



Century Paper & Board Mills Limited



Third Quarter Report
March 2015

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
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
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

Syed Ahmad Ashraf
Email: ahmad-ashraf@centurypaper.com.pk

Company Secretary

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

Head Office and Registered Office

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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. Shakra-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 the Company along with the financial statements for the third quarter ended March 31st 2015, and for the nine months period (July 2014 to March 2015) ended on the same date.

Company's Operating Performance

The production for the period under review (July 2014 to March 2015) was 120,243 MT as compared to 137,903 MT of the comparable period last year. However the production for the quarter under review was 41,665 MT as compared to 32,470 MT of the same quarter of last year.

The lower production for the period under review as compared to comparable period of last year was due to harsh load management policy of the SNGPL according to which only 19% (average) gas was supplied to the Company as against 38% in the same period of last year. This situation was further aggravated by the load curtailment of electricity at the National Grid. Hence the Company produced only that quantity which was strategically important during the second and third quarter at the high cost of alternate fuels.

Sales Review

The Company achieved a sale volume of 115,180 MT for the period under review (July 2014 to March 2015) as compared to 129,168 MT sold in the comparable period of last year. The sale of current quarter (January-March, 2015) was 39,025 MT as compared to 32,847 MT of the comparable quarter of last year. The higher sale volume in the current quarter is attributable to stock build up by the Company in the period when the gas was available.

In terms of value the net sales of the Company for the period under review (July 2014 to March 2015) were Rs. 9,871 million as compared to Rs. 11,026 million of the comparable period of last year. The lesser sales value is the result of low sales volume of around 14,000 MT during the period under review from the comparable period of last year. The sales were also once again hit by the influx of the imported paperboard at surprisingly low prices.

The sales of the current quarter (January-March, 2015) stood at Rs. 3,310 million as compared to Rs. 2,898 million of the comparable quarter of last year.

Financial Review

The financials of the Company went into red for the period under review because of the lower sales volume and high cost (mainly of energy).

For the period under review (July 2014 to March 2015), the Company's gross profit stood at Rs. 666 million as compared to gross profit of Rs.1,519 million of the comparable period of last year, showing a decline of Rs. 853 million.

Directors' Review

Similarly the operating profit figure for the period under review (July 2014 to March 2015) also declined and stood at Rs. 310 million as compared to Rs.1,141 million of the comparable period of last year.

After providing for the financial expenses of Rs. 486 million and net tax reversal of Rs. 59 million (because of reduction in deferred tax liability), the Company posted a net loss after tax of Rs. 117 million, for the period under review (July 2014 to March 2015), as compared to profit after tax of Rs. 450 million of the comparable period of last year.

Earnings / (loss) per Share

Loss per share for the nine months ended March 2015, after taking into account the preference share dividend stood at Rs. 1.21 as compared to earnings of Rs. 2.36 per share for the same period of last year.

Near Term Outlook

The gas supply to the Company was restored from the middle of March 2015 at 33% of the sanctioned load. Further the Company has reduced its prices of the major product to meet the challenges of imported paperboard. It is hoped that the above will result in a balancing act for the fourth quarter and the increased sales volume will compensate the lower prices, consequently increasing the bottom line. The Directors are optimistic for the better capacity utilization for the ensuing quarter.

In the long term the Company is hopeful to have its Coal Fired Energy Generation Plant operative before the coming winter thereby mitigating the effect of energy shortages.

Acknowledgments

Your Directors and management deeply appreciate the continued support and commitment of all the stakeholders especially the financial institutions. They are especially thankful to those customers who have shown their understanding and loyalty to the Company's product despite the influx of the imported material.

They are also thankful for the continued hard and sincere work of the employees of the Company, of all cadres.

