



Century Paper & Board Mills Limited



## Condensed Interim Financial Information

For the Half Year ended  
December 31, 2020

Clean - Green - Sustainable

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## Corporate Information

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### Board of Directors

Iqbal Ali Lakhani - Chairman  
Amin Mohammed Lakhani  
Anushka Lakhani  
Tasleemuddin Ahmed Batlay  
Shahid Ahmed Khan  
Ali Aamir (From November 26, 2020)  
Asif Qadir (From February 15, 2021)  
Engr. M. Abdul Jabbar (Upto November 26, 2020)  
Kemal Shoaib (Upto November 26, 2020)  
Aftab Ahmad - Chief Executive Officer

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### Advisor

Sultan Ali Lakhani

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### Audit Committee

Ali Aamir - Chairman  
Amin Mohammed Lakhani  
Tasleemuddin Ahmed Batlay

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### Human Resource & Remuneration Committee

Asif Qadir - Chairman  
Amin Mohammed Lakhani  
Tasleemuddin Ahmed Batlay  
Aftab Ahmad - Chief Executive Officer

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### Chief Financial Officer

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

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### Company Secretary

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

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### External Auditors

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

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### 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

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### 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

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### Lahore Office

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

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### Mills

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

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## Directors' Review

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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 half year ended December 31, 2020.

### Operations and Sales Review

The Company produced 125,596 metric tons during the period under review (July-December 2020) as compared to 114,257 metric tons for the corresponding period last year.

The Company sold 112,952 metric tons during the period under review (July-December 2020) as compared to 109,117 metric tons for the corresponding period last year.

In terms of value, the net sales of the Company for the period under review (July-December 2020) increased to Rs. 13,462 million as compared to Rs.12,177 million for the corresponding period last year.

### Financial Performance

For the period under review (July-December 2020), the Company posted gross profit of Rs. 2,815 million as compared to Rs. 1,782 million for the corresponding period last year.

The net operating profit for the period under review (July-December 2020) is recorded at Rs. 2,357 million as compared to Rs.1,423 million for the corresponding period last year.

Finance cost for the period under review (July-December 2020) of Rs 229 million is less than half as compared to Rs. 587 million for the corresponding period last year owing to lower prevailing mark-up rates coupled with lower utilization of short term borrowings during the period.

After taking into account financial charges, profit before tax for the period is Rs. 2,128 million as compared to Rs. 836 million for the corresponding period last year.

Accordingly, net profit for the period under review increased to Rs. 1,511 million as compared to Rs. 594 million for the corresponding period last year.

### Earnings per Share

The basic earnings per share is reported at Rs. 8.57 as compared to basic earnings per share of Rs. 3.36 for the corresponding period last year.

During the period 29,403,669 bonus shares were issued being the 20% bonus issue declared by the Board of Directors for the year ended June 30, 2020, thus increasing fully paid up number of ordinary shares to 176,422,014 shares. Weighted average number of shares for the current and corresponding periods included the impact of bonus shares for calculation of EPS as per requirement of International Financial Reporting Standards.

There is no dilution effect on the earnings per share for the period under review and corresponding period of the last year.

## Directors' Review

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### **Balancing, Modernization & Replacement (BMR) and Digitization**

BMR done in last couple of years has already started yielding operational efficiencies, resource conservations and enhanced productivity enabling the Company to better serve the customers' requirements. The company is further upgrading the production facilities through recently initiated BMR projects by availing State Bank of Pakistan Temporary Economic Refinance (TERF) loan facility. Moreover, to take advantage of technological developments for quicker and precise analysis, there has been increased focus on digitization through end-to-end integration of different processes with ERP.

### **Corporate Social Responsibility (CSR)**

The Company's different CSR initiatives for education and welfare of surrounding communities continued during the period. Additionally in prevailing COVID-19 pandemic, Company is also providing assistance to the less privileged people in vicinity of the mills in the shape of food package and personal care products besides extending support to health care and schooling facilities in the area in coordination with local administration.

### **Near Term Outlook**

Despite the contraction in overall paper & paperboard consumption, the demand for most of indigenous products remained stable in general and packaging boards in particular during the period. Consumers' increased preferences for using packed products has continuously been improving the demand for packaging board.

Although market trends are encouraging yet increasing Input costs in the backdrop of rising material and fuel prices may put some pressure on margins during the remaining period of the year. Virgin wood pulp prices in the international market have seen spike recently while waste papers, either procured locally or sourced through foreign vendors, are also becoming expensive. Coal and RLNG prices after touching their bottom have shown spiraling increase towards the end of the period. Nevertheless, management will continue with its strategy of volume maximization with all possible adjustments in selling prices to pass on cost escalations as per market conditions.

### **Acknowledgments**

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

On behalf of the Board of Directors

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**TASLEEMUDDIN AHMED BATLAY**  
Director

Karachi: February 09, 2021



## ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2020ء کو ختم ہونے والی مدت 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 سیلز کا جائزہ

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2020) کے دوران 125,596 میٹرک ٹن کی پیداوار دی، جو کہ گزشتہ سال کی اسی مدت میں 114,257 میٹرک ٹن تھی۔ کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2020) میں 112,952 میٹرک ٹن کی فروخت کی، جو کہ گزشتہ سال کی اسی مدت میں 109,117 میٹرک ٹن تھی۔ قدر کے اعتبار سے زیر جائزہ مدت (جولائی تا دسمبر 2020) میں سیلز ویلیو 13,462 ملین روپے تک بڑھ گئی جو گزشتہ سال اسی مدت میں 12,177 ملین روپے تھی۔

### مالیاتی کارکردگی

زیر جائزہ مدت (جولائی تا دسمبر 2020) میں کمپنی نے 2,815 ملین روپے کا مجموعی منافع کمایا جو گزشتہ سال اسی مدت میں 1,782 ملین روپے تھا۔ زیر جائزہ مدت (جولائی تا دسمبر 2020) میں خالص آپریٹنگ منافع 2,357 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 1,423 ملین روپے تھا۔

