



Century Paper & Board Mills Limited

Clean - Green - Sustainable



Half Yearly Report December 2011

Contents

	PAGE
Corporate Information	2
Directors' Review	3-4
Independent Auditors Report on Review of Condensed Interim Financial Information to the Members	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Statement of Cash Flows	9
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Statements	11-20



Corporate Information

BOARD OF DIRECTORS

Iqbal Ali Lakhani - Chairman
Zulfiqar Ali Lakhani
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay
A. Aziz H. Ebrahim
Shahid Ahmed Khan
Kemal Shoaib - Nominee Director (NIT)

ADVISOR

Sultan Ali Lakhani

CHIEF EXECUTIVE OFFICER

Aftab Ahmad
Email: aftab-ahmad@centurypaper.com.pk

CHIEF FINANCIAL OFFICER

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

AUDIT COMMITTEE

Zulfiqar Ali Lakhani - Chairman
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay

EXECUTIVE COMMITTEE

Iqbal Ali Lakhani - Chairman
Aftab Ahmad - Chief Executive Officer
Tanveer Ahmad Khalid - General Manager Marketing

COMPANY SECRETARY

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

EXTERNAL AUDITORS

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C, Lakson Square Building No. 1,
Sarwar Shaheed Road, Karachi – 74200
Email: info@bdoebrahim.com.pk
Website: www.bdoebrahim.com.pk

HEAD OFFICE & REGISTERED OFFICE

Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Phone: (021) 35698000
Fax: (021) 35681163, 35683410
Email: info@centurypaper.com.pk
Website: www.centurypaper.com.pk

LAHORE OFFICE

14-Ali Block, New Garden Town, Lahore-54600, Pakistan.
Phone: (042) 35886801-4 Fax: (042) 35830338

MILLS

62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan.
Phone: (049) 4511464-5, (049) 4510061-2 Fax: (049) 4510063

SHARES REGISTRAR

FAMCO Associates (Private) Limited
State Life Building No. 1-A, First Floor, I.I.Chundrigar Road, Karachi.
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, 2011.

Company's Operating Performance

The production for the period under review (July-December 2011) was 89,230 metric tons as compared to 77,275 metric tons of the comparable period of last year. The higher comparable production was achieved by better planning and efficient use of machines and advance preparedness for gas curtailment. However the gas curtailment coupled with power shortages did not make it possible to fully utilize the capacity.

Compared with production of 47,586 metric tons of the previous quarter (July-September 2011) the current quarter (October-December 2011) production was 41,616 metric tons.

Sales Review

During the last six months international prices of paper & board have shown a downward trend. The economic conditions prevailing in the country also did not show any improvement resulting in a general slowdown in consumption by the end user of paper & board.

In spite of the above unfavorable factors, your Company was able to sell 80,874 metric tons of its products for the period under review which is 7,945 metric tons more compared to 72,861 metric tons of the comparable period of last year.

The current quarter (October-December 2011) sales of 39,948 metric tons were almost the same as the previous quarter (July-September 2011) sales of 40,296 metric tons.

In terms of value the net sales of the Company for the period under review were Rs. 6.151 billion as compared to Rs. 5.263 billion of the comparable period of last year. This increase in sales value was achieved due to increased volume coupled with slightly better average selling price of the Company's products.

Financial Performance

The Company showed 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 stood at Rs. 977 million as compared to Rs. 677 million of the comparable period of last year. The net operating profit for the period under review is recorded at Rs. 776 million as compared to Rs. 541 million of the comparable period of last year.

Financial expenses have decreased by Rs. 48 million and are recorded at Rs. 460 million for the period under review as compared to Rs. 508 million of the comparable period of last year. The reduction in financial expenses is mainly due to the repayment of due installment of Sukuk and Syndicated loan.

Directors' Review

The Company posted a profit before tax of Rs. 317 million as compared to profit before tax of Rs. 34 million for the corresponding period of last year. After accounting for the minimum turnover tax of Rs. 62 million and deferred taxation of Rs. 47 million the Company earned a profit after tax of Rs. 209 million as compared to loss of Rs. 27 million for the comparable period of last year.

