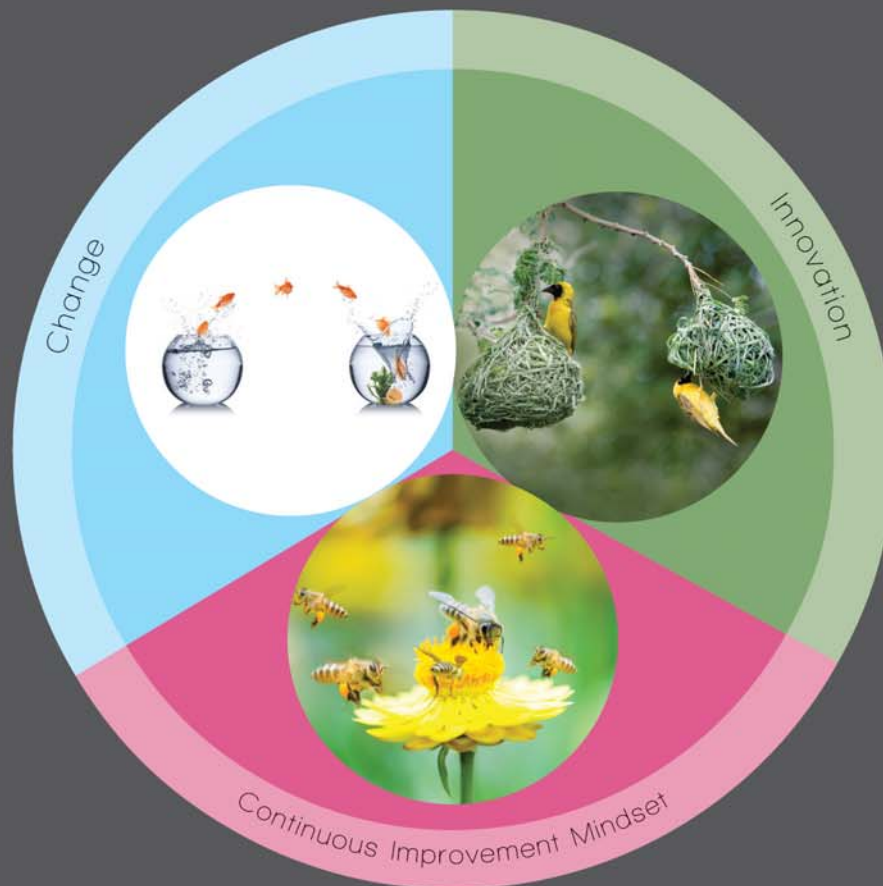




Century Paper & Board Mills Limited

Strive Together For Excellence



First Quarter Report September 2016

Clean Green Sustainable

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Corporate Information

Board of Directors

Iqbal Ali Lakhani	- Chairman
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Kemal Shoaib	
Muhammad Imran Rafiq	- Nominee Director (NIT)
Shahid Ahmed Khan	
Aftab Ahmad	- Chief Executive Officer

Advisor

Sultan Ali Lakhani

Audit Committee

Kemal Shoaib	- Chairman
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

Human Resource and Remuneration Committee

Zulfiqar Ali Lakhani	- Chairman
Tasleemuddin Ahmed Batlay	
Aftab Ahmad	

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) 35698000
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, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S. Shahra-e-Faisal, Karachi.
Phone: (021) 34380101-2 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 your Company together with the un-audited financial statements for the first quarter ended September 30, 2016.

Company's Operating Performance

The Company produced 45,869 metric tons during the quarter under review (July-September 2016) as compared to 44,920 metric tons of the corresponding quarter of last year. The capacity utilization for the quarter under review stood at 76%.

Sales Review

The Company sold 44,886 metric tons of its products for the quarter under review (July-September 2016) as compared to 40,100 metric tons of the corresponding quarter of last year showing an increase of 12%. Additional sales volumes have been achieved by downward revision of the selling prices of different products. Resultantly, in terms of value, the net sales of the Company for the quarter under review (July-September 2016) increased to Rs. 3,214 million as compared to Rs. 3,056 million of the corresponding quarter of last year showing an increase of 5%.

