

HALF YEARLY REPORT
DECEMBER 2019



Century Paper & Board Mills Limited



WATER
FOR NATION

Clean - Green - Sustainable

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Corporate Information

Board of Directors

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

Advisor

Sultan Ali Lakhani

Audit Committee

Kemal Shoaib	- Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

Human Resource & Remuneration Committee

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

Chief Financial Officer

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

Company Secretary

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

External Auditors

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

Shares Registrar

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

Head Office and Registered Office

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

Lahore Office

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

Mills

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



Directors' Review

On behalf of the Board of Directors I am pleased to present the performance review of your Company together with the un-audited financial statements for the half year ended December 31, 2019.

Operations and Sales Review

The Company produced 114,257 metric tons during the period under review (July-December 2019) as compared to 111,011 metric tons of the corresponding period of last year.

Company sold 109,117 metric tons during the period under review (July-December 2019) as compared to 105,536 metric tons of the corresponding period of last year.

In terms of value, the net sales of the Company for the period under review (July-December 2019) increased to Rs. 12,177 million as compared to Rs. 10,582 million of the corresponding period of last year.

Financial Performance

For the period under review (July-December 2019), the Company posted gross profit of Rs. 1,782 million compared to Rs. 1,307 million of the corresponding period of last year.

The net operating profit for the period under review (July-December 2019) is recorded at Rs. 1,423 million as compared to Rs. 978 million of the corresponding period of last year.

Finance cost for the period under review (July-December 2019) has significantly been increased and stood at Rs. 587 million as compared to Rs. 330 million of the corresponding period of last year owing to prevailing higher interest rate scenario.

After taking into account financial charges, profit before tax increased to Rs. 836 million as compared to profit before tax of Rs. 648 million for the corresponding period of last year.

After accounting for tax, primarily backed by increased net sales, the Company has made a net profit of Rs. 594 million for the period under review as compared to a profit of Rs. 488 million for the corresponding period of last year.

Directors' Review

Earnings per Share

The basic earnings per share is reported at Rs. 4.04 as compared to basic earnings per share of Rs. 3.10 of the comparable period of last year. There is no dilution effect on the earnings per share for the period under review and corresponding period of last year.

Near Term Outlook

Owing to low economic growth, domestic paper & paperboard consumption remained stagnant during the period under review. However, some shift was witnessed from imported to local products during the period. Going forward, Management of your Company foresees stable demand for Company's products. Moreover, the Company has already started some exports to regional countries during the period under review and is keenly working to improve it further. Besides, management has constantly been striving to improve productivity and efficiencies of existing facilities by undertaking different projects from time to time. Management of your Company will endeavor to maintain the performance in ensuing quarter with optimum plant utilization, volume maximization and a favorable product mix.

Acknowledgments

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

On behalf of the Board of Directors


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director

Karachi: January 28, 2020



ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2019ء کو ختم ہونے والے نصف سال 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 2019) کے دوران 114,257 میٹرک ٹن کی پیداوار دی، جو کہ گزشتہ سال کی اسی مدت میں 111,011 میٹرک ٹن تھی۔ کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2019) میں 109,117 میٹرک ٹن کی فروخت کی، جو کہ گزشتہ سال کی اسی مدت میں 105,536 میٹرک ٹن تھی۔ قدر کے اعتبار سے زیر جائزہ مدت (جولائی تا دسمبر 2019) میں سیلز ویلیو 12,177 ملین روپے تک بڑھ گئی جو گزشتہ سال اسی مدت میں 10,582 ملین روپے تھی۔

مالیاتی کارکردگی

زیر جائزہ مدت (جولائی تا دسمبر 2019) میں کمپنی نے 1,782 ملین روپے کا مجموعی منافع کمایا جو گزشتہ سال اسی مدت میں 1,307 ملین روپے تھا۔ زیر جائزہ مدت (جولائی تا دسمبر 2019) میں خالص آپرٹنگ منافع 1,423 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 978 ملین روپے تھا۔

زیر جائزہ مدت (جولائی تا دسمبر 2019) میں مالیاتی اخراجات بڑھ کر 587 ملین روپے تک ہو گئے جو گزشتہ سال اسی مدت میں 330 ملین روپے تھے جسکی بنیادی وجہ بڑھتی ہوئی شرح سود ہے۔

مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی تا دسمبر 2019) میں قبل از ٹیکس منافع 836 ملین روپے رہا جو گزشتہ سال اسی مدت میں 648 ملین روپے تھا۔

