

FIRST QUARTER REPORT
SEPTEMBER 2019



Century Paper & Board Mills Limited



WATER
FOR NATION

Clean - Green - Sustainable

Contents

	PAGE
Corporate Information	2
Directors' Review	3-4
Directors' Review - Urdu	5-6
Condensed Interim Statement of Financial Position	7
Condensed Interim Profit and Loss Account	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Statement of Cash Flow	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Information	12-26

Corporate Information

Board of Directors

Iqbal Ali Lakhani - Chairman
Amin Mohammed Lakhani
Anushka Lakhani
Tasleemuddin Ahmed Batlay
Shahid Ahmed Khan
Kemal Shoaib
Engr. M. Abdul Jabbar
Aftab Ahmad - Chief Executive Officer

Advisor

Sultan Ali Lakhani

Audit Committee

Kemal Shoaib - Chairman
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay

Human Resource & Remuneration Committee

Engr. M. Abdul Jabbar - Chairman
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay
Aftab Ahmad - Chief Executive Officer

Chief Financial Officer

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

Company Secretary

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

Head Office and Registered Office

Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan.
Phone: (021) 38400000
Fax: (021) 35681163, 35683410
Email: info@centurypaper.com.pk
Website: www.centurypaper.com.pk

Lahore Office

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

Mills

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

External Auditors

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

Shares Registrar

FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S. Shahra-e-Faisal, Karachi.
Phone: (021) 34380101-5 Fax: (021) 34380106
Email: info.shares@famco.com.pk
Website: www.famco.com.pk



Directors' Review

On behalf of the Board of Directors I am pleased to present the performance review of your Company together with the un-audited financial statements for the first quarter ended September 30, 2019.

Operations and Sales Review

The Company produced 57,348 metric tons during the quarter under review (July-September 2019) as compared to 53,940 metric tons of the corresponding quarter of the last year.

The Company sold 48,509 metric tons of its products for the quarter under review (July-September 2019) that was almost same as of the corresponding quarter.

In terms of value, the net sales of the Company for the quarter under review (July-September 2019) increased to Rs. 5,372 million as compared to Rs. 4,760 million of the corresponding quarter of last year.

Financial Performance

For the quarter under review (July-September 2019), the Company posted gross profit of Rs. 652 million compared to Rs. 566 million of the corresponding quarter of last year registering an increase of 15%.

The net operating profit for the quarter under review (July-September 2019) is recorded at Rs. 485 million as compared to Rs. 411 million of the corresponding quarter of last year.

Finance cost for the quarter under review (July-September 2019) has been doubled to Rs. 287 million as compared to Rs. 139 million of the corresponding quarter of last year on the backdrop of upward trajectory of interest rates and enhanced working capital requirements.

After taking into account financial charges, profit before tax declined to Rs. 198 million as compared to profit before tax of Rs. 272 million for the corresponding quarter of last year.

After accounting for tax, the Company has made a net profit of Rs. 140 million for the quarter under review as compared to a profit of Rs. 204 million for the corresponding quarter of the last year.

Directors' Review

Earnings per Share

The basic earnings per share is reported at Rs. 0.96 as compared to basic earnings per share of Rs. 1.25 of the comparable quarter of the last year. There is no dilution effect on the earnings per share for the quarter under review and corresponding quarter of the last year.

Near Term Outlook

Despite the economic slowdown, demand for paper & paperboard products has been stable and sales volume of the Company's products are expected to improve in the ensuing quarter due to better seasonal demand period. Keeping in view the overall slowdown of the economy, the Company started exploring export possibilities to mitigate any negative impact on capacity utilization and has already started some exports to regional countries during the quarter under review. Input costs are showing mixed trends; there is respite in prices of imported wood pulp while locally procured material prices especially of waste paper and chemicals are going up. Monetary easing is not likely in near future and owing to higher interest rates coupled with enhanced working capital requirement in the wake of cost push inflation, finance cost may increase further keeping bottom line under pressure. Management is endeavoring to minimize the impact with efficient plant utilization, suitable product mix, improved sourcing of raw material and rationalization in selling prices to mitigate the rising costs.

