

THIRD QUARTER REPORT
MARCH 2019



Clean - Green - Sustainable



Century Paper & Board Mills Limited



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Corporate Information

Board of Directors

Iqbal Ali Lakhani	- Chairman
Amin Mohammed Lakhani	
Anushka Zulfiqar Lakhani	
Tasleemuddin Ahmed Batlay	
Shahid Ahmed Khan	
Kemal Shoaib	
Engr. M. Abdul Jabbar	
Aftab Ahmad	- Chief Executive Officer

Advisor

Sultan Ali Lakhani

Audit Committee

Kemal Shoaib	- Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

Human Resource & Remuneration Committee

Engr. M. Abdul Jabbar	- Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Aftab Ahmad	- Chief Executive Officer

Chief Financial Officer

Muhammad Rashid Dastagir
Email: rashid-dastagir@centurypaper.com.pk

Company Secretary

Mansoor Ahmed
Email: mansoor-ahmed@centurypaper.com.pk

Head Office and Registered Office

Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan.
Phone: (021) 38400000
Fax: (021) 35681163, 35683410
Email: info@centurypaper.com.pk
Website: www.centurypaper.com.pk

Lahore Office

14-Ali Block, New Garden Town, Lahore-54600, Pakistan.
Phone: (042) 35886801-4 Fax: (042) 35830338

Mills

62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan.
Phone: (049) 4511464-5, 4510061-2 Fax: (049) 4510063

External Auditors

BDO Ebrahim & Co.
Chartered Accountants
Email: info@bdoebrahim.com.pk

Shares Registrar

FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S. Shahra-e-Faisal, Karachi.
Phone: (021) 34380101-5 Fax: (021) 34380106
Email: info.shares@famco.com.pk
Website: www.famco.com.pk



Directors' Review

On behalf of the Board of Directors I am pleased to present the performance review of the Company together with the un-audited financial statements for the period ended March 31, 2019.

Operations and Sales Review

The Company produced 170,261 metric tons of paper and paperboard for the period under review (July-March 2019) as compared to 169,532 metric tons of the corresponding period of last year. The capacity utilization of the plant during the period under review stood at 95%. The current quarter (January-March 2019) production stood at 59,250 metric tons as compared to 60,462 metric tons for the corresponding quarter (January-March 2018) of last year. During the current quarter, plant operations suffered for 10 days because of intermittent gas outages.

Company sold 163,633 metric tons during the period under review (July-March 2019) as compared to 160,683 metric tons of the corresponding period of last year. Sales volumes for the current quarter (January-March 2019) stood at 58,098 metric tons as compared to Sales volume of 55,811 metric tons of corresponding quarter (January-March 2018) of last year. Sales volume for the quarter stood highest among all the quarters of the period under review.

In terms of value, the net sales of the Company for the period under review (July-March 2019) registered an increase of 19% and were recorded at Rs. 16.62 billion as compared to Rs. 14.00 billion of the corresponding period of last year mainly due to price adjustments and comparatively better product mix.

Financial Performance

For the period under review (July-March 2019), your Company earned gross profit of Rs. 1,997 million as compared to Rs. 1,866 million of the corresponding period of last year registering an increase of 7%.

Similarly, the operating profit for the period under review (July-March 2019) is recorded at Rs. 1,508 million as compared to Rs. 1,414 million of the corresponding period of last year.

Financial charges for the period stood at Rs. 547 million were considerably higher than corresponding period figure of Rs. 348 million as interest rates are continuously following the upward trajectory on the backdrop of the tightened monetary policy adopted by State Bank since last one year.

Resultantly Company has posted a Profit before tax of Rs.960 million as compared to a Profit before tax of Rs. 1,066 million posted for the corresponding period of last year.

After accounting for taxation, the Company has posted net Profit of Rs. 715 million for the period under review as compared to profit of Rs. 744 million for the corresponding period of last year.

Directors' Review

Earnings per Share

The basic earnings per share (EPS) is reported at Rs. 4.65 as compared to EPS of Rs. 4.71 of the corresponding period of last year. There is no dilution effect on the earnings per share for the period under review and the corresponding period.

Redemption of Preference Shares

During the period, as approved by the Board of Directors, Company has fully redeemed outstanding preference share capital of Rs. 901.21 million along with proportionate dividend thereon up to the date of redemption as per terms, conditions, rights and privileges of preference shares. The terms, conditions, rights and privileges of preference shares were earlier approved by the SECP.

Near Term Outlook

Market demand for your Company's products is stable. Moreover raw material and fuel items prices are showing some respite after touching the peak in previous quarters of the current year. Management is hopeful to close this financial year with some growth in sales volume and necessary price adjustments made to recover some portion of the cost escalations which will enable the Company to hopefully sustain its performance for the second consecutive year.

Government is considering to grant certain waivers to the Industry for out of court settlement of GIDC. We expect that Government will give due credit adjustment for GIDC already paid by the Company.

Acknowledgments

Your Directors appreciate the continued support and commitment of all the stakeholders. They are especially thankful to the Banks and financial institutions. They also wish to acknowledge, hard and sincere work of the staff and employees of the Company.