Earnings per Share

Before attributing the earnings to the preference shareholders earnings per share for the half year ended December 2011, stood at Rs. 2.95. However as required by the reporting standards the Company has attributed the earnings to the preference shareholders to the tune of Rs.197 million out of the total of Rs. 209 million. Thus the net earnings to common shareholders are Rs. 0.17 per share as compared to loss per share of Rs. 3.16 for the comparable period of last year.

Near Term Outlook

The industrial units in the province of Punjab are facing gas and power shortages which have hampered the normal production as well as growth of the economy. It is expected that due to power and gas shortages in coming winter months there will be further slowdown in the industrial output in the country and the same will apply to your Company as well.

Further, the declining trend of the international prices of paper & board has encouraged imports which are creating a direct competition with your Company's products.

The above two factors are likely to create an impact on sales of the following quarter (January-March 2012).

Acknowledgments

Your Directors appreciate the continued support and commitment of all the stake holders. They are especially thankful to the Banks and Financial Institutions. They wish to acknowledge the continued, 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 03, 2012



Independent Auditors 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, 2011 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 accounts 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, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended December 31, 2011 and December 31, 2010 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.



BDO EBRAHIM & CO.,
Chartered Accountants

Karachi:

Dated : 3rd February, 2012

Engagement Partner: Zulfikar Ali Causer

Condensed Interim Balance Sheet

as at December 31, 2011 (Un-audited)

	Note	December 31, 2011	June 30, 2011 (Audited)
(Rupees in thousands)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	9,180,253	9,365,235
Capital work in progress	7	180,395	19,198
		9,360,648	9,384,433
Intangible assets		26,078	31,286
Long-term loans and advances		6,093	4,032
Long-term deposits		2,775	2,825
		9,395,594	9,422,576
CURRENT ASSETS			
Stores and spares	8	924,734	877,475
Stock-in-trade	9	1,825,960	2,669,500
Trade debts (unsecured-considered good)		1,030,040	735,847
Loans and advances (unsecured-considered good)		32,108	55,917
Trade deposits and short term prepayments		39,431	9,362
Other receivables (unsecured-considered good)		12,553	23,891
Tax refund due from Government	10	75,681	68,571
Taxation - net		12,481	75,443
Cash and bank balances		82,842	129,919
		4,035,830	4,645,925
TOTAL ASSETS		13,431,424	14,068,501
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 30, 2011: 100,000,000)			
ordinary shares of Rs. 10 each		1,000,000	1,000,000
310,000,000 (June 30, 2011: 310,000,000)			
preference shares of Rs. 10 each		3,100,000	3,100,000
		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
70,683,426 (June 30, 2011: 70,683,426)			
ordinary shares of Rs. 10 each		706,834	706,834
300,404,561 (June 30, 2011: 300,404,561)			
preference shares of Rs. 10 each	11	3,004,046	3,004,046
		3,710,880	3,710,880
Reserves		1,797,616	1,588,792
		5,508,496	5,299,672
NON-CURRENT LIABILITIES			
Subordinated loan	12	1,000,000	1,000,000
Long-term financing	13	2,991,667	3,375,000
Deferred taxation		46,500	-
		4,038,167	4,375,000
CURRENT LIABILITIES			
Trade and other payables	14	723,711	1,005,331
Financial charges payable	15	300,681	445,586
Short-term borrowings	16	2,002,036	2,092,912
Current portion of long-term financing	13	858,333	850,000
		3,884,761	4,393,829
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		13,431,424	14,068,501

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



Condensed Interim Profit and Loss Account

for the period ended December 31, 2011 (Un-audited)