Acknowledgments

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

On behalf of the Board of Directors


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director

Karachi: October 25, 2019



ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2019ء کو ختم ہونے والے سہ ماہی کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

کاروباری کارکردگی اور سیلرز کا جائزہ

کمپنی نے زیر جائزہ مدت (جولائی تا ستمبر 2019) کے دوران 57,348 میٹرک ٹن کی پیداواری، جو کہ گزشتہ سال کی اسی مدت میں 53,940 میٹرک ٹن تھی۔ کمپنی نے حالیہ سہ ماہی میں 48,509 میٹرک ٹن کی فروخت یقینی بنائی جو گزشتہ سال اسی مدت میں کم و بیش اتنی ہی تھی۔ قدر کے اعتبار سے زیر جائزہ مدت (جولائی تا ستمبر 2019) میں سیلز ویلیو 5,372 ملین روپے تک بڑھ گئی جو گزشتہ سال اسی مدت میں 4,760 ملین روپے تھی۔

مالیاتی کارکردگی

زیر جائزہ مدت (جولائی تا ستمبر 2019) میں کمپنی نے 652 ملین روپے مجموعی منافع کمایا جو گزشتہ سال 566 ملین روپے مجموعی منافع کے مقابلے میں 15% زیادہ رہا۔ زیر جائزہ مدت (جولائی تا ستمبر 2019) میں خالص آپریٹنگ منافع 485 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 411 ملین روپے تھا۔

زیر جائزہ مدت (جولائی تا ستمبر 2019) میں مالی لاگت گئی ہو کر 287 ملین روپے تک بڑھ گئی جو گزشتہ سال اسی مدت میں 139 ملین روپے تھی۔ بڑھتی ہوئی شرح سود اور اضافی مالیاتی ضروریات کی وجہ سے مالیاتی لاگت میں اضافہ ہوا۔

مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت میں قبل از ٹیکس منافع 198 ملین روپے رہا جو گزشتہ سال اسی مدت میں 272 ملین روپے تھا۔

کمپنی نے زیر جائزہ مدت میں 140 ملین روپے کا خالص منافع کمایا جو گزشتہ سال اسی مدت میں 204 ملین روپے تھا۔

فی شیئر آمدنی

گزشتہ سال اسی مدت کے لیے بنیادی فی شیئر آمدنی 1.25 روپے کے مقابلے میں بنیادی فی شیئر آمدنی 0.96 روپے رپورٹ کی گئی ہے۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کے لیے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آثار نہیں ہیں۔

ڈائریکٹرز کا جائزہ


قریب مدتی منظر نامہ


معاشی سست روی کے باوجود، پیپر اور پیپر بورڈ کی مصنوعات کی طلب مستحکم رہی ہے اور امید کی جاتی ہے کہ آئندہ سہ ماہی میں کمپنی کی مصنوعات کی فروخت میں اضافہ ہوگا۔ معاشی سست روی کو مد نظر رکھتے ہوئے گنجائش کے استعمال پر کسی بھی ممکنہ منفی اثر کو کم کرنے کے لیے کمپنی نے موجودہ سہ ماہی کے دوران علاقائی ممالک کو تجرباتی طور پر کچھ برآمدات بھی شروع کر دی ہیں۔ خام مال کی لاگت مخلوط رجحانات دکھا رہی ہے۔ درآمد شدہ ڈیپ کی قیمتوں میں کمی جبکہ مقامی طور پر خریدے جانے والے خام مال خاص طور پر رڈی کاغذ اور کیمیکل کی قیمتوں میں اضافہ ہو رہا ہے۔ ممکنہ طور پر مستقبل قریب میں مانیٹری پالیسی میں نرمی کا امکان نہیں ہے اور افراط زر کی شرح میں اضافے کے ساتھ ساتھ کاروباری سرمایہ کی بڑھتی ہوئی ضرورت کے پیش نظر، مالیاتی لاگت مزید بڑھ سکتی ہے۔ کمپنی کی انتظامیہ پلانٹ کے موثر استعمال، موزوں پروڈکٹس، خام مال کی بہتر سروسنگ اور قیمت فروخت میں مناسب ردوبدل کے ذریعے بڑھتی ہوئی لاگت کے اثر کو کم کرنے کی کوشش کر رہی ہے۔

اظہار تشکر

آپ کے ڈائریکٹرز مسلسل سرپرستی اور وابستگی پر تمام اسٹیک ہولڈرز کو خراج تحسین پیش کرتے ہیں۔ وہ بینکوں اور مالیاتی اداروں کے خصوصی شکر گزار ہیں۔ وہ کمپنی کے عملے اور ملازمین کی محنت اور پُر خلوص کارکردگی کا بھی اعتراف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


تسلیم الدین احمد باطلے
ڈائریکٹر


آفتاب احمد
چیف ایگزیکٹو آفیسر

کراچی: 25 اکتوبر، 2019

Condensed Interim Statement of Financial Position


as at September 30, 2019 (Un-audited)