On behalf of the Board of Directors


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director

Karachi: April 25, 2019



ڈائریکٹرز کا جائزہ

فی شیئر آمدنی

گزشتہ سال اسی مدت کی 4.71 روپے فی شیئر آمدنی کے مقابلے میں گزشتہ مدت (جولائی 2018 تا مارچ 2019) میں 4.65 روپے کی بنیادی فی شیئر آمدنی رپورٹ کی گئی ہے۔ گزشتہ سال اسی مدت کے دوران اور زیر جائزہ مدت کے لیے فی شیئر آمدنی پر کوئی تخلیلی اثر (dilution effect) نہیں ہے۔

ترجیحی شیئرز کی ریڈیمپشن (Preference shares redemption)

کمپنی نے زیر جائزہ مدت کے دوران بورڈ آف ڈائریکٹرز کی منظوری کے مطابق 901.21 ملین روپے کے واجب الادا ترجیحی شیئرز کی رقم، مع ان کے حسب تناسب ڈیویڈنڈ کی مکمل ادائیگی کر لی۔ ترجیحی شیئرز کی شرائط، ضوابط، حقوق اور مراعات ایس ای سی پی (SECP) سے منظور شدہ ہے۔

قریب مدتی منظر نامہ


آپ کی کمپنی کی مصنوعات کی طلب مستحکم ہے۔ مزید برآں خام مال اور ایندھن کی قیمتیں گزشتہ سہ ماہیوں میں اپنی بلند ترین سطح پر پہنچنے کے بعد اب اس میں کمی کا رجحان ہے۔ مینجمنٹ پُر امید ہے کہ فروخت کے حجم میں نمو اور پیداواری لاگت میں اضافے کی وجہ سے قیمت فروخت میں کمی جانے والی تبدیلیوں کی وجہ سے کمپنی گزشتہ سال کی طرح اس سال بھی اچھی کارکردگی دکھائے گی۔

حکومت جی آئی ڈی سی (GIDC) کے معاملے کے حل کے لیے انڈسٹری کو کچھ رعایت دینے پر غور کر رہی ہے۔ ہم اُمید کرتے ہیں کہ گورنمنٹ کمپنی کو پہلے سے ادائیگہ جی آئی ڈی سی (GIDC) کی ایڈجسٹمنٹ بھی دے گی۔

اظہار تشکر

آپ کے ڈائریکٹرز مسلسل تعاون اور عزم پر تمام اسٹیک ہولڈرز کو خراج تحسین پیش کرتے ہیں۔ ہم بینکوں اور تمام مالیاتی اداروں کے خصوصاً شکر گزار ہیں۔ وہ کمپنی کے عملے اور ملازمین کی ان تھک اور پُر خلوص محنت کا بھی اعتراف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


تسلیم الدین احمد باطلے
ڈائریکٹر



آفتاب احمد
چیف ایگزیکٹو آفیسر

کراچی: 25 اپریل، 2019

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2019ء کو ختم ہونے والی تیسری سہ ماہی کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

کاروباری کارکردگی اور سیلنز کا جائزہ

کمپنی نے گزشتہ سال اسی مدت میں 169,532 میٹرک ٹن کے مقابلے میں زیر جائزہ مدت (جولائی 2018 تا مارچ 2019) میں 170,261 میٹرک ٹن پیپر اور پیپر بورڈ تیار کیا۔ زیر جائزہ مدت میں پیداواری شرح 95 فیصد رہی۔ گزشتہ سال اسی سہ ماہی (جنوری تا مارچ 2018) میں 60,462 میٹرک ٹن کے مقابلے میں موجودہ سہ ماہی (جنوری تا مارچ 2019) میں پیداوار 59,250 میٹرک ٹن رہی۔ موجودہ سہ ماہی کے دوران گیس کی غیر متوقع بندش سے پلانٹ کے آپریشن دس (10) دن تک متاثر رہے۔

گزشتہ سال اسی مدت میں 160,683 میٹرک ٹن کے مقابلے میں کمپنی نے زیر جائزہ مدت (جولائی 2018 تا مارچ 2019) میں 163,633 میٹرک ٹن فروخت کا حجم حاصل کیا۔

گزشتہ سال اسی سہ ماہی (جنوری تا مارچ 2018) میں 55,811 میٹرک ٹن فروخت کے حجم کے مقابلے میں موجودہ سہ ماہی (جنوری تا مارچ 2019) میں فروخت کا حجم 58,098 میٹرک ٹن رہا۔ زیر جائزہ سال کے تمام سہ ماہیوں کے موازنے میں فروخت کا حجم موجودہ سہ ماہی میں سب سے زیادہ رہا۔ مالیت کے اعتبار سے زیر جائزہ مدت (جولائی 2018 تا مارچ 2019) کے دوران کمپنی کی نیٹ سیلرز نے 19 فی صد اضافہ درج کرایا اور گزشتہ سال اسی مدت کے 14.00 ارب روپے کے مقابلے میں 16.62 ارب روپے ریکارڈ کروائے جس کی بڑی وجہ موزوں پرائس اینڈ جسٹمنٹس اور مصنوعات کا نسبتاً بہتر امتزاج تھا۔

مالیاتی کارکردگی

آپ کی کمپنی نے گزشتہ سال اسی مدت میں 1,866 ملین روپے کے مقابلے میں 7 فی صد اضافہ کے ساتھ زیر جائزہ مدت (جولائی 2018 تا مارچ 2019) میں 1,997 ملین روپے کا مجموعی منافع کمایا۔

اسی طرح گزشتہ سال اسی مدت میں 1,414 ملین روپے کے مقابلے میں زیر جائزہ مدت (جولائی 2018 تا مارچ 2019) میں 1,508 ملین روپے کا آپریٹنگ منافع ریکارڈ کرایا۔

مالیاتی چارجز گزشتہ سال اسی مدت میں 348 ملین روپے کے مقابلے میں زیر جائزہ مدت (جولائی 2018 تا مارچ 2019) میں 547 ملین روپے ہے۔ اسٹیٹ بینک کی سخت مالیاتی پالیسی شرح سود میں مسلسل اضافے کا باعث بنی۔

نتیجتاً کمپنی نے گزشتہ سال اسی مدت میں 1,066 ملین روپے کے قبل از ٹیکس منافع کے مقابلے میں زیر جائزہ مدت (جولائی 2018 تا مارچ 2019) میں 960 ملین روپے کا قبل از ٹیکس منافع درج کروایا۔

کمپنی نے گزشتہ سال اسی مدت میں 744 ملین روپے کے مقابلے میں زیر جائزہ مدت (جولائی 2018 تا مارچ 2019) میں 715 ملین روپے کا بعد از ٹیکس منافع درج کرایا ہے۔

Condensed Interim Statement of Financial Position

as at March 31, 2019 (Un-audited)

