6, the company operates an unfunded defined benefit plan for its qualifying employees. Under the plan, the employees are entitled to gratuity equal to 50% of final salary for each year of completed service subject to a minimum qualifying service.		
The most recent actuarial valuations were carried out by M/s Sidat Hyder, Consulting Actuaries on July 23, 2015 of the present value of the defined benefit obligation at June 30, 2015. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.		
The principal assumptions used for the purpose of the actuarial valuations were as follows:		
	2015	2014
Discount rate per annum	9.00%	13.25%
Expected rate of eligible salary increase in future years per annum	14.64%	13.25%
Average expected remaining working life time in years of employees	12	12
Changes in the present value of the defined benefit obligation are as follows:		
	2015	2014
	Rupees	Rupees
Present value of defined benefit obligations - start of the year	6,507,136	4,663,735
Interest cost for the year	632,911	404,003
Current service cost for the year	865,548	488,797
Benefits paid during the year	(191,336)	(91,602)
Actuarial loss on present value of defined benefit plan	439,592	960,323
Present value of defined benefit obligations - end of the year	8,253,851	6,507,136



PAKISTAN PAPER PRODUCTS LIMITED

Changes in the actuarial gains/(losses) are as follows:

Unrecognized actuarial gains as on June 30	-	-
Actuarial losses arising during the year	(439,592)	(960,323)
Actuarial (gains)/losses charged to P & L during the year	-	-
	(439,592)	(960,323)

The amounts recognized in the balance sheet in respect of the company's defined retirement benefit plan is as follows:

	2015 Rupees	2014 Rupees
Present value of defined benefit obligation as on June 30	8,253,851	6,507,136
Plus Actuarial gains/Less Actuarial losses to be recognized in later period	-	-
Less Past service cost to be recognized in later period	-	-
Less unrecognized transitional liability to be recognized in later periods	-	-
	8,253,851	6,507,136

The amounts recognized in the profit and loss account in respect of the company's defined retirement benefit plan is as follows:

	2015 Rupees	2014 Rupees
Current service cost	632,911	489,797
Interest cost	895,548	484,883
	1,498,459	974,680

The charge of Rs. 1,048,921 (2014: Rs. 682,276) is included in cost of sales in the income statement, Rs. 449,538 (2014: 292,404) is included in administrative expenses.

Experience Adjustment

Particulars	2015	2014	2013	2012	2011
Defined benefit obligation	8,253,851	6,507,136	4,663,735	3,601,152	2,839,454
fair value of plan assets	-	-	-	-	-
Net defined Benefit Liability	8,253,851	6,507,136	4,663,735	3,601,152	2,839,454
Remeasurement (gain)/loss on obligation	439,592	960,323	635,519	- 358,228	- 90,157
Remeasurement (gain)/loss on plan assets	-	-	-	-	-
	439,592	960,323	635,519	358,228	90,157



PAKISTAN PAPER PRODUCTS LIMITED

Sensitivity Analysis

Particulars	PVDBO Rupees	Percentage change
Current liability	8,253,851	
+1% Discount rate	7,660,361	(7.19) %
-1% Discount rate	8,929,855	8.19%
+1% Salary increase rate	8,963,436	8.60%
-1% Salary increase rate	7,620,715	(7.67)%
+10% Withdrawal rates	8,233,800	(0.24)%
-10% Withdrawal rates	8,274,756	0.25%
1 Year Mortality age set back	8,254,849	0.01%
1 Year Mortality age set forward	8,252,854	(0.01)%

Maturity Profile

Particulars	Undiscounted Payments
Year 1	815,781
Year 2	583,870
Year 3	762,078
Year 4	921,394
Year 5	904,148
Year 6 to Year 10	3,580,601
Year 11 and above	12,542,107

Comparison for five years:

Year	PVDBO	(Gain) / Loss on PVDBO	Transitional Liability	Total
2015	8,253,851	439,592	-	8,693,443
2014	6,507,136	960,323	-	7,467,459
2013	4,663,735	635,519	-	5,299,254
2012	3,601,152	358,228	-	3,959,380
2011	2,639,454	90,157	-	2,729,611

2015
Rupees

2014
Rupees

8.1 Employees Provident Fund

a) Size of the fund	54,933,831	46,885,333
Cost of investment made	26,549,417	26,305,000
Fair value of investments made	28,012,302	26,110,882



