



Century Paper & Board Mills Limited

Half Yearly Report December 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	
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

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. 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 the Company together with the un-audited financial statements for the half year ended December 31, 2015.

Company's Operating Performance

The production for the period under review (July-December 2015) was 95,159 metric tons as compared to 78,579 metric tons of the comparable period of last year. The capacity utilization for the period under review stood at 80% as compared to 65 % capacity utilization of the corresponding period of last year. Similarly compared with production of 44,920 metric tons of the previous quarter (July-September 2015) the current quarter (October-December 2015) production was 50,239 metric tons.

The higher production in the period under review from the comparable period production was achieved, mainly due to substantial drop in prices of petroleum products making their use economical.

Sales Review

The upward trend in the imports of Paper & Board continued due to the fall in prices of the comparable products of China thus resulting in the squeeze in demand and drop in average selling prices of the Company's products.

Notwithstanding the above, your Company was able to sell 85,396 metric tons of its products for the period under review (July-December 2015) which is 9,240 metric tons more as compared to 76,156 metric tons of the comparable period of last year.

The current quarter (October-December 2015) sales of 45,297 metric tons were higher by 5,198 metric tons than the previous quarter (July-September 2015) sales of 40,099 metric tons.

In terms of value, the net sales of the Company for the period under review (July-December 2015) were Rs. 6.464 billion as compared to Rs. 6.561 billion of the comparable period of last year. Company was not able to achieve the higher sales value due to the price adjustment made by the Company to match the prices of the comparable imported products.

Financial Performance

Notwithstanding the stated market conditions there is an overall improvement in gross and net operating profit figures from the comparable period of last year. The gross profit earned by the Company for the period under review (July-December 2015) stood at Rs. 546 million as compared to Rs. 463 million of the comparable period of last year.

The net operating profit for the period under review (July-December 2015) is recorded as Rs. 315 million as compared to Rs. 230 million of the comparable period of last year.

Directors' Review

Financial cost has decreased by Rs. 150 million and is recorded at Rs. 192 million for the period under review as compared to Rs. 342 million of the comparable period of last year. The drop in KIBOR has mainly contributed to the decrease in financial cost.

The Company has posted a Profit before tax of Rs. 123 million as compared to Loss before tax of Rs. 112 million posted for the corresponding period of last year.

After accounting for the minimum turnover tax and deferred taxation the Company is declaring a Profit of Rs. 84 million for the period under review as compared to Loss of Rs. 75 million for the comparable period of last year.

Earnings per Share

The basic Earnings per share is reported at Rs. 0.34 as compared to basic Loss per share of Rs. 0.84 of the comparable period of the last year. There is no dilution effect on the earnings per share for the period under review and the comparable period.

Near Term Outlook

Your Company has once again approached the National Tariff Commission (NTC) for the imposition of anti-dumping duties on some categories of paperboard as it feels that these products are imported at a price which is not justified. The Company also feels that the imposition of anti-dumping duties will provide level playing field to the Company as well as the other domestic players of the industry.

Till the time the process of anti-dumping duties is completed it is expected that the prices and volumes of your Company's product will remain under pressure.

Nevertheless the Company will make an effort to sustain the production and sales in the third quarter.

Acknowledgments

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

On behalf of the Board of Directors



Aftab Ahmad
Chief Executive Officer

Karachi: February 18, 2016



Independent Auditor's Report on Review of

Condensed Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of **CENTURY PAPER & BOARD MILLS LIMITED** ("the Company") as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended December 31, 2015 and December 31, 2014 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Karachi:

Dated : February 18, 2016



BDO EBRAHIM & CO.,
Chartered Accountants

Engagement Partner: Qasim E. Causer

Condensed Interim Balance Sheet

as at December 31, 2015 (Un-audited)

