



Century Paper & Board Mills Limited

Making a **Difference**



First Quarter Report September 2024

Contents

	PAGE
Corporate Information	2
Directors' Review	3-4
Directors' Review - Urdu	5-6
Condensed Interim Statement of Financial Position	7
Condensed Interim Statement of Profit or Loss	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Statement of Cash Flows	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Statements	12-24

Corporate Information

Board of Directors

Iqbal Ali Lakhani - Chairman
Amin Mohammed Lakhani
Babar Ali Lakhani
Anushka Lakhani
Asif Qadir
Ali Aamir
Aftab Ahmad - Chief Executive Officer

Advisor

Sultan Ali Lakhani

Audit Committee

Ali Aamir - Chairman
Amin Mohammed Lakhani
Babar Ali Lakhani

Human Resource & Remuneration Committee

Asif Qadir - Chairman
Amin Mohammed Lakhani
Anushka Lakhani
Aftab Ahmad

Chief Financial Officer

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

Company Secretary

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

External Auditors

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

Shares Registrar

FAMCO Share Registration Services (Private) Limited
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S. Shahra-e-Faisal, Karachi.
Phone: (021) 34380101-5, 34384621-3
Email: info.shares@famcosrs.com
Website: www.famcosrs.com

Head Office and Registered Office

Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan.
Phone: (021) 38400000
Fax: (021) 35684336, 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



Directors' Review

On behalf of the Board of Directors, we are pleased to present the performance review of your Company together with the unaudited financial statements for the quarter that ended on September 30, 2024.

OPERATIONS AND SALES REVIEW

The Company produced 42,579 metric tons during the quarter under review (July-September 2024) as compared to 46,115 metric tons for the corresponding quarter of last year. The sales volumes for the quarter under review (July-September 2024) stood at 44,061 metric tons as compared to 47,240 metric tons for the corresponding quarter of last year. In terms of value, the net sales were recorded at Rs. 10,132 million as compared to Rs. 11,398 million for the corresponding quarter of last year. The machines were operated throughout the quarter in alignment with reduced market demand for the respective paper and paperboard products.

FINANCIAL PERFORMANCE

The Company posted a gross profit of Rs. 1,031 million for the quarter under review (July-September 2024) as compared to Rs. 1,269 million for the corresponding quarter of last year. Reduced sales volumes and lower selling prices for the Company's products compared to the corresponding quarter impacted gross profit; however, decreased raw material and energy costs helped to partially offset this decline. The net operating profit for the quarter under review (July-September 2024) was recorded at Rs. 757 million as compared to Rs. 968 million for the corresponding quarter of last year.

The finance cost for the quarter under review (July-September 2024) stood at Rs. 510 million compared to Rs. 477 million during the corresponding quarter of last year. Interest rates gradually declined during the quarter due to policy rate cuts; however, the benefit was offset by elevated working capital requirements.

The Company reported profit before and after tax for the quarter at Rs. 247 million (L.Y. 491 million) and Rs. 147 million (L.Y. Rs. 300 million) respectively.

EARNINGS PER SHARE

The basic earnings per share for the quarter under review (July-September 2024) is reported at Rs. 0.37 as compared to Rs. 0.75 for the corresponding quarter of last year. There is no dilution effect on the earnings per share for the period under review.

Directors' Review

NEAR TERM OUTLOOK

There are encouraging signs of improvement in the national economy, reflected in the drop of inflation to single digits, successive policy rate cuts, currency stabilization and an increase in forex reserves. Additionally, the new IMF program supports the stability of key economic indicators. Industrial activity is also beginning to recover, albeit at a gradual pace, with major sectors of large-scale manufacturing showing steady gains in output. This uptick in industrial activity is expected to drive higher demand for paper and paperboard products. Material and fuel prices have moderated over the past few months, with limited volatility anticipated in the near term. The market anticipates further policy rate cuts, which are expected to drive reductions in finance costs. The Company's management is closely monitoring these positive developments and stands prepared to enhance operations and financial performance, leveraging the Company's expanded capacities and capabilities achieved through comprehensive BMR efforts over the past few years.

ACKNOWLEDGMENTS

The Directors wish to acknowledge the devotion of the employees of all cadres and are appreciative of their dedication and commitment. They also extend heartfelt appreciation to the Company's suppliers, customers and bankers for their continued confidence and support.