		September 30, 2019	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	8	8,914,978	9,131,201
Operating fixed assets	9	488,459	241,653
Capital work in progress		9,403,437	9,372,854
Intangible assets		8,278	9,033
Long-term advances	10	6,802	6,264
Long-term deposits		7,169	7,169
		9,425,686	9,395,320
CURRENT ASSETS			
Stores and spares	11	1,672,961	1,458,482
Stock-in-trade	12	4,196,258	3,484,174
Trade debts (unsecured - considered good)		3,203,930	3,046,320
Short-term advances	13	179,008	95,874
Trade deposits and short term prepayments	14	116,294	91,398
Other receivables		13,656	12,062
Tax refunds due from Government	15	256,694	256,694
Taxation - net		298,880	261,718
Cash and bank balances	16	332,103	351,700
		10,269,784	9,058,422
TOTAL ASSETS		19,695,470	18,453,742
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 410,000,000 (June 30, 2019: 410,000,000) shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital 147,018,345 (June 30, 2019: 147,018,345) ordinary shares of Rs. 10 each		1,470,184	1,470,184
Reserves		4,712,225	4,718,750
		6,182,409	6,188,934
NON - CURRENT LIABILITIES			
Long-term financing	17	3,338,322	3,511,434
Deferred taxation		1,172,110	1,208,746
		4,510,432	4,720,180
CURRENT LIABILITIES			
Trade and other payables	18	2,688,596	2,528,063
Short-term borrowings	19	5,189,023	4,247,267
Interest and mark-up accrued	20	284,220	96,526
Unpaid dividend		147,018	-
Unclaimed dividend		1,321	1,321
Current portion of long-term financing	17	692,451	671,451
		9,002,629	7,544,628
TOTAL EQUITY AND LIABILITIES		19,695,470	18,453,742
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director


MUHAMMAD RASHID DASTAGIR
 Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED



Condensed Interim Profit and Loss Account


for the quarter ended September 30, 2019 (Un-audited)

	Note	Quarter ended	
		September 30, 2019	September 30, 2018
		(Rupees in thousands)	
Sales - net	22	5,372,395	4,760,583
Cost of sales	23	(4,720,026)	(4,194,885)
Gross profit		652,369	565,698
General and administrative expenses		(129,505)	(116,128)
Selling expenses		(16,921)	(14,541)
Distribution expenses		(26,286)	(21,699)
Other operating charges			
Workers' Profit Participation Fund		(10,627)	(14,591)
Workers' Welfare Fund		(4,038)	(5,545)
Others		(3,848)	(4,902)
		(18,513)	(25,038)
Other income	24	23,995	22,714
Operating profit		485,139	411,006
Finance cost	25	(287,263)	(139,309)
Profit before taxation		197,876	271,697
Taxation			
Current		(94,017)	(59,772)
Deferred		36,634	(8,151)
		(57,383)	(67,923)
Profit for the period		140,493	203,774
Earnings per share - basic and diluted (Rupees)	26	0.96	1.25

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer



Condensed Interim Statement of Comprehensive Income


for the quarter ended September 30, 2019 (Un-audited)

	Quarter ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousands)	
Profit for the period	140,493	203,774
Other comprehensive income	-	-
Total comprehensive income for the period	<u>140,493</u>	<u>203,774</u>

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Cash Flow


for the quarter ended September 30, 2019 (Un-audited)

		Quarter ended	
		September 30, 2019	September 30, 2018
	Note	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	(233,706)	(587,766)
Finance cost paid		(99,965)	(69,815)
Taxes paid		(131,179)	(12,997)
Gratuity paid		(13,610)	(10,998)
Workers' Profit Participation Fund paid		(66,627)	(76,301)
Long-term advances		(538)	(19,082)
Long-term deposits		-	(1,300)
Net cash used in operating activities		(545,625)	(778,259)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(264,334)	(356,729)
Proceeds from sale of property, plant and equipment		717	-
Net cash used in investing activities		(263,618)	(356,729)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of long-term financing from associated companies		650,000	-
Repayment of long-term financing from Director		(650,000)	-
Proceeds from long-term financing from banking companies		-	195,465
Repayment of long-term financing from banking companies		(152,111)	(299,940)
Net cash used in financing activities		(152,111)	(104,475)
Net decrease in cash and cash equivalents		(961,353)	(1,239,463)
Cash and cash equivalents at the beginning of the period		(3,895,567)	(3,011,180)
Cash and cash equivalents at the end of the period		(4,856,920)	(4,250,643)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	332,103	194,074
Short-term borrowings	19	(5,189,023)	(4,444,717)
		(4,856,920)	(4,250,643)

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

for the quarter ended September 30, 2019 (Un-audited)