ٹیکس کوٹا لے کے بعد کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2019) میں 594 ملین روپے کا خالص منافع کمایا جس کی بنیادی وجہ سیلز ویلیو میں اضافہ ہے، جو گزشتہ سال اسی مدت میں 488 ملین روپے تھا۔

فی شیئر آمدنی

گزشتہ سال اسی مدت کے لیے بنیادی فی شیئر آمدنی 3.10 روپے کے مقابلے میں زیر جائزہ مدت (جولائی تا دسمبر 2019) کی بنیادی فی شیئر آمدنی 4.04 روپے رپورٹ کی گئی ہے۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کے لیے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آثار نہیں ہیں۔

ڈائریکٹرز کا جائزہ

قریب مدتی منظر نامہ

زیر جائزہ مدت میں معاشی سست روی کی وجہ سے، پیپر اور پیپر بورڈ کی مصنوعات کی طلب بھی غیر متحرک رہی البتہ درآمدی مصنوعات سے مقامی مصنوعات کی طرف رجحان بڑھا۔ منیجمنٹ مستقبل قریب میں کمپنی کی مصنوعات کی طلب میں استحکام دیکھ رہی ہے۔ مزید برآں کمپنی نے موجودہ مدت کے دوران علاقائی ممالک کو برآمدات بھی شروع کر دی ہیں اور اس کو مزید بڑھانے کے لیے کوشاں ہے۔ منیجمنٹ پیداواری صلاحیت کی بہتری اور موجودہ وسائل کی کارکردگی کو بڑھانے کے لیے مستقل بنیادوں پر وقتاً فوقتاً بیشتر پروڈیکٹس پر کام کرتی رہتی ہے۔ کمپنی کی انتظامیہ پلانٹ کے موثر استعمال، پیداواری حجم میں اضافے اور موزوں پروڈکٹس کے ذریعے آنے والی سہ ماہی میں اپنی کارکردگی کو برقرار رکھنے کے لیے بھرپور طریقے سے مصروف عمل ہے۔

اظہار تشکر

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

بورڈ آف ڈائریکٹرز کی جانب سے


تسلیم الدین احمد باٹلے
ڈائریکٹر


آفتاب احمد
چیف ایگزیکٹو آفیسر

کراچی: 28 جنوری، 2020

Independent Auditor's Report on Review of

Condensed Interim Financial Information 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, 2019 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 information for the six-month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

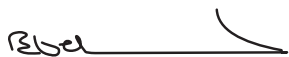
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended December 31, 2019 and December 31, 2018 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 : January 28, 2020


BDO EBRAHIM & CO.,
Chartered Accountants

Engagement Partner: Zulfikar Ali Causer

Condensed Interim Statement of Financial Position

as at December 31, 2019 (Un-audited)

		December 31, 2019	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	7	8,876,392	9,131,201
Operating fixed assets	8	557,552	241,653
Capital work in progress		9,433,944	9,372,854
Intangible assets		7,525	9,033
Long-term advances	9	9,324	6,264
Long-term deposits		7,169	7,169
		9,457,962	9,395,320
CURRENT ASSETS			
Stores and spares	10	1,755,098	1,458,482
Stock-in-trade	11	3,063,498	3,484,174
Trade debts (unsecured - considered good)		3,126,847	3,046,320
Advances	12	124,407	95,874
Trade deposits and short term prepayments	13	66,939	91,398
Other receivables		20,792	12,062
Tax refunds due from Government	14	256,694	256,694
Taxation - net		327,617	261,718
Cash and bank balances	15	439,270	351,700
		9,181,162	9,058,422
TOTAL ASSETS		18,639,124	18,453,742
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (June 30, 2019: 410,000,000)			
shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
147,018,345 (June 30, 2019: 147,018,345)		1,470,184	1,470,184
ordinary shares of Rs. 10 each		5,165,299	4,718,750
Reserves		6,635,483	6,188,934
NON - CURRENT LIABILITIES			
Long-term financing	16	2,515,211	3,511,434
Lease liabilities	17	22,060	-
Deferred taxation		1,238,084	1,208,746
		3,775,355	4,720,180
CURRENT LIABILITIES			
Trade and other payables	18	2,794,915	2,528,063
Short-term borrowings	19	4,515,252	4,247,267
Interest and mark-up accrued	20	221,658	96,526
Unpaid dividend		207	-
Unclaimed dividend		1,321	1,321
Current portion of lease liabilities	17	2,482	-
Current portion of long-term financing	16	692,451	671,451
		8,228,286	7,544,628
TOTAL EQUITY AND LIABILITIES		18,639,124	18,453,742
CONTINGENCIES AND COMMITMENTS	21		