Financial Performance

For the quarter under review (July-September 2016), the Company posted gross profit of Rs. 261 million as compared to Rs. 211 million of the corresponding quarter of last year registering an increase of 24%. The increase in gross profit is mainly because of additional sales volumes.

The net operating profit for the quarter under review (July-September 2016) is recorded at Rs. 154 million as compared to Rs. 101 million of the corresponding quarter of last year.

After taking into account financial charges of Rs. 104 million the Company has posted a profit before tax of Rs. 50 million as compared to loss before tax of Rs. 4 million for the corresponding quarter of last year.

After accounting for tax, the Company has made a Profit of Rs. 35 million for the quarter under review as compared to a Loss of Rs. 3 million for the corresponding quarter of the last year.

Directors' Review

Earnings per Share

The basic earnings per share is reported at Rs. 0.13 as compared to basic loss per share of Rs. (0.14) of the comparable quarter of the previous year. There is no dilution effect on the earnings per share for the quarter under review and corresponding quarter of the last year.

Near Term Outlook

Latest rising trend in coal prices in international market is likely to exert pressure on gross margins. Nonetheless management of the Company will continue to focus all its energies to maintain the profitability by further increasing its market share.

We are also optimistic of positive outcome on applications filed by the Company with the NTC for the imposition of anti-dumping duties on paperboard as the issues relating to formation of National Tariff Commission (NTC) has been resolved by the Government.

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

Karachi: October 27, 2016



بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2016ء کو ختم ہونے والی پہلی سہ ماہی کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

کارکردگی کا جائزہ

گزشتہ سال کی اسی سہ ماہی میں 44,920 میٹرک ٹن پیداوار کے مقابلے میں زیر جائزہ سہ ماہی (جولائی تا ستمبر 2016) کے دوران کمپنی کی پیداوار 45,869 میٹرک ٹن رہی۔ زیر جائزہ سہ ماہی کے تحت گنجائش سے استفادے کی شرح 76 فی صد رہی۔

فروخت کا جائزہ

آپ کی کمپنی نے گزشتہ سال کی اسی سہ ماہی میں 40,100 میٹرک ٹن پیداوار کے مقابلے میں زیر جائزہ سہ ماہی (جولائی تا ستمبر 2016) کے دوران 44,886 میٹرک ٹن پیداوار کر کے گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 12 فی صد اضافہ دکھایا۔ سیلز کا اضافی حجم مختلف پروڈکٹس کی قیمت فروخت میں کمی کر کے حاصل کیا گیا۔ جس کے نتیجے میں گزشتہ سال کی اسی سہ ماہی کی نیٹ سیلز ویلیو 3,056 ملین روپے کے مقابلے میں زیر جائزہ سہ ماہی (جولائی تا ستمبر 2016) کے دوران نیٹ سیلز ویلیو 5 فی صد اضافے کے ساتھ 3,214 ملین روپے رہی۔

مالیاتی کارکردگی

گزشتہ سال کی اسی سہ ماہی میں 211 ملین روپے کے مقابلے میں زیر جائزہ سہ ماہی (جولائی تا ستمبر 2016) کے دوران کمپنی نے 261 روپے کا مجموعی منافع درج کرایا اور اس طرح 24 فی صد اضافہ دکھایا۔ سیلز کے اضافی حجم کی وجہ سے مجموعی منافع میں بہتری آئی۔

گزشتہ سال کی اسی سہ ماہی میں 101 ملین روپے کے مقابلے میں زیر جائزہ سہ ماہی (جولائی تا ستمبر 2016) کے دوران کمپنی نے 154 روپے کا آپریٹنگ منافع درج کرایا۔

104 ملین روپے کے مالیاتی چارجز کو حسابات میں شامل کرنے کے بعد کمپنی نے گزشتہ سال کی سہ ماہی کے لیے 4 ملین روپے کے قبل از ٹیکس خسارے کے مقابلے میں زیر جائزہ سہ ماہی (جولائی تا ستمبر 2016) میں 50 ملین روپے قبل از ٹیکس منافع درج کرایا۔

ٹیکس اخراجات شمار میں لانے کے بعد، گزشتہ سال اسی سہ ماہی کے لیے 3 ملین روپے کے خالص خسارے کے مقابلے میں زیر جائزہ سہ ماہی میں 35 ملین روپے خالص منافع کمایا۔