PAKISTAN PAPER PRODUCTS LIMITED

	48%	54%
Percentage of investment made		
b) Breakup of investment - at cost		
Investment in interest bearing securities	21,200,000	21,200,000
Investment in mutual fund	5,349,417	4,105,000
c) Investments out of provident trust have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984 and the rules formulated for the purpose.		
	2015	2014
	Rupees	Rupees
09. Long term loans - secured		
Bank Al Habib Limited - Term finance		
Opening balance at start of the year	28,704,636	41,411,684
Acquired during the year	53,535,000	-
	82,239,636	41,411,684
Repayment during the year	(10,131,048)	(12,707,048)
	72,108,588	28,704,636
Less: Current portion shown under current maturity	(20,838,048)	(10,131,048)
	51,270,540	18,573,588

During the year company has obtained term finance facility (TF-III) to the extent of Rs. 53.54 million in addition to Rs. 50.66 million (TF-II) (2014: 50.66) from Bank Al Habib Limited for acquiring machinery. The facility TF-II and TF-III is secured by way of hypothecation charge over acquired imported machinery for Rs. 56.42 million and equitable mortgage over industrial property bearing plot No. D/57 & D/58 at SITE, Karachi registered with SECP for Rs. 169.40 million. The facilities is repayable in sixty equal monthly installments. The facilities carry mark-up 6 months KIBOR plus 1.75%, respectively.

	2015	2014
	Rupees	Rupees
Current maturities		
10. Current portion - long term loan	20,838,048	10,131,048
11. Short term borrowings - secured		
Bank Al Habib Limited - running finance utilized	12,731,499	-

The company enjoys short term finance facilities from Bank Al Habib Limited comprising running finance up to Rs. 60.0 (2014: 60.0) million, Letter of Credit (Sight-Foreign) for Rs. 10.0 million (2014: 10.0) million, Letter of Credit (Usance-Foreign) for Rs. 10.0 (2014: 10.0) million, Acceptance - Sub limit of LC sight foreign for Rs. 10.0 (2014: 10.0) million at Nil margin and Letter of Guarantee for Rs. 5.0 (2014: 5.0) million. The finance is secured against registered hypothecation charge over moveables of the company each for Rs. 30.0 million, registered hypothecation charge over movables and receivables of the company for Rs. 70.0 million, import documents consigned in the name of Bank Al Habib Limited in case of sight LC, accepted drafts / trust receipts in case of usance LC, counter guarantee in case of LG's and equitable mortgage over industrial property bearing No. D-57A & D-58, SITE, Karachi registered with SECP for Rs. 169.40 million. The running finance facility carries markup of 03 months KIBOR plus 2% while other facility carries markup as per bank's schedule of charges.



PAKISTAN PAPER PRODUCTS LIMITED

		2015	2014
		Rupees	Rupees
12. Creditors, accrued and other liabilities			
Trade creditors		15,396,581	22,695,979
Advance from customers		1,112,793	1,225,386
Accrued expenses and other payables		3,244,645	5,523,773
Accrued mark up on running finance		60,810	-
Accrued mark up on short term loans		589,487	889,058
Workers' Profit Participation Fund	12.1	4,023,890	3,765,627
Workers Welfare Fund		1,526,798	1,569,831
Unclaimed dividend		19,550,286	14,866,237
		<u>45,505,300</u>	<u>50,535,891</u>
12.1 Workers' Profit Participation Fund			
Balance at the beginning of the year		3,765,627	3,238,209
Amount paid to the Fund Trustees		2,910,000	2,232,000
Amount deposited with government		349,627	998,209
		<u>3,759,627</u>	<u>3,230,209</u>
		6,000	6,000
Allocation for the year		<u>4,017,890</u>	<u>3,759,627</u>
		<u>4,023,890</u>	<u>3,765,627</u>

13. Contingencies and commitments

13.1 Contingencies

Performance guarantees in favor of customers issued by Bank Al Habib Limited, SITE Branch on behalf of the company aggregating to Rs. 5.4 million (2014: Rs. 5.2 million).

Post dated cheque amounting to Rs. 306,011 issued (2014: 306,011) in favour of Collector of Customs, Port Qasim, Karachi in accordance with SRO 727(I)/2011 dated 01-08-2011.