		March 31, 2019	June 30, 2018 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	8	9,004,690	9,122,170
Operating fixed assets	9	569,869	467,547
Capital work in progress		9,574,559	9,589,717
Intangible assets		2,844	2,575
Long-term advances	10	3,039	15,243
Long-term deposits		7,169	5,869
		9,587,611	9,613,404
CURRENT ASSETS			
Stores and spares	11	1,589,205	1,290,040
Stock-in-trade	12	3,127,417	2,897,285
Trade debts (unsecured - considered good)		2,897,718	2,366,324
Loans and advances	13	75,273	68,566
Trade deposits and short term prepayments	14	32,612	88,357
Other receivables		21,469	10,793
Tax refunds due from Government	15	324,432	262,245
Taxation - net		160,025	291,673
Cash and bank balances	16	504,213	415,508
		8,732,364	7,690,791
TOTAL ASSETS		18,319,975	17,304,195
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 410,000,000 (June 30, 2018: 410,000,000) shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital 147,018,345 (June 30, 2018: 147,018,345) ordinary shares of Rs. 10 each		1,470,184	1,470,184
Nil (June 30, 2018: 90,121,351) preference shares of Rs. 10 each	17	-	901,214
Reserves		1,470,184	2,371,398
		4,588,575	4,071,475
		6,058,759	6,442,873
NON - CURRENT LIABILITIES			
Long-term financing	18	3,684,545	2,821,963
Deferred taxation		1,338,281	1,309,460
		5,022,826	4,131,423
CURRENT LIABILITIES			
Trade and other payables	19	2,195,891	2,215,766
Short-term borrowings	20	4,148,533	3,426,688
Interest and mark-up accrued	21	166,831	39,849
Unclaimed dividend		1,684	1,019
Current portion of long-term financing	18	725,451	1,046,577
		7,238,390	6,729,899
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		18,319,975	17,304,195

The annexed notes from 1 to 35 form an integral part of this condensed interim financial information.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED



Condensed Interim Profit and Loss Account

for the period ended March 31, 2019 (Un-audited)

		Nine months ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Note	(Rupees in thousands)			
Sales - net	23	16,616,751	14,000,464	6,034,712	5,109,871
Cost of sales	24	(14,618,823)	(12,134,573)	(5,343,682)	(4,409,422)
Gross profit		1,997,928	1,865,891	691,030	700,449
General and administrative expenses		(352,437)	(310,760)	(111,961)	(99,185)
Selling expenses		(45,731)	(40,156)	(16,329)	(12,475)
Distribution expenses		(64,920)	(51,466)	(24,353)	(19,749)
Other operating charges					
Workers' Profit Participation Fund		(51,597)	(57,213)	(16,780)	(23,769)
Workers' Welfare Fund		(19,607)	(21,741)	(6,377)	(9,032)
Others		(24,166)	(25,150)	(11,065)	(5,232)
		(95,370)	(104,104)	(34,222)	(38,033)
Other income	25	68,569	54,206	25,991	23,059
Operating profit		1,508,039	1,413,611	530,156	554,066
Finance cost	26	(547,309)	(348,312)	(217,714)	(111,487)
Profit before taxation		960,730	1,065,299	312,442	442,579
Taxation					
Current		(211,361)	(175,006)	(68,737)	(63,874)
Prior		(5,519)	(1,421)	(7,001)	-
Deferred		(28,822)	(144,585)	(9,373)	(68,900)
		(245,702)	(321,012)	(85,111)	(132,774)
Profit for the period		715,028	744,287	227,331	309,805
Earnings per share					
- basic and diluted (Rupees)	27	4.65	4.71	1.55	1.98

The annexed notes from 1 to 35 form an integral part of this condensed interim financial information.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer



Condensed Interim Statement of Comprehensive Income


for the period ended March 31, 2019 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in thousands)			
Profit for the period	715,028	744,287	227,331	309,805
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>715,028</u>	<u>744,287</u>	<u>227,331</u>	<u>309,805</u>

The annexed notes from 1 to 35 form an integral part of this condensed interim financial information.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Cash Flow


for the period ended March 31, 2019 (Un-audited)

	Note	March 31, 2019 (Rupees in thousands)	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	1,521,852	1,627,445
Finance cost paid		(424,959)	(315,881)
Taxes paid		(172,350)	(63,571)
Taxes refunded		-	36,481
Gratuity paid		(34,134)	(30,469)
Workers' Profit Participation Fund paid		(76,301)	(48,539)
Long-term advances		12,204	2,129
Long-term deposits		(1,300)	(2,040)
Net cash generated from operating activities		825,012	1,205,555
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(907,469)	(466,426)
Proceeds from sale of property, plant and equipment		7,003	4,219
Net cash used in investing activities		(900,466)	(462,207)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of preference shares		(901,214)	-
Proceeds from long-term financing from Director		-	650,000
Proceeds from long-term financing from associated companies		975,000	-
Proceeds from long-term financing from banking companies		466,277	150,000
Repayment of long-term financing from banking companies		(899,821)	(819,316)
Dividend paid on preference shares		(87,664)	(19,910)
Dividend paid on ordinary shares		(110,264)	(220,407)
Net cash used in financing activities		(557,686)	(259,633)
Net (decrease) / increase in cash and cash equivalents		(633,140)	483,715
Cash and cash equivalents at the beginning of the period		(3,011,180)	(2,613,674)
Cash and cash equivalents at the end of the period		(3,644,320)	(2,129,959)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	504,213	349,246
Short-term borrowings	20	(4,148,533)	(2,479,205)
		(3,644,320)	(2,129,959)

The annexed notes from 1 to 35 form an integral part of this condensed interim financial information.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer




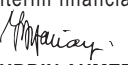
Condensed Interim Statement of Changes in Equity


for the period ended March 31, 2019 (Un-audited)