فی شیئر آمدنی

گزشتہ سال اسی سہ ماہی کے لیے بنیادی فی شیئر خسارے (0.14 روپے) کے مقابلے میں زیر جائزہ سہ ماہی میں بنیادی فی شیئر آمدنی 0.13 روپے رپورٹ کی گئی ہے۔ زیر جائزہ سہ ماہی اور گزشتہ سال اسی سہ ماہی کے لیے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آثار نہیں ہیں۔

قریب مدتی توقعات

بین الاقوامی منڈیوں میں کونے کی قیمتوں میں اضافے کا تاثر ترین رجحان مجموعی منافع جات پر دباؤ ڈال سکتا ہے۔ تاہم کمپنی کی انتظامیہ آئندہ سہ ماہی میں سیلز کے حجم میں مزید اضافے کے ذریعے منافع کمانے کے لیے اپنی تمام تر توانائیاں صرف کرنے کا سلسلہ جاری رکھے گی۔

مزید برآں، NTC کی اس کے قانون کے مطابق تشکیل ہو چکی ہے اور کمپنی پیپر بورڈ پر اپنی ڈیپنگ ڈیویڈنڈ لاکو کرنے کے حوالے سے دائر کی گئی اپنی درخواستوں پر مثبت پیش رفت کے لیے پُر امید ہے۔

اظہار تشکر

آپ کے ڈائریکٹرز مسلسل سرپرستی اور وابستگی پر تمام اسٹیک ہولڈرز کو خراج تحسین پیش کرتے ہیں۔ وہ بینکوں اور مالیاتی اداروں کے خصوصی شکر گزار ہیں۔ وہ کمپنی کے عملے اور ملازمین کی محنت اور پُر خلوص کارکردگی کا بھی اعتراف کرتے ہیں۔

منجانب بورڈ



آفتاب احمد

چیف ایگزیکٹو آفیسر

کراچی: 27 اکتوبر، 2016

Condensed Interim Balance Sheet

as at September 30, 2016 (Un-audited)

	Note	September 30, 2016 (Rupees in thousands)	June 30, 2016 (Audited)
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6	9,803,412	10,037,714
Operating fixed assets	7	220,080	49,037
Capital work in progress		10,023,492	10,086,751
Intangible assets		2,178	2,390
Long-term loans and advances	8	2,733	882
Long-term deposits		2,829	2,829
		10,031,232	10,092,852
CURRENT ASSETS			
Stores and spares	9	1,120,422	1,136,597
Stock-in-trade	10	1,898,103	1,731,864
Trade debts (unsecured - considered good)		1,331,296	1,265,432
Loans and advances (unsecured - considered good)	11	17,250	15,199
Trade deposits and short-term prepayments	12	86,917	79,533
Other receivables (unsecured - considered good)	13	8,986	4,336
Tax refunds due from Government		20,529	127,604
Taxation - net		368,091	309,838
Cash and bank balances	14	280,537	217,494
		5,132,131	4,887,897
TOTAL ASSETS		15,163,363	14,980,749
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (June 30, 2016: 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, 2016: 147,018,345)			
ordinary shares of Rs. 10 each		1,470,184	1,470,184
90,121,351 (June 30, 2016: 90,121,351)			
preference shares of Rs. 10 each	15	901,214	901,214
		2,371,398	2,371,398
Reserves		3,514,140	3,479,168
		5,885,538	5,850,566
NON - CURRENT LIABILITIES			
Long-term financing	16	3,616,211	3,878,066
Deferred taxation		710,219	695,234
		4,326,430	4,573,300
CURRENT LIABILITIES			
Trade and other payables	17	1,885,749	1,580,938
Interest and mark-up accrued	18	56,500	41,330
Short-term borrowings	19	1,961,724	1,988,443
Current portion of long-term financing		1,047,422	946,172
		4,951,395	4,556,883
CONTINGENCIES AND COMMITMENTS			
	20		
TOTAL EQUITY AND LIABILITIES		15,163,363	14,980,749

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director

Condensed Interim Profit and Loss Account

for the quarter ended September 30, 2016 (Un-audited)