On behalf of the Board of Directors


IQBAL ALI LAKHANI
Chairman


AFTAB AHMAD
Chief Executive Officer

Karachi: October 28, 2024



ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2024ء کو ختم ہونے والی سہ ماہی کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

کاروباری کارکردگی اور سیلز کا جائزہ

کمپنی نے زیر جائزہ سہ ماہی (جولائی تا ستمبر 2024) کے دوران 42,579 میٹرک ٹن کی پیداوار کی، جو کہ گزشتہ سال کی اسی سہ ماہی میں 46,115 میٹرک ٹن تھی۔

کمپنی نے زیر جائزہ سہ ماہی (جولائی تا ستمبر 2024) کے دوران 44,061 میٹرک ٹن کی فروخت کی، جو کہ گزشتہ سال کی اسی سہ ماہی میں 47,240 میٹرک ٹن تھی۔

قدر کے اعتبار سے زیر جائزہ سہ ماہی (جولائی تا ستمبر 2024) میں سیلز ویلیو (Sales Value) 10,132 ملین روپے درج کی گئی، جو کہ گزشتہ سال اسی سہ ماہی میں 11,398 ملین روپے تھی۔ پوری سہ ماہی میں مشینیں پیپر اور پیپر بورڈ کی مصنوعات کے لئے مارکیٹ کی تخفیف شدہ طلب کے مطابق چلائی گئی۔

مالیاتی کارکردگی

زیر جائزہ سہ ماہی (جولائی تا ستمبر 2024) میں کمپنی نے 1,031 ملین روپے کا مجموعی منافع کمایا جو گزشتہ سال اسی سہ ماہی میں 1,269 ملین روپے تھا۔ مصنوعات کی فروخت کے حجم اور قیمتوں میں کمی نے مجموعی منافع پر منفی اثرات مرتب کئے۔ تاہم خام مال اور توانائی کی قیمتوں میں کمی نے ان منفی اثرات کو کم کرنے میں کچھ مدد کی۔

زیر جائزہ سہ ماہی (جولائی تا ستمبر 2024) میں خالص آپریٹنگ منافع 757 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی سہ ماہی میں 968 ملین روپے تھا۔

زیر جائزہ سہ ماہی (جولائی تا ستمبر 2024) میں مالیاتی اخراجات 510 ملین روپے تک ہو گئے جو گزشتہ سال اسی سہ ماہی میں 477 ملین روپے تھے۔ زیر جائزہ سہ ماہی کے دوران شرح سود میں بتدریج کمی واقع ہوئی تاہم اس کے فوائد سے ورکنگ کیپٹل کی ضروریات پوری کی گئی۔

زیر جائزہ سہ ماہی میں کمپنی نے قبل از اور بعد از ٹیکس منافع 247 ملین روپے (گزشتہ سال 491 ملین روپے) اور 147 ملین روپے (گزشتہ سال 300 ملین روپے) بلترتیب کمایا۔

فی شیئر آمدنی

زیر جائزہ سہ ماہی میں فی شیئر آمدنی 0.37 روپے رپورٹ کی گئی جو کہ گزشتہ سال اسی سہ ماہی میں 0.75 روپے تھی۔ زیر جائزہ سہ ماہی اور گزشتہ سہ ماہی کے لئے فی شیئر آمدنی کمزور پڑنے کے کوئی اثر نہیں ہیں۔

ڈائریکٹرز کا جائزہ

قریب مدتی منظر نامہ

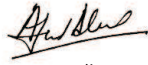
قومی معیشت میں بہتری کے حوصلہ افزا آثار نظر آرہے ہیں، جو افراط زر میں کمی، پالیسی کی شرح میں یکے بعد دیگرے کمی، کرنسی کے استحکام اور غیر ملکی زرمبادلہ کے ذخائر میں اضافے سے ظاہر ہوتے ہیں۔ مزید برآں نئے آئی ایم ایف پروگرام سے اہم اقتصادی اشاریوں کے استحکام میں اعانت ملی ہے۔ صنعتی سرگرمیاں بھی بحال ہونا شروع ہو رہی ہیں۔ بتدریج رفتار سے، بڑے پیمانے پر مینوفیکچرنگ کے شعبے کی پیداوار میں مسلسل اضافہ دیکھنے میں آرہا ہے۔ صنعتی سرگرمیوں میں اس اضافے سے کاغذ اور پیپر بورڈ مصنوعات کی مانگ میں اضافہ متوقع ہے۔ خام مال اور ایندھن کی قیمتوں میں پچھلے کچھ مہینوں کے دوران اعتدال آیا ہے تاہم مستقبل قریب میں محدود اتار چڑھاؤ متوقع ہے، پالیسی کی شرح میں مزید کمی کی توقع ہے، جس سے مالیاتی اخراجات میں کمی واقع ہونے کا امکان ہے۔ کمپنی کی انتظامیہ ان مثبت پیش رفتوں پر گہری نظر رکھے ہوئے ہے۔