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


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director
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MUHAMMAD RASHID DASTAGIR
 Chief Financial Officer

Condensed Interim Statement of Profit or Loss

for the period ended December 31, 2019 (Un-audited)

		Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Note	(Rupees in thousands)			
Sales - net	22	12,177,274	10,582,039	6,804,879	5,821,456
Cost of sales	23	(10,395,259)	(9,275,141)	(5,675,233)	(5,080,256)
Gross profit		1,782,015	1,306,898	1,129,646	741,200
General and administrative expenses		(257,303)	(240,476)	(127,798)	(124,348)
Selling expenses		(33,622)	(29,402)	(16,701)	(14,861)
Distribution expenses		(50,845)	(40,567)	(24,559)	(18,868)
Other operating charges					
Workers' Profit Participation Fund		(44,898)	(34,817)	(34,271)	(20,226)
Workers' Welfare Fund		(17,061)	(13,230)	(13,023)	(7,685)
Others		(13,654)	(13,101)	(9,806)	(8,199)
		(75,613)	(61,148)	(57,100)	(36,110)
Other income	24	58,722	42,578	34,727	19,864
Operating profit		1,423,354	977,883	938,215	566,877
Finance cost	25	(587,345)	(329,595)	(300,082)	(190,286)
Profit before taxation		836,009	648,288	638,133	376,591
Taxation					
Current		(213,102)	(142,624)	(119,085)	(82,852)
Prior		-	1,482	-	1,482
Deferred		(29,340)	(19,449)	(65,974)	(11,298)
		(242,442)	(160,591)	(185,059)	(92,668)
Profit for the period		593,567	487,697	453,074	283,923
Earnings per share					
- basic and diluted (Rupees)	26	4.04	3.10	3.08	1.86

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


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED

Condensed Interim Statement of Comprehensive Income

for the period ended December 31, 2019 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in thousands)			
Profit for the period	593,567	487,697	453,074	283,923
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	593,567	487,697	453,074	283,923

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




AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

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Condensed Interim Statement of Cash Flows

for the period ended December 31, 2019 (Un-audited)

		Half year ended	
		December 31, 2019	December 31, 2018
	Note	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	2,111,148	815,117
Finance cost paid		(462,990)	(288,200)
Taxes paid		(279,001)	(82,272)
Gratuity paid		(28,675)	(22,566)
Workers' Profit Participation Fund paid		(66,627)	(76,301)
Long-term advances		(3,060)	1,523
Long-term deposits		-	(1,300)
Net cash generated from operating activities		1,270,795	346,001
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(336,729)	(524,011)
Proceeds from sale of property, plant and equipment		3,670	5,750
Net cash used in investing activities		(333,059)	(518,261)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of preference shares		-	(901,214)
Proceeds of long-term financing from associated companies		650,000	975,000
Repayment of long-term financing from associated companies		(650,000)	-
Repayment of long-term financing from Director		(650,000)	-
Proceeds from long-term financing from banking companies		-	195,465
Repayment of long-term financing from banking companies		(325,223)	(599,881)
Principal paid on lease liabilities		(866)	-
Dividend paid on preference shares		-	(87,664)
Dividend paid on ordinary shares		(146,811)	(109,549)
Net cash used in financing activities		(1,122,900)	(527,843)
Net decrease in cash and cash equivalents		(185,164)	(700,103)
Cash and cash equivalents at the beginning of the period		(3,895,567)	(3,011,180)
Exchange gain		4,749	-
Cash and cash equivalents at the end of the period		(4,075,982)	(3,711,283)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	439,270	333,611
Short-term borrowings	19	(4,515,252)	(4,044,894)
		(4,075,982)	(3,711,283)

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


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

for the period ended December 31, 2019 (Un-audited)

	Issued, subscribed and paid-up capital		Capital					Reserves				Sub-total	Total
			Share premium	Merger reserve	Redemption reserve	Total	Revenue						
	Ordinary share capital	Preference share capital					General reserve	Unappropriated profit	Total				
Balance as at July 1, 2018	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	996,948	1,310,174	4,071,475	6,442,873		
(Rupees in thousands)													
Appropriation of Reserves	-	-	-	-	-	-	686,774	(686,774)	-	-	-		
Transfer to general reserve	-	-	-	-	-	-	(800,000)	800,000	-	-	-		
Transfer to unappropriated profit	-	-	-	-	-	-	(113,226)	113,226	-	-	-		
Total comprehensive income for the period ended December 31, 2018													
Profit for the period	-	-	-	-	-	-	-	487,697	487,697	487,697	487,697		
Transaction with owners													
Redemption of preference shares	-	(901,214)	-	-	901,214	901,214	-	(901,214)	(901,214)	-	(901,214)		
Final dividend on ordinary shares @ Re. 0.75 per share	-	-	-	-	-	-	-	(110,264)	(110,264)	(110,264)	(110,264)		
Cumulative dividend paid on preference shares	-	-	-	-	-	-	-	(87,664)	(87,664)	(87,664)	(87,664)		
Balance as at December 31, 2018	1,470,184	-	1,822,122	7,925	1,832,468	3,662,515	200,000	498,729	698,729	4,361,244	5,831,428		
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	-	-	-	-	-	-	600,000	(600,000)	-	-	-		
Transfer to general reserve	-	-	-	-	-	-	-	593,567	593,567	593,567	593,567		
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		