	Note	September 30, 2016 (Rupees in thousands)	September 30, 2015
Sales - net	21	3,213,874	3,056,005
Cost of sales	22	(2,953,284)	(2,845,041)
Gross profit		260,590	210,964
General and administrative expenses		(89,405)	(97,362)
Selling expenses		(11,529)	(11,702)
Distribution expenses		(12,954)	(17,569)
Other operating charges			
Workers' Profit Participation Fund		(2,682)	-
Workers' Welfare Fund		(1,019)	-
Others		(7,403)	(2,472)
		(11,104)	(2,472)
Other income		18,113	19,307
Operating profit		153,711	101,166
Finance cost	23	(103,754)	(105,155)
Profit / (loss) before taxation		49,957	(3,989)
Taxation			
Current		-	(30,560)
Deferred		(14,985)	31,836
		(14,985)	1,276
Profit / (loss) for the period		34,972	(2,713)
Earnings / (loss) per share - basic and diluted (Rupees)	24	0.13	(0.14)

The annexed notes from 1 to 31 form an integral part of these condensed interim financial information.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director

Condensed Interim Statement of Comprehensive Income

for the quarter ended September 30, 2016 (Un-audited)

	September 30, 2016	September 30, 2015
	(Rupees in thousands)	
Profit / (loss) for the period	34,972	(2,713)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>34,972</u>	<u>(2,713)</u>

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director

CENTURY PAPER & BOARD MILLS LIMITED



Condensed Interim Statement of Cash Flow

for the quarter ended September 30, 2016 (Un-audited)

	Note	September 30, 2016 (Rupees in thousands)	September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	25	481,710	217,336
Finance cost paid		(88,584)	(77,036)
Taxes paid		(59,543)	(65,779)
Taxes refunded		108,365	93,280
Gratuity paid		(9,281)	(8,734)
Workers' Profit Participation Fund paid		(20,412)	-
Long-term loans and advances - net		(1,851)	(10,794)
Net cash generated from operating activities		410,404	148,273
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(160,563)	(482,979)
Net cash used in investing activities		(160,563)	(482,979)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing from banking companies		-	300,000
Repayment of long-term financing from banking companies		(160,605)	(160,833)
Net cash (used in) / generated from financing activities		(160,605)	139,167
Net increase / (decrease) in cash and cash equivalents		89,236	(195,539)
Cash and cash equivalents at the beginning of the period		(1,770,949)	(1,830,956)
Effect of exchange gain / (loss)		526	(11,087)
Cash and cash equivalents at the end of the period		(1,681,187)	(2,037,582)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		280,537	130,580
Short-term borrowings		(1,961,724)	(2,168,162)
		(1,681,187)	(2,037,582)

The annexed notes from 1 to 31 form an integral part of these condensed interim financial information.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director

Condensed Interim Statement of Changes in Equity

for the quarter ended September 30, 2016 (Un-audited)

	Issued, subscribed and paid-up capital		Reserves					Sub-total		Total	Total
			Capital			Revenue					
			Ordinary share capital	Preference share capital	Share premium	Merger reserve	Redemption reserve				
Balance as at July 1, 2015	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	72,821	386,047	3,147,348	5,518,746
(Rupees in thousands)											
Total comprehensive loss for the period ended September 30, 2015											
Loss for the quarter	-	-	-	-	-	-	-	(2,713)	(2,713)	(2,713)	(2,713)
Balance as at September 30, 2015	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	70,108	383,334	3,144,635	5,516,033
Balance as at July 1, 2016	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	404,641	717,867	3,479,168	5,850,566
Total comprehensive profit for the period ended September 30, 2016											
Profit for the quarter	-	-	-	-	-	-	-	34,972	34,972	34,972	34,972
Balance as at September 30, 2016	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	439,613	752,839	3,514,140	5,885,538

The annexed notes from 1 to 31 form an integral part of these condensed interim financial information.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director

CENTURY PAPER & BOARD MILLS LIMITED

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (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 Companies Ordinance, 1984 and its ordinary shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The Company is engaged in manufacturing and marketing of paper, board and related products.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Pakistan Stock Exchange.

This condensed interim financial information of the Company for the first quarter ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 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, 2016 which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

The comparative balance sheet 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, 2016, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the first quarter ended September 30, 2015.

