



Century Paper & Board Mills Limited

Clean - Green - Sustainable



First Quarter Report September 2011

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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 Shoab - 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
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Email: info@centurypaper.com.pk
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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 financial statements for the quarter ended September 30, 2011.

There is an overall improvement in the figures of sales, profit and production for the quarter under review as compared to first quarter of the last financial year.

Sales Review

Your Company has achieved a net sales of Rs. 3,163 million for the quarter under review as compared to Rs. 2,395 million of corresponding period of the last year. This depicts an impressive increase of 32 percent.

In terms of quantity the sale of paper & board and corrugated boxes of your Company was 40,926 MT as compared to 33,635 MT posted for corresponding period of the last year, an increase of 22 percent.

The increased sales volume supported by better selling price have added significantly to the bottom line of the Company as narrated below.

Financial Review

For the quarter under review the Company improved its gross profit by 54 percent over the corresponding period of the last financial year. It earned a gross profit of Rs. 564 million as compared to gross profit of Rs. 366 million for same quarter of the last year.

The operating profit for the quarter under review stood at Rs. 460 million as compared to Rs. 297 million of comparable quarter of the last year.

After taking into account financial charges (which have also decreased by 20 million) the Company has posted a profit before tax of Rs. 227 million as compared to profit before tax of Rs. 44 million of the comparable quarter of the last year.

The Company's net profit after tax for the quarter under review stood at Rs. 166 million as compared to profit after tax of Rs. 7.6 million of comparable quarter of the last year.

Directors' Review

Near Term Outlook

All the negative indicators are present to infer that there will be frequent gas curtailments in the coming months of winter, which in turn will restrict the machine operations and consequently the production of your Company.

Acknowledgments

Your Directors deeply appreciate the continued support and commitment of all the stake holders especially the financial institutions. They are also thankful for the continued hard and sincere work of the staff and employees of all cadres.

On behalf of the Board of Directors



Aftab Ahmad
Chief Executive Officer

Karachi: October 28, 2011



Condensed Interim Balance Sheet

as at September 30, 2011 (Un-audited)

	Note	September 30, 2011	June 30, 2011 (Audited)
(Rupees in thousands)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	9,196,234	9,365,235
Capital work in progress	7	72,001	19,198
		9,268,235	9,384,433
Intangible assets		28,833	31,286
Long-term loans and advances		3,580	4,032
Long-term deposits		2,775	2,825
		9,303,423	9,422,576
CURRENT ASSETS			
Stores and spares	8	874,343	877,475
Stock-in-trade	9	2,475,912	2,669,500
Trade debts (unsecured - considered good)		888,732	735,847
Loans and advances (unsecured - considered good)		34,501	55,917
Trade deposits and short term prepayments		34,298	9,362
Other receivables (unsecured - considered good)		22,040	23,891
Tax refunds due from Government	10	12,206	68,571
Taxation - net		78,880	75,443
Cash and bank balances		39,057	129,919
		4,459,969	4,645,925
TOTAL ASSETS		13,763,392	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		1,754,417	1,588,792
		5,465,297	5,299,672
NON-CURRENT LIABILITIES			
Subordinated loan	12	1,000,000	1,000,000
Long-term financing	13	2,995,833	3,375,000
Deferred taxation		30,000	-
		4,025,833	4,375,000
CURRENT LIABILITIES			
Trade and other payables	14	970,291	1,005,331
Financial charges payable	15	219,258	445,586
Short-term borrowings	16	2,228,546	2,092,912
Current portion of long-term financing	13	854,167	850,000
		4,272,262	4,393,829
CONTINGENCIES AND COMMITMENTS			
	17		
TOTAL EQUITY AND LIABILITIES		13,763,392	14,068,501

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


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director

Condensed Interim Profit and Loss Account
for the quarter ended September 30, 2011 (Un-audited)