	Note	December 31, 2015	June 30, 2015 (Audited)
(Rupees in thousands)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6	7,184,511	7,602,231
Operating fixed assets			
Capital work in progress	7	2,756,895	1,812,177
		9,941,406	9,414,408
Intangible assets		3,013	3,645
Long-term loans and advances		13,211	5,054
Long-term deposits		2,829	2,829
		9,960,459	9,425,936
CURRENT ASSETS			
Stores and spares	8	1,131,125	1,082,473
Stock-in-trade	9	1,969,977	1,982,334
Trade debts (unsecured - considered good)		1,247,907	1,173,624
Loans and advances (unsecured - considered good)		11,496	16,156
Trade deposits and short-term prepayments		51,905	3,679
Other receivables (unsecured - considered good)		3,010	2,815
Tax refunds due from Government		128,895	116,306
Taxation - net		118,409	183,318
Cash and bank balances		238,764	120,987
		4,901,488	4,681,692
TOTAL ASSETS		14,861,947	14,107,628
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (June 30, 2015: 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, 2015: 147,018,345)			
ordinary shares of Rs. 10 each		1,470,184	1,470,184
90,121,351 (June 30, 2015: 90,121,351)			
preference shares of Rs. 10 each	10	901,214	901,214
		2,371,398	2,371,398
Reserves		3,230,788	3,147,348
		5,602,186	5,518,746
NON - CURRENT LIABILITIES			
Long-term financing	11	4,259,278	4,149,238
Deferred taxation		553,116	578,499
		4,812,394	4,727,737
CURRENT LIABILITIES			
Trade and other payables	12	1,478,649	1,245,364
Interest and mark-up accrued	13	65,809	42,399
Short-term borrowings	14	2,177,343	1,951,943
Current portion of long-term financing	11	725,566	621,439
		4,447,367	3,861,145
CONTINGENCIES AND COMMITMENTS			
	15		
TOTAL EQUITY AND LIABILITIES		14,861,947	14,107,628

The annexed notes from 1 to 24 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 December 31, 2015 (Un-audited)

	Note	Half year ended		Quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
(Rupees in thousands)					
Sales - net	16	6,464,356	6,560,916	3,408,351	3,071,259
Cost of sales	17	(5,919,264)	(6,097,806)	(3,074,223)	(3,013,938)
Gross profit		545,092	463,110	334,128	57,321
General and administrative expenses		(189,250)	(173,995)	(91,888)	(85,485)
Selling expenses		(23,177)	(21,017)	(11,475)	(10,201)
Distribution expenses		(33,660)	(37,540)	(16,091)	(17,483)
Other operating charges					
Workers' Profit Participation Fund		(6,590)	-	(6,590)	5,469
Workers' Welfare Fund		(2,504)	-	(2,504)	2,078
Others		(6,546)	(38,219)	(4,074)	(25,695)
		(15,640)	(38,219)	(13,168)	(18,148)
Other income		31,394	37,663	12,087	18,507
Operating profit / (loss)		314,759	230,002	213,593	(55,489)
Finance cost		(192,054)	(341,941)	(86,899)	(158,264)
Profit / (loss) before taxation		122,705	(111,939)	126,694	(213,753)
Taxation					
Current		(64,649)	(65,609)	(34,089)	(30,712)
Deferred		25,384	102,834	(6,452)	102,834
		(39,265)	37,225	(40,541)	72,122
Profit / (loss) for the period		83,440	(74,714)	86,153	(141,631)
Earnings / (loss) per share - basic and diluted (Rupees)	18	0.34	(0.84)	0.47	(1.13)

The annexed notes from 1 to 24 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 December 31, 2015 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Profit / (loss) for the period	83,440	(74,714)	86,153	(141,631)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>83,440</u>	<u>(74,714)</u>	<u>86,153</u>	<u>(141,631)</u>

The annexed notes from 1 to 24 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 December 31, 2015 (Un-audited)