2.2 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.

2.3 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2016.

The condensed financial information includes certain disclosures requirements for bifurcation of certain balance sheet and profit and loss items between Conventional and Islamic mode as prescribed by Security and Exchange Commission of Pakistan (SECP) through its circular number 21 of 2016 dated September 05, 2016.

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

4. 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, 2016.

5. TAXATION

The provisions for taxation for the first quarter ended September 30, 2016 have been made using the estimated effective tax rate applicable to expected total annual earnings.

		September 30, 2016	June 30, 2016 (Audited)
	Note	(Rupees in thousands)	
6. OPERATING FIXED ASSETS			
Opening net book value (NBV)		10,037,714	7,602,231
Additions (at cost) during the period / year	6.1	582	3,315,093
		10,038,296	10,917,324
Disposals (at NBV) during the period / year	6.2	-	(3,662)
Depreciation charge for the period / year		(234,884)	(875,948)
		(234,884)	(879,610)
Closing net book value (NBV)		9,803,412	10,037,714

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

Buildings on freehold land	-	803,222
Plant and machinery	-	2,459,241
Furniture and fixtures	-	1,806
Vehicles	-	37,539
Electrical and other equipments	304	7,003
Computers	278	6,282
	582	3,315,093

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

Vehicles	-	3,616
Computers	-	46
	-	3,662

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

		September 30, 2016	June 30, 2016 (Audited)
		(Rupees in thousands)	
7. CAPITAL WORK IN PROGRESS	Note		
This comprises of:			
Civil works		62,929	21,963
Plant and machinery		154,420	7,597
Advances to suppliers		2,731	19,477
		<u>220,080</u>	<u>49,037</u>
7.1 Movement of carrying amount is as follows:			
Opening balance		49,037	1,812,177
Additions (at cost) during the period / year		171,043	1,440,525
		<u>220,080</u>	<u>3,252,702</u>
Transfer to operating fixed assets during the period / year		-	(3,203,665)
Closing balance		<u>220,080</u>	<u>49,037</u>
8. LONG-TERM LOANS AND ADVANCES	8.1	<u>2,733</u>	<u>882</u>
8.1 These loans and advances do not carry any interest / markup.			
9. STORES AND SPARES			
In hand			
Stores		622,630	616,893
Spares		390,268	398,730
Coal and Furnace oil		36,349	106,945
		<u>1,049,247</u>	<u>1,122,568</u>
In transit	9.1	101,485	42,839
		<u>1,150,732</u>	<u>1,165,407</u>
Provision for slow moving stores and spares		(30,310)	(28,810)
		<u>1,120,422</u>	<u>1,136,597</u>

9.1 This includes coal in transit amounting to Rs. 46.3 million (June 30, 2016: Rs. 5.4 million).

9.2 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares resulting in capital expenditure are capitalized in cost of respective assets.

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

		September 30, 2016	June 30, 2016 (Audited)
	Note	(Rupees in thousands)	
10. STOCK-IN-TRADE			
Raw materials			
in hand		1,079,713	1,085,198
in transit		446,081	217,260
		<u>1,525,794</u>	<u>1,302,458</u>
Work-in-process		77,051	50,053
Finished goods		295,258	379,353
		<u>1,898,103</u>	<u>1,731,864</u>
11. LOANS AND ADVANCES	11.1	<u>17,250</u>	<u>15,199</u>
11.1	These loans and advances do not carry any interest / markup.		
12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits	12.1	160	80
Prepayments		86,757	79,453
		<u>86,917</u>	<u>79,533</u>
12.1	This represents short-term deposits in the normal course of business and do not carry any interest / markup.		
13. OTHER RECEIVABLES	13.1	<u>8,986</u>	<u>4,336</u>
13.1	These are in the normal course of business and do not carry any interest / markup.		
14. CASH AND BANK BALANCES			
Cash at banks in current account			
Islamic		502	499
Conventional		161,211	133,963
	14.1	<u>161,713</u>	<u>134,462</u>
Cheques in hand		116,403	79,174
Cash in hand		2,421	3,858
		<u>280,537</u>	<u>217,494</u>
14.1	Cash at banks in current account do not carry any interest / markup.		
15. PREFERENCE SHARES			
Original issue size (fully paid in cash)		3,004,046	3,004,046
Redeemed		(1,351,821)	(1,351,821)
Converted into Ordinary Shares		(751,011)	(751,011)
Balance outstanding		<u>901,214</u>	<u>901,214</u>