13.2 Commitments

In respect of letter of credit for import of raw material Rs. 4.5 million (2014: Rs. 9.18 million)

PAKISTAN PAPER PRODUCTS LIMITED



14. Property, plant and equipment

PARTICULARS	COST/REVALUATION						DEPRECIATION				W.D.V. as at 31-03-15	W.D.V. 1-01-2015	
	As at 1-7-2014	Revaluation (+/-)	Additions	Transfer (depose)	As at 30-9-2015	Depreciating Asset %	As at 30-9-2015	For the year	Revaluation revaluation	Transfer (depose)			As at 30-9-2015
Fixed assets													
Land/building	190,000,000	-	-	-	90,000,000	-	190,000,000	-	-	-	-	190,000,000	19,220
Building on leasehold land	-	-	-	-	-	-	-	-	-	-	-	-	-
- Factory	23,885,300	-	304,540	-	20,490,040	10	304,540	23,885,500	0	304,540	23,885,500	17,770,028	
- Office	3,243,300	-	27,530	-	5,493,080	5	271,500	5,241,500	5	307,708	5,117,291	3,592,150	
Plant and machinery	162,371,521	-	70,600,274	-	240,371,795	10	65,378,206	155,302,500	10	20,394,349	220,357,395	165,715,492	
Furniture and fixtures	682,000	-	116,620	-	741,520	10	208,020	335,500	10	78,988	662,530	597,955	
Tools and other equipments	2,287,425	-	447,531	-	2,588,336	10	1,046,336	1,462,000	10	203,306	2,405,661	3,046,892	
Electrical apparatus and fittings	99,100	-	208,937	-	1,282,037	15	449,237	841,000	15	194,749	1,089,294	856,882	
Computers	616,925	-	113,355	-	920,492	30	249,490	669,000	30	314,281	615,099	555,291	
Motor vehicles	12,482,157	-	4,384,400	-	14,282,157	20	7,007,157	7,671,000	20	2,804,472	11,487,285	8,026,122	
Total 2015	410,631,728	-	84,771,287	(2,158,000)	493,244,965		96,327,996	387,910,000		(90,480)	27,762,472	453,493,923	223,967,338

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PAKISTAN PAPER PRODUCTS LIMITED

PARTICULARS	COST EVALUATION							DEPRECIATION					--- Rupees ---		
	As at 1-7-2013	Revaluation (+/-)	Additions	Transfers (deposits)	As at 30-6-2014	Conversion		Rate %	As at 1-7-2013	For the year	Revaluation	Transfers (deposits)	As at 30-6-2014	B.O.V. as at 30-6-2014	B.O.V. as at 30-6-2014
						At cost	At revalued cost								
Owned assets															
Leased land	144,000,000	48,000,000	-	-	180,000,000	-	-	-	-	-	-	-	-	180,000,000	19,200
Buildings/leased land															
- Factory	32,526,877	15,365,307	-	-	25,895,500	-	25,895,500	11	8,754,519	2,494,537	(115,571,913)	-	588,851	25,306,643	19,065,077
- Office	2,728,839	1,417,871	-	-	5,245,500	-	5,245,500	5	591,244	183,780	(726,116)	-	51,618	1,182,882	3,582,971
Plant and machinery	108,698,198	80,312,688	€ 524,321	-	182,311,521	€ 625,271	155,382,520	11	35,712,388	13,994,074	(68,753,287)	-	3,581,430	154,382,051	180,985,585
Furniture and fixtures	704,511	(1,820,711)	88,210	-	652,010	88,210	533,500	11	232,308	51,076	(69,713)	-	11,771	810,229	58,146
Factory and other equipments	2,432,621	(1,750,621)	605,425	-	2,287,425	605,425	1,882,000	11	997,542	246,546	(1,157,989)	-	52,082	1,201,322	2,975,707
Electric equipments and fittings	1,115,816	(308,676)	184,110	(11,000)	984,110	184,110	846,000	15	507,960	(27,207)	617,880	(11,944)	97,013	853,287	891,208
Computers	624,270	(1,32,790)	(28,825)	(11,463)	915,025	128,825	686,000	20	477,450	(78,121)	671,994	(11,326)	71,347	742,384	380,440
Vehicles	10,671,873	(485,068)	2,632,757	(105,229)	12,622,757	2,632,757	1,838,000	20	653,388	1,437,715	(7,028,787)	521,530	683,087	11,728,570	5,209,254
Total	392,518,371	7,297,822	18,580,729	(42,210)	407,951,706	18,580,729	399,651,000		73,628,428	18,824,086	(88,675,594)	942,701	5,444,211	395,181,578	153,482,242

Nil Depreciation charge for the year has been allocated as follows:

Manufacturing
Administration
Sales and service

2015

2014

--- Rupees ---

20,854,538	17,302,216
944,165	812,018
788,882	302,367
22,588,387	18,416,601



PAKISTAN PAPER PRODUCTS LIMITED

14.2 Revaluation of fixed assets

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

As on June 30, 2005, company's property, plant and equipments have been revalued on market value basis assuming the continued use of the same. The revaluation has been carried out by M/s. Iqbal A. Nanji & Co., Valuation Consultants (an independent valuer). These revaluation has resulted in a surplus of Rs. 159,702,623 and deficit of Rs. 1,191,435.