	Issued, subscribed and paid-up capital		Reserves								Total
			Capital				Revenue			Sub-total	
	Ordinary share capital	Preference share capital	Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit	Total		
(Rupees in thousands)											
Balance as at July 1, 2017	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	267,100	580,326	3,341,627	5,713,025
Total comprehensive income for the period ended March 31, 2018											
Profit for the period	-	-	-	-	-	-	-	744,287	744,287	744,287	744,287
Transaction with owners											
Interim dividend on ordinary shares @ Rs 1.50 per share	-	-	-	-	-	-	-	(220,528)	(220,528)	(220,528)	(220,528)
Cumulative dividend paid on preference shares	-	-	-	-	-	-	-	(19,910)	(19,910)	(19,910)	(19,910)
	-	-	-	-	-	-	-	(240,438)	(240,438)	(240,438)	(240,438)
Balance as at March 31, 2018	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	770,949	1,084,175	3,845,476	6,216,874
Balance as at July 1, 2018	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	996,948	1,310,174	4,071,475	6,442,873
Appropriation of Reserves											
Transfer to general reserve	-	-	-	-	-	-	686,774	(686,774)	-	-	-
Transfer to unappropriated profit	-	-	-	-	-	-	(800,000)	800,000	-	-	-
	-	-	-	-	-	-	(113,226)	113,226	-	-	-
Total comprehensive income for the period ended March 31, 2019											
Profit for the period	-	-	-	-	-	-	-	715,028	715,028	715,028	715,028
Transaction with owners											
Redemption of preference shares	-	(901,214)	-	-	901,214	901,214	-	(901,214)	(901,214)	-	(901,214)
Final dividend on ordinary shares @ Rs 0.75 per share	-	-	-	-	-	-	-	(110,264)	(110,264)	(110,264)	(110,264)
Cumulative dividend paid on preference shares	-	-	-	-	-	-	-	(87,664)	(87,664)	(87,664)	(87,664)
	-	(901,214)	-	-	901,214	901,214	-	(1,099,142)	(1,099,142)	(197,928)	(1,099,142)
Balance as at March 31, 2019	1,470,184	-	1,822,122	7,925	1,832,468	3,662,515	200,000	726,060	926,060	4,588,575	6,058,759

The annexed notes from 1 to 35 form an integral part of this condensed interim financial information.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director
 CENTURY PAPER & BOARD MILLS LIMITED


MUHAMMAD RASHID DASTAGIR
 Chief Financial Officer

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

Century Paper & Board Mills Limited ("the Company") was incorporated in Pakistan as a public limited Company on August 02, 1984 under the repealed Companies Ordinance, 1984 (as substituted by Companies Act, 2017) and its ordinary shares are quoted on Pakistan Stock Exchange. The Company is engaged in manufacturing and marketing of paper, board and related products.

2. GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The mills (plant) of the Company is situated at 62 KM, Lahore, Multan Highway, N-5, District Kasur, Pakistan, and a regional Office of the Company is situated at 14-Ali Block, New Garden Town, Lahore, Pakistan.

3. BASIS OF PREPARATION

3.1 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

This condensed interim financial information of the Company for the nine months ended March 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2018 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2018, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the nine months ended March 31, 2018.

3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

4. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

During the period the Company has redeemed its outstanding preference shares in full amounting to Rs. 901.21 million along with cumulative dividend thereon up to the applicable date of the redemption notice amounted to Rs. 31.58 million.

5. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2018, except as described in note 5.1 and 5.2 below.

This condensed interim financial information includes certain additional disclosures regarding shariah screening of listed companies for Islamic equity index. The Company has voluntarily disclosed information as per the requirements of the Circular No. 29 of 2016 dated September 05, 2016.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 01, 2018. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

5.1 IFRS 9: Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 - Financial Instruments: Recognition and Measurement - for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments:

- Classification and measurement
- Impairment
- Hedge accounting

The Company's financial assets mainly include trade debts, loans, trade deposits and other receivables and these are classified as a financial asset and measured at amortized cost under IFRS 9. There is no change to the initial measurement of the Company's financial assets.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred loss model approach with a forward looking expected credit loss (ECL) approach. Expected credit loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

The Company has applied the standard simplified approach and has calculate ECL based on life time ECL and conducted an exercise to assess the impairment of its financial assets using historical data and forward looking information. Based on such exercise, the Company has concluded that the impact of impairment on its financial assets (if any) is not material to this condensed interim financial information.

5.2 IFRS 15: Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 01, 2018. This standard has replaced IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

The IFRS 15 establish a five-step mode to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Company has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material to this condensed interim financial information.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

6. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2018.

7. TAXATION

The provisions for taxation for the period and quarter ended March 31, 2019, have been made using the estimated effective tax rate applicable to expected total annual earnings.

The applicable income tax rate was reduced from 30% to 29% for the Tax Year 2019 on account of the changes made to the Income Tax Ordinance, 2001 through Finance Act 2018.

	Note	March 31, 2019	June 30, 2018 (Audited)
(Rupees in thousands)			
8. OPERATING FIXED ASSETS			
Opening net book value (NBV)		9,122,170	9,420,548
Additions during the period / year at cost	8.1	613,003	694,765
		9,735,173	10,115,313
Disposals during the period / year at NBV	8.2	(4,221)	(5,904)
Depreciation charge for the period / year		(726,262)	(987,239)
		(730,483)	(993,143)
Closing net book value (NBV)		9,004,690	9,122,170

8.1 Detail of additions (at cost) during the period / year are as follows:

Buildings on freehold land	1,519	66,180
Leasehold improvements	-	11,719
Plant and machinery	545,010	564,718
Furniture and fixtures	99	1,053
Vehicles	50,373	34,272
Electrical and other equipments	8,980	4,823
Computers	7,022	12,000
	613,003	694,765

8.2 Detail of disposals (at NBV) during the period / year are as follows:

Vehicles	4,221	5,904
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8.3 The free hold land is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur and area of land is 158.5 acres.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