On behalf of the Board of Directors



Aftab Ahmad
Chief Executive Officer

Karachi: April 22, 2015



Condensed Interim Balance Sheet

as at March 31, 2015 (Un-audited)

	Note	March 31, 2015	June 30, 2014 (Audited)
		(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6	7,632,387	8,137,746
Operating fixed assets			
Capital work in progress	7	1,513,477	202,525
		9,145,864	8,340,271
Intangible assets		1,444	2,712
Long-term loans and advances		9,227	2,845
Long-term deposits		2,829	2,829
		9,159,364	8,348,657
CURRENT ASSETS			
Stores and spares	8	1,051,508	910,456
Stock-in-trade	9	1,973,506	2,563,413
Trade debts (unsecured - considered good)		1,186,177	1,006,753
Loans and advances (unsecured - considered good)		29,936	22,745
Trade deposits and short-term prepayments		29,620	3,312
Other receivables (unsecured - considered good)		6,325	1,988
Tax refunds due from Government		116,306	141,291
Taxation - net		83,794	111,347
Cash and bank balances		112,326	68,975
		4,589,498	4,830,280
TOTAL ASSETS		13,748,862	13,178,937
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (June 30, 2014: 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, 2014: 147,018,345) ordinary			
shares of Rs. 10 each		1,470,184	1,470,184
90,121,351 (June 30, 2014: 90,121,351)			
preference shares of Rs. 10 each	10	901,214	901,214
		2,371,398	2,371,398
Reserves		3,256,136	3,373,292
		5,627,534	5,744,690
NON - CURRENT LIABILITIES			
Long-term financing	11	3,652,517	3,347,424
Deferred taxation		504,232	661,069
		4,156,749	4,008,493
CURRENT LIABILITIES			
Trade and other payables	12	1,405,250	972,831
Interest and mark-up accrued	13	67,462	65,478
Short-term borrowings	14	1,870,200	1,605,021
Current portion of long-term financing	11	621,667	782,424
		3,964,579	3,425,754
CONTINGENCIES AND COMMITMENTS			
	15		
TOTAL EQUITY AND LIABILITIES		13,748,862	13,178,937

The annexed notes from 1 to 25 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 period ended March 31, 2015 (Un-audited)

	Note	Nine months ended		Quarter ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees in thousands)					
Sales - net	16	9,871,049	11,025,573	3,310,133	2,898,176
Cost of sales	17	(9,205,231)	(9,507,034)	(3,106,559)	(2,835,924)
Gross profit		665,818	1,518,539	203,574	62,252
General and administrative expenses		(262,102)	(261,398)	(88,107)	(89,278)
Selling expenses		(31,866)	(30,255)	(10,849)	(10,392)
Distribution expenses		(53,440)	(68,388)	(15,900)	(21,179)
Other operating charges					
Workers' profit participation fund		-	(36,606)	-	9,981
Workers' welfare fund		-	(13,910)	-	3,793
Others		(62,248)	(42,973)	(24,029)	(6,786)
		(62,248)	(93,489)	(24,029)	6,988
Other income		53,369	75,590	15,706	28,087
Operating profit		309,531	1,140,599	80,395	(23,522)
Finance cost		(485,680)	(458,991)	(143,739)	(162,314)
(Loss) / profit before taxation		(176,149)	681,608	(63,344)	(185,836)
Taxation					
Current		(98,710)	(110,256)	(33,101)	(28,982)
Prior		866	-	-	-
Deferred		156,837	(121,491)	54,003	92,168
		58,993	(231,747)	20,902	63,186
(Loss) / profit for the period		(117,156)	449,861	(42,442)	(122,650)
Basic (loss) / earnings per share (Rupees)	18.1	(1.21)	2.36	(0.42)	(1.38)
Diluted (loss) / earnings per share (Rupees)	18.2	(1.21)	2.34	(0.42)	(0.98)

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



Condensed Interim Statement of Comprehensive Income

for the period ended March 31, 2015 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in thousands)			
(Loss) / profit for the period	(117,156)	449,861	(42,442)	(122,650)
Other comprehensive income				
Items that will not be reclassified in Profit and Loss account				
Remeasurement of defined benefit liability - net	-	(18,645)	-	(6,215)
Tax impact	-	6,153	-	2,051
	-	(12,492)	-	(4,164)
Total comprehensive (loss) / income for the period	(117,156)	437,369	(42,442)	(126,814)

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director

Condensed Interim Statement of Cash Flows

for the period ended March 31, 2015 (Un-audited)