As at April 08, 2014 the properties were revalued by K.G Traders (Pvt) Ltd (an independent valuer) on market value basis as previously used. The revaluation has resulted in a further surplus of Rs. 7,922,832 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 equipments and credited (net of deferred tax) to a surplus on revaluation of fixed assets account. Part of surplus has been applied to set off the revaluation deficit of other assets in accordance with section 235(2) of the Companies Ordinance, 1984.

14.3 The following fixed assets were disposed of during the year:

	Cost Rupees	Accumulated Depreciation Rupees	Book Value Rupees	Sale Proceeds Rupees	Particulars of Buyer
By negotiation					
Vehicle	325,000	292,111	32,889	100,000	Mr. Raees Ahmed
Vehicle	39,200	29,881	9,319	17,000	Mr. Ghulam Sarwar
Vehicle	1,840,140	1,372,697	267,243	900,000	Mr. Syed Nadeem Ahmed
By negotiation					
Factory & Other Equipment	109,250	59,244	50,005	25,000	Bismillah Photo
Total 2015	2,113,590	1,754,133	359,457	1,042,000	
Total 2014	436,203	342,700	93,503	137,000	

	2015 Rupees	2014 Rupees
15. Long term deposits		
Deposit with CDC	12,500	12,500
Shell Pakistan Limited	200,000	200,000
Utility deposits	315,340	312,580
	527,840	525,080
16. Stores and spares		
Stores and spares	2,013,765	2,855,897
	2,013,765	2,855,897



PAKISTAN PAPER PRODUCTS LIMITED

		2015	2014
		Rupees	Rupees
17. Stock in trade			
Raw materials		76,769,576	73,588,245
Work in process		15,264,769	12,553,940
Finished product		10,865,272	7,017,149
		<u>102,899,617</u>	<u>93,159,334</u>
18. Trade debts			
<i>Unsecured - considered good</i>			
Due from customers		101,349,780	82,954,773
Due from associated concern - Sayeed International		13,423	16,843
Due from staff		715	965
		<u>101,363,918</u>	<u>82,972,581</u>
19. Advances and other receivables			
<i>Considered good</i>			
Advances to suppliers		114,319	125,819
Advance against letter of credit	19.1	4,263,371	22,331
Advance to staff		67,439	444,936
Advance income tax (net of tax liability)		23,457,050	12,561,060
Income tax refundable	19.2	10,520,617	676,504
Sales tax refundable		5,810,216	8,428,026
Excise duty refundable		-	103,261
		<u>44,233,012</u>	<u>22,361,939</u>
19.1 Advance against letter of credit			
Letter of credit issued in favor of different suppliers of raw material through Bank Al- Habib Limited.			
19.2 Income tax refund			
Tax year 2011		676,504	676,504
Tax year 2012		9,844,113	-
		<u>10,520,617</u>	<u>676,504</u>
20. Deposits and prepayments			
Other deposit	20.1	8,777,575	1,553,477
Prepayments		158,305	63,660
		<u>8,935,880</u>	<u>1,617,137</u>
20.1			
This includes advance deposit of sales tax amounting to Rs. 7,516,265, to collector MCC Port Qasim Karachi, against consignment of imported machinery.			
21. Investment - held for trading			
ABL - Cash Fund		-	25,270,431

During the year company redeemed 251,674.41 units of ABL Cash Fund at per unit price of Rs. 10.06.



PAKISTAN PAPER PRODUCTS LIMITED

22. Cash and bank balances

Cash at banks (in current accounts)		8,110,889	5,303,330
Cash at banks (in deposit accounts)	22.1	71,397	8,383,221
Factory imprest		75,000	75,000
Cash in hand		65,000	65,000
		<u>8,322,286</u>	<u>13,826,551</u>

22.1 These carries mark-up ranging between 4.25% to 6.25% per annum, (2014: 6.25% to 7.0%) payable monthly.

		2015	2014
		Rupees	Rupees
23. Sales			
Exercise books		268,982,771	230,782,871
Ammonia paper		23,068,312	17,127,441
Prolabies		264,422,706	247,309,209
Plain paper		17,680,726	7,778,736
Printing		6,550	3,500
Sensitized Machine Parts		90,060	45,746
Waste paper		1,275,288	1,298,388
		<u>576,526,913</u>	<u>504,435,891</u>
Discount and return		(193,698)	(123,037)
		<u>576,333,215</u>	<u>504,312,854</u>

The sales are net of sales tax Rs. 55,250,650 (2014: Rs. 22,707,565).