		March 31, 2019	June 30, 2018 (Audited)
	Note	(Rupees in thousands)	
9. CAPITAL WORK IN PROGRESS			
Civil works		10,016	5,418
Plant and machinery		557,978	371,619
Advances to suppliers		1,875	90,510
		<u>569,869</u>	<u>467,547</u>
9.1 Movement of carrying amount is as follows:			
Opening balance		467,547	302,278
Additions (at cost) during the period / year	9.1.1	485,481	794,932
		<u>953,028</u>	<u>1,097,210</u>
Transfer to operating fixed assets during the period / year		(383,159)	(629,663)
Closing balance		<u>569,869</u>	<u>467,547</u>
9.1.1 This includes borrowing costs capitalized amounting to Rs. 4.63 million (June 30, 2018: Rs. 1.23 million) at an average rate of 4.94% per annum (June 30, 2018: 5.85%).			
10. LONG-TERM ADVANCES			
(Unsecured - considered good)			
Long-term advances to suppliers	10.1	<u>3,039</u>	<u>15,243</u>
10.1 This represents advances to suppliers against purchases of vehicles in the normal course of business which does not carry any interest / mark-up.			
11. STORES AND SPARES			
In hand			
Stores	11.1	<u>1,114,986</u>	<u>883,914</u>
Spares		<u>376,639</u>	<u>383,591</u>
		<u>1,491,625</u>	<u>1,267,505</u>
In transit	11.2	<u>142,890</u>	<u>63,345</u>
		<u>1,634,515</u>	<u>1,330,850</u>
Provision for slow moving stores and spares		(45,310)	(40,810)
		<u>1,589,205</u>	<u>1,290,040</u>
11.1 This includes fuel for power and steam generation amounting to Rs. 338.46 million (June 30, 2018: Rs. 286.49 million).			
11.2 This includes coal in transit amounting to Rs. 111.95 million (June 30, 2018: Rs. 27.02 million).			

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

	Note	March 31, 2019 (Rupees in thousands)	June 30, 2018 (Audited)
12. STOCK-IN-TRADE			
Raw materials			
in hand		1,846,961	1,281,499
in transit		523,514	808,715
		<u>2,370,475</u>	<u>2,090,214</u>
Work-in-process		105,589	58,857
Finished goods		651,353	748,214
		<u>3,127,417</u>	<u>2,897,285</u>
13. LOANS AND ADVANCES			
(Unsecured - considered good)			
Loans			
Current portion of long-term loans		-	6
Advances			
to employees		4,632	1,680
to suppliers		70,641	66,880
		<u>75,273</u>	<u>68,560</u>
	13.1	<u>75,273</u>	<u>68,566</u>
13.1 This represents loans and advances in the normal course of the business and do not carry any interest / mark-up.			
14. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits	14.1	1,615	2,195
Prepayments		30,997	86,162
		<u>32,612</u>	<u>88,357</u>
14.1 This represents short term deposits in the normal course of the business and do not carry any interest / mark-up.			
15. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax	15.1	308,369	221,251
Sales tax	15.2	16,063	40,994
		<u>324,432</u>	<u>262,245</u>
15.1 The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated March 04, 2019 has determined the net tax payable of Rs. 68 million by disallowing the adjustment of minimum tax of Rs. 215 million for previous years.			

The Company has filed an appeal before Commissioner Inland Revenue (Appeals) against the said Order. The Company believes that the case will be decided in favor of the Company and the legal advisor of the Company has also concurred with the management view. However, The Company has made the payment against tax demand of Rs. 68 million.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

15.2 This includes Rs. 16.06 million paid against demands raised by the Assistant Commissioner -IR (Audit) in respect of sales tax input not allowed as result of audit of sales tax returns for the Tax Year 2015 and for the period from July 18 to September 18. The Company has filed appeals against respective orders before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act, 1990.

	March 31, 2019	June 30, 2018 (Audited)
	(Rupees in thousands)	
16. CASH AND BANK BALANCES		
Cash at bank in current account		
Conventional mode	28,702	223,072
Cheques in hand	473,675	188,734
Cash in hand	1,836	3,702
	<u>504,213</u>	<u>415,508</u>
17. PREFERENCE SHARES		
Original issue size (fully paid in cash)	3,004,046	3,004,046
Redeemed	(2,253,035)	(1,351,821)
Converted into ordinary shares	(751,011)	(751,011)
Balance outstanding	<u>-</u>	<u>901,214</u>

17.1 During the period the Company has redeemed their outstanding preference shares in full amounting to Rs. 901.21 million along with proportionate cumulative dividend of Rs. 31.58 million. Dividend was payable at rate of six months KIBOR plus 1% per annum upto the applicable date of redemption notice on prorated basis. Redemption was made in compliance with the terms, conditions and rights and privileges of preference shares.

18. LONG TERM FINANCING

From banking companies

Utilized under mark-up arrangements financed by:

Islamic mode

Meezan Bank Limited - Musharaka - 1	18.1	75,000	300,000
Meezan Bank Limited - Musharaka - 2	18.2	375,000	487,500
		<u>450,000</u>	<u>787,500</u>

Conventional mode

Syndicated - Consortium of Banks	18.3	750,000	975,000
Allied Bank Limited - Term Loan - 1	18.4	-	225,000
Allied Bank Limited - Term Loan - 2	18.5	241,825	150,000
Allied Bank Limited - Term Loan - 3	18.6	133,171	81,040
Allied Bank Limited - Term Loan - 4	18.7	210,000	-
		<u>1,334,996</u>	<u>1,431,040</u>
		<u>1,784,996</u>	<u>2,218,540</u>

From associated

SIZA Commodities (Private) Limited - 1	18.8	1,000,000	1,000,000
SIZA Commodities (Private) Limited - 2	18.9	100,000	-
SIZA (Private) Limited	18.9	625,000	-
SIZA Services (Private) Limited	18.9	250,000	-
		<u>1,975,000</u>	<u>1,000,000</u>

From Director - unsecured

	18.10	650,000	650,000
		<u>4,409,996</u>	<u>3,868,540</u>

Current portion:

Islamic mode		(225,000)	(450,000)
Conventional mode		(500,451)	(596,577)
		<u>(725,451)</u>	<u>(1,046,577)</u>
		<u>3,684,545</u>	<u>2,821,963</u>

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

- 18.1 This represents Diminishing Musharaka Arrangement with Meezan Bank Limited amounting to Rs. 1,500 million. The tenor of the facility is six years including one year grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from August 2014.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over the assets pertaining to Board Machine (PM-7) with 25% margin.