	Note	Nine months ended	
		March 31, 2015	March 31, 2014
(Rupees in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	1,427,349	1,179,553
Finance cost paid		(483,696)	(432,167)
Taxes paid - net		(184,252)	(240,721)
Tax refund		120,292	-
Gratuity paid		(24,368)	(15,127)
Workers' profit participation fund paid		(49,087)	(75,507)
Long-term loans and advances - net		(6,382)	(929)
Net cash generated from operating activities		799,856	415,102
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,171,123)	(128,006)
Proceeds from sale of property, plant and equipment		5,104	2,261
Net cash used in investing activities		(1,166,019)	(125,745)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of preference shares		-	(450,607)
Proceeds from long-term financing from banking companies		777,517	-
Repayment of long-term financing from banking companies		(633,182)	(174,318)
Dividend paid on preference shares		-	(236,992)
Net cash generated from / (used in) financing activities		144,335	(861,917)
Net decrease in cash and cash equivalents		(221,828)	(572,560)
Cash and cash equivalents at the beginning of the period		(1,536,046)	(1,336,394)
Cash and cash equivalents at the end of the period		(1,757,874)	(1,908,954)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		112,326	39,040
Short-term borrowings		(1,870,200)	(1,947,994)
		(1,757,874)	(1,908,954)

The annexed notes from 1 to 25 form an integral part of this condensed interim financial information.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director



Condensed Interim Statement of Changes in Equity

for the period ended March 31, 2015 (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
Balance as at July 1, 2013 (Restated)	1,060,252	2,102,832	1,047,935	7,925	480,647	1,536,507	313,226	806,279	1,119,505	2,656,012	5,819,096	
(Rupees in thousands)												
Transactions with owners												
15,903,770 ordinary shares of Rs. 10/- each issued as fully paid bonus shares	159,038	-	(159,038)	-	-	(159,038)	-	-	-	(159,038)	-	
Redemption of preference shares	-	(450,607)	-	-	-	-	-	(236,992)	(236,992)	(236,992)	(450,607)	
Dividend paid on preference shares	-	-	-	-	-	-	-	(236,992)	(236,992)	(236,992)	(236,992)	
Transfer to redemption reserve	159,038	(450,607)	(159,038)	-	-	(159,038)	-	(236,992)	(236,992)	(396,030)	(687,599)	
Profit for the period	-	-	-	-	-	-	-	449,861	449,861	449,861	449,861	
Remeasurement of defined benefit liability - net	-	-	-	-	-	-	-	(12,492)	(12,492)	(12,492)	(12,492)	
Total comprehensive income for the period ended March 31, 2014	-	-	-	-	-	-	-	437,369	437,369	437,369	437,369	
Balance as at March 31, 2014	1,219,290	1,652,225	888,897	7,925	931,254	1,828,076	313,226	556,049	869,275	2,697,351	5,568,866	
Balance as at July 1, 2014	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	298,765	611,991	3,373,292	5,744,690	
Remeasurement of defined benefit liability - net	-	-	-	-	-	-	-	(117,156)	(117,156)	(117,156)	(117,156)	
Loss for the period	-	-	-	-	-	-	-	(117,156)	(117,156)	(117,156)	(117,156)	
Total comprehensive loss for the period ended March 31, 2015	-	-	-	-	-	-	-	(117,156)	(117,156)	(117,156)	(117,156)	
Balance as at March 31, 2015	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	181,609	494,835	3,256,136	5,627,534	

The annexed notes from 1 to 25 form an integral part of this 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 period ended March 31, 2015 (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 Karachi and Lahore Stock Exchanges. 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.

This condensed interim financial information of the Company for the nine months ended March 31, 2015 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, 2014.

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, 2014, 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 month ended March 31, 2014.

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, 2014.

4. TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2015, have been made using the estimated effective tax rate applicable to expected total annual earnings.



Notes to the Condensed Interim Financial Information

for the period ended March 31, 2015 (Un-audited)

5. ESTIMATES

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, 2014.