	Note	Half year ended		Quarter ended	
		December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
(Rupees in thousands)					
Sales - net	18	6,150,636	5,262,669	2,987,839	2,867,385
Cost of sales	19	(5,173,890)	(4,586,123)	(2,575,071)	(2,556,804)
Gross profit		976,746	676,546	412,768	310,581
General and administrative expenses		(123,941)	(113,107)	(63,177)	(55,498)
Selling expenses		(16,623)	(15,449)	(8,132)	(7,718)
Distribution expenses		(32,552)	(35,650)	(17,576)	(20,207)
Other operating charges:					
Workers' profit participation fund		(17,016)	(1,813)	(4,811)	552
Workers' welfare fund		(6,466)	(689)	(1,828)	210
Others		(39,139)	(9,574)	(17,917)	(1,260)
		(62,621)	(12,076)	(24,556)	(498)
Other operating income		35,347	41,230	17,363	18,066
Operating profit		776,356	541,494	316,690	244,726
Financial charges		(459,526)	(507,733)	(227,113)	(255,013)
Profit / (loss) before taxation		316,830	33,761	89,577	(10,287)
Taxation:					
Current		(61,506)	(52,627)	(29,878)	(28,674)
Prior year		-	1,163	-	1,163
Deferred		(46,500)	(9,000)	(16,500)	3,500
		(108,006)	(60,464)	(46,378)	(24,011)
Profit / (loss) for the period		208,824	(26,703)	43,199	(34,298)
Earnings / (loss) per share - basic and diluted attributable to ordinary shareholders (Rupees)		0.17	(3.16)	(0.78)	(1.88)

Earnings / (loss) per share – basic and diluted

There is no dilutive effect on the basic earnings per share of the Company which is calculated as follows:

Profit / (loss) for the period	208,824	(26,703)	43,199	(34,298)
Dividend attributable to cumulative preference shares	(196,867)	(196,867)	(98,434)	(98,434)
Profit / (loss) attributable to ordinary shareholders	11,957	(223,570)	(55,235)	(132,732)
Weighted average number of ordinary shares (in thousands)	70,684	70,684	70,684	70,684
Earnings / (loss) per share attributable to ordinary shareholders (Rupees)	0.17	(3.16)	(0.78)	(1.88)

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



Condensed Interim Statement of Comprehensive Income

for the period ended December 31, 2011 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(Rupees in thousands)			
Profit / (loss) for the period	208,824	(26,703)	43,199	(34,298)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>208,824</u>	<u>(26,703)</u>	<u>43,199</u>	<u>(34,298)</u>

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



Condensed Interim Statement of Cash Flows

for the period ended December 31, 2011 (Un-audited)

	Note	December 31, 2011	December 31, 2010
(Rupees in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	1,428,091	790,933
Financial charges paid		(604,432)	(418,075)
Taxes (paid) / refunded - net		(62,019)	33,718
Gratuity paid		(11,201)	(11,195)
Long-term loans and advances - net		(2,061)	(521)
Long-term deposits - net		50	-
Net cash generated from operating activities		748,428	394,860
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(331,779)	(67,311)
Proceeds from disposal of operating fixed assets		2,150	2,457
Net cash used in investing activities		(329,629)	(64,854)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from long-term financing from banking companies		50,000	-
Repayment of long-term financing from banking companies		(425,000)	(425,000)
Net cash used in financing activities		(375,000)	(425,000)
Net increase / (decrease) in cash and cash equivalents		43,799	(94,994)
Cash and cash equivalents at the beginning of the period		(1,962,993)	(1,613,430)
Cash and cash equivalents at the end of the period		(1,919,194)	(1,708,424)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		82,842	101,578
Short-term borrowings		(2,002,036)	(1,810,002)
		(1,919,194)	(1,708,424)

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director

Condensed Interim Statement of Changes in Equity

for the period ended December 31, 2011 (Un-audited)

Issued, subscribed and paid-up capital		Reserves						Sub-total	Total
		Capital			Revenue				
Ordinary share capital	Preference share capital	Share Premium	Merger reserve	Total	General reserve	Accumulated losses	Total		

(Rupees in thousands)