	Issued, subscribed and paid-up capital		Reserves								Total
			Capital				Revenue			Sub-total	
	Ordinary share capital	Preference share capital	Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit	Total		
	(Rupees in thousands)										
Balance as at July 1, 2018	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	996,948	1,310,174	4,071,475	6,442,873
Total comprehensive income for the period ended September 30, 2018											
Profit for the period	-	-	-	-	-	-	-	203,774	203,774	203,774	203,774
Transaction with owners											
Final dividend on ordinary shares @ Rs 0.75 per share	-	-	-	-	-	-	-	(110,264)	(110,264)	(110,264)	(110,264)
Cumulative dividend paid on preference shares	-	-	-	-	-	-	-	(56,080)	(56,080)	(56,080)	(56,080)
	-	-	-	-	-	-	-	(166,344)	(166,344)	(166,344)	(166,344)
Balance as at September 30, 2018	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	1,034,378	1,347,604	4,108,905	6,480,303
Balance as at July 1, 2019	1,470,184	-	1,822,122	7,925	1,832,468	3,662,515	200,000	856,235	1,056,235	4,718,750	6,188,934
Appropriation of reserve											
Transfer to reserve	-	-	-	-	-	-	600,000	(600,000)	-	-	-
Total comprehensive income for the period ended September 30, 2019											
Profit for the period	-	-	-	-	-	-	-	140,493	140,493	140,493	140,493
Transaction with owners											
Final dividend on ordinary shares @ Rs 0.75 per share	-	-	-	-	-	-	-	(147,018)	(147,018)	(147,018)	(147,018)
Balance as at September 30, 2019	1,470,184	-	1,822,122	7,925	1,832,468	3,662,515	800,000	249,710	1,049,710	4,712,225	6,182,409

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (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 and its ordinary shares are listed on Pakistan Stock Exchange. The Company is engaged in manufacturing and marketing of paper, board and related products.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The mill (plant) of the Company is located at 62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan, and a regional office of the Company is located at 14-Ali Block, New Garden Town, Lahore, Pakistan.

3. BASIS OF PREPARATION

3.1 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

This condensed interim financial information of the Company for the first quarter ended September 30, 2019 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2019 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 statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the first quarter ended September 30, 2018.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.



Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

4. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

The significant events affecting the Company's condensed interim financial information during the period have been adequately disclosed in the notes to this condensed interim financial information as well as in the Director's Review where was required.

5. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2019.

This condensed interim financial information includes certain additional disclosures regarding shariah screening of listed companies for Islamic equity index. The Company has voluntarily disclosed information as per the requirements of the Circular No. 29 of 2016 dated September 05, 2016.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

6. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2019.

7. TAXATION

The provisions for taxation for the quarter ended September 30, 2019, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate was 29% for the Tax Year 2019 as stipulated through Finance Act 2019.

8. OPERATING FIXED ASSETS

	Note	September 30, 2019 (Rupees in thousands)	June 30, 2019 (Audited)
Opening net book value (NBV)		9,131,201	9,122,170
Additions during the period / year at cost	8.1	50,097	997,991
		9,181,298	10,120,161
Disposals during the period / year at NBV	8.2	(131)	(6,527)
Depreciation charge for the period / year		(266,189)	(982,433)
		(266,320)	(988,960)
Closing net book value (NBV)		8,914,978	9,131,201

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

	September 30, 2019	June 30, 2019 (Audited)
Note	(Rupees in thousands)	
8.1 Detail of additions (at cost) during the period / year are as follows:		
Buildings on freehold land	-	11,651
Plant and machinery	40,956	907,127
Furniture and fixtures	-	99
Vehicles	2,703	54,927
Electrical and other equipments	3,459	10,100
Computers	2,979	14,087
	<u>50,097</u>	<u>997,991</u>
8.2 Detail of disposals (at NBV) during the period / year are as follows:		
Plant and machinery	131	-
Vehicles	-	6,527
	<u>131</u>	<u>6,527</u>
8.3 The free hold land is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur and area of land is 158.5 acres.		
9. CAPITAL WORK IN PROGRESS		
Civil works	6,851	2,028
Plant and machinery	412,196	178,377
Advances to suppliers	69,412	61,248
	<u>488,459</u>	<u>241,653</u>
9.1 Movement of carrying amount is as follows:		
Opening balance	241,653	467,547
Additions (at cost) during the period / year 9.1.1	287,293	647,554
	<u>528,946</u>	<u>1,115,101</u>
Transfer to operating fixed assets during the period / year	(40,487)	(873,448)
Closing balance	<u>488,459</u>	<u>241,653</u>
9.1.1 This includes borrowing costs capitalized amounting to Rs. 0.396 million (June 30, 2019: Rs. 10.89 million) at an average rate of 2.75 % per annum (June 30, 2019: 6.78%).		
10. LONG-TERM ADVANCES		
(Unsecured - considered good)		
Long-term advances to suppliers 10.1	<u>6,802</u>	<u>6,264</u>
10.1 This represents advances to suppliers against purchases of vehicles in the normal course of business which does not carry any interest / mark-up.		