گزشتہ چند سالوں میں کیے گئے BMR سے حاصل ہونے والی توسیع شدہ صلاحیتوں کا فائدہ اٹھاتے ہوئے کمپنی اپنے آپریشن اور مالیاتی کارکردگی کو بڑھانے کے لئے پوری طرح سے تیار ہے۔

اظہار تشکر

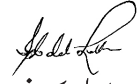
آپ کے ڈائریکٹرز کمپنی کے عملے اور ملازمین کی محنت اور پُر خلوص کارکردگی کا اعتراف کرتے ہیں۔ وہ مسلسل سرپرستی اور وابستگی پر اپنے سپلائرز، کسٹمرز اور بینکوں کو بھی خراج تحسین پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



آفتاب احمد

چیف ایگزیکٹو آفیسر



اقبال علی لاکھانی

چیئر مین

کراچی: اکتوبر 28، 2024

Condensed Interim Statement of Financial Position

as at September 30, 2024

		September 30, 2024 (Un-audited) (Rupees in thousands)	June 30, 2024 (Audited)
	Note		
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	7	10,398,121	10,648,823
Operating fixed assets	8	839,663	856,358
Capital work in progress		11,237,784	11,505,181
Intangible assets		22,268	14,692
Long-term advances		8,261	8,599
Long-term deposits		9,831	9,831
		11,278,144	11,538,303
CURRENT ASSETS			
Stores and spares	9	3,959,050	4,060,143
Stock-in-trade	10	6,913,487	6,857,445
Trade debts		6,008,829	5,086,269
Advances		102,310	133,793
Trade deposits and short term prepayments	11	517,293	407,107
Other receivables		27,349	14,045
Tax refunds due from Government	12	651,333	651,333
Taxation - net		357,406	-
Short-term investment	13	515,554	-
Cash and bank balances	14	742,979	788,493
		19,795,590	17,998,628
TOTAL ASSETS		31,073,734	29,536,931
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,000,000,000 (June 30, 2024: 1,000,000,000)		10,000,000	10,000,000
ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital			
401,712,926 (June 30, 2024: 401,712,926)		4,017,129	4,017,129
ordinary shares of Rs. 10 each		9,812,026	9,664,757
Reserves		13,829,155	13,681,886
NON - CURRENT LIABILITIES			
Long-term financing	15	3,368,378	3,741,044
Lease liabilities against right of use assets		9,046	11,276
Deferred taxation		861,592	818,660
Deferred capital grant	16	138,801	158,609
		4,377,817	4,729,589
CURRENT LIABILITIES			
Trade and other payables	17	5,314,831	4,950,854
Short-term borrowings	18	5,639,529	4,304,161
Interest and mark-up accrued	19	278,150	227,900
Taxation - net		-	6,160
Unclaimed dividend		1,643	1,643
Current portion of long-term lease liabilities			
against right of use assets		10,526	12,170
Current portion of deferred capital grant	16	87,407	93,211
Current portion of long-term financing	15	1,534,676	1,529,357
		12,866,762	11,125,456
TOTAL EQUITY AND LIABILITIES		31,073,734	29,536,931
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.

IQBAL ALI LAKHANI
Chairman / Director

AFTAB AHMAD
Chief Executive Officer

MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED



Condensed Interim Statement of Profit or Loss


for the quarter ended September 30, 2024 (Un-audited)

		Quarter ended	
		September 30, 2024	September 30, 2023
	Note	(Rupees in thousands)	
Turnover - net	21	10,132,236	11,397,574
Cost of sales	22	(9,101,275)	(10,128,674)
Gross profit		1,030,961	1,268,900
General and administrative expenses		(272,257)	(244,276)
Selling expenses		(27,196)	(24,254)
Distribution expenses		(47,617)	(47,176)
Other operating charges			
Workers' Profit Participation Fund		(13,266)	(26,369)
Workers' Welfare Fund		(5,041)	(10,020)
Others		(8,581)	(14,053)
		(26,888)	(50,442)
Other income		100,200	64,834
Operating profit		757,203	967,586
Finance cost	23	(510,188)	(476,581)
Profit before income tax and minimum tax differential		247,015	491,005
Minimum tax differential		-	(15,324)
Profit before income tax		247,015	475,681
Taxation			
Current		(56,814)	(176,166)
Deferred		(42,932)	-
		(99,746)	(176,166)
Profit for the period		147,269	299,515
Earnings per share - basic and diluted (Rupee)	24	0.37	0.75

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


IQBAL ALI LAKHANI
Chairman / Director


AFTAB AHMAD
Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer



Condensed Interim Statement of Comprehensive Income

for the quarter ended September 30, 2024 (Un-audited)

	Quarter ended	
	September 30, 2024	September 30, 2023
	(Rupees in thousands)	
Profit for the period	147,269	299,515
Other comprehensive income	-	-
Total comprehensive income for the period	147,269	299,515

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.