Balance as at July 1, 2010	706,834	3,004,046	984,652	7,925	992,577	1,232,750	(1,041,650)	191,100	1,183,677	4,894,557
Total comprehensive loss for the period ended December 31, 2010	-	-	-	-	-	-	(26,703)	(26,703)	(26,703)	(26,703)
Balance as at December 31, 2010	706,834	3,004,046	984,652	7,925	992,577	1,232,750	(1,068,353)	164,397	1,156,974	4,867,854
Balance as at July 1, 2011	706,834	3,004,046	984,652	7,925	992,577	1,232,750	(636,535)	596,215	1,588,792	5,299,672
Total comprehensive income for the period ended December 31, 2011	-	-	-	-	-	-	208,824	208,824	208,824	208,824
Balance as at December 31, 2011	706,834	3,004,046	984,652	7,925	992,577	1,232,750	(427,711)	805,039	1,797,616	5,508,496

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (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

These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements of the Company for the half year ended December 31, 2011 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.

These condensed interim financial statements do 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, 2011.

The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2011, 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 interim financial statements for the half year ended December 31, 2010.

2.2 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.

2.3 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2011. The following standards, amendments and interpretations of approved accounting standards became effective during the period, however, these do not have a significant impact on the Company's condensed interim financial statements:

IAS 24	-	Related Party Disclosures
IFRS 1	-	First-time Adoption of International Financial Reporting Standards
IFRS 7	-	Financial Instruments - Disclosures
IFRIC 14	-	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (Un-audited)

4. TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2011 have been made using the estimated effective tax rate applicable to expected total annual earnings.

5. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and 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, 2011.

	Note	December 31, 2011	June 30, 2011 (Audited)
(Rupees in thousands)			
6. OPERATING FIXED ASSETS			
Opening net book value (NBV)		9,365,235	9,850,801
Additions (at cost) during the period / year	6.1	187,713	261,347
		9,552,948	10,112,148
Disposals (NBV) during the period / year	6.2	(1,873)	(3,145)
Depreciation charge for the period / year		(370,822)	(743,768)
		(372,695)	(746,913)
Closing net book value (NBV)		9,180,253	9,365,235

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

Buildings on freehold land	3,591	1,989
Plant and machinery	170,093	233,792
Furniture and fixtures	1,882	524
Vehicles	9,020	13,284
Electrical and other equipments	1,262	4,514
Computers	1,865	7,244
	187,713	261,347

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

Plant and machinery	217	-
Vehicles	1,634	3,048
Electrical and other equipments	22	-
Computers	-	97
	1,873	3,145



Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (Un-audited)

	December 31, 2011	June 30, 2011 (Audited)
	(Rupees in thousands)	
7. CAPITAL WORK IN PROGRESS		
Movement of carrying amount is as follows:		
Opening balance	19,198	28,416
Additions (at cost) during the period / year	327,589	192,883
Transfer to operating fixed assets during the period / year	<u>(166,392)</u>	<u>(202,101)</u>
Closing balance	<u>180,395</u>	<u>19,198</u>
8. STORES AND SPARES		
Stores	250,124	260,062
Spares:		
in hand	<u>635,171</u>	<u>616,551</u>
in transit	<u>68,308</u>	<u>27,331</u>
	<u>703,479</u>	<u>643,882</u>
	953,603	903,944
Provision for slow moving stores and spares	<u>(28,869)</u>	<u>(26,469)</u>
	<u>924,734</u>	<u>877,475</u>
8.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase.		
9. STOCK-IN-TRADE		
Raw materials:		
in hand	<u>1,132,908</u>	<u>1,778,997</u>
in transit	<u>159,428</u>	<u>485,829</u>
	1,292,336	2,264,826
Work-in-process	439,104	302,830
Finished goods	<u>94,520</u>	<u>101,844</u>
	<u>1,825,960</u>	<u>2,669,500</u>
10. TAX REFUND DUE FROM GOVERNMENT		
Considered good		
Income tax	75,681	12,206
Sales tax and special excise duty	<u>-</u>	<u>56,365</u>
	<u>75,681</u>	<u>68,571</u>
11. PREFERENCE SHARES		
11.1 This represents 300,404,561 preference right shares of the face value of Rs. 10 each, aggregating to Rs. 3,004,045,610. These shares are not listed on any of the stock exchanges in Pakistan.		

Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (Un-audited)

- 11.2 Annual dividends will be payable at 13% per annum on the face value of such preference shares, 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 cumulative dividend as at the balance sheet date amounted to Rs. 840.98 million (June 30, 2011: Rs. 644.11 million).
- 11.3 The preference shareholders do not have any voting rights and will not be entitled to 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.
- 11.4 The Company shall have the option, but is not obliged, to redeem the preference shares in full or in part, within ninety days of the end of the completion of each quarter, commencing from the expiry of third anniversary of the issue (each successive quarter shall be referred to as "Redemption Period") by giving at least thirty days notice. If the Company exercises its option during any Redemption Period, the amount of redemption shall be determined by the Company; however, a minimum of 1/10th portion of the total issue size of the preference shares shall be redeemed by the Company during such Redemption Period.

The redemption will be at the option and discretion of the Company and subject to availability of funds and compliance with the provisions of Section 85 of the Companies Ordinance, 1984. Redemption shall be at face (par) value i.e. Rs. 10 each. Any accumulated (but unpaid) dividend will be payable on pro-rata basis to the preference shareholders at the time of redemption.

	Note	December 31, 2011	June 30, 2011 (Audited)
(Rupees in thousands)			
12. SUBORDINATED LOAN - (UNSECURED)			
From Sponsors of the Company	12.1	<u>1,000,000</u>	<u>1,000,000</u>

- 12.1 This loan has been obtained from Sponsors of the Company to partially finance the cost of Board Machine (PM-7). It was converted to subordinated loan to the repayment of Islamic Sukuk Certificates of Rs. 3,500 million (note 13.1) and Syndicated Term Finance Facility of Rs. 2,000 million (note 13.2) at the time of execution of these joint facility agreements.

This loan carries mark-up at 11% per annum (June 30, 2011: 11% per annum). The loan is repayable after the expiry of lock-in-period (expiry of five years from the disbursement of Financiers' facilities) as stipulated in the Subordination Agreement.



Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (Un-audited)

	Note	December 31, 2011	June 30, 2011 (Audited)
(Rupees in thousands)			
13. LONG-TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic Sukuk Certificates	13.1	2,100,000	2,450,000
Consortium of Banks (Syndicated)	13.2	1,700,000	1,775,000
Faysal Bank Limited	13.3	50,000	-
		3,850,000	4,225,000
Current portion shown under current liabilities		(858,333)	(850,000)
		2,991,667	3,375,000

13.1 This represents Sukuk Certificates privately placed with banks and other institutional investors under diminishing musharaka arrangement specifically for acquisition of Board Machine (PM-7) for a period of seven years. The certificates are redeemable in ten equal semi annual installments which commenced from March 2010. The fourth installment of principal repayment of Rs. 350 million has been made during the period.

The agreement gives an exclusive use of the Musharaka assets to the Company (Issuer) only against the rental payments.

Rental payments are calculated to provide return to Certificate Holders equal to base rate plus margin plus Service Agency Expenses incurred by the Trustee during the previous semi annual period. Base rate is equal to average of six months KIBOR of last five business days prior to beginning of each semi annual rental payment period. The margin is equal to 1.35% per annum. During the period, effective mark-up rate was 14.91% (June 30, 2011: 14.33%) per annum.

These are secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over the assets pertaining to Board Machine (PM-7) to the extent of beneficial right of the Certificate Holders with 25% margin.

13.2 This syndicated term finance facility has been obtained from a consortium of banks under joint facility arrangement with Sukuk Financing amounting to Rs. 2,000 million specifically for Board Machine (PM-7). The tenor of the facility is nine years with twenty four months grace period. This finance facility is repayable in fourteen stepped up semi annual installments which commenced from March 2010.