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

		September 30, 2019	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
11. STORES AND SPARES			
In hand			
Stores	11.1	1,031,483	903,256
Spares		421,999	397,353
		1,453,482	1,300,609
In transit	11.2	267,789	204,683
		1,721,271	1,505,292
Provision for slow moving stores and spares		(48,310)	(46,810)
		1,672,961	1,458,482
11.1	This includes fuel for power and steam generation amounting to Rs. 230.62 million (June 30, 2019: Rs. 139.37 million).		
11.2	This includes coal in transit amounting to Rs. 149.41 million (June 30, 2019: Rs. 114.79 million).		
12. STOCK-IN-TRADE			
Raw materials			
in hand		2,243,057	1,585,977
in transit		641,339	1,048,267
		2,884,396	2,634,244
Work-in-process		112,448	87,584
Finished goods		1,199,414	762,346
		4,196,258	3,484,174
13. SHORT-TERM ADVANCES			
Advances			
to employees		3,552	4,736
to suppliers		175,456	91,138
	13.1	179,008	95,874
13.1	This represents advances in the normal course of the business and do not carry any interest / mark-up.		
14. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits	14.1	125	360
Prepayments		116,169	91,038
		116,294	91,398

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

14.1 This represents short term deposits in the normal course of the business and do not carry any interest / mark-up.

	Note	September 30, 2019 (Rupees in thousands)	June 30, 2019 (Audited)
15. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax	15.1	240,631	240,631
Sales tax	15.2	16,063	16,063
		256,694	256,694

15.1 The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated March 4, 2019 has determined the net tax payable of Rs. 67.74 million by disallowing the adjustment of minimum tax of Rs. 214.93 million for previous years and certain other expenses.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order. The Company believes that the case will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.

15.2 This includes Rs. 10.02 million paid against demand raised by Assistant Commissioner - IR (Audit) in respect of sales tax input not allowed as result of audit of sales tax returns for tax year 2015. The Company has filed an appeal against this order before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act, 1990.

For the period July 2018 to September 2018, the demand of Rs.6.04 million was raised by Assistant Commissioner-IR (Audit) by disallowing sales tax inputs on certain items. The Company filed an appeal against the demand before the Commissioner Inland Revenue (Appeals - 1) under Section 45B of the Sales Tax Act. The Commissioner Inland Revenue (Appeals - 1) retained the decision of the Assistant Commissioner - IR (Audit). The Company filed an appeal before the Appellate Tribunal Inland Revenue against the order of Commissioner (appeal) in respect of which decision is pending.

16. CASH AND BANK BALANCES

Cash at bank in current account - Conventional mode	53,443	23,711
Cheques in hand	277,295	325,427
Cash in hand	1,365	2,562
	332,103	351,700

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

		September 30, 2019	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
17. LONG TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Meezan Bank Limited - Musharaka	17.1	300,000	337,500
Conventional mode			
Syndicated - Consortium of Banks	17.2	600,000	675,000
Allied Bank Limited - Term Loan - 1	17.3	172,732	207,279
Allied Bank Limited - Term Loan - 2	17.4	123,041	128,106
Allied Bank Limited - Term Loan - 3	17.5	210,000	210,000
		1,105,773	1,220,385
		1,405,773	1,557,885
From associated undertakings - unsecured			
SIZA Commodities (Private) Limited - 1	17.6	1,000,000	1,000,000
SIZA Commodities (Private) Limited - 2	17.7	100,000	100,000
SIZA (Private) Limited - 1	17.7	625,000	625,000
SIZA (Private) Limited - 2	17.8	650,000	-
SIZA Services (Private) Limited	17.7	250,000	250,000
		2,625,000	1,975,000
From Director - unsecured	17.8	-	650,000
		4,030,773	4,182,885
Current portion:			
Islamic mode		(150,000)	(150,000)
Conventional mode		(542,451)	(521,451)
		(692,451)	(671,451)
		3,338,322	3,511,434

17.1 This represents Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.50% (June 30, 2019: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.16% (June 30, 2019: 9.57%) per annum.

17.2 This represents Syndicated Term Financing Arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

The rate of mark up is equal to base rate plus 0.50% (June 30, 2019: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.16% (June 30, 2019: 9.57%) per annum.

- 17.3 This term finance facility has been obtained from Allied Bank Limited specifically for Gas Turbine Generators. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments commencing from September 2018.

This term loan is secured by way of mortgage of all present and future plant and machinery and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.20% (June 30, 2019: 0.20%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.19% (June 30, 2019: 9.61%) per annum.