IQBAL ALI LAKHANI
Chairman / Director



AFTAB AHMAD
Chief Executive Officer



MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Cash Flows


for the quarter ended September 30, 2024 (Un-audited)

		Quarter ended	
		September 30, 2024	September 30, 2023
	Note	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	25	503,247	2,989,488
Finance cost paid		(439,108)	(551,441)
Taxes paid		(420,380)	(444,850)
Gratuity paid		(19,745)	(19,762)
Workers' Profit Participation Fund paid		(60,298)	(75,999)
Long-term advances		338	(36,297)
Long-term deposits		-	(173,010)
Net cash (used in) / generated from operating activities		(435,946)	1,688,129
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment		(32,548)	(236,904)
Net cash used in investing activities		(32,548)	(236,904)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing from banking companies		(392,961)	(49,356)
Lease rentals paid		(3,873)	(3,128)
Net cash used in financing activities		(396,834)	(52,484)
Net (decrease) / increase in cash and cash equivalents		(865,328)	1,398,741
Cash and cash equivalents at the beginning of the period		(3,515,668)	(3,270,127)
Cash and cash equivalents at the end of the period		(4,380,996)	(1,871,386)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	742,979	961,061
Short term highly liquid investment	13	515,554	-
Short-term borrowings	18	(5,639,529)	(2,832,447)
		(4,380,996)	(1,871,386)

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


IQBAL ALI LAKHANI
Chairman / Director


AFTAB AHMAD
Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

for the quarter ended September 30, 2024 (Un-audited)

	Issued, subscribed and paid-up capital	Reserves								Sub - total	Total
		Capital				Revenue		Other Components of Equity	Total		
		Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappro- priated profit	Actual gain/ (loss) on defined benefit plan - net of deferred tax			
(Rupees in thousands)											
Balance as at July 1, 2023	4,017,129	1,822,122	7,925	1,070,913	2,900,960	5,800,000	267,838	126,040	6,193,878	9,094,838	13,111,967
Total comprehensive income for the period ended September 30, 2023											
Profit for the period	-	-	-	-	-	-	299,515	-	299,515	299,515	299,515
Balance as at September 30, 2023	4,017,129	1,822,122	7,925	1,070,913	2,900,960	5,800,000	567,353	126,040	6,493,393	9,394,353	13,411,482
Balance as at July 1, 2024	4,017,129	1,822,122	7,925	1,070,913	2,900,960	5,800,000	791,731	172,066	6,763,797	9,664,757	13,681,866
Total comprehensive income for the period ended September 30, 2024											
Profit for the period	-	-	-	-	-	-	147,269	-	147,269	147,269	147,269
Balance as at September 30, 2024	4,017,129	1,822,122	7,925	1,070,913	2,900,960	5,800,000	939,000	172,066	6,911,066	9,812,026	13,829,155

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


IQBAL ALI LAKHANI
 Chairman / Director


AFTAB AHMAD
 Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
 Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

Century Paper & Board Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on August 2, 1984 under the repealed Companies Ordinance, 1984 (now Companies Act 2017) and its ordinary shares are listed on Pakistan Stock Exchange (PSX). The Company is engaged in manufacturing and marketing of paper, board and related products.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The geographical Location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
- Registered office	Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan.
- Mills (Plant)	62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan.
- Regional office	14-Ali Block, New Garden Town, Lahore, Pakistan.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

These condensed interim financial statements of the Company for the first quarter ended September 30, 2024 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

These condensed interim financial statements do not include all the information and disclosures required for the complete set of 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, 2024 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative of statement of financial position presented in these condensed interim financial statements, together with the notes thereto have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2024, whereas the comparative of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes thereto are extracted from the unaudited condensed interim financial statements for the first quarter ended September 30, 2023.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024

4. MATERIAL ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2024.

4.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2024, but are considered not to be relevant or did not have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2025, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make certain judgments, 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, 2024.

6. TAXATION

The provisions for taxation for the first quarter ended September 30, 2024, have been made using the best estimated effective tax rate applicable to expected total annual earnings. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

		September 30, 2024 (Un-audited)	June 30, 2024 (Audited)
		(Rupees in thousands)	
7. OPERATING FIXED ASSETS	Note		
Fixed assets	7.1	10,384,240	10,632,127
Right-of-use assets	7.2	13,881	16,696
		10,398,121	10,648,823
7.1 Fixed assets			
Opening net book value (NBV)		10,632,127	10,339,212
Additions during the period / year at cost	7.1.1	39,227	1,404,768
		10,671,354	11,743,980
Disposals during the period / year at NBV	7.1.2	-	(12,481)
Depreciation charge for the period / year		(287,114)	(1,099,372)
		(287,114)	(1,111,853)
Closing net book value (NBV)		10,384,240	10,632,127