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

Aftab Ahmad

AFTAB AHMAD
Chief Executive Officer

Tasleemuddin Ahmad Batlay

TASLEEMUDDIN AHMED BATLAY
Director

Muhammad Rashid Dastagir

MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

HALF YEARLY REPORT DECEMBER 2019

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

Century Paper & Board Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on August 2, 1984 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its ordinary shares are listed on Pakistan Stock Exchange. The Company is engaged in manufacturing and marketing of paper, board and related products.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The mill (plant) of the Company is located at 62 KM, Lahore-Multan Highway, N-5, District 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 information 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 information of the Company for the half year ended December 31, 2019 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 information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2019 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019, whereas the comparative condensed interim 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 information for the half year ended December 31, 2018.

3.2 Basis of measurement

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

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

3.3 Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2019 except as disclosed in note 4.1 to this condensed interim financial information.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information, except as disclosed in note 4.1.

4.1 IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease'. The Company applied IFRS 16 with a date of initial application of July 01, 2019.

Transition method and practical expedients utilised

The Company applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

On adoption of IFRS 16, the Company recognised a right-of-use asset and lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate as at July 01, 2019.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On transition to IFRS 16, the Company recognised right-of-use assets and lease liabilities on the date of initial application as follows;

	July 01, 2019 (Rupees in thousands)
Property, plant and equipment	
Right-of-use assets	25,407
Lease liabilities	
Non-current	23,344
Current	2,063
	<u>25,407</u>

5. ESTIMATES AND JUDGMENTS

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

6. TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2019, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate is 29% for the Tax Year 2020 as stipulated through Finance Act 2019.

	Note	December 31, 2019 (Rupees in thousands)	June 30, 2019 (Audited)
7. OPERATING FIXED ASSETS			
Fixed Assets	7.1	8,853,295	9,131,201
Right-of-use assets	7.2	23,097	-
		<u>8,876,392</u>	<u>9,131,201</u>

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

		December 31, 2019	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
7.1 Fixed Assets			
Opening net book value (NBV)		9,131,201	9,122,170
Additions during the period / year at cost	7.1.1	255,866	997,991
		9,387,067	10,120,161
Disposals during the period / year at NBV	7.1.3	(1,969)	(6,527)
Depreciation charge for the period / year		(531,803)	(982,433)
		(533,772)	(988,960)
Closing net book value (NBV)		8,853,295	9,131,201

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

Buildings on freehold land		-	11,651
Plant and machinery	7.1.2	226,841	907,127
Furniture and fixtures		-	99
Vehicles		21,314	54,927
Electrical and other equipments		3,549	10,100
Computers		4,162	14,087
		255,866	997,991

7.1.2 This includes transfers from capital work in progress amounting to Rs. 226.372 million (June 30, 2019: Rs. 873.448 million).

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

Plant and machinery		131	-
Vehicles		1,838	6,527
		1,969	6,527

7.1.4 The freehold land is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur and area of land is 158.5 acres.

7.2 Right-of-use assets

Opening net book value (NBV)	25,407	-
Additions during the period / year at cost	-	-
Depreciation charge for the period / year	(2,310)	-
Closing net book value (NBV)	23,097	-

8. CAPITAL WORK IN PROGRESS

Civil works	9,786	2,028
Plant and machinery	537,100	178,377
Advances to suppliers	10,666	61,248
	557,552	241,653