- 17.4 The Company has approved term finance facility from Allied Bank Limited under Financing Scheme of the State Bank of Pakistan for Renewal Energy (Category II) amounting to Rs. 200 million specifically for Solar Grid Panels. The Company has made first drawdown of Rs. 81.04 million in June 2018 and second drawdown of Rs. 60.81 million has made in January 2019. The tenor of the loan is seven years and are repayable in 28 equal installments commencing from September 2018.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin. The rate of mark up is fixed at 2.75%.

- 17.5 This term finance facility has been sanctioned from Allied Bank Limited amounting to Rs. 500 million specifically for Gas Turbine Generators. The Company has made a drawdown of Rs. 210 million. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments commencing from December 2019.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of markup is equal to base rate plus 0.20%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.20%.

- 17.6 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company, amounting to Rs. 1,000 million. The loan is repayable in July 2021. The rate of mark up is 0.50% (June 30, 2019: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective mark up rate was 13.47% (June 30, 2019: 9.68%) per annum.

- 17.7 This represents loans obtained from SIZA (Private) Limited, SIZA Services (Private) Limited and SIZA Commodities (Private) Limited amounting to Rs. 625 million, Rs. 250 million and Rs. 100 million respectively. These loans are repayable in July 2021. The rate of mark up is 0.50% over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective mark up rate was 13.47% (June 30, 2019: 10.81%) per annum.

- 17.8 During the period, the Company obtained loan from SIZA (Private) Limited amounting to Rs. 650 million to refinance the loan from sponsor director of the Company. The loan is unsecured and the tenor of the loan is three years carrying mark up at the rate of 3 Months KIBOR plus 0.50%. During the period, the effective mark up rate was 13.47% per annum.

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

		September 30, 2019	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
18. TRADE AND OTHER PAYABLES			
Creditors		778,846	572,741
Foreign bills payable		500,924	686,757
Accrued liabilities	18.1	871,215	826,224
Sales tax payable - net		57,084	57,898
Customers' balances		139,636	53,712
Gratuity payable		119,091	120,637
Workers' Profit Participation Fund		10,627	66,627
Workers' Welfare Fund		49,419	45,381
Provident fund payable		8,405	7,614
Other liabilities		153,349	90,472
		2,688,596	2,528,063

18.1 This includes an amount of Rs. 607.59 million (June 30, 2019: Rs. 607.59 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Company has filed an appeal in Honorable Court of Sindh. The High Court of Sindh declared the GIDC Act 2015 as null and void through its judgement dated October 26, 2016. Subsequently, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgement till the disposal of appeal. The matter is pending for hearing of appeal.

19. SHORT TERM BORROWINGS

From banking companies - secured

Running finances

Islamic mode

Conventional mode

Short term loan - Conventional mode

		316,508	11,285
		3,173,915	2,537,382
19.1		3,490,423	2,548,667
19.3		1,698,600	1,698,600
		5,189,023	4,247,267

19.1 The Company has available aggregate short term running finance facilities amounting to Rs. 7,075 million (June 30, 2019: Rs. 6,575 million). Mark up rates are linked with KIBOR from one to three months plus spread ranging from 0.25% to 1.50% per annum (June 30, 2019: from 0.30% to 1.50% per annum).

19.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs.4,120 million (June 30, 2019: Rs. 3,430 million).

19.3 The loan has been obtained from Standard Chartered Bank - Dubai International Finance Center branch through Standard Chartered Bank (Pakistan) Limited amounting to USD 12.00 million equivalent to fixed amount of Rs. 1,699 million for meeting working capital requirements. The tenor of the loan is six months i.e. from April 11, 2019 to October 10, 2019. The price of loan is six months KIBOR minus 32 bps. As per the terms of agreement, Standard Chartered Bank (Pakistan) Limited has obtained forward cover on behalf of the Company to hedge foreign currency risk.

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

	September 30, 2019	June 30, 2019 (Audited)
	(Rupees in thousands)	
20. INTEREST AND MARK-UP ACCRUED		
Interest and mark-up accrued on:		
Long-term financing from Banks		
Islamic mode	5,803	5,387
Conventional mode	13,179	12,302
	18,982	17,689
From associated undertakings / Director		
Conventional mode	89,123	-
	108,105	17,689
Short-term borrowings from Banks		
Islamic mode	15,402	1,576
Conventional mode	160,713	77,261
	176,115	78,837
	284,220	96,526

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 701 million (June 30, 2019: Rs. 681 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 140 million (June 30, 2019: Rs. 140 million) furnished to Excise and Taxation Department during the period.

b) Sales tax

- 1) The Additional Commissioner Enforcement-I, Punjab Revenue Authority issued a show cause notice bearing no. PRA/SC/WH/937 on June 07, 2018. The Deputy Commissioner Enforcement vide his order no. A/ST/WH/008 dated November 02, 2018 has determined the liability of Rs.140 million on account of withholding sales tax under Punjab Sales Tax on Services Act 2012 for the period from July 01, 2015 to June 30, 2017.