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024

	Note	September 30, 2024 (Un-audited) (Rupees in thousands)	June 30, 2024 (Audited)
7.1.1 Detail of additions (at cost) during the period / year are as follows:			
Buildings on freehold land		-	151,616
Plant and machinery	7.1.3	26,117	1,089,636
Furniture and fixtures		-	2,110
Vehicles		8,724	95,268
IT equipments		4,051	62,920
Electrical and other equipments		335	3,218
		<u>39,227</u>	<u>1,404,768</u>
7.1.2 Detail of disposals (at NBV) during the period / year are as follows			
Vehicles		-	11,281
IT equipments		-	731
Electrical and other equipments		-	470
		<u>-</u>	<u>12,482</u>
7.1.3 This includes transfers from capital work in progress amounting to Rs. 26.12 million (June 30, 2024: Rs. 1,221.88 million).			
7.2 Right-of-use assets			
Opening net book value (NBV)		16,696	27,954
Depreciation charge for the period / year		(2,815)	(11,258)
		<u>13,881</u>	<u>16,696</u>
8. CAPITAL WORK IN PROGRESS			
This comprises of:			
Building		14,542	14,542
Plant and machinery		824,932	841,627
Advances to suppliers		189	189
	8.1	<u>839,663</u>	<u>856,358</u>
8.1 Movement of carrying amount is as follows:			
Opening balance		856,358	1,350,556
Additions (at cost) during the period / year		9,422	727,686
		<u>865,780</u>	<u>2,078,242</u>
Transfer to operating fixed assets during the period / year		(26,117)	(1,221,884)
Closing balance		<u>839,663</u>	<u>856,358</u>

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024

	Note	September 30, 2024 (Un-audited) (Rupees in thousands)	June 30, 2024 (Audited)
9. STORES AND SPARES			
In hand			
Stores		1,657,181	1,623,592
Spares		1,042,666	1,051,397
Fuel		813,021	1,168,310
		<u>3,512,868</u>	<u>3,843,299</u>
In transit		504,992	275,654
Provision for slow moving stores and spares		(58,810)	(58,810)
		<u>3,959,050</u>	<u>4,060,143</u>
10. STOCK-IN-TRADE			
Raw materials			
in hand		3,650,734	3,614,432
in transit		1,740,699	1,814,422
		<u>5,391,433</u>	<u>5,428,854</u>
Work-in-process		127,947	139,428
Finished goods		1,394,107	1,289,163
		<u>6,913,487</u>	<u>6,857,445</u>
11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits	11.1	184,190	186,605
Prepayments		122,651	10,050
Minimum tax - levy		210,452	210,452
		<u>517,293</u>	<u>407,107</u>
11.1 This includes an amount of Rs. 182.36 million to Universal Gas Distribution Company (Private) Limited (UGDCL) as Security Deposit against contract for supply of gas at concessional rate.			
This represents short term deposits in the normal course of business and does not carry any interest or mark-up.			
12. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax	12.1	555,270	555,270
Sales tax		96,063	96,063
		<u>651,333</u>	<u>651,333</u>
12.1 There has been no significant change in the status as set out in note 17 to the annual financial statements of the Company for the year ended June 30, 2024.			
13. SHORT-TERM INVESTMENT			
Investment at fair value through profit or loss	13.1	515,554	-

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024

13.1 This represents investment in mutual funds of the Lakson Investment Limited which are readily encashable and the fair values of these investments are determined using quoted repurchase price.

		September 30, 2024 (Un-audited) (Rupees in thousands)	June 30, 2024 (Audited)
14. CASH AND BANK BALANCES	Note		
Cash at bank - conventional mode			
Current account		258,593	151,914
Term deposits	14.1	386,768	386,768
		<u>645,361</u>	<u>538,682</u>
Cheques in hand		95,862	245,653
Cash in hand		1,756	4,158
		<u>742,979</u>	<u>788,493</u>

14.1 These represents term deposits under lien with bank as security for bank guarantees (open-ended) as referred to note 19.1.1 and carries profit at the effective rate of 12.25% to 14.00% (June 30, 2024 18.00% to 18.40%) per annum.