	March 31, 2015	June 30, 2014 (Audited)
Note	(Rupees in thousands)	

6. OPERATING FIXED ASSETS

Opening net book value (NBV)		8,137,746	8,808,166
Additions (at cost) during the period / year	6.1	176,047	233,737
		8,313,793	9,041,903
Disposals (NBV) during the period / year	6.2	(3,888)	(4,029)
Depreciation charge for the period / year		(677,518)	(900,128)
		(681,406)	(904,157)
Closing net book value (NBV)		7,632,387	8,137,746

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

Freehold land	1,437	1,702
Buildings on freehold land	34,810	2,363
Plant and machinery	103,432	178,556
Furniture and fixtures	15	621
Vehicles	29,678	23,684
Electrical and other equipments	2,137	3,917
Computers	4,538	22,894
	176,047	233,737

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

Plant and machinery	400	113
Vehicles	3,488	3,841
Electrical and other equipments	-	75
	3,888	4,029

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2015 (Un-audited)

		March 31, 2015	June 30, 2014 (Audited)
7. CAPITAL WORK IN PROGRESS	Note	(Rupees in thousands)	
This comprises of:			
Civil works		240,306	17,852
Plant and machinery		1,086,919	176,383
Advances to suppliers		131,858	5,590
Other directly attributable cost		54,394	2,700
	7.1	1,513,477	202,525
Movement of carrying amount is as follows:			
Opening balance		202,525	48,532
Additions (at cost) during the period / year		1,447,953	227,631
		1,650,478	276,163
Transfer to operating fixed assets during the period / year		(137,001)	(73,638)
Closing balance		1,513,477	202,525

7.1 This balance includes project in progress relating to Coal Based Co-Generation Power Plant amounting to Rs. 1,143.07 million (June 30, 2014: Rs. 5.11 million).

8. STORES AND SPARES

Stores	8.1	679,703	577,151
Spares			
in hand		390,181	347,182
in transit		17,856	18,055
		408,037	365,237
		1,087,740	942,388
Provision for slow moving stores and spares		(36,232)	(31,932)
		1,051,508	910,456

8.1 This includes fuel for power and steam generation amounting Rs. 68.78 million (June 30, 2014: Rs. 104.35 million).

8.2 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 period ended March 31, 2015 (Un-audited)

	March 31, 2015	June 30, 2014 (Audited)
	(Rupees in thousands)	
9. STOCK-IN-TRADE		
Raw materials in hand	975,483	1,555,638
in transit	480,435	437,110
	<u>1,455,918</u>	<u>1,992,748</u>
Work-in-process	405,824	439,789
Finished goods	111,764	130,876
	<u>1,973,506</u>	<u>2,563,413</u>

10. PREFERENCE SHARES

Preference shares	901,214	901,214
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10.1 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.

10.2 The followings 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 as at the balance sheet date amounted to Rs. 588.78 million (June 30, 2014: Rs. 528.16 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 provisions of Section 85 of the Companies Ordinance, 1984.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2015 (Un-audited)

		March 31, 2015	June 30, 2014 (Audited)
	Note	(Rupees in thousands)	
11. LONG-TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Consortium of Banks			
- Musharaka	11.1	1,275,000	1,500,000
- Syndicated	11.2	466,000	-
		1,741,000	1,500,000
Term Loans			
Allied Bank Limited	11.3	1,200,000	1,425,000
Meezan Bank Limited - Musharaka	11.4	234,000	-
Faysal Bank Limited	11.5	77,517	-
Faysal Bank Limited	11.6	21,667	54,166
Bank Alfalah Limited	11.7	-	150,682
		1,533,184	1,629,848
		3,274,184	3,129,848
From associated undertakings - unsecured	11.8	1,000,000	1,000,000
		4,274,184	4,129,848
Current portion shown under current liabilities		(621,667)	(782,424)
		3,652,517	3,347,424

11.1 This represents Diminishing Musharaka Arrangement with a Consortium of Meezan Bank Limited and Al Baraka Bank (Pakistan) 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 mark-up is equal to base rate plus 0.9%. 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 10.78% (June 30, 2014: 10.54%) per annum.

11.2 This represents drawdowns against Syndicated term financing arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million to finance expenditure incurred on project in progress of 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 ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark-up is equal to base rate plus 0.75%. 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 10.29% per annum.