زیر جائزہ مدت (جولائی تا دسمبر 2020) میں مالیاتی اخراجات گھٹ کر 229 ملین روپے تک ہو گئے جو گزشتہ سال اسی مدت میں 587 ملین روپے تھے جسکی بنیادی وجہ قلیل مدتی قرضوں کا کم استعمال اور شرح سود میں کمی ہے۔

مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی تا دسمبر 2020) میں قبل از ٹیکس منافع 2,128 ملین روپے رہا جو گزشتہ سال اسی مدت میں 836 ملین روپے تھا۔

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2020) میں 1,511 ملین روپے کا بعد از ٹیکس خالص منافع کمایا جو گزشتہ سال اسی مدت میں 594 ملین روپے تھا۔

### فی شیئر آمدنی

زیر جائزہ مدت (جولائی تا دسمبر 2020) میں فی شیئر آمدنی 8.57 روپے رپورٹ کی گئی جو کہ گزشتہ سال اسی مدت میں 3.36 روپے تھی۔

زیر جائزہ مدت کے دوران 20% بونس شیئرز (29,403,669) کے اجراء کی وجہ سے عمومی شیئرز کی تعداد 176,422,014 ہو گئی۔ موجودہ اور گزشتہ فی شیئر آمدنی کے تعین کے لئے اوسط عمومی شیئرز میں بونس شیئرز کو بین الاقوامی فنانسئل رپورٹنگ اصولوں کے تحت شامل کیا گیا ہے۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کے لیے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آثار نہیں ہیں۔

### پلانٹ اور مشینری کی استعداد کار میں بہتری کے اقدامات

گزشتہ دو سالوں میں کیے گئے بی ایم آر (BMR) نے آپریشنل افادیت، وسائل کا تحفظ اور پیداواری صلاحیت میں بہتری کی، جس کی وجہ سے کمپنی کسٹمر کی توقعات / ضروریات کو بہتر طور پر پورا کرنے میں کامیاب رہی۔

## ڈائریکٹرز کا جائزہ

اسٹیٹ بینک آف پاکستان کی عارضی معاشی قرض کی سہولت (Temporary Economic Refinance Facility) کا فائدہ اٹھاتے ہوئے نئے بی ایم آر (BMR) منصوبوں کے ذریعے کمپنی اپنی پیداواری سہولیات میں مزید اضافہ کر رہی ہے۔ مزید برآں، کمپنی نے انفارمیشن ٹیکنالوجی کے نئے رجحانات کو بروئے کار لاتے ہوئے ڈیجیٹائزیشن پر خاص توجہ مرکوز کی ہوئی ہے۔

### کاروباری سماجی ذمہ داری

اس مدت کے دوران کمپنی کے کاروباری سماجی ذمہ داری کی مد میں تعلیم اور گردونواح کی فلاح و بہبود کے لئے مختلف اقدامات جاری رہے خصوصاً COVID-19 کی وباء کے دوران کمپنی اپنی ملز کے گردونواح کے مستحق افراد کے کھانے اور ذاتی نگہداشت کی مصنوعات کی صورت میں مدد جاری رکھے ہوئے ہے اور اس کے علاوہ مقامی انتظامیہ کے تعاون کے ساتھ صحت کے انتظامات کی دیکھ بھال اور اسکول سے متعلقہ سہولیات کی مد میں بھی مدد جاری رکھے ہوئے ہے۔

### قریب مدتی منظر نامہ

پپر اور پیپر بورڈ کی مجموعی کھپت میں کمی کے رجحان کے باوجود مقامی مصنوعات کی طلب عموماً اور خصوصاً پیکیجنگ بورڈ کی طلب متناقص رہی۔ صارفین کا بڑھتا ہوا رجحان پیکیجنگ بورڈ کی طلب میں مسلسل اضافے کا سبب ہے۔

مارکیٹ کے رجحانات حوصلہ افزاء ہیں مگر تمام مال اور ایندھن کی بڑھتی ہوئی قیمتوں کی وجہ سے پیداواری لاگت میں اضافے کا امکان ہے۔


حال ہی میں بین الاقوامی مارکیٹ میں وڈ پلپ (Wood Pulp) کی قیمتوں میں اضافہ ہوا ہے جبکہ مقامی اور درآمد شدہ ویسٹ پیپر (Waste Paper) بھی مہنگا ہو گیا ہے۔ کوئٹہ اور آرائل این جی کی قیمتیں اپنی کم ترین سطح کو چھونے کے بعد اب بڑھنے کی طرف گامزن ہیں۔

کمپنی کی پوری توجہ زیادہ سے زیادہ پیداواری حجم کو بڑھانے پر مرکوز ہے اور بوقت ضرورت اپنی مصنوعات کی قیمتوں میں ممکنہ ردوبدل بھی کر سکتی ہے۔

### اظہار تشکر

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

بورڈ آف ڈائریکٹرز کی جانب سے

  
تسلیم الدین احمد باٹلے  
ڈائریکٹر



آفتاب احمد  
چیف ایگزیکٹو آفیسر

کراچی: 09 فروری، 2021





# Independent Auditor's Report on Review of

## Condensed Interim Financial Statements to the Members

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **CENTURY PAPER & BOARD MILLS LIMITED** ("the Company") as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial statements. Our responsibility is to express a conclusion on this interim financial statements 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 statements 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 statements is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended December 31, 2020 and December 31, 2019 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Karachi:  
Dated : February 09, 2021



**BDO EBRAHIM & CO.,**  
Chartered Accountants

Engagement Partner: Qasim E. Causer




# Condensed Interim Statement of Financial Position


as at December 31, 2020 (Un-audited)