15. LONG TERM FINANCING

From banking companies - secured

Utilized under mark-up arrangements financed by:

Islamic mode

Faysal Bank Limited - Musharaka	15.1	320,100	359,274
Bank Islami Pakistan Limited	15.1	186,077	189,207
Meezan Bank Limited - Musharaka	15.2	3,000,000	3,250,000
		<u>3,506,177</u>	<u>3,798,481</u>

Conventional mode

Syndicated - Consortium of Banks	15.3	891,325	952,928
Habib Metropolitan Bank Limited	15.3	119,798	123,253
JS Bank Limited	15.3	325,289	327,614
Allied Bank Limited - Term Loan -1	15.4	60,465	68,125
		<u>1,396,877</u>	<u>1,471,920</u>
		<u>4,903,054</u>	<u>5,270,401</u>

Current portion:

Islamic mode		(1,125,288)	(1,123,449)
Conventional mode		(409,388)	(405,908)
		<u>(1,534,676)</u>	<u>(1,529,357)</u>
		<u>3,368,378</u>	<u>3,741,044</u>



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024

Borrowed Rs. in Million	Banks	Purpose	Rate of Mark-up	Tenor	Repayment Installments
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15.1 Islamic Temporary Economic Refinance Facility (ITERF) Schemes of the State Bank of Pakistan

500	Faysal Bank Ltd.	Balancing, Modernization and Replacement (BMR)	2.20%	7 Years	20 Quarterly
250	Bank Islami Pak Ltd.	of plant and machinery	3.05%	10 Years	32 Quarterly

The finance facility is secured by way of mortgage of immovable properties and / or First Pari Passu Hypothecation Charge over the Fixed Assets of the Company along with 25% Margin.

15.2 Diminishing Musharaka Financing

4,000	Meezan Bank Ltd.	To rationalize use of short term working capital limits.	3 months KIBOR + 0.15%	5 Years	16 Quarterly
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The finance facility is secured by way of First Pari Passu Hypothecation Charge over all present and future movable fixed assets (including Plant & Machinery) of the Company with 25% margin. The effective markup rate was 20.29% (2024 : 22.43%).

15.3 Temporary Economic Refinance Facility (TERF) Scheme of the State Bank of Pakistan

1,500	Syndicated - Consortium of Banks	Balancing, Modernization and Replacement (BMR)	2.20%	7 Years	20 Quarterly
200	Habib Metropolitan Bank Ltd.	of plant and machinery	4.50%	10 Years	32 Quarterly
400	JS Bank Ltd.		5%	10 Years	32 Quarterly

The finance facility is secured by way of mortgage of immovable properties and / or First Pari Passu Hypothecation Charge over the Fixed Assets of the Company along with 25% Margin.

15.4 Renewable energy finance facility scheme of the State Bank of Pakistan

400	Allied Bank Ltd.	Solar Grid Panels	2.75% to 4.50%	7 Years	28 Quarterly
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This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin.

September 30,
2024
(Un-audited)
(Rupees in thousands)

June 30,
2024
(Audited)

16. DEFERRED CAPITAL GRANT

Capital grant	16.1	226,208	251,820
Current portion shown under current liability		(87,407)	(93,211)
		138,801	158,609

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024

	September 30, 2024 (Un-audited)	June 30, 2024 (Audited)
Note	(Rupees in thousands)	
16.1 Following is the movement in government grant during the period / year:		
Opening balance	251,820	361,873
Amortized during the period / year	(25,612)	(110,053)
Closing balance	226,208	251,820

- This represents government grant recognized on long term financing facilities obtained under SBP Refinance Scheme from certain banks under "Islamic / Temporary Economic Refinance Facility (I/TERF)" (Refer note 15).

- These deferred capital grants have been recorded in accordance with IAS-20 Government Grants and are being amortized on a systematic basis over the respective tenor of loans.

17. TRADE AND OTHER PAYABLES

Creditors	17.1	1,569,351	1,625,178
Foreign bills payable		1,619,232	1,153,739
Accrued liabilities		1,195,630	1,180,109
Sales tax payable - net		81,368	144,802
Contract liabilities		42,103	57,320
Gratuity payable		54,750	58,251
Employee leave encashments		105,650	122,336
Workers' Profit Participation Fund		15,697	62,774
Workers' Welfare Fund		96,443	91,402
Minimum tax - levy		210,452	210,452
Provident fund payable		13,594	12,552
Other liabilities		310,561	231,939
		5,314,831	4,950,854

17.1 The aggregate amount of the outstanding balance of associated undertakings is Rs. 99.80 million (June 30, 2024: Rs. 14.47 million).

18. SHORT TERM BORROWINGS

From banking companies - secured

Running finances

Islamic mode		798,443	332,387
Conventional mode		2,291,086	971,774

	18.1	3,089,529	1,304,161
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Money market loans - Conventional mode	18.2	2,550,000	3,000,000
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		5,639,529	4,304,161
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Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024

- 18.1 The Company has available aggregate short term running finance facilities amounting to Rs. 15,500 million (June 30, 2024: Rs. 15,500 million). Markup rates are linked with KIBOR from one to three months plus spread ranging from 0.05% to 1.50% (June 30, 2024: from 0.05% to 1.50%) per annum.