The rate of mark up is equal to base rate plus 0.50% (June 30, 2018: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 8.60 % (June 30, 2018: 6.71%) per annum.

- 18.2 This represents Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.50% (June 30, 2018: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 9.03% (June 30, 2018: 6.73%) per annum.

- 18.3 This represents Syndicated Term Financing Arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.50% (June 30, 2018: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 9.03% (June 30, 2018: 6.73%) per annum.

- 18.4 This term finance facility has been fully repaid during the period at its maturity date. During the period, the effective mark up rate was 8.43% (June 30, 2018: 6.71%) per annum.

- 18.5 This term finance facility has been obtained from Allied Bank Limited amounting to Rs. 350 million specifically for Gas Turbine Generators. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments commencing from September 2018.

This term loan is secured by way of mortgage of all present and future plant and machinery and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.20% (June 30, 2018: 0.20%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 8.74% (June 30, 2018: 6.52%) per annum.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

- 18.6 The Company has approved term finance facility from Allied Bank Limited under Financing Scheme of the State Bank of Pakistan for Renewal Energy (Category II) amounting to Rs. 200 million specifically for Solar Grid Panels. Company has made first drawdown of Rs. 81.04 million in June 2018 and second drawdown of Rs. 60.81 million has been made in January 2019. The tenor of the loan is seven years and are repayable in 28 equal installments commencing from September 2018 and April 2019 respectively.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin. The rate of mark up is fixed at 2.75%.

- 18.7 This term finance facility has been sanctioned from Allied Bank Limited amounting to Rs. 350 million specifically for Gas Turbine Generators. The Company has made a drawdown of Rs. 210 million. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments commencing from December 2019.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.20%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 11.08%.

- 18.8 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company, amounting to Rs. 1,000 million. The loan is repayable in July 2021. The rate of mark up is 0.50% (June 30, 2018: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective mark up rate was 9.15% (June 30, 2018: 6.74%) per annum.

- 18.9 This represents loans obtained from SIZA (Private) Limited, SIZA Services (Private) Limited and SIZA Commodities (Private) Limited amounting to Rs. 625 million, Rs. 250 million and Rs. 100 million respectively. These loans are repayable in July 2021. The rate of mark up is 0.50% over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective mark up rate was 10.41% per annum.

- 18.10 The loan has been obtained from Sponsor Director of the Company, Mr. Iqbal Ali Lakhani, amounting to Rs. 650 million. The loan is unsecured and the tenor of the loan is two years. The rate of mark up is 0.50% (June 30, 2018: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective mark up rate was 9.08% (June 30, 2018: 6.77%) per annum.

		March 31, 2019	June 30, 2018 (Audited)
	Note	(Rupees in thousands)	
19. TRADE AND OTHER PAYABLES			
Creditors		603,088	634,381
Foreign bills payable		334,602	468,687
Accrued liabilities	19.1	841,845	735,927
Sales tax and special excise duty		98,594	-
Customers' balances		40,124	101,332
Gratuity payable		69,065	77,494
Workers' Profit Participation Fund payable		51,597	76,301
Workers' Welfare Fund payable		38,052	36,956
Provident fund payable		7,778	6,771
Other liabilities		111,146	77,917
		2,195,891	2,215,766

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

19.1 This includes an amount of Rs.607.59 million (June 30, 2018: Rs. 518.93 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On appeal filed by the Company, the High Court of Sindh declared the GIDC Act 2015 as null and void through its judgement dated October 26, 2016. Subsequently, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgement till the disposal of appeal. The matter is pending for hearing of appeal. However, the Company has recorded a provision in the financial statements against GIDC in arrear as on March 31, 2019.

		March 31, 2019	June 30, 2018 (Audited)
	Note	(Rupees in thousands)	
20. SHORT TERM BORROWINGS			
From banking companies - secured			
Running finances			
Islamic mode		451,207	226,378
Conventional mode		3,697,326	2,390,970
	20.1	4,148,533	2,617,348
Short term loan - Conventional mode	20.3	-	809,340
		4,148,533	3,426,688

20.1 The Company has available aggregate short term running finance facilities amounting to Rs. 6,575 million (June 30, 2018: Rs. 4,485 million). Mark up rates are linked with KIBOR from one to three months plus spread ranging from 0.15% to 1.50% per annum (June 30, 2018: from 0.30% to 1.25% per annum).

20.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs. 3,620 million (June 30, 2018: Rs. 3,130 million).

20.3 This loan has been repaid during the period at maturity on November 2018.

20.4 Subsequent to period end, a loan has been obtained from Standard Chartered Bank - Dubai International Finance Center branch through Standard Chartered Bank (Pakistan) Limited amounting to USD 12.00 million equivalent to fixed amount of Rs. 1.7 billion for meeting working capital requirements. The tenor of the loan is six months i.e. from April 11, 2019 to October 10, 2019. The price of loan is six months KIBOR minus 32 bps. As per the terms of agreement, Standard Chartered Bank (Pakistan) Limited has obtained forward cover on behalf of the Company to hedge foreign currency risk.