		December 31, 2020	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	7	8,713,320	9,161,796
Capital work in progress	8	347,667	128,397
		<u>9,060,987</u>	<u>9,290,193</u>
Intangible assets		10,076	11,829
Long-term advances	9	43,621	11,363
Long-term deposits		9,295	7,169
		<u>9,123,979</u>	<u>9,320,554</u>
<b>CURRENT ASSETS</b>			
Stores and spares	10	2,023,281	1,762,671
Stock-in-trade	11	4,313,169	3,727,784
Trade debts		2,927,782	2,907,929
Advances	12	70,760	102,192
Trade deposits and short term prepayments	13	63,591	92,086
Other receivables		13,708	33,953
Tax refunds due from Government	14	272,368	272,368
Taxation - net		-	140,292
Cash and bank balances	15	486,661	237,166
		<u>10,171,320</u>	<u>9,276,441</u>
<b>TOTAL ASSETS</b>		<u><u>19,295,299</u></u>	<u><u>18,596,995</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
410,000,000 (June 30, 2020: 410,000,000)			
shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
176,422,014 (June 30, 2020: 147,018,345)			
ordinary shares of Rs. 10 each		1,764,221	1,470,184
Reserves		7,108,720	6,112,090
		<u>8,872,941</u>	<u>7,582,274</u>
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing	16	2,122,003	2,141,824
Lease liabilities	17	52,936	20,390
Deferred taxation		1,402,709	1,189,331
Deferred capital grant	18	6,162	7,895
GIDC payable	19	150,861	329,110
		<u>3,734,671</u>	<u>3,688,550</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	2,931,002	2,893,270
Short-term borrowings	21	2,887,208	3,616,772
Interest and mark-up accrued	22	69,143	60,125
Taxation - net		23,959	-
Unclaimed dividend		1,301	1,361
Dividend payable		377	-
Current portion of long-term lease liabilities		7,691	2,954
Current portion of Deferred capital grant	18	25,471	11,094
Current portion of long-term financing	16	741,535	740,595
		<u>6,687,687</u>	<u>7,326,171</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>19,295,299</u></u>	<u><u>18,596,995</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.

  
**AFTAB AHMAD**  
 Chief Executive Officer

  
**TASLEEMUDDIN AHMED BATLAY**  
 Director

  
**MUHAMMAD RASHID DASTAGIR**  
 Chief Financial Officer

HALF YEARLY REPORT DECEMBER 2020

## Condensed Interim Statement of Profit or Loss


for the period ended December 31, 2020 (Un-audited)

		Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Note	(Rupees in thousands)			
Sales - net	24	13,462,258	12,177,274	7,018,252	6,804,879
Cost of sales	25	(10,647,684)	(10,395,259)	(5,497,917)	(5,675,233)
Gross profit		2,814,574	1,782,015	1,520,335	1,129,646
General and administrative expenses		(288,626)	(257,303)	(137,923)	(127,798)
Selling expenses		(35,576)	(33,622)	(17,848)	(16,701)
Distribution expenses		(62,736)	(50,845)	(30,613)	(24,559)
Other operating charges					
Workers' Profit Participation Fund		(114,309)	(44,898)	(64,094)	(34,271)
Workers' Welfare Fund		(43,437)	(17,061)	(24,355)	(13,023)
Others		(16,155)	(13,654)	(9,050)	(9,806)
		(173,901)	(75,613)	(97,499)	(57,100)
Other income	26	103,507	58,722	60,090	34,727
Operating profit		2,357,242	1,423,354	1,296,542	938,215
Finance cost	27	(228,801)	(587,345)	(103,111)	(300,082)
Profit before taxation		2,128,441	836,009	1,193,431	638,133
Taxation					
Current		(403,868)	(213,102)	(210,548)	(119,085)
Deferred		(213,378)	(29,340)	(135,547)	(65,974)
		(617,246)	(242,442)	(346,095)	(185,059)
Profit for the period		1,511,195	593,567	847,336	453,074
Earnings per share					
- basic and diluted (Rupees) (Restated)	28	8.57	3.36	4.80	2.57

The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.

  
AFTAB AHMAD  
Chief Executive Officer

  
TASLEEMUDDIN AHMED BATLAY  
Director

  
MUHAMMAD RASHID DASTAGIR  
Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income

*for the period ended December 31, 2020 (Un-audited)*

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>December 31, 2020</b>	December 31, 2019	<b>December 31, 2020</b>	December 31, 2019
	(Rupees in thousands)			
Profit for the period	<b>1,511,195</b>	593,567	<b>847,336</b>	453,074
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>1,511,195</u></b>	<u>593,567</u>	<b><u>847,336</u></b>	<u>453,074</u>

The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**TASLEEMUDDIN AHMED BATLAY**  
Director

  
**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

# Condensed Interim Statement of Cash Flows


for the period ended December 31, 2020 (Un-audited)

		Half year ended	
		December 31, 2020	December 31 2019
	Note	(Rupees in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	29	2,300,084	2,115,897
Finance cost paid		(219,783)	(462,990)
Taxes paid		(239,617)	(279,001)
Gratuity paid		(25,898)	(28,675)
Workers' Profit Participation Fund paid		(115,775)	(66,627)
Long-term advances		(32,258)	(3,060)
Long-term deposits		(2,126)	-
GIDC payable		(153,737)	-
<b>Net cash generated from operating activities</b>		<b>1,510,890</b>	<b>1,275,544</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(343,068)	(336,729)
Proceeds from sale of property, plant and equipment		8,459	3,670
Proceeds from insurance claim of operating assets		31,720	-
<b>Net cash used in investing activities</b>		<b>(302,889)</b>	<b>(333,059)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of long-term financing from associated companies		-	650,000
Repayment of long-term financing from associated companies		-	(650,000)
Repayment of long-term financing from Director		-	(650,000)
Proceeds of long-term financing from banking companies		370,915	-
Repayment of long-term financing from banking companies		(377,151)	(325,223)
Principle paid on lease Liability		(2,555)	(866)
Dividend paid on ordinary shares		(220,151)	(146,811)
<b>Net cash used in financing activities</b>		<b>(228,942)</b>	<b>(1,122,900)</b>
Net increase / (decrease) in cash and cash equivalents		979,059	(180,415)
Cash and cash equivalents at the beginning of the period		(3,379,606)	(3,895,567)
<b>Cash and cash equivalents at the end of the period</b>		<b>(2,400,547)</b>	<b>(4,075,982)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	15	486,661	439,270
Short-term borrowings	21	(2,887,208)	(4,515,252)
		<b>(2,400,547)</b>	<b>(4,075,982)</b>

The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.