These arrangements are secured by way of pari-passu hypothecation charges created on stock-in-trade, stores and spares and trade debts of the Company.

- 18.2 Short-term money market loans have been arranged as a sub-limit of the running finance facility.

	September 30, 2024 (Un-audited)	June 30, 2024 (Audited)
	(Rupees in thousands)	
19. INTEREST AND MARK-UP ACCRUED	Note	
Interest and mark-up accrued on:		
Long-term financing from Banks		
Islamic mode	6,400	12,672
Conventional mode	17,759	9,969
	24,159	22,641
Short-term borrowings from Banks		
Islamic mode	80,841	46,061
Conventional mode	173,150	159,198
	253,991	205,259
	278,150	227,900

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 1,367.19 million (June 30, 2024: Rs. 1,367.19 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 650 million (June 30, 2024: Rs. 650 million) furnished to Excise and Taxation Department and a guarantee of Rs. 136.77 million (June 30, 2024: Rs. 136.77 million) issued in favor of "The Nazir High Court of Sindh" in accordance with the order of the Honorable High Court of Sindh on the matter of super tax.

20.1.2 Sales tax

- a) The Deputy Commissioner has adjudicated amounts of Rs. 299.99 million and Rs.230.611 million as inadmissible input tax adjustments on the ground of fake and flying invoices along with 100% penalty vide his order-in-original no. 14/07 and 15/07 dated February 26, 2024 and February 27, 2024 respectively. These orders were issued in response to show cause notices dated January 22, 2024 pertaining to input tax claimed on coal purchases from December 2021 to September 2023. This was despite the fact that the Company had provided all necessary information and evidence for the purchase, receipt, and consumption of coal during the period mentioned in the show cause notices.

Aggrieved with the orders passed by the Deputy Commissioner, the Company lodged an appeal before the Commissioner (Appeals) dated March 21, 2024 with the plea that the orders were unfairly decided, without considering the facts, evidence, and explanations provided by the Company. However, the Company had to pay Rs. 80 million under Section 48 of Chapter-IX of the Sales Tax Act 1990, in response to the order.

Based on the advice of the legal adviser, the management believes that the decision is likely to be in favor of the Company. Therefore, no liability has been provided in these financial statements against the demand adjudicated in the orders.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

- b) The Appellate Tribunal, Punjab Revenue Authority has issued an Order No. PRA 10/2023 dated February 14, 2023 upholding the demand of Rs. 30 million as previously determined by the Commissioner (Appeals) vide his Order No. PRA 328/2018 dated November 06, 2019. However, the Company has filed a reference application before the Honorable Lahore High Court against the decision with the plea that order by the Appellate Tribunal was passed without comprehensive concluding the evidence and explanation provided by the Company. No provision has been made in these financial statements 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) Five cases of inadmissible input sale tax amounting to Rs. 94.45 million were 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 the compliance of the Company with the relevant provisions of the Sales Tax Act, 1990. No provision has been made in these financial statements 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.

20.2 Commitments

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

- Letters of credit other than for capital expenditure at the end of the period amounted to Rs. 3,211.02 million (June 30, 2024: Rs. 2,245.61 million).
- Capital expenditure including letters of credit amounted to Rs. 2.91 million (June 30, 2024: Rs. 2.91 million).

21. TURNOVER

	Quarter ended	
	September 30, 2024	September 30, 2023
	(Rupees in thousands)	
Local turnover	11,945,433	13,430,581
Sales tax	(1,813,197)	(2,033,007)
Net turnover	10,132,236	11,397,574

22. COST OF SALES

Materials consumed	6,129,629	7,184,986
Fuel and power	1,772,457	2,041,720
Depreciation on property, plant and equipment	262,819	258,852
Salaries, wages and other benefits	385,901	370,306
Stores and spares consumption	307,967	258,767
Repairs and maintenance	41,173	43,648
Packing expenses	262,920	245,013
Insurance	29,262	30,383
Rent rates and taxes	2,610	2,207
Manufacturing cost	9,194,738	10,435,882
Work-in-process		
Opening stock	139,428	130,390
Closing stock	(127,947)	(124,155)
	11,481	6,235
Cost of goods manufactured	9,206,219	10,442,117
Finished goods		
Opening stock	1,289,163	1,057,075
Closing stock	(1,394,107)	(1,370,518)
	(104,944)	(313,443)
	9,101,275	10,128,674



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

		Quarter ended	
		September 30, 2024	September 30, 2023
		(Rupees in thousands)	
23. FINANCE COST	Note		
Long-term financing			
Islamic mode		175,931	238,961
Conventional mode		30,489	22,170
	23.1	206,420	261,131
Short term borrowings			
Islamic mode		80,322	69,148
Conventional mode		218,223	137,766
		298,545	206,914
Workers' Profit Participation Fund		2,476	4,183
Bank charges and commission		2,127	3,329
Finance cost on Leases		620	1,024
		510,188	476,581

23.1 These include financial charges at commercial rate on loan availed under State Bank of Pakistan scheme of Temporary Economic Refinance (TERF) as per IAS 20 - Government Grants (refer note 16).

24. EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit for the period	147,269	299,515
Weighted average number of ordinary shares (in thousands)	401,713	401,713
Basic earnings per share (Rupee)	0.37	0.75

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

25. CASH GENERATED FROM OPERATIONS

Profit before income taxation	247,015	475,681
Adjustment for non cash charges and other items:		
Depreciation on property, plant and equipment	289,927	281,954
Amortization of intangible assets	2,438	1,601
Provision for gratuity	16,244	17,747
Workers' Profit Participation Fund	13,266	26,369
Minimum tax differential	-	15,324
Finance cost	510,187	476,581
Amortization of deferred income - government grants	(20,829)	(18,057)
Working capital changes	(555,001)	1,712,288
	256,232	2,513,807
	503,247	2,989,488

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

	Quarter ended	
	September 30, 2024	September 30, 2023
	(Rupees in thousands)	
25.1 Changes in working capital		
Decrease / (increase) in current assets		
Stores and spares	101,093	(544,719)
Stock-in-trade	(56,042)	1,559,900
Trade debts	(922,560)	260,961
Advances	31,483	109,499
Trade deposits and short-term prepayments	(110,186)	(113,124)
Other receivables	(13,304)	(16,658)
	(969,516)	1,255,859
Increase in current liabilities		
Trade and other payables	414,515	456,429
	(555,001)	1,712,288

26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Nature of transaction	Nature of Relation	Basis of Relation	Quarter ended	
			September 30,	September 30,
			2024	2023
			(Rupees in thousands)	
Sale of goods, Services and Reimbursement of expenses				
Merit Packaging Limited	Associated company	Common Director	785,744	878,664
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	316,352	203,967
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	17,092	1,060
Cyber Internet Services (Private) Limited	Associated company	Common Director	378	2,120
SIZA Foods (Private) Limited	Associated company	Common Director	95	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	57	-
Sybrid (Private) Limited	Associated company	Common Director	40	184
Purchase of goods, Services and Reimbursement of expenses				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	187,792	177,056
Merit Packaging Limited	Associated company	Common Director	33,068	50,257
Lakson Business Solutions Limited	Associated company	Common Director	3,702	3,747
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	2,521	2,484
Princeton Travels (Private) Limited	Associated company	Common Director	884	725
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	1,552	1,388
Cyber Internet Services (Private) Limited	Associated company	Common Director	6,147	5,998
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	109



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Quarter ended	
			September 30, 2024 (Rupees in thousands)	September 30, 2023 (Audited)
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	28	49
Express Publications (Private) Limited	Associated company	Common Management	1,006	541
Sybrid (Private) Limited	Associated company	Common Director	1,004	893
Rent and other allied charges				
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	1,573	2,249
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	1,786	1,368
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	256	223
SIZA Commodities (Private) Limited	Associated company	Common Director and 9.76% shares held	56	52
Donation				
The Layton Rahmatullah Benevolent Trust	Related Party	Trustee	-	1,000
Purchase of short term investments				
Lakson Investment Company Limited	Associated company	Common Director	1,500,000	-
Sale proceeds on redemption of short term investments				
Lakson Investment Company Limited	Associated company	Common Director	1,018,525	-
Others				
Contribution to Staff Retirement Benefit Plans	Employees Fund		36,197	36,150
Remuneration and other benefits	Key Management Personnel		132,280	94,068
			September 30, 2024	June 30, 2024 (Audited)
			(Rupees in thousands)	

26.1 Period / year end balances

Receivable from related parties	978,319	822,462
Payable to related parties	99,799	14,467
Prepayment to related parties	-	10,050
Short-term investment	515,554	-
Payable to retirement benefit plan	68,344	70,802

27. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2024.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2024 (Un-audited)

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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 period ended September 30, 2024, there were no transfers between level 1 and level 2 fair value measurement and into or out of Level 3 fair value measurements.

29. NUMBER OF EMPLOYEES

The number of employees as at period ended September 30, 2024 was 1,581 (June 30, 2024: 1,605) and average number of employees during the period was 1,591 (June 30, 2024: 1,632).

30. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 28, 2024 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.

32. GENERAL

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



IQBAL ALI LAKHANI
Chairman / Director



AFTAB AHMAD
Chief Executive Officer



MUHAMMAD RASHID DASTAGIR
Chief Financial Officer



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