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

- 15.1 In November 2009, the Company has issued preference right shares of the face value of Rs. 10 each, in the proportion of 4.25 preference shares for every ordinary share held. These shares are not listed on the Stock Exchange in Pakistan.
- 15.2 The following are the terms, conditions and rights and privileges of preference shares with amendments which became effective on July 1, 2013.
- Annual dividends will be payable when and if declared by the Company but shall be paid on cumulative basis prior to any dividend or other distribution payable to the ordinary shareholders. The dividend rate will be based on six months KIBOR plus spread of 1% per annum subject to cap of 13% per annum on the face value of the preference shares on cumulative basis. The cumulative dividend in arrear as at the balance sheet date amounted to Rs. 680.20 million (June 30, 2016: Rs. 664.16 million).
 - The preference shareholders do not have any voting rights and are not entitled to receive any notice for meeting of shareholders and will not be entitled to any rights in respect of subscription of further issue of ordinary shares of the Company.
 - The Company shall have the option to redeem the preference shares in full or in any proportion by giving fourteen days notice. The redemption will be subject to the payment of cumulative unpaid dividend, if any, on the part being redeemed up to the applicable date of redemption notice. The redemption will be subject to compliance with the provisions of Section 85 of the Companies Ordinance, 1984.

	Note	September 30, 2016	June 30, 2016 (Audited)
16. LONG-TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic Banking			
Meezan Bank Limited - Musharaka - 1	16.1	825,000	900,000
Meezan Bank Limited - Musharaka - 2	16.2	675,000	675,000
Faysal Bank Limited - Term Loan	16.3	63,633	74,238
		1,563,633	1,649,238
Conventional Banking			
Syndicated - Consortium of Banks	16.4	1,350,000	1,350,000
Allied Bank Limited - Term Loan	16.5	750,000	825,000
		2,100,000	2,175,000
		3,663,633	3,824,238
From associated undertakings - Unsecured - Conventional	16.6	1,000,000	1,000,000
		4,663,633	4,824,238
Current portion shown under current liabilities			
Islamic Banking			
		(477,422)	(443,672)
Conventional Banking			
		(570,000)	(502,500)
		(1,047,422)	(946,172)
		3,616,211	3,878,066

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

- 16.1 This represents Diminishing Musharaka Arrangement with Meezan Bank Limited for 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 pari passu hypothecation charge over the assets pertaining to Board Machine (PM-7) with 25% margin.

The rate of markup is equal to base rate plus 0.50% (revised with effect from August 15, 2016). 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 markup rate was 6.98% (June 30, 2016: 7.54%) per annum.

- 16.2 This represents drawdowns of Rs. 675 million against Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited for 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 commencing from November 2016.

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

The rate of markup is equal to base rate plus 0.50% (revised with effect from August 13, 2016). 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 markup rate was 6.81% (June 30, 2016: 7.35%) per annum.

- 16.3 This term finance facility has been obtained from Faysal Bank Limited under Diminishing Musharaka Arrangement specifically for acquisition of Compact Sheeter. The tenor of the facility is three years including one year grace period. This finance facility is repayable in eight equal quarterly installments which commenced from May 2016.

This finance facility is secured by way of exclusive charge on Compact Sheeter with 25% margin.

The rate of markup is equal to base rate plus 0.75%. 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 markup rate was 6.88% (June 30, 2016: 7.23%) per annum.

- 16.4 This represents drawdowns of Rs. 1,350 million against Syndicated term financing agreement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million for 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 commencing from November 2016.

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

The rate of markup is equal to base rate plus 0.50% (revised with effect from August 13, 2016). 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 markup rate was 6.81% (June 30, 2016: 7.35%) per annum.

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

- 16.5 This term finance facility has been obtained from Allied 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 June 2014.

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

The rate of markup is equal to base rate plus 0.50% (revised with effect from June 28, 2016). Base rate is equal to average of three months KIBOR of the last six business days prior to the beginning of each installment period. During the period, the effective markup rate was 6.56% (June 30, 2016: 7.48%) per annum.