  
AFTAB AHMAD  
Chief Executive Officer

  
TASLEEMUDDIN AHMED BATLAY  
Director

  
MUHAMMAD RASHID DASTAGIR  
Chief Financial Officer

# Condensed Interim Statement of Changes in Equity

for the period ended December 31, 2020 (Un-audited)

	Issued, subscribed and paid-up capital		Reserves					Revenue			Sub-total	Total
			Capital			Total						
	Ordinary share capital	Preference share capital	Share premium	Merger reserve	Redemption reserve		General reserve	Unappropriated profit	Total			
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 December 31, 2019												
Profit for the period	-	-	-	-	-	-	-	593,567	593,567	593,567	593,567	
Transaction with owners												
Final dividend on ordinary shares @ Rs. 1.00 per share	-	-	-	-	-	-	-	(147,018)	(147,018)	(147,018)	(147,018)	
Balance as at December 31, 2019	1,470,184	-	1,822,122	7,925	1,832,468	3,662,515	800,000	702,784	1,502,784	5,165,299	6,635,483	
Balance as at July 1, 2020	1,470,184	-	1,822,122	7,925	1,832,468	3,662,515	800,000	1,649,575	2,449,575	6,112,090	7,582,274	
Appropriation of reserve												
Transfer to reserve	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-	
Total comprehensive income for the period ended December 31, 2020												
Profit for the period	-	-	-	-	-	-	-	1,511,195	1,511,195	1,511,195	1,511,195	
Transaction with owners												
29,403,669 bonus shares issued in the proportion of one (1) for every five (5) shares held	294,037	-	-	-	(294,037)	(294,037)	-	-	-	(294,037)	-	
Final cash dividend on ordinary shares @ Rs 1.50 per share	-	-	-	-	-	-	-	(220,528)	(220,528)	(220,528)	(220,528)	
Balance as at December 31, 2020	1,764,221	-	1,822,122	7,925	1,538,431	3,368,478	1,800,000	1,940,242	3,740,242	7,108,720	8,872,941	


The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.



**AFTAB AHMAD**  
Chief Executive Officer



**TASLEEMUDDIN AHMED BATLAY**  
Director



**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

HALF YEARLY REPORT DECEMBER 2020

# Notes to the Condensed Interim Financial Statements

*for the period ended December 31, 2020 (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 mills (plant) of the Company is located at 62 KM, Lahore, Multan Highway, N-5, District Kasure, 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 statements is unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

This condensed interim financial statements of the Company for the half year ended December 31, 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

This condensed interim financial statements 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, 2020 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 statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2020, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2019.

### **3.2 Basis of measurement**

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

### **3.3 Functional and presentation currency**

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

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

## 4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2020.

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2020, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2021, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

## 5 ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make certain 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, 2020.

## 6 TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2020, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate for the Tax Year 2021 is 29%.

		December 31, 2020	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>7. OPERATING FIXED ASSETS</b>			
Fixed Assets	7.1	<b>8,657,217</b>	9,141,009
Right-of-use assets	7.2	<b>56,103</b>	20,787
		<b>8,713,320</b>	9,161,796
<b>7.1 Fixed Assets</b>			
Opening net book value (NBV)		<b>9,141,009</b>	9,131,201
Additions during the period / year at cost	7.1.1	<b>95,280</b>	1,097,540
		<b>9,236,289</b>	10,228,741
Disposals during the period / year at NBV	7.1.4	<b>(14,324)</b>	(7,026)
Depreciation charge for the period / year		<b>(564,748)</b>	(1,080,706)
		<b>(579,072)</b>	(1,087,732)
Closing net book value (NBV)		<b>8,657,217</b>	9,141,009



# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

	December 31, 2020	June 30, 2020 (Audited)
<b>Note</b>	<b>(Rupees in thousands)</b>	
7.1.1 Detail of additions (at cost) during the period / year are as follows:		
Buildings on freehold land	12,781	16,587
Plant and machinery	49,867	1,019,743
Furniture and fixtures	5,205	-
Vehicles	17,788	45,246
Electrical and other equipments	4,366	8,144
Computers	5,273	7,820
	<u>95,280</u>	<u>1,097,540</u>

7.1.2 This includes transfers from capital work in progress amounting to Rs. 58.53 million (June 30, 2020: Rs. 1,021.13 million).

7.1.3 The free hold land is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur and area of land is 158.5 acres.

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

Plant and machinery	7.1.5	-	130
Buildings on freehold land	7.1.5	9,536	-
Vehicles		4,788	6,896
		<u>14,324</u>	<u>7,026</u>

7.1.5 This includes Steam Boiler (Biomass) and other assets, which were damaged and therefore, disposed off after settlement of insurance claim during the period. (refer note 26.1).