	Note	December 31, 2015	December 31, 2014
(Rupees in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	845,382	708,994
Finance cost paid		(173,924)	(301,640)
Taxes paid		(105,935)	(170,188)
Taxes refunded		93,280	-
Gratuity paid		(18,570)	(14,999)
Workers' Profit Participation Fund paid		-	(49,087)
Long-term loans and advances - net		(8,157)	(5,809)
Net cash generated from operating activities		<u>632,076</u>	<u>167,271</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(951,876)	(637,130)
Proceeds from sale of property, plant and equipment		3,689	4,640
Net cash used in investing activities		<u>(948,187)</u>	<u>(632,490)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing from banking companies		525,000	300,000
Repayment of long-term financing from banking companies		(310,833)	(391,213)
Net cash generated from / (used in) financing activities		<u>214,167</u>	<u>(91,213)</u>
Net decrease in cash and cash equivalents		<u>(101,944)</u>	<u>(556,432)</u>
Cash and cash equivalents at the beginning of the period		(1,830,956)	(1,536,046)
Effect of exchange (loss) / gain		(5,679)	6,354
Cash and cash equivalents at the end of the period		<u>(1,938,579)</u>	<u>(2,086,124)</u>
CASH AND CASH EQUIVALENTS			
Cash and bank balances		238,764	135,761
Short-term borrowings		(2,177,343)	(2,221,885)
		<u>(1,938,579)</u>	<u>(2,086,124)</u>

The annexed notes from 1 to 24 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 December 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			Total
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		
Total comprehensive loss for the period ended December 31, 2014	-	-	-	-	-	-	-	(74,714)	(74,714)	(74,714)	(74,714)		
Loss for the period	-	-	-	-	-	-	-	(74,714)	(74,714)	(74,714)	(74,714)		
Balance as at December 31, 2014	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	224,051	537,277	3,298,578	5,669,976		
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		
Total comprehensive income for the period ended December 31, 2015	-	-	-	-	-	-	-	83,440	83,440	83,440	83,440		
Profit for the period	-	-	-	-	-	-	-	83,440	83,440	83,440	83,440		
Balance as at December 31, 2015	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	156,261	469,487	3,230,788	5,602,186		

(Rupees in thousands)

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director

HALF YEARLY REPORT DECEMBER 2015

Notes to the Condensed Interim Financial Information

for the period ended December 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, Lahore and Islamabad Stock Exchanges which have been merged into Pakistan Stock Exchange subsequent to the period end. 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 but subject to the limited scope review by the auditors 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 half year ended December 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, 2015 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, 2015, 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 half year ended December 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, 2015.

Amendments and interpretations to published accounting standards effective for the financial year ending June 30, 2016 are not expected to have material impact on the Company's condensed interim financial information.

4. TAXATION

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

The applicable income tax rate for tax year 2016 is 32% as per Income Tax Ordinance, 2001.

Notes to the Condensed Interim Financial Information

for the period ended December 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, 2015.

	December 31, 2015	June 30, 2015 (Audited)
Note	(Rupees in thousands)	
6. OPERATING FIXED ASSETS		
Opening net book value (NBV)	7,602,231	8,137,746
Additions (at cost) during the period / year	30,821	376,844
	<u>7,633,052</u>	<u>8,514,590</u>
Disposals (at NBV) during the period / year	(3,008)	(6,494)
Depreciation charge for the period / year	(445,533)	(905,865)
	<u>(448,541)</u>	<u>(912,359)</u>
Closing net book value (NBV)	<u>7,184,511</u>	<u>7,602,231</u>
6.1 Detail of additions (at cost) during the period / year are as follows:		
Freehold land	-	1,437
Buildings on freehold land	4,184	34,810
Plant and machinery	3,475	294,883
Furniture and fixtures	90	474
Vehicles	19,830	36,565
Electrical and other equipments	1,348	3,410
Computers	1,894	5,265
	<u>30,821</u>	<u>376,844</u>
6.2 Detail of disposals (at NBV) during the period / year are as follows:		
Plant and machinery	-	770
Vehicles	3,008	5,724
	<u>3,008</u>	<u>6,494</u>
7. CAPITAL WORK IN PROGRESS		
This comprises of:		
Project (Coal Based Co-Generation Power Plant)		
Civil works	415,683	206,681
Plant and machinery	1,895,695	1,231,138
Advances to suppliers	24,954	49,406
Finance cost	138,831	63,450
Other directly attributable cost	25,379	22,483
	<u>2,500,542</u>	<u>1,573,158</u>
Others		
Civil works	120,213	120,534
Plant and machinery	113,170	100,725
Finance cost	21,534	13,237
Advances to suppliers	1,436	4,523
	<u>256,353</u>	<u>239,019</u>
	<u>2,756,895</u>	<u>1,812,177</u>