11.3 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 period ended March 31, 2015 (Un-audited)

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 mark-up is equal to base rate plus 0.9%. 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 10.88% (June 30, 2014: 10.60%) per annum.

- 11.4 This represents drawdowns against Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited to finance expenditure incurred on project in progress of 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 ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark-up is equal to base rate plus 0.75%. 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 10.29% per annum.

- 11.5 This represents proceeds from Faysal Bank Limited under Diminishing Musharaka Arrangement of Rs. 110.4 million 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 commencing from May 2016.

The 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 9.28% per annum.

- 11.6 This term finance facility has been obtained from Faysal Bank Limited amounting to Rs. 180 million specifically for New Box Making Machine and Coal Fired Boiler. The tenor of the facility is four years with twelve months grace period. The finance facility is repayable in twelve equal quarterly installments which commenced from December 2012.

The finance facility is secured by way of exclusive charge on New Box Making Machine and Coal Fired Boiler with 25% margin.

The rate of mark-up is 1.50% over three months KIBOR of last day of preceding quarter. During the period, the effective mark-up rate was 11.50% (June 30, 2014: 11.06%) per annum.

- 11.7 These term finance loans have been fully repaid during the period. During the period, the effective mark-up rate was 11.36% (June 30, 2014: 11.06%) per annum.

- 11.8 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company, amounting to Rs. 1,000 million. The loan is repayable after two years from the date of agreement i.e. July 2016.

The rate of mark-up is 0.9% over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective mark-up rate was 10.90% (June 30, 2014: 10.59%) per annum.

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2015 (Un-audited)

	March 31, 2015	June 30, 2014 (Audited)
Note	(Rupees in thousands)	
12. TRADE AND OTHER PAYABLES		
Creditors	426,536	315,141
Foreign bills payable	491,604	274,454
Accrued liabilities	177,657	177,869
Sales tax payable - net	53,486	14,884
Customers' balances	65,817	34,745
Provident fund payable	5,561	4,854
Gratuity payable	49,283	54,543
Workers' profit participation fund	-	49,087
Workers' welfare fund	-	18,653
Unclaimed dividend	724	734
Retention money payable	99,769	-
Other liabilities	34,813	27,867
	1,405,250	972,831
13. INTEREST AND MARK-UP ACCRUED		
Interest and mark-up accrued on:		
Long-term financing	50,796	52,040
Short-term borrowings	16,666	13,438
	67,462	65,478
14. SHORT-TERM BORROWINGS		
From banking companies - secured		
Running finances	14.1 1,556,076	912,782
Import credit finances	314,124	692,239
	1,870,200	1,605,021

14.1 During the period, the effective mark-up rates for running finances and import credit finance are 10.11% (June 30, 2014: 10.44%) per annum and 3.21% (June 30, 2014: 3.16%) per annum respectively.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 367 million (June 30, 2014: Rs. 367 million).

b) Sales tax

Three cases of inadmissible input sale 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 the compliance of the Company with the relevant provision of the Sales Tax Act, 1990. No provision has been made in this condensed financial information for the liability that may arise in the event of a decision against the Company 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 period ended March 31, 2015 (Un-audited)

18. EARNINGS PER SHARE - BASIC AND DILUTED

18.1 Basic earnings per share

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

	Nine months ended		Quarter ended	
	March 31, 2015	March 31, 2014 (Rupees in thousands)	March 31, 2015	March 31, 2014
(Loss) / profit for the period	(117,156)	449,861	(42,442)	(122,650)
Dividend attributable to cumulative preference shares	(60,617)	(161,514)	(19,910)	(45,425)
(Loss) / profit attributable to ordinary shareholder	<u>(177,773)</u>	<u>288,347</u>	<u>(62,352)</u>	<u>(168,075)</u>
Weighted average number of ordinary shares (in thousands)	<u>147,018</u>	<u>121,929</u>	<u>147,018</u>	<u>121,929</u>
(Loss) / earnings per share attributable to ordinary shareholders (Rupees)	<u>(1.21)</u>	<u>2.36</u>	<u>(0.42)</u>	<u>(1.38)</u>

18.2 Diluted earnings per share

The dilutive impact of potential ordinary shares on earnings per share as required under "IAS 33 Earnings per share" is given below:-