## 7.2 Right-of-use assets

Opening net book value (NBV)	20,787	25,407
Additions during the period	39,838	-
	<u>60,625</u>	<u>25,407</u>
Depreciation charge for the period	(4,522)	(4,620)
	<u>56,103</u>	<u>20,787</u>

## 8. CAPITAL WORK IN PROGRESS

This comprises of:

Building	14,310	-
Plant and machinery	333,357	128,397
	<u>347,667</u>	<u>128,397</u>

### 8.1 Movement of carrying amount is as follows:

Opening balance	128,397	241,653
Additions (at cost) during the period / year	277,802	907,877
	<u>406,199</u>	<u>1,149,530</u>
Transfer to operating fixed assets during the period / year	(58,532)	(1,021,133)
Closing balance	<u>347,667</u>	<u>128,397</u>

8.1.1 This includes advance from supplier amounting to Rs. 17.17 million (June 30, 2020: Rs. 2.93 million).

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

		December 31, 2020	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>9. LONG-TERM ADVANCES</b>			
(Unsecured - considered good)			
Long-term advances to suppliers	9.1	<u>43,621</u>	<u>11,363</u>
9.1 This represents advances to suppliers against purchases of vehicles in the normal course of business which does not carry any interest / mark-up.			
<b>10. STORES AND SPARES</b>			
In hand			
Stores		929,883	769,296
Spares		483,282	433,529
Fuel		560,734	329,011
		<u>1,973,899</u>	<u>1,531,836</u>
In transit			
Spares		36,909	85,723
Coal		68,283	197,922
		<u>105,192</u>	<u>283,645</u>
Provision for slow moving stores and spares		<u>(55,810)</u>	<u>(52,810)</u>
		<u>2,023,281</u>	<u>1,762,671</u>
<b>11. STOCK-IN-TRADE</b>			
Raw materials			
in hand		2,323,703	2,270,077
in transit		1,045,168	891,012
		<u>3,368,871</u>	<u>3,161,089</u>
Work-in-process		127,627	103,498
Finished goods		816,671	463,197
		<u>4,313,169</u>	<u>3,727,784</u>
<b>12. ADVANCES</b>			
Advances			
to employees		757	710
to suppliers		70,003	101,482
	12.1	<u>70,760</u>	<u>102,192</u>
12.1 This represents advances in the normal course of the business and do not carry any interest / mark-up.			

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

	Note	December 31, 2020 (Rupees in thousands)	June 30, 2020 (Audited)
<b>13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Trade deposits	12.1	2,586	2,380
Prepayments		61,005	89,706
		<u>63,591</u>	<u>92,086</u>

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

## 14. TAX REFUNDS DUE FROM GOVERNMENT

Income tax	14.1 & 14.2	254,410	254,410
Sales tax	14.3	17,958	17,958
		<u>272,368</u>	<u>272,368</u>

14.1 The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated February 19, 2020 in respect of tax year 2019 has determined the net tax payable of Rs. 13.78 million by disallowing the adjustment of minimum tax of Rs. 293.11 million for previous years, added-back GIDC charge 2015 of prior years' amounting to Rs. 207 million and certain other expenses.

The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order and the Commissioner Inland Revenue (Appeals) in the order upheld the disallowances of minimum tax and add back of GIDC charge made by the Additional Commissioner. The Company has filed an appeal before ATIR and 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.

14.2 The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated March 4, 2019 in respect of Tax year 2018 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.

14.3 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.

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

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

		December 31, 2020	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>15. CASH AND BANK BALANCES</b>			
Cash at bank in current account			
Conventional mode		90,644	168,751
Cheques in hand		392,663	64,641
Cash in hand		3,354	3,774
		<b>486,661</b>	<b>237,166</b>
<b>16. LONG TERM FINANCING</b>			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Meezan Bank Limited - Musharaka - 1	16.1	112,500	187,500
Conventional mode			
Syndicated - Consortium of Banks - 1	16.2	225,000	375,000
Syndicated - Consortium of Banks - 2	16.3	81,884	-
Allied Bank Limited - Term Loan - 1	16.4	-	69,093
Allied Bank Limited - Term Loan - 2	16.5	215,887	163,315
Allied Bank Limited - Term Loan - 3	16.6	316,050	381,500
Allied Bank Limited - Term Loan - 4	16.7	387,217	181,011
		<b>1,226,038</b>	<b>1,169,919</b>
		<b>1,338,538</b>	<b>1,357,419</b>
From associated undertakings - unsecured			
SIZA Commodities (Private) Limited - 1	16.8	550,000	550,000
SIZA Commodities (Private) Limited - 2	16.9	100,000	100,000
SIZA (Private) Limited	16.9	625,000	625,000
SIZA Services (Private) Limited	16.9	250,000	250,000
		<b>1,525,000</b>	<b>1,525,000</b>
		<b>2,863,538</b>	<b>2,882,419</b>
Current portion:			
Islamic mode		(112,500)	(150,000)
Conventional mode		(629,035)	(590,595)
		<b>(741,535)</b>	<b>(740,595)</b>
		<b>2,122,003</b>	<b>2,141,824</b>

16.1 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.

## Notes to the Condensed Interim Financial Statements

*for the period ended December 31, 2020 (Un-audited)*

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, 2020: 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 8.04% (June 30, 2020: 13.32%) per annum.

- 16.2 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.

The rate of mark up is equal to base rate plus 0.50% (June 30, 2020: 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 8.04% (June 30, 2020: 13.32%) per annum.

- 16.3 This represents Syndicated Term Financing Arrangement amounting to Rs. 1,500 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machines, cogeneration plants and auxiliaries relating thereto.

The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from January 2023.

The finance facility is initially secured by way of mortgage of immovable properties and ranking charge to be upgraded to First Pari Passu Hypothecation Charge over the Fixed Assets (excluding Land and Building) of the Company along with 25% Margin. The rate of markup is fixed at 2.20% per annum.

- 16.4 This term finance facility has been fully repaid during the period at its maturity date, the effective markup rate was 7.45% (June 30, 2020: 13.32%) per annum.

- 16.5 The Company has utilized Rs. 267.90 million out of term finance facilities sanctioned by Allied Bank Limited under Financing Schemes of the State Bank of Pakistan for Renewal Energy amounting to Rs. 400 million specifically for Solar Grid Panels.

The tenor of the loans ranges from five to seven years and are repayable in equal monthly installments. The rate of markup ranges from 2.75% to 4.5 % for different drawdowns.

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.