21. INTEREST AND MARK UP ACCRUED

Mark up accrued on:

Long-term financing from Banks

 Islamic mode

 Conventional mode

6,430	7,192
12,262	9,419

18,692 16,611

From associated undertakings / Director

 Conventional mode

64,711 -

83,403 16,611

Short-term borrowings from Banks

 Islamic mode

 Conventional mode

14,858	3,128
68,570	20,110

83,428 23,238

166,831 39,849



Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 681 million (June 30, 2018: Rs. 591 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 140 million (June 30, 2018: Rs. 100 million) furnished to Excise and Taxation Department during the period.

b) Sales tax

- 1) The Additional Commissioner Enforcement-I, Punjab Revenue Authority issued a show cause notice bearing no. PRA/SC/WH/937 on June 07, 2018. The Deputy Commissioner Enforcement vide his order no. PRA/ST/WH/008 dated November 02, 2018 has determined the liability of Rs. 140 million on account of withholding sales tax under Punjab Sales Tax on Services Act 2012 for the period from July 01, 2015 to June 30, 2017.

The Company filed an appeal before the Commissioner (Appeals) Punjab Revenue Authority dated December 22, 2018 against the order passed by the Additional Commissioner Enforcement-I with the plea that this order was adversely decided against the Company without considering the explanation provided by the Company which is pending adjudication.

The management is of the opinion, based on the advice of legal adviser that the decision is likely to be in the favor of the Company and accordingly, no provision has been made in this condensed interim financial information.

- 2) Five cases of inadmissible input sales tax amounting to Rs. 94.45 million were adjudicated against the Company by the Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases were remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify compliance of the Company with the relevant provision of the Sales Tax Act, 1990. No provision has been made in the condensed interim financial information as the management is of the opinion, based on advice of tax adviser, that the decision is likely to be in the favor of the Company.

c) Gas Infrastructure Development Cess - GIDC

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 339.81 million (June 30, 2018: Rs. 254.29 million) on account of late payment surcharge on GIDC of Rs. 607.59 million (Note 19.1) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On the appeal filed by the Company, the Honorable High Court of Sindh by their judgement, suspended the levy and declared the GIDC Act 2015 as null and void. Subsequent to the judgment, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgement till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh.

No provision has been made in this condensed interim financial information for late payment surcharge as the management is of the opinion, based on advice of legal adviser that the Company is not liable to pay late payment surcharges and expects that the decision is likely to be in the favor of the Company.

22.2 Commitments

The Company's commitments as at statement of financial position date are as follows:

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

- Letters of credit other than for capital expenditure at the end of the period amounted to Rs. 934.13 million (June 30, 2018: Rs. 1,629.57 million).
- Capital expenditure including letters of credit amounted to Rs. 94.96 million (June 30, 2018: Rs. 105.76 million).

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in thousands)			
23. SALES				
Gross sales	19,417,819	16,382,616	7,050,247	5,978,648
Sales tax	(2,801,068)	(2,382,152)	(1,015,535)	(868,777)
	<u>16,616,751</u>	<u>14,000,464</u>	<u>6,034,712</u>	<u>5,109,871</u>
24. COST OF SALES				
Materials consumed	9,502,737	8,010,230	3,419,843	2,959,663
Fuel and power	2,700,579	2,101,580	989,040	840,494
Depreciation on property, plant and equipment	698,154	703,325	234,648	247,007
Salaries, wages and other benefits	649,243	572,761	227,076	194,080
Repairs, maintenance and stores consumption	592,383	517,053	199,095	169,861
Packing expenses	346,720	304,294	117,999	111,978
Insurance	62,765	59,271	22,038	20,292
Provision for slow moving stores and spares	4,500	4,500	1,500	1,500
Rent rates and taxes	11,613	8,376	3,953	4,424
Manufacturing cost	14,568,694	12,281,390	5,215,192	4,549,299
Work-in-process				
Opening stock	58,857	96,961	122,439	94,338
Closing stock	(105,589)	(92,365)	(105,589)	(92,365)
	<u>(46,732)</u>	<u>4,596</u>	<u>16,850</u>	<u>1,973</u>
Cost of goods manufactured	14,521,962	12,285,986	5,232,042	4,551,272
Finished goods				
Opening stock	748,214	336,485	762,993	346,048
Closing stock	(651,353)	(487,898)	(651,353)	(487,898)
	<u>96,861</u>	<u>(151,413)</u>	<u>111,640</u>	<u>(141,850)</u>
	<u>14,618,823</u>	<u>12,134,573</u>	<u>5,343,682</u>	<u>4,409,422</u>
25. OTHER INCOME				
Sale of scrap	49,695	43,832	21,219	19,653
Insurance agency commission from associated company	9,900	9,000	3,900	3,000
Gain on sale of operating fixed assets – net	2,781	992	754	156
Liabilities no longer payable written back	5,120	-	-	-
Others	1,073	382	118	250
	<u>68,569</u>	<u>54,206</u>	<u>25,991</u>	<u>23,059</u>

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018 (Rupees in thousands)	March 31, 2019	March 31, 2018
26. FINANCE COST				
Long-term financing - Banks				
Islamic mode	57,948	56,734	29,713	18,334
Conventional mode	68,199	80,574	10,578	24,223
	126,147	137,308	40,291	42,557
Long term loan - associated undertakings / Director	155,321	70,742	71,522	27,096
	281,468	208,050	111,813	69,653
Short term borrowings				
Islamic mode	22,414	8,385	14,799	3,403
Conventional mode	233,551	122,188	90,298	37,340
	255,965	130,573	105,097	40,743
Short term loan - associated undertakings / Director	4,862	-	-	-
	260,827	130,573	105,097	40,743
Workers' Profit Participation Fund	899	987	-	-
Net exchange loss on import credit finances - Conventional mode	-	5,121	-	-
Bank charges and commission	4,115	3,581	804	1,091
	547,309	348,312	217,714	111,487

27. EARNINGS PER SHARE - BASIC AND DILUTED

The basic earnings per share as required under "IAS 33 Earnings per share" is given below:

Profit for the period	715,028	744,287	227,331	309,805
Less: Dividend attributable to cumulative preference shares	(31,584)	(51,281)	-	(18,525)
Profit attributable to ordinary shareholders	683,444	693,006	227,331	291,280
Weighted average number of ordinary shares (in thousands)	147,018	147,018	147,018	147,018
Basic earnings per share (Rupees)	4.65	4.71	1.55	1.98

There is no dilutive effect on the basic earnings per shares of the Company.

