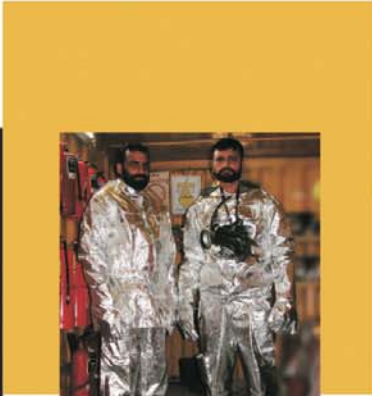
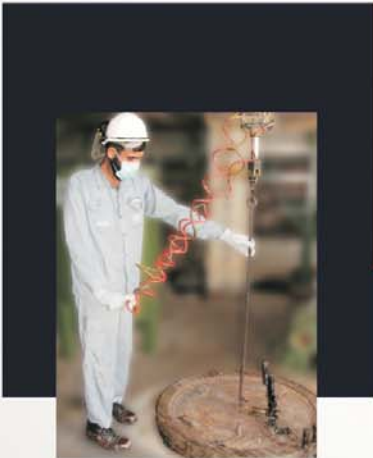




Century Paper & Board Mills Limited

First Quarter Report
September 2013



Clean - Green - Sustainable

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Corporate Information

Board of Directors

Iqbal Ali Lakhani	- Chairman
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Shahid Ahmed Khan	
Kemal Shoaib	
Muhammad Imran Rafiq	- Nominee Director (NIT)
Aftab Ahmad	- Chief Executive Officer

Advisor

Sultan Ali Lakhani

Audit Committee

Kemal Shoaib	- Chairman
Zulfiqar Ali Lakhani	- Member
Amin Mohammed Lakhani	- Member
Tasleemuddin Ahmed Batlay	- Member

Human Resource & Remuneration Committee

Zulfiqar Ali Lakhani	- Chairman
Aftab Ahmad	- Member
Tasleemuddin Ahmed Batlay	- Member

Chief Financial Officer

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

Company Secretary

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

Head Office & Registered Office

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

Lahore Office

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

Mills

62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan.
Phone: (049) 4511464-5, 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, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.
Phone: (021) 34380101-2 Fax: (021) 34380106
Email: pervez.usman@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 the Company together with the financial statements for the quarter ended September 30, 2013.

The results for period under review show a considerable improvement over the comparable period of the last year due to the reason that the uncertainty on the political and socio-economic front is now settled after the elections. Beside the government drive against the theft of gas, electricity and taxes have a positive effect on the organized sector in the paper and board industry including your Company.

Sales Review

Your Company achieved a net sales value of Rs. 4,198 million for the quarter under review, as compared to Rs. 3,204 million for the comparable period of the last year. The increase of Rs. 994 million in net sales value is a combination of increase in volume as well as increase in average selling price per ton of product.

In terms of quantity the sale of paper & board and corrugated boxes of your Company was 50,493 MT as compared to 41,391 MT posted for the corresponding period of the last year.

The sales value and volume have surpassed the level of the comparable period of the last year.

Financial Review

For the quarter under review, the Company posted a gross profit of Rs. 895 million as compared to gross profit of Rs. 586 million for the comparable quarter of the last year.

Similarly the operating profit for the quarter under review stood at Rs. 748 million as compared to Rs. 494 million for the comparable quarter of the last year.

After taking into account financial charges of Rs. 146 million the Company has posted a profit before tax of Rs. 602 million as compared to profit before tax of Rs. 286 million for the comparable quarter of the last year.

The Company's net profit after tax after taking into account the current and deferred taxation for the quarter under review stood at Rs. 397 million as compared to profit after tax of Rs. 200 million for the comparable quarter of the last year.

Directors' Review

Near Term Outlook

The gas and electricity availability during the coming winter months is a matter of concern for your Directors. The policy of the government is not clear about the gas load management for the industrial sector; however your Company do not expect an improvement in the situation over the comparable period of the last year. Thus the production and consequently sales will be affected.