- 16.6 The Company has utilized Rs. 444.50 million against term finance facility sanctioned by Allied Bank Limited amounting to Rs. 500 million 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 December 2019 and October 2020.

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 markup rate was 7.66% (June 30, 2020: 13.11%).

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

- 16.7 The Company has approved term finance facility from Allied Bank Limited under Refinancing Scheme of the State Bank of Pakistan of Rs. 435 million specifically for paying salaries and wages to Company's employees. The Company has made drawdowns of Rs. 419 million against this facility as of reporting date.

The rate of mark-up is fixed 1.50% and 0.75% for the financing of Rs. 200 million and Rs. 235 million respectively. The tenor of the financing is two and half year inclusive 6-Months grace period and are repayable in 8 equal monthly installments commencing from January 2021.

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.

- 16.8 This loan has been obtained from SIZA Commodities (Private) Limited, an associated undertaking. The loan is repayable in July 2022.

The rate of markup is 0.50% (June 30, 2020: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate was 7.76% (June 30, 2020: 13.41%) per annum.

- 16.9 These loans are repayable in July 2022. The rate of markup on these loans is 0.50% over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate on these loans was 7.66% (June 30, 2020: 13.52%) per annum.

- 16.10 During the period the Diminishing Musharaka Arrangement has been sanctioned amounting to Rs. 500 million under the Islamic Temporary Economic Refinance (ITERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machines, cogeneration plants and auxiliaries relating thereto.

The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from January 2023.

The finance facility is initially secured by ranking charge to be upgraded to First Pari Passu Hypothecation Charge over the Fixed Assets (excluding Land and Building) of the Company along with 25% Margin. The rate of markup is fixed at 2.20% per annum. No drawdown has been made during the period.

	Note	December 31, 2020	June 30, 2020 (Audited)
<b>17. LEASE LIABILITIES</b>			
Lease liabilities		<b>60,627</b>	23,344
Current portion		<b>(7,691)</b>	(2,954)
	17.2	<b>52,936</b>	20,390
17.1 Maturity analysis of contractual cashflow:			
Less than one year		<b>7,691</b>	2,954
One to five year		<b>52,936</b>	20,390
Net present value		<b>60,627</b>	23,344

- 17.2 The rate of return used as the discounting factor is 9% and 14% (June 2020: 14%) per annum.

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

		December 31, 2020	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
<b>18. DEFERRED CAPITAL GRANT</b>			
Capital grant	18.1	31,633	18,989
Current portion shown under current liability		(25,471)	(11,094)
		<u>6,162</u>	<u>7,895</u>
18.1 Following is the movement in government grant during the period / year:			
Opening balance		18,989	18,989
Addition during the period		16,827	-
Amortized during the period		(4,183)	-
Closing balance		<u>31,633</u>	<u>18,989</u>
<b>19. GIDC PAYABLE</b>			
GIDC payable	20.2	<u>150,861</u>	<u>329,110</u>
<b>20. TRADE AND OTHER PAYABLES</b>			
Creditors	20.1	749,179	885,549
Foreign bills payable		542,478	552,067
Accrued liabilities	20.2	938,614	816,166
Sales tax payable - net		64,237	67,227
Customers' balances		115,874	108,871
Gratuity payable		77,263	82,930
Workers' Profit Participation Fund		114,309	115,775
Workers' Welfare Fund		132,812	89,376
Provident fund payable		9,068	8,329
Other liabilities		187,168	166,980
		<u>2,931,002</u>	<u>2,893,270</u>
20.1 The aggregate amount of the outstanding balance from associated undertakings is Rs. 50.3 million (June 30, 2020: Rs. 77.60 million).			
20.2 This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. Accordingly, the Company is paying GIDC installments as per monthly billing by Sui Northern Gas Pipeline Limited (SNGPL), however, the matter is under litigation in High Court of Sindh. The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.			
<b>21. SHORT TERM BORROWINGS</b>			
From banking companies - secured			
Running finances		70,887	324,971
Islamic mode		2,816,321	3,291,801
Conventional mode	21.1	<u>2,887,208</u>	<u>3,616,772</u>



# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

21.1 The Company has available aggregate short term running finance facilities amounting to Rs. 8,200 million (June 30, 2020: Rs. 7,825 million). Markup rates are linked with KIBOR from one to three months plus spread ranging from 0.20% to 1.50% per annum (June 30, 2020: from 0.20% to 1.50% per annum).

21.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs.7,130 million (June 30, 2020: Rs. 6,770 million).

	December 31, 2020	June 30, 2020 (Audited)
<b>Note</b>	<b>(Rupees in thousands)</b>	
<b>22. INTEREST AND MARK-UP ACCRUED</b>		
Interest and mark-up accrued on:		
Long-term financing from Banks		
Islamic mode	1,546	5,387
Conventional mode	10,662	9,534
	12,208	14,921
From associated undertakings - Conventional mode	29,828	-
	42,036	14,921
Short-term borrowings from Banks		
Islamic mode	4,264	7,806
Conventional mode	22,843	37,398
	27,107	45,204
	69,143	60,125
<b>23. CONTINGENCIES AND COMMITMENTS</b>		
<b>23.1 Contingencies</b>		
<b>a) Guarantees</b>		
Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 791 million (June 30, 2020: Rs. 741 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 250 million (June 30, 2020: Rs. 200 million) furnished to Excise and Taxation Department during the period.		
<b>b) Sales tax</b>		
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. PRA/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.		
The Company received order No. PRA 328/2018 dated November 06, 2019 from the Commissioner (Appeal), Punjab Revenue Authority in which determined liability has been reduced by Rs. 30.021 million. However, the Company has filed an appeal before the Appellate Tribunal, Punjab Revenue Authority against the order passed by Commissioner (Appeal) with the plea that this order was passed adversely without comprehensive concluding the evidence and explanation provided by the Company. 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.		