The Company filed an appeal before the Commissioner (Appeals) Punjab Revenue Authority dated December 22, 2018 against the order passed by the Additional Commissioner Enforcement-I with the plea that this order was adversely decided against the Company without considering the explanation provided by the Company which is pending adjudication. The management is of the opinion, based on the advice of legal adviser that the decision is likely to be in the favor of the Company.

- 2) Five cases of inadmissible input sales 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.

c) Gas Infrastructure Development Cess - GIDC

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 429.03 million (2019: Rs. 376.68 million) on account of late payment surcharge on GIDC of Rs. 607.59 million (Note 18.1) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On the appeal filed by the Company, the Honorable High Court of Sindh by their

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

judgement, suspended the levy and declared the GIDC Act, 2015 as null and void. Subsequent to the judgment, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh.

No provision has been made in his condensed interim financial information for late payment surcharge as the management is of the opinion, based on advice of legal advisor that the Company is not liable to pay late payment surcharges and expects that the decision is likely to be in the favor of the Company.

21.2 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. 1,221.74 million (June 30, 2019: Rs. 1,436.12 million).
- Capital expenditure including letters of credit amounted to Rs. 18.84 million (June 30, 2019: Rs. 177.97 million).

	Quarter ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousands)	
22. SALES		
Local sales	6,261,735	5,565,273
Export sales	19,447	-
	<u>6,281,182</u>	<u>5,565,273</u>
Sales tax	(908,787)	(804,690)
	<u>5,372,395</u>	<u>4,760,583</u>
23. COST OF SALES		
Materials consumed	3,295,355	2,905,627
Fuel and power	1,041,197	801,764
Depreciation on property, plant and equipment	256,278	232,110
Salaries, wages and other benefits	241,390	215,996
Repairs, maintenance and stores consumption	198,101	210,283
Packing expenses	123,025	113,964
Insurance	21,187	19,291
Provision for slow moving stores and spares	1,500	1,500
Rent, rates and taxes	3,925	3,777
Manufacturing cost	<u>5,181,958</u>	<u>4,504,312</u>
Work-in-process		
Opening stock	87,584	58,857
Closing stock	(112,448)	(98,853)
	<u>(24,864)</u>	<u>(39,996)</u>
Cost of goods manufactured	<u>5,157,094</u>	<u>4,464,316</u>
Finished goods		
Opening stock	762,346	748,214
Closing stock	(1,199,414)	(1,017,645)
	<u>(437,068)</u>	<u>(269,431)</u>
	<u>4,720,026</u>	<u>4,194,885</u>

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

	Quarter ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousands)	
24. OTHER INCOME		
Sale of scrap	16,612	13,106
Insurance agency commission from associated company	3,600	3,000
Net exchange gain - Conventional mode	3,095	986
Gain on sale of operating fixed assets – net	585	-
Liabilities no longer payable written back	-	5,120
Others	103	502
	<u>23,995</u>	<u>22,714</u>

25. FINANCE COST

Long-term financing		
From banks - Islamic mode	10,531	14,058
From banks - Conventional mode	35,271	27,867
	45,802	41,925
Long term loan - associated undertakings / Director	89,123	30,859
	<u>134,925</u>	<u>72,784</u>
Short term borrowings		
Islamic mode	15,402	2,646
Conventional mode	133,914	61,823
	149,316	64,469
Workers' Profit Participation Fund	1,750	899
Bank charges and commission	1,272	1,157
	<u>287,263</u>	<u>139,309</u>

26. 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	140,493	203,774
less: Dividend attributable to cumulative preference shares	-	(20,580)
Profit attributable to ordinary shareholders	<u>140,493</u>	<u>183,194</u>
Weighted average number of ordinary shares (in thousands)	<u>147,018</u>	<u>147,018</u>
Basic earnings per share (Rupees)	<u>0.96</u>	<u>1.25</u>