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

		December 31, 2019	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
8.1 Movement of carrying amount is as follows:			
Opening balance		241,653	467,547
Additions (at cost) during the period / year	8.1.1	542,270	647,554
		783,923	1,115,101
Transfer to operating fixed assets during the period / year		(226,372)	(873,448)
Closing balance		557,552	241,653
8.1.1 This includes borrowing costs capitalized amounting to Rs. 0.78 million (June 30, 2019: Rs. 10.89 million) at an average rate 2.75 % per annum (June 30, 2019: 6.78% per annum).			
9. LONG-TERM ADVANCES			
(Unsecured - considered good)			
Long-term advances to suppliers	9.1	9,324	6,264
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.			
10. STORES AND SPARES			
In hand			
Stores		830,009	763,889
Spares		461,342	397,353
Fuel		360,317	139,367
		1,651,668	1,300,609
In transit			
Spares		42,626	89,890
Coal		110,614	114,793
		153,240	204,683
Provision for slow moving stores and spares		(49,810)	(46,810)
		1,755,098	1,458,482
11. STOCK-IN-TRADE			
Raw materials			
in hand		1,924,341	1,585,977
in transit		467,911	1,048,267
		2,392,252	2,634,244
Work-in-process		89,537	87,584
Finished goods		581,709	762,346
		3,063,498	3,484,174
12. ADVANCES			
(Unsecured - considered good)			
Advances			
to employees		1,724	4,736
to suppliers		122,683	91,138
	12.1	124,407	95,874

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

12.1 This represents advances in the normal course of the business and do not carry any interest / mark-up.

		December 31, 2019	June 30, 2019 (Audited)
	Note	(Rupees in thousands)	
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits	13.1	755	360
Prepayments		<u>66,184</u>	<u>91,038</u>
		<u>66,939</u>	<u>91,398</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	240,631	240,631
Sales tax	14.2	<u>16,063</u>	<u>16,063</u>
		<u>256,694</u>	<u>256,694</u>

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

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

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

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

15. CASH AND BANK BALANCES

Cash at bank in current account - Conventional mode	120,420	23,711
Cheques in hand	316,346	325,427
Cash in hand	<u>2,504</u>	<u>2,562</u>
	<u>439,270</u>	<u>351,700</u>

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

	Note	December 31, 2019	June 30, 2019 (Audited)
16. LONG TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Meezan Bank Limited - Musharaka	16.1	262,500	337,500
Conventional mode			
Syndicated - Consortium of Banks	16.2	525,000	675,000
Allied Bank Limited - Term Loan - 1	16.3	138,186	207,279
Allied Bank Limited - Term Loan - 2	16.4	117,976	128,106
Allied Bank Limited - Term Loan - 3	16.5	189,000	210,000
		970,162	1,220,385
		1,232,662	1,557,885
From associated undertakings - unsecured			
SIZA Commodities (Private) Limited - 1	16.6	1,000,000	1,000,000
SIZA Commodities (Private) Limited - 2	16.7	100,000	100,000
SIZA (Private) Limited - 1	16.7	625,000	625,000
SIZA Services (Private) Limited	16.7	250,000	250,000
		1,975,000	1,975,000
From Director - unsecured	16.8	-	650,000
		3,207,662	4,182,885
Current portion shown under current liabilities			
Islamic mode		(150,000)	(150,000)
Conventional mode		(542,451)	(521,451)
		(692,451)	(671,451)
		2,515,211	3,511,434

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.

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

The rate of mark up is equal to base rate plus 0.50% (June 30, 2019: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.65% (June 30, 2019: 9.57%) 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.

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

The rate of mark up is equal to base rate plus 0.50% (June 30, 2019: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.65% (June 30, 2019: 9.57%) per annum.

- 16.3 This term finance facility has been obtained from Allied Bank Limited amounting to Rs. 350 million specifically for refurbishment of Gas Turbine Generators. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments commencing from September 2018.

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

The rate of mark up is equal to base rate plus 0.20% (June 30, 2019: 0.20 %). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.58% (June 30, 2019: 9.61%) per annum.

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

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

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

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

The rate of mark up is equal to base rate plus 0.20%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 13.61% (June 30, 2019: 11.19%) per annum.

- 16.6 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company, amounting to Rs. 1,000 million. The loan is repayable in July 2021. The rate of mark up is 0.50% (June 30, 2019: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective mark up rate was 13.91% (June 30, 2019: 9.68%) per annum.

- 16.7 These loans are repayable in July 2021. The rate of mark up is 0.50% over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective mark up rate was 13.91% (June 30, 2019: 10.81%) per annum.

- 16.8 During the period, Director loan was fully repaid and refinanced through a loan obtained from SIZA (Private) Limited, an associated company, which has also been repaid during the period as per terms and conditions of the loan agreement.