- 16.6 This loan has been obtained from SIZA Commodities (Private) Limited, an associated undertaking, amounting to Rs. 1,000 million. The loan is repayable after two years from the date of agreement i.e. July 2018.

The rate of markup is 0.50% (revised with effect from July 01, 2016) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate was 6.68% (June 30, 2016: 7.51%) per annum.

	September 30, 2016	June 30, 2016 (Audited)
Note	(Rupees in thousands)	

17. TRADE AND OTHER PAYABLES

Creditors	503,107	510,181
Foreign bills payable	282,033	125,058
Accrued liabilities	17.1 621,173	510,220
Retention money payable	201,257	204,136
Customers' balances	146,649	89,877
Gratuity payable	47,213	49,992
Workers' Profit Participation Fund	5,707	23,437
Sales tax payable - net	15,521	10,172
Workers' Welfare Fund	9,925	8,906
Provident fund payable	6,156	6,182
Unclaimed dividend	724	724
Other liabilities	46,284	42,053
	1,885,749	1,580,938

- 17.1 This includes an amount of Rs. 399.20 million (June 30, 2016: Rs. 399.20 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Sindh High Court has granted stay order against collecting GIDC under the Act pending the final decision on the writ petition filed by the Company. However, the Company has recorded a provision in the financial statements against GIDC as liability for the period from August 2014 to February 2016 and no GIDC was levied by the Sui Northern Gas Pipeline Limited (SNGPL) since March 2016.

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

	September 30, 2016	June 30, 2016 (Audited)
Note	(Rupees in thousands)	
18. INTEREST AND MARK-UP ACCRUED		
Markup accrued on:		
Long-term financing		
Islamic Banking	12,235	15,246
Conventional Banking	13,699	12,476
Associated undertakings - Conventional	16,849	-
	42,783	27,722
Short-term borrowings		
Islamic Banking	4,139	4,582
Conventional Banking	9,578	9,026
	13,717	13,608
	56,500	41,330
19. SHORT-TERM BORROWINGS		
From banking companies - secured		
Running finances		
Islamic Banking	173,880	288,019
Conventional Banking	1,154,115	1,229,847
	1,327,995	1,517,866
Import credit finances - Conventional	633,729	470,577
19.1	1,961,724	1,988,443

19.1 During the period, the effective markup rates for running finances and import credit finances are 6.99% (June 30, 2016: 9.86%) per annum and 2.80% (June 30, 2016: 3.16%) per annum respectively.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 447 million (June 30, 2016: Rs. 447 million).

b) Sales tax

Three cases of inadmissible input sales tax amounting to Rs. 82.27 million have been adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases have been remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify compliance 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 advisor, that the decision is likely to be in the favor of the Company.

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

c) Gas Infrastructure Development Cess - GIDC

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 90.64 million (June 30, 2016 Rs. 70.83 million) on account of late payment surcharge on GIDC of Rs. 399.20 million (Note 17.1) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Sindh High Court has granted stay order against collecting GIDC under the Act pending the final decision on the writ petition filed by the Company. No provision has been made in these financial statements for late payment surcharge as the management is of the opinion, based on advice of legal advisor, that the stay has been granted by the Sindh High Court against collecting GIDC under the Act, therefore, the Company is not liable to pay late payment surcharges and expected that the decision is likely to be in the favor of the Company.

20.2 Commitments

The Company's commitments as at balance sheet date are as follows:

- Letters of credit other than for capital expenditure amounted to Rs. 882.5 million (June 30, 2016: Rs. 702.52 million).
- Capital expenditure including letters of credit amounted to Rs.79.97 million (June 30, 2016: Rs. 112.70 million).