24. Cost of sales

Raw material consumed			
Opening stock		73,588,245	63,191,986
Purchases		366,016,533	322,914,298
Closing stock		(76,769,576)	(73,588,245)
		<u>362,834,202</u>	<u>312,518,039</u>
Salaries, wages and other benefits	24.1	50,376,542	40,275,189
Fuel and power		8,033,579	6,728,292
Spares and stores consumed	24.2	15,311,457	11,264,528
Insurance		1,076,165	1,080,067
Repairs and maintenance		2,736,299	2,042,809
Rent, rates and taxes		198,383	194,204
Telephono and trunk calls		76,437	77,637
Other manufacturing expenses		4,380,872	3,573,643
Depreciation	14.1	20,958,839	17,508,206
Cost of production		<u>465,980,875</u>	<u>395,262,594</u>
Work in process - opening		12,553,940	14,297,090
Work in process - closing		(16,264,769)	(12,553,940)
		<u>(2,710,829)</u>	<u>1,743,150</u>
Cost of goods manufactured		<u>463,270,046</u>	<u>397,005,744</u>
Finished goods - opening		7,017,149	4,247,715
Finished goods - closing		(10,865,272)	(7,017,149)
		<u>(3,848,123)</u>	<u>(2,769,434)</u>
		<u>459,421,923</u>	<u>394,236,310</u>

24.1 This include Rs. 1,048,921 (2014: 682,276) pertaining to retirement benefits.



PAKISTAN PAPER PRODUCTS LIMITED

		2015	2014
		Rupees	Rupees
24.2 Stores and spares consumed			
Opening balance		2,855,897	2,029,334
Purchases		14,469,325	12,091,091
Closing balance		(2,013,765)	(2,855,897)
		<u>15,311,457</u>	<u>11,264,528</u>
25. Other income			
Interest on deposit account		574,213	1,105,794
Gain on disposal of fixed assets	25.1	682,543	43,497
Other income		99,898	114,800
		<u>1,356,654</u>	<u>1,264,091</u>
25.1 Gain on disposal of fixed assets			
Sale proceeds		1,042,000	137,000
Cost		2,113,590	436,203
Less: Accumulated depreciation		1,764,133	342,700
Net book value		359,457	93,503
Gain on disposal		<u>682,543</u>	<u>43,497</u>
26. Administrative expenses			
Directors' fees		100,000	130,000
Chief Executives' remuneration		4,849,364	3,861,926
Staff salaries and benefits	26.1	9,044,537	8,114,190
Rent, rates and taxes		426,902	332,942
Insurance		749,166	741,465
Traveling and conveyance		1,342,597	1,467,650
Postage and telegrams		183,674	118,378
Telephone		377,863	350,431
Electric charges		197,532	173,856
Stationery and periodicals		170,861	196,982
Repairs and renewals		957,973	1,169,616
Legal and professional fees		1,408,926	1,589,514
Stamp duty		227,730	-
Auditors' remuneration	26.2	300,000	300,000
General		583,329	448,596
Software Expense		31,844	30,165
Website Designing & Development		93,331	-
Safety & Security SITE		90,000	-
Advertisement		375,200	155,015
Charity and donation	26.3	802,140	642,747
Depreciation	14.1	944,165	612,019
		<u>23,257,134</u>	<u>20,435,582</u>