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

- 2) Five cases of inadmissible input sale tax amounting to Rs. 94.45 million were adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases were remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify the compliance of the Company with the relevant provisions of the Sales Tax Act, 1990. No provision has been made in these financial statements as the management is of the opinion, based on advice of tax advisor, that the decision is likely to be in the favor of the Company.

### 23.2 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. 1,799.06 million (June 30, 2020: Rs. 1,638.98 million).
- Capital expenditure including letters of credit amounted to Rs. 937.57 million (June 30, 2020: Rs. 22.37 million).

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousands)			
<b>24. SALES</b>				
Local sales	15,641,516	14,196,798	8,137,494	7,935,063
Export sales	88,309	39,728	58,475	20,281
	<u>15,729,825</u>	<u>14,236,526</u>	<u>8,195,969</u>	<u>7,955,344</u>
Sales tax	(2,267,567)	(2,059,252)	(1,177,717)	(1,150,465)
	<u>13,462,258</u>	<u>12,177,274</u>	<u>7,018,252</u>	<u>6,804,879</u>
<b>25. COST OF SALES</b>				
Materials consumed	7,261,568	6,450,182	3,838,180	3,154,827
Fuel and power	1,841,494	2,015,593	926,555	974,396
Depreciation on property, plant and equipment	547,595	514,240	270,158	257,962
Salaries, wages and other benefits	512,405	480,095	253,588	238,705
Stores and spare consumption	443,708	368,716	201,384	201,573
Repairs and maintenance	66,906	63,447	34,545	32,489
Packing expenses	302,193	271,219	156,483	148,194
Insurance	42,889	44,676	21,328	23,489
Provision for slow moving stores and spares	3,000	3,000	1,500	1,500
Rent rates and taxes	3,529	5,407	698	1,482
Manufacturing cost	<u>11,025,287</u>	<u>10,216,575</u>	<u>5,704,419</u>	<u>5,034,617</u>
Work-in-process				
Opening stock	103,498	87,584	103,430	112,448
Closing stock	(127,627)	(89,537)	(127,627)	(89,537)
	<u>(24,129)</u>	<u>(1,953)</u>	<u>(24,197)</u>	<u>22,911</u>
Cost of goods manufactured	<u>11,001,158</u>	<u>10,214,622</u>	<u>5,680,222</u>	<u>5,057,528</u>
Finished goods				
Opening stock	463,197	762,346	634,366	1,199,414
Closing stock	(816,671)	(581,709)	(816,671)	(581,709)
	<u>(353,474)</u>	<u>180,637</u>	<u>(182,305)</u>	<u>617,705</u>
	<u>10,647,684</u>	<u>10,395,259</u>	<u>5,497,917</u>	<u>5,675,233</u>

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

Note	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(Rupees in thousands)				
<b>26. OTHER INCOME</b>				
Sale of scrap	48,957	46,384	29,587	29,772
Insurance agency commission from associated company	-	7,200	-	3,600
Net exchange gain				
- Conventional mode	-	2,976	-	(119)
Gain on sale of operating fixed assets – net	3,671	1,701	2,600	1,116
Gain on Insurance claim of operating fixed assets	26.1 22,184	-	-	-
Government grants	4,183	-	3,391	-
Gain on extinguishment of Original GIDC Liability	24,512	-	24,512	-
Others	-	461	-	358
	<u>103,507</u>	<u>58,722</u>	<u>60,090</u>	<u>34,727</u>

26.1 This represents gain on insurance claim for the damaged Steam Boilers and other assets caused by breakdown incident which occurred on February 29, 2020 (refer note 7.1.5).

### 27. FINANCE COST

Long-term financing - banks				
Islamic mode	6,032	20,554	2,537	10,023
Conventional mode	37,940	69,211	18,570	33,940
	<u>43,972</u>	<u>89,765</u>	<u>21,107</u>	<u>43,963</u>
Long term loan from associated undertakings / Director	59,618	182,536	29,790	93,413
	<u>103,590</u>	<u>272,301</u>	<u>50,897</u>	<u>137,376</u>
Short term borrowings				
Islamic mode	897	14,522	(4,218)	(880)
Conventional mode	115,352	297,291	51,464	163,377
	<u>116,249</u>	<u>311,813</u>	<u>47,246</u>	<u>162,497</u>
Workers' Profit Participation Fund	1,922	1,750	-	-
Bank charges and commission	4,104	4,476	2,920	3,204
Finance charges on Leases	2,936	1,754	2,048	1,754
Exchange gain	-	(4,749)	-	(4,749)
	<u>228,801</u>	<u>587,345</u>	<u>103,111</u>	<u>300,082</u>

### 28. 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	1,511,195	593,567	847,336	453,074
Weighted average number of ordinary shares (in thousands)	<u>176,422</u>	<u>176,422</u>	<u>176,422</u>	<u>176,422</u>
Basic earnings per share (Rupees)	28.1 8.57	3.36	4.80	2.57

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

28.1 There is no dilutive effect on the basic earnings per shares of the Company. The corresponding period figures are also restated to include the impact of 29,403,669 bonus shares issued during the period as per requirements of International Accounting Standard.