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

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

		Quarter ended	
		September 30, 2019	September 30, 2018
		(Rupees in thousands)	
27.	CASH GENERATED FROM OPERATIONS	Note	
	Profit before taxation		197,876
	Adjustment for non cash charges and other items:		271,697
	Depreciation		266,190
	Amortization of intangible assets		754
	Gain on sale of operating fixed assets		(585)
	Provision for gratuity		12,064
	Provision for slow moving stores and spares		1,500
	Workers' Profit Participation Fund		10,627
	Finance cost		287,263
	Working capital changes	27.1	(1,009,395)
			(431,582)
			(233,706)
27.1	Changes in working capital		
	(Increase) / decrease in current assets		
	Stores and spares		(215,979)
	Stock-in-trade		(712,084)
	Trade debts		(157,610)
	Loans and advances		(83,134)
	Trade deposits and short-term prepayments		(24,896)
	Other receivables		(1,594)
	Tax refunds due from Government		-
			(1,195,297)
	Increase in current liabilities		
	Trade and other payables		185,902
			(1,009,395)

28. 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, 2019	September 30, 2018
			(Rupees in thousands)	
Sale of goods, Services and Reimbursement of expenses				
Merit Packaging Limited	Associated company	Common Director	288,236	371,253
Colgate-Palmolive (Pakistan) Limited	Associated company	Common Director	164,032	136,468
Century Insurance Company Limited	Associated company	Common Director		
		and 0.43% shares held	221	159
Cyber Internet Services (Private) Limited	Associated company	Common Director	457	273

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Quarter ended	
			September 30, 2019	September 30, 2018
			(Rupees in thousands)	
Purchase of goods, Services and Reimbursement of expenses				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	32,631	29,106
Merit Packaging Limited	Associated company	Common Director	7,316	6,587
Lakson Business Solutions Limited	Associated company	Common Director	1,401	1,157
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	904	899
Princeton Travels (Private) Limited	Associated company	Common Director	3,380	3,277
SIZA Services (Private) Limited	Associated company	Common Director		
		and 22.81% shares held	861	892
Cyber Internet Services (Private) Limited	Associated company	Common Director	647	1,336
SIZA (Private) Limited	Associated company	Common Director		
		and 27.31% shares held	-	432
Colgate-Palmolive (Pakistan) Limited	Associated company	Common Director	64	65
Express Publications (Private) Limited	Associated company	Common Management	-	289
SIZA Foods (Private) Limited	Associated company	Common Director	177	118
Rent and other allied charges				
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	1,648	1,555
SIZA (Private) Limited	Associated company	Common Director		
		and 27.31% shares held	888	926
SIZA Services (Private) Limited	Associated company	Common Director		
		and 22.81% shares held	163	153
SIZA Commodities (Private) Limited	Associated company	Common Director		
		and 8.50% shares held	41	38
Insurance Agency Commission				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	3,600	3,000
Donation				
The Layton Rahmatulla Benevolent Trust	Related Party	Trustee	500	-
Mark-up accrued				
SIZA Commodities (Private) Limited	Associated company	Common Director		
		and 8.5% shares held	37,347	18,702
SIZA (Private) Limited	Associated company	Common Director		
		and 27.31% shares held	39,690	-
SIZA Services (Private) Limited	Associated company	Common Director		
		and 22.81% shares held	8,488	-
Mr. Iqbal Ali Lakhani	Director	Directorship	3,598	12,157
Long term loan Obtained				
SIZA (Private) Limited	Associated company	Common Director		
		and 27.31% shares held	650,000	-
Long term loan Paid				
Mr. Iqbal Ali Lakhani	Director	Directorship	650,000	-
Others				
Contribution to Staff Retirement Benefit Plans	Employees Fund		24,988	21,029
Remuneration and other benefits	Key Management Personnel		63,890	55,207

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

	Quarter ended	
	September 30, 2019	September 30, 2018
	(Rupees in thousands)	
28.1 Period / year end balances		
Receivable from related parties	796,353	360,925
Payable to related parties	88,401	75,748
Payable to retirement benefit plan	127,496	82,672
Markup accrued – Long Term Finance from Associated Companies	85,525	-
Markup accrued – Long Term Finance from Director	3,598	-
Long-term financing from associated undertaking / Director	2,625,000	1,650,000

29. 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, 2019.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information 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 period ended September 30, 2019, there were no transfers between level 1 and level 2 fair value measurement and into or out of level 3 fair value measurements.

31. NUMBER OF EMPLOYEES

- The number of employees as at period ended September 30, 2019 was 1,650 (June 30, 2019: 1,652) and average number of employees during the period was 1,657 (June 30, 2019: 1,652).
- The number of factory employees as at period ended September 30, 2019 was 1,408 (June 30, 2019: 1,409) and average number of factory employees during the period was 1,415 (June 30, 2019: 1,400).

Notes to the Condensed Interim Financial Information

for the quarter ended September 30, 2019 (Un-audited)

32. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 25, 2019 by the Board of Directors of the Company.

33. CORRESPONDING FIGURES

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

34. GENERAL

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

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