26.1 This include Rs. 449,538 (2014: 292,404) pertaining to retirement benefits.



PAKISTAN PAPER PRODUCTS LIMITED

	2015	2014
	Rupees	Rupees
26.2 Auditors' remuneration		
Audit fee	290,000	290,000
Provident fund audit fee	5,000	5,000
Workers' Profit Participation Fund audit fee	5,000	5,000
	<u>300,000</u>	<u>300,000</u>
26.3 Charity and donation		
The Citizen Foundation	200,000	250,000
Anjuman Behbood-E-Samat-E-Afal (ABSA School and College for Deaf)	26.3.1 350,000	350,000
The Kidney Centre	170,000	-
Rotary Club Karachi	70,000	-
Shoukat Khanum Memorial Trust	-	30,000
Others	12,140	12,747
	<u>802,140</u>	<u>642,747</u>
26.3.1 Mrs. Maleika Sayeed, one of the director of the company is interested in Anjuman Behbood-E-Samat-None of the E-Afal, 26-C, DHA Phase-II Ext, Karachi being its Honorary Treasurer. Except this none of the directors or his spouse is interested in the funds of donees.		
	2015	2014
	Rupees	Rupees
27. Selling and distribution expenses		
Staff salaries and benefits	4,688,421	4,185,972
Advertisement and publicity	150,298	329,526
Cartage and forwarding	2,272,646	1,123,195
Vehicle expenses	1,552,181	1,846,668
Tender fees	7,380	10,570
Sales promotion	706,961	657,373
Insurance	240,537	158,635
Depreciation	14.1 798,888	503,861
Utilities	113,334	85,799
Travelling & Conveyance	16,690	19,013
Printing & Stationery	11,335	8,922
Repair and maintenance	17,210	26,550
Others	57,334	260,756
	<u>10,633,115</u>	<u>9,216,840</u>
28. Financial expenses		
Mark-up on short term running finance	1,036,322	233,761
Mark-up on long term loan	2,791,646	3,882,691
Bank and other charges	201,928	154,804
	<u>4,029,896</u>	<u>4,271,256</u>
29. Taxation		
Current year	13,530,990	25,973,463
Prior year	925,162	884,571
Deferred	1,680,039	(1,693,222)
	<u>16,136,191</u>	<u>25,164,812</u>
29.1 Aggregate current and deferred tax relating to items charged or credited to equity		
Deferred tax relating to revaluation of fixed assets	<u>15,875,186</u>	<u>16,523,468</u>



PAKISTAN PAPER PRODUCTS LIMITED

29.2 Tax charge reconciliation

Accounting profit	73,454,645	73,404,202
Tax at the applicable tax rate of 33% (2014: 34%)	24,240,033	24,957,429
Tax effect of expenses that are not deductible in determining taxable profit	-	4,991,486
Tax effect of items that are not deductible in determining accounting profit	(6,315,866)	(5,668,674)
Tax effect of remeasurement of liability	(2,713,138)	-
Tax effect of changes in prior year current tax	925,162	884,571
	16,136,191	25,164,812

29.3 Tax charge reconciliation

	2015	2014
	%	%
Applicable tax rate as per Income Tax Laws	33%	34%
Tax effect of expenses that are not deductible for tax purpose	-	0.068%
Tax effect of items that are deductible for tax purpose	-8.598%	-7.723%
Tax effect of remeasurement of liability	-3.694%	-
Effect of change in prior years' tax	1.260%	1.205%
	21.968%	27.550%

In addition, deferred tax of Rs. 2,015,808 (2014: 663,158) was transferred from retained earnings to revaluation surplus. This relates to the difference between the depreciation on the revalued fixed assets and equivalent depreciation based on the cost of the assets revalued.

	2015	2014
	Rupees	Rupees
30. Cash generated from operation		
Profit before taxation	73,454,645	73,404,202
Adjustment for non cash items and other adjustments:		
Depreciation	22,699,692	18,624,086
Gratuity provision	1,498,459	974,680
Interest income	(574,213)	(1,105,794)
Financial expenses	4,029,896	4,271,256
Gain on disposal of fixed assets	(682,543)	(43,497)
	26,971,291	22,720,731
(Increase)/decrease in current assets		
Stores and spares	842,132	(826,563)
Stock in trade	(9,740,283)	(11,422,543)
Trade debts	(18,391,337)	(12,626,602)
Advances and other receivables	(1,130,970)	6,477,189
Deposits and prepayments	(7,318,743)	(556,872)
	(35,739,201)	(18,955,391)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	(9,476,879)	4,354,207
	55,209,856	81,523,749
31. Cash and cash equivalent		
Cash and bank balance	8,322,286	13,826,551
Short term borrowings - secured	(12,731,499)	-
	(4,409,213)	13,826,551



PAKISTAN PAPER PRODUCTS LIMITED

32. Remuneration of Chief Executive and Director

	2015			2014		
	Chairman Rs.	Chief Executive Rs.	Directors Rs.	Chairman Rs.	Chief Executive Rs.	Directors Rs.
Fees	-	-	100,000	-	-	130,000
Number of persons	1	1	5	1	1	5
Managerial remuneration and allowances	-	2,535,000	-	-	1,950,000	-
Provident fund	-	211,350	-	-	162,500	-
Medical expenses	-	60,626	-	-	104,527	-
House rent	-	1,140,744	-	-	877,500	-
Reimbursable expenses	-	760,000	-	-	536,527	-
	-	4,697,620	-	-	3,631,054	-
Number of persons	1	1	-	1	1	-

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

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

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

33. 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 remuneration and benefits to key management personnel under the term of their employment are as follows:

	2015 Rupees	2014 Rupees
Sales	61,358	61,534
Purchases	325,765	283,900
Rent paid	192,000	123,040

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.