Note	Half Year ended	
	December 31, 2020	December 31, 2019
	(Rupees in thousands)	
<b>29. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	2,128,441	836,009
Adjustment for non cash charges and other items:		
Depreciation on property, plant and equipment	569,270	534,114
Amortization of intangible assets	1,752	1,507
Gain on disposal of operating fixed assets	(3,671)	(1,701)
Gain on insurance claim of operating fixed assets	(22,184)	-
Provision for gratuity	20,231	24,129
Provision for slow moving stores and spares	3,000	3,000
Workers' Profit Participation Fund	114,309	44,898
Finance cost	228,801	587,345
Gain on extinguishment of Original GIDC Liability	(24,512)	-
Working capital changes	(715,353)	86,596
	171,643	1,279,888
	<b>2,300,084</b>	<b>2,115,897</b>

### 29.1 Changes in working capital

(Increase) / decrease in current assets		
Stores and spares	(263,610)	(299,616)
Stock-in-trade	(585,385)	420,676
Trade debts	(19,853)	(80,527)
Advances	31,432	(28,533)
Trade deposits and short-term prepayments	28,495	24,459
Other receivables	20,245	(8,730)
	(788,676)	27,729
Increase in current liabilities		
Trade and other payables	73,323	58,867
	(715,353)	86,596

### 30. 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	Half year ended		Quarter ended	
			December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
			(Rupees in thousands)			
<b>Sale of goods, Services and Reimbursement of expenses</b>						
Merit Packaging Limited	Associated company	Common Director	751,116	756,590	373,491	467,131
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	425,335	318,572	223,012	154,411
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	45,352	482	198	261
Cyber Internet Services (Private) Limited	Associated company	Common Director	795	1,072	308	614

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Half year ended		Quarter ended	
			December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(Rupees in thousands)						
Purchase of goods, Services and Reimbursement of expenses						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	47,481	47,741	6,430	15,110
Merit Packaging Limited Lakson Business Solutions Limited	Associated company	Common Director	25,457	18,288	14,070	10,972
Hassanali and Gulbanoo Lakhani Foundation	Associated company	Common Director	2,686	2,789	1,338	1,389
Princeton Travels (Private) Limited	Associated undertaking	Trustee	1,619	1,704	823	800
SIZA Services (Private) Limited	Associated company	Common Director	443	6,337	412	2,956
Cyber Internet Services (Private) Limited	Associated company	Common Director and 22.81% shares held	1,516	1,722	758	860
SIZA (Private) Limited	Associated company	Common Director	4,730	2,003	2,333	1,356
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director and 27.31% shares held	223	94	80	94
Express Publications (Private) Limited	Associated company	Common Director	18	214	7	151
Sybrid (Private) Limited	Associated company	Common Management	751	259	365	259
SIZA Foods (Private) Limited	Associated company	Common Director	1,899	1,281	1,535	1,281
			-	233	-	56
Rent and other allied charges						
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	3,782	3,364	1,931	1,715
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	1,650	1,722	850	834
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	337	326	170	163
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	88	84	45	42
Insurance Agency Commission						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	-	7,200	-	3,600
Donation						
The Layton Rahmatulla Benevolent Trust	Related Party	Trustee	500	500	500	-
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	2,500	-	2,500	-
Mark-up accrued						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	25,411	77,134	12,697	39,787
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	24,434	84,274	12,209	44,583
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	9,773	17,530	4,884	9,042
Mr. Iqbal Ali Lakhani	Director	Directorship	-	3,598	-	-

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Half year ended		Quarter ended	
			December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(Rupees in thousands)						
Long term loan Obtained						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	-	-	-	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	650,000	-	-
Long term loan Paid						
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	650,000	-	650,000
Mr. Iqbal Ali Lakhani	Director	Directorship	-	650,000	-	-
Dividend on Ordinary Shares						
Premier Fashions (Private) Ltd	Associated company	Common Director and 8.97% shares held	16,816	13,189	16,816	13,189
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	51,192	40,150	51,192	40,150
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	15,937	12,500	15,937	12,500
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	41,584	32,615	41,584	32,615
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	803	629	803	629
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	2,363	1,853	2,363	1,853
Directors, CEO & their Spouses	Related Parties	-	161	127	161	127
Contribution to Staff Retirement Benefit Plans	Employees Fund		51,463	52,273	26,230	27,286
Remuneration and other benefits	Key Management Personnel	-	149,801	119,297	76,041	55,407
			December 31, 2020		June 30, 2020 (Audited)	
(Rupees in thousands)						

## 30.1 Period / year end balances

Receivable from related parties	417,216	500,723
Payable to related parties	50,300	77,601
Payable to retirement benefit plan	86,330	91,259
Markup accrued – Long Term Finance from Associated Companies	29,790	-
Long-term financing from associated undertaking / Director	1,525,000	1,525,000

## 31. 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, 2020.

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2020 (Un-audited)

## 32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial statements approximate their fair values. Fair value is the amount for which asset could be exchanged or liability settled between knowledgeable, willing parties in an arm length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

### Transfers during the period

During period ended December 31, 2020, there were no transfers between level 1 and level 2 fair value measurement and into or out of Level 3 fair value measurements.

## 33. NUMBER OF EMPLOYEES

The number of employees as at period ended December 31, 2020 was 1,642 (June 30, 2020: 1,640) and average number of employees during the period was 1,647 (June 30, 2020: 1,646).

## 34. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements was authorized for issue on February 09, 2021 by the Board of Directors of the Company.

## 35. IMPACT OF COVID-19

There was no significant impact of COVID-19 pandemic on the Company's operations or decline in revenue during the period ended December 31, 2020.

## 36. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. Following reclassification made during the period:

- Long term financing and deferred capital grant amounting to Rs. 11.09 million, previously classified under non-current liabilities, has now been classified as current portion in current liability under respective heads (refer note 18 & 16 ) for the purpose of better presentation.

- Repairs and maintenance amounting to Rs. 443.70 million, previously classified under head of "Repairs, maintenance and stores consumption", has now been classified under the separate head "Stores and spares consumption" (refer note 23) for the purpose of better presentation.

## 37. 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





## **CENTURY PAPER & BOARD MILLS LIMITED**

**Head Office, Registered Office,  
Corporate/Shares Office & Regional Sales Office (South)**

Lakson Square, Building No.2, Sarwar Shaheed Road,  
Karachi - 74200, Pakistan.

Phone: (021) 38400000 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, N-5, District Kasur,  
Pakistan. Phone: (049) 4511464-5, 4510061-2

Fax: (049) 4510063

**Email:** [info@centurypaper.com.pk](mailto:info@centurypaper.com.pk)

**Website:** [www.centurypaper.com.pk](http://www.centurypaper.com.pk)