



Century Paper & Board Mills Limited



**Half Yearly Report December 2021**

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## Corporate Information

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### Board of Directors

Iqbal Ali Lakhani	- Chairman
Amin Mohammed Lakhani	
Babar Ali Lakhani	
Anushka Lakhani	
Asif Qadir	
Ali Aamir	
Aftab Ahmad	- Chief Executive Officer

### Advisor

Sultan Ali Lakhani

### Audit Committee

Ali Aamir	- Chairman
Amin Mohammed Lakhani	
Babar Ali Lakhani	

### Human Resource & Remuneration Committee

Asif Qadir	- Chairman
Amin Mohammed Lakhani	
Anushka Lakhani	
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

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On behalf of the Board of Directors we are pleased to present the performance review of your Company together with the un-audited financial statements for the period ended December 31, 2021.

### Operations and Sales Review

The Company produced 127,073 metric tons during the period under review (July - December 2021) as compared to 125,596 metric tons for the corresponding period of last year.

The Company sold 121,524 metric tons during the period under review (July - December 2021) as compared to 112,952 metric tons for the corresponding period of last year.

In terms of value, the net sales of the Company for the period under review (July - December 2021) recorded at Rs. 17,915 million as compared to Rs. 13,462 million for the corresponding period of last year.

### Financial Performance

The Company posted a gross profit of Rs. 2,297 million for the period under review (July - December 2021) as compared to Rs. 2,815 million for the corresponding period of last year. Gross profit margin for the period under review declined owing to elevated raw material and fuel prices coupled with upward movement of exchange rate resulting in significant increase in cost of production which could only be recouped partially through necessary adjustments in selling prices in line with market conditions.

The net operating profit for the period under review (July - December 2021) was recorded at Rs. 1,791 million as compared to Rs. 2,357 million for the corresponding period of last year.

Finance cost for the period under review (July - December 2021) of Rs. 259 million is slightly higher as compared to Rs. 229 million for the corresponding period of last year. Policy rate hikes especially in the second quarter coupled with increased working capital requirement pushed the finance cost higher, even though finances availed under concessionary financing schemes of SBP have subsided the impact to an extent.

After taking into account financial charges, profit before tax for the period was Rs. 1,532 million as compared to Rs. 2,128 million in the corresponding period of last year.

Accordingly, net profit for the period under review was Rs. 1,083 million as compared to Rs. 1,511 million for the corresponding period of last year.

### Earnings per Share

The basic earnings per share is reported at Rs. 5.34 as compared to Rs. 7.45 for the corresponding period of last year.

During the period, share capital stood increased to 202,885,316 shares after issuance of 26,463,302 bonus shares being the 15% bonus issue declared by the Board of Directors for the year ended June 30, 2021. Thus the weighted average number of shares for the current and corresponding periods includes the impact of bonus shares for calculation of EPS as per requirement of International Financial Reporting Standards.

## Directors' Review

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

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

Your Company has availed SBP's Temporary Economic Refinance (TERF) loan facility from different banks for up-gradation of Paper & Board Machines, Cogeneration Plants and auxiliaries relating thereto. As on the balance sheet date, the Company has utilized the major chunk of the financing by retiring letters of credit established under the facility. Your Company aims to finish work on most of the projects by the end of this year. Moreover, your Company has collaborated with foreign consultants to use their artificial intelligence tools for quicker and precise analysis of data in order to improve machine operations to yield better productivity.

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

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

### **Near Term Outlook**

Management is confident that promising growth in demand for the paper & paperboard products coupled with enhanced production capacities will enable the Company to maximize the sales volumes and improve the market share despite the growing domestic competition. On the flip side, soaring key input costs in the wake of higher global commodity prices, devaluing local currency and rising indigenous inflation are mounting pressure on margins.

A well thought pricing strategy is in place to recover the cost escalations in line with market conditions and prices are being adjusted to achieve better profit margins during the second half of the year in the prevailing scenario of significant cost upsurge.

### **Acknowledgments**

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

On behalf of the Board of Directors

  
**IQBAL ALI LAKHANI**  
Chairman

  
**AFTAB AHMAD**  
Chief Executive Officer

Karachi: January 31, 2022



HALF YEARLY REPORT DECEMBER 2021



## ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2021ء کو ختم ہونے والی مدت کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

### کاروباری کارکردگی اور سیلز کا جائزہ

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2021) کے دوران 127,073 میٹرک ٹن کی پیداواری، جو کہ گذشتہ سال کی اسی مدت میں 125,596 میٹرک ٹن تھی۔ کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2021) میں 121,524 میٹرک ٹن کی فروخت کی، جو کہ گذشتہ سال کی اسی مدت میں 112,952 میٹرک ٹن تھی۔ قدر کے اعتبار سے زیر جائزہ مدت (جولائی تا دسمبر 2021) میں سیلز ویلیو 17,915 ملین روپے درج کی گئی، جو کہ گذشتہ سال اسی مدت میں 13,462 ملین روپے تھی۔

### مالیاتی کارکردگی

زیر جائزہ مدت (جولائی تا دسمبر 2021) میں کمپنی نے 2,297 ملین روپے کا مجموعی منافع کمایا جو گذشتہ سال اسی مدت میں 2,815 ملین روپے تھا۔ مجموعی منافع میں کمی کی وجہ خام مال کی قیمتوں اور ایندھن کی لاگت میں غیر معمولی اضافہ کے ساتھ ساتھ زرمبادلہ کی شرح میں تبدیلی بھی ہے۔ مارکیٹ کے حالات کو مد نظر رکھتے ہوئے قیمتوں میں رد و بدل سے بڑھتی ہوئی لاگت کے منفی اثرات کو کم کیا گیا۔

زیر جائزہ مدت (جولائی تا دسمبر 2021) میں خالص آپریٹنگ منافع 1,791 ملین روپے ریکارڈ کیا گیا جو گذشتہ سال اسی مدت میں 2,357 ملین روپے تھا۔

زیر جائزہ مدت (جولائی تا دسمبر 2021) میں مالیاتی اخراجات نمایاں طور پر بڑھ کر 259 ملین روپے تک ہو گئے جو گذشتہ سال اسی مدت میں 229 ملین روپے تھے۔ زیر جائزہ مدت کی دوسری سہ ماہی میں شرح سود میں اضافہ اور بڑھتی ہوئی مالیاتی ضروریات ان اخراجات میں اضافہ کا باعث بنیں تاہم اسٹیٹ بینک آف پاکستان کی اسکیم کے تحت حاصل کردہ سستے قرضوں کا مالیاتی اخراجات پر مثبت اثر برقرار رہا۔ مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی تا دسمبر 2021) میں قبل از ٹیکس منافع 1,532 ملین روپے رہا جو گذشتہ سال اسی مدت میں 2,128 ملین روپے تھا۔

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2021) میں 1,083 ملین روپے کا بعد از ٹیکس خالص منافع کمایا جو گذشتہ سال اسی مدت میں 1,511 ملین روپے تھا۔

### فی شیئر آمدنی

زیر جائزہ مدت (جولائی تا دسمبر 2021) میں فی شیئر آمدنی 5.34 روپے رپورٹ کی گئی جو کہ گذشتہ سال اسی مدت میں 7.45 روپے تھی۔ زیر جائزہ مدت کے دوران بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2021 کے لئے اعلان کردہ 15% بونس شیئرز (26,463,302) کے اجراء کے بعد مجموعی شیئرز 176,422,014 سے بڑھ کر 202,885,316 ہو گئے۔ موجودہ اور گذشتہ فی شیئر آمدنی کے تعین کے لئے اوسط عمومی شیئرز میں بونس شیئرز کو بین الاقوامی فنانشل رپوٹنگ اصولوں کے تحت شامل کیا گیا ہے۔ زیر جائزہ مدت اور گذشتہ سال کی اسی مدت کے لیے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آثار نہیں ہیں۔

## ڈائریکٹر کا جائزہ

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

اسٹیٹ بینک آف پاکستان کی عارضی معاشی قرض کی سہولت (Temporary Economic Refinance Facility) سے فائدہ اٹھاتے ہوئے کمپنی پیپر اور بورڈ مشینوں، کو جزیشن اور معاون پلانٹر کی پیداواری سہولیات میں مزید اضافہ کر رہی ہے۔

کمپنی اس سہولت کے تحت کھولی گئی ایل سیز (LCs) کی ریٹائرمنٹ کے لئے تقریباً رقم استعمال کر چکی ہے۔ کمپنی بیشتر منصوبوں کو اس سال کے اختتام تک پایہ تکمیل تک پہنچانے کا عزم رکھتی ہے۔ مزید برآں، کمپنی نے غیر ملکی کنسلٹنٹ کے تعاون سے مصنوعی ذہانت (Artificial Intelligence) کو بروئے کار لاتے ہوئے اعداد و شمار کے درست اور بروقت تجزیے کے ذریعے مشینوں کے بھرپور اور بہتر استعمال پر خاص توجہ مرکوز کئے ہوئے ہے۔

### کاروباری سماجی ذمہ داری

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

### قریب مدتی منظر نامہ

کمپنی کی مینجمنٹ پر اعتماد ہے کہ بڑھتی ہوئی مقامی مسابقت کے باوجود پیپر اور پیپر بورڈ مصنوعات کی بڑھتی ہوئی طلب اور پیداواری صلاحیتوں میں بڑھوتری کی وجہ سے فروخت کے حجم اور مارکیٹ شیئر میں بہتری کا امکان ہے۔ جبکہ دوسری جانب بڑھتی ہوئی عالمی قیمتوں کے زیر اثر پیداواری لاگت میں اضافے، مقامی کرنسی کی تنزلی اور افراط زر میں اضافہ کی وجہ سے مصنوعات کے منافع پر دباؤ برقرار رہے گا۔ مارکیٹ کی صورتحال کے مطابق قیمتوں میں مناسب رد و بدل کی حکمت عملی وضع کی گئی ہے تاکہ بڑھتی ہوئی لاگت کے منفی اثرات کو کم کر کے زیر جائزہ سال کی آنے والی سہ ماہی میں بہتر منافع کا حصول ممکن بنایا جاسکے۔

### اظہار تشکر

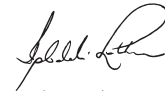
آپ کے ڈائریکٹر کمپنی کے عملے اور ملازمین کی محنت اور پُر خلوص کارکردگی کا اعتراف کرتے ہیں۔ وہ مسلسل سرپرستی اور وابستگی پر اپنے سپارٹرز، کسٹمرز اور بینکوں کو بھی خراج تحسین پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



آفتاب احمد

چیف ایگزیکٹو آفیسر



اقبال علی لاکھانی

چیرمین

کراچی: 31 جنوری، 2022



# Independent Auditor's Report on Review of

## Condensed Interim Financial Statements to the Members

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **CENTURY PAPER & BOARD MILLS LIMITED** ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial statements. Our responsibility is to express a conclusion on this interim financial statements based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended December 31, 2021 and December 31, 2020 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:  
Karachi: January 31, 2022

  
**BDO EBRAHIM & CO.,**  
Chartered Accountants  
Engagement Partner: Qasim E. Causer



# Condensed Interim Statement of Financial Position


as at December 31, 2021 (Un-audited)

		December 31, 2021	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	7	8,343,619	8,702,205
Capital work in progress	8	2,528,490	1,244,059
		10,872,109	9,946,264
Intangible assets		8,495	9,046
Long-term advances	9	24,217	1,841
Long-term deposits		8,291	7,291
		10,913,112	9,964,442
<b>CURRENT ASSETS</b>			
Stores and spares	10	2,598,420	2,208,603
Stock-in-trade	11	6,875,011	5,188,539
Trade debts		3,842,172	3,259,021
Advances	12	106,236	177,642
Trade deposits and short-term prepayments	13	72,120	14,150
Other receivables		6,533	5,664
Tax refunds due from Government	14	195,468	96,991
Taxation - net		421,694	-
Cash and bank balances	15	403,376	492,503
		14,521,030	11,443,113
<b>TOTAL ASSETS</b>		<b>25,434,142</b>	<b>21,407,555</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
410,000,000 (June 30, 2021: 410,000,000)			
shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
202,885,316 (June 30, 2021: 176,422,014)			
ordinary shares of Rs. 10 each		2,028,854	1,764,221
Reserves		9,111,568	8,557,694
		11,140,422	10,321,915
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing	16	2,554,499	2,749,025
Lease liabilities	17	43,106	48,251
Deferred taxation		1,234,673	1,094,964
Deferred capital grant	18	-	2,651
GIDC payable		-	38,494
		3,832,278	3,933,385
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	3,512,377	4,022,723
Short-term borrowings	20	6,471,236	2,178,244
Interest and mark-up accrued	21	99,516	33,221
Taxation - net		-	386,732
Unclaimed dividend		1,506	1,607
Dividend payable		472	-
Current portion of long-term lease liabilities		9,830	8,723
Current portion of deferred capital grant	18	8,860	16,057
Current portion of long-term financing	16	357,645	504,948
		10,461,442	7,152,255
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,434,142</b>	<b>21,407,555</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

  
IQBAL ALI LAKHANI  
Chairman

  
AFTAB AHMAD  
Chief Executive Officer

  
MUHAMMAD RASHID DASTAGIR  
Chief Financial Officer



## Condensed Interim Statement of Profit or Loss

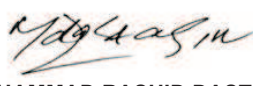
for the period ended December 31, 2021 (Un-audited)

		Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Note	(Rupees in thousands)			
Turnover - net	23	17,915,302	13,462,258	9,372,762	7,018,252
Cost of sales	24	(15,618,204)	(10,647,684)	(8,351,132)	(5,497,917)
Gross profit		2,297,098	2,814,574	1,021,630	1,520,335
General and administrative expenses		(333,665)	(288,626)	(167,854)	(137,923)
Selling expenses		(37,843)	(35,576)	(19,116)	(17,848)
Distribution expenses		(71,716)	(62,736)	(34,258)	(30,613)
Other operating charges					
Workers' Profit Participation Fund		(82,275)	(114,309)	(34,250)	(64,094)
Workers' Welfare Fund		(31,265)	(43,437)	(13,016)	(24,355)
Others		(16,151)	(16,155)	(6,320)	(9,050)
		(129,691)	(173,901)	(53,586)	(97,499)
Other income	25	66,822	103,507	35,419	60,090
Operating profit		1,791,005	2,357,242	782,235	1,296,542
Finance cost	26	(259,055)	(228,801)	(144,513)	(103,111)
Profit before taxation		1,531,950	2,128,441	637,722	1,193,431
Taxation					
Current		(304,560)	(403,868)	(159,337)	(210,548)
Prior year		(4,541)	-	-	-
Deferred		(139,709)	(213,378)	(25,607)	(135,547)
		(448,810)	(617,246)	(184,944)	(346,095)
Profit for the period		1,083,140	1,511,195	452,778	847,336
Earnings per share					
- basic and diluted (Rupees)	27	5.34	7.45	2.23	4.18

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

  
**IQBAL ALI LAKHANI**  
 Chairman

  
**AFTAB AHMAD**  
 Chief Executive Officer

  
**MUHAMMAD RASHID DASTAGIR**  
 Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income

for the period ended December 31, 2021 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees in thousands)				
Profit for the period	1,083,140	1,511,195	452,778	847,336
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,083,140</u>	<u>1,511,195</u>	<u>452,778</u>	<u>847,336</u>

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

  
**IQBAL ALI LAKHANI**  
Chairman

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

# Condensed Interim Statement of Cash Flows


for the period ended December 31, 2021 (Un-audited)

		Half year ended	
		December 31, 2021	December 31, 2020
Note		(Rupees in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	28	(485,813)	2,300,084
Finance cost paid		(192,760)	(219,783)
Taxes paid		(1,117,527)	(239,617)
Gratuity paid		(28,403)	(25,898)
Workers' Profit Participation Fund paid		(230,407)	(115,775)
Long-term advances		(22,376)	(32,258)
Long-term deposits		(1,000)	(2,126)
GIDC payable		(38,494)	(153,737)
<b>Net cash (used in) / generated from operating activities</b>		<b>(2,116,780)</b>	<b>1,510,890</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,647,715)	(343,068)
Proceeds from sale of property, plant and equipment		2,251	8,459
Proceeds from insurance claim of operating assets		-	31,720
<b>Net cash used in investing activities</b>		<b>(1,645,465)</b>	<b>(302,889)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term financing from associated companies		(1,125,000)	-
Proceeds from long-term financing from banking companies		1,100,545	370,915
Repayment of long-term financing from banking companies		(327,220)	(377,151)
Principle paid on lease Liability		(4,038)	(2,555)
Dividend paid on ordinary shares		(264,161)	(220,151)
<b>Net cash used in financing activities</b>		<b>(619,874)</b>	<b>(228,942)</b>
Net (decrease) / increase in cash and cash equivalents		(4,382,119)	979,059
Cash and cash equivalents at the beginning of the period		(1,685,741)	(3,379,606)
<b>Cash and cash equivalents at the end of the period</b>		<b>(6,067,860)</b>	<b>(2,400,547)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	15	403,376	486,661
Short-term borrowings	20	(6,471,236)	(2,887,208)
		<b>(6,067,860)</b>	<b>(2,400,547)</b>

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

  
**IQBAL ALI LAKHANI**  
Chairman

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED



## for the period ended December 31, 2021 (Un-audited)

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.

**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

# Notes to the Condensed Interim Financial Statements

*for the period ended December 31, 2021 (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 mills (plant) of the Company is located at 62 KM, Lahore-Multan Highway, N-5, District Kasure, Pakistan, and a regional office of the Company is located at 14-Ali Block, New Garden Town, Lahore, Pakistan.

## **3. BASIS OF PREPARATION**

### **3.1 Statement of compliance**

These condensed interim financial statements are 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.

These condensed interim financial statements of the Company for the half year ended December 31, 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2021 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 these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2021, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2020.

### **3.2 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.

### **3.3 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.



# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

## 4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

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, 2021.

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2021, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

## 5. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2021.

## 6. TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2021, have been made using the best estimated effective tax rate applicable to expected total annual earnings. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes. The applicable income tax rate for the Tax Year 2022 is 29%.

		December 31, 2021	June 30, 2021 (Audited)
<b>7. OPERATING FIXED ASSETS</b>	<b>Note</b>	(Rupees in thousands)	
Fixed Assets	7.1	<b>8,298,775</b>	8,651,733
Right-of-use assets	7.2	<b>44,844</b>	50,472
		<b>8,343,619</b>	8,702,205
<b>7.1 Fixed Assets</b>			
Opening net book value (NBV)		<b>8,651,733</b>	9,141,008
Additions during the period / year at cost	7.1.1	<b>176,515</b>	636,890
		<b>8,828,248</b>	9,777,898
Disposals during the period / year at NBV	7.1.4	<b>(732)</b>	(27,433)
Depreciation charge for the period / year		<b>(528,741)</b>	(1,098,732)
		<b>(529,473)</b>	(1,126,165)
Closing net book value (NBV)		<b>8,298,775</b>	8,651,733

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

	December 31, 2021	June 30, 2021 (Audited)
<b>Note</b>	(Rupees in thousands)	
7.1.1 Detail of additions (at cost) during the period / year are as follows:		
Freehold land	-	1,040
Buildings on freehold land	-	32,883
Plant and machinery	135,420	489,260
Furniture and fixtures	931	6,057
Vehicles	14,139	79,332
Electrical and other equipments	1,022	14,136
Computers	25,003	14,182
	<u>176,515</u>	<u>636,890</u>
7.1.2 This includes transfers from capital work in progress amounting to Rs. 126.32 million (June 30, 2021: Rs. 494.97 million).		
7.1.3 The free hold land is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur and area of land is 158.5 acres.		
7.1.4 Detail of disposals (at NBV) during the period / year are as follows:		
Buildings on freehold land	-	9,536
Vehicles	732	17,897
	<u>732</u>	<u>27,433</u>
<b>7.2 Right-of-use assets</b>		
Opening net book value (NBV)	50,472	20,787
Additions during the period / year	-	39,838
	<u>50,472</u>	<u>60,625</u>
Depreciation charge for the period / year	(5,628)	(10,153)
	<u>44,844</u>	<u>50,472</u>
<b>8. CAPITAL WORK IN PROGRESS</b>		
This comprises of:		
Building	35,782	13,695
Plant and machinery	2,492,708	1,230,364
	<u>2,528,490</u>	<u>1,244,059</u>
<b>8.1 Movement of carrying amount is as follows:</b>		
Opening balance	1,244,059	128,397
Additions (at cost) during the period / year	8.1.1 1,410,755	1,610,638
	<u>2,654,814</u>	<u>1,739,035</u>
Transfer to operating fixed assets during the period / year	(126,324)	(494,976)
Closing balance	<u>2,528,490</u>	<u>1,244,059</u>

8.1.1 This includes advance to supplier amounting to Rs. 102.16 million (June 30, 2021: Rs. 22.43 million).

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

		December 31, 2021	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
<b>9. LONG-TERM ADVANCES</b>			
(Unsecured - considered good)			
Long-term advances to suppliers	9.1	<u>24,217</u>	<u>1,841</u>
9.1 This represents advances to suppliers against purchases of vehicles in the normal course of business which does not carry any interest / mark-up.			
<b>10. STORES AND SPARES</b>			
In hand			
Stores		1,069,063	919,893
Spares		647,222	555,525
Fuel		<u>562,947</u>	<u>239,461</u>
		<u>2,279,232</u>	<u>1,714,879</u>
In transit			
Spares		101,780	58,669
Coal		<u>279,218</u>	<u>493,865</u>
		<u>380,998</u>	<u>552,534</u>
Provision for slow moving stores and spares		<u>(61,810)</u>	<u>(58,810)</u>
		<u>2,598,420</u>	<u>2,208,603</u>
<b>11. STOCK-IN-TRADE</b>			
Raw materials			
in hand		4,255,546	2,653,483
in transit		<u>1,615,780</u>	<u>1,484,035</u>
		<u>5,871,326</u>	<u>4,137,518</u>
Work-in-process		165,214	127,238
Finished goods		<u>838,471</u>	<u>923,783</u>
		<u>6,875,011</u>	<u>5,188,539</u>
<b>12. ADVANCES</b>			
Advances			
to employees		499	1,205
to suppliers		<u>105,737</u>	<u>176,437</u>
	12.1	<u>106,236</u>	<u>177,642</u>
12.1 This represents advances in the normal course of the business and do not carry any interest / mark-up.			
<b>13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Trade deposits	13.1	4,895	3,271
Prepayments		<u>67,225</u>	<u>10,879</u>
		<u>72,120</u>	<u>14,150</u>
13.1 This represents short term deposits in the normal course of the business and do not carry any interest / mark-up.			

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

		December 31, 2021	June 30, 2021 (Audited)
		(Rupees in thousands)	
<b>14. TAX REFUNDS DUE FROM GOVERNMENT</b>	<b>Note</b>		
Income tax - net	14.1	80,928	80,928
Sales tax	14.2	114,540	16,063
		<u>195,468</u>	<u>96,991</u>
14.1 There has been no significant change in the status as set out in note 16 to the annual financial statements of the Company for the year ended June 30, 2021.			
14.2 This includes net claimable input sales tax amounting to Rs. 98.47 million.			
<b>15. CASH AND BANK BALANCES</b>			
Cash at bank in current account			
Conventional mode		106,019	195,739
Cheques in hand		294,241	293,252
Cash in hand		3,116	3,512
		<u>403,376</u>	<u>492,503</u>
<b>16. LONG TERM FINANCING</b>			
From banking companies			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Faysal Bank Limited - Musharaka - 1	16.1	368,856	185,794
Bank Islami Pakistan Limited	16.1	122,007	88,457
Meezan Bank Limited - Musharaka - 2	16.2	-	37,500
		<u>490,863</u>	<u>311,751</u>
Conventional mode			
Syndicated - Consortium of Banks - 1	16.3	1,404,572	778,792
Habib Metropolitan Bank Limited	16.3	156,939	46,077
JS Bank	16.3	147,290	-
Allied Bank Limited - Term Loan - 1	16.4	200,565	295,430
Allied Bank Limited - Term Loan - 2	16.5	173,665	194,773
Allied Bank Limited - Term Loan - 3	16.6	138,250	227,150
Syndicated - Consortium of Banks - 2	16.7	-	75,000
		<u>2,221,281</u>	<u>1,617,222</u>
		<u>2,712,144</u>	<u>1,928,973</u>
From associated undertakings - unsecured			
SIZA Commodities (Private) Limited - 1	16.8	100,000	550,000
SIZA Commodities (Private) Limited - 2	16.8	100,000	100,000
SIZA (Private) Limited	16.8	-	425,000
SIZA Services (Private) Limited	16.8	-	250,000
		<u>200,000</u>	<u>1,325,000</u>
		<u>2,912,144</u>	<u>3,253,973</u>
Current portion:			
Islamic mode		-	(37,500)
Conventional mode		(357,645)	(467,448)
		<u>(357,645)</u>	<u>(504,948)</u>
		<u>2,554,499</u>	<u>2,749,025</u>

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

Note	Borrowed Rs. in Million	Purpose	Rate of Mark-up	Tenor	Repayment Installments
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### 16.1 Islamic Temporary Economic Refinance Facility (ITERF) Schemes of the State Bank of Pakistan

500	Balancing, Modernization and	2.20%	7 Years	20 Quarterly
250	Replacement (BMR) of plant and machinery	3.05%	10 Years	32 Quarterly

The finance facility is secured by way of mortgage of immovable properties and/or First Pari Passu Hypothecation Charge over the Fixed Assets of the Company along with 25% Margin.

16.2 This finance facility has been fully repaid during the period at its maturity dates.

### 16.3 Temporary Economic Refinance Facility (TERF) Scheme of the State Bank of Pakistan

1500	Balancing, Modernization and	2.20%	7 Years	20 Quarterly
200	Replacement (BMR) of plant and	4.50%	10 Years	32 Quarterly
400	machinery	5%	10 Years	32 Quarterly

The finance facility is secured by way of mortgage of immovable properties and/or First Pari Passu Hypothecation Charge over the Fixed Assets of the Company along with 25% Margin.

### 16.4 Under Refinance Scheme of the State Bank of Pakistan for payment of salaries and wages

435	For paying salaries and wages	0.75% & 1.50%	2-1/2 Year	8 Quarterly
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This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin.

### 16.5 Renewable energy finance facility of the State Bank of Pakistan

400	Solar Grid Panels	2.75% to 4.50%	7 Years	28 Quarterly
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This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin.

### 16.6 Term Loan

500	Gas Trubine Generators	3 months KIBOR + 0.20%	3 Years	10 Quarterly
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This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin.

16.7 This finance facility has been fully repaid during the period at its maturity dates.

### 16.8 From Associated Undertakings - Unsecured

Purpose	Rate of Mark-up	Repayment
For working capital requirements	3 months KIBOR + 0.50%	Repayable in July 2023

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

		December 31, 2021	June 30, 2021 (Audited)
	Note	(Rupees in thousands)	
<b>17. LEASE LIABILITIES</b>			
Lease liabilities	17.1	52,936	56,974
Current portion		(9,830)	(8,723)
	17.2	<u>43,106</u>	<u>48,251</u>
<b>17.1 Maturity analysis of contractual cashflow:</b>			
Less than one year		9,830	8,723
One to five year		<u>43,106</u>	<u>48,251</u>
Net present value		<u>52,936</u>	<u>56,974</u>
17.2 The rate of return used as the discounting factor is 14% and 9% (June 2021: 14% and 9%) per annum.			
<b>18. DEFERRED CAPITAL GRANT</b>			
Capital grant	18.1	8,860	18,708
Current portion shown under current liability		<u>(8,860)</u>	<u>(16,057)</u>
		<u>-</u>	<u>2,651</u>
18.1 Following is the movement in government grant during the period / year:			
Opening balance		18,708	18,989
Addition during the period / year		-	16,828
Amortized during the period / year		<u>(9,848)</u>	<u>(17,109)</u>
Closing balance		<u>8,860</u>	<u>18,708</u>
This represents government grant recognized on long term financing facility obtained under SBP Refinance Scheme for payment of wages and salaries to workers and employees.			
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors	19.1	979,148	831,810
Foreign bills payable		957,787	1,316,108
Accrued liabilities	19.2	943,069	1,093,862
Sales tax payable - net		-	64,003
Customers' balances		151,192	57,159
Gratuity payable		64,956	70,676
Workers' Profit Participation Fund		80,925	229,057
Workers' Welfare Fund		99,916	159,275
Provident fund payable		10,509	9,157
Other liabilities		224,875	191,616
		<u>3,512,377</u>	<u>4,022,723</u>
19.1 The aggregate amount of the outstanding balance from associated undertakings is Rs. 72.84 million (June 30, 2021: Rs. 6.21 million).			



# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

19.2 This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. Accordingly, the Company is paying GIDC installments as per monthly billing by Sui Northern Gas Pipeline Limited (SNGPL). The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

	December 31, 2021	June 30, 2021 (Audited)
Note	(Rupees in thousands)	
<b>20. SHORT TERM BORROWINGS</b>		
From banking companies - secured		
Running finances		
Islamic mode	502,109	255,652
Conventional mode	5,969,127	1,922,592
20.1	<b>6,471,236</b>	<b>2,178,244</b>

20.1 The Company has available aggregate short term running finance facilities amounting to Rs. 11,950 million. Markup rates are linked with KIBOR from one to three months plus spread ranging from 0.05% to 1.50% (June 30, 2021: from 0.05% to 1.50%) per annum. The effective borrowing cost was 7.93% (2021 : 7.52%).

20.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs.7,130 million (June 30, 2021: Rs. 7,130 million).

## 21. INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing from Banks

    Islamic mode

    Conventional mode

5,470	1,581
19,291	14,284
<b>24,761</b>	<b>15,865</b>

Short-term borrowings from Banks

    Islamic mode

    Conventional mode

7,795	3,199
66,960	14,157
<b>74,755</b>	<b>17,356</b>
<b>99,516</b>	<b>33,221</b>

## 22. CONTINGENCIES AND COMMITMENTS

### 22.1 Contingencies

#### a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 941 million (June 30, 2021: Rs. 841 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 400 million (June 30, 2021: Rs. 300 million) furnished to Excise and Taxation Department.

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

## b) Sales tax

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

The Company received order No. PRA 328/2018 dated November 06, 2019 from the Commissioner (Appeal), Punjab Revenue Authority in which determined liability has been reduced to Rs. 30.021 million. However, the Company has filed an appeal before the Appellate Tribunal, Punjab Revenue Authority against the order passed by Commissioner (Appeal) with the plea that this order was passed adversely without comprehensive concluding the evidence and explanation provided by the Company. The management is of the opinion, based on the advice of legal adviser that the decision is likely to be in the favor of the Company.

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

## 22.2 Commitments

The Company's commitments as at statement of financial position date are as follows:

- Letters of credit other than for capital expenditure at the end of the period amounted to Rs. 2,776.17 million (June 30, 2021: Rs. 2,965.22 million).
- Capital expenditure including letters of credit amounted to Rs. 695.66 million (June 30, 2021: Rs. 1,503.77 million).

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousands)			
<b>23. TURNOVER</b>				
Local turnover	20,941,073	15,641,516	10,953,010	8,137,494
Export turnover	-	88,309	-	58,475
	20,941,073	15,729,825	10,953,010	8,195,969
Sales tax	(3,025,771)	(2,267,567)	(1,580,248)	(1,177,717)
Net turnover	17,915,302	13,462,258	9,372,762	7,018,252

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousands)			
<b>24. COST OF SALES</b>				
Materials consumed	10,270,381	7,261,568	5,150,538	3,838,180
Fuel and power	3,240,433	1,841,494	1,733,505	926,555
Depreciation on property, plant and equipment	505,160	547,595	249,382	270,158
Salaries, wages and other benefits	566,530	512,405	282,631	253,588
Stores and spare consumption	420,833	443,708	195,018	201,384
Repairs and maintenance	88,404	66,906	46,344	34,545
Packing expenses	427,787	302,193	222,981	156,483
Insurance	46,263	42,889	23,864	21,328
Provision for slow moving stores and spares	3,000	3,000	1,500	1,500
Rent rates and taxes	2,077	3,529	1,062	698
Manufacturing cost	15,570,868	11,025,287	7,906,825	5,704,419
Work-in-process				
Opening stock	127,238	103,498	156,840	103,430
Closing stock	(165,214)	(127,627)	(165,214)	(127,627)
	(37,976)	(24,129)	(8,374)	(24,197)
Cost of goods manufactured	15,532,892	11,001,158	7,898,451	5,680,222
Finished goods				
Opening stock	923,783	463,197	1,291,152	634,366
Closing stock	(838,471)	(816,671)	(838,471)	(816,671)
	85,312	(353,474)	452,681	(182,305)
	15,618,204	10,647,684	8,351,132	5,497,917
<b>25. OTHER INCOME</b>				
Sale of scrap	51,465	48,957	27,881	29,587
Gain on sale of operating fixed assets – net	1,519	3,671	1,519	2,600
Gain on insurance claim operating fixed assets	-	22,184	-	-
Government grants	9,848	4,183	4,481	3,391
Gain on extinguishment of original GIDC liability	-	24,512	-	24,512
Others	3,990	-	1,538	-
	66,822	103,507	35,419	60,090

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

Note	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in thousands)			
<b>26. FINANCE COST</b>				
Long-term financing - banks				
Islamic mode	1,534	6,032	1,183	2,537
Conventional mode	24,374	37,940	10,385	18,570
	25,908	43,972	11,568	21,107
Long term loan from associated undertakings	33,746	59,618	8,938	29,790
	59,654	103,590	20,506	50,897
Short term borrowings				
Islamic mode	12,175	897	7,796	(4,218)
Conventional mode	169,737	115,352	106,924	51,464
	181,912	116,249	114,720	47,246
Workers' Profit Participation Fund	616	1,922	-	-
Bank charges and commission	5,141	4,104	4,010	2,920
Finance charges on Leases	3,139	2,936	1,541	2,048
Finance charges on GIDC	8,593	-	3,736	-
	259,055	228,801	144,513	103,111

## 27. EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit for the period	1,083,140	1,511,195	452,778	847,336
Weighted average number of ordinary shares (in thousands)	202,885	202,885	202,885	202,885
Basic earnings per share (Rupees)	27.1 5.34	7.45	2.23	4.18

27.1 There is no dilutive effect on the basic earnings per shares of the Company. The corresponding period figures are also restated to include the impact of 26,463,302 bonus shares as per requirements of International Accounting Standard.

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

		Half year ended	
		December 31, 2021	December 31, 2020
Note		(Rupees in thousands)	
<b>28. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		<b>1,531,950</b>	2,128,441
Adjustment for non cash charges and other items:			
Depreciation on property, plant and equipment		<b>534,372</b>	569,270
Amortization of intangible assets		<b>1,726</b>	1,752
Gain on disposal of operating fixed assets		<b>(1,519)</b>	(3,671)
Gain on insurance claim of operating fixed assets		-	(22,184)
Provision for gratuity		<b>22,683</b>	20,231
Provision for slow moving stores and spares		<b>3,000</b>	3,000
Workers' Profit Participation Fund		<b>82,275</b>	114,309
Finance cost		<b>259,055</b>	228,801
Gain on extinguishment of Original GIDC Liability		-	(24,512)
Working capital changes	28.1	<b>(2,919,355)</b>	(715,353)
		<b>(2,017,763)</b>	171,643
		<b>(485,813)</b>	2,300,084

## 28.1 Changes in working capital

(Increase) / decrease in current assets			
Stores and spares		(392,817)	(263,610)
Stock-in-trade		(1,686,472)	(585,385)
Trade debts		(583,151)	(19,853)
Advances		71,406	31,432
Trade deposits and short-term prepayments		(57,970)	28,495
Other receivables		(869)	20,245
Tax Refunds due from Government		(98,477)	-
		(2,748,350)	(788,676)
Increase / (decrease) in current liabilities			
Trade and other payables		(171,005)	73,323
		(2,919,355)	(715,353)

## 29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Nature of transaction	Nature of Relation	Basis of Relation	Half year ended		Quarter ended	
			December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees in thousands)						
Sale of goods, Services and Reimbursement of expenses						
Merit Packaging Limited	Associated company	Common Director	1,065,627	751,116	662,629	373,491
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	530,885	425,335	261,493	223,012
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	504	45,352	149	198
Cyber Internet Services (Private) Limited	Associated company	Common Director	1,168	795	334	308

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Half year ended		Quarter ended	
			December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees in thousands)						
Purchase of goods, Services and Reimbursement of expenses						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	160,836	47,481	19,673	6,430
Merit Packaging Limited Lakson Business Solutions Limited	Associated company	Common Director	71,133	25,457	42,515	14,070
Hassanali and Gulbanoo Lakhani Foundation	Associated company	Common Director	2,898	2,686	1,578	1,338
Princeton Travels (Private) Limited	Associated undertaking	Trustee	2,210	1,619	1,122	823
SIZA Services (Private) Limited	Associated company	Common Director	1,795	443	1,174	412
	Associated company	Common Director and 22.81% shares held	1,751	1,516	876	758
Cyber Internet Services (Private) Limited	Associated company	Common Director	6,294	4,730	3,821	2,333
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	82	223	-	80
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	82	18	77	7
Express Publications (Private) Limited	Associated company	Common Management	1,116	751	10	365
Sybrid (Private) Limited	Associated company	Common Director	13,752	1,899	3,584	1,535
SIZA Foods (Private) Limited	Associated company	Common Director	24	-	-	-
Rent and other allied charges						
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	4,030	3,782	2,059	1,931
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	1,918	1,650	948	850
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	388	337	194	170
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	93	88	48	45
Donation						
The Layton Rahmatullah Benevolent Trust	Related Party	Trustee	-	500	-	500
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	-	2,500	-	2,500
Mark-up accrued						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	19,649	25,411	6,624	12,697
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	7,727	24,434	953	12,209
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	6,371	9,773	1,361	4,884



# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Half year ended		Quarter ended	
			December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees in thousands)						
<b>Long term loan Paid</b>						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	450,000	-	450,000	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	425,000	-	375,000	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	250,000	-	50,000	-
<b>Cash dividend</b>						
Premier Fashions (Private) Limited	Associated company	Common Director and 8.97% shares held	23,740	16,816	-	16,816
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	72,271	51,192	-	51,192
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	22,499	15,937	-	15,937
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	58,707	41,584	-	41,584
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	1,133	803	-	803
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	3,336	2,363	-	2,363
Directors, CEO & their Spouses	Related Parties		223	161	-	161
<b>Stock dividend</b>						
Premier Fashions (Private) Limited	Associated company	Common Director and 8.97% shares held	23,740	26,377	23,740	26,377
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	72,271	80,301	72,271	80,301
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	22,499	24,999	22,499	24,999
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	58,707	65,230	58,707	65,230
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	1,133	1,259	1,133	1,259
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	3,336	3,707	3,336	3,707
Directors, CEO & their Spouses	Related Parties		223	257	223	257
<b>Others</b>						
Contribution to Staff Retirement Benefit Plans	Employees Fund		56,562	51,463	28,823	26,230
Remuneration and other benefits	Key Management Personnel		180,891	149,801	98,148	76,041

## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2021 (Un-audited)

	December 31, 2021	June 30, 2021 (Audited)
	(Rupees in thousands)	
<b>29.1 Period / year end balances</b>		
Receivable from related parties	690,541	510,750
Payable to related parties	59,755	6,206
Payable to retirement benefit plan	75,465	79,833
Long-term financing from associated undertaking / Director	200,000	1,325,000

### 30. 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, 2021.

### 31. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

#### Transfers during the period

During the period ended December 31, 2021, there were no transfers between level 1 and level 2 fair value measurement and into or out of Level 3 fair value measurements.

### 32. NUMBER OF EMPLOYEES

- a) The number of employees as at period ended December 31, 2021 was 1,658 (June 30, 2021: 1,646) and average number of employees during the period was 1,658 (June 30, 2021: 1,647).

### 33. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements was authorized for issue on January 31, 2022 by the Board of Directors of the Company.

### 34. IMPACT OF COVID-19

In light of ongoing COVID-19 pandemic, the Company has reviewed its exposure to business risks and has not identified any significant impact on the Company's operations or decline in revenue during the period ended December 31, 2021.

## Notes to the Condensed Interim Financial Statements

*for the period ended December 31, 2021 (Un-audited)*

### 35. CORRESPONDING FIGURES

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

### 36. GENERAL

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



**IQBAL ALI LAKHANI**  
Chairman



**AFTAB AHMAD**  
Chief Executive Officer



**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer



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

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