34. Financial Instruments and risk management

Financial Assets - loan and receivable

Maturity up-to one year

	2015 Rupees	2014 Rupees
Trade debts	101,363,918	82,872,581
Advances, deposits, prepayments and other receivables - Others	1,261,310	1,553,477
Investment - held for trade	-	25,270,431
Cash and bank balances	8,322,286	13,826,551
Maturity after one year		
Long term deposits	527,840	525,000
	<u>111,475,354</u>	<u>124,148,130</u>



PAKISTAN PAPER PRODUCTS LIMITED

Financial liabilities-	2015 Rupees	2014 Rupees
<i>Maturity up to one year</i>		
Short term borrowings - secured	12,731,489	-
Current maturities	20,838,048	10,131,048
Creditors, accrued and other liabilities	9,445,630	11,748,239
<i>Maturity after one year</i>		
Retirement benefit obligation	8,253,851	6,507,136
Long term loan	51,276,540	18,573,538
	<u>102,539,568</u>	<u>46,960,051</u>

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

34.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from long term deposits, trade receivables and security deposits. Out of the total financial assets of Rs. 111,335,816 million (2014: Rs. 132,657 million), financial assets which are subject to credit risk amount to Rs. 111,127,419 million (2014: Rs. 123,985 million).

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

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

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

	2015 Rupees	2014 Rupees
Long term deposits	527,840	525,030
Trade debts	101,363,918	82,972,581
Advances, deposits, prepayments and other receivables		
- Others	1,261,310	1,553,477
Investment - held for trade	-	25,270,431
Bank balances	8,182,286	13,686,551
	<u>111,335,354</u>	<u>124,008,130</u>

The ageing of trade receivables at the reporting date is:

Past due	0-30 days	Past due	31 - 60 days	Past due	61 - 90 days	Past due	91 - 120 days	Past due 120 days
	70,772,722		52,468,957		21,881,450		20,066,306	
			7,173,827		768,363		1,570,101	
			768,358				422,538	
			<u>101,363,918</u>				<u>82,972,581</u>	

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

34.2 Liquidity risk

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



PAKISTAN PAPER PRODUCTS LIMITED

	30 June 2015					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
Long term loan - secured	72,108,588	72,108,588	10,419,024	10,419,024	19,149,540	32,121,000
Trade and other payables	18,641,236	18,641,236	18,641,236	-	-	-
Accrued markup	650,297	650,297	650,297	-	-	-
Short term borrowings	12,731,499	12,731,499	12,731,499	-	-	-
2015	104,131,620	104,131,620	42,442,056	10,419,024	19,149,540	32,121,000
	30 June 2014					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
Financial liabilities						
Long term loan - secured	28,704,636	28,704,636	5,065,524	5,065,524	10,131,048	8,442,540
Trade and other payables	28,220,752	28,220,752	28,220,752	-	-	-
Accrued markup	889,057	889,057	889,057	-	-	-
Short term borrowings	-	-	-	-	-	-
2014	57,814,445	57,814,445	34,175,333	5,065,524	10,131,048	8,442,540

34.3 Market risk

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

34.3.1 Currency risk

The company is exposed to currency risk on import of raw materials and stores and spares. The company's exposure to foreign currency risk relates to outstanding letter of credits amounting to Rs. 4.32 million (2014: Rs. 9.18 million).

34.3.2 Interest rate risk

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

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

Financial assets and liabilities includes balances of Rs.71,397 (2014: 8,383,221) and Rs. 84,840,081 (2014: 28,704,636) respectively which are subject to interest rate risk. Applicable interest rates of financial rates have been indicative in respective notes.

At June 30, 2015, if interest rates have been one percent higher/ lower with all other variable held constant, profit after tax would have been Rs. 847,687 (2014: 203,574) lower/ higher, mainly as a result of higher/ lower interest expense/ income from these financial assets/ liabilities.

34.3.3 Other price risk

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

34.4 Fair value of financial instruments

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



PAKISTAN PAPER PRODUCTS LIMITED

35. 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
- (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.

	2015 Rupees	2014 Rupees
36. Earning per share		
Net profit after taxation	<u>57,318,454</u>	<u>48,238,390</u>
Weighted average number of ordinary shares	<u>6,000,000</u>	<u>6,000,000</u>
Basic earning per share	<u>9.55</u>	<u>8.04</u>
Diluted earning per share	<u>9.55</u>	<u>8.04</u>

37. Non-adjusting events after the balance sheet date

In the meeting held on September 21, 2015 the Board of Directors of the company recommended a final cash dividend of Rs. NIL (2014: Nil) per share, in addition to 40% interim cash dividend already paid, amounting to Rs. 24 million (2014: Rs. 18 million).