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

	December 31, 2019	June 30, 2019 (Audited)
	(Rupees in thousands)	
17. LEASE LIABILITIES		
Lease liabilities	24,542	-
Current portion	(2,482)	-
	<u>22,060</u>	<u>-</u>
Maturity analysis-contractual undiscounted cashflow		
Less than one year	2,482	-
One to five year	22,060	-
More than five year	-	-
Total undiscounted lease liability	<u>24,542</u>	<u>-</u>

17.1 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 14% per annum.

18. TRADE AND OTHER PAYABLES

Creditors	612,469	572,741
Foreign bills payable	559,901	686,757
Accrued liabilities	896,730	826,224
Sales tax payable - net	134,408	57,898
Customers' balances	166,391	53,712
Gratuity payable	116,091	120,637
Workers' Profit Participation Fund	44,898	66,627
Workers' Welfare Fund	62,442	45,381
Provident fund payable	8,271	7,614
Other liabilities	193,314	90,472
	<u>2,794,915</u>	<u>2,528,063</u>

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

19. SHORT TERM BORROWINGS

From banking companies - secured		
Running finances		
Islamic mode	49,161	11,285
Conventional mode	1,614,377	2,537,382
	<u>1,663,538</u>	<u>2,548,667</u>
Import credit finances - conventional mode	981,754	-
Short term loan - Conventional mode	1,869,960	1,698,600
	<u>4,515,252</u>	<u>4,247,267</u>

19.1 The Company has available aggregate short term running finance facilities amounting to Rs. 7,825 million (June 30, 2019: Rs. 6,575 million). Mark up rates are linked with KIBOR from one to three months plus spread ranging from 0.25% to 1.50% per annum (June 30, 2019: from 0.30% to 1.50% per annum).

Notes to the Condensed Interim Financial Information

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

- 19.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs.6,750 million (June 30, 2019: Rs. 3,430 million).
- 19.3 The loan has been obtained from Standard Chartered Bank, - Dubai International Finance Center branch through Standard Chartered Bank (Pakistan) Limited amounting to USD 12.00 million equivalent to fixed amount of Rs. 1,870 million for meeting working capital requirements. The tenor of the loan is six months i.e. from October 22, 2019 to April 21, 2020. The price of loan is six months KIBOR minus 20 bps. As per the terms of agreement, Standard Chartered Bank (Pakistan) Limited has obtained forward cover on behalf of the Company to hedge foreign currency risk. The loan obtained in previous year has been repaid at maturity in October 2019.

December 31,
2019

June 30,
2019
(Audited)

(Rupees in thousands)

20. INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing from Banks

Islamic mode

Conventional mode

4,930	5,387
11,360	12,302
16,290	17,689

From associated undertakings - Conventional mode

93,413	-
109,703	17,689

Short-term borrowings from Banks

Islamic mode

Conventional mode

6,964	1,576
104,991	77,261
111,955	78,837
221,658	96,526

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

a) Guarantees

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

b) Sales tax

- 1) The Additional Commissioner Enforcement-I, Punjab Revenue Authority issued a show cause notice bearing no. PRA/SC/WH/937 on June 07, 2018. The Deputy Commissioner Enforcement vides his order no. A/ST/WH/008 dated November 02, 2018 has determined the liability of Rs.140 million on account of withholding sales tax under Punjab Sales Tax on Services Act 2012 for the period from July 01, 2015 to June 30, 2017. The Company filed an appeal before the Commissioner (Appeals) Punjab Revenue Authority dated December 22, 2018 against the order passed by the Additional Commissioner Enforcement-I.

Subsequent to the period, on January 10, 2020, 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 Rs. 30.021 million. However, the Company is in the process of filing 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 Information

for the period ended December 31, 2019 (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 this condensed interim financial information as the management is of the opinion, based on advice of tax advisor, that the decision is likely to be in the favor of the Company.

c) Gas Infrastructure Development Cess - GIDC

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 455.93 million (2019: Rs. 376.68 million) on account of late payment surcharge on GIDC of Rs. 607.59 million (Note 18.1) payable in respect of Gas infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On the appeal filed by the Company, the Honorable High Court of Sindh by their judgement, suspended the levy and declared the GIDC Act, 2015 as null and void. Subsequent to the judgment, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh.

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

21.2 Commitments

The Company's commitments as at reporting date are as follows:

- Letters of credit other than for capital expenditure at the end of the period amounted to Rs. 1,119.12 million (June 30, 2019: Rs. 1,436.12 million).
- Capital expenditure including letters of credit amounted to Rs. 106.68 million (June 30, 2019: Rs. 177.97 million).