(Loss) / profit attributable to ordinary shareholders	(177,773)	288,347	(62,352)	(168,075)
Dividend for the period on convertible preference shares	-	62,861	-	20,648
	<u>(177,773)</u>	<u>351,208</u>	<u>(62,352)</u>	<u>(147,427)</u>
Weighted average number of ordinary shares	147,018	121,929	147,018	121,929
Incremental number of shares from potential conversion of preference shares	-	28,450	-	28,450
(in thousands)	<u>147,018</u>	<u>150,379</u>	<u>147,018</u>	<u>150,379</u>
Diluted (loss) / earnings per share (Rupees)	<u>(1.21)</u>	<u>2.34</u>	<u>(0.42)</u>	<u>(0.98)</u>

March 31,
2015
(Rupees in thousands)

March 31,
2014

19. CASH GENERATED FROM OPERATIONS

(Loss) / profit before taxation	(176,149)	681,608
Adjustment for non cash charges and other items:		
Depreciation	677,518	674,921
Amortization of intangible assets	1,268	8,982
Gain on sale of property, plant and equipment	(1,215)	(271)
Provision for gratuity	19,108	14,730
Provision for slow moving stores and spares	4,300	3,600
Workers' profit participation fund	-	36,606
Finance cost	485,680	458,991
Working capital changes	19.1 416,839	(699,614)
	<u>1,603,498</u>	<u>497,945</u>
	<u>1,427,349</u>	<u>1,179,553</u>



Notes to the Condensed Interim Financial Information

for the period ended March 31, 2015 (Un-audited)

	March 31, 2015	March 31, 2014
	(Rupees in thousands)	
19.1 Changes in working capital		
Decrease / (Increase) in current assets		
Stores and spares	(145,352)	(119,122)
Stock-in-trade	589,907	(237,311)
Trade debts	(179,424)	(41,811)
Loans and advances	(7,191)	(45,049)
Trade deposits and short-term prepayments	(26,308)	(20,607)
Other receivables	(4,337)	2,525
Tax refunds due from Government	18,653	44,806
	245,948	(416,569)
Increase / (decrease) in current liabilities		
Trade and other payables	170,891	(283,045)
	416,839	(699,614)

20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

20.1 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:

Relation with the Company	Nature of transaction	Nine months ended		Quarter ended		
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	
		Note	(Rupees in thousands)			
Associated companies / undertakings	Sales of goods and services		1,162,072	1,218,016	389,071	415,868
	Purchase of goods and services		157,731	147,824	29,918	19,280
	Rent and other allied charges		5,258	4,707	1,405	1,569
	Insurance agency commission		10,716	7,200	1,716	2,400
	Issue of bonus shares		-	97,890	-	-
	Redemption of preference shares		-	440,184	-	-
	Dividend paid on redemption of preference shares		-	231,510	-	-
	Donation		-	25,000	-	-
	Mark-up accrued		81,794	78,291	25,964	27,099
Sponsors and Directors	Issue of bonus shares		-	48	-	-
	Redemption of preference shares		-	318	-	-
	Dividend paid on redemption of preference shares		-	167	-	-
Retirement benefit plans	Contribution to staff retirement benefit plans		42,650	35,959	14,208	11,842
Key management personnel	Remuneration and other benefits	20.3	167,161	149,484	51,505	45,346

Notes to the Condensed Interim Financial Information

for the period ended March 31, 2015 (Un-audited)

March 31,
2015
June 30,
2013
(Audited)
(Rupees in thousands)

20.2 Period / year end balances

Receivable from related parties	158,705	80,045
Payable to related parties	66,461	62,070
Long term financing from associated undertaking	1,000,000	1,000,000
Mark-up on long-term financing from associated undertaking	25,964	27,624

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

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

21. OPERATING SEGMENTS

These condensed interim financial information have been prepared on the basis of single reportable segment.

All sales of the Company relate to customers in Pakistan.

All non-current assets of the Company as at March 31, 2015 are located in Pakistan.

22. 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, 2014.

23. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 22, 2015 by the Board of Directors of the Company.

24. CORRESPONDING FIGURES

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

25. 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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