38. Capacity and production

	Units	Capacity		Production		Remarks
		2015	2014	2015	2014	
a) Exercise books	Gross	58,632	58,632	66,542	55,842	Due to extra shift.
b) Serialized paper	Rolls	216,000	216,000	56,486	48,989	
c) Protobels	Sq. Meter	2,000,000	2,000,000	2,944,592	2,792,742	Due to extra shift.

38.1 The capacity is determined on single shift basis.



PAKISTAN PAPER PRODUCTS LIMITED

39. Number of employees

	2015	2014
Total number of employees- at year end	<u>107</u>	<u>107</u>
Average number of employees	<u>107</u>	<u>107</u>

40. Date of authorization for issue

These financial statements were authorized for issue on September 21, 2015 by the Board of Directors of the Company.

41. Figures

Figures have been rounded off to the nearest rupee.

Date: September 21, 2015
Karachi

MOHAMMAD ALI SAYEED
Chairman

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS
AS ON 30TH JUNE 2015

Number Of Share Holders	Share Holding			Total Shares Held
	From		To	
269	1	-	100	7,521
228	101	-	500	72,650
136	501	-	1,000	112,600
162	1,001	-	5,000	382,081
22	5,001	-	10,000	164,329
2	10,001	-	15,000	26,000
9	15,001	-	20,000	168,533
1	25,001	-	30,000	27,428
1	30,001	-	35,000	31,993
4	35,001	-	40,000	155,793
1	40,001	-	45,000	42,387
1	50,001	-	55,000	50,881
4	55,001	-	60,000	228,599
1	60,001	-	65,000	63,000
1	75,001	-	80,000	76,272
1	100,001	-	105,000	103,200
1	110,001	-	115,000	111,467
1	115,001	-	120,000	120,000
1	120,001	-	125,000	124,569
1	200,001	-	205,000	201,384
1	225,001	-	230,000	226,500
1	405,001	-	410,000	406,025
1	460,001	-	465,000	464,326
1	540,001	-	545,000	542,617
1	565,001	-	570,000	566,545
1	680,001	-	685,000	680,270
1	840,001	-	845,000	843,030
854				6,000,000

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	835	4,081,356	68.02
2	Financial Institutions	3	81,714	1.36
3	Investment Companies	3	717,375	11.96
4	Joint Stock Companies	6	4,471	0.07
5	Insurance Companies	2	321,384	5.36
6	Mutual Fund	3	749,826	12.50
7	Other	2	43,874	0.73
		854	6,000,000	100.00



PAKISTAN PAPER PRODUCTS LIMITED

DETAILS OF PATTERN OF SHAREHOLDING AS ON JUNE 30, 2015 (AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE)

S. No.	Categories Shareholders	Shares Held	% Age
1	Associated Companies	680,270	11.34
	Management & Enterprises (Pvt.) Limited	680,270	
2	NIT & ICP	474,612	7.91
	National Bank of Pakistan-Trustee Department Ni(U)T Fund	464,326	
	Investment Corporation of Pakistan	5,112	
	IDBL (ICP) Unit	5,174	
3	Directors, CEO, their Spouses and Minor Children	2,169,856	36.16
	Mrs. Muleika Sayeed	124,569	
	Mr. Mohammad Ali Sayeed	8,520	
	Mr. Abbas Sayeed	542,617	
	Mr. Asadullah Sayeed	406,025	
	Mr. Abid Sayeed	843,030	
	Mr. Zahid Dada	3,000	
	Mrs. Nadia Sayeed W/o. Abid Sayeed	27,428	
	Mrs. Nusser Sayeed W/o. Abbas Sayeed	111,467	
	Mrs. Faiza Haswary W/o. Asadullah Sayeed	103,200	
4	Executives	Nil	
5	Individuals	1,911,500	31.86
6	Public Sector Companies and Corporation	201,384	3.36
7	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	562,378	9.37
	Total	6,000,000	100.00

Shareholders Holding Five Percent or More In The Company

Mr. Abid Sayeed	843,030	14.05
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	566,545	9.44
Mr. Abbas Sayeed	542,617	9.04
Mr. Asadullah Sayeed	406,025	6.77



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 _____ Folio/CDC Account No. _____
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 53rd ANNUAL GENERAL MEETING of the Company to be held on Tuesday 27th
October 2015 at 12:30 pm and at any adjournment thereof.

Signed this _____ day of _____ 2015

Rs.5/-
Revenue
Stamp

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.



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