Half year ended		Quarter ended	
December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in thousands)			

22. SALES

Gross Sales

Local sales	14,196,798	12,367,572	7,935,063	6,802,299
Export sales	39,728	-	20,281	-
	<u>14,236,526</u>	<u>12,367,572</u>	<u>7,955,344</u>	<u>6,802,299</u>
Sales tax	(2,059,252)	(1,785,533)	(1,150,465)	(980,843)
	<u>12,177,274</u>	<u>10,582,039</u>	<u>6,804,879</u>	<u>5,821,456</u>

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in thousands)			
23. COST OF SALES				
Materials consumed	6,450,182	6,082,894	3,154,827	3,177,267
Fuel and power	2,015,593	1,711,539	974,396	909,775
Depreciation on property, plant and equipment	514,240	463,506	257,962	231,396
Salaries, wages and other benefits	480,095	422,167	238,705	206,171
Repairs, maintenance and stores consumption	432,163	393,288	234,062	183,005
Packing expenses	271,219	228,721	148,194	114,757
Insurance	44,676	40,727	23,489	21,436
Provision for slow moving stores and spares	3,000	3,000	1,500	1,500
Rent rates and taxes	5,407	7,660	1,482	3,883
Manufacturing cost	10,216,575	9,353,502	5,034,617	4,849,190
Work-in-process				
Opening stock	87,584	58,857	112,448	98,853
Closing stock	(89,537)	(122,439)	(89,537)	(122,439)
	(1,953)	(63,582)	22,911	(23,586)
Cost of goods manufactured	10,214,622	9,289,920	5,057,528	4,825,604
Finished goods				
Opening stock	762,346	748,214	1,199,414	1,017,645
Closing stock	(581,709)	(762,993)	(581,709)	(762,993)
	180,637	(14,779)	617,705	254,652
	10,395,259	9,275,141	5,675,233	5,080,256
24. OTHER INCOME				
Sale of scrap	46,384	28,476	29,772	15,370
Insurance agency commission from associated company	7,200	6,000	3,600	3,000
Net exchange gain / (loss)				
- Conventional mode	2,976	-	(119)	-
Gain on sale of operating fixed assets – net	1,701	2,027	1,116	2,027
Liabilities no longer payable written back	-	5,120	-	-
Others	461	955	358	(533)
	58,722	42,578	34,727	19,864

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in thousands)			
25. FINANCE COST				
Long-term financing - banks				
Islamic mode	20,554	28,235	10,023	14,177
Conventional mode	69,211	57,621	33,940	29,754
	89,765	85,856	43,963	43,931
Long term loan from associated undertakings / Director	182,536	83,799	93,413	52,940
	272,301	169,655	137,376	96,871
Short term borrowings				
Islamic mode	14,522	7,615	(880)	4,969
Conventional mode	297,291	143,253	163,377	81,430
	311,813	150,868	162,497	86,399
Short term loan from associated undertakings / Director	-	4,862	-	4,862
	311,813	155,730	162,497	91,261
Finance charges on leases	1,754	-	1,754	-
Workers' Profit Participation Fund	1,750	899	-	-
Bank charges and commission	4,476	3,311	3,204	2,154
Exchange gain	(4,749)	-	(4,749)	-
	587,345	329,595	300,082	190,286

26. EARNINGS PER SHARE - BASIC AND DILUTED

The basic earnings per share as required under "IAS 33 Earnings per share" is given below:-

Profit for the period	593,567	487,697	453,074	283,923
Less: Dividend attributable to cumulative preference shares	-	(31,584)	-	(11,004)
Profit attributable to ordinary shareholders	593,567	456,113	453,074	272,919
Weighted average number of ordinary shares (in thousands)	147,018	147,018	147,018	147,018
Basic earnings per share (Rupees)	4.04	3.10	3.08	1.86

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

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

		Half year ended	
		December 31, 2019	December 31, 2018
		(Rupees in thousands)	
27. CASH GENERATED FROM OPERATIONS	Note		
Profit before taxation		836,009	648,288
Adjustment for non cash charges and other items:			
Depreciation		534,114	481,984
Amortization of intangible assets		1,507	730
Gain on sale of operating fixed assets - net		(1,701)	(2,027)
Provision for gratuity		24,129	17,137
Provision for slow moving stores and spares		3,000	3,000
Workers' Profit Participation Fund		44,898	34,817
Finance cost		587,345	329,595
Exchange gain		(4,749)	-
Working capital changes	27.1	86,596	(698,407)
		1,275,139	166,829
		2,111,148	815,117
27.1 Changes in working capital			
(Increase) / decrease in current assets			
Stores and spares		(299,616)	(89,965)
Stock-in-trade		420,676	(356,008)
Trade debts		(80,527)	(401,549)
Loans and advances		(28,533)	(29,708)
Trade deposits and short-term prepayments		24,459	26,972
Other receivables		(8,730)	(5,447)
Tax refunds due from Government		-	37,960
		27,729	(817,745)
Increase in current liabilities			
Trade and other payables		58,867	119,338
		86,596	(698,407)