	Note	September 30, 2011	September 30, 2010
		(Rupees in thousands)	
Sales - net	18	3,162,797	2,395,284
Cost of sales	19	<u>(2,598,819)</u>	<u>(2,029,319)</u>
Gross profit		563,978	365,965
General and administrative expenses		(60,764)	(57,609)
Selling expenses		(8,491)	(7,731)
Distribution expense		(14,976)	(15,443)
Other operating charges			
Workers' profit participation fund		(12,205)	(2,365)
Workers' welfare fund		(4,638)	(899)
Others		(21,222)	(8,314)
		(38,065)	(11,578)
Other operating income		<u>17,984</u>	<u>23,164</u>
Operating profit		459,666	296,768
Financial charges		<u>(232,413)</u>	<u>(252,720)</u>
Profit before taxation		227,253	44,048
Taxation			
Current		(31,628)	(23,953)
Deferred		(30,000)	(12,500)
		(61,628)	(36,453)
Profit for the period		<u>165,625</u>	<u>7,595</u>
Earnings / (loss) per share - basic and diluted attributable to ordinary shareholders (Rupees)		<u>0.95</u>	<u>(1.29)</u>

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 for the period	165,625	7,595
Dividend attributable to cumulative preference shares	(98,434)	(98,434)
Profit / (loss) attributable to ordinary shareholders	<u>67,191</u>	<u>(90,839)</u>
Weighted average number of ordinary shares (in thousands)	<u>70,684</u>	<u>70,684</u>
Earnings / (loss) per shares attributable to ordinary shareholders (Rupees)	<u>0.95</u>	<u>(1.29)</u>

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



Condensed Interim Statement of Comprehensive Income
for the quarter ended September 30, 2011 (Unaudited)

	September 30, 2011	September 30, 2010
	(Rupees in thousands)	
Profit for the period	165,625	7,595
Other comprehensive income	-	-
Total comprehensive income for the period	<u>165,625</u>	<u>7,595</u>

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


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director



Condensed Interim Cash Flow Statement
for the quarter ended September 30, 2011 (Unaudited)

	Note	September 30, 2011	September 30, 2010
(Rupees in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	20	715,072	(308,000)
Financial charges paid		(458,741)	(376,868)
Taxes paid		(35,065)	(43,879)
Gratuity paid		(5,601)	(5,593)
Long-term loans and advances - net		452	(484)
Long-term deposits - net		50	-
Net cash generated from / (used in) operating activities		<u>216,167</u>	<u>(734,824)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(68,599)	(35,137)
Proceeds from disposal of operating fixed assets		936	1,008
Net cash used in investing activities		<u>(67,663)</u>	<u>(34,129)</u>
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		<u>(375,000)</u>	<u>(425,000)</u>
Net decrease in cash and cash equivalents		<u>(226,496)</u>	<u>(1,193,953)</u>
Cash and cash equivalents at the beginning of the period		<u>(1,962,993)</u>	<u>(1,613,430)</u>
Cash and cash equivalents at the end of the period		<u><u>(2,189,489)</u></u>	<u><u>(2,807,383)</u></u>
CASH AND CASH EQUIVALENTS			
Cash and bank balances		39,057	32,078
Short-term borrowings		(2,228,546)	(2,839,461)
		<u>(2,189,489)</u>	<u>(2,807,383)</u>

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



Condensed Interim Statement of Changes in Equity for the quarter ended September 30, 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 loss	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 income for the period ended September 30, 2010	-	-	-	-	-	-	7,595	7,595	7,595	7,595
Balance as at September 30, 2010	706,834	3,004,046	984,652	7,925	992,577	1,232,750	(1,034,055)	198,695	1,191,272	4,902,152
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 September 30, 2011	-	-	-	-	-	-	165,625	165,625	165,625	165,625
Balance as at September 30, 2011	706,834	3,004,046	984,652	7,925	992,577	1,232,750	(470,910)	761,840	1,754,417	5,465,297

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


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director

Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 2011 (Unaudited)

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 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 first quarter ended September 30, 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.

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 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.

4. TAXATION

The provisions for taxation for the first quarter ended September 30, 2011 have been made using the estimated effective tax rate applicable to expected total annual earnings.



Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 2011 (Unaudited)

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	September 30, 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	<u>15,510</u>	<u>261,347</u>
		9,380,745	10,112,148
Disposals (NBV) during the period / year	6.2	<u>(611)</u>	<u>(3,145)</u>
Depreciation charge for the period / year		<u>(183,900)</u>	<u>(743,768)</u>
		(184,511)	(746,913)
Closing net book value (NBV)		<u>9,196,234</u>	<u>9,365,235</u>

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

Buildings on freehold land	2,896	1,989
Plant and machinery	7,103	233,792
Furniture and fixtures	1,882	524
Vehicles	2,142	13,284
Electrical and other equipments	679	4,514
Computers	<u>808</u>	<u>7,244</u>
	<u>15,510</u>	<u>261,347</u>

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

Plant and machinery	217	-
Vehicles	372	3,048
Electrical and other equipments	22	-
Computers	<u>-</u>	<u>97</u>
	<u>611</u>	<u>3,145</u>

7. CAPITAL WORK IN PROGRESS

Movement of carrying amount is as follows:

Opening balance	19,198	28,416
Additions (at cost)	65,092	192,883
Transfer to operating fixed assets	<u>(12,289)</u>	<u>(202,101)</u>
Closing balance	<u>72,001</u>	<u>19,198</u>

Notes to the Condensed Interim Financial Statements
for the quarter ended September 30, 2011 (Un-audited)

	September 30, 2011	June 30, 2011 (Audited)
	(Rupees in thousands)	
8. STORES AND SPARES		
Stores	250,916	260,062
Spares		
in hand	622,139	616,551
in transit	28,957	27,331
	651,096	643,882
	902,012	903,944
Provision for slow moving stores and spares	(27,669)	(26,469)
	874,343	877,475

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	1,587,458	1,778,997
in transit	254,264	485,829
	1,841,722	2,264,826
Work-in-process	532,061	302,830
Finished goods	102,129	101,844
	2,475,912	2,669,500

10. TAX REFUND DUE FROM GOVERNMENT

Considered good		
Income tax	12,206	12,206
Sales tax and special excise duty	-	56,365
	12,206	68,571

The above figure includes net refund for the tax year 2008, 2009 and 2010 amounting to Rs. 3.89 million, Rs. 4.62 million and Rs. 3.32 million respectively.

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.

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. 742.54 million (June 30, 2011: Rs. 644.11 million).



Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 2011 (Unaudited)

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	September 30, 2011	June 30, 2011 (Audited)
(Rupees in thousands)		
12. SUBORDINATED LOAN - (UNSECURED)		
From Sponsors of the Company	1,000,000	1,000,000

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.

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		(854,167)	(850,000)
		2,995,833	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.

Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 2011 (Unaudited)

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 15.06% (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 15.22% 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 installment commencing from September 2012.

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

The rate of mark-up is 1.50% over three months KIBOR of last day of preceding quarter.

	September 30, 2011	June 30, 2011 (Audited)
(Rupees in thousands)		
14. TRADE AND OTHER PAYABLES		
Creditors	373,958	374,079
Foreign bills payable	198,283	253,909
Accrued liabilities	150,104	163,005
Sales tax payable	51,723	-
Customers' balances	91,879	117,597
Provident fund payable	4,056	3,476
Gratuity payable	1,865	1,867
Workers' profit participation fund	53,150	39,457
Workers' welfare fund	19,632	14,994
Unclaimed dividend	736	736
Security deposits	3,500	3,844
Other liabilities	21,405	32,367
	<u>970,291</u>	<u>1,005,331</u>



Notes to the Condensed Interim Financial Statements
for the quarter ended September 30, 2011 (Unaudited)

	Note	September 30, 2011	June 30, 2011 (Audited)
(Rupees in thousands)			
15. FINANCIAL CHARGES PAYABLE			
Financial charges payable on:			
Long-term financing		145,050	384,937
Short-term borrowings		74,208	60,649
		<u>219,258</u>	<u>445,586</u>
16. SHORT-TERM BORROWINGS			
From Sponsors - unsecured	16.1	400,000	400,000
From Banking Companies - secured			
Running finances	16.2	1,039,165	641,996
Import credit finances	16.2	789,381	1,050,916
		<u>1,828,546</u>	1,692,912
		<u>2,228,546</u>	<u>2,092,912</u>

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 14.56% per annum (June 30, 2011: 14.09% per annum) and 3.60% per annum (June 30, 2011: 3.68% per annum) respectively.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 278.80 million (June 30, 2011: Rs. 278.58 million).