Acknowledgments

Your Directors fully acknowledge and appreciate the continued support and commitment of all the stakeholders. They are also thankful for the hard and sincere work of the staff and employees of all cadres.

On behalf of the Board of Directors



Aftab Ahmad
Chief Executive Officer

Karachi: October 28, 2013



Condensed Interim Balance Sheet

as at September 30, 2013 (Un-audited)

	Note	September 30, 2013	June 30, 2013 (Audited) (Restated)
(Rupees in thousands)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6	8,690,244	8,808,166
Operating fixed assets			
Capital work in progress	7	59,774	48,532
		8,750,018	8,856,698
Intangible assets		10,138	11,403
Long-term loans and advances		4,145	4,501
Long-term deposits		2,829	2,829
		8,767,130	8,875,431
CURRENT ASSETS			
Stores and spares	8	767,698	866,735
Stock-in-trade	9	2,053,559	2,015,766
Trade debts (unsecured - considered good)		1,701,985	1,184,771
Loans and advances (unsecured - considered good)		20,017	36,229
Trade deposits and short-term prepayments		48,900	11,841
Other receivables (unsecured - considered good)		13,444	11,059
Tax refunds due from Government		31,903	48,016
Taxation - net		178,830	148,082
Cash and bank balances		119,818	77,161
		4,936,154	4,399,660
TOTAL ASSETS		13,703,284	13,275,091
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (June 30, 2013: 410,000,000)			
shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
106,025,138 (June 30, 2013: 106,025,138)			
ordinary shares of Rs. 10 each		1,060,252	1,060,252
210,283,175 (June 30, 2013: 210,283,175)			
preference shares of Rs. 10 each	10	2,102,832	2,102,832
		3,163,084	3,163,084
Reserves		3,053,120	2,656,012
		6,216,204	5,819,096
NON - CURRENT LIABILITIES			
Long-term financing	11	3,934,242	4,150,682
Deferred taxation		702,848	539,848
		4,637,090	4,690,530
CURRENT LIABILITIES			
Trade and other payables	12	1,271,137	1,028,678
Interest and mark-up accrued	13	59,564	49,141
Short-term borrowings	14	1,111,865	1,413,555
Current portion of long-term financing	11	407,424	274,091
		2,849,990	2,765,465
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		13,703,284	13,275,091

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director

Condensed Interim Profit and Loss Account

for the quarter ended September 30, 2013 (Un-audited)

	Note	September 30, 2013	September 30, 2012 (Restated)
(Rupees in thousands)			
Sales - net	16	4,198,226	3,204,061
Cost of sales	17	(3,303,701)	(2,618,100)
Gross profit		894,525	585,961
General and administrative expenses		(79,890)	(72,351)
Selling expenses		(9,831)	(9,249)
Distribution expenses		(22,562)	(16,847)
Other operating charges			
Workers' profit participation fund		(32,336)	(15,331)
Workers' welfare fund		(12,288)	(5,826)
Others		(5,042)	(1,085)
		(49,666)	(22,242)
Other income		15,540	28,397
Operating profit		748,116	493,669
Finance cost		(146,026)	(207,109)
Profit before taxation		602,090	286,560
Taxation			
Current		(41,982)	(16,020)
Deferred		(163,000)	(70,654)
		(204,982)	(86,674)
Profit for the period		397,108	199,886
Basic earnings per share (Rupees)		3.22	1.14
Diluted earnings per share (if diluted) Rupees	18	2.46	1.14
Basic earnings per share (Rupees)			
Profit for the period		397,108	199,886
Less: Dividend attributable to cumulative preference shares		(55,653)	(98,434)
Profit attributable to ordinary shareholders		341,455	101,452
Weighted average number of ordinary shares (in thousands)		106,025	88,790
Basic earnings per share attributable to ordinary shareholders (Rupees)		3.22	1.14

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



Condensed Interim Statement of Comprehensive Income

for the quarter ended September 30, 2013 (Un-audited)