28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors, key management personnel and their spouses. 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, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in thousands)						
Sale of goods, Services and Reimbursement of expenses						
Merit Packaging Limited	Associated company	Common Director	756,590	914,696	467,131	543,443
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	318,572	304,210	154,411	167,742
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	482	320	261	161
Cyber Internet Services (Private) Limited	Associated company	Common Director	1,072	666	614	393

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Half year ended		Quarter ended	
			December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in thousands)						
Purchase of goods, Services and Reimbursement of expenses						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	47,741	42,627	15,110	13,522
Merit Packaging Limited Lakson Business Solutions Limited	Associated company	Common Director	18,288	11,468	10,972	4,881
Hassanali and Gulbanoo Lakhani Foundation	Associated company	Common Director	2,789	2,376	1,389	1,219
Princeton Travels (Private) Limited	Associated undertaking	Trustee	1,704	1,661	800	762
SIZA Services (Private) Limited	Associated company	Common Director	6,337	7,494	2,956	4,217
Cyber Internet Services (Private) Limited	Associated company	Common Director and 22.81% shares held	1,722	1,784	860	892
SIZA (Private) Limited	Associated company	Common Director	2,003	1,819	1,356	483
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director and 27.31% shares held	94	656	94	223
Express Publications (Private) Limited	Associated company	Common Director	214	113	151	48
Sybird (Private) Limited	Related Party	-	259	289	259	-
SIZA Foods (Private) Limited	Associated company	Common Director	1,281	-	1,281	-
	Associated company	Common Director	233	245	56	127
Rent and other allied charges						
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	3,364	3,115	1,715	1,561
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	1,722	1,632	834	706
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	326	305	163	153
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	84	75	42	38
Insurance agency commission						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	7,200	6,000	3,600	3,000
Donation						
The Layton Rahmatulla Benevolent Trust	Related Party	Trustee	500	500	-	500
Mark-up accrued						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	77,134	42,601	39,787	23,899

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Half year ended		Quarter ended	
			December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in thousands)						
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	84,274	10,422	44,583	10,422
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	17,530	4,169	9,042	4,169
Mr. Iqbal Ali Lakhani	Director	Directorship	3,598	26,607	-	14,450
Long term loan obtained						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	-	100,000	-	100,000
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	650,000	625,000	-	625,000
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	-	250,000	-	250,000
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) Limited	Associated company	Common Director and 8.97% shares held	13,189	9,293	13,189	9,293
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	40,150	30,113	40,150	30,113
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	12,500	9,375	12,500	9,375
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	32,615	24,461	32,615	24,461
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	629	-	629	-
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	1,853	-	1,853	-
Directors , CEO & their Spouses	Related Parties	-	127	-	127	-
Dividend on Preference Shares						
Premier Fashions (Private) Limited	Associated company	Common Director and 8.43% shares held	-	7,419	-	7,419

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Half year ended		Quarter ended	
			December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in thousands)						
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	51,847	-	51,847
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	-	8,871	-	8,871
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	-	19,528	-	19,528
Others						
Contribution to Staff Retirement Benefit Plans		Employees Fund	52,273	43,569	27,286	22,540
Remuneration and other benefits		Key Management Personnel	119,297	98,133	55,407	42,926
			Half year ended			
			December 31, 2019		June 30, 2019	
					(Audited)	
(Rupees in thousands)						

28.1 Period / year end balances

Receivable from related parties	537,831	610,699
Payable to related parties	56,138	95,247
Payable to retirement benefit plan	124,362	128,251
Markup accrued – Long term finance from associated companies	93,413	-
Long-term financing from associated undertaking / Director	1,975,000	2,625,000

29. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2019.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

Notes to the Condensed Interim Financial Information

for the period ended December 31, 2019 (Un-audited)

Transfers during the period

During the period ended December 31, 2019, there were no transfers between level 1 and level 2 fair value measurement and into or out of Level 3 fair value measurements.

31. NUMBER OF EMPLOYEES

The number of employees as at period ended December 31, 2019 was 1,646 (June 30, 2019: 1,652) and average number of employees during the period was 1,653 (June 30, 2019: 1,652).

32. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on January 28, 2020 by the Board of Directors of the Company.

33. CORRESPONDING FIGURES

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

34. GENERAL

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

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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
Website: www.centurypaper.com.pk