Notes to the Condensed Interim Financial Information

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

		December 31, 2015	June 30, 2015 (Audited)
	Note	(Rupees in thousands)	
7.1	Movement of carrying amount is as follows:		
	Opening balance	1,812,177	202,525
	Additions (at cost) during the period / year	948,177	1,905,617
		<u>2,760,354</u>	<u>2,108,142</u>
	Transfer to operating fixed assets during the period / year	(3,459)	(295,965)
	Closing balance	<u>2,756,895</u>	<u>1,812,177</u>
8.	STORES AND SPARES		
	Stores	8.1 692,025	667,393
	Spares		
	in hand	412,728	421,187
	in transit	52,097	19,618
		<u>464,825</u>	<u>440,805</u>
		1,156,850	1,108,198
	Provision for slow moving stores and spares	(25,725)	(25,725)
		<u>1,131,125</u>	<u>1,082,473</u>
8.1	This includes fuel for power and steam generation amounting to Rs. 59.72 million (June 30, 2015: Rs. 55.82 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.		
9.	STOCK-IN-TRADE		
	Raw materials		
	in hand	1,098,173	1,328,750
	in transit	138,998	243,803
		<u>1,237,171</u>	<u>1,572,553</u>
	Work-in-process	9.1 591,264	298,416
	Finished goods	141,542	111,365
		<u>1,969,977</u>	<u>1,982,334</u>
9.1	This includes inventory costing Rs. 514.807 million (June 30, 2015: Rs. 229.014 million) for which manufacturing process is complete except for sheeting and packaging.		
10.	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 period ended December 31, 2015 (Un-audited)

- 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 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 as at the balance sheet date amounted to Rs. 634.42 million (June 30, 2015: Rs. 600.26 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.

	Note	December 31, 2015	June 30, 2015 (Audited)
(Rupees in thousands)			
11. LONG-TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Consortium of Banks			
Musharaka	11.1	1,050,000	1,200,000
Syndicated	11.2	1,250,000	898,000
		2,300,000	2,098,000
Term Loans			
Allied Bank Limited	11.3	975,000	1,125,000
Meezan Bank Limited - Musharaka	11.4	625,000	452,000
Faysal Bank Limited - 1	11.5	-	10,833
Faysal Bank Limited - 2	11.6	84,844	84,844
		1,684,844	1,672,677
		3,984,844	3,770,677
From associated undertakings - Unsecured	11.7	1,000,000	1,000,000
		4,984,844	4,770,677
Current portion shown under current liabilities		(725,566)	(621,439)
		4,259,278	4,149,238

- 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.

Notes to the Condensed Interim Financial Information

for the period ended December 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 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 7.77% (June 30, 2015: 10.24%) per annum.

- 11.2 This represents drawdowns of Rs. 1,250 million against Syndicated term financing arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million for 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 7.61% (June 30, 2015: 9.32%) 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.

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 7.63% (June 30, 2015: 10.20%) per annum.

- 11.4 This represents drawdowns of Rs. 625 million against Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited for 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 7.61% (June 30, 2015: 9.32%) per annum.

- 11.5 This term finance facility has been fully repaid during the period. The effective mark up rate was 8.40% (June 30, 2015: 10.77%) per annum.

- 11.6 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 commencing from May 2016.

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

Notes to the Condensed Interim Financial Information

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

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 7.33% (June 30, 2015: 9.28%) per annum.

- 11.7 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 2017.