	September 30, 2013	September 30, 2012 (Restated)
	(Rupees in thousands)	
Profit for the period	397,108	199,886
Other comprehensive loss		
Remeasurement of defined benefit liability - net	-	(1,634)
Total comprehensive income for the period	<u>397,108</u>	<u>198,252</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director

Condensed Interim Cash Flow Statement

for the quarter ended September 30, 2013 (Un-audited)

	Note	September 30, 2013 (Rupees in thousands)	September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	752,181	(115,977)
Finance cost paid		(135,603)	(279,772)
Taxes paid - net		(72,730)	(48,969)
Gratuity paid		(5,307)	(6,343)
Workers' profit participation fund paid		(75,507)	-
Long-term loans and advances - net		356	(975)
Net cash generated from / (used in) operating activities		463,390	(452,036)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(37,638)	(186,684)
Proceeds from sale of property, plant and equipment		1,702	487
Net cash used in investing activities		(35,936)	(186,197)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing from banking companies		-	127,500
Repayment of long-term financing from banking companies		(83,107)	(425,000)
Net cash used in financing activities		(83,107)	(297,500)
Net increase / (decrease) in cash and cash equivalents		344,347	(935,733)
Cash and cash equivalents at the beginning of the period		(1,336,394)	(1,420,699)
Cash and cash equivalents at the end of the period		(992,047)	(2,356,432)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		119,818	187,271
Short-term borrowings		(1,111,865)	(2,543,703)
		(992,047)	(2,356,432)

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



Condensed Interim Statement of Changes in Equity
for the quarter ended September 30, 2013 (Un-audited)

	issued, subscribed and paid-up capital		Capital				Reserves			Sub-total	Total	
			Ordinary share capital	Preference share capital	Share Premium	Merger reserve	Redemption Reserve	Total	Revenue			
									General reserve			Unappropriated profit
Balance as at July 1, 2012	706,834	3,004,046	984,652	7,925	-	992,577	1,232,750	(121,899)	1,110,851	2,103,428	5,814,308	
Effect of change in accounting policy-Note 3.1	-	-	-	-	-	-	-	(18,157)	(18,157)	(18,157)	(18,157)	
Balance as at July 1, 2012 (Restated)	706,834	3,004,046	984,652	7,925	-	992,577	1,232,750	(140,056)	1,092,694	2,085,271	5,796,151	
Profit for the period as restated	-	-	-	-	-	-	-	199,886	199,886	199,886	199,886	
Remeasurement of defined benefit liability - net	-	-	-	-	-	-	-	(1,634)	(1,634)	(1,634)	(1,634)	
Total comprehensive income for the period ended September 30, 2012	-	-	-	-	-	-	-	198,252	198,252	198,252	198,252	
Balance as at September 30, 2012 (Restated)	706,834	3,004,046	984,652	7,925	-	992,577	1,232,750	58,196	1,290,946	2,283,523	5,994,403	
Balance as at July 1, 2013	1,060,252	2,102,832	1,047,935	7,925	480,647	1,536,507	313,226	825,620	1,138,846	2,675,353	5,838,437	
Effect of change in accounting policy-Note 3.1	-	-	-	-	-	-	-	(19,341)	(19,341)	(19,341)	(19,341)	
Balance as at July 1, 2013 (Restated)	1,060,252	2,102,832	1,047,935	7,925	480,647	1,536,507	313,226	806,279	1,119,505	2,656,012	5,819,096	
Total comprehensive income for the period ended September 30, 2013	-	-	-	-	-	-	-	397,108	397,108	397,108	397,108	
Balance as at September 30, 2013	1,060,252	2,102,832	1,047,935	7,925	480,647	1,536,507	313,226	1,203,387	1,516,613	3,053,120	6,216,204	

(Rupees in thousands)

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

Century Paper & Board Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on August 02, 1984 under the Companies Ordinance, 1984 and its ordinary shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The Company is engaged in manufacturing and marketing of paper, board and related products.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements of the Company for the first quarter ended September 30, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements do not include all the informations 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, 2013.