	Quarter ended	
	September 30, 2016	September 30, 2015
	(Rupees in thousands)	
21. SALES		
Gross sales	3,760,514	3,566,244
Sales tax	(546,640)	(510,239)
	<u>3,213,874</u>	<u>3,056,005</u>
22. COST OF SALES		
Materials consumed	1,749,054	1,928,442
Fuel and power	495,513	488,396
Depreciation on property, plant and equipment	225,967	217,334
Salaries, wages and other benefits	166,898	153,980
Repairs, maintenance and stores consumption	160,484	156,230
Packing expenses	77,446	71,386
Insurance	17,864	15,893
Provision for slow moving stores and spares	1,500	-
Rent, rates and taxes	1,460	1,368
Manufacturing cost	<u>2,896,186</u>	<u>3,033,029</u>
Work-in-process		
Opening stock	327,385	298,416
Closing stock	(77,051)	(484,575)
	<u>250,334</u>	<u>(186,159)</u>
Cost of goods manufactured	<u>3,146,520</u>	<u>2,846,870</u>
Finished goods		
Opening stock	102,022	111,365
Closing stock	(295,258)	(113,194)
	<u>(193,236)</u>	<u>(1,829)</u>
	<u>2,953,284</u>	<u>2,845,041</u>

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

Note	Quarter ended	
	September 30, 2016	September 30, 2015
	(Rupees in thousands)	
23. FINANCE COST		
Long-term financing		
Islamic Banking	27,907	25,085
Conventional Banking	36,769	22,094
	64,676	47,179
Associated undertakings - Conventional	16,849	19,938
	81,525	67,117
Short-term borrowings		
Islamic Banking	4,128	952
Conventional Banking	18,414	22,116
	22,542	23,068
Workers' Profit Participation Fund	461	-
	23,003	23,068
Net exchange (gain) / loss on import credit finances	(1,124)	14,761
Bank charges and commission	350	209
	103,754	105,155

24. EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit / (loss) for the period	34,972	(2,713)
Dividend attributable to cumulative preference shares	(16,037)	(17,283)
Profit / (loss) attributable to ordinary shareholders	18,935	(19,996)
Weighted average number of ordinary shares (in thousands)	147,018	147,018
Basic earnings / (loss) per share attributable to ordinary shareholders (Rupees)	0.13	(0.14)

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

25. CASH GENERATED FROM OPERATIONS

Profit / (loss) before taxation	49,957	(3,989)
Adjustment for non cash charges and other items:		
Depreciation	234,884	225,623
Amortization of intangible assets	212	317
Provision for gratuity	6,502	6,838
Provision for slow moving stores and spares	1,500	-
Workers' profit participation fund	2,682	-
Finance cost	103,754	105,155
Exchange (gain) / loss - net	(526)	11,087
Working capital changes	82,745	(127,695)
	431,753	221,325
	481,710	217,336

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

	Quarter ended	
	September 30, 2016	September 30, 2015
Note	(Rupees in thousands)	
25.1 Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	14,675	(62,518)
Stock-in-trade	(166,239)	(147,924)
Trade debts	(65,864)	(181,537)
Loans and advances	(2,051)	(4,538)
Trade deposits and short-term prepayments	(7,384)	(52,817)
Other receivables	(4,650)	1,088
	(231,513)	(448,246)
Increase in current liabilities		
Trade and other payables	314,258	320,551
	82,745	(127,695)

26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

26.1 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:

<u>Relation with the Company</u>	<u>Nature of transaction</u>		
Associated companies / undertakings	Sales of goods and services	405,787	411,881
	Purchase of goods and services	25,649	106,776
	Rent and other allied charges	2,293	1,641
	Insurance agency commission	2,889	2,760
	Markup accrued	16,849	19,938
Retirement benefit plans	Contribution to staff retirement benefit plans	17,676	17,069
Key management personnel	Remuneration and other benefits	67,456	75,265
		September 30, 2016	June 30, 2016
			(Audited)
		(Rupees in thousands)	

26.2 Period / year end balances

Receivables from associated companies / undertakings	143,846	123,061
Payable to related parties	114,648	145,597
Long term financing from associated undertaking	1,000,000	1,000,000
Markup on long term financing from associated undertaking	16,849	-

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2016 (Un-audited)

26.3 There are no transactions with key management personnel other than under their terms of employment.

26.4 The above transactions with related parties are at arm's length based on normal commercial rates.

27. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2016.

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

There is no change in the fair value measurements and nature and corresponding hierarchies of fair valuation levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended June 30, 2016.

29. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 27, 2016 by the Board of Directors of the Company.

30. 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 year.

31. GENERAL

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


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director

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