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 7.71% (June 30, 2015: 10.39%) per annum.

	December 31, 2015	June 30, 2015 (Audited)
Note	(Rupees in thousands)	
12. TRADE AND OTHER PAYABLES		
Creditors	360,148	302,422
Foreign bills payable	124,847	196,302
Accrued liabilities	549,095	403,220
Sales tax payable - net	10,715	37,947
Customers' balances	115,882	60,898
Provident fund payable	6,145	5,490
Gratuity payable	69,794	74,690
Workers' Profit Participation Fund	6,590	-
Workers' Welfare Fund	2,504	-
Unclaimed dividend	724	724
Retention money payable	190,338	126,605
Other liabilities	41,867	37,066
	1,478,649	1,245,364

- 12.1 This include Rs. 360.56 million (June 30, 2015: Rs. 207.67 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Sindh High Court granted stay order against collecting GIDC under the aforesaid Act, pending the final decision on the writ petition filed by the Company. However, the Company has recorded a provision against GIDC as liability for the period from August 2014 to December 2015 in the condensed interim financial information.

13. INTEREST AND MARK-UP ACCRUED

Mark-up accrued on:		
Long-term financing	48,605	28,769
Short-term borrowings	17,204	13,630
	65,809	42,399

14. SHORT-TERM BORROWINGS

From banking companies - secured		
Running finances	1,691,606	1,390,563
Import credit finances	485,737	561,380
	2,177,343	1,951,943

- 14.1 During the period, the effective mark up rates for running finances and import credit finances are 7.24% (June 30, 2015: 9.86%) per annum and 2.99% (June 30, 2015: 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, 2015: Rs. 367 million).



Notes to the Condensed Interim Financial Information

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

18. EARNINGS PER SHARE - BASIC AND DILUTED

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

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014 (Rupees in thousands)	December 31, 2015	December 31, 2014
Profit / (loss) for the period	83,440	(74,714)	86,153	(141,631)
Dividend attributable to cumulative preference shares	(34,164)	(48,330)	(16,881)	(24,165)
Profit / (loss) attributable to ordinary shareholders	<u>49,276</u>	<u>(123,044)</u>	<u>69,272</u>	<u>(165,796)</u>
Weighted average number of ordinary shares (in thousands)	<u>147,018</u>	<u>147,018</u>	<u>147,018</u>	<u>147,018</u>
Basic earnings / (loss) per share attributable to ordinary shareholders (Rupees)	<u>0.34</u>	<u>(0.84)</u>	<u>0.47</u>	<u>(1.13)</u>

There were no dilutive potential ordinary shares outstanding as at December 31, 2015 and 2014.

	December 31, 2015	December 31, 2014
Note	(Rupees in thousands)	
19. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	122,705	(111,939)
Adjustment for non cash charges and other items:		
Depreciation	445,533	450,148
Amortization of intangible assets	632	867
Gain on sale of property, plant and equipment	(681)	(1,422)
Provision for gratuity	13,674	12,739
Provision for slow moving stores and spares	-	2,800
Workers' Profit Participation Fund	6,590	-
Finance cost	192,054	341,941
Exchange loss / (gain) - net	5,679	(6,354)
Working capital changes	59,196	20,214
	19.1	
	<u>722,677</u>	<u>820,933</u>
	<u>845,382</u>	<u>708,994</u>
19.1 Changes in working capital		
(Increase) / decrease in current assets:		
Stores and spares	(48,652)	(172,517)
Stock-in-trade	12,357	463,128
Trade debts	(74,283)	(190,630)
Loans and advances	4,660	(12,889)
Trade deposits and short-term prepayments	(48,226)	(49,884)
Other receivables	(195)	(1,432)
Tax refunds due from Government	-	18,653
	<u>(154,339)</u>	<u>54,429</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	213,535	(34,215)
	<u>59,196</u>	<u>20,214</u>



Notes to the Condensed Interim Financial Information

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

22. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 18, 2016 by the Board of Directors of the Company.

23. 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.

24. 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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