The comparative balance sheet presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2013, whereas the comparative condensed interim profit and loss account, 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 first quarter ended September 30, 2012.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2013 except as described below:

- a) In accordance with IAS 19 (revised) - " Employee Benefits" (effective for annual period beginning on or after January 1, 2013), the Company has changed its accounting policy for recognition of the actuarial/remeasurement gains and losses on employees' retirement benefit plans. The remeasurement gains/losses as per actuarial valuation done at financial year end will now be recognized immediately in other comprehensive income. Previously, these gains/losses in excess of the corridor limit are recognized in profit and loss account over the remaining service life of the employees.



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

The change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated. The effect on comparative figures of all prior period presented is as follows:-

	Cumulative effect up to June 30, 2013	Effect for the year ended June 30, 2013	Cumulative effect up to July 01, 2012
(Rupees in thousands)			
Condensed Interim Balance Sheet			
Decrease in unappropriated profit			
- Actuarial losses on retirement benefit plans (net of tax)	19,341	1,184	18,157
Increase in trade and other payable			
- Gratuity payable	29,305	1,372	27,933
Decrease in deferred taxation	9,964	188	9,776
Condensed Interim Profit and Loss Account			
Increase in profit after taxation			
- Actuarial losses on retirement benefit plans (net of tax)	450	450	-
Condensed Interim Statement of Comprehensive Income			
Decrease due to remeasurement of defined benefit liability (net of tax)	1,634	1,634	-

- b) The Company has changed its accounting policy for stand-by spares in line with IAS 16 "Property, Plant and Equipment" effective for the period beginning on or after January 01, 2013, which clarifies that spare parts, stand-by equipment and servicing equipment should be capitalised as an asset when they meet the definition of the Property, Plant and Equipment.

The change in accounting policy has been accounted for prospectively as it is impracticable to determine the period specific and cumulative effect of change on comparative amounts of prior periods presented in these financial statements, as permitted by IAS 8 "Accounting Policy, Change in Accounting Estimates and Errors".

Resultantly, stand-by spares of Rs. 91.42 million were capitlised during the period which have been classified under the head "Plant and Machinery" which were previously shown under stores and spares.

- 3.2 The other standards, amendments and interpretations of approved accounting standards became effective during the period do not have a significant impact on the Company's condensed interim financial statements.

4. TAXATION

The provisions for taxation for the first quarter ended September 30, 2013, have been made using the estimated effective tax rate applicable to expected total annual earnings.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

5. ESTIMATES

The preparation of condensed interim financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2013.

	Note	September 30, 2013	June 30, 2013 (Audited)
(Rupees in thousands)			
6. OPERATING FIXED ASSETS			
Opening net book value (NBV)		8,808,166	9,239,066
Additions (at cost) during the period / year	6.1	108,587	469,411
		8,916,753	9,708,477
Disposals (NBV) during the period / year	6.2	(1,491)	(4,242)
Depreciation charge for the period / year		(226,509)	(900,311)
Closing net book value (NBV)		8,690,244	8,808,166

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

Buildings on freehold land		-	13,028
Plant and machinery	3.1	101,261	418,954
Furniture and fixtures		-	87
Vehicles		4,943	25,886
Electrical and other equipments		1,221	5,752
Computers		1,162	5,704
		108,587	469,411

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

Plant and machinery		-	239
Vehicles		1,491	4,003
		1,491	4,242

7. CAPITAL WORK IN PROGRESS

Movement of carrying amount is as follows:

Opening balance		48,532	199,778
Additions (at cost) during the period / year		15,363	280,513
		63,895	480,291
Transfer to operating fixed assets during the period / year		(4,121)	(431,759)
Closing balance		59,774	48,532



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

	September 30, 2013	June 30, 2013 (Audited)
	(Rupees in thousands)	
8. STORES AND SPARES		
Stores	169,196	186,864
Spares		
in hand	608,812	683,984
in transit	20,216	25,213
	629,028	709,197
	798,224	896,061
Provision for slow moving stores and spares	(30,526)	(29,326)
	767,698	866,735

8.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares resulting in capital expenditure are capitalized in cost of respective assets.