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. 448.52 million (June 30, 2011: Rs. 437.46 million).
- b) Capital expenditure including letters of credit amounted to Rs. 242.12 million (June 30, 2011: Rs. 119.09 million).

18. SALES	September 30, 2011	September 30, 2010
(Rupees in thousands)		
Gross sales	3,666,043	2,817,178
Sales tax	(503,246)	(398,384)
Special excise duty	-	(23,510)
	<u>(503,246)</u>	(421,894)
	<u>3,162,797</u>	<u>2,395,284</u>

Notes to the Condensed Interim Financial Statements
for the quarter ended September 30, 2011 (Unaudited)

	Note	September 30, 2011	September 30, 2010
		(Rupees in thousands)	
19. COST OF SALES			
Materials consumed		2,008,011	1,554,246
Fuel and power		321,253	275,948
Depreciation on property, plant and equipment		178,707	181,823
Salaries, wages and other benefits		118,911	99,535
Stores and spares consumed		46,570	31,467
Repairs and maintenance		86,618	75,473
Packing expenses		55,069	44,123
Insurance		10,943	11,533
Provision for slow moving stores and spares		1,200	1,200
Rent, rates and taxes		1,053	1,002
Manufacturing cost		2,828,335	2,276,350
Work-in-process			
Opening stock		302,830	78,054
Closing stock		(532,061)	(305,214)
		(229,231)	(227,160)
Cost of goods manufactured		2,599,104	2,049,190
Finished goods			
Opening stock		101,844	30,801
Closing stock		(102,129)	(50,672)
		(285)	(19,871)
		2,598,819	2,029,319
20. CASH GENERATED FROM OPERATIONS			
Profit before taxation		227,253	44,048
Adjustment for non cash charges and other items:			
Depreciation		183,900	186,743
Amortization of intangible assets		2,739	2,694
(Profit) / loss on sale of operating fixed assets		(325)	73
Provision for gratuity		5,599	5,605
Provision for slow moving stores and spares		1,200	1,200
Financial charges		232,413	252,720
Working capital changes	20.1	62,293	(801,083)
		487,819	(352,048)
		715,072	(308,000)
20.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		1,932	(75,873)
Stock-in-trade		193,588	(574,248)
Trade debts		(152,885)	(706)
Loans and advances		21,416	5,766
Trade deposits and short-term prepayments		(24,936)	(13,926)
Other receivables		1,851	(3,628)
Tax refunds due from Government - Sales tax and special excise duty		56,365	(3,977)
		97,331	(666,592)
Decrease in current liabilities:			
Trade and other payables		(35,038)	(134,491)
		62,293	(801,083)

Notes to the Condensed Interim Financial Statements
for the quarter ended September 30, 2011 (Unaudited)

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:

Relation with the company	Nature of transaction	Note	September 30,	September 30,
			2011	2010
			(Rupees in thousands)	
Associated companies	Sales of goods and services		301,892	265,250
	Purchase of goods and services		80,311	67,227
	Rent and other allied charges		1,017	1,088
	Insurance agency commission		1,875	1,800
	Insurance claim		10	-
Other related parties	Purchase of goods and services		3,667	3,130
Sponsors and Directors	Mark-up accrued on sponsors loan		38,816	38,816
Retirement benefit plans	Contribution to staff retirement benefit plans		11,031	10,266
Key Management Personnel	Remuneration and other benefits	21.3	36,512	31,261

21.2 Period / year end balances

Receivable from related parties	104,348	91,917
Payable to related parties	12,361	2,914
Long-term financing from sponsors	1,000,000	1,000,000
Short-term financing from sponsors	400,000	400,000
Mark-up payable on sponsors' loan	192,816	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 financial statements were authorized for issue on October 28, 2011 by the Board of Directors of the Company.

Notes to the Condensed Interim Financial Statements for the quarter ended September 30, 2011 (Unaudited)

23. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

The following expenses for the period ended September 30, 2010, previously shown under "Cost of sales" (note 19) have now been presented under "General and administrative expenses":

Expense head	Rupees in million
Security services charges	1.70
Travelling and conveyance	0.11
Printing, stationery and periodicals	1.02
Communication	0.14
Amortization of intangible assets	0.12

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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