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

The rate of mark-up is 1.50% per annum over average of six months KIBOR of the last five business days prior to the beginning of each installment period. During the period, the effective mark-up rate was 15.05% per annum (June 30, 2011: 14.51% per annum).

13.3 During the period, the Company has obtained long-term finance facility from the 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 commencing from September 2012.

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

Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (Un-audited)

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 14.70% per annum.

	Note	December 31, 2011	June 30, 2011 (Audited)
(Rupees in thousands)			
14. TRADE AND OTHER PAYABLES			
Creditors		284,110	374,079
Foreign bills payable		95,941	253,909
Accrued liabilities		161,490	163,005
Sales tax payable		70,880	-
Customers' balances		42,353	117,597
Provident fund payable		3,990	3,476
Gratuity payable		1,867	1,867
Workers' profit participation fund		17,016	39,457
Workers' welfare fund		21,460	14,994
Unclaimed dividend		736	736
Security deposits		4,399	3,844
Other liabilities		19,469	32,367
		723,711	1,005,331
15. FINANCIAL CHARGES PAYABLE			
Financial charges payable on:			
Long-term financing		204,448	384,937
Short-term borrowings		96,233	60,649
		300,681	445,586
16. SHORT-TERM BORROWINGS			
From Sponsors - unsecured	16.1	400,000	400,000
From Banking Companies - secured:			
Running finances	16.2	932,039	641,996
Import credit finances	16.2	669,997	1,050,916
		1,602,036	1,692,912
		2,002,036	2,092,912

16.1 This loan carries mark-up at the rate of 11% per annum (June 30, 2011: 11% per annum).

16.2 The effective mark-up rates for running finances and import credit finances are 13.71% per annum (June 30, 2011: 14.09% per annum) and 3.69% per annum (June 30, 2011: 3.68% per annum) respectively.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

- a) Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 278.64 million (June 30, 2011: Rs. 278.58 million).



Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (Un-audited)

- b) Post dated cheques have been issued by the Company in favour of the Collector of Customs against custom levies aggregating to Rs. 16.41 million in respect of plant and machinery imported during the period. These post dated cheques have not been provided in the condensed interim financial statements of the Company.

17.2 Commitments

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

- a) Letters of credit other than for capital expenditure amounted to Rs. 449.17 million (June 30, 2011: Rs. 437.46 million).
- b) Capital expenditure including letters of credit amounted to Rs. 45.40 million (June 30, 2011: Rs. 119.09 million).

	Half year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
(Rupees in thousands)				
18. SALES				
Gross sales	7,126,861	6,206,455	3,460,818	3,389,277
Less:				
Sales tax	976,225	891,199	472,979	492,815
Special excise duty	-	52,587	-	29,077
	<u>(976,225)</u>	<u>(943,786)</u>	<u>(472,979)</u>	<u>(521,892)</u>
	<u>6,150,636</u>	<u>5,262,669</u>	<u>2,987,839</u>	<u>2,867,385</u>
19. COST OF SALES				
Materials consumed	3,712,003	3,009,191	1,703,992	1,454,945
Fuel and power	611,436	649,922	290,183	373,974
Depreciation on property, plant and equipment	360,365	364,245	181,658	182,422
Salaries, wages and other benefits	233,200	200,847	114,289	101,312
Stores and spares consumed	71,035	65,958	24,465	34,491
Repairs and maintenance	177,878	163,147	91,260	87,674
Packing expenses	110,044	99,682	54,975	55,559
Insurance	22,374	22,114	11,431	10,581
Provision for slow moving stores and spares	2,400	2,400	1,200	1,200
Rent, rates and taxes	2,105	2,005	1,052	1,003
Manufacturing cost	<u>5,302,840</u>	<u>4,579,511</u>	<u>2,474,505</u>	<u>2,303,161</u>
Work-in-process:				
Opening stock	302,830	78,054	532,061	305,214
Closing stock	(439,104)	(64,824)	(439,104)	(64,824)
	<u>(136,274)</u>	<u>13,230</u>	<u>92,957</u>	<u>240,390</u>
Cost of goods manufactured	<u>5,166,566</u>	<u>4,592,741</u>	<u>2,567,462</u>	<u>2,543,551</u>
Finished goods:				
Opening stock	101,844	30,801	102,129	50,672
Closing stock	(94,520)	(37,419)	(94,520)	(37,419)
	<u>7,324</u>	<u>(6,618)</u>	<u>7,609</u>	<u>13,253</u>
	<u>5,173,890</u>	<u>4,586,123</u>	<u>2,575,071</u>	<u>2,556,804</u>

Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (Un-audited)

	Note	December 31, 2011	December 31, 2010
(Rupees in thousands)			
20. CASH GENERATED FROM OPERATIONS			
Profit before taxation		316,830	33,761
Adjustment for non cash charges and other items:			
Depreciation		370,822	374,446
Amortization of intangible assets		5,494	5,388
Profit on sale of operating fixed assets		(277)	(141)
Provision for gratuity		11,201	11,211
Provision for slow moving stores and spares		2,400	2,400
Financial charges		459,526	507,733
Working capital changes	20.1	262,095	(143,865)
		<u>1,111,261</u>	<u>757,172</u>
		<u>1,428,091</u>	<u>790,933</u>
20.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(49,659)	(91,368)
Stock-in-trade		843,540	377,492
Trade debts		(294,193)	(199,573)
Loans and advances		23,809	38,753
Trade deposits and short-term prepayments		(30,069)	(19,093)
Other receivables		11,338	2,922
Tax refunds due from Government - Sales tax and special excise duty		56,365	45,044
		561,131	154,177
Decrease in current liabilities:			
Trade and other payables		(299,036)	(298,042)
		<u>262,095</u>	<u>(143,865)</u>

21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

21.1 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:

Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (Un-audited)

Relation with the company	Nature of transaction	Note	Half year ended		Quarter ended	
			December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
			(Rupees in thousands)			
Associated companies	Sales of goods and services		605,865	594,160	303,973	328,910
	Purchase of goods and services		100,613	82,003	20,302	14,776
	Rent and other allied charges		2,034	2,034	1,017	946
	Insurance agency commission		3,750	3,600	1,875	1,800
Other related parties	Purchase of goods and services		6,465	5,858	2,798	2,728
Sponsors and Directors	Mark-up accrued on sponsors loan		77,632	77,632	38,816	38,816
Retirement benefit plans	Contribution to staff retirement benefit plans		22,143	20,541	11,112	10,275
Key Management Personnel	Remuneration and other benefits	21.3	73,807	62,195	37,295	30,934

December 31, 2011 June 30, 2011
(Audited)
(Rupees in thousands)

21.2 Period / year end balances

Receivable from related parties	149,985	91,917
Payable to related parties	2,371	2,914
Long-term financing from Sponsors	1,000,000	1,000,000
Short-term financing from Sponsor	400,000	400,000
Mark-up payable on Sponsors' loan	121,632	259,425

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

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

22. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 3, 2012 by the Board of Directors of the Company.

Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2011 (Un-audited)

23. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison, the effect of which is not material.

24. GENERAL

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


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director



Century Paper & Board Mills Limited

Head Office,
Registered Office,
Corporate Office & Regional Sales Office (South)
Lakson Square Building No. 2, Sarwar Shaheed Road,
Karachi - 74200, Pakistan.
Phone : (021) 35698000 Fax : (021) 35681163, 35683410

Regional Sales Office (North)
14-Ali Block, New Garden Town,
Lahore – 54600, Pakistan.
Phone : (042) 35886801-4 Fax : (042) 35830338

Mills
62 KM, Lahore-Multan Highway-N5, District Kasur, Pakistan.
Phone : (049) 4511464-5, (049) 4510061-2 Fax : (049) 4510063

E-mail : info@centurypaper.com.pk
Website : www.centurypaper.com.pk