9. STOCK-IN-TRADE

Raw materials		
in hand	1,169,715	1,448,977
in transit	523,283	385,940
	1,692,998	1,834,917
Work-in-process	306,722	114,192
Finished goods	53,839	66,657
	2,053,559	2,015,766

10. PREFERENCE SHARES

	2,102,832	2,102,832
--	------------------	-----------

10.1 In November 2009, the Company has issued preference right shares of the face value of Rs. 10 each, in the proportion of 4.25 preference shares for every ordinary share held. These shares are not listed on any of the stock exchanges in Pakistan.

10.2 The followings are the terms, conditions and rights and privileges of preference shares with amendments which became effective on July 1, 2013.

10.3 Annual dividends will be payable when and if declared by the Company but shall be paid on cumulative basis prior to any dividend or other distribution payable to the ordinary shareholders. The dividend rate will be based on six months KIBOR plus spread of 1% per annum subject to cap of 13% per annum on the face value of the preference shares on cumulative basis. The cumulative dividend as at the balance sheet date amounted to Rs. 1,053.25 million (2013: Rs. 997.60 million).

10.4 The preference shareholders do not have any voting rights and are not entitled to receive any notice for meeting of shareholders and will not be entitled to any rights in respect of subscription of further issue of ordinary shares of the Company.

10.5 The Company shall have the option to redeem the preference shares in full or in any proportion by giving fourteen days notice provided that the Company may redeem the preference shares from the holders having less than 5% holding as a first preference.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

The redemption will be subject to the payment of cumulative unpaid dividend, if any, on the part being redeemed up to the applicable date of redemption notice. The redemption will be subject to compliance with the provisions of Section 85 of the Companies Ordinance, 1984.

- 10.6 The Company has a right to convert the preference shares to the extent of 25% over the life of the initial total issue into ordinary shares by giving fourteen days notice. The conversion of the preference shares will be based on the conversion ratio A/B, where:

A= Rs. 10 (face value of preference share) plus any cumulative unpaid dividend on preference shares being converted up to the applicable date of conversion notice.

B= The higher of (a) par value of ordinary shares i.e. Rupees 10, or (b) an amount representing the previous twelve months trading days' average price of the Company's ordinary shares (adjusted for any bonus or right shares issue) during the previous twelve months quoted in the daily quotation of the Karachi Stock Exchange (KSE) up to the applicable date of conversion notice.

	Note	September 30, 2013	June 30, 2013 (Audited)
(Rupees in thousands)			
11. LONG-TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements			
financed by:			
Consortium of Banks - Musharaka	11.1	1,500,000	1,500,000
Term Loans			
Allied Bank Limited	11.2	1,500,000	1,500,000
Faysal Bank Limited	11.3	86,666	135,000
Bank Alfalah Limited	11.4	255,000	289,773
		<u>1,841,666</u>	<u>1,924,773</u>
		<u>3,341,666</u>	<u>3,424,773</u>
From associated undertakings - Unsecured	11.5	<u>1,000,000</u>	<u>1,000,000</u>
		<u>4,341,666</u>	<u>4,424,773</u>
Current portion shown under current liabilities		<u>(407,424)</u>	<u>(274,091)</u>
		<u><u>3,934,242</u></u>	<u><u>4,150,682</u></u>

- 11.1 This represents Diminishing Musharaka Arrangement with a Consortium of Meezan Bank Limited and Al Baraka Bank (Pakistan) Limited for Rs. 1,500 million. The tenor of the facility is six years including one year grace period. This finance facility is repayable in twenty equal quarterly installments commencing from August 2014.

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

The rate of mark-up is equal to base rate plus 0.9%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the quarter, the effective mark-up rate was 10.16% (June 30, 2013: 10.44%) per annum.



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

11.2 This term finance facility has been obtained from Allied Bank Limited amounting to Rs. 1,500 million. The tenor of the facility is six years including one year grace period. This finance facility is repayable in twenty equal quarterly installments commencing from June 2014.