	Note	March 31, 2019 (Rupees in thousands)	March 31, 2018
28. CASH GENERATED FROM OPERATIONS			
Profit before taxation		960,730	1,065,299
Adjustment for non cash charges and other items:			
Depreciation		726,263	729,699
Amortization of intangible assets		1,130	769
Gain on sale of operating fixed assets		(2,781)	(992)
Provision for gratuity		25,705	21,804
Provision for slow moving stores and spares		4,500	4,500
Workers' Profit Participation Fund		51,597	57,213
Finance cost		547,309	348,312
Working capital changes	28.1	(792,601)	(599,159)
		561,122	562,146
		1,521,852	1,627,445

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

March 31,
2019 March 31,
2018
(Rupees in thousands)

28.1 Changes in working capital

(Increase) / decrease in current assets		
Stores and spares	(303,665)	86,276
Stock-in-trade	(230,132)	(312,894)
Trade debts	(531,394)	(649,193)
Loans and advances	(6,707)	(10,676)
Trade deposits and short-term prepayments	55,745	55,653
Other receivables	(10,676)	(2,926)
Tax refunds due from Government	24,931	-
	(1,001,898)	(833,760)
Increase in current liabilities		
Trade and other payables	209,297	234,601
	(792,601)	(599,159)

29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Nature of transaction	Nature of Relation	Basis of Relation	Nine months ended		Quarter ended	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(Rupees in thousands)						
Sale of goods, Services and Reimbursement of expenses						
Merit Packaging Limited	Associated company	Common Director	1,362,871	1,145,004	448,175	425,779
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	482,214	429,924	178,004	145,682
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	440	2,302	120	2,210
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	2,569	-	2,569
Cyber Internet Services (Private) Limited	Associated company	Common Director	999	1,439	333	1,195
Sybrid (Private) Limited	Associated company	Common Director	-	472	-	472
Purchase of goods, Services and Reimbursement of expenses						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	56,868	39,350	14,241	9,497
Merit Packaging Limited Lakson Business Solutions Limited	Associated company	Common Director	21,230	22,378	9,762	5,941
Hassanali and Gulbanoo Lakhani Foundation	Associated company	Common Director	3,610	3,149	1,234	1,084
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	2,145	2,127	484	510
Princeton Travels (Private) Limited	Associated company	Common Director	13,602	10,918	6,108	2,783
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	2,675	2,321	891	774

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Nine months ended		Quarter ended	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(Rupees in thousands)						
Cyber Internet Services (Private) Limited	Associated company	Common Director	2,311	1,312	492	451
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	797	570	141	273
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	131	102	18	46
Express Publications (Private) Limited	Associated company	Common Management	326	3,333	37	1,814
SIZA Foods (Private) Limited	Associated company	Common Director	402	299	157	143
Sybrid (Private) Ltd.	Associated company	Common Director	157	-	157	-
Rent and other allied charges						
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	4,747	4,395	1,632	1,543
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	2,361	1,985	729	662
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	465	456	160	161
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	116	164	41	38
Insurance Agency Commission						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	9,900	9,000	3,900	3,000
Donation						
The Layton Rahmatulla Benevolent Trust	Related Party	Trustee	500	1,000	-	500
Mark-up accrued						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	72,572	49,920	29,971	16,422
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	27,451	-	17,029	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	10,981	-	6,812	-
Mr. Iqbal Ali Lakhani	Director	Directorship	44,317	20,822	17,710	10,674
Long term loan Obtained						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	100,000	-	-	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	625,000	-	-	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	250,000	-	-	-
Mr. Iqbal Ali Lakhani	Director	Directorship	-	650,000	-	100,000

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

<u>Nature of transaction</u>	<u>Nature of Relation</u>	<u>Basis of Relation</u>	<u>Nine months ended</u>		<u>Quarter ended</u>	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(Rupees in thousands)						
Dividend on Ordinary Shares						
Premier Fashions (Private) Limited	Associated company	Common Director and 8.43% shares held	9,293	18,586	-	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	30,113	60,226	-	-
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	9,375	18,749	-	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	24,461	48,922	-	-
Dividend on Preference Shares						
Premier Fashions (Private) Limited	Associated company	Common Director and 8.43% shares held	7,419	1,685	-	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	51,847	11,775	-	-
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	8,871	2,015	-	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	19,528	4,435	-	-
Others						
Contribution to Staff Retirement Benefit Plans	Employees Fund		66,111	59,799	22,543	19,715
Remuneration and other benefits	Key Management Personnel		152,193	140,668	54,060	47,337
			March 31, 2019		June 30, 2018	
(Rupees in thousands)						
(Audited)						

29.1 Period / year end balances

Receivable from related parties	589,944	343,025
Payable to related parties	18,172	88,972
Payable to retirement benefit plan	76,844	84,265
Markup accrued – Long Term Finance from Associated Companies	47,000	-
Markup accrued – Long Term Finance from Director	17,710	-
Long-term financing from associated undertaking / Director	2,625,000	1,650,000

29.2 The current and corresponding period figures includes remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year as stipulated in Companies Act, 2017.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2019 (Un-audited)

30. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2018.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

Transfers during the period

During period ended March 31, 2019, there were no transfers between level 1 and level 2 fair value measurement and into or out of Level 3 fair value measurements.

32. NUMBER OF EMPLOYEES

- a) The number of employees as at nine months ended March 31, 2019 was 1,646 (June 30, 2018: 1,646) and average number of employees during the period was 1,655 (June 30, 2018: 1,634).
- b) The number of factory employees as at nine months ended March 31, 2019 was 1,547 (June 30, 2018: 1,548) and average number of factory employees during the period was 1,556 (June 30, 2018: 1,536).

33. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 25, 2019 by the Board of Directors of the Company.

34. CORRESPONDING FIGURES


Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

35. GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED

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