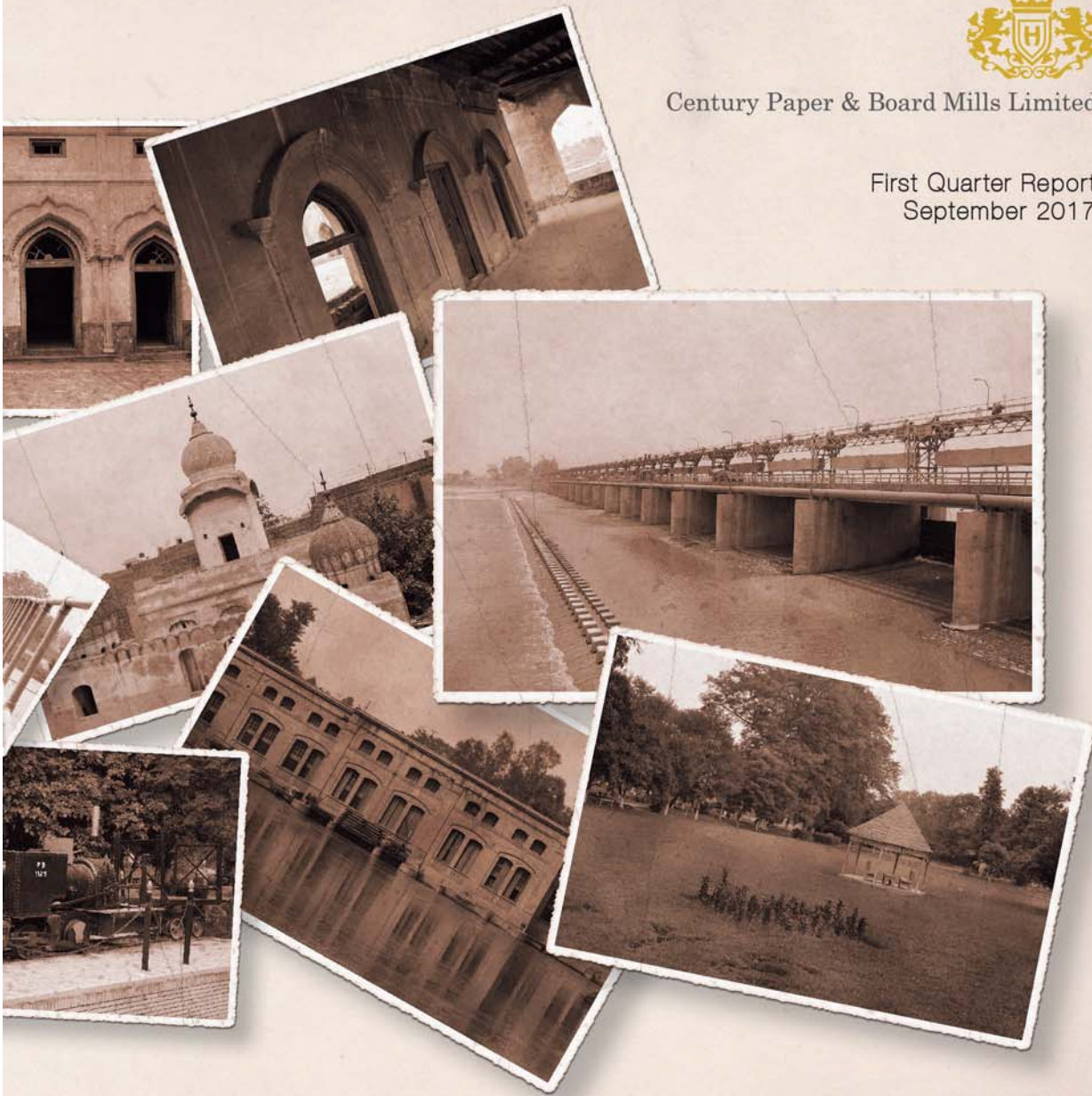




Century Paper & Board Mills Limited

First Quarter Report  
September 2017



# Heritage around us

Clean - Green - Sustainable

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## Corporate Information

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### Board of Directors

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

### Advisor

Sultan Ali Lakhani

### Audit Committee

Kemal Shoaib	- Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

### Human Resource and Remuneration Committee

Amin Mohammed 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, Near 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

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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, 2017.

### **Operations and Sales Review**

The Company produced 49,992 metric tons during the quarter under review (July-September 2017) as compared to 45,869 metric tons of the corresponding quarter of the last year.

The Company sold 48,376 metric tons of its products for the quarter under review (July-September 2017) as compared to 44,886 metric tons of the corresponding quarter. In terms of value, the net sales of the Company for the quarter under review (July-September 2017) increased to Rs. 4,014 million as compared to Rs. 3,214 million of the corresponding quarter of last year showing an increase of 25%. Higher sales value is the result of additional sales volume and favorable impact of rationalization of selling prices of Company's products.

### **Financial Performance**

For the quarter under review (July-September 2017), the Company posted gross profit of Rs. 478 million compared to Rs. 261 million of the corresponding quarter of the last year registering an increase of 83%.

The net operating profit for the quarter under review (July-September 2017) is recorded at Rs. 337 million as compared to Rs.154 million of the corresponding quarter of the last year.

After taking into account financial charges of Rs. 120 million, the Company has posted a profit before tax of Rs. 217 million as compared to profit before tax of Rs. 50 million for the corresponding quarter of last year.

After accounting for tax, the Company has made a Profit of Rs. 152 million for the quarter under review as compared to a profit of Rs. 35 million for the corresponding quarter of the last year.

### **Earnings per Share**

The basic earnings per share is reported at Rs. 0.92 as compared to basic earnings per share of Rs. 0.13 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.

## Directors' Review

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### Interim Dividend

The Board is pleased to announce an interim cash dividend of 15% (Rs. 1.50 per share) for its Ordinary shareholders, for the year 2017/18. Moreover, Board has also declared a dividend on Preference Shares amounting to Rs. 19.91 million.

### Near Term Outlook

On the backdrop of strong demand for Company's product in the market, management is focused to attain more sales volumes in ensuing quarter with optimum utilization of available capacity as peak season for Paper & Paperboard products has just started. Moreover, market conditions are favorable to further rationalize prices of the Company products to achieve better results.

Moreover, we are pleased to inform you that the Board of Directors has approved in principle the expansion plan of the Company for additional capacity upto 130,000 metric tons per annum for Coated Board, subject to final approval of technical feasibility and successful financial close of the proposed expansion. This decision has been taken in view of full utilization of Company's production facilities for producing Coated Board.

### 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: October 18, 2017



بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2017ء کو ختم ہونے والے سہ ماہی کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

### آپریشنز اور سیلز کا جائزہ

کمپنی نے زیر جائزہ مدت (جولائی تا ستمبر 2017) کے دوران 49,992 میٹرک ٹن کی پیداوار دی، جو کہ گزشتہ سال کی اسی مدت میں 45,869 میٹرک ٹن تھی۔ کمپنی نے حالیہ سہ ماہی میں 48,376 میٹرک ٹن کی فروخت یقینی بنائی جو گزشتہ سال اسی مدت میں 44,886 میٹرک ٹن تھی۔ زیر جائزہ مدت (جولائی تا ستمبر 2017) میں نیٹ سیلز 25% اضافے کے ساتھ 4,014 ملین روپے رہی جو گزشتہ سال اسی مدت میں 3,214 ملین روپے تھی۔ ویلیو میں اضافہ، اضافی سیلز کے حجم اور قیمتوں کے استدلال پر مثبت اثرات کا نتیجہ ہیں۔

### مالیاتی کارکردگی

زیر جائزہ مدت (جولائی تا ستمبر 2017) میں کمپنی نے 478 ملین روپے مجموعی منافع کمایا جو گزشتہ سال 261 ملین روپے منافع کے مقابلے میں 83% اضافی رہا۔ زیر جائزہ مدت (جولائی تا ستمبر 2017) میں مجموعی منافع 337 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 154 ملین روپے تھا۔

120 ملین روپے کے مالیاتی چارجز کو نکلنے کے بعد کمپنی نے گزشتہ سال اسی مدت میں 50 ملین روپے کے قبل از ٹیکس منافع کے مقابلے میں زیر جائزہ مدت کے لیے 217 ملین روپے قبل از ٹیکس منافع حاصل کیا۔ کمپنی نے زیر جائزہ مدت میں 152 ملین روپے کا بعد از ٹیکس منافع کمایا جو گزشتہ سال اسی مدت میں 35 ملین روپے تھا۔

### فی شیئر آمدنی

گزشتہ سال اسی مدت کے لیے بنیادی فی شیئر آمدنی 0.13 روپے کے مقابلے میں بنیادی فی شیئر آمدنی 0.92 روپے رپورٹ کی گئی ہے۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کے لیے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آثار نہیں ہیں۔

### عبوری ڈیویڈنڈ

سال 2017/2018 کے لیے بورڈ اپنے شیئر ہولڈرز کو 15% عبوری نقد ڈیویڈنڈ (1.50 روپے فی شیئر) دینے کا اعلان کرتے ہوئے فخر محسوس کرتا ہے۔ اس کے علاوہ، بورڈ نے ترجیحی شیئرز Preference Shares پر 19.91 ملین روپے مالیت کے ڈیویڈنڈ کا بھی اعلان کیا ہے۔



### مستقبل کا منظر نامہ


کمپنی کی مصنوعات کی بڑھتی ہوئی مانگ کے پس منظر میں انتظامیہ کی تمام تر توجہ موجودہ وسائل کو استعمال کرتے ہوئے سیکلز میں اضافے کو یقینی بنانے پر مرکوز ہے۔ اس کے علاوہ مارکیٹ کی سازگار صورتحال سے بہتر منافع کے حصول کی امید ہے۔


اس کے علاوہ ہم اس بات کی اطلاع دیتے ہوئے فخر محسوس کرتے ہیں کہ بورڈ آف ڈائریکٹرز نے کوئٹہ بورڈ کے لیے فی سال 130,000 میٹرک ٹن کی اضافی پیداوار کے لیے کمپنی کی توسیع کے منصوبے کی منظوری دے دی ہے جس کی حتمی منظوری تکنیکی امکان اور توسیعی منصوبے کی کامیاب مالی منصوبہ بندی پر منحصر ہے۔ کوئٹہ بورڈ کی تیاری کے لیے کمپنی کی پروڈکشن سہولیات کے مکمل طور استعمال کے پیش نظر یہ فیصلہ لیا گیا 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۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
تسلیم الدین احمد باطلے  
ڈائریکٹر

  
آفتاب احمد  
چیف ایگزیکٹو آفیسر

کراچی: 18 اکتوبر 2017

# Condensed Interim Balance Sheet

as at September 30, 2017 (Un-audited)

	Note	September 30, 2017 (Rupees in thousands)	June 30, 2017 (Audited)
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	6	9,273,138	9,420,548
Operating fixed assets	7	465,990	302,278
Capital work in progress		9,739,128	9,722,826
Intangible assets		1,521	1,685
Long-term loans and advances	8	11,635	4,859
Long-term deposits		3,829	3,829
		9,756,113	9,733,199
<b>CURRENT ASSETS</b>			
Stores and spares	9	1,364,017	1,364,551
Stock-in-trade	10	2,399,311	1,963,091
Trade debts (unsecured - considered good)		1,831,532	1,585,378
Loans and advances	11	52,027	7,235
Trade deposits and short term prepayments	12	93,086	85,147
Other receivables		6,628	3,865
Tax refunds due from Government		190,689	227,169
Taxation - net		195,977	241,369
Cash and bank balances	13	208,456	226,476
		6,341,723	5,704,281
<b>TOTAL ASSETS</b>		<b>16,097,836</b>	<b>15,437,480</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Share Capital			
410,000,000 (June 30, 2017: 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, 2017: 147,018,345)			
ordinary shares of Rs. 10 each		1,470,184	1,470,184
90,121,351 (June 30, 2017: 90,121,351) preference			
shares of Rs. 10 each	14	901,214	901,214
		2,371,398	2,371,398
Reserves		3,493,184	3,341,627
		5,864,582	5,713,025
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing	15	3,275,000	2,987,500
Deferred taxation		949,275	934,494
		4,224,275	3,921,994
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	2,061,693	1,842,142
Short-term borrowings	17	2,808,042	2,840,150
Interest and mark-up accrued	18	68,033	38,353
Current portion of long-term financing	15	1,071,211	1,081,816
		6,008,979	5,802,461
<b>CONTINGENCIES AND COMMITMENTS</b>			
	19		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,097,836</b>	<b>15,437,480</b>

The annexed notes from 1 to 32 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 quarter ended September 30, 2017 (Un-audited)

	Note	September 30, 2017 (Rupees in thousands)	September 30, 2016
Sales - net	20	4,013,758	3,213,874
Cost of sales	21	(3,535,845)	(2,953,284)
Gross profit		477,913	260,590
General and administrative expenses		(99,283)	(89,405)
Selling expenses		(13,835)	(11,529)
Distribution expenses		(16,279)	(12,954)
Other operating charges			
Workers' profit participation fund		(11,628)	(2,682)
Workers' welfare fund		(4,419)	(1,019)
Others		(9,082)	(7,403)
		(25,129)	(11,104)
Other income	22	13,575	18,113
Operating profit		336,962	153,711
Finance cost	23	(120,452)	(103,754)
Profit before taxation		216,510	49,957
Taxation			
Current		(50,172)	-
Deferred		(14,781)	(14,985)
		(64,953)	(14,985)
Profit for the period		151,557	34,972
Earnings per share - basic and diluted (Rupees)	24	0.92	0.13

The annexed notes from 1 to 32 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 quarter ended September 30, 2017 (Un-audited)

	September 30, 2017	September 30, 2016
	(Rupees in thousands)	
Profit for the period	151,557	34,972
Other comprehensive income	-	-
Total comprehensive income for the period	<u>151,557</u>	<u>34,972</u>

The annexed notes from 1 to 32 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 Statement of Cash Flow


for the quarter ended September 30, 2017 (Un-audited)

	Note	September 30, 2017 (Rupees in thousands)	September 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	25	(46,179)	481,710
Finance cost paid		(90,772)	(88,584)
Taxes paid		(4,781)	(59,543)
Taxes refunded		36,481	108,365
Gratuity paid		(9,933)	(9,281)
Workers' profit participation fund paid		(48,539)	(20,412)
Long-term loans and advances - net		(6,776)	(1,851)
Net cash (used in) / generated from operating activities		(170,499)	410,404
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(93,633)	(160,563)
Proceeds from sale of property, plant and equipment		1,326	-
Net cash used in investing activities		(92,307)	(160,563)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term financing from Director		550,000	-
Repayment of long-term financing from banking companies		(273,106)	(160,605)
Net cash generated from / (used in) financing activities		276,894	(160,605)
Net increase in cash and cash equivalents		14,088	89,236
Cash and cash equivalents at the beginning of the period		(2,613,674)	(1,770,949)
Exchange gain		-	526
Cash and cash equivalents at the end of the period		(2,599,586)	(1,681,187)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	13	208,456	280,537
Short-term borrowings	17	(2,808,042)	(1,961,724)
		(2,599,586)	(1,681,187)

The annexed notes from 1 to 32 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 quarter ended September 30, 2017 (Un-audited)*

	Issued, subscribed and paid-up capital		Capital					Reserves				Sub-total	Total
			Ordinary share capital	Preference share capital	Share premium	Merger reserve	Redemption reserve	Total	Revenue				
									General reserve	Unappropriated profit	Total		
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		
(Rupees in thousands)													
Total comprehensive income for the period ended September 30, 2016													
Profit for the period	-	-	-	-	-	-	-	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		
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 September 30, 2017													
Profit for the period	-	-	-	-	-	-	-	151,557	151,557	151,557	151,557		
Balance as at September 30, 2017	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	418,657	731,883	3,493,184	5,864,582		

The annexed notes from 1 to 32 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



# Notes to the Condensed Interim Financial Information

*for the quarter ended September 30, 2017 (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 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 repealed 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, 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

This condensed interim financial information of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 23 dated October 04, 2017.

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, 2017 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, 2017, 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 first quarter ended September 30, 2016.

### **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, 2017.

This condensed interim financial information includes certain additional disclosures regarding shariah screening of listed companies for Islamic Equity Index. The Company has voluntarily

# Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

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 1, 2017. The adoption of these new and amended standards do not have material impact on the Company's condensed interim financial information.

## 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, 2017.

## 5. TAXATION

The provisions for taxation for the first quarter ended September 30, 2017, have been made using the estimated effective tax rate applicable to expected total annual earnings.

		September 30, 2017	June 30, 2017 (Audited)
	Note	(Rupees in thousands)	
<b>6. OPERATING FIXED ASSETS</b>			
Opening net book value (NBV)		9,420,548	10,037,714
Additions during the period / year at cost	6.1	81,329	298,208
		9,501,877	10,335,922
Disposals during the period / year at NBV	6.2	(614)	(3,841)
Depreciation charge for the period / year		(228,125)	(911,533)
		(228,739)	(915,374)
Closing net book value (NBV)		9,273,138	9,420,548

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

Buildings on freehold land	-	73,153
Plant and machinery	72,336	201,767
Furniture and fixtures	16	847
Vehicles	5,284	16,170
Electrical and other equipments	556	4,373
Computers	3,137	1,898
	81,329	298,208

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

Vehicles	614	3,828
Computers	-	13
	614	3,841



## Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

		September 30, 2017	June 30, 2017 (Audited)
		(Rupees in thousands)	
<b>7. CAPITAL WORK IN PROGRESS</b>	<b>Note</b>		
Civil works		12,968	2,705
Plant and machinery		447,748	297,798
Advances to suppliers		5,274	1,775
		<u>465,990</u>	<u>302,278</u>
7.1 Movement of carrying amount is as follows:			
Opening balance		302,278	49,036
Additions (at cost) during the period / year		235,492	502,944
		<u>537,770</u>	<u>551,980</u>
Transfer to operating fixed assets during the period / year		(71,780)	(249,702)
Closing balance		<u>465,990</u>	<u>302,278</u>
<b>8. LONG-TERM LOANS AND ADVANCES</b>			
(Unsecured - considered good)			
Long-term loans		50	86
Long-term advance to supplier		11,585	4,773
	8.1	<u>11,635</u>	<u>4,859</u>
8.1 This represents loans and advances in the normal course of business which do not carry any interest / mark-up.			
<b>9. STORES AND SPARES</b>			
In hand			
Stores	9.1	746,485	729,605
Spares		389,554	413,612
		<u>1,136,039</u>	<u>1,143,217</u>
In transit	9.2	264,288	256,144
		<u>1,400,327</u>	<u>1,399,361</u>
Provision for slow moving stores and spares		(36,310)	(34,810)
	9.3	<u>1,364,017</u>	<u>1,364,551</u>
9.1 This includes fuel for power and steam generation amounting to Rs. 114.82 million (June 30, 2017: Rs. 131.19 million).			
9.2 This includes coal in transit amounting to Rs. 198.63 million (June 30, 2017: Rs. 218.31 million).			
9.3 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, 2017 (Un-audited)

		September 30, 2017	June 30, 2017 (Audited)
	Note	(Rupees in thousands)	
<b>10. STOCK-IN-TRADE</b>			
Raw materials			
in hand		1,443,722	1,110,602
in transit		522,056	419,043
		<u>1,965,778</u>	<u>1,529,645</u>
Work-in-process		77,867	96,961
Finished goods		355,666	336,485
		<u>2,399,311</u>	<u>1,963,091</u>
<b>11. LOANS AND ADVANCES</b>			
(Unsecured - considered good)			
Loans			
Current portion of long-term loans		54	116
Advances			
to employees		1,403	1,183
to suppliers		50,570	5,936
		<u>51,973</u>	<u>7,119</u>
	11.1	<u>52,027</u>	<u>7,235</u>
11.1	This represents loans and advances in the normal course of business which do not carry any interest/mark-up.		
<b>12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Trade deposits	12.1	1,203	773
Prepayments		91,883	84,374
		<u>93,086</u>	<u>85,147</u>
12.1	This represents short term deposits in the normal course of business and do not carry any interest/mark-up.		
<b>13. CASH AND BANK BALANCES</b>			
Cash at bank in current account			
Islamic mode		3	498
Conventional mode		54,790	89,740
		<u>54,793</u>	<u>90,238</u>
Cheques in hand		149,942	132,831
Cash in hand		3,721	3,407
		<u>208,456</u>	<u>226,476</u>

# Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

	Note	September 30, 2017	June 30, 2017 (Audited)
(Rupees in thousands)			
<b>14. PREFERENCE SHARES</b>			
Original issue size (fully paid in cash)		<b>3,004,046</b>	3,004,046
Redeemed		<b>(1,351,821)</b>	(1,351,821)
Converted into Ordinary Shares		<b>(751,011)</b>	(751,011)
Balance outstanding		<b>901,214</b>	901,214
14.1 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 any of the stock exchanges in Pakistan.			
14.2 Following are the terms, conditions and rights and privileges of preference shares with amendments which became effective on July 1, 2013.			
a) 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. 19.91 million (June 30, 2017: Rs. 3.63 million).			
b) 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.			
c) 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 terms, conditions and rights and privileges of preference shares.			
<b>15. LONG-TERM FINANCING</b>			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Meezan Bank Limited - Musharaka - 1	15.1	<b>525,000</b>	600,000
Meezan Bank Limited - Musharaka - 2	15.2	<b>600,000</b>	637,500
Faysal Bank Limited - Term Loan	15.3	<b>21,211</b>	31,816
		<b>1,146,211</b>	1,269,316
Conventional mode			
Syndicated - Consortium of Banks	15.4	<b>1,200,000</b>	1,275,000
Allied Bank Limited - Term Loan	15.5	<b>450,000</b>	525,000
		<b>1,650,000</b>	1,800,000
		<b>2,796,211</b>	3,069,316
From associated undertakings - unsecured	15.6	<b>1,000,000</b>	1,000,000
From Director - unsecured	15.7	<b>550,000</b>	-
		<b>4,346,211</b>	4,069,316
Current portion shown under current liabilities			
Islamic mode			
		<b>(471,211)</b>	(481,816)
Conventional mode			
		<b>(600,000)</b>	(600,000)
		<b>(1,071,211)</b>	(1,081,816)
		<b>3,275,000</b>	2,987,500

## Notes to the Condensed Interim Financial Information

*for the quarter ended September 30, 2017 (Un-audited)*

- 15.1 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% . 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 6.64% (June 30, 2017: 6.64%) per annum.

- 15.2 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 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% . 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 6.64% (June 30, 2017: 6.63%) per annum.

- 15.3 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 mark up 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 mark up rate was 6.90% (June 30, 2017: 6.84%) per annum.

- 15.4 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%. 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 6.64% (June 30, 2017: 6.63%) per annum.

- 15.5 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.

## Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

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%. 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 mark up rate was 6.64% (June 30, 2017: 6.57%) per annum.

- 15.6 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 2019.

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 6.64% (June 30, 2017: 6.58%) per annum.

- 15.7 The Company enters into an agreement with Sponsor/Director of the Company, Mr. Iqbal Ali Lakhani, for long term loan of Rs. 650 million. Out of which, The Company has made drawdown of Rs. 550 million during the period. The loan is unsecured and the tenor of the loan is two years. The rate of mark up is 0.50% over average of three months KIBOR of the last one day of preceding quarter.

	September 30, 2017	June 30, 2017 (Audited)
Note	(Rupees in thousands)	

### 16. TRADE AND OTHER PAYABLES

Creditors	483,705	523,739
Foreign bills payable	512,890	326,368
Accrued liabilities	16.1 721,399	626,617
Customers' balances	107,977	147,323
Gratuity payable	55,814	58,479
Workers' profit participation fund payable	11,628	48,539
Sales tax payable - net	67,962	24,138
Workers' welfare fund payable	22,864	18,445
Provident fund payable	7,036	6,505
Retention money payable	1,003	1,004
Unclaimed dividend	724	724
Other liabilities	68,691	60,261
	<b>2,061,693</b>	<b>1,842,142</b>

- 16.1 This includes an amount of Rs. 440.89 million (June 30, 2017: Rs. 410.97 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Company has filed an appeal in Honorable Sindh High Court. The Sindh High Court 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 Sindh High Court suspended the aforesaid judgement till the disposal of appeal. The matter is pending for hearing of appeal.

## Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

		September 30, 2017	June 30, 2017 (Audited)
	Note	(Rupees in thousands)	
<b>17. SHORT-TERM BORROWINGS</b>			
From banking companies - secured			
Running finances			
Islamic mode		19,294	71,408
Conventional mode		1,949,948	1,355,634
		1,969,242	1,427,042
Import credit finances - conventional mode		-	574,308
Short term loan - Conventional mode	17.1	838,800	838,800
		2,808,042	2,840,150

17.1 This loan has been obtained from Standard Chartered Bank, UK - Dubai International Finance Center branch through Standard Chartered Bank (Pakistan) Limited amounting to USD 8.00 million equivalent to fixed amount of Rs. 838.80 million for meeting working capital requirements. The tenor of the loan is six months i.e from June 12, 2017 to December 12, 2017. The price of loan is six months KIBOR minus 0.20 %. 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.

### 18. INTEREST AND MARK-UP ACCRUED

Markup accrued on:

Long-term financing		
From Banks - Islamic mode	10,942	11,173
From Banks - Conventional mode	10,078	11,652
	21,020	22,825
Associated undertakings / Director	16,937	-
	37,957	22,825
Short-term borrowings		
Islamic mode	26,532	3,105
Conventional mode	3,544	12,423
	30,076	15,528
	68,033	38,353

### 19. CONTINGENCIES AND COMMITMENTS

#### 19.1 Contingencies

##### a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 521 million (June 30, 2017: Rs. 521 million).



## Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

### b) Sales tax

Four cases of inadmissible input sales tax amounting to Rs. 87.31 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 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 advisor, 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. 173.98 million (June 30, 2017: Rs. 152.72 million) on account of late payment surcharge on GIDC of Rs. 440.89 million (Note 16.1) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On the appeal filed by the Company, the Honorable Sindh High Court 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 Sindh High Court suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable Sindh High Court.

No provision has been made in these interim financial information for late payment surcharge as the management is of the opinion, based on advice of legal advisor 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.

## 19.2 Commitments

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

- Letters of credit other than for capital expenditure amounted to Rs. 835.96 million (June 30, 2017: Rs. 1,101.44 million).
- Capital expenditure including letters of credit amounted to Rs. 57.23 million (June 30, 2017: Rs. 10.93 million).

## 20. SALES

	Quarter ended	
	September 30, 2017	September 30, 2016
	(Rupees in thousands)	
Gross sales	4,696,709	3,760,514
Sales tax	(682,951)	(546,640)
	<u>4,013,758</u>	<u>3,213,874</u>

# Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

	Quarter ended	
	September 30, 2017	September 30, 2016
Note	(Rupees in thousands)	
<b>21. COST OF SALES</b>		
Materials consumed	2,300,536	1,749,054
Fuel and power	560,511	495,513
Depreciation on property, plant and equipment	219,453	225,967
Salaries, wages and other benefits	189,811	166,898
Repairs, maintenance and stores consumption	154,789	160,484
Packing expenses	88,298	77,446
Insurance	19,167	17,864
Provision for slow moving stores and spares	1,500	1,500
Rent, rates and taxes	1,867	1,460
Manufacturing cost	3,535,932	2,896,186
Work-in-process		
Opening stock	96,961	327,385
Closing stock	(77,867)	(77,051)
	19,094	250,334
Cost of goods manufactured	3,555,026	3,146,520
Finished goods		
Opening stock	336,485	102,022
Closing stock	(355,666)	(295,258)
	(19,181)	(193,236)
	3,535,845	2,953,284
<b>22. OTHER INCOME</b>		
Sale of scrap	9,274	14,380
Insurance agency commission from associated company	3,000	2,700
Net exchange gain - conventional mode	467	415
Gain on sale of fixed assets – net	712	-
Others	122	618
	13,575	18,113
<b>23. FINANCE COST</b>		
Long-term financing		
From Banks - Islamic mode	20,169	27,907
From Banks - Conventional mode	29,416	36,769
	49,585	64,676
Associated undertakings / Directors	16,936	16,849
	66,521	81,525
Short-term borrowings		
Islamic mode	3,543	4,128
Conventional mode	43,735	18,414
	47,278	22,542
Workers' Profit Participation Fund	987	461
Net exchange (loss) / gain on import credit finances	5,121	(1,124)
Bank charges and commission	545	350
	120,452	103,754

# Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

		Quarter ended	
		September 30, 2017	September 30, 2016
	Note	(Rupees in thousands)	
<b>24. EARNINGS PER SHARE - BASIC AND DILUTED</b>			

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

Profit for the period	151,557	34,972
Dividend attributable to cumulative preference shares	(16,287)	(16,037)
Profit attributable to ordinary shareholders	135,270	18,935
Weighted average number of ordinary shares (in thousands)	147,018	147,018
Basic earnings per share (Rupees)	0.92	0.13

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

## 25. CASH GENERATED FROM OPERATIONS

Profit before taxation	216,510	49,957
Adjustment for non cash charges and other items:		
Depreciation	228,125	234,884
Amortization of intangible assets	164	212
Gain on sale of property, plant and equipment	(712)	-
Provision for gratuity	7,268	6,502
Provision for slow moving stores and spares	1,500	1,500
Workers' profit participation fund	11,628	2,682
Finance cost	120,452	103,754
Exchange gain	-	(526)
Working capital changes	(631,114)	82,745
	(262,689)	431,753
	(46,179)	481,710

### 25.1 Changes in working capital

(Increase) / decrease in current assets		
Stores and spares	(966)	14,675
Stock-in-trade	(436,220)	(166,239)
Trade debts	(246,154)	(65,864)
Loans and advances	(44,792)	(2,051)
Trade deposits and short-term prepayments	(7,939)	(7,384)
Other receivables	(2,763)	(4,650)
	(738,834)	(231,513)
Increase in current liabilities		
Trade and other payables	107,720	314,258
	(631,114)	82,745

## 26. 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, 2017.

# Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

## 27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

27.1 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>	<u>Quarter ended</u>	
		<b>September 30, 2017</b>	September 30, 2016
		(Rupees in thousands)	
Associated Companies / Undertakings / Director	Sales of goods and services	<b>465,882</b>	405,787
	Purchase of goods and services	<b>31,504</b>	25,649
	Rent and other allied charges	<b>2,200</b>	2,293
	Insurance agency commission	<b>3,000</b>	2,889
	Mark-up charged	<b>16,937</b>	16,849
Retirement benefit plans	Contribution to staff retirement benefit plans	<b>19,804</b>	17,676
Key management personnel	Remuneration and other benefits (Note 27.3)	<b>86,223</b>	67,456
		<b>September 30, 2017</b>	June 30, 2017
			(Audited)
		(Rupees in thousands)	

## 27.2 Period / year end balances

Receivable from Associated Companies / Undertakings	<b>204,311</b>	133,056
Payable to related parties	<b>63,485</b>	92,942
Payable to retirement benefit plan	<b>62,850</b>	64,984
Long term financing from Associated Undertaking / Director	<b>1,550,000</b>	1,000,000
Mark-up accrued on long term financing from Associated Undertaking / Director	<b>16,937</b>	-

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

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

## 28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements 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.

## Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2017 (Un-audited)

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 the first quarter ended September 30, 2017, there were no transfers into or out of Level 3 fair value measurements.

### 29. POST BALANCE SHEET EVENT

The Board of Directors in their meeting held on September 18, 2017 has declared the interim dividend of Rs 1.50 per share amounting to Rs. 220.53 million and Board has further proposed Rs. 19.91 million of preference dividend as per the terms, conditions and rights and privileges of preference shares agreement. These interim dividends will be recorded as liability in the financial statements for the next quarter as required by the IAS 10 Events after the balance sheet date.

### 30. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 18, 2017 by the Board of Directors of the Company.

### 31. 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.

### 32. GENERAL

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



**AFTAB AHMAD**  
Chief Executive Officer



**TASLEEMUDDIN AHMED BATLAY**  
Director



**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

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