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

The rate of mark-up is equal to base rate plus 0.9%. Base rate is equal to average of three months KIBOR of the last six business days prior to the beginning of each installment period. During the quarter, the effective mark-up rate was 10.13% (June 30, 2013: 10.38%) per annum.

11.3 This term finance facility has been obtained from Faysal Bank Limited amounting to Rs. 180 million specifically for New Box Making Machine and Coal Fired Boiler. The tenor of the facility is four years with twelve months grace period. The finance facility is repayable in twelve equal quarterly installments which commenced from December 2012.

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

The rate of mark-up is 1.50% over three months KIBOR of last day of preceding quarter. During the quarter, the effective mark-up rate was 10.63% (June 30, 2013: 11.79%) per annum.

11.4 These term finance loans have been obtained from Bank Alfalah Limited (Islamic Banking) amounting to Rs. 382.50 million specifically for refurbishment of Gas Turbine Generators. The tenor of the facility is three years and these are repayable in eleven equal quarterly installments.

These finance facilities are secured by way of exclusive charge on respective Gas Turbine Generators with 20% margin.

The rate of mark-up is 1.25% over three months KIBOR of last day of preceding quarter. During the quarter, the effective mark-up rate was 10.46% (June 30, 2013: 11.32%) per annum.

11.5 This loan has been obtained from SIZA Commodities (Private) Limited, an associated undertaking, amounting to Rs. 1,000 million. The loan is repayable after two years from the date of agreement.

The rate of mark-up is 0.9% over average of three months KIBOR of the last one day of preceding quarter. During the quarter, the effective mark-up rate was 9.98% (June 30, 2013: 10.41%) per annum.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

	Note	September 30, 2013	June 30, 2013 (Audited) (Restated)
(Rupees in thousands)			
12. TRADE AND OTHER PAYABLES			
Creditors		362,101	292,536
Foreign bills payable		306,121	257,984
Accrued liabilities		295,689	201,231
Sales tax payable		114,331	56,991
Customers' balances		45,711	35,491
Provident fund payable		4,869	4,431
Gratuity payable	3.1	30,942	31,339
Workers' profit participation fund		32,336	75,507
Workers' welfare fund		40,980	44,805
Unclaimed dividend		735	735
Security deposits		4,100	4,100
Other liabilities		33,222	23,528
		1,271,137	1,028,678

13. INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing		48,252	28,357
Short-term borrowings		11,312	20,784
		59,564	49,141

14. SHORT-TERM BORROWINGS

From Banking Companies - secured

Running finances	14.1	1,111,865	1,413,555
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14.1 During the quarter, the effective mark-up rates for running finances are 9.83% (June 30, 2013: 10.74%) per annum.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 355 million (June 30, 2013: Rs. 355 million).

b) Sales tax

The Commissioner Inland Revenue (Appeals) has adjudicated an amount of Rs. 34.43 million as inadmissible input tax adjustment on purchases from a supplier. The Company has filed the appeal against the orders in the Tax Appellate Tribunal. The Company expects a favorable outcome, therefore no provision has been made for this liability in these financial statements.



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

15.2 Commitments

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

- Letters of credit other than for capital expenditure amounted to Rs. 1,065.85 million (June 30, 2013: Rs. 348.19 million).
- Capital expenditure including letters of credit amounted to Rs. 17.10 million (June 30, 2013: Rs. 11.86 million).

	September 30, 2013	September 30, 2012
	(Rupees in thousands)	
16. SALES		
Gross sales	4,909,019	3,714,887
Sales tax	(710,793)	(510,826)
	4,198,226	3,204,061
17. COST OF SALES		
Materials consumed	2,382,471	1,993,949
Fuel and power	505,103	411,584
Depreciation on property, plant and equipment	219,210	211,692
Salaries, wages and other benefits	136,459	123,978
Repairs, maintenance and stores consumption	146,785	136,762
Packing expenses	75,023	66,064
Insurance	16,002	15,052
Provision for slow moving stores and spares	1,200	1,200
Rent, rates and taxes	1,160	1,105
Manufacturing cost	3,483,413	2,961,386
Work-in-process		
Opening stock	114,192	161,370
Closing stock	(306,722)	(453,063)
	(192,530)	(291,693)
Cost of goods manufactured	3,290,883	2,669,693
Finished goods		
Opening stock	66,657	40,600
Closing stock	(53,839)	(92,193)
	12,818	(51,593)
	3,303,701	2,618,100

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

	Note	September 30, 2013	September 30, 2012
(Rupees in thousands)			
18. EARNINGS PER SHARE - DILUTED			
The dilutive impact of potential Ordinary Shares on earnings per share as required under "IAS 33 Earnings per share" is given below:-			
Profit attributable to Ordinary shareholders		341,455	101,452
Dividend for the period on convertible preference shares		19,876	-
		361,331	101,452
Weighted average number of ordinary shares		106,025	88,790
Incremental number of shares from potential conversion of preference shares	10.6	41,048	-
		147,073	88,790
Diluted earnings per share		2.46	1.14
19. CASH GENERATED FROM OPERATIONS			
Profit before taxation		602,090	286,560
Adjustment for non cash charges and other items:			
Depreciation		225,018	217,110
Amortization of intangible assets		2,965	2,927
Gain on sale of property, plant and equipment		(211)	(115)
Provision for gratuity		4,910	4,997
Provision for slow moving stores and spares		1,200	1,200
Workers' profit participation fund		32,336	15,331
Finance cost		146,026	207,109
Working capital changes		(262,153)	(851,096)
		150,091	(402,537)
		752,181	(115,977)
19.1 Changes in working capital			
Decrease / (increase) in current assets			
Stores and spares		6,416	11,092
Stock-in-trade		(37,793)	(834,911)
Trade debts		(517,214)	54,585
Loans and advances		16,212	(45,573)
Trade deposits and short-term prepayments		(37,059)	(22,011)
Other receivables		(2,385)	(4,290)
Tax refunds due from Government		16,113	-
		(555,710)	(841,108)
Increase / (decrease) in current liabilities			
Trade and other payables		293,557	(9,988)
		(262,153)	(851,096)

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

<u>Relation with the Company</u>	<u>Nature of transaction</u>		September 30, 2013 (Rupees in thousands)	September 30, 2012 (Audited) (Restated) (Rupees in thousands)
Associated companies	Sales of goods and services		380,172	280,332
	Purchase of goods and services		105,554	87,738
	Rent and other allied charges		1,569	1,486
	Insurance agency commission		2,400	2,250
	Mark-up accrued		25,155	-
Sponsors and Directors	Mark-up accrued		-	36,044
Retirement benefit plans	Contribution to staff retirement benefit plans		12,257	12,635
Key management personnel	Remuneration and other benefits	20.3	58,018	46,595
			September 30, 2013	June 30, 2013 (Audited) (Restated) (Rupees in thousands)

20.2 Period / year end balances

Receivable from related parties	198,987	119,010
Payable to related parties	89,759	36,647
Long-term financing from associated undertaking	1,000,000	1,000,000
Mark-up on long-term financing from associated undertaking	25,155	3,715

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

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

21. OPERATING SEGMENTS

- These financial statements have been prepared on the basis of single reportable segment.
- All sales of the Company relate to customers in Pakistan.
- All non-current assets of the Company as at September 30, 2013 are located in Pakistan.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2013 (Un-audited)

22. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2013.

23. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on October 28, 2013 has declared/recommended the following:-

- a) 15% bonus share issue i.e. three bonus shares for every twenty (20) ordinary shares held aggregating to Rs. 159,037,700.
- b) To redeem preference shares of Rs. 450,606,840 out of the outstanding issue of preference shares (unlisted) of Rs. 2,102,831,750 along with cumulative dividend in arrears of Rs. 226,000,000 approx. upto the date of redemption.

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 28, 2013 by the Board of Directors of the Company.

25. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassifications have been made except for restatement made in accordance with IAS 19 (revised) "Employee Benefits".

26. GENERAL

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


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director



Century Paper